



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF FIRST STATE BANK, JET, OKLAHOMA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of First State Bank, Jet, Oklahoma, have been assumed by Cleo State Bank, Cleo Springs, Oklahoma.

The failed bank's only office will reopen on Saturday, October 19, 1985, as a branch of Cleo State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

First State Bank was closed on Friday, October 18, 1985, by Robert Y. Empie, Oklahoma Bank Commissioner, and the FDIC was named receiver. Mr. Empie said: "The bank failed because its capital funds were depleted as a result of imprudent lending and faulty accounting practices."

Cleo State Bank will assume about \$11.0 million in 2,200 deposit accounts, including \$32,000 in two accounts in excess of the federal insurance limit of \$100,000. The assuming bank has agreed to pay the FDIC a purchase premium of \$26,000 and also will purchase certain of the failed bank's loans and other assets for \$7.8 million. To facilitate the transaction, the FDIC will advance \$3.2 million to the assuming bank and will retain assets of the failed bank with a book value of about \$3.8 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 Cleo State Bank.

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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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