



NEWS RELEASE

FOR IMMEDIATE RELEASE

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FDIC TRANSFERS DEPOSITS OF
MERCHANTSBANK OF BOSTON, A CO-OPERATIVE BANK, BOSTON, MASSACHUSETTS

The Board of Directors of the Federal Deposit Insurance Corporation has approved the transfer of deposits of MerchantsBank of Boston, A Co-operative Bank, Boston, Massachusetts, to The First National Bank of Boston, Boston, Massachusetts (Bank of Boston). The failed bank's eight offices will reopen on Monday, May 21, 1990, as branches of Bank of Boston.

The Board of Directors decided to arrange a deposit transfer because no acceptable purchase and assumption bids were received.

MerchantsBank of Boston, with total assets of about \$350 million, was closed on Friday, May 18, 1990, by Andrew J. Calamare, Commissioner of Banks, and the FDIC was named receiver.

At the time the bank closed, its deposits totaled about \$340 million in 43,000 deposit accounts, including approximately \$19.85 million in 500 accounts that exceeded the FDIC insurance limit of \$100,000. The Co-operative Central Bank, a corporation set up to provide financial assistance and deposit insurance to Massachusetts' cooperative banks, provided deposit insurance for the 500 accounts. These excess funds have been transferred to Bank of Boston and, as currently structured, will be considered uninsured deposits.

All deposits in the failed bank will become deposits of Bank of Boston and be available to their owners beginning Monday, May 21. In the interim, checks drawn on the failed bank's accounts will continue to be honored. Depositors in the failed bank can automatically continue to conduct their banking transactions with the acquiring bank.

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Nondepositor creditors of MerchantsBank will share proportionately with the FDIC in the proceeds realized from liquidation of the failed bank's assets.

Administration of the transferred deposits will be funded by an equivalent cash payment to Bank of Boston from the FDIC and the Co-operative Central Bank. The acquiring bank is paying the FDIC a premium of \$7,000,000 for the right to receive the transferred deposits, and it also will have options to purchase loans and other assets of the failed bank. The FDIC is initially retaining the assets of the failed bank.

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