



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC ANNOUNCES DEPOSIT ASSUMPTION OF SECURITY STATE BANK, WEATHERFORD, OKLAHOMA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of Security State Bank, Weatherford, Oklahoma, have been assumed by the United Community Bank, a newly-chartered bank being organized by H. E. Rainbolt. The failed bank's sole office will reopen on Monday, September 24, 1984, as the United Community Bank, and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

Security State Bank was closed on September 21, 1984, by Oklahoma Bank Commissioner Robert Y. Empie, and the FDIC was named receiver. Mr. Empie said: "The bank's capital funds were exhausted through negligent and illegal lending practices beyond the point of insolvency. Current ownership acquired the bank approximately two years ago. They have recapitalized the bank three times in order to cover pre-existing loan losses, but the actual condition was much worse than they anticipated."

In addition to assuming about \$45.3 million in 5,300 deposit accounts, the United Community Bank has agreed to pay the FDIC a purchase premium of \$375,000. 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 \$36.1 million and will retain assets of the failed bank with a book value of approximately \$38.7 million.

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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 the United Community 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 non-depositor creditors and shareholders of the closed bank.

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