



# NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC TRANSFERS INSURED DEPOSITS OF GAMALIEL BANK, GAMALIEL, KENTUCKY,  
TO DEPOSIT BANK OF MONROE COUNTY, TOMPKINSVILLE, KENTUCKY

The Board of Directors of the Federal Deposit Insurance Corporation today approved the transfer of both insured and secured deposits of Gamaliel Bank, Gamaliel, Kentucky, to Deposit Bank of Monroe County, Tompkinsville, Kentucky. Gamaliel Bank's two offices will reopen on April 21, 1984 as branches of Deposit Bank.

Deposits in Gamaliel Bank, up to the statutory insurance limit of \$100,000, will be immediately available to their owners. Checks drawn on Gamaliel accounts will continue to be honored, and customers who had interest-bearing accounts in Gamaliel will continue to earn interest on such deposits.

Even though insured Gamaliel depositors can automatically continue to conduct their banking transactions with Deposit Bank, they are encouraged to visit the bank during the next three months to discuss the continuation of their banking relationships with Deposit Bank. It would be preferable from the standpoint of customer convenience and service for these visits to be spread over a three-month period rather than to occur within the next few days or weeks.

Gamaliel Bank was closed on April 19, 1984, by Ballard W. Cassady, Jr., Kentucky Commissioner of Banking and Securities, and the FDIC was named receiver. Mr. Cassady attributed the bank's insolvency to large and unusual loan losses.

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Insured deposits in Gamaliel amounted to \$21.6 million in 5,600 accounts. Deposit Bank's administration of the deposits transferred to it will be funded by an equivalent cash payment from the FDIC. Deposit Bank is paying the FDIC a premium of \$305,000 for the right to receive the transferred deposits. Deposit Bank will purchase Gamaliel's installment loans and certain other assets totalling \$7.4 million.

Gamaliel held approximately \$338,000 in deposits in about 30 accounts that exceeded the \$100,000 insurance limit and were not secured. Owners of these deposits will share proportionately with the FDIC and any other uninsured general creditors in the proceeds realized from liquidation of the bank's assets. The FDIC Board announced that the FDIC will make a prompt advance payment early next week to uninsured depositors and general creditors, based on the estimated present value of assets to be liquidated, equal to 55 percent of their uninsured claims.

If actual collections on the assets, on a present value basis, exceed this estimate, uninsured creditors ultimately will receive additional payments on their claims. The estimate for the advance is believed to be conservative, and it is hoped that actual collections will be higher. If, however, the present value of actual collections should be less than 55 percent, the FDIC insurance fund will absorb the shortfall.

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