



# NEWS RELEASE

FOR IMMEDIATE RELEASE

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**FDIC ANNOUNCES DEPOSIT ASSUMPTION OF  
EAST TEXAS BANK & TRUST COMPANY, LONGVIEW, TEXAS**

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of East Texas Bank & Trust Company, Longview, Texas, have been assumed by Texas National Bank, Longview, Texas, a wholly-owned subsidiary of Longview Bancshares Inc., Longview, Texas. The failed bank's sole office will reopen on Monday, July 2, 1984, as Texas National Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

East Texas Bank & Trust Company was closed on June 29, 1984, by Texas Banking Commissioner James L. Sexton, and the FDIC was named receiver. Mr. Sexton said: "The bank's closing stems from a combination of factors, including substantial loan losses resulting in the depletion of capital funds; a serious liquidity shortage arising from deposit withdrawals following a series of rumors and adverse publicity during the week of June 18 through 22; and a set of circumstances including a large investment in an unusually elaborate banking house and an overhang of lawsuits, that effectively discouraged several potential investors from providing additional capital funds."

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In addition to assuming about \$91.2 million in 17,400 deposit accounts, Texas National Bank has agreed to pay the FDIC a purchase premium of \$4,050,111. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$50.7 million and will retain assets of the failed bank with a book value of approximately \$62.5 million.

The FDIC approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by Texas National Bank.

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 the shareholders of the closed bank.

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