



# NEWS RELEASE

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## FDIC ANNOUNCES DEPOSIT ASSUMPTION OF NORTHWEST BANK, WHITE SETTLEMENT, TEXAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Northwest Bank, White Settlement, Texas, have been assumed by Landmark Bank-Northwest, a new state-chartered bank. The failed bank's sole office will reopen on Friday, May 24, 1985, as Landmark Bank-Northwest and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Northwest Bank was closed on Thursday, May 23, 1985, by Texas Banking Commissioner James L. Sexton and the FDIC was named receiver. Mr. Sexton said: "The bank failed as a result of misadministration of its loan account by the bank's former chief executive officer, Larry H. Calhoun, including liberal and ill-advised loans to Mr. Calhoun, his associates and their various interests, resulting in loan losses far exceeding the bank's total capital and reserves."

Landmark Bank-Northwest will assume about \$47.6 million in 11,700 deposit accounts, and has agreed to pay the FDIC a purchase premium of \$2,025,000. It also will purchase the failed bank's installment loans and certain other assets for \$19.9 million. To facilitate the transaction, the FDIC will advance \$25.8 million to the assuming bank and will retain assets of the failed bank with a book value of about \$31.5 million.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by Landmark Bank-Northwest.

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The FDIC expects to recover a substantial portion of its outlay through the liquidation of assets not transferred to the assuming bank. In this respect, the FDIC notes that its claim will have priority over the claims of shareholders of the closed bank.

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