



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC TRANSFERS INSURED DEPOSITS OF AMERICAN BANK, SAINT JOSEPH,
TENNESSEE, TO COMMERCIAL AND INDUSTRIAL BANK, MEMPHIS, TENNESSEE

The Board of Directors of the Federal Deposit Insurance Corporation today approved the transfer of insured deposits and fully secured deposits of American Bank, Saint Joseph, Tennessee, to Commercial and Industrial Bank, Memphis, Tennessee. American Bank's two offices will reopen Saturday, June 30, 1984, as branches of Commercial and Industrial Bank.

Deposits in American Bank up to the statutory insurance limit of \$100,000 will be immediately available to their owners. Even though insured American Bank depositors can automatically continue to conduct their banking transactions with Commercial and Industrial Bank for an 18-month period, they are encouraged to visit the bank during the next several weeks to discuss the continuation of their banking relationships with Commercial and Industrial 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 than to occur within the next week or so.

American Bank was closed on June 27, 1984, by William C. Adams, Tennessee Commissioner of Financial Institutions, and the FDIC was named receiver. Commissioner Adams said: "The condition of this bank dramatically worsened since our last examination in September 1983. Loan losses are extremely heavy and far exceed the capital of the bank. Apparently fictitious loans and poor judgment on the part of management contributed to the insolvency. Appropriate authorities will be advised of possible criminal irregularities."

The FDIC said the improper practices and mismanagement cited by Commissioner Adams were furthered by the bank's access to and use of brokered deposits. Such deposits in the bank increased in the past year from none to \$2.1 million.

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At the time the bank closed, its total deposits amounted to \$30.7 million in 7,000 accounts, including about \$727,000 in 15 accounts that exceeded the federal insurance limit of \$100,000. Commercial and Industrial Bank's administration of the insured deposits transferred to it will be funded by an equivalent cash payment from the FDIC. Commercial and Industrial Bank is paying the FDIC a premium of \$55,000 for the right to receive the transferred deposits, and will purchase American Bank's installment loans and certain other assets for \$9.2 million.

Owners of uninsured deposits will share proportionately with the FDIC and other uninsured general creditors in the proceeds realized from liquidation of the failed bank's assets. The decision to pay off insured depositors instead of arranging a merger was based on the existence of an undeterminable, but potentially large, amount of potential or contingent claims and apparent irregularities. For the same reason, the FDIC Board determined that an advance payment to uninsured depositors and creditors, based on anticipated collections on the failed bank's assets, was not feasible.

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