FDIC
FEDERAL DEPOSIT INSURANCE CORPORATION

NEWS RELEASE

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FDIC TRANSFERS INSURED DEPOSITS OF UNION NATIONAL BANK OF CHICAGO, CHICAGO, ILLINOIS, TO SEAWAY NATIONAL BANK, CHICAGO, ILLINOIS

The Board of Directors of the Federal Deposit Insurance Corporation today approved the transfer of insured deposits of Union National Bank of Chicago, Chicago, Illinois, to Seaway National Bank, Chicago, Illinois. The sole office of the closed bank will reopen at normal hours on Monday, July 11, 1983, as a facility of Seaway.

All insured deposits in Union National will be immediately available to their owners, checks drawn on Union National accounts will continue to be honored, and customers who had interest-bearing accounts in Union National will continue to earn interest according to the terms of their deposit contracts.

Insured deposits in Union National amounted to $23.5 million in 13,400 accounts. Approximately $1.5 million of the bank's deposits exceeded the insurance limit of $100,000. Their owners will share proportionally with the FDIC and any other uninsured general creditors in the proceeds realized from liquidation of the bank's assets. Seaway's administration of the deposits transferred to it will be funded by an equivalent cash payment from the FDIC

Union National was closed on July 8, 1983, by Doyle Arnold, Acting Comptroller of the Currency, and the FDIC was named receiver. Arnold said: "Over the past several years, the bank experienced substantial earnings problems. The bank's difficulties were further compounded by a deterioration in the loan portfolio. Union National Bank was unable to remedy its problems and losses finally exhausted the bank's capital funds, resulting in its insolvency."

An attempt to arrange a merger of the failed bank into another institution was unsuccessful because no acceptable bid was received, requiring the FDIC to pay off depositors up to the insurance limit. The FDIC elected to make insured deposits

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deposits available to their owners by transferring their accounts to Seaway. This represented the first use of a procedure authorized by Section 11(f) of the Federal Deposit Insurance Act.

The FDIC Board indicated that if the payment of insured deposits through a transfer of accounts to another bank satisfactorily minimizes disruption to the bank's customers and to the community, the procedure may be used in future deposit payoffs.

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