



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-72-85 (5-31-85)

FDIC ANNOUNCES DEPOSIT ASSUMPTION OF BANK OF LOCKESBURG, LOCKESBURG, ARKANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Bank of Lockesburg, Lockesburg, Arkansas, have been assumed by Bank of Lockesburg, Lockesburg, Arkansas, a newly-chartered state bank. The failed bank's sole office will reopen on Monday, June 3, 1985, as Bank of Lockesburg, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Bank of Lockesburg was closed on Friday, May 31, 1985, by Arkansas Bank Commissioner Marlin D. Jackson and the FDIC was named receiver. Mr. Jackson said: "The bank experienced large loan losses as a result of irregular and imprudent decisions on the part of former management. The irregularities were of such a nature and to such an extent that federal and state authorities are investigating them."

Bank of Lockesburg will assume about \$24.5 million in 3,000 deposit accounts, and has agreed to pay the FDIC a purchase premium of \$150,000. It also will purchase the failed bank's installment loans, real estate loans, and certain other assets for \$9.7 million. To facilitate the transaction, the FDIC will advance \$14.8 million to the assuming bank and will retain assets of the failed bank with a book value of about \$16.7 million.

The Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce

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the potential loss to the FDIC. The Board made such a finding in this case because of the premium paid by Bank of Lockesburg.

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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