



## NEWS RELEASE

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Media Contact:  
Andrew Porterfield (202) 898-6593

### FDIC APPROVES ASSISTANCE PROGRAM FOR THE DOUGLASS BANK, KANSAS CITY, KANSAS

The Board of Directors of the Federal Deposit Insurance Corporation today announced it has granted assistance under Section 13(c) of the Federal Deposit Insurance Act to prevent the failure and closing of The Douglass Bank, Kansas City, Kansas, a minority-owned institution.

The FDIC acted following notification by the State of Kansas that The Douglass Bank, with \$32.0 million in assets and \$31.1 million in deposits, was in danger of failing. The proposal was determined to be the most cost effective alternative to the Bank Insurance Fund for resolving the bank. As a result of this transaction, all deposit and loan customers of The Douglass Bank will be afforded uninterrupted service. This transaction brought outside capital into the banking industry and it also preserved a minority institution.

The financial assistance package consists of a \$1.0 million payment by the FDIC and a \$2.3 million capital injection by Douglass Bancorp, The Douglass Bank's parent company. Proceeds for the parent company's investment came from contributions by the Hall Family Foundation of Kansas, the Ewing Marion Kauffman Foundation, the Louis and Elizabeth Nave Flarsheim Charitable Trust, the Local Initiative Support Corporation and the Greater Kansas City Community Foundation.

Holdings of existing shareholders have been diluted to 33 percent of

(more)

the resulting parent company's equity. The economic value of their stock, however, will not be commensurate with their ownership interest because of dividend restrictions and the provision for the repayment of the FDIC and the charitable investors. Some existing shareholders will also purchase additional stock. The preservation of Douglass' minority character and broad local ownership are significant objectives in this transaction.

Under the assistance plan, Shorebank Corporation, a Chicago, Illinois, bank holding company owned by charitable foundations, will provide management advisory services to the bank.

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