



NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-138-85 (9-13-85)

FDIC TRANSFERS INSURED DEPOSITS OF PEOPLES NATIONAL BANK OF ROCKLAND COUNTY, RAMAPO, NEW YORK

The Board of Directors of the Federal Deposit Insurance Corporation today approved the transfer of insured deposits and fully secured or preferred deposits of Peoples National Bank of Rockland County, Ramapo, New York, to First National Bank of Highland, Highland, New York. The failed bank's only office will reopen by Wednesday, September 18, 1985, as a branch of First National Bank of Highland.

Peoples National Bank of Rockland County was closed on Friday, September 13, 1985, by Michael Patriarca, Deputy Comptroller of the Currency, and the FDIC was named receiver. Mr. Patriarca said: "The bank had been suffering from poor earnings and heavy loan losses for an extended period of time. Peoples National Bank was unable to remedy its loan portfolio problems and losses finally exhausted the bank's capital funds resulting in its insolvency."

At the time the bank closed, its deposits amounted to about \$18.7 million in 7,445 deposit accounts, including about \$1.5 million in excess of the federal insurance limit of \$100,000 and \$2.7 million in 27 accounts placed by deposit brokers. Uninsured depositors and nondepositor creditors will share proportionately with the FDIC in the proceeds realized from the liquidation of the failed bank's assets.

Deposits in the failed bank up to the statutory insurance limit of \$100,000 will be available to their owners immediately. Checks drawn on the failed bank's accounts will continue to be honored.

Even though insured depositors can automatically continue to conduct banking transactions with the acquiring bank for an 18-month period, they are

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encouraged to visit the bank during the next several weeks to discuss the continuation of their banking relationships with the new bank. From the standpoint of customer convenience and service, it would be preferable for these visits to be spread out over the next month or longer rather than to occur within the next week or so.

Accounts representing \$17.2 million in insured deposits transferred to the new bank will be funded by an equivalent cash payment from the FDIC. The new bank is paying the FDIC a premium of \$550,000 for the right to receive the transferred deposits, and will purchase certain assets of the failed bank for \$9.5 million.

The Board of Directors decided to arrange an insured deposit transfer because of an indeterminable amount of contingencies in the bank.

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.

In the case of Peoples National Bank of Rockland County, the brokered funds originated through Financial Northern Corp., West Caldwell, New Jersey; First Atlantic Investment Co., Miami, Florida; First Empire Funding Corp., Huntington, New York; First United Fund Ltd., Garden City, New York; Lasater and Company, Little Rock, Arkansas, and Long Beach Savings and Loan, Long Beach, California.

Institutions whose funds were placed in the failed bank included 14 banks, 10 credit unions, and three savings and loan associations.

The organizations for which the funds were deposited include:

COMMERCIAL AND SAVINGS BANKS

Bank of Milton
Milton, West Virginia

First National Bank & Trust
McAlester, Oklahoma

Cheshire County Savings Bank
Keene, New Hampshire

First State Bank
Crossett, Arizona

Community National Bank
Addison, New York

Investor Marion Trust &
Banking Co.
Jasper, Tennessee

Community National Bank
Forest City, Pennsylvania

Mid-Penn Bank
Millerberg, Pennsylvania

Evangeline Bank & Trust Co.
Ville Platte, Louisiana

Peoples National Bank of
Susquehanna County
Hallstead, Pennsylvania

Farmers & Miners Bank
of Lee County
Pennington Gap, Virginia

Security First National Bank
Hugo, Oklahoma

First Bank of Greater Pittston
Pittston, Pennsylvania

Washington Savings Bank
Hoboken, New Jersey

SAVING AND LOAN ASSOCIATIONS

Calumet Federal Savings & Loan
Dolton, Illinois

First Federal Savings & Loan
New Castle, Pennsylvania

Federal Savings Bank
New Britain, Connecticut

CREDIT UNIONS

AOD Federal Credit Union
Bynum, Alabama

Hickam Federal Credit Union
Honolulu, Hawaii

Communications Family Credit Union
Saginaw, Michigan

NLRB Federal Credit Union
Washington, D.C.

CREDIT UNIONS (cont.)

Fairmont Federal Credit Union
Fairmont, West Virginia

Sperry Employees Federal
Credit Union
Great Neck, New York

Family Savings Federal Credit Union
Garden, Alabama

Wayco-Genco Federal
Credit Union
Waco, Texas

General Tire Federal Credit Union
Akron, Ohio

Western Sun Federal
Credit Union
Tulsa, Oklahoma

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