



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF KANSAS AMERICAN BANK, OVERLAND PARK, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Kansas American Bank, Overland Park, Kansas, have been assumed by MidAmerican Bank and Trust Company of Overland Park, Overland Park, Kansas, a newly-chartered bank. The failed bank's sole office will reopen on Friday, July 26, 1985, as MidAmerican Bank and Trust Company of Overland Park and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Kansas American Bank was closed on Thursday, July 25, 1985, by Kansas State Bank Commissioner Eugene T. Barrett, Jr. and the FDIC was named receiver. Mr. Barrett attributed the failure to "substantial loan losses of a non-agricultural nature."

MidAmerican Bank and Trust Company of Overland Park will assume about \$22.9 million in 4,500 deposit accounts. Included in the bank's deposits are \$1 million in 10 brokered accounts placed by Continental Funding Group, Inc., Carle Place, New York, and \$3.0 million deposited by the Bureau of Indian Affairs.

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.

Banks paying above market rates of interest often are experiencing serious problems. When such banks receive large amounts of brokered funds and

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subsequently fail, the cost to the deposit insurance fund is substantially and unjustifiably increased.

MidAmerican Bank and Trust Company of Overland Park has agreed to pay the FDIC a purchase premium of \$876,079. It also will purchase certain of the failed bank's loans and other assets for \$15.1 million. To facilitate the transaction, the FDIC will advance \$6.8 million to the assuming bank and will retain assets of the failed bank with a book value of about \$10.6 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 MidAmerican Bank and Trust Company of Overland Park.

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 nondepositor creditors and shareholders of the closed bank.

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