



# NEWS RELEASE

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## FDIC TO PAY OFF DEPOSITORS IN HEREFORD STATE BANK, HEREFORD, COLORADO

The Federal Deposit Insurance Corporation today began paying off insured depositors in the Hereford State Bank, Hereford, Colorado. The bank was closed on August 24, 1984, by Colorado State Bank Commissioner Richard B. Doby and the FDIC was named receiver.

Mr. Doby said: "It became necessary for the protection of depositors to take possession of the bank after the board of directors and the stockholders failed to comply with the order of July 20, 1984, requiring the infusion of \$206,000 in capital. An examination on June 23, 1984, showed the bank to have a severe impairment of capital due to a sizeable chargeoff of bad loans."

Deposits in the Hereford State Bank amounted to about \$2.5 million in 658 accounts. The FDIC estimates that all but about \$1,300 of the bank's deposits are within the federal insurance limit of \$100,000 or are otherwise secured. Owners of the uninsured deposits will share proportionately with the FDIC in the proceeds realized from liquidation of the bank's assets.

The decision to pay off insured depositors was made after no bids were received for a normal purchase and assumption transaction.

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