

FDIC Rescues Another Oklahoma Bank

IN ANOTHER of the "damned if you do, damned if you don't" scenarios that have been thrust upon it with unwanted regularity in the past three years, FDIC announced on August 15 an "open bank" \$130 million rescue package for Bank of Oklahoma, Oklahoma City NA. FDIC officials said this type of assistance was deemed less costly to FDIC than allowing it to fail. It was the second major bank in Oklahoma City to go under in the past month.

This rescue plan was worked out in cooperation with the Comptroller of the Currency and the Federal Reserve Board. Basically, FDIC is providing \$130 million, of which \$40 million pays off the Bank of Oklahoma's debt to the Federal Reserve Bank of Kansas City, and the remaining \$90 million is a capital infusion for which FDIC gets non-voting convertible preferred stock in the \$2.5 billion asset BancOklahoma Corp. holding company in Tulsa and gets warrants to buy 55% of the common stock of the holding company for a nominal price stated to be one cent per share. This represents the stockholders' loss in the bank.

As part of the rescue plan, Bank of Oklahoma is to be merged into the holding company's largest bank, Bank of Oklahoma, Tulsa, N.A.,

largest of the 11 banks in the group. Apparently, the Oklahoma City bank now will remain open as a branch of the Tulsa bank.

In addition, five major banks agreed to concessions in their \$73 million loan to BancOklahoma Corp., and this is understood to be a revision in loan terms and rates.

On its part, FDIC has agreed that its preferred stock will carry no dividends for the first three years. The holding company will guarantee dividend payments after that on the preferred stock. It is possible, if certain unfavorable conditions emerge, that FDIC could convert its preferred stock into 99.99% of the merged. On the other hand, an incentive plan encourages the holding company to pay off the FDIC as quickly as possible, since tiered rates make the buy-back arrangement more expensive as months and years go by. FDIC can sell 20% of the warrants at any time, but has agreed not to sell the other 80% for a three-year period.

Leonard J. Eaton, Jr., chairman and CEO of the holding company, said the FDIC plan gives the Tulsa bank a ratio of 12.66% capital to assets of \$2 billion. Besides ag and energy loan problems, Bank of Oklahoma, Oklahoma City NA, reportedly had \$120 million in bank stock

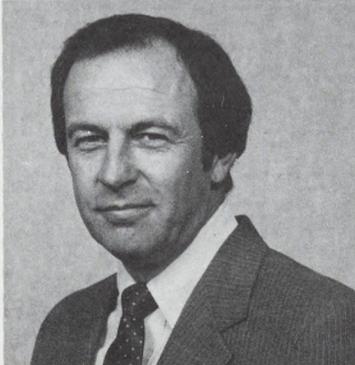
loans in surrounding states beset by the same ag and energy problems.

Earlier, on July 14, the Comptroller closed the First National Bank and Trust Company of Oklahoma City, which had assets of \$1.6 billion, and the same day the Comptroller and FDIC announced a purchase and assumption by First Interstate Bancorp, Los Angeles, which re-opened the bank the following day as a subsidiary named First Interstate Bank of Oklahoma City, N.A. Also, Oklahoma National Bank in Oklahoma City, which was a First National subsidiary, was merged in the same deal.

Under the P&A, First Interstate assumed \$1.5 billion in 33,000 deposit accounts and other liabilities and agreed to purchase certain of the failed bank's loans and other assets for \$1.2 billion. The FDIC provided a negative premium of \$72 million to First Interstate Bank, and received an issue of limited participating preferred stock, with dividends based on future operating results of the bank. The FDIC retained assets of the failed bank with a book value of \$418 million. □

Iowa News

The Iowa Independent Bankers will sponsor an educational meeting on Title Guaranty Orientation at several locations in November. Space is limited and each lending in-



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stitution is allowed to register three staff members, the first for \$25, and \$5 for each additional. Fee covers the meeting, one manual and the first year participating fee in the Title Guaranty Program. Locations are: Creston, Nov. 17, 8:30 a.m.; Council Bluffs, Nov. 17, 2:30 p.m.; Sioux City, Nov. 18, 8:30 a.m.; Okoboji, Nov. 18, 2:30 p.m.; Mason City, Nov. 19, 8:30 a.m.; Waterloo, Nov. 19, 2:30 p.m.; Cedar Rapids, Nov. 20, 8:30 a.m.; Davenport, Nov. 20, 8:30 a.m.; Ottumwa, Nov. 21, 8:30 a.m.; Des Moines, Nov. 21, 2:30 p.m. Contact Title Guaranty Division, Iowa Finance Authority, P.O. Box 9110, Des Moines, Iowa 50306 for a registration form.

DUBUQUE: Bernie Miller has joined Dubuque Bank & Trust Co. as vice president for business development and will have responsibility for calling on correspondent banks in the area. Mr. Miller has 35 years of city correspondent bank experience and most recently worked for another Dubuque bank.

IOWA CITY: John Goodenow of Wall Lake, a Hawkeye Bancorporation director, and Ralph Schneider of Okoboji, a director of Security State Bank in Sheldon, have signed a contract to purchase Hawkeye State Bank of Iowa City. The bank was put up for sale to satisfy creditors of Hawkeye Bancorporation. The purchase price was not announced. This is the third bank to be

sold by the corporation, as it attempts to raise up to \$50 million through the sale of 17 banks and six non-bank subsidiaries. The previous banks were Hawkeye Bank & Trusts of Eldora and of Camanche. Approval of the third sale by the Iowa State Banking Department and the FDIC is expected in two to six months.

Nebraska News

Enrollment has reached the 60-student limit for the 1986 Professional Development Program Intermediate School of Banking. Those bankers who had planned to apply may contact Pam Bartak at the Schools of Banking (402/474-3313) to be placed on a waiting list in case of cancellation. Bankers on this list will also have priority for enrollment in the 1987 School.

Minnesota News

The Minnesota Bankers Association will conduct a tax reform teleconference in cooperation with the American Bankers Association on October 2 at the Holiday Inn in Brooklyn Center. The live video broadcast will include up-to-the-minute explanation of the tax bill's impact on banks and their tax liability, and it will devote special attention to four general areas: consumer products and lending; residential and income property real estate finance; commercial products and

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The Minnesota Bankers Association nominating committee met on August 8 and recommended the following men for 1987-88 MBA officers: President—James R. Jorstad, president, Citizens State Bank, Hayfield; First Vice President—A. William Sands, chairman, Western Bank, St. Paul; Second Vice President—James H. Hearon, III, chairman, National City Bank, Minneapolis; Treasurer—R. James Gesell, president, Cherokee State Bank, St. Paul. Elections will take place at the June 1987 MBA convention.

MINNEAPOLIS: William J. Raftery has joined the First Banks as vice president of marketing in the Natural resources department. He previously served at BancTEXAS in Dallas as a vice president and department manager of supervised loans.

Fed Lowers Rate

The Federal Reserve Board lowered the discount rate to 5½% on August 20, the fourth reduction this year and the lowest the rate has been in nine years. The half-point drop signals the Fed's intention to do what it can to sustain the economy. The prime is expected to drop a similar one-half point to 7½%.

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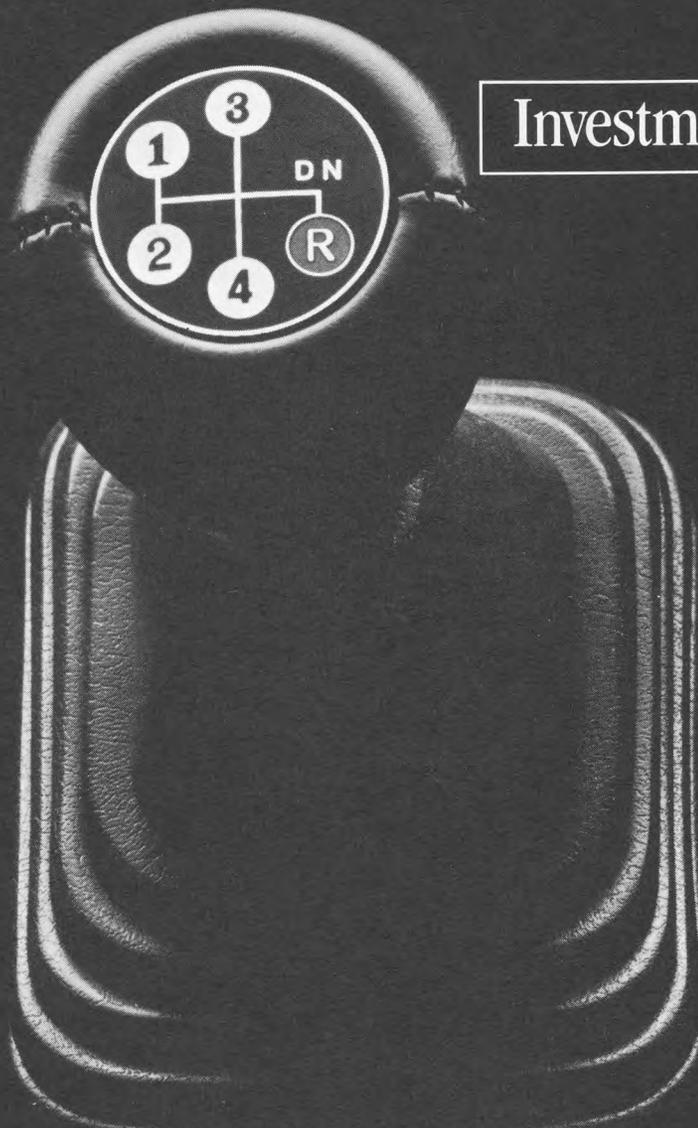
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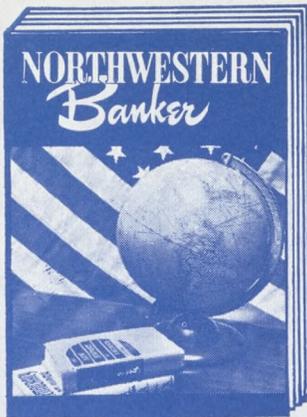
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Illinois News

CHICAGO: Joseph L. Spapperi has been named senior vice president at Amalgamated Trust and Savings Bank. He joins the bank from Metropolitan Bank and Trust Co., Chicago, where he was president.

DURAND: Russell P. Sarver has been named a vice president at Durand State Bank, with duties in public relations and business development. He joins the bank after serving 21 years at City Bank of Rockford, where he most recently was assistant vice president and Rockford Plaza facility manager.

MAHOMET: John W. Busey recently joined the Community Bank of Mahomet as president and CEO. He previously served as president of the Madison Park Bank in Peoria. Clyde Dunbar and Steven J. Parker were elected chairman and vice chairman of the board.

North Dakota News

Registration is open for the 1986 North Dakota Bankers Association Group Meetings. Programs will run from 2:30 to 5:30 p.m., with social hour at 5:30, dinner at 6:30, and adjournment at 7:45. Guest speaker will be J.N. "Chris" Christianson of Idea Mountain, Inc., Scottsdale, Ariz. Cost is \$35 for meeting and dinner, \$25 for meeting only and \$15 for dinner only. Dates and locations

are as follows: Northeast—Sept. 15, Alexander House, Park River; Northwest—Sept. 16, Turtle Mountain Lodge, Lake Metigoshe; Southwest—Sept. 17, Golden West, New Salem (Mountain Time); Southeast—Sept. 18, Elks Club, Valley City. Register by Sept. 10 through the NDBA office.

FARGO: At First Trust North Dakota, Richard J. Forest has been elected president and John M. Riley has been named chairman. Mr. Forest has been with the bank since 1967, most recently as vice president and senior trust officer. Mr. Riley joined the bank in 1958 and has served as president and CEO since 1978.

Wyoming News

MEDICINE BOW: The FDIC has approved paying off insured depositors in Medicine Bow State Bank. The bank, with total assets of \$4.6 million, was closed on Aug. 8 and the FDIC was named receiver. No bids were received for the failed bank. Deposits totalled about \$4.0 million in 900 accounts, including about \$4,000 in 11 accounts that exceeded the federal insurance limit.

Colorado News

ENGLEWOOD: Joan Adkins has joined First Interstate Bank of

Englewood as vice president, cashier and manager of operations. She formerly served as vice president/operations administrator for First Interstate Bank of Lea County. Jan Nevers has joined the bank as vice president and manager of personal financial services. Ron James has been appointed controller. He has been with the bank for eight years.

LAKEWOOD: At Colorado National Bank—Lakewood, James M. Jorgensen and Harris M. Coe, Jr. have been appointed to the positions of vice president/commercial loan manager and assistant vice president/commercial loan manager. They joined the bank in 1985 and 1984 respectively.

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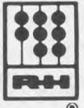
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\$12M eastern Iowa bank near Iowa City has an opening for individual with experience in **LOANS AND OPERATIONS**. Send resume and salary requirements to File No. WGI c/o Northwestern Banker. (PA)

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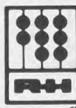
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