FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

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FDIC DECIDES TO PAY OFF DEPOSITORS IN STRONG'S BANK, DODGEVILLE, WISCONSIN

The Board of Directors of the Federal Deposit Insurance Corporation today announced that it is preparing to pay off insured depositors in Strong's Bank, Dodgeville, Wisconsin. The bank was closed on Friday, June 14, 1985, by Richard E. Galecki, Wisconsin Commissioner of Banking, and the FDIC was named receiver.

Mr. Galecki said: "Strong's bank was operating in an unsafe and unsound manner, and the insolvent condition of the bank posed a threat to depositors."

Deposits in the Strong's Bank amounted to about $33.4 million in 8,200 accounts. The FDIC estimates that all but about $2.3 million of the deposits in 31 accounts are within the federal insurance limit of $100,000. Owners of such uninsured deposits will share proportionately with the FDIC in the proceeds realized from the liquidation of the bank's assets.

The FDIC Board of Directors determined that a payoff of insured depositors was required because of the existence of irregular activities in the bank.

Approximately $1.1 million in brokered funds had been placed in Strong's Bank on behalf of credit unions, savings and loan associations and banks. All or most of these funds were placed by High Yield Management, Inc., Clifton, New Jersey.

The FDIC has reason to believe that the brokered money was used to fund fraudulent transactions. These transactions, and any link with the brokered funds, will be thoroughly investigated by the FDIC and other appropriate

-moreauthorities. Until this investigation is completed and the FDIC is satisfied that no legal claims exist against the financial institutions supplying the brokered funds -- either directly or by virtue of any actions of their agent, High Yield Management, Inc. -- the FDIC is withholding any payment on the brokered deposits.

The FDIC continues to be concerned about deposit brokers that place funds in banks solely on the basis of the rate of interest paid, without regard to the condition of the institutions involved. A major source of these funds is other financial institutions.

Banks paying above market rates of interest often are experiencing serious problems. When such banks receive large amounts of brokered funds, and subsequently fail, the cost to the deposit insurance fund is substantially and unjustifiably increased.

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