



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-123-85 (8-14-85)

FDIC TO PAY OFF DEPOSITORS IN STATE BANK OF HERNDON, HERNDON, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced that it is preparing to pay off insured depositors in the State Bank of Herndon, Herndon, Kansas.

The bank was closed on August 14, 1985, by Kansas State Bank Commissioner Eugene T. Barrett, Jr., and the FDIC was named receiver. Mr. Barrett said: "The insolvent condition of the bank manifested by large losses in both agricultural and non-agricultural loans is directly attributable to lax lending practices and a lack of attention to changing economic conditions."

Deposits in State Bank of Herndon totalled about \$5.5 million in 1,200 deposit accounts. The FDIC estimates that all of the bank's deposits are within the federal insurance limit of \$100,000 or are otherwise secured.

The FDIC Board of Directors determined that a payoff of insured depositors was required because no bids were received for an acquisition by another bank.

#