



NEWS RELEASE

FOR IMMEDIATE RELEASE
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FDIC APPROVES ASSUMPTION OF INSURED DEPOSITS OF AMERICAN SAVINGS BANK, WHITE PLAINS, NEW YORK, AND RIVERHEAD SAVINGS BANK, WHITE PLAINS, NEW YORK

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of insured deposits of American Savings Bank, White Plains, New York (American), and Riverhead Savings Bank, a subsidiary of American based in Riverhead, New York (Riverhead), by eight metropolitan New York banks. The two failed banks' 39 offices will reopen on Monday, June 15, 1992, as branches of the eight institutions (See Attachment).

American, with total assets of about \$3.2 billion and total deposits of \$2.8 billion, and Riverhead, with total assets of \$404.9 million and total deposits of \$314.7 million, were closed on Friday, June 12, 1992, by Derrick D. Cephas, New York State Superintendent of Banks. The FDIC was named receiver for both banks.

Deposits in the failed banks are protected up to the statutory insurance limit of \$100,000. Although the banks' offices will not reopen until Monday morning, automatic teller machines will reopen at 7 p.m. today. Checks drawn on the failed banks' accounts, up to the insurance limit, will continue to be honored. Insured depositors of the failed banks can automatically continue to conduct their banking transactions with the acquiring bank. However, they should visit the acquiring banks during the next several weeks to discuss continuation of their banking relationship.

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The deposits in the two failed banks included approximately \$119.0 million in approximately 8,600 accounts that exceeded the FDIC insurance limit of \$100,000. These funds will not be transferred to the eight acquiring institutions. To minimize the hardship on unsecured creditors, including uninsured depositors, the FDIC Board of Directors voted to approve a prompt advance payment of 75 percent of their claims, based on an estimate of the liquidation value of the failed banks' assets. If recoveries exceed this estimate, uninsured depositors and creditors will receive additional payments.

Checks for advance payments to uninsured depositors will be available on Wednesday, June, 17, 1992, at five locations, depending on customers' branch locations identified below:

For deposit accounts at:

- **Brooklyn branches**
- **Nassau branches**
- **Manhattan/Queens branches**
- **Westchester branches**
- **Suffolk branches (Riverhead)**

Advance payments can be picked up at:

- Brooklyn College, Student Center,
Campus Road & E. 27th St., Brooklyn
- Residence Inn, 9 Gerhard, Plainview,
New York
- Penta-Ramada Hotel, 401 7th Ave @ 33rd
Ave., New York City
- Stouffer Westchester Hotel, 80 W. Red
Oak Lane, White Plains
- Sheraton Smithtown Hotel, 110
Vanderbilt Motor Parkway, Smithtown,
New York

Depositors who have questions about their accounts may call FDIC personnel at 1-800-947-3342 until midnight tonight and from 9 a.m. to midnight on Saturday and Sunday. Customers may also call next week, from 8 a.m. to 8 p.m.

The FDIC is receiving a total premium for the sale of these banks of \$32.8

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million, or slightly more than one percent of total deposits. Seven of the acquiring banks are paying the FDIC a combined premium of \$28.1 million, or one percent of deposits, for the right to assume the deposits of American. Two of the acquiring banks are paying a premium of \$4.7 million, or 1.5 percent of deposits, to assume the deposits of Riverhead. The FDIC will retain assets of both failed banks with a gross book value of \$3.7 billion.

Under the FDIC Improvement Act of 1991, the agency is required to handle failing bank situations in the manner that is the least costly to the insurance fund. The FDIC Board concluded that in this particular situation, the assumption of insured deposits of American and Riverhead by the eight acquiring institutions was the least costly option available.

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