



# NEWS RELEASE

FOR IMMEDIATE RELEASE

PR-25-83 (4-8-83)

FDIC GRANTS ASSISTANCE TO UNITED  
SOUTHERN BANK OF NASHVILLE

The Federal Deposit Insurance Corporation today purchased a \$25 million subordinated note from the United Southern Bank of Nashville, Nashville, Tennessee (USB), a state bank with assets of \$170 million which is a member of the Federal Reserve System.

The FDIC assistance is an interim measure to protect the bank's depositors and other general creditors against loss or inconvenience while steps are taken to resolve USB's problems in a more permanent fashion--for example, by a merger or sale of the bank. Tennessee Commissioner of Banking W. C. Adams had found USB's capital to be seriously impaired before the substantial infusion of capital from the FDIC.

USB's business base has been steadily eroding due to adverse publicity, arising in part from the bank's well-publicized efforts to promote legislation permitting the acquisition of USB by an out-of-state banking organization. Today's action by the FDIC is expected to stem this erosion.

In connection with this transaction, the bank's chief executive officer has resigned and Thomas C. Mottern, former Tennessee Commissioner of Banking, has assumed that post. Pursuant to the assistance agreement, the FDIC has authority to require changes among USB's remaining officers and directors.

(more)

The FDIC Board of Directors voted to grant assistance pursuant to Section 13(c)(2) of the FDI Act, which authorizes the FDIC to make loans or contributions to an insured bank in danger of closing in order to facilitate the bank's merger with a sound institution. The subordinated note purchased by the FDIC bears interest at a rate equal to the one-year Treasury-bill rate plus 50 basis points. Although the note is payable on demand, it will remain outstanding until a satisfactory permanent resolution of the bank's problems is arranged.

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