



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF TOWER BANK, N.A., HIALEAH GARDENS, FLORIDA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Tower Bank, N.A., Hialeah Gardens, Florida, have been assumed by Bayshore Bank of Florida, Miami, Florida. The failed bank's three offices will reopen on Friday, October 4, 1985, as branches of Bayshore Bank of Florida and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Tower Bank, N.A., was closed on Thursday, October 3, 1985, by Michael Patriarca, Deputy Comptroller of the Currency, and the FDIC was named receiver.

Bayshore Bank of Florida will assume about \$14.7 million in 2,600 deposit accounts, including about \$1.0 million in excess of the federal insurance limit of \$100,000, \$1.2 million in 12 accounts placed by deposit brokers and \$1.9 million in 15 accounts established by investors utilizing INNERLINE, a rate information data base for certificates of deposit.

Bayshore Bank of Florida has agreed to pay the FDIC a purchase premium of \$829,000 and also will purchase certain of the failed bank's loans and other assets for \$10.4 million. To facilitate the transaction, the FDIC will advance \$3.4 million to the assuming bank and will retain assets of the failed bank with a book value of about \$5.0 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

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because of the premium paid by Bayshore Bank of Florida.

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.

Deposit brokers continue to place large amounts of fully-insured deposits in banks solely on the basis of the rate of interest paid, without regard to the condition of the institution 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.

Brokered funds in Tower Bank, N.A., originated through First Atlantic Investment Corporation, Miami, Florida. Institutions whose funds were placed in the failed bank included two banks, three savings and loan associations, four credit unions and three other organizations that are not financial institutions.

The organizations for which the funds were deposited include:

COMMERCIAL AND SAVINGS BANKS

Biscayne Bank
Miami, Florida

Society for Savings
Hartford, Connecticut

SAVINGS AND LOAN ASSOCIATIONS

Cambridge Savings & Loan
Cambridge, Ohio

Grandville Federal Savings
& Loan
Oxford, North Carolina

Chester Savings & Loan
Chester, Illinois

CREDIT UNIONS

Albany Government Federal
Albany, Georgia

C.S.E. Credit Union
Clawson, Michigan

Anheuser Bush ECU
St. Louis, Missouri

White Oak Federal CU
Silver Spring, Maryland

OTHER

Health Care Plan - New Jersey
Medford, New Jersey

Newport Corporation
Fountain Valley, California

New England Board of
Higher Education
Boston, Massachusetts

Organizations that established deposits in Tower Bank, N.A., utilizing INNERLINE include nine banks, one savings and loan association, four credit unions and one other organization, as follows:

COMMERCIAL BANKS

Barnett Bank & Trust Co.
Miami, Florida

Garden State Bank
Jackson, New Jersey

Carrollton Bank of Baltimore
Baltimore, Maryland

Howell State Bank
Howell, New Jersey

Central Bank
Hollidaysburg, Pennsylvania

Quail Creek Bank
Oklahoma City, Oklahoma

Escondido National Bank
Escondido, California

Sage Plaza Bank
Houston, Texas

First National Bank of Alpine
Alpine, Texas

SAVINGS AND LOAN ASSOCIATIONS

Mutual Federal Savings & Loan
Zanesville, Ohio

CREDIT UNIONS

A.C.M. Employees Credit Union
Dearborn, Michigan

Fort Sill Credit Union
Fort Sill, Oklahoma

First Community Credit Union
St. Louis, Missouri

ORNL Federal Credit Union
Oak Ridge, Tennessee

OTHER

B.T.C. & Company
New York, New York