# PRESS RELEASE
Federal Deposit Insurance Corporation

July 7, 1994

## FDIC EXERCISES SELF-APPOINTMENT AUTHORITY AND CLOSES THE MERIDEN TRUST AND SAFE DEPOSIT COMPANY, MERIDEN, CONNECTICUT

FOR IMMEDIATE RELEASE

The FDIC Board of Directors on July 6, 1994, issued an order authorizing the agency to place The Meriden Trust and Safe Deposit Company, Meriden, Connecticut, in receivership in the agency's first exercise of its self-appointment powers granted by Congress in 1991. Although the FDIC in a limited number of cases has removed deposit insurance coverage from institutions, which may ultimately have resulted in the closing of these institutions, this is the first time the agency has appointed itself as receiver and closed an insured institution. Today, the FDIC in its capacity as receiver, took possession of the business and property of the bank, and closed it.

The bank will re-open for business as usual tomorrow, July 8, 1994, as a "bridge bank" to be called New Meriden Trust and Safe Deposit Company, National Association. All customers of the $3.2 million-asset Meriden Trust immediately become customers of the FDIC-owned bridge bank. The approximately $189.9 million under management in 563 trust accounts at Meriden Trust are unaffected by this transaction. The assets in the individual trust accounts remain the sole property of the trusts. FDIC officials said trust customers should experience virtually no change in service under the bridge bank. Meriden Trust customers with questions about their accounts should contact the bank at its regular number (203-235-4456).

The closing of Meriden Trust is the direct result of the 1991 failure of an affiliated institution, Central Bank of Meriden, Connecticut. Both banks were owned by Cenvest, Inc., a two-bank holding company located in Meriden. As a result of the failure of Central Bank, the FDIC exercised its "cross guaranty" authority to assess Central Bank's affiliated insured depository institution for potential losses to the deposit insurance fund. This means Meriden Trust was liable for Central Bank's estimated cost to the Bank Insurance Fund of $151.9 million. Meriden Trust, which had a $2.9 million capital account prior to the assessment, was rendered insolvent as a result of this assessment, which in turn led to the FDIC's self-appointment. The agency intends to operate the bridge bank until a buyer can be found and use the proceeds to partially offset the insurance fund's losses from the Central Bank failure.

Entities interested in purchasing the franchise from the FDIC should contact James D. LaPierre in Washington, DC (202-898-3957), or Louis Vitolo or Angelo Baez in Westwood, Massachusetts (617-320-1600).