1981 ANNUAL REPORT
FEDERAL DEPOSIT INSURANCE CORPORATION

LETTER OF TRANSMITTAL

Federal Deposit Insurance Corporation
Washington, D.C.
June 15, 1982

SIRS: In accordance with the provisions of Section 17(a) of the Federal Deposit Insurance Act, the Federal Deposit Insurance Corporation is pleased to submit its Annual Report for the calendar year 1981.

Very truly yours,

William M. Isaac
Chairman

The President of the Senate

The Speaker of the House of Representatives

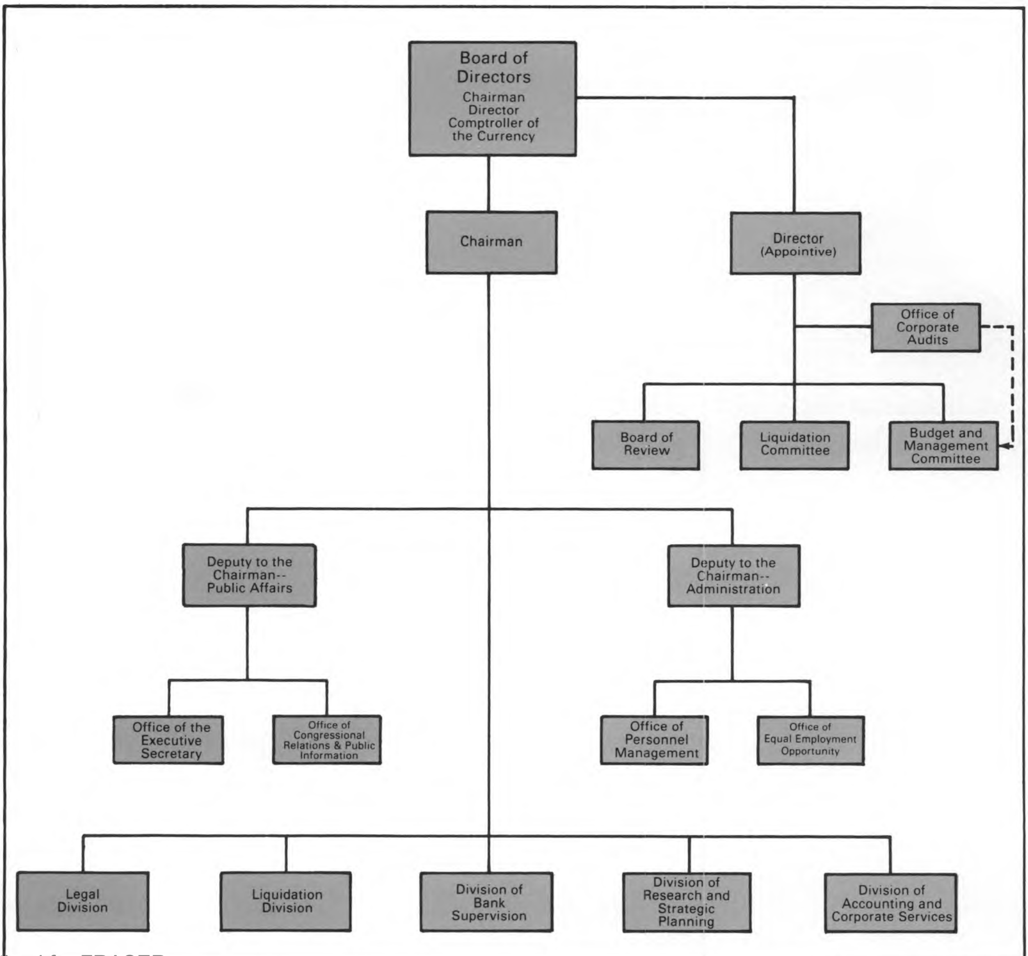
BOARD OF DIRECTORS

William M. Isaac
Chairman

Irvine H. Sprague
Director

C. T. Conover
Comptroller of the Currency

FEDERAL DEPOSIT INSURANCE CORPORATION



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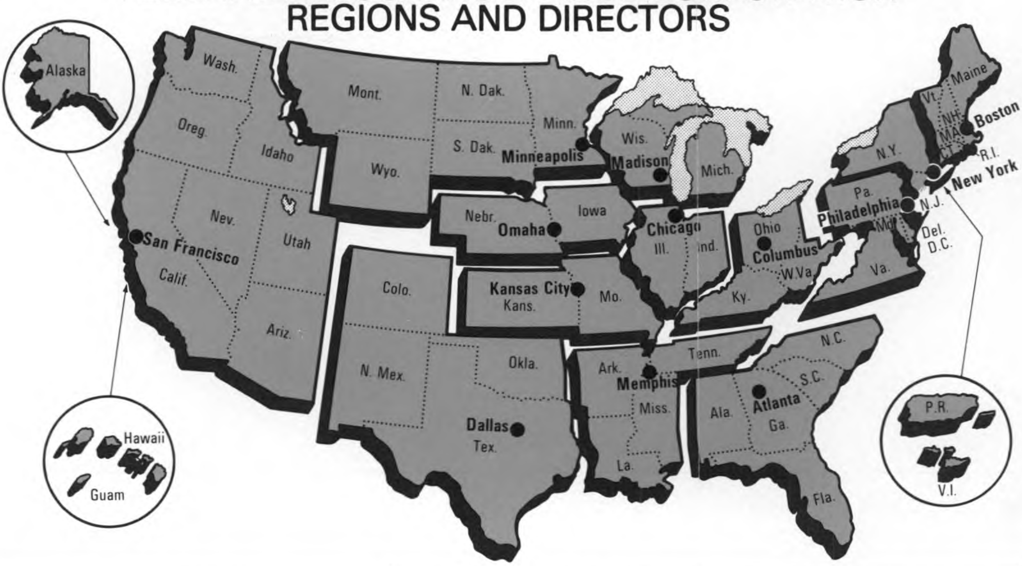
FEDERAL DEPOSIT INSURANCE CORPORATION REGIONS AND DIRECTORS



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CHAIRMAN'S STATEMENT

For nearly fifty years the FDIC has stood as the guardian of depositors' funds at commercial and mutual savings banks. During 1981, banks faced both intensified competitive pressures from unregulated financial intermediaries and unprecedented economic conditions. These combined to create major problems for a number of institutions, particularly our mutual savings banks.

The economy was characterized by a high but declining rate of inflation accompanied by relatively high and volatile interest rates which caused many depositors to shift their funds to higher yielding instruments, often in nondepository intermediaries such as money market funds. While many depository institutions suffered the effects of interest rate volatility and heightened competition, commercial banks, despite only modest deposit growth, generally fared better than thrifts. With their broader, more flexible asset powers, commercial banks were able to maintain net interest margins and profitability in 1981. As a result, commercial banks in general were able to slightly increase their equity capital ratios.

The thrift industry, with its traditional portfolio of long-term fixed rate assets, was not able to adjust asset yields to offset its increased cost of funds. As a result, the net worth at many thrifts was seriously eroded, resulting in the most serious challenge to the FDIC since the first few years of its operation. In November and December, the FDIC arranged three assisted mergers involving troubled savings banks in New York City at an estimated cost to the FDIC of $747 million. These transactions protected the banks' depositors and maintained public confidence in the industry at a substantially lower cost than paying off depositors. Despite the cost of dealing with those problems, the insurance fund increased by $1.2 billion to over $12 billion during 1981. The fund's portfolio of Treasury securities is highly liquid with an average maturity of two years, ten months.

The FDIC was involved in a number of activities during the year which were designed to reduce the regulatory burden on institutions. These efforts included participation in the activities of the Depository Institutions Deregulation Committee (DIDC), which was created by the Congress in 1980 with a mandate to oversee the orderly phaseout of deposit interest rate ceilings.

The Committee is faced with the difficult task of balancing the pace and type of deposit deregulation against the potential impact of higher deposit costs on already depressed thrift earnings. For the most part, the DIDC acted cautiously in 1981. The Committee's major accomplishments were the removal of the interest rate ceiling on the 30-month Small Saver Certificate and the introduction of a new ceiling-free IRA/Keogh time deposit with a minimum maturity of one and one-half years. This deregulated account, which became effective November 1, 1981, should help depository institutions compete effectively for the new retirement savings dollars generated by the liberalized IRA/Keogh eligibility and investment requirements provided by the Economic Recovery Tax Act of 1981.

The FDIC continued its efforts to reduce the regulatory burden on banks by promoting initiatives begun in recent years:

- Twenty-four states at the end of the year were participating in the divided examination program, which features alternate instead of dual federal and state bank examinations, up from 14 states a year earlier.

- Streamlined application forms developed by the Division of Bank Supervision to reduce the paperwork burden on banks were in joint use by the FDIC and 25 states, compared to 13 states at year-end 1980.

• The FDIC field-tested a new examination report during the year to eliminate non-essential items and produce a report more valuable to both the FDIC and insured banks.

The FDIC also took important steps to improve its internal operations and policy decision-making. These initiatives included the closing of the Richmond Regional Office and reassignment of its functions to the Atlanta and Philadelphia Regional Offices, the reduction by half of the number of officials reporting directly to the Chairman, and reorganization of the FDIC's standing committees and some of its operating divisions.

In sum, the FDIC in 1981 successfully adapted to a rapidly evolving environment while at the same time preparing for even greater challenge and change. The Corporation continued to meet its responsibilities in the highest traditions of public service.

William M. Isaac
Chairman

PART ONE
OPERATIONS OF THE CORPORATION

DIVISION OF BANK SUPERVISION

Examining insured State nonmember banks is the principal mission of the Division of Bank Supervision (DBS). DBS also administers other important functions regarding these banks including consumer and civil rights programs, oversight of banks' securities and review of applications to merge, set up new facilities, change locations or qualify for deposit insurance. With 2,359 of the FDIC's 3,394 employees, DBS is the Corporation's largest organizational element.

During 1981, a series of organizational changes was implemented that streamlined the Division's management structure, enhancing decision-making and planning and policy formulation. These changes were as follows:

- The Management Support Branch was created to more effectively handle administrative activities and planning and program development.
- The Operations Branch reorganized to increase efficiency in its application and examination review and processing functions.
- To accomodate changes occurring in the banking industry and achieve more economical and efficient bank supervision, the FDIC closed the Richmond Regional Office and reallocated the banks under its jurisdiction. Banks in North Carolina and South Carolina were transferred to the Atlanta Regional Office and those in Virginia were transferred to the Philadelphia Regional Office.
- The total number of field offices decreased from 150 to 142 as the result of the modification of field office structures in the Atlanta, Kansas City and Memphis Regions. About 1,900 field examiners are assigned to the Corporation's regional and field offices.

Examinations

The Corporation's bank examination program is the foundation of a coordinated operation to promote safe and sound banking and to ensure compliance with banking laws, including federal consumer protection and civil rights statutes.

The Corporation conducts four principal types of examinations: 1) for safety and soundness; 2) for compliance with consumer and civil rights laws and regulations; 3) for proper performance of fiduciary responsibilities in trust departments, and 4) for adequacy of internal controls in electronic data processing operations.

Corporation examiners in 1981 conducted 20,266 examination and investigation activities, compared to 20,253 in 1980. This total included 6,383 safety and soundness examinations, 6,962 consumer and civil rights compliance examinations and visitations, 1,394 examinations of trust departments, 1,197 examinations of data processing facilities, 1,709 investigations and 2,621 application reviews.

Safety and Soundness Examinations

The examination process is a comprehensive evaluation of a bank's financial structure and operations in which the bank is rated on its condition, compliance with laws and regulations and overall operating soundness. Banks are measured against the Uniform Financial Institutions Rating System adopted in 1980 by the five federal regulatory agencies represented on the Federal Financial Institutions Examination Council (FFIEC). The rating system identifies institutions with financial, operating or compliance weaknesses that require special supervisory attention.

Examinations are augmented by the Corporation's computerized Integrated Moni-

BANK EXAMINATION ACTIVITIES OF THE
FEDERAL DEPOSIT INSURANCE CORPORATION IN 1980 AND 1981

Activity	Number 1981	1980
Bank examination activities—total	**20,266**	**20,253**
Safety and soundness examinations	**6,383**	**6,562**
Regular examination of insured banks not members of Federal Reserve System	6,155	6,169
Re-examinations	44	153
Other examinations	184	240
Compliance examinations	**6,025**	**6,373**
Compliance visitations	**937**	**484**
Examinations of departments	**2,591**	**2,450**
Trust departments	1,394	1,379
Data-processing facilities	1,197	1,071
Investigations	**1,709**	**1,697**
Application reviews	**2,621**	**2,687**
New banks: State banks members of Federal Reserve System	5	14
New banks: State banks not members of Federal Reserve System	101	115
New branches	1,027	1,166
Mergers and consolidations	301	192
Other	1,187	1,200

toring System (IMS), which follows banks between examinations in order to quickly alert FDIC to the possibility of a problem before it reaches a serious level. The IMS performs tests on data in banks' Reports of Condition and Income to measure a bank's capital adequacy, asset quality, liquidity, profitability and asset and liability mix and growth. If a bank fails a test and further analysis of additional data from the system indicates an adverse condition exists, then the FDIC begins appropriate supervisory action. The IMS also assists in determining the frequency and scope of examination and serves as a tool for use by examiners in the actual examination process and in discussions with bank management.

FDIC examiners and financial analysts use the Comparative Performance Report (CPR) as a supplement to IMS information. The CPR shows individual bank information on both a current and trend basis, as well as peer group data. It evolved from a succession of bank performance reports the FDIC has sent to all nonmember insured commercial banks since 1967. Effective December 31, 1981, the CPR was replaced by a new Uniform Bank Performance Report for all insured commercial banks as part of an interagency effort with the Federal Reserve and the Comptroller of the Currency (see Uniform Supervisory Policies and Procedures).

The FDIC also reviews examination reports prepared by the Comptroller of the Currency on national banks and by the Federal Reserve Board on State-chartered banks that belong to the Federal Reserve System. This review enables the Corporation to more accurately assess the risk exposure of its insurance fund and to anticipate potential liabilities. In addition, the FDIC reviews Reports of Bank Holding Company Inspection prepared by the Federal Reserve.

Compliance Examinations

The responsibility of the compliance examiner is to enforce the consumer and civil rights statutes affecting State nonmember banks. These statutes include: the Truth in Lending Act, the Fair Credit Reporting Act, the Fair Housing Act, the Community Reinvestment Act, the Home Mortgage Disclosure Act, the Fair Debt Collection Practices Act, the Electronic Funds Transfer Act and the Equal Credit Opportunity Act.

When violations or exceptions are noted, the FDIC notifies the bank involved. The regional office follows up with measures such as moral suasion and additional examinations to assure that corrective action or voluntary compliance is taken. If firmer steps are necessary, the regional director or the Office of Consumer Programs may recommend further enforcement action under Section 8(b) of the FDI Act. During 1981, the FDIC's Board of Directors issued nine cease-and-desist orders involving violations of consumer protection and civil rights laws and regulations.

Electronic Data Processing (EDP) Examinations

The cost of data processing has continued its downward trend and this has resulted in further growth in the number of banks owning their own computers. Once it was rare for an institution under $50 million to have its own system, but now it is a frequent occurrence. In order to conduct effective EDP examinations of this size institution, the Corporation introduced the Community Data Center Workprogram. This workprogram was specifically designed for the smaller institution and provides greater flexibility to field examiners in evaluating security and controls in smaller systems.

About 1,500 insured State nonmember banks now have their own computers. To inform bankers of standards the Corporation seeks when conducting a data processing examination, the FDIC issued a bank letter, "Information Statement on In-House Computers; FDIC Guides for Community Bank Automation," to reinforce the previously-issued EDP Examination Handbook.

A concern over the financial stability of some third parties that provide data processing services to nonmember banks led to the issuance of another bank letter during the year alerting banks to review the financial statements of their servicers. As many banks rely totally on third parties for data processing, the financial collapse of such a servicer would seriously impede bank operations. Therefore, a bank should be aware of its servicer's financial stability.

Trust Department Examinations

Corporation consent and approval of a bank's state regulator are required before an FDIC-supervised bank may exercise trust powers. In 1981, the FDIC approved fiduciary powers for 108 banks. All of these applications were processed at the regional office level, resulting in more timely approval of each application.

At the end of the year, the FDIC supervised 2,194 bank trust departments and 18 mutual savings bank trust departments controlling over $57 billion in trust account assets. Although 95 of them manage more than $100 million in trust assets, most of the departments are relatively small, averaging $28 million.

In addition to examining trust departments, the FDIC supervises 400 banks that are registered securities transfer agents. Under the Securities Exchange Act of 1934, a bank is required to register with the Corporation as a transfer agent or registrar whenever it acts in this capacity for any corporation having $1 million in assets and 500 or more shareholders.

FDIC is substantially revising the registration/amendment Form TA-1 to reduce the paperwork burden on banks. The transfer agent examination report also is being revised extensively to improve the quality of the examination process and reduce the hours necessary for the examination.

Examiner Training

About 1,700 FDIC examiners received intensive training this year at the Corporation's training center in Rosslyn, Virginia, in areas such as: bank examination fundamentals; accounting and auditing techniques; credit appraisal; management; financial analysis; consumer and civil rights compliance; international banking and examination of electronic data processing departments and trust departments. Some 290 examiners from State bank departments, foreign central banks and other federal agencies also took FDIC courses in 1981.

An instructor staff of 180 examiners from the field and headquarters, augmented by speakers from banking, academia and related business fields, provided up-to-date training.

Interagency training sponsored by the Federal Financial Institutions Examination Council also was conducted at the training center. Courses in data processing, instructor training, management, international banking, white collar crime, consumer and civil rights compliance and trust department examinations were held in 1981 for examiners from the five member agencies.

Applications

Proposed State banks that do not intend to become members of the Federal Reserve System but want deposit insurance must apply to the Corporation to obtain such insurance. All State nonmember banks must apply for consent to establish new branches or facilities or relocate existing offices. The Corporation also has the authority to grant or deny consent to merger, consolidation or purchase and assumption transactions if the resulting bank would be subject to FDIC supervision, or to any merger-type transaction involving an FDIC-insured bank and a noninsured institution.

To reduce processing time for routine branch applications, the FDIC's Board of Directors in 1981 delegated authority to the Director of DBS to act on such appli-

FDIC APPLICATIONS

	1981	1980
Deposit Insurance—total	**98**	**149**
Approved	98	148
Denied	0	1
New Branches — total	**1,324**	**1,312**
Approved	1,321	1,307
Branch	704	747
Limited Branch	151	137
Remote Service Facility	466	423
Denied	3	5
***Mergers — total**	**87**	**85**
Approved	86	79
Denied	1	6

*Certain mergers undertaken as part of internal reorganizations not included.

cations. The Director will act on branch applications if the applicant's adjusted equity capital and reserves (adjusted surplus and reserves for mutual savings banks) are determined to be adequate relative to its adjusted gross assets.

Section 19 of the FDI Act prohibits anyone convicted of a criminal offense involving dishonesty or breach of trust from serving as a director, officer or employee of any insured bank without the Corporation's consent. During 1981, the FDIC considered 56 requests under Section 19 for consent to serve, approving all but two.

Section 7(j) of the FDI Act gives the Corporation authority to disapprove in advance certain changes in control of insured State nonmember banks. The law requires any person or persons acting in concert who are acquiring control of a bank to provide the FDIC 60 days prior written notice, supported by detailed personal and financial data, along with information on the terms and financing of the proposed acquisition.

In 1981, the FDIC received 627 reports of change of control, compared with 478 the previous year. The FDIC's review of 246 cases requiring prior notice resulted in the issuance of 212 "letters of intent not to disapprove" and seven notices were withdrawn prior to action. The FDIC Board of Directors disapproved one transaction and at year-end 24 transactions were pending. In two cases, the 60-day review period was allowed to expire without the issuance of a letter of intent not to disapprove, which permitted the change to occur. Average processing time of prior notices in 1981 was 32 days. On March 10, 1981, the FDIC made a detailed report to the Congress concerning its administration of the Change in Bank Control Act.

International Banking

The FDIC allows only foreign banks in sound financial condition with capable management to obtain deposit insurance for their U.S. branches. Further, the Corporation considers whether the branch will be a viable, well-managed operation. In 1981, the FDIC approved applications of seven foreign banks for deposit insurance in seven domestic branches, bringing to 31 the number of such branches and to 18 the number of foreign banks with one or more insured U.S. offices.

In 1981, the FDIC conducted 23 examinations of insured U.S. branches of foreign banks using the Uniform Report of Examination for Foreign Agencies and Branches. At year-end, the FDIC also was supervising the activities of 65 U.S. banks that are owned by foreign banks or bank holding companies and 28 in which foreign individuals own 25 percent or more of the bank's stock.

During 1981, the Corporation approved three applications by FDIC-supervised U.S. banks to engage in foreign activities bringing to 31 the number of such banks operating offshore branches or other overseas entities. Five FDIC-supervised banks operate Edge Act or Agreement Corporations to facilitate their international operations.

Securities Registration and Reporting

Each insured nonmember bank with more than $1 million in assets and 500 or more shareholders of any class of equity security must register with the FDIC and file periodic public reports as required by the Securities Exchange Act of 1934. Copies of these reports are available for public inspection in the Corporation's Washington Office and at the New York, Chicago and San Francisco Federal Reserve Banks and at the Reserve Bank of the district in which the bank filing the statement is located.

In 1981, 22 banks filed registration statements with the FDIC and one registered bank converted from national to State charter. Forty banks terminated registration during the year, because they fell below the reporting criteria or for other reasons, for a year-end total of 379 State nonmember registered banks.

To help banks understand their responsibilities under the securities disclosure laws and regulations, the Corporation sponsored one-day seminars at various sites for the benefit of bankers, attorneys and accountants who prepare reports for registered nonmember banks.

An FDIC policy statement outlines minimum standards under the antifraud provisions of securities laws for the disclosure by circular of material facts in connection with the offer and sale of bank securities.

Although FDIC policy does not require filing of offering circulars with the Corporation, it encourages the submission of circulars for review. It requires the use of circulars in connection with the sale of securities by banks subject to enforcement orders. The FDIC also reviews whether public investors have been provided sufficient disclosure of material facts. The FDIC's staff is available for consultation and assistance as needed, and in 1981, 51 banks submitted offering circulars for staff review and suggestions.

During 1981, the Corporation adopted a policy statement to provide guidance to insured nonmember banks issuing retail repurchase agreements. A retail repurchase agreement involves an indebtedness arising from a transfer of direct U.S. obligations, or from obligations with principal and interest fully guaranteed by the U.S. The bank is obligated to repurchase the debt, which will be in denominations of less than $100,000, will mature in less than 90 days and cannot be automatically renewed or extended. The statement of policy alerts issuers to banking and securities laws concerns, as well as to safety and soundness considerations.

Also during the year, the FDIC amended its policy concerning interest rate futures contracts, forward contracts and standby contracts. Insured State nonmember banks intending to take positions in interest rate futures contracts specifying delivery of certificates of deposit issued by domestic banks (bank CDs) should do so in accordance with the Corporation's existing policy statement governing futures and forward contracts on U.S. government and agency securities, jointly issued by the FDIC, the Board of Governors of the Federal Reserve System and the Office of the Comptroller of the Currency on November 20, 1979, and amended on March 20, 1980 and on October 19, 1981

Consumer Protection and Civil Rights

The DBS Office of Consumer Programs (OCP) is responsible for the Corporation's consumer and civil rights protection efforts. The Office performs periodic compliance examinations and complaint investigations conducted by specially-trained field compliance examiners. Each regional office has a consumer affairs/civil rights examiner who oversees these functions. One of OCP's important tasks is to resolve consumer complaints and inquiries involving FDIC-supervised banks.

The largest number of inquiries in 1981 centered on certificate of deposit withdrawal penalties and the FDIC's deposit insurance coverage. The most frequent complaints centered on the Equal Credit Opportunity Act, bank deposit policy and practices, discrepancies in deposit accounts and the Truth in Lending Act.

The Corporation's regional offices conduct Banker Compliance Seminars to improve customer relations and bank compliance and to reduce the costs of supervisory and enforcement measures. In 1981, 36 of these seminars were attended by 4,236 bank officers and employees.

The Office of Consumer Programs developed and conducted two, day-long Consumer Awareness Seminars to make minority and other consumers aware of the FDIC's regulatory responsibilities. The first seminar took place in Boston and attracted 41 consumer representatives. The second seminar attracted 73 representatives and was held in Los Angeles. The seminars also gave attendees a chance to ask questions of the bankers represented on the program.

This year a new publication, "Consumer News," was published on an experimental basis. It features articles on topics such as establishing credit, electronic banking, certificate of deposit penalties, home mortgage loans, cosigning for a loan and credit life insurance.

A new Computer Assisted Supervisory System, COMPASS, was initiated in late 1980 and was fully implemented in 1981. The system identifies areas of potential discrimination in home mortgage lending, and aids examiners in the conduct of Fair Housing aspects of the compliance examination. COMPASS categorizes and compares, using race, sex and marital status as bases, successful and unsuccessful loan applicants and loan terms granted to borrowers. During 1981, 92 FDIC-supervised banks qualified for COMPASS programming. All of these banks were visited by an examiner utilizing COMPASS data. The results of these visits currently are being analyzed.

Bank Secrecy

Treasury Department regulations under the Bank Secrecy Act of 1970 require banks to maintain records and file currency transaction reports to aid law enforcement authorities in criminal and regulatory investigations and proceedings. During 1981, congressional and public concern focused on the enormous surpluses of currency flowing through banks in certain parts of the country, most notably south Florida. Much of this surplus currency was believed to have been generated by illicit drug dealers, who apparently were using the banking system to launder illegally-obtained currency. At the direction of the Treasury Department, a multi-agency effort was launched to improve the currency transaction reporting system.

Greater bank compliance with the currency reporting requirements was considered a critical element in improving the effectiveness of law enforcement in investigating and prosecuting criminal drug traffickers. The FDIC has cooperated fully with the Treasury and law enforcement authorities, and in several cases during the year has provided bank examiners to assist in developing evidence for possible indictments by federal grand juries.

Early in 1981, the FDIC implemented a new two-stage examination procedure covering bank compliance with the currency reporting requirements and other Bank Secrecy rules. The first stage is designed to provide limited coverage in the majority of banks where problems are not indicated. The second stage comprises a broad scale examination approach and is to be used in those banks where noncompliance with the regulations is suspected or where unusually large currency movements are evident.

Bank Security

Part 326 of the FDIC's Rules and Regulations implements the Bank Protection Act of 1968. The regulations set forth guidelines to banks for discouraging robberies, burglaries and larcenies and prescribe procedures to aid in the identification and apprehension of persons committing such crimes.

As part of FDIC's continuing effort to reduce unproductive paperwork, two reports previously required by Part 326 were eliminated in 1981. The routine collection of information on security devices on Form P-1 was suspended at the beginning of the year. The FDIC was able to eliminate this report without reduction in supervisory effectiveness because of a combination of factors including 1) on-site monitoring by examiners, 2) alternative review procedures used in processing new bank and branch applications and 3) the generally high level of security maintained by insured financial institutions. In August, the FDIC eliminated the Report of Crime, Form P-2, requiring instead that banks prepare an informal record after any attempted or successful crime, and that they maintain that record for examiner review at a central location. This formal report was no longer considered necessary because similar information is available elsewhere. Despite the change, DBS urged institutions to continue promptly notifying their FDIC regional office of any such event having significant impact on the bank.

FDIC-State Cooperation

The divided examination program continued to grow in 1981. Twenty-four States, with 3,758 banks, have entered into formal divided examination agreements with the FDIC. This represents 41 percent of the 9,300 State-chartered banks supervised by the FDIC.

The divided examination program is a cooperative supervisory effort by the FDIC and State banking departments. Advantages of the program include improved bank supervision, reduced regulatory burden on banks and improved service to the public through shared resources and reduced duplication in FDIC and State supervision.

Under the divided examination program, banks with no financial or supervisory problems are split into two groups and are examined alternately by the FDIC and the State. Any State with a qualified examination staff and statutes that permit participation in the program is eligible to enter into a divided examination agreement.

Many benefits accrue to States joining the program. A new feature added to the program this year was FDIC training for State examiners. During 1981, a total of 527 State examiners from ten States received training in EDP Bank Analysis Techniques, Financial Futures and training in the School for Senior Assistant Examiners.

Other benefits include regional typing centers to expedite typing of examination reports, common application forms for bank use in applying for both State and FDIC permission to merge, establish a branch or routine service facility, move an office or receive a charter and federal deposit insurance, access to FDIC's computerized data base and participation in joint enforcement actions.

Uniform Supervisory Policies and Procedures

The principal national forum for interagency cooperation on supervisory matters is the Federal Financial Institutions Examination Council (FFIEC), consisting of the FDIC, the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), the Federal Home Loan Bank Board (FHLBB) and the National Credit Union Administration (NCUA).

The FFIEC in 1979 established task forces to address several objectives. Notable projects completed by the task forces, approved by the FFIEC, and adopted by the FDIC in 1981 include:

— A uniform rating system for appraising compliance with the Community Reinvestment Act;

— Uniform examination procedures for the Real Estate Settlement Procedures Act;

— Uniform examination procedures for Regulation D concerning reserve requirements;

— Mandatory accrual accounting reporting requirements for banks with greater than $10 million in assets by January 1, 1982, and for banks with less than $10 million in assets by January 1, 1985, plus a recommendation to require banks to maintain their books on an accrual basis in conjunction with the reporting schedule;

— A Uniform Bank Performance Report for all insured commercial banks produced by the FDIC beginning December 31, and distributed to examiners and financial analysts of the three federal banking agencies, to State bank supervisors who request it, and to all insured commercial banks;

— Elimination of Forms P-1 and P-2, which banks previously had to complete under the Bank Protection Act.

Other ongoing projects of the FFIEC include: a study of examination philosophies, procedures and concepts; development of uniform examination procedures for various consumer protection laws and regulations; identification and development of core training modules that are common to all agencies; and a study of revision of Reports of Income and Condition. (For a complete report on the FFIEC's activities, see the Council's 1981 Annual Report).

During 1981, the Corporation continued its participation with the Office of the Comptroller of the Currency and the Federal Reserve in an annual review of shared national credits. These are credits aggregating $20 million or more to one borrower that are participated in or shared by two or more banks. The Shared National Credit program provides uniform treatment of large multibank credits in examination reports and conserves examiner resources by eliminating duplicate appraisals of shared credits. For 1981, the three agencies agreed to the following:

— Major finance companies, other than captive finance companies, were included for the first time. They were selected from a published list that indicated the lending banks, and generally the bank with the largest line was selected for review.

— Banks were required to charge off identified losses by the end of the quarter in which they were notified of the classifications.

— Because of economic conditions during the latter part of 1981 all criticized lines of credit were reevaluated during December 1981 to review problem credits and to update assigned classifications.

Although the Shared National Credit program has attained its two primary goals of uniform treatment by examiners of large credits, and cost-effective use of examiner resources, continuing improvements to the program will allow for a more useful data base and further conservation of examiners' time. A total of 187 FDIC-supervised banks participated in shared national credits in 1981.

Problem Banks

As part of its bank monitoring effort, the FDIC maintains a current list of banks under the Uniform Financial Institutions Rating System as having unsafe or unsound conditions and a relatively high possibility of failure. The number of banks on the list, which peaked at 385 in November 1976, declined steadily through year-end 1980. The number of banks on the list has remained static during this year and stood at 223 by the end of 1981. However, in light of the current unfavorable economic conditions, that number is expected to increase slightly.

Because the FDIC insures bank deposits, its problem list includes national, State member and insured State nonmember banks. The Comptroller of the Currency and the Federal Reserve maintain separate supervisory lists of the banks they oversee. However, all the lists are based on the uniform rating system and any differences among them generally result from timing differences in the review process.

Section 13(e) of the FDI Act authorizes the Corporation to take direct action to reduce or avert a threatened loss to the Corporation and arrange a merger of a failed or failing insured bank with another insured bank. The Corporation may make loans secured in whole or in part by assets of an open or closed bank, or it may purchase any assets or guarantee any other insured bank against loss by reason of the FDIC assuming the liabilities and purchasing the assets of an open bank.

In November and December of 1981, FDIC assistance under Section 13(e) was required to accomplish the mergers of three New York City savings banks having total assets of approximately $4.9 billion.

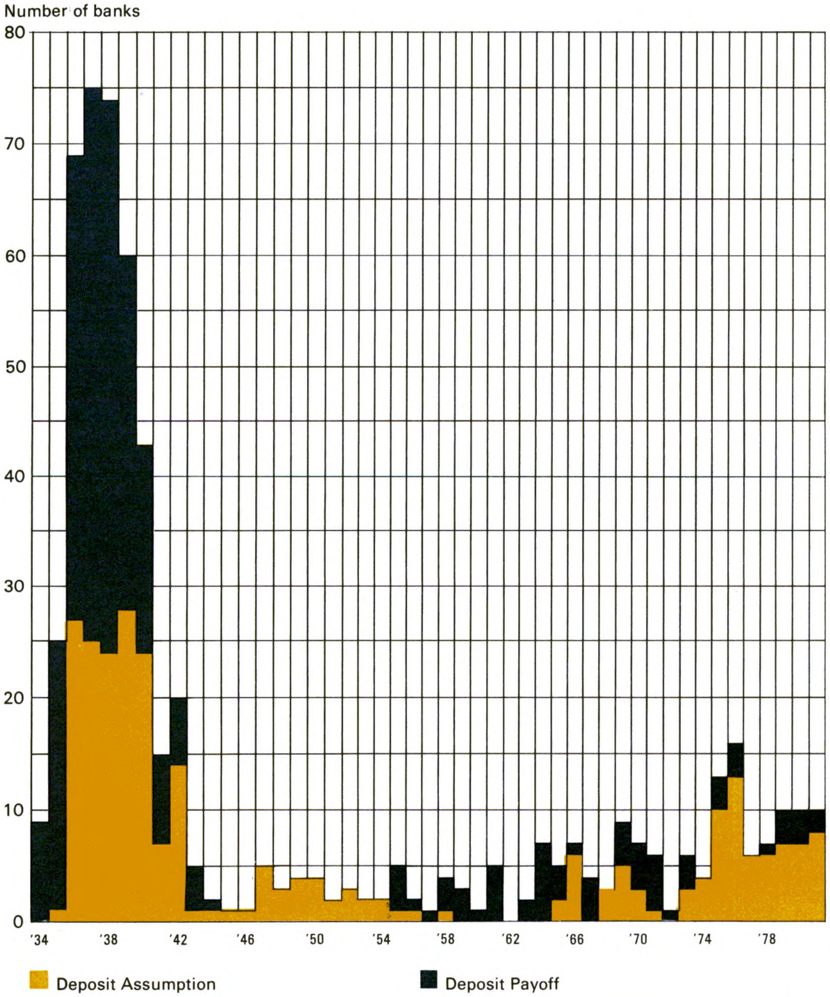
Estimated deposit payoffs, had these banks failed and been closed, would have cost the Corporation $1.4 billion. By comparison, the present value of the FDIC's estimated losses resulting from the assisted mergers amounted to $746.8 million.

DIVISION OF LIQUIDATION

The Division of Liquidation disposes of the assets acquired by the FDIC in a bank closing and uses the proceeds to help cover funds disbursed in connection with the closed bank. Such closings are accomplished by one of three methods: a direct payoff, a purchase and assumption, or the granting of financial assistance to complete a merger with a healthy bank.

In 1981, ten insured banks, with total deposits ranging from $2.9 million to $1,881.2 million failed. This compares with ten bank failures in 1979 and ten in 1980. The Corporation used the direct payoff method in two cases, the purchase and assumption method in five cases and conducted assisted mergers of the other three banks. In both of the payoff cases, the FDIC Board of Directors concluded it could not arrange purchase and assumption transactions because of uncertainty about the volume and nature of the failed bank's assets and liabilities.

INSURED BANK FAILURES, 1934-1981



The Corporation disbursed $6.9 billion to protect depositors in 578 insured banks with deposits aggregating $10.05 billion from January 1, 1934 through December 31, 1981. Total losses experienced by the Corporation, including losses currently expected on assets in process of liquidation, amounted to $1.0 billion through the end of 1981.

In the 578 failed bank cases, 99.9 percent of the depositors had received or were assured of payments of their deposits in full at the end of 1981, and 99.8 percent of the total deposits had been paid or made available to them. In deposit payoff cases, 99.3 percent of depositors had received full recovery, and although the recovery of uninsured deposits varies from case to case, in the aggregate 97.2 percent of total deposits had been paid or made available. About 71 percent of this amount was provided by FDIC payments of insured amounts, with additional recoveries provided from the proceeds of liquidated assets, offsets against indebtedness, and pledged assets.

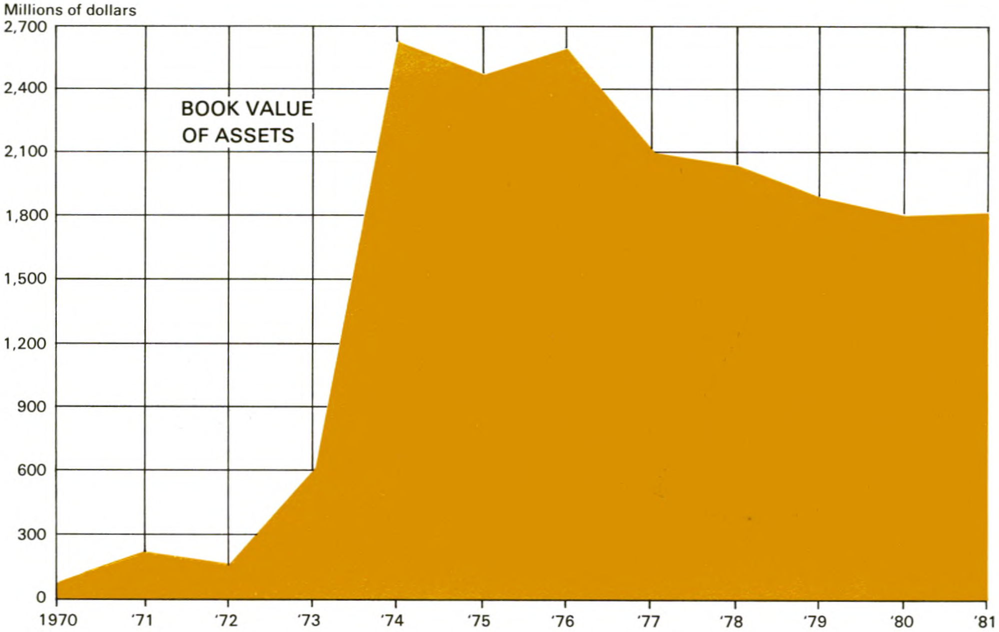
At the end of 1981, the Division of Liquidation was in the process of liquidating 99 cases in 25 States and Puerto Rico and the Virgin Islands. Four of these are handled from the Washington Office and 95 are being handled from 48 field liquidation offices. The Division has 430 employees involved in the liquidation of failed bank assets, of which 200 are permanent employees and 230 are temporary employees who live in the area of the closed bank.

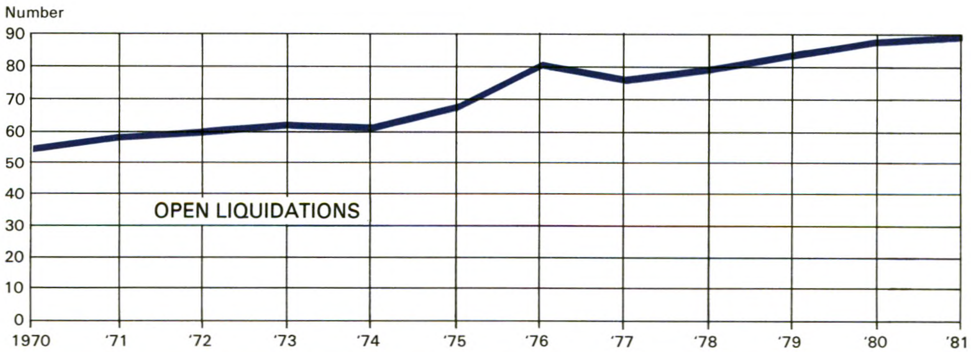
INSURED BANKS CLOSED DURING 1981 REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION

Name and location	Date of deposit payout, assumption or assisted merger	Number of depositors or accounts	Amount of deposits (in millons of dollars)
The Des Plaines Bank Des Plaines, Illinois	March 14, 1981	15,090	42.9
South Side Bank Chicago, Illinois	March 14, 1981	9,767	25.8
Peoples Banking Company Boston, Georgia	March 17, 1981	1,316	6.8
Northwest Commerce Bank North Bend, Oregon	June 19, 1981	1,980	4.3
Southwestern Bank Tucson, Arizona	September 25, 1981	1,793	4.6
High Lakes Community Bank La Pine, Oregon	October 23, 1981	1,500	2.9
Midtown National Bank Pueblo, Colorado	October 30, 1981	1,484	9.6
Greenwich Savings Bank* New York, New York	November 4, 1981	299,546	1,881.2
Central Savings Bank* New York, New York	December 4, 1981	144,000	675.7
Union Dime Savings Bank * New York, New York	December 18, 1981	216,685	1,172.2

*Merged with financial assistance from FDIC into operating banks to prevent probable failure.

LIQUIDATION ACTIVITY—FEDERAL DEPOSIT INSURANCE CORPORATION, 1970-1981

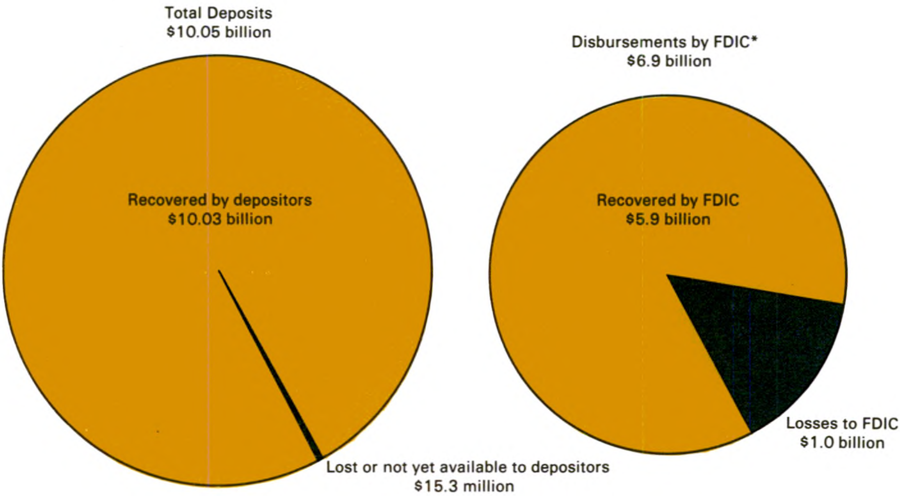




All national banks and State-chartered banks that are voluntarily members of the Federal Reserve System are required by law to obtain deposit insurance from the FDIC. State-chartered banks that are not members of the Federal Reserve System may participate in the federal deposit insurance program. On December 31, 1981, 96 percent of all commercial banks in the U.S., and 75 percent of all mutual savings banks, were protected by federal deposit insurance. Deposits are insured up to $100,000 in these banks.

The two principal methods available to protect depositors when insured banks fail are the deposit assumption method and the direct payoff method. In the case of a deposit assumption, depositors' accounts in the failed bank become deposit accounts in the assuming bank. All depositors receive full protection with minimal, or no disruption of banking services to the community. When the deposit payoff method is used, the FDIC pays directly to depositors the net amount eligible for

DEPOSITS AND LOSSES IN ALL INSURED BANKS REQUIRING DISBURSEMENTS BY FDIC, 1934-1981



*Includes collections and disbursements by liquidators in the field ($1.5 billion) which were previously excluded from this chart.

deposit insurance usually within five to seven days following the bank closing. The FDIC pays on the uninsured portions of deposits from the proceeds of liquidated assets and other sources. Of the 578 banks that have failed since 1934, 266 were deposit assumption cases and 312 were direct payoff cases.

The FDIC is authorized under Section 13(e) of the Federal Deposit Insurance Act to assist financially a purchase and assumption transaction whenever the Board of Directors determines that the expected loss or risk to the Corporation thereby will be reduced. Section 13(e) also offers a third option — financial assistance to facilitate the merger of a failing bank prior to the bank's closure. This approach is described on page 12 under "Problem Banks."

DIVISION OF ACCOUNTING AND CORPORATE SERVICES

The Office of the Controller and the Division of Management Systems and Financial Statistics were merged in 1981 to form the Division of Accounting and Corporate Services. This newly-created Division is responsible for all finances of the Corporation and for administrative and support services including budget preparation, accounting, bank statistics, computer support, building maintenance, telecommunications, library services, graphic design and printing.

Income and Expenses

Gross revenues for 1981 amounted to $2.1 billion, the highest in the history of the Corporation. Of this amount $1.1 billion represents interest earned on investments, and $1.0 billion is from assessments, interest on notes receivable and other sources.

The Corporation's expenses in 1981 included $8.4 million in connection with the year's seven bank failures, and $373.6 million in the form of merger assistance to three savings banks. Total disbursements of $382 million represented 31.1 percent of 1981 net income.

The FDIC's administrative expenses in 1981 were $127.2 million, an increase of 8.2 percent over 1980, compared with an increase of 12.2 percent for overall federal outlays and an estimated increase of 8.9 percent in the consumer price index. This was the third successive year in which the Corporation, through tight controls and a vigorous budgeting process, held its rate of expenditure increase below both the rate of inflation and the increased cost of the federal government as a whole.

The Corporation's insurance expenses increased dramatically in 1981 due to the merger assistance provided for the Greenwich Savings Bank ($421.5 million), Central Savings Bank ($159.3 million), and Union Dime Savings Bank ($166.0 million). This assistance was by far the most expensive in the history of the FDIC, which in 47 years of operation had sustained total losses of $301 million in 568 bank failures. However, had these three banks failed and been closed, the cost to the Corporation would have been $1.4 billion instead of $747 million.

The losses sustained by the FDIC in 1981 will result in a net assessment credit to banks of $117 million, compared to $521 million in 1980, a reduction of almost 80 percent. The 1981 credit represents an effective assessment rate to the banks of 1/14 of one percent of assessable deposits, compared to 1/27 of one percent in 1980. The 1981 assessment credits represent 11.28883 percent of total assessments, compared to 54.78 percent in 1980.

Deposit Insurance Fund

Despite the extraordinary expenses resulting from merger assistance to the three large New York City savings banks, the deposit insurance fund increased during 1981 to a new year-end high of $12.2 billion, an increase of $1.2 billion or 11.1 percent over 1980. This fund is further backed with statutory authority to borrow $3 billion from the U.S. Treasury, an authority the FDIC has never exercised.

The Corporation significantly shortened the average maturity date of its investments in U.S. Treasury securities from just over four years to two years and ten months. This action was taken to further improve the liquidity of the fund and to put the FDIC in position to react as required to the situation in the mutual savings bank industry. The portfolio, which is by far the largest single asset in the deposit insurance fund, amounted to $12.2 billion at the end of 1981, with a depreciation of $1.1 billion caused by the difference between the book value of assets in the portfolio and their fair market value.

The FDIC had a cash flow of about $2.07 billion stemming from its operations, which represents a net increase of $665 million over 1980. Failed bank assets under liquidation had an appraised value of about $661.1 million at the end of 1981.

The Depository Institutions Deregulation and Monetary Control Act of 1980, which established an assessment credit of 60 percent of net assessment income, also authorized the FDIC Board of Directors to reduce that percentage if the ratio of the insurance fund to insured deposits falls below 1.10 percent. The law permits the Board to increase the banks' share whenever the ratio exceeds 1.25 percent, and mandates an increase when the ratio exceeds 1.40 percent. The ratio was estimated to be 1.19 percent at the end of 1981, compared to 1.15 percent in 1980.

The complete financial statement of the FDIC for 1981 begins on page 26.

Management Systems and Financial Analysis

The Corporation's computerized data base contains comprehensive bank structure and financial files on each of the insured commercial and mutual savings banks in the U.S. This information is used by FDIC examiners and State banking departments linked to the base to monitor banks between examinations and to signal potential difficulties.

The FDIC shares its processed bank data with Federal and State authorities through a teleprocessing system accessed through on-line terminals. In addition to the Corporation's network of terminals serving its Washington and regional offices, terminals also are located in cooperating State banking departments and Federal Reserve banks, the Federal Reserve Board, the Office of the Comptroller of the Currency and the Justice Department.

The system gives FDIC regional offices immediate access to the bank data base and to the Integrated Monitoring System (IMS). The IMS performs certain basic tests from data in banks' Reports of Condition and Income, which enables the Corporation to identify banks (or particular aspects of a bank's operation) that merit closer supervisory attention.

IMS reports are supplemented by the Comparative Performance Report (CPR), which shows both individual bank and peer group data. The Corporation also developed, under FFIEC auspices, a Uniform Bank Performance Report for all insured commercial banks.

LEGAL DIVISION

The Legal Division furnishes general legal services to the FDIC's Board of Directors, divisions and offices. In this role, it analyzes and interprets the laws and regulations affecting the Corporation and the banks the FDIC supervises. Its responsibilities also include the drafting of regulations, prosecution of enforcement actions against banks and bankers and participation in litigation arising from the Corporation's liquidation activities.

During the year, the Corporation was appointed receiver of seven closed banks. Numerous suits were brought to trial or settled during the year. However, many new suits were instituted and there remain pending in excess of 4,000 cases connected with the Corporation's bank liquidation activities.

The Legal Division continues to review FDIC's regulations in order to reduce the regulatory and paperwork burden on banks and the public. As a result of this review, eight regulations have been reviewed for simplification and the reporting requirements of two regulations have been eliminated.

Enforcement Proceedings

The authority to order the correction of improper banking practices is an essential part of the FDIC's efforts to promote a safe and sound banking system. If a bank fails to correct an unsafe or unsound practice or a violation of a law, rule, or regulation or fails to comply with a written agreement with the FDIC, the FDIC may, after notice and opportunity for hearing, issue a cease-and-desist order directing specific corrective steps. If the bank does not comply, the FDIC may seek enforcement of the order in the appropriate U.S. district court or levy a fine.

The FDIC's authority to issue cease-and-desist orders is found in Sections 8(b) and 8(c) of the FDI Act. During 1981, the Board of Directors authorized 37 such actions, resulting in 28 final orders under Section 8(b) and one temporary order under Section 8(c). Eight actions were still pending at year-end. In addition, there were nine final orders issued in 1981 stemming from cease-and-desist proceedings begun in 1980.

The FDIC levied three civil money penalties in 1981. In two instances, the assessed fines were paid. In one case, the assessment of a money penalty was not paid and enforcement of the order has been referred to the U.S. attorney for collection.

The FDIC first used its authority to issue cease-and-desist orders to correct weaknesses or compliance violations in banks in 1971, and from 1971 through 1975 issued 37 orders. In the last six years, it has issued 255 orders. In 1981, nine were to correct violations of consumer protection laws and regulations and 28 were primarily to correct unsatisfactory financial conditions or management practices.

Under the FDI Act, a bank may seek judicial review of a final FDIC order to cease-and-desist. One such appeal was filed in 1981.

The FDIC also is authorized under Section 8(a) of the FDI Act to initiate termination-of-insurance proceedings if it finds that a bank is in an unsafe or unsound financial condition. If a bank does not correct its condition within a prescribed period, an administrative hearing is held during which the bank may respond to the charges. If the charges are upheld, the FDIC may terminate the bank's insurance. The depositors are then required to be notified of the termination, but deposits (less subsequent withdrawals) continue to be insured for two years.

CEASE-AND-DESIST ORDERS AND ACTIONS TO CORRECT SPECIFIC UNSAFE OR UNSOUND PRACTICES OR VIOLATIONS OF LAW OR REGULATIONS: 1978, 1979, 1980 AND 1981

	1981	1980	1979	1978
Actions authorized by Board of Directors	**37**	**36**	**59**	**51**
Actions in negotiation at end of year	**8**	**11**	**16**	**22**
Cease-and-desist orders outstanding at beginning of year-total	**90**	**88**	**70**	**65**
Section 8(b)	88	88	67	63
Section 8(c)	2	0	3	2
Cease-and-desist orders initiated and issued during year	**29**	**28**	**42**	**31**
Section 8(b)	28	25	37	26
Section 8(c)	1	3	6	5
Cease-and-desist orders issued in actions authorized in prior year	**9**	**13**	**15**	**6**
Section 8(b)	9	13	15	6
Cease-and-desist orders issued during year-total	**38**	**41**	**57**	**37**
Cease-and-desist orders terminated-total	**50**	**39**	**40**	**32**
Section 8(b)	47	38	31	28
Section 8(c)	3	1	9	4
Cease-and-desist orders in force at end of year-total	**78**	**90**	**88**	**70**
Section 8(b)	78	88	88	67
Section 8(c)	0	2	0	3

The FDIC in 1981 initiated three termination-of-insurance proceedings, two of which were still pending at the end of the year. One became moot by the failure of the bank involved.

From 1934 through 1981, the FDIC has taken action under Section 8(a) against 263 banks, and 261 cases were closed at the end of 1981. In slightly less than half of the closed cases, the banks involved made the necessary correction. In most of the remaining cases, the banks were absorbed by other banks or ceased operations before a date was set to terminate insurance. In 15 cases, insurance was terminated or the bank ceased operations after a date was fixed to terminate its insurance.

Under Section 8(e) of the FDI Act, the FDIC may remove an officer, director or other person participating in the management of an FDIC-supervised bank if the person has (1) violated a law, rule, regulation or final cease-and-desist order, (2) engaged in unsafe or unsound banking practices, or (3) breached his or her fiduciary duty. The individual's action must involve personal dishonesty or a willful disregard for the safety and soundness of the bank. Also, the action must entail substantial financial damage to the bank, seriously prejudice the interests of its depositors or result in financial gain to the individual. Two final orders were issued under this section in 1981, which were initiated in 1980. The very small number of official actions actually required is indicative of the high degree of voluntary cooperation between supervisors and bankers.

Section 19 of the FDI Act prohibits anyone convicted of a criminal offense involving dishonesty or breach of trust from serving as a director, officer or employee of any insured bank without the FDIC's consent. During 1981, the FDIC considered 56 requests under Section 19 for permission to serve, granting consent on all but two. The age and evidence of rehabilitation of the individual requesting permission to serve, and the sensitivity of the desired position are important factors FDIC considers in a Section 19 request.

DIVISION OF RESEARCH AND STRATEGIC PLANNING

The Division of Research and Strategic Planning provides research and analyses to the Board of Directors and to other divisions and offices of the Corporation on current and emerging issues, economic and financial developments, and policy issues related to the Corporation's legislative, regulatory and administrative activities. The title of the Division was changed in 1981 to Research and Strategic Planning to more accurately represent the broader nature of its responsibilities.

The condition and problems of insured mutual savings banks dominated the Division's activity during 1981. Staff members prepared financial data for Corporation officials monitoring the current performance and future prospects of those banks. Various Division studies dealt with the cost to the FDIC and financial implications for these institutions of alternative assistance programs. Other analyses concerned proposed new operating powers and ways to improve reserves of thrift institutions, tax incentives to encourage the flows of savings to those institutions and issues involved in the conversion of mutual banks to the stock form of organization.

The Division also supported the activities of the Depository Institutions Deregulation Committee (DIDC), established under the Depository Institutions Deregulation and Monetary Control Act of 1980. Members of the staff assisted the Chairman of the Corporation in his capacity as a member of DIDC, and prepared papers relating to various Committee actions including: revisions of deposit ceiling interest rates and removal of the cap on the maximum rate of interest payable on the Small Saver Certificate; creation of a new IRA-Keogh account; preparation of implementing regulations for the All Savers Certificate, and administration of other regulations, such as those governing the offering of deposit account premiums.

Preparation of Congressional testimony and work on other legislation-related matters was a third major Division activity during the year. On behalf of the Chairman, the Director of the Division testified on two bills to provide for federal preemption of State usury ceilings. The Division sent to Congress a study, requested by the Senate Banking, Housing and Urban Affairs Committee, on cross-industry takeovers involving different types of financial institutions.

In another area, staff members represented the FDIC on an interagency task force study of small business credit needs. This study is required under the Small Business Development Act of 1980.

Division staffers assisted other Corporation divisions and offices on diverse assignments. Using regular bank reports, the Division assembled and evaluated information pertaining to the performance of small banks and the overall banking system, and also participated in an inter-division review of reporting forms. Other internal projects included: the valuation of certain assets acquired in bank failures; predictions of bids on purchase and assumption transactions; studies of differences in capital ratios of commercial banks; a statistical study of inter-regional examiner performance ratings; analysis of a prospective purchase of office space for the San Francisco regional headquarters, and determination of the costs to small banks of conversion from cash-basis to accrual accounting.

Additional studies were concerned with foreign bank acquisitions of U.S. banks in the light of the International Banking Act, recent developments in financial services offered by depository and nondepository institutions, effects on the banking system structure of technological changes and proposed methods of evaluating bank risks as a basis for levying deposit insurance assessments.

EXECUTIVE AND ADMINISTRATIVE OFFICES

Office of Personnel Management

The Corporation's Office of Personnel Management (OPM) is responsible for programs for the hiring, advancement and recognition of FDIC employees. These programs include development and administration of employee benefit programs, recruitment and placement, and position and pay management. In 1981, OPM's responsibilities were expanded to include labor-management relations, grievances, upward mobility and the Employee Advisory Council.

Employment

FDIC employment at the end of 1981 totaled 3,394. This included 342 nonpermanent employees such as college students participating in a work-study program and clerical workers employed on a short-term or as-needed basis. About 70 percent of the Corporation's employees are assigned to the Division of Bank Supervision, of which 77 percent are field examiners. During the year, the number of commissioned examiners increased from 1,249 to 1,340.

The 1981 turnover rate for field examiners was 8.0 percent, compared to 8.9 percent for 1980. Of the 149 examiners who resigned during the year, 24 found employment with banks. For all employees — exclusive of temporary field personnel, college students in the FDIC's cooperative work-study program and temporary summer personnel — the turnover rate was 12.8 percent compared to 13.8 percent in 1980.

NUMBER OF OFFICIALS AND EMPLOYEES OF THE FEDERAL DEPOSIT INSURANCE CORPORATION, DECEMBER 1980 AND 1981

Unit	Total		Washington office		Regional and field offices	
	1981	1980	1981	1980	1981	1980
Total	**3,394**	**3,644**	**928**	**982**	**2,466**	**2,662**
Directors	2	2	2	2	0	0
Executive Offices	11	14	11	14	0	0
Legal Division	106	107	88	91	18	16
Division of Research and Strategic Planning	30	33	30	33	0	0
Division of Liquidation	429	460	199	207	230	253
Division of Bank Supervision	2,359	2,544	158	167	2,201	2,377
Division of Accounting and Corporate Services	164	176	147	160	17	16
Office of Management Systems and Financial Analysis	187	187	187	187	0	0
Office of Corporate Audits	31	33	31	33	0	0
Office of Equal Employment Opportunity	7	10	7	10	0	0
Office of Personnel Management	38	49	38	49	0	0
Office of Congressional Relations and Public Affairs	15	15	15	15	0	0
Office of Executive Secretary	15	14	15	14	0	0

Increased emphasis this year on hiring the handicapped or disabled resulted in the appointment of 12 such persons including several veterans.

Hiring for Bank Examiner (Trainee) under U.S. delegated authority from the U.S. Office of Personnel Management has been limited for the past year. There continues to be a greater rate of success under FDIC's screening examination in terms of quality of candidates including that of minorities and women than what was experienced under examinations conducted by the U.S. OPM. The open period for 1981 was held from February 2-27 and more than 300 candidates applied, of which 15 percent were minorities and 24 percent were women. In 1981, 82 vacancies were filled, 11 percent of which were minority members and 25 percent were women.

Training

OPM coordinates a variety of in-house courses to better equip FDIC employees to perform their assigned duties and advance in their career fields. For the most part, these courses are developed and presented by instructors drawn from the FDIC field and headquarters staff.

Training in 1981 encompassed subjects such as: personnel management for supervisors; career development; labor relations; report writing; communication; statistics for non-statisticians; ADP for managers and non-ADP professionals; pre-retirement planning; memory development; time management, and equal employment opportunity. Courses developed for presentation in 1982 include business English and performance appraisal.

Employee Relations

In 1981, the Corporation approved a revised incentive awards program that provides increased cash awards to employees for beneficial suggestions and outstanding performance. The revised program also established a more comprehensive service award program which will give more frequent and more tangible recognition to employees for long Corporation service.

Recipients of the 1981 Honorary Awards were as follows:

Award	Recipient
Nancy K. Rector	Donald C. Gorman, Chicago
Edward J. Roddy	Ray B. Gardner, Memphis
Chairman's	Mary S. Dixon, DBS

In 1981, the Corporation established a Vision Care Plan for employees. This plan provides a schedule of payment for eye examinations, frames and lenses. The coverage provided under the existing Dental Insurance Plan was increased in recognition of the increasing costs of dental services.

Classification

The annual maintenance review of Corporation position descriptions and classification is continuing. This program is a major effort to assure the accuracy of the Corporation's classification and pay system.

The Position Management and Classification Staff completed a review of the mission, organization and position classification of all DBS, Washington, D.C. staff to ascertain relationships with field functions and to identify sharp, nonconflicting delineations of duties.

Extensive position management and classification analysis and advisory reviews have and continue to be given to DBS in the realignment and grading of field offices. Major changes have taken palce in Atlanta, Omaha, New York and Columbus, and minor changes occurred in Dallas, Minneapolis and Chicago.

Health Unit

The Health Unit continued to treat injured or ill employees and to sponsor important preventive health services. Special programs conducted by the unit included training in cardiopulmonary resuscitation and first aid. The unit also sponsored a health fair, blood pressure screening, a stop-smoking program and glaucoma detection tests.

Office of Equal Employment Opportunity

The Office of Equal Employment Opportunity (OEEO) is the successor to the Office of Employee Relations following transfer of labor relations and upward mobility to the Office of Personnel Management in September 1981. The responsibilities of OEEO involve affirmative programs for the employment and advancement of women and minorities in the FDIC's workforce.

In 1981, the OEEO prepared the Corporation's Multi-Year Affirmative Action Plans, developed a computerized workforce reporting system, and provided discrimination precomplaint counseling and complaint processing.

As a result of several reorganizations to achieve improved efficiencies and effectiveness, and personnel ceilings on employment, the General Graded workforce decreased by more than 200 positions during 1981. During the same period, the percentage of women in the FDIC workforce declined from 31.6 percent to 30.6 percent. The percentage representation of minorities declined from 15.7 percent to 15.1 percent.

Office of Corporate Audits

The Office of Corporate Audits (OCA) has complete internal audit and investigative responsibility for the FDIC's financial and operational activities. OCA audits assist the Board of Directors and staff management officials in applying resources efficiently, economically and effectively.

In 1981, OCA performed audits to determine whether FDIC conducted financial operations properly, presented accounting reports fairly, complied with applicable laws and regulations, managed resources efficiently and achieved Corporation objectives effectively.

OCA reported audit findings and recommendations to the Board of Directors. A formal policy requiring response by units audited, executive committee arbitration of differences and monitoring of corrective action insured the expeditious resolution of audit findings.

Office of the Executive Secretary

The Office of the Executive Secretary performs Corporate secretarial functions, such as issuing notices of all meetings of the Board of Directors and the FDIC's standing committees, recording all votes and minutes of these meetings, maintaining an index of all official Corporation actions, publishing in the Federal Register notices of proposed or final rulemaking and receiving public comments on proposed regulatory actions.

In 1981, the Executive Secretary's staff performed secretarial functions for 126

Board meetings and numerous committee meetings. The Office also provided staff coordination for nine proposed regulatory actions on which public comment was received.

The Office of the Executive Secretary coordinated and administered FDIC compliance with the Freedom of Information Act, the Government in the Sunshine Act, the Privacy Act of 1974, the Paperwork Reduction Act and the Regulatory Flexibility Act. It also performed editorial functions in connection with the FDIC's looseleaf reporting service of laws, regulations and related materials.

In addition, the Executive Secretary served as the Corporation's Ethics Counselor under the Ethics in Government Act of 1978 and FDIC's own regulations.

Office of Congressional Relations and Public Information

The Office of Congressional Relations in cooperation with other Corporate divisions and offices advises the Board of Directors on legislative issues, prepares testimony, and responds to Congressional inquiries regarding pending legislation. Additionally, the Office coordinates responses to Congressional constituent complaints and inquiries. The Office of Public Information is the FDIC's point of contact with banks, the news media and depositors. It also prepares and distributes information on regulations, the FDIC's Annual Report, news releases, the *FDIC News* and other information materials.

The 1981 Corporate reorganization resulted in the retitling of the Office of Legislative Affairs and the Office of Public Information as the Office of Congressional Relations and Public Information.

Despite fairly extensive hearings, Congress enacted very little legislation during 1981 affecting the banking industry or the Corporation. Federal regulators were unsuccessful in obtaining passage of legislation requested to facilitate their handling of troubled financial institutions.

The combination of severe economic conditions and rapidly changing developments in the provision of financial services in 1981 resulted in a greater volume of information requests flowing into the Office of Public Information from the news media, banks and depositors. Queries from members of the news media and from depositors revealed heightened interest in Corporation activities, the deposit insurance ceiling and the banking system. General economic conditions also generated a need for closer communication with the industry itself. To accomplish this, the Office of Public Information coordinated meetings between the FDIC Chairman, other FDIC officials and bankers for the purpose of discussing common concerns and exploring solutions to problems.

FINANCIAL STATEMENTS

COMPARATIVE STATEMENT OF FINANCIAL POSITION
(In Thousands)

Assets

	December 31 1981	1980
Cash	$ 382	$ 1,986
Current investment in U.S. Treasury obligations:		
Securities at amortized cost (Note 1)	4,119,401	1,479,433
Accrued interest receivable	231,406	226,921
Total	**4,350,807**	**1,706,354**
Current maturities on notes purchased from insured banks:		
Principal (Note 2)	21,969	43,219
Accrued interest receivable	1,836	3,018
Total	**23,805**	**46,237**
Other receivables and prepaid items (Note 3)	**4,542**	**4,997**
Total Current Assets	**4,379,536**	**1,759,574**
Long-term investment in U.S. Treasury notes and bonds (Note 1)	**7,885,591**	**9,014,547**
Long-term notes purchased from insured banks (Note 2)	**406,512**	**428,431**
Equity in assets acquired from insured banks:		
Depositors' claims paid	64,336	41,640
Depositors' claims unpaid	1,410	1,458
Loans and assets purchased	463,483	565,984
Assets purchased outright	528,230	39,658
Less: Allowance for losses (Note 4)	510,245	239,042
Total	**547,214**	**409,698**
Land and office buildings, less accumulated depreciation on buildings	**22,932**	**23,370**
Total Assets	**$13,241,785**	**$11,635,620**

The accompanying summary of significant policies and notes to financial statements are an integral part of these statements.

Liabilities and the Deposit Insurance Fund

	December 31 1981	1980
Accounts payable and accrued liabilities	$ 13,458	$ 7,912
Collections held for others	3,299	4,169
Accrued annual leave of employees	6,533	6,174
Due insured banks:		
Net assessment income credits:		
Available July 1, 1981	0	521,086
Available July 1, 1982 (Note 5)	117,135	0
Available excess credits (Note 6)	11,737	47,631
Total	**128,872**	**568,717**
Current maturities on notes payable plus accrued interest (Notes 7, 8 and 9)	**155,269**	**3,094**
Current estimated payments due on income maintenance agreements (Note 10)	**75,417**	**0**
Total Current Liabilities	**382,848**	**590,066**
Long-term notes payable - F Street property (Note 7)	**12,282**	**13,335**
Long-term liabilities incurred in failures of insured banks:		
FRB indebtedness (Note 8)	285,333	0
Franklin buildings (Note 9)	9,647	11,220
Income maintenance agreements (Note 10)	304,125	0
Depositors' claims unpaid	1,410	1,458
Total	**600,515**	**12,678**
Total Liabilities	**995,645**	**616,079**
Deposit Insurance Fund	**12,246,140**	**11,019,541**
Total Liabilities and The Deposit Insurance Fund	**$13,241,785**	**$11,635,620**

The accompanying summary of significant policies and notes to financial statements are an integral part of these statements.

COMPARATIVE STATEMENT OF INCOME AND THE DEPOSIT INSURANCE FUND
(In Thousands)

	For the twelve months ended December 31	
	1981	**1980**
Income:		
Gross assessments earned	$ 1,040,940	$ 952,535
Less: Provision for assessment credits	119,024	521,780
Total	**921,916**	**430,755**
Interest on U.S. Treasury obligations	985,417	867,873
Amortization of premiums and discounts (net)	130,043	(4,766)
Total	**1,115,460**	**863,107**
Interest earned on notes receivable	**31,924**	**12,620**
Other income	**5,390**	**3,232**
Total Income	**2,074,690**	**1,309,714**
Expenses and Losses:		
Administrative operating expenses (net)	127,185	117,555
Income maintenance expenses and losses (net)	387,712	0
Provision for insurance losses (net)	320,412	(38,098)
Nonrecoverable insurance expenses	12,782	3,448
Total Expenses and Losses	**848,091**	**82,905**
Net Income	**1,226,599**	**1,226,809**
Deposit Insurance Fund—January 1	**11,019,541**	**9,792,732**
Deposit Insurance Fund—December 31	**$12,246,140**	**$11,019,541**

The accompanying summary of significant policies and notes to financial statements are an integral part of these statements.

COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION
(In Thousands)

	For the twelve months ended December 31	
	1981	**1980**
Sources of Working Capital		
From operations:		
Net income	$ 1,226,599	$ 1,226,809
Add: Depreciation expense	438	287
Amortization not affecting working capital	25,907	9,288
Allowance for loss adjustments	271,507	(38,098)
Total working capital generated from operations	**1,524,451**	**1,198,286**
From other sources:		
Portion of long-term investments in U.S.T. notes & bonds at amortized cost transferred as currently due	1,608,938	1,293,571
Portion of notes purchased transferred as currently due	21,919	43,219
Collections from assets acquired from insured banks:		
Receivership and payoff cases	11,873	3,820
Deposit assumption transactions	243,735	333,077
Increase in notes payable - land and building	0	14,406
Increase in liabilities incurred in failures of insured banks:		
Notes payable - FRB indebtedness	428,000	0
Income maintenance agreements	382,729	0
Total sources of working capital	**4,221,645**	**2,886,379**
Uses of Working Capital		
Increase in notes purchased from insured banks	0	325,000
Portion of income maintenance agreements transferred as currently due	75,417	0
Payments on income maintenance agreements	8,699	0
Portion of notes payable transferred as currently due	145,293	2,621
Payments on notes payable	0	23
Assets acquired from insured banks:		
Receivership and payoff cases	34,855	13,895
Deposit assumption transactions	629,824	151,700
Purchase of U.S.T. notes and bonds	500,377	2,089,406
Purchase of land and building	0	17,509
Total uses of working capital	**1,394,465**	**2,600,154**
Net increase (decrease) in working capital	**$ 2,827,180**	**$ 286,225**

Changes in Working Capital Accounts	Working Capital (Increase — (Decrease))	
Cash	$ (1,604)	$ 489
Current investment in U.S.T. securities at amortized cost	2,639,968	257,838
Accrued interest receivable	4,485	40,410
Current maturities on notes purchased	(21,250)	22,536
Accrued interest receivable on notes purchased	(1,182)	(276)
Other receivables and prepaid items	(455)	2,232
Accounts payable and accrued liabilities	(5,546)	(2,603)
Collections held for others	870	(2,240)
Accrued annual leave of employees	(359)	(781)
Net assessment income credits due insured banks	439,845	(30,064)
Current maturities on notes payable	(142,672)	(1,048)
Accrued interest on notes payable	(9,503)	(268)
Current liabilities on income maintenance agreements	(75,417)	0
Net increase (decrease) in working capital	**$ 2,827,180**	**$ 286,225**

The accompanying summary of significant policies and notes to financial statements are an integral part of these statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General
These statements do not include accountability for assets and liabilities of closed insured banks for which the Corporation acts as receiver or liquidating agent. Periodic and final accountability reports of its activities as receiver or liquidating agent are furnished by the Corporation to courts, supervisory authorities, and others as required.

U.S. Treasury Obligations
Securities are shown at amortized cost which is the purchase price of the securities less the amortized premium or plus the accreted discount. Such amortization and accretion are computed on a daily straight-line basis from the date of acquisition to the date of maturity.

Deposit Insurance Assessments
The Corporation assesses insured banks at the rate of 1/12 of one percent per year on the bank's average deposit liability less certain exclusions and deductions. Assessments are due in advance for each six-month period and credited to income each month. On March 31, 1980, President Carter signed into law the Depository Institutions Deregulation and Monetary Control Act of 1980, one provision of which revised the mechanism for determining the credit banks receive against the annual assessment they pay for deposit insurance. The statute changes the basis for the assessment credit to 60 percent from 66 2/3 percent of net assessment income and authorizes the FDIC Board of Directors to make adjustments to this percentage within certain limits in order to maintain the Deposit Insurance Fund between 1.25 and 1.40 percent of estimated insured deposits. If this ratio falls below 1.10 percent or above 1.40 percent, the FDIC is mandated to make further reductions, up to 50 percent, or increases to the percentage distribution of net assessment income.

Allowance for Losses
It is the policy of the Corporation to establish an estimated allowance for loss at the time a bank fails. These allowances are reviewed every six months and adjusted as required, based on financial developments which accrue during each six-month period. The Corporation does not state its estimated contingent liability for unknown future bank closings because such estimates are impossible to make. The Corporation's contingent liability for eventual net losses depends upon factors which cannot be assessed until or after a bank has actually failed. The Corporation's entire Deposit Insurance Fund and borrowing authority are available, however, for such contingencies.

Depreciation
The Washington Office Buildings are depreciated on a straight-line basis over a 50-year estimated life. The cost of furniture, fixtures, and equipment is expensed at time of acquisition.

Reclassifications and Accounting Procedures Changes

1. Assets and Liabilities:
   a) Beginning with the March 31, 1980 Financial Statements, assets and liabilities have been presented under two major groups, current and long-term.
   b) Assets acquired from insured banks, which in prior presentations have been shown under two separate groupings, have been consolidated into a single major asset category.

2. Income Statement:
   Items related to income from securities and income from assessments have been regrouped in order to provide a more meaningful presentation of income derived

from each of these major categories of income to the Corporation. Also, rents earned on leased space, which in prior presentations had been shown as a separate income item, has been netted into administrative operating expenses.

3. Liquidators Cash Collections:
   Cash collected by the Liquidators will only be recognized in the books of the Corporation at the time the funds are received by the Corporation.

4. Reclassifications:
   Reclassifications have been made in the 1980 Financial Statements to conform to the presentation used in 1981.

Accrued Interest
Accrued interest, when classified in the current portions of the Comparative Statement of Financial Position, represents the entire amount of interest due to or due from the Corporation within one year, including interest accrued on those principal amounts classified as long-term.

Income Maintenance Agreements
It is the policy of the Corporation to record its liability under an Income Maintenance Agreement at the present value of each estimated cash outlay at the time the agreement is accepted. Estimated cash outlays are anticipated future payments the Corporation will provide to offset the difference between the annualized cost of funds and the annualized return on the declining volume of earning assets acquired in a merger transaction, plus an amount to cover overhead costs. The charge is recorded to Insurance Loss. The present value of the liability is then amortized daily and recorded monthly over the term of the agreement. Any differences between the estimated and actual cash outlays are recorded as adjustments. The originally recorded loss, plus or minus any adjustments, will be prorated between insured banks and the Deposit Insurance Fund as provided in Section 7(D), revised March 31, 1980, of the Federal Deposit Insurance Act.

NOTES TO FINANCIAL STATEMENTS — DECEMBER 31, 1981 AND 1980

1. U.S. Treasury Obligations

All cash received by the Corporation which is not used to defray operating expenses or for outlays related to assistance to banks and liquidation activities, is invested in U.S. Treasury securities. As of December 31, 1981 the Corporation's investment portfolio consisted of the following:

		(In thousands)			
Maturity	**Description**	**Par Value**	**Book Value**	**Market Value**	**Cost**
1 Day	Special Treasury Certificates	$ 822,578	$ 822,578	$ 822,578	$ 822,578
Less than	U.S.T. Bills	1,809,000	1,687,886	1,692,733	1,601,298
1 Year	U.S.T. Notes & Bonds	1,609,896	1,608,938	1,581,749	1,619,254
Total Current		**4,241,474**	**4,119,402**	**4,097,060**	**4,043,130**
1-5 Years	U.S.T. Notes & Bonds	4,842,326	4,881,567	4,401,699	4,908,898
5-10 Years	U.S.T. Notes & Bonds	2,940,000	2,930,651	2,362,069	2,926,126
Over 10 Years	U.S.T. Notes & Bonds	75,546	73,373	48,821	71,806
Total Long-Term		**7,857,872**	**7,885,591**	**6,812,589**	**7,906,830**
Total Investment		**$12,099,346**	**$12,004,993**	**$10,909,649**	**$11,949,960**

2. Notes Purchased from Insured Banks

The Corporation's outstanding principal balances on notes purchased from insured bank's at December 31, 1981 and 1980 are:

	1981	1980
To Assist Operating Banks:		
Unity Bank and Trust Company	$ 1,350,000	$ 1,400,000
Bank of the Commonwealth	33,000,000	34,500,000
First Pennsylvania Bank, N.A.	325,000,000	325,000,000
	359,350,000	**360,900,000**
To Facilitate Deposit Assumptions:		
First Tennessee National Corporation	0	16,000,000
First Tennessee National Bank	0	8,000,000
Bank Leumi Trust Company of New York	6,250,000	7,500,000
New Orleans Bancshares, Inc.	4,167,000	5,000,000
European-American Bancorp.	55,000,000	70,000,000
Drovers Bank of Chicago	3,500,000	4,000,000
Town-Country National Bank	214,000	250,000
	69,131,000	**110,750,000**
Total	**$ 428,481,000**	**$ 471,650,000**

3. Other Receivables and Prepaid Items

The Corporation's other receivables and prepaid items at December 31, 1981 and 1980 are:

	1981	1980
Receivables	$ 4,405,000	$ 4,047,000
Prepaid Items	137,000	950,000
Total	**$ 4,542,000**	**$ 4,997,000**

4. Allowance for Losses

An analysis of the changes in the allowance for losses on the accounts described below for years ended December 31, 1981 and 1980 follows:

	1981	1980
Depositors' claims paid:		
Balance, beginning of period	$ 18,346,000	$ 16,800,000
Add (Subtract):		
Provision charged to expense	325,000	7,015,000
Net adjustment to prior years	(7,386,000)	(5,352,000)
Write-off at termination	0	(117,000)
Balance, end of period	11,285,000	18,346,000
Loans and assets purchased:		
Balance, beginning of period	183,962,000	222,324,000
Add (Subtract):		
Provision charged to expense	7,422,000	13,775,000
Net adjustment to prior years	(37,270,000)	(52,137,000)
Write-off at termination	0	0
Balance, end of period	154,114,000	183,962,000
Assets purchased outright:		
Balance, beginning of period	36,734,000	38,260,000
Add (Subtract):		
Provision charged to expense	364,105,000	0
Net adjustment to prior years	(7,088,000)	(1,526,000)
Write-off at termination	(48,905,000)	0
Balance, end of period	344,846,000	36,734,000
Total	**$510,245,000**	**$ 239,042,000**

5. Assessment Credits Due Insured Banks - July 1, 1982

The computation of net assessment income credits that will become available to banks on July 1, 1982 is as follows:

Computation:		
Gross Assessment Income-C.Y. 1981		$1,037,621,000
Less: Administrative Operating Expenses (Net)	$127,185,000	
Income Maintenance Expenses and Losses less Amortization Charges (Net)	382,200,000	
Provision for Losses (Net)	320,412,000	
Insurance Expenses (Net)	12,771,000	842,568,000
Net Assessment Income		$ 195,053,000
Distribution:		
40% to Deposit Insurance Fund	$ 78,021,000	
60% to Insured Banks	117,032,000	$ 195,053,000
Assessment Credits Due Insured Banks-July 1, 1982:		
Assessment Credits - C.Y. 1981		$ 117,032,000
Prior Years Credits		103,000
Assessment Credits Due Insured Banks-July 1, 1982		$ 117,135,000

Effective Rate of Assessment for C.Y. 1981: 1/14 of 1% of Total Assessable Deposits

6. Available Excess Credits

As of December 31, 1981 and 1980 assessments receivable from insured banks reflected credit balances representing excesses of assessment income credits made available to insured banks on July 1, 1981 and 1980 over assessments due for the last six months of each calendar year. These excess credits continue to be available to insured banks at the beginning of the next assessment period in the following calendar year.

7. Notes Payable - F Street Property

On June 30, 1980, the Corporation purchased property located at 1776 F Street, N.W., Washington, D.C. for a purchase price of $17,406,308, plus closing costs. The purchase price of the land was $2,378,880, and the building purchase price amounted to $15,130,221. This purchase was financed by cash outlays amounting to $3,102,793, the assumption of the existing mortgage on the property amounting to $6,406,308, and the issuance of a promissory note, maturing over seven years, amounting to $8,000,000.

8. Notes Payable - FRB Indebtedness

On November 4, 1981, the Corporation assumed a $428,000,000 Federal Reserve Bank Note from Greenwich Savings Bank. On November 4, 1982, and each year thereafter until maturity, the Corporation will be required to pay one-third of the principal sum plus accrued interest. The interest rate on this note is the average rate (equivalent coupon-issue yield) established at the auction for 13-week U.S. Treasury Bills most recently preceding November 4, 1981, or the first calendar day of the three-month period ending on the relevant Quarterly Interest Date plus fifty basis points. Interest is to be compounded quarterly.

9. Notes Payable - Franklin Buildings Indebtedness

These amounts represent the unpaid principal and accrued interest on the Corporation's unsecured notes designated "5.775% Series A Notes due January 1, 1988" and "5.775% Series B Notes due January 1, 1990" as set forth in the consents, exchange agreement, and agreements of release and satisfaction related to the sale of Franklin Buildings, Inc. to European-American Bank and Trust Company.

10. Income Maintenance Agreements

The income maintenance agreements, including amounts to cover overhead costs, are classified and presented on the financial statements at the present value of anticipated future payments. The present value of current estimated payments is expected to be amortized to future value and paid within the next twelve months. As of December 31, 1981, the Corporation's current liability balances at present value with operating insured banks are as follows:

Metropolitan Savings Bank	$191,874,000
Harlem Savings Bank	69,975,000
Buffalo Savings Bank	117,693,000
Total	**$ 379,542,000**

11. Southern-Bancorporation Note Receivable

On December 9, 1976, Southern Bancorporation repaid in full the $8 million note that the Corporation had purchased on September 24, 1974. Southern Bancorporation financed this transaction by obtaining a loan from First Union National Bank of North Carolina. To induce FUNB to enter the loan agreement, the FDIC agreed to guarantee the payment of 75 percent of the unpaid principal amount of the loan on the terms and conditions set forth in the guarantee agreement. On June 24, 1981, Southern Bancorporation paid in full the remaining principal balance of $4,800,000.

12. Lease Commitments

Rent for office premises charged to expense was $5,771,000 (1981) and $5,708,000 (1980). Minimum rentals for each of the next five years and for subsequent years thereafter are as follows:

1982	1983	1984	1985	1986	1987/after
$3,994,000	$2,678,000	$1,824,000	$1,145,000	$1,102,000	$3,662,000

Most office premise lease agreements provide for increase in basic rentals resulting from increased property taxes and maintenance expense.

PART TWO
LEGISLATION AND REGULATIONS

LEGISLATION — 1981

Cash Discounts Act

Public Law 97-25, approved July 27, 1981, amended the Truth in Lending Act to extend to February 27, 1984, the prohibition against surcharges on credit card purchases and to eliminate the five percent ceiling on discounts offered by merchants for payment by cash or check. The Act also subjected creditors electing to comply with the new requirements of the Truth in Lending Simplification Act as of April 1, 1981, to its revised civil liability provisions, and allowed national banks not to divest certain real estate holdings until December 31, 1982.

International Banking Facility Deposit Insurance Act

Public Law 97-110, approved December 26, 1981, amended the Federal Deposit Insurance Act to exempt from federal deposit insurance assessments and coverage of the so-called international banking facilities, which accept deposits from and make loans to foreign customers and are exempt from reserve requirements of the Federal Reserve and federally imposed deposit interest rate limitations. It also extends the availability of federal deposit insurance to banks operating in the Trust Territory of the Pacific Islands.

The new law also postpones from April 1 to October 1, 1982, the effective date of the 1980 Truth in Lending Simplification Act and regulations issued under it, in order to give affected persons more time to comply with the new requirements of the 1980 Act.

Another provision of the new law clarified that the ten-year grace period for management interlocks as contained in the Financial Institutions Regulatory and Interest Rate Control Act of 1978 would not be reduced in the case or mergers, acquisitions, increases in assets, establishment of an office or changes in management responsibilities. The new law also contains a provision on management interlocks designed to facilitate the merger of financially troubled thrift institutions into healthy institutions.

Other provisions in the new law relate to the secondary market operations of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, to membership in the Alaska USA Federal Credit Union, and to federal funding of a New York housing program.

RULES AND REGULATIONS — 1981

Delegation of Authority (Part 303)

Effective October 1981, the FDIC Board of Directors delegated to the Director of its Division of Bank Supervision, and to its Regional Directors when delineated criteria are met, increased authority to approve branch applications. FDIC expects these actions will shorten the processing time for routine applications and will reduce FDIC's costs for processing applications.

Elimination of Form Reports and of External Crime Reports (Part 326)

On March 10, 1981, in conjunction with other members of the Federal Financial Institutions Examination Council, FDIC reviewed the regulatory reporting requirements imposed on financial institutions under the Bank Protection Act (12 U.S.C. §§ 1881-84). Having determined that certain of these reporting requirements are unnecessarily burdensome and the usage of reports is limited, the FDIC deleted its requirement that Forms P-1, "Reports on Security Devices," be submitted. FDIC examiners will continue to review an institution's compliance with agency security regulations during regular supervisory examinations.

On October 6, 1981 the FDIC, again in conjunction with other members of the Federal Financial Institutions Examination Council, revised its regulations by deleting the requirement for submission of external crime reports.

In place of the requirement that the institution file a "Report of Crime," the agencies imposed the requirement that the victimized institution maintain an informal, internal record of each external crime and file all such records in the main office of the institution. These records will then be available for inspection upon examination.

Advertisement of Membership (Part 328)

Effective July 23, 1981, FDIC amended several provisions of Part 328 concerning advertisement of membership. The amendments (1) add language to § 328.0 to clearly indicate that the part applies to the insured branches of foreign banks under the FDI Act as amended by the International Banking Act; (2) eliminate the requirement under § 328.1(a) for insured banks to display the official FDIC sign on automatic service facilities which receive deposits and are part of approved offices; (3) incorporate in § 328.1(b) the existing dimensions and available colors for the official FDIC sign and delete the reference to the "Official Catalog of Insured Bank Signs" which contains the information, but is no longer published; and (4) incorporate in § 328.2 the existing interpretive ruling which requires foreign banks to identify their insured and uninsured branches in all advertisements which must contain the FDIC official advertisement statement. The amendments do not impose any new requirements and do not adversely affect any insured banks. The authorities for the amendments are Sections 9 (Tenth) and 18(a) of the Federal Deposit Insurance Act.

NOW Account Eligibility (Part 329)

Effective September 28, 1981, FDIC issued an interpretation to Part 329 to clarify the rules concerning the class of depositors eligible to maintain interest bearing deposits subject to withdrawal by negotiable or transfer instruments at insured State nonmember banks. Under the interpretation, the class of depositors eligible to maintain NOW accounts includes: (1) all individuals, including sole proprietorships and trust or fiduciary accounts in which the entire beneficial interest is held by individuals; (2) nonprofit organizations that are described in Section 501(c)(3) through (13) and (19), and Section 528 of the Internal Revenue Code; and (3) governmental units, if the funds are in the name of and used for the purposes of schools, colleges, universities, libraries, hospitals or other medical facilities. However, partnerships, corporations, or other associations operated for a profit and most governmental units are not permitted to maintain NOW accounts.

Interest on Deposits (Part 329)

In November 1981 the State of Washington enacted legislation authorizing stock savings banks. The State of Maine already has similar legislation. Since these banks would function essentially as mutual savings banks, but for the form of ownership, FDIC, effective December 7, 1981, amended its regulations to define stock savings banks chartered in the States of Washington and Maine as mutual savings banks. This amendment allows stock savings banks in Washington and Maine to avail themselves of the one-quarter of one-percent interest rate differential allowed mutual savings banks.

On December 3, 1981, FDIC again amended Part 329 to enable insured nonmember banks to establish International Banking Facilities (IBFs) in the United States on a competitive basis under the Federal Reserve Board's IBF program, also effective December 3, 1981. Under the program, an IBF is among other things, able to accept deposits from foreign residents or other IBFs and the deposits are exempt from reserve requirements and interest rate limitations. Further, IBFs may offer foreign nonbank residents large denomination time deposits with a minimum maturity or required notice period before withdrawal of only two business days.

Rules of Practice and Procedure (Part 308)

Effective December 29, 1981, the FDIC amended its Rules of Practice and Procedures, which contain rules for the conduct of administrative proceedings before the FDIC. A new Subpart M to the Rules of Practice and Procedures implements the Equal Access to Justice Act. That Act allows certain parties who prevail against the FDIC in contested administrative proceedings to recover litigation expenses from the FDIC, if the position of the FDIC in the proceeding was not substantially justified. The new subpart establishes procedures to be used in applying for fee awards and in determining whether the conditions for a fee award have been met and, if so, the proper amount for the award.

Securities of Nonmember Insured Banks (Part 335)

In order to bring them into substantial similarity with regulations issued under the Securities Exchange Act of 1934 by the Securities and Exchange Commission, the FDIC, effective June 4, 1981, amended its securities disclosure regulations. The amendment, which updates the regulation and makes the regulation more understandable covers the following: (1) new format of Part 335; (2) safe harbor for projections; (3) foreign bank reporting; (4) corporate governance; (5) dividend reinvestment plans; (6) tender offers; (7) issuer tender offers; (8) going private transactions; and (9) section 16(b) exemption.

Registration of Transfer Agents (Part 341)

On January 13, 1981, FDIC amended its transfer agent registration rule. The amendment eliminated the requirement that transfer agents registered with the FDIC file annual amendments to Item 7 of their registration form. Item 7 involved submitting annual changes to a list which itemized all issues for which the registered transfer agent performed services.

PART THREE
ENFORCEMENT PROCEEDINGS

ENFORCEMENT ACTIONS

Actions to Terminate Insured Status
Federal Deposit Insurance Act-Section 8(a)

The Corporation has issued 53 termination of insurance orders since January, 1971, including three in 1981. In each case, the bank was found to be in an unsafe or unsound condition.

As in the case of cease-and-desist actions, the threat of termination of insurance has caused many banks to take affirmative steps to correct deficiencies thus eliminating the need for final action.

Summary of Cases

Bank No.

51 Deposits—$234.8 million

Notice of intention to terminate insured status issued on March 2, 1981. Bank ordered to provide acceptable management; increase surplus; reduce adversely classified assets; provide acceptable liquidity; establish an adequate loan loss reserve; collect and/or service all outstanding extensions of credit by specified actions; eliminate existing and refrain from creating additional concentrations of credit exceeding a specified level; adopt acceptable written lending and leeway investment policies; correct and/or provide an acceptable program to eliminate violations of laws; and effect generally acceptable and/or prudent accounting procedures.

52 Deposits—$5.6 million

Notice of intention to terminate insured status issued on September 15, 1981. Bank ordered to increase capital; reduce adversely classified assets; cease extending additional credit to borrowers whose credit has been charged off or classified doubtful or loss; and provide an acceptable asset condition and a certain level of capital.

53 Deposits—$5.3 million

Notice of intention to terminate insured status issued on November 2, 1981. Bank ordered to provide acceptable management; increase capital; reduce adversely classified assets; cease extending additional credit to borrowers whose credit has been charged off or classified doubtful or loss; and provide an acceptable asset condition and a certain level of capital.

Cease-and-Desist Actions
Federal Deposit Insurance Act-Section 8(b)

The Corporation has issued 264 orders since January, 1971, including 37 in 1981. In addition, 28 temporary cease-and-desist orders were issued in that period, including one in 1981. In each case, the bank was ordered to cease-and-desist from unsafe or unsound practices and to take affirmative action to correct conditions. Several such actions are in various stages of processing.

On six other occasions, but none in 1981, formal written agreements between banks and the Corporation were ratified by the FDIC Board of

Directors. Noncompliance with these formal written agreements can result in a cease-and-desist action.

228 Docket No: FDIC-80-68b
Deposits: $6.1 million
Notice of Charges Issued: October 27, 1980
Order Issued: January 26, 1981

The FDIC charged that the bank and a director had engaged in transactions far in excess of that normally associated with a bank of its size and the board of directors had failed to provide supervision and direction over the bank's operating officers to prevent the practices cited.

Simultaneously with the issuance of the Notice of Charges, a temporary cease-and-desist order was issued prohibiting the bank and a director from using the bank's telex machine and from using the bank's name in connection with any business transaction of the director and/or any person engaged in business with or employed by this individual and/or any business entity owned or controlled by this individual. The bank was further ordered not to enter into business transactions with the director.

Subsequently, a cease-and-desist order was issued against the bank by consent, incorporating all prohibitions of the temporary order.

229 Docket No: FDIC 80-73b
Deposits: $40.6 million
Notice of Charges Issued: November 17, 1980
Order Issued: February 11, 1981

The FDIC charged that the bank was engaging in hazardous lending and lax collection policies resulting in an excessive volume of poor quality loans; failed to maintain an adequate loan loss reserve; had committed certain violations of law; was operating with an inadequate level of capital protection, and had operated in such a manner as to result in low net operating income. The bank's directors failed to provide supervision and direction over the bank's operating officers to prevent the practices and violations cited.

The bank consented to the entry of a cease-and-desist order and was ordered to provide and retain management acceptable to the supervisory authorities; increase equity capital by a specified amount; establish and maintain an adequate loan loss reserve; eliminate violations of law; charge-off losses and reduce classified assets; refrain from making new loans to borrowers classified doubtful and loss; refrain from paying dividends on common stock without supervisory approval; develop a loan policy acceptable to the supervisory authorities; strengthen credit file documentation; establish a plan to control expense and furnish periodic progress reports.

230 Docket No: FDIC-80-71b
Deposits: $26.3 million
Notice of Charges Issued: November 17, 1980
Order Issued: March 2, 1981

The FDIC charged that the bank was operating without an adequate level of capital protection; was engaged in hazardous lending and lax collection practices; was operating without adequate provisions for liquidity; and had commited certain violations of law. The board of directors had failed to provide adequate supervision and direction over active officers to prevent the practices and violations cited.

The bank consented to the entry of a cease-and-desist order and was ordered to increase and maintain total capital and reserves at a minimum specified level; eliminate loss and 50 percent of doubtful classifications and reduce remaining classifications to specified levels; cease extending credit to borrowers whose obligations have been charged-off or classified doubtful or loss unless such extensions of credit are in the best interest of the bank; provide for an adequate loan valuation reserve; reduce concentrations of credit; adopt a satisfactory written loan policy; reduce loan volume; comply with laws, rules and regulations; provide acceptable management; and furnish periodic progress reports.

231 Docket No: FDIC-80-55b
Deposits: $72.4 million
Notice of Charges Issued: October 6, 1980
Order Issued: March 9, 1981

The bank and its board of directors were charged with operating with inadequate capital; engaging in hazardous lending and lax collection practices; failure to adequately provide for potential loan losses; having excessive adversely classified other assets; paying excessive dividends; making excessive tax transfers to its holding company; eliminating from its books an account receivable due from its holding company; having excessive differences in accounts and liabilities not shown on its books; and operating without adequate supervision of and direction of its chief executive officer and other officers.

The bank and its board of directors consented to the issuance of a cease-and-desist order and were ordered to retain management acceptable to supervisory authorities; maintain minimum specified capital ratios; eliminate loss and 50 percent of doubtful classifications; reduce remaining adversely classified assets; cease additional credit to borrowers whose credit is classified doubtful or loss, limit the volume of direct and indirect credit to a certain borrower; restrict the lending authority of the bank's officers; adhere to an acceptable written loan policy; assure the loan valuation reserve is brought to an adequate level; pay no dividends without prior written approval of supervisory authorities; make no payments or transfers to the bank's holding company; follow the FDIC's statement of policy concerning "Income Tax Remittance By Banks To Holding Company Affiliates"; reverse certain book entries relating to accounts receivable due from its holding company; implement procedures to ensure that its accounts are brought into, and maintained in balance and ensure that legitimate bills are promptly booked and paid; and provide periodic progress reports.

232 Docket No: FDIC-80-75b
Deposits: $9.9 million
Notice of Charges Issued: November 24, 1980
Order Issued: March 9, 1981

The bank was charged with engaging in hazardous lending and lax collection practices; failing to provide an adequate loan loss reserve; operating with an inadequate level of capital; and the bank's board of directors was charged with failing to provide adequate supervision of and direction over the officers of the bank.

The bank consented to the issuance of a cease-and-desist order and was ordered to cease extending credit without obtaining documents to perfect the bank's lien and evaluate its priority and evidence of insurance, when appropriate; granting credit without current and complete credit and financial information, where appropriate; and granting credit without establishing a repayment program. The bank was ordered to charge-off all assets classified loss and 50 percent of those classified doubtful; review the balance of its reserve for possible loan losses and provide an adequate reserve; follow the bank's loan policy; enforce repayment programs; retain management acceptable to supervisory authorities; reduce remaining adversely classified assets; increase total capital and reserves by a specified amount; pay no dividends without prior written approval of supervisory authorities; and provide periodic progress reports.

233 Docket No: FDIC-80-65b
Deposits: $57.9 million
Notice of Charges Issued: November 3, 1980
Order Issued: April 13, 1981

The FDIC charged that the bank was engaging in hazardous lending and lax collection policies resulting in an excessive volume of poor quality loans; was operating with an inadequate level of capital protection; committed certain violations of the law; and failed to establish and maintain an adequate reserve for loan losses. The bank's directors failed to provide supervision and direction over the bank's operating officers to prevent the practices and violations cited.

The bank consented to the entry of a cease-and-desist order and was ordered to provide and retain management acceptable to the supervisory authorities; increase equity capital by a specified amount; establish and continue to maintain an adequate reserve for loan losses through quarterly board review; eliminate violations of law; charge-off losses and reduce classified assets; refrain from extending additional credit to borrowers whose credits have been classified doubtful or loss; review current written loan policies and adopt necessary changes; adhere to written loan policies; strengthen credit file documentation; refrain from entering into profit participation agreements with borrowers; take action to assure its compliance with participation agreements; reduce concentrations of credit; and furnish periodic progress reports.

234 Docket No: FDIC-81-1b
Deposits: $14.7 million
Notice of Charges Issued: January 26, 1981
Order Issued: April 13, 1981

The FDIC charged the bank and its board of directors with operating without adequate capital; having an excessive and disproportionately large volume of poor quality loans; following hazardous lending and collection practices and failing to implement effective written loan policies; extending additional credit to borrowers whose previous credit lines have been classified; making loans and granting lines of credit without requiring sufficient credit information, without regard to the ability of the borrowers to repay and/or without obtaining adequate collateral; having an excessive volume of overdue loans; failure to make an adequate provision for loan losses; and operating with a management having policies and practices detrimental to the bank. The FDIC further charged that the board of directors failed to adequately provide direction and supervision over the officers of the bank.

The bank consented to the entry of a cease-and-desist order and was ordered to charge-off losses and 50 percent of doubtful classifications and reduce remaining adverse classifications to specified levels; cease extending credit to borrowers whose obligations have been charged off or classified doubtful or loss; cease extending credit to borrowers whose credit has been classified substandard without the prior approval of the bank's board of directors; review, amend, adopt and implement written loan policies; reduce overdue loans; provide adequate collateral and credit file documentation; increase total capital and reserves by a specified amount; provide for an adequate loan valuation reserve; obtain regulatory approval prior to payment of dividends; periodically review the terms and provisions of this Order and written policies and established procedures of the bank and record such review in the board's minutes; and furnish periodic progress reports.

235 Docket No: FDIC-80-58b
Deposits: $54.9 million
Notice of Charges Issued: October 10, 1980
Order Issued: April 13, 1981

The FDIC charged that the bank and its chairman of the board had engaged in transactions that exposed the bank to losses exceeding capital accounts; that these transactions involved the chairman of the board and were a flagrant abuse of his position; and that some members of the board of directors failed to provide supervision and direction over the bank's operating officers to prevent the practices cited.

Simultaneously with the issuance of the Notice of Charges, a temporary cease-and-desist order was issued prohibiting the bank and the chairman of the board from entering into or consummating any business transaction with or for the benefit of the chairman and for any of the business interests of the chairman and or any person employed by or engaged in business with the chairman.

Subsequently, a cease-and-desist order was issued against the bank by consent, incorporating all the provisions of the temporary order.

236 Docket No: FDIC-81-9b
Deposits: $16.9 million
Notice of Charges Issued: March 4, 1981
Order Issued: April 13, 1981

The FDIC charged that the bank and its agricultural representative, a member of the bank's loan and discount committee, had engaged in transactions that exposed the bank to losses of such a magnitude as to eliminate or severely impair its capital; that these transactions that involved the bank's agricultural representative were a flagrant abuse of his position and resulted in violations of law and regulations; that the bank failed to retire all of its matured capital notes and failed to obtain FDIC prior written consent to retire these notes as required; and that the board members failed to provide supervision and direction over the bank's operating officers to prevent the practices cited.

Simultaneously with the issuance of the Notice of Charges, a temporary cease-and-desist order was issued and the bank was ordered to cease from entering into any business transaction with, and/or from extending credit of any kind to or for the benefit of the agricultural representative and/or any related business interest. The individual respondent was ordered to reduce the overdraft in his personal account and those of his related interests to zero; and the bank was ordered not to retire its matured capital notes without prior written consent of the FDIC.

Subsequently, a cease-and-desist order was issued against the bank and the individual respondent by consent, incorporating all the provisions of the temporary order. In addition, the bank was ordered to develop lending, overdraft and operational policies, and eliminate and/or correct all violations of law and regulations.

237 Docket No: FDIC-81-8b
Deposits: $140.4 million
Notice of Charges Issued: March 9, 1981
Order Issued: May 11, 1981

The FDIC charged that the bank was engaging in hazardous lending and lax collection practices resulting in an excessive volume of poor quality loans; that it failed to maintain an adequate reserve for loan losses; was operating with an inadequate level of capital protection; and committed certain violations of law. The bank's directors failed to provide adequate supervision and direction over the bank's operating officers to prevent the practices and violations cited.

The bank consented to the entry of a cease-and-desist order and was ordered to provide and retain management acceptable to the supervisory authorities; increase equity capital by a specified amount; establish and continue to maintain an adequate reserve for loan losses through quarterly board review; correct violations of law; charge-off appropriate classifications; reduce remaining classifications to a specified percentage of capital funds; refrain from extending additional credit to borrowers whose loans are classified doubtful or loss; review loan policies, plans and procedures for submission to supervisory authorities; strengthen credit file documentation; adopt board resolution to assure personal attendance at board meetings; and furnish periodic progress reports.

238 Docket No: FDIC 81-12b
Deposits: $10.2 million
Notice of Charges Issued: March 30, 1981
Order Issued: June 1, 1981

The FDIC charged that the bank was engaging in hazardous lending and lax collection policies resulting in an excessive volume of poor quality loans; that it failed to maintain an adequate reserve for loan losses; committed certain violations of the law; operated in such a manner as to incur an operating loss in 1980; and was operating with a weak liquidity condition. The bank's directors failed to provide supervision and direction over the bank's operating officers to prevent the practices and violations cited.

The bank consented to the entry of a cease-and-desist order and was ordered to provide and retain management acceptable to the supervisory authorities; establish and maintain an adequate reserve for loan losses; eliminate loss classifications by charge-off or collection; reduce remaining substandard classifications within stated parameters; eliminate violations of law; refrain from extending additional credit to borrowers whose loans are classified doubtful or loss; review current loan policies and develop new policies acceptable to supervisory authorities; initiate a program to obtain accurate and adequate collateral documentation; develop and implement a program designed to improve operating earnings; adopt and follow a liquidity policy satisfactory to the supervisory authorities; and furnish periodic progress reports.

239 Docket No: None Assigned
Deposits: $17.6 million
Notice of Charges Issued: April 23, 1979
Order Issued: June 2, 1981

The bank was charged with having violated a number of consumer protection and civil rights laws and regulations, namely: Truth in Lending Regulation Z by failing to properly disclose the annual percentage rate, finance charge, number or due dates of payments, the terms or conditions of any prepayment penalty, and by failing to provide customers with the required notice of the right to rescind certain transactions; HUD Regulation X, which implements the Real Estate Settlement Procedures Act, by failing to use or improperly completing the uniform settlement statement form and by failing to make proper disclosures and maintain records in connection with certain exempt transactions; Equal Credit Opportunity Regulation B by failing to provide appropriate written notifications to applicants against whom adverse action was taken, and FDIC Part 338 by failing to collect and retain fair housing lending monitoring information with respect to home loan inquiries and applications.

After an administrative hearing, the board of directors issued its final order which required the bank to cease-and-desist from the violations described and to take affirmative action to correct the conditions resulting from such violations by searching the bank's loan files for additional violations of Regulation Z of the types identified and by redisclosing loan terms and affording affected customers an opportunity to cancel unwanted credit insurance to obtain reimbursement for premiums paid and, where applicable, by notifying customers of their right to rescind their credit transactions and affording them an opportunity to do so. In addition, the bank was required to review loan applications received during the six months preceding the December 1978 compliance examination to identify those applicants not provided with proper notifications of adverse action and provide each such applicant with the required notifications as prescribed by Equal Credit Opportunity Regulation B, and reconstruct fair housing lending monitoring data with respect to home loan inquiries and applications as required by FDIC Part 338. The bank was further required to designate a compliance officer to bring the bank into full compliance with the regulations violated and provide periodic progress reports to the FDIC until the corrections required by the Order are accomplished.

240 Docket No: FDIC-81-13b
Deposits: $17.4 million
Notice of Charges Issued: April 6, 1981
Order Issued: June 8, 1981

The FDIC charged that the bank extended and maintained an excessive volume of poor quality assets and overdue loans, maintained hazardous lending and lax collection practices, failed to properly eliminate nonbankable assets from the books of the bank, operated with an inadequate level of capital protection, overstated the earnings and capital accounts of the bank, and failed to heed the admonitions and warnings of the supervisory agencies. In addition, the bank's board of directors was charged with the failure to provide adequate supervision over the officers of the bank.

The bank entered into a consent agreement and a cease-and-desist order was issued. The bank was ordered to maintain management acceptable to the supervisory authorities; comply with an acceptable lending policy; charge-off losses; reduce classified assets not required to be charged off to designated levels within specified time frames; maintain an adequate reserve for loan losses, and correct technical exceptions. Further, the bank was ordered to cease recording as income the uncollected interest on renewed and rewritten notes and was ordered to reverse previously recorded income which represented uncollected interest on renewed loans over a specified amount. The bank was also ordered to maintain a specified ratio of equity to assets and to provide bimonthly reports detailing compliance with the Order.

241 Docket No: FDIC-81-22b
Deposits: $17.6 million
Notice of Charges Issued: May 18, 1981
Order Issued: June 22, 1981

The FDIC charged that the bank maintained an excessive volume of poor quality assets and overdue loans; overstated earnings and the capital accounts of the bank; maintained an inadequate level of capital protection; maintained an excessive volume of loans in relation to the nature and volume of deposits; conducted hazardous lending and lax collection practices; and failed to comply with an administrative action issued by the State supervisory authority. The bank's board of directors was also charged with failure to provide adequate supervision over the officers of the bank.

The bank entered into a consent agreement and a cease-and-desist order was issued. The bank was ordered to retain management acceptable to the supervisory authorities, adopt acceptable written loan policies and take appropriate measures to ensure compliance with those loan policies. Further, the bank was ordered to refrain from recording as income uncollected interest on renewed or rewritten loans, eliminate losses, cease extending additional credit to borrowers whose charged-off loans or loans classified doubtful or loss remain uncollected and refrain from renewing any classified loan without full collection of interest. Additionally, the bank was ordered to reduce classified assets, not required to be charged off, below specified levels within designated time frames; correct technical exceptions; reduce loan volume to specified ratios of total deposits; restrict lending when the specified loan to deposit ratio is exceeded; maintain a specified ratio of equity capital to assets; refrain from the payment of dividends without approval of the supervisory authorities; and provide bimonthly reports detailing compliance with the order. Finally, the bank's board of directors was ordered to inject capital equal to any charge-off associated with a specified loan and the bank was ordered to refrain from purchasing any indebtedness of a borrower whose liabilities to the bank have been charged off.

242 Docket No: FDIC-81-17b
Deposits: $13.8 million
Notice of Charges Issued: April 23, 1981
Order Issued: June 29, 1981

The FDIC charged that the bank was engaging in hazardous lending and lax collection policies resulting in an excessive volume of poor quality loans and other assets in relation to its capital and reserves; allowed certain affiliated financial institutions the use of uncollected funds and overdrafts in excessive amounts; failed to maintain an adequate reserve for loan losses; failed to implement written loan policies; was operating with inadequate liquidity provisions; was operating the bank in such a manner as to result in low net income; and committed certain violations of law. It was also charged that the board of directors failed to adequately supervise the active officers to prevent the practices and violations cited.

The bank consented to the entry of a cease-and-desist order and was ordered to provide and retain management acceptable to the supervisory authorities; adopt and strictly follow a policy of establishing guidelines and procedures for the elimination of the excessive use of uncollected funds; adopt and strictly follow a policy of not allowing overdrafts for officer, director, control owner, or their interests; charge-off losses and reduce classified assets; establish and continue to maintain an adequate reserve for loan losses; refrain from extending additional credit to borrowers whose loans are classified doubtful or loss; eliminate violations of law; strengthen credit file documentation; establish a plan to control expenses; review current written loan policies; adopt and strictly follow written loan policies acceptable to the supervisory authorities; and furnish written progress reports.

243 Docket No: FDIC-81-15b
Deposits: $27.4 million
Notice of Charges Issued: April 13, 1981
Order Issued: July 13, 1981

The FDIC charged the bank with operating without adequate management; operating with an insufficient level of capital; improperly handling bookkeeping entries; operating with deficit earnings; failure to heed regulatory admonitions; failure to diversify loan risk; and violating laws and regulations.

The bank consented to the entry of a cease-and-desist order and was ordered to correct violations of laws and regulations; limit credit to any individual to a specific percentage of capital and reserves; employ an officer to oversee general ledger accounting; submit a plan to restore profitability; retain management acceptable to supervisory authorities and increase equity capital to a specified level.

244 Docket No: FDIC-81-20b
Deposits: $8.2 million
Notice of Charges Issued: May 4, 1981
Order Issued: July 13, 1981

The bank was charged with having violated a number of consumer protection and civil rights laws and regulations. Truth in Lending Regulation Z was not complied with by failing to properly disclose the annual percentage rate, finance charge, amount financed, the number, amount, and due dates or periods of payments and total of payments, the amount or method of computing any delinquency charge, the type of any security held, and by failing to provide customers with two complete copies of the required notice of the right to rescind certain transactions. The Fair Credit Reporting Act was not adhered to by failing to properly disclose to credit applicants the name and address of a consumer reporting agency furnishing reports that contributed to the denial of credit and by failing to properly disclose the right of applicants to make a written request for the nature of adverse information furnished by third parties other than consumer reporting agencies. In addition, the bank violated: HUD Regulation X, which implements the Real Estate Settlement Procedures Act, by failing to use and retain for two years the uniform settlement statement form; Electronic Funds Transfer Regulation E by failing to provide disclosures and error resolution notices to customers having contracts for EFT services; Equal Credit Opportunity Regulation B by failing to provide appropriate written notification to an applicant against whom adverse action was taken; FDIC Part 338 by failing to collect and retain fair housing lending monitoring information with respect to home loan inquiries and applications; FDIC Part 345 by failing to review the CRA statement annually and record the action in the board minutes; the Treasury Department's Financial Recordkeeping and Reporting of Currency and Foreign Transactions regulations by failing to record the purpose of extensions of credit in amounts in excess of $5,000; and FDIC Part 328 by failing to use the official advertising statement, "Member FDIC" in bank advertisements.

The bank consented to the entry of a cease-and-desist order and was ordered to correct the conditions resulting from such violations; to search the bank's loan files for additional violations of Regulation Z in which the bank had failed to notify customers of their right to rescind certain credit transactions and to notify them of their right and to rescind the transactions. In addition, the bank was required to review loan applications received since March 1980 to identify those applicants not provided with proper notifications of adverse action and to provide each such applicant with the required notifications as prescribed by Equal Credit Opportunity Regulation B. The bank was also ordered to reconstruct fair housing lending monitoring data with respect to home loan inquiries and applications as required by FDIC Part 338. The bank was further required to adopt a program, including appropriate training for bank officers and employees to assure future compliance.

245 Docket No: FDIC-81-21b
Deposits: $11.8 million
Notice of Charges Issued: May 4, 1981
Order Issued: July 13, 1981

The bank was charged with operating without adequate capital; engaging in hazardous lending and lax collection practices; failing to provide adequately for potential loan losses; accruing interest on loans more than 90 days overdue; violating State law; operating with excessive operating expenses and operating without adequate supervision and direction from its board of directors.

The bank consented to the entry of a cease-and-desist order and was ordered to provide and retain management and support staff acceptable to supervisory authorities; increase capital by a specified amount within a specific time frame; eliminate from its books assets classified loss and 50% of those classified doubtful; reduce remaining adversely classified assets; improve loan documentation; reduce overdue loans; require prior board of director's approval for certain loans; formulate an acceptable loan policy; implement procedures to assure an adequate loan valuation reserve; stop accruing interest on loans more than 90 days overdue; pay no dividends without prior approval of the supervisory authorities; review expenses; reduce operating expenses; formulate an acceptable policy governing salaries, bonuses and fees; correct violations of law and provide progress reports.

246 Docket No: FDIC-81-25b
Deposits: $7.1 million
Notice of Charges Issued: June 22, 1981
Order Issued: July 20, 1981

The bank was charged with having violated a number of consumer protection and civil rights laws and regulations. Truth in Lending Regulation Z was violated by failing to properly disclose the annual percentage, finance charge, the method of computing rebate of any unearned portion of the finance charge, the terms and conditions of any prepayment penalty, the type of security held and the property to which it relates, and by failing to properly provide customers with the required notice of the right to rescind certain transactions. Federal Reserve Regulation E, which implements the Electronic Funds Transfer Act, was violated through failing to provide customers with certain written disclosures required by the regulation; and Equal Credit Opportunity Regulation B was violated by failing to provide appropriate written notification to applicants against whom adverse action was taken. The bank was also charged with having violated: the Financial Recordkeeping and Reporting of Currency and Foreign Transactions regulations by failing to record the nature and purpose of all applicable loans over $5,000, and to maintain a record of each depositor's taxpayer identification number; FDIC Part 329 for failing to properly disclose and assess the minimum penalty for early withdrawal of time deposits, and to provide customers with a statement which accurately describes the minimum penalty; FDIC Part 338 by failing to collect and retain fair housing lending monitoring information with respect to home loan inquiries and applications, and FDIC Part 339 by making extensions of credit secured by improved real estate property and failing to maintain sufficient records to indicate the method used to determine whether such property was located in a designated flood hazard area.

The bank consented to the entry of a cease-and-desist order and was ordered to correct the conditions resulting from such violations; to search the bank's loan files for additional violations of Regulation Z of the type identified and to redisclose loan terms and, where applicable, to notify customers of their right to rescind their credit transactions. In addition, the bank was required to identify those applicants against whom adverse action was taken and to provide each such applicant with the required notification as prescribed by Equal Credit Opportunity Regulation B; to compile a list of all deposit accounts subject to electronic funds transfer and to provide such customers with the disclosures required by Electronic Funds Transfer Regulation E; to compile a list of all depositors who opened time deposit accounts on or after May 6, 1980, and provide each listed depositor with a copy of a penalty disclosure statement which accurately described the minimum penalty required for early withdrawal of time deposits as provided in FDIC Part 329. The bank was further required to designate a compliance officer to bring the bank into full compliance and to provide periodic progress reports to the FDIC until the corrections required by the Order were accomplished.

247 Docket No: FDIC-81-16b
Deposits: $10.4 million
Notice of Charges Issued: April 23, 1981
Order Issued: July 20, 1981

The FDIC charged that the bank had engaged in unsafe or unsound banking practices in that it failed to promptly and fully investigate and disclose a significant criminal irregularity; presented a bonding claim to its bonding company which the bank settled and signed a release without determining that all losses had been found; was careless in the implementation of an inhouse computer operation; lost integrity of its records and internal control; failed to properly document its accounting records; failed to respond to the collapse of its accounting system; inadequately communicated the nature of its accounting problems; submitted grossly inaccurate financial data on reports of condition; permitted pronounced weaknesses in internal controls and audit procedures to go uncorrected; failed to properly disclose the problems and made inaccurate and misleading reports to the public and its shareholders. It was also charged that the board of directors failed to provide adequate supervision and direction over the active officers to prevent the practices cited.

The bank consented to the entry of a cease-and-desist order and was ordered to employ a chief executive officer and an operations officer both of whom should be acceptable to the regulatory authorities; provide for the satisfactory correction of existing accounting errors and for a 100 percent positive verification program of certain bank accounts in connection with a State-required audit; adopt procedures to insure the maintenance of the bank's books in a proper manner, eliminate scheduled weaknesses in internal routine and controls, and implement a satisfactory internal audit program; submit for prior review all materials to be communicated to the bank's shareholders; and properly submit notification and essential facts of any and all suspected or possible criminal violations involving the bank.

248 Docket No: FDIC-81-18b
Deposits: $40.1 million
Notice of Charges Issued: April 23, 1981
Order Issued: August 3, 1981

The FDIC charged that the bank had followed hazardous lending and lax collection practices resulting in an excessive volume of poor quality loans; failed to maintain an adequate reserve for loan losses; was operating with an inadequate level of capital protection; and had invested its funds in such a manner as to expose the bank to undue risk of loss. The bank's directors failed to provide adequate supervision and direction over the bank's operating officers to prevent the practices and violations cited.

The bank consented to the entry of a cease-and-desist order and was ordered to provide and retain management acceptable to the supervisory authorities; establish and continue to maintain an adequate reserve for loan losses; increase equity capital by a specified amount; charge-off appropriate classifications; reduce remaining classifications to a specified percentage of capital funds; refrain from extending additional credit to borrowers whose loans are classified doubtful or loss; review loan policies, plans and procedures for submission to supervisory authorities for review and acceptance; form an investment committee and adopt a written investment policy satisfactory to supervisory authorities, and furnish periodic progress reports.

249 Docket No: FDIC-81-28b
Deposits: $25.3 million
Notice of Charges Issued: June 29, 1981
Order Issued: August 10, 1981

The FDIC charged that the bank maintained an excessive volume of poor quality loans and overdue loans, maintained hazardous lending and lax collection practices, extended poor quality loans to a director and to family members of other directors, failed to implement an effective loan documentation system, failed to properly remove nonbankable assets from the books, and failed to maintain an adequate reserve for losses. In addition, the bank was charged with paying excessive remuneration without regard to the type or quality of services provided by certain employees. The bank was also charged with committing various violations of laws, rules, and regulations. Finally, the bank's board of directors was charged with a failure to provide adequate supervision over the officers of the bank.

The bank entered into a consent agreement and a cease-and-desist order was issued. The bank was ordered to retain management acceptable to the supervisory authorities and to submit a list of duties and compensation for review and acceptance. The bank was also ordered to review loan policies and procedures for appropriate changes; eliminate losses; and reduce classified assets below specified levels within specific time frames. Further, the bank was ordered to submit a program to the supervisory authorities for the liquidation of certain loans to directors and directors' family members, correct all loan documentation exceptions, maintain an adequate reserve for loan losses, correct all violations of laws, rules, and regulations and submit bimonthly progress reports to the supervisory authorities detailing the extent of compliance with the Order.

250 Docket No: FDIC-81-14b
Deposits: $10.1 million
Notice of Charges Issued: April 13, 1981
Order Issued: August 10, 1981

The FDIC charged that the bank was operating without adequate capital and that the bank failed to make an adequate provision for possible loan losses.

The bank consented to the entry of a cease-and-desist order and was ordered to review the balance of its loan loss reserve and make necessary entries to provide an adequate loan valuation reserve; increase total capital and reserves by a specified amount within the time limit set and thereafter maintain a specific level of capital protection; and provide a progress report.

251 Docket No: FDIC-81-19b
Deposits: $9.9 million
Notice of Charges Issued: April 23, 1981
Order Issued: August 10, 1981

The FDIC charged the bank with engaging in hazardous lending and lax collection practices; failure to make an adequate provision for loan losses; operating with an inadequate level of capital; and capitalizing expense items without reasonable expectation of collection. The bank's board of directors was charged with failure to provide adequate supervision and direction over the officers of the bank.

The bank consented to the entry of a cease-and-desist order and was ordered not to extend credit without complete documentation; not sell loans with recourse; to enforce agreements establishing programs of loan repayment; eliminate loss and 50 percent of doubtful classifications; not extend additional credit to borrowers whose credit is classified doubtful or loss or has been charged off the bank's books; not extend additional credit to borrowers classified substandard without approval of the board of directors; review the balance of the reserve for loan losses and provide for an adequate loan valuation reserve; properly capitalize expenses paid to maintain collateral or lien position; retain acceptable management; increase capital and reserves to a specified amount and provide supervisory authorities with a plan detailing the strategy of obtaining the capital level required; reduce assets classified substandard and provide a report to the supervisory authorities concerning compliance with the order.

252 Docket No: FDIC-81-26b
Deposits: $22.5 million
Notice of Charges Issued: June 15, 1981
Order Issued: September 15, 1981

The FDIC charged the bank with operating without adequate capital; engaging in hazardous lending and lax collection practices; failing to adequately provide for potential loan losses; accruing interest on loans more than 90 days past due; failing to accurately report earnings; paying excessive compensation to an officer; having an excessive investment in fixed assets and failing to provide adequate supervision of active officers.

The bank consented to the entry of a cease-and-desist order and was ordered to provide and retain management acceptable to supervisory authorities; increase total capital and reserves by specified amounts within stated time frames; charge-off or collect assets classified loss and 50 percent of those classified doubtful; reduce remaining adversely classified assets to specific levels within specific time limits; improve loan documentation and obtain current credit information on existing loans; reduce overdue loans to specified percentages of total loans over the ensuing one and one-half years; prohibit two officers from making loans without loan committee approval; establish a loan committee; revise the overdraft policy; assure an adequate loan loss reserve; provide a CPA audit of assets, documentation and entries; limit fixed asset purchases; not enter into or modify leases; cease accruing interest on seriously overdue loans; review and properly reflect expense items; charge off deficiency balances carried as other real estate; reassess the remuneration paid to an officer; not pay dividends without prior approval of the supervisory authorities, and furnish periodic progress reports.

253 Docket No: FDIC-81-23b
Deposits: $34.6 million
Notice of Charges Issued: May 18, 1981
Order Issued: September 21, 1981

The bank was charged with having violated a number of consumer protection and civil rights laws and regulations, namely: Truth in Lending Regulation Z by failing to properly disclose the annual percentage rate, finance charge, amount financed, the number, amount, and due dates or periods of payments, a clear identification of property to which a security interest relates, and by failing to provide customers with two complete copies of the required notice of the right to rescind certain transactions; The Fair Credit Reporting Act by failing to properly disclose to credit applicants the name and address of a consumer reporting agency furnishing reports that contributed to the denial of credit and by failing to properly disclose the right of applicants to make a written request for the nature of adverse information furnished by third parties other than consumer reporting agencies; HUD Regulation X, which implements The Real Estate Settlement Procedures Act, by failing to provide mortgage loan applicants with good faith estimates of settlement costs; FDIC Part 339 by failing to maintain for all extensions of credit secured by improved real estate or a mobile home sufficient records to determine whether flood insurance is required, and failing to notify applicable customers that property securing an extension of credit is located in a designated flood hazard area; FDIC Part 326 by failing to approve a security procedures program in conformance with this part and by failing to maintain a record of the reasons for not installing certain security devices; FDIC Part 329 by failing to accurately disclose the withdrawal penalty on time deposits and by paying interest on deposits in excess of the maximum allowable rate; Electronic Funds Transfer Regulation E by failing to provide customers with complete descriptions of EFT transfers to their accounts; Equal Credit Opportunity Regulation B by failing to provide specific reasons for adverse action to an applicant against whom adverse action was taken; FDIC Part 338 by failing to use the required nondiscriminatory statements in home loan advertisements and by failing to collect and retain fair housing lending monitoring information with respect to home loan inquiries and applications; Home Mortgage Disclosure Regulation C by failing to compile mortgage loan data and make mortgage loan disclosure statements available to the public; FDIC Part 345 by failing to review the CRA statement annually and record the action in the board minutes; and the Treasury Department's Financial Recordkeeping and Reporting of Currency and Foreign Transactions regulations by failing to record the purpose of extensions of credit in amounts in excess of $5,000.

The bank consented to the entry of a cease-and-desist order and was ordered to correct the conditions resulting from such violations. The bank was required to search its loan files for additional violations of Regulation Z where the bank failed to notify customers of their right to rescind certain credit transactions and to notify them of their right to rescind the transactions. In addition, the bank was required to review loan applications received since October 1979 to identify those applicants not provided with proper notifications of adverse action and provide each such applicant with the required notifications as prescribed by Equal Credit Opportunity Regulation B. The bank was also ordered to reconstruct fair housing lending monitoring data with respect to home loan inquiries and applications as required by FDIC Part 338. The bank was further required to adopt a program, including appropriate training for bank officers and employees, to assure future compliance.

254 Docket No: FDIC-81-37b
Deposits: $11.8 million
Notice of Charges Issued: September 8, 1981
Order Issued: October 26, 1981

The bank was charged with having violated a number of consumer protection and civil rights laws and regulations, namely: Truth in Lending Regulation Z by failing to properly disclose the annual percentage rate, finance charge, the number, amount, due dates or periods of payments and total of payments, a clear description or identification of any security held, and by failing to properly provide customers with the required notice of the right to rescind certain transactions; HUD Regulation X, which implements the Real Estate Settlement Procedures Act, by failing to use or improperly completing the uniform settlement statement form and by failing to provide mortgage loan applicants with Good Faith Estimates of settlement costs and Special Information Booklets; FDIC Part 338 by failing to collect and retain fair housing lending monitoring information with respect to home loan inquiries and applications; the Fair Credit Reporting Act by failing to disclose to credit applicants their rights to make a written request for the nature of adverse information furnished by third parties other than consumer reporting agencies; Equal Credit Opportunity Regulation B by failing to provide appropriate written notifications to applicants against whom adverse action was taken, by using credit application forms which requested the race of the applicant, and by using credit application forms which made a general inquiry about income while failing to make disclosures concerning alimony, child support or separate maintenance payments; Electronic Funds Transfer Regulation E by failing to provide consumers with an initial disclosure statement prior to making preauthorized transfers of Social Security and VA pension payments to the consumers' accounts; FDIC Part 339 by making loans secured by improved real estate located in a flood hazard area and failing to cover the property with flood insurance, and by failing to maintain sufficient records to determine whether flood insurance is required; FDIC Part 345 by failing to review the CRA statement annually and record the action in the board minutes; and the Treasury Department's Financial Recordkeeping and Reporting of Currency and Foreign Transactions regulations by failing to record the purpose of extensions of credit in amounts in excess of $5,000.

The bank consented to the entry of a cease-and-desist order and was ordered to correct the conditions resulting from such violations; to search the bank's loan files to identify those loans which were secured by improved real estate or a mobile home located in a flood hazard area and which were not covered by flood insurance; and to make certain that required flood insurance was obtained. In addition, the bank was required to prepare a list of customers who had contracted for electronic fund transfer of Social Security and VA pension checks and to furnish all such customers with a copy of the appropriate disclosure statement. The bank was further required to adopt a program, including appropriate training for bank officers and employees to assure future compliance and to provide periodic progress reports to the FDIC until the corrections required by the order were accomplished.

255 Docket No: FDIC-81-34b
Deposits: $5.2 million
Notice of Charges Issued: August 17, 1981
Order Issued: November 2, 1981

The FDIC charged that the bank and its management were engaging in hazardous lending and lax collection policies; extended an excessive and disproportionately large volume of poor quality loans; extended credit without adequate security; approved loans without requiring sufficient credit information and/or other documentation; failed to establish and enforce repayment programs on loans; maintained excessive concentrations of credit; refinanced classified loans to new borrowers without improving the quality; failed to provide and maintain an adequate loan valuation reserve; and violated certain laws and regulations. The FDIC further charged that the board of directors failed to provide adequate supervision and direction over the officers of the bank.

The bank consented to the entry of a cease-and-desist order and was ordered to provide management acceptable to supervisory authorities; eliminate loss and 50 percent of doubtful classifications and reduce remaining classifications to specified levels; cease extending credit to borrowers whose obligations have been charged off or classified doubtful or loss; initiate a program to strengthen its credit files and correct technical exceptions; establish and maintain an adequate reserve for loan losses; cease refinancing existing loans to new borrowers without prior approval by a disinterested majority of the directors; cease extending credit to any director, officer, principal shareholder, or related interests in excess of specified amounts, unless approved by a majority of the disinterested directors; reduce concentrations of credit, correct all violations of laws and regulations; and furnish periodic progress reports.

256 Docket No: FDIC-81-31b
Deposits: $10.7 million
Notice of Charges Issued: August 3, 1981
Order Issued: November 2, 1981

The FDIC charged that the bank and its management were engaging in hazardous lending and collection policies; had an excessive volume of poor quality loans; had an excessive volume of overdue loans; had extended credit without adequate security; had approved loans without sufficient credit information and/or documentation; had failed to establish and enforce repayment programs; had extended credit in the form of cash items; and had an excessive concentration of credit. The FDIC further charged that the board of directors failed to provide adequate supervision and direction over the active officers of the bank.

The bank consented to the entry of a cease-and-desist order and was ordered to provide management acceptable to supervisory authorities; eliminate loss classifications and reduce remaining classifications to specified levels; cease extending credit to borrowers whose obligations have been charged-off or classified loss; cease extending credit to borrowers in the form of cash items, overdrafts, or by payment against uncollected funds; initiate a program to strengthen its credit files and correct technical exceptions; reduce a concentration of credit to a specified level; reaffirm its intent to comply with a previously adopted loan policy; and furnish periodic progress reports.

257 Docket No: FDIC-81-10b
Deposits: $8 million
Notice of Charges Issued: May 4, 1981
Order Issued: November 9, 1981

The FDIC charged the bank and individual respondents with engaging in hazardous lending and lax collection practices; failing to adequately provide for possible loan losses; operating without an adequate funds management policy; operating with an inadequate level of capital; paying excessive fees to two individual respondents; violating applicable laws and rules and regulations; operating with negative earnings; failure of the bank's board of directors to provide adequate supervision of and direction over the active officers, and failure to heed the warnings and follow the admonitions of the supervisory authorities.

The bank and one individual respondent consented to the entry of a cease-and-desist order and were ordered: to stop extending credit without obtaining proper documentation and selling loans with recourse to the bank; enforce loan repayment programs; eliminate from its books assets classified loss and 50 percent of those classified doubtful; not extend credit to borrowers whose loans are classified loss or had been charged off the bank's books; require board of director approval for additional credit to borrowers whose loans are classified substandard; review the adequacy of and provide for an adequate loan loss reserve; prepare a report of all fees paid to two individual respondents and require the consenting individual respondent to repay to the bank unauthorized fees collected; adopt and implement a funds management policy acceptable to the supervisory authorities; provide lien perfection evidence for certain loans; eliminate and/or correct and take steps to insure future compliance with laws and rules and regulations; increase total capital to a certain percentage of assets; reduce remaining assets classified substandard to specific levels; improve operating earnings, and provide progress reports.

The second individual respondent did not consent in the Order to Cease-and-Desist, and a hearing before an administrative law judge was scheduled.

258 Docket No: FDIC-81-40b
Deposits: $8 million
Notice of Charges Issued: October 13, 1981
Order Issued: November 23, 1981

The bank was charged with engaging in hazardous lending and lax collection practices; operating with an inadequate level of capital; operating with inadequate liquidity; failing to make provisions for an adequate loan loss reserve; violating laws, rules and regulations and failure of its board of directors to provide adequate supervision and direction over officers of the bank.

The bank consented to the entry of a cease-and-desist order and was ordered to cease extending credit without proper documentation; not sell loans with recourse to the bank; stop extending credit in contravention of established loan policy; reduce the volume of loans being made; enforce established loan repayment terms; eliminate from its books all assets classified loss; not extend credit to borrowers whose loans were classified loss, doubtful or had been charged-off; require prior board of director approval of additional credit to borrowers whose loans are classified substandard; review loan loss reserve and provide an adequate provision for loan losses; limit dividends; retain satisfactory officers and employees; increase capital by a specified amount; reduce remaining adversely classified loans to specific levels within specific time frames and provide a progress report.

259 Docket No: FDIC-81-32b
Deposits: $19.6 million
Notice of Charges Issued: August 10, 1981
Order Issued: November 23, 1981

The FDIC charged that the bank and its management was operating with hazardous lending and lax collection policies; had an excessive and disproportionately large volume of poor quality loans in relation to capital and reserves; had an excessive and disproportionately large volume of loans in relation to total deposits; had extended credit without adequate security; had approved loans without sufficient credit information and/or documentation; had failed to establish and enforce repayment programs; had an excessive volume of overdue loans; had excessive concentrations of credit; had failed to provide and maintain an adequate loan valuation reserve; was operating without an adequate level of capital protection; and was in violation of certain laws and regulations. The FDIC further charged that the board of directors failed to provide adequate supervision and direction over the active officers of the bank.

The bank consented to the entry of a cease-and-desist order and was ordered to provide management acceptable to supervisory authorities; increase total capital and reserves by a specified amount on a specific date; eliminate loss and 50 percent of doubtful classifications and reduce remaining adverse classifications to specified levels; cease extending credit to borrowers whose obligations have been charged-off or classified doubtful or loss; initiate a program to strengthen its credit files and to correct technical exceptions; establish and maintain an adequate loan valuation reserve; reduce concentrations of credit to specified levels; reduce the amount of net loans to a specified percentage of net deposits; review collection procedures and initiate a program to reduce the volume of overdue loans; eliminate and/or correct all violations of laws and regulations, and furnish periodic progress reports.

260 Docket No: FDIC-81-44b
Deposits: $2.1 million
Notice of Charges Issued: November 2, 1981
Order Issued: November 30, 1981

The bank was charged with having violated a number of consumer protection and civil rights laws and regulations, namely: Truth in Lending Regulation Z by failing to properly disclose the annual percentage rate, finance charge, amount financed, the due dates or periods of payments, to properly notify borrowers of their right to rescind certain transactions and to delay disbursement of funds until the rescission period had expired, and to maintain and preserve a record of evidence of compliance with Regulation Z; Federal Reserve Regulation E, which implements the Electronic Funds Transfer Act, by failing to provide customers having contracts for electronic fund transfers with the written disclosures required by the regulation; FDIC Part 338 by failing to collect and retain fair housing lending monitoring information with respect to home loan inquiries and applications; Part 339 by making extension of credit secured by improved real estate property and failing to maintain sufficient records to indicate the method used to determine whether such property was located in designated flood hazard areas; and FDIC Part 345 by failing to adopt a Community Reinvestment Act Statement, to annually review such statement, to maintain readily available CRA files, and to provide the CRA notice in its public lobby.

The bank consented to the entry of a cease-and-desist order and was ordered to correct the conditions resulting from such violations; to search the bank's loan files for additional violations of Regulation Z of the type identified and to redisclose loan terms and reimburse affected customers and, where applicable, to notify them of their right to rescind their credit transactions. In addition, the bank was required to compile a list of all outstanding extensions of credit secured by improved real property located in a designated flood hazard area, acquire such records as might be necessary to allow a determination of whether flood insurance was required, and, where applicable, cause the acquisition of the required flood insurance. The bank was further required to adopt a comprehensive written compliance program, including appropriate training for bank officers and employees to assure future compliance and to provide periodic progress reports to the FDIC until the corrections required by this order were accomplished.

261 Docket No: FDIC-81-41b
Deposits: $15 million
Notice of Charges Issued: October 26, 1981
Order Issued: November 30, 1981

The bank was charged with having violated a number of consumer protection and civil rights laws and regulations, namely: Truth in Lending Regulation Z by failing to properly disclose the annual percentage rate, finance charge, amount financed, the conditions under which a "balloon payment" may be refinanced, the total of payments, and by failing to properly provide customers with the required notice of the right to rescind certain transactions; FDIC Part 329 by failing to provide depositors with a written statement that accurately described the minimum early withdrawal penalty; FDIC Part 338 by failing to collect and retain fair housing lending monitoring information with respect to home loan inquiries and applications; FDIC Part 339 by making extensions of credit secured by improved real property and failing to maintain sufficient records to indicate the method used to determine whether such property was located in a designated flood hazard area, to provide borrowers with the required notice that the property is located in such an area, and to assure that flood insurance, when required, was obtained; and FDIC Part 345 by failing to annually review its Community Reinvestment Act statement.

The bank consented to the entry of a cease-and-desist order and was ordered to correct the conditions resulting from such violations; to search the bank's loan files for additional violations of Regulation Z of the type identified; to redisclose loan terms and reimburse affected customers and, where applicable, to notify them of their right to rescind their credit transactions. In addition, the bank was required to compile a list of all depositors who opened time deposit accounts on or after May 6, 1980, to provide where necessary each listed depositor with a copy of a penalty disclosure statement which accurately described the minimum penalty required for early withdrawal of time deposits as provided in FDIC Part 329 and section 1204.103 of DIDC regulations; to compile a list of all outstanding extensions of credit secured by improved real property located in a designated flood hazard area, acquire such records as might be necessary to allow a determination of whether flood insurance is required, and where applicable, cause the acquisition of the required flood insurance. The bank was further required to implement a comprehensive written compliance program, including appropriate training for bank officers and employees, to assure future compliance, and to provide the FDIC with periodic progress reports until the corrections required by this order were accomplished.

262 Docket No: FDIC-81-38b
Deposits: $47 million
Notice of Charges Issued: September 8, 1981
Order Issued: November 30, 1981

The bank was charged with having violated Truth in Lending Regulation Z by failing to properly disclose the annual percentage rate in connection with loans secured by real property wherein prepaid finance charges were imposed.

The bank consented to the entry of a cease-and-desist order and was ordered to correct the conditions resulting from such violations; to search the bank's loan files for additional violations of Regulation Z of the type identified and to reimburse affected customers.

263 Docket No: FDIC-81-30b
Deposits: $19.1 million
Notice of Charges Issued: July 13, 1981
Order Issued: November 30, 1981

The bank was charged with engaging in hazardous lending and lax collection practices; failure to make an adequate provision for loan losses; operating with inadequte capital; operating with inadequate internal controls; violating laws and regulations, and failure of the board of directors to provide adequate supervision of its officers.

The bank consented to the entry of a cease-and-desist order and was ordered to correct violations of laws and regulations; review the loan valuation reserve and make an adequate provision for loan losses; not pay dividends without supervisory approval; increase capital by a specific amount within a specific time; cease extending credit without proper documentation; not sell loans with recourse to the bank; limit overdrafts; limit amount of loans to one entity; establish a loan policy; charge-off assets classified loss; not extend credit to borrowers whose loans are classified loss, doubtful or had been charged-off; require prior board of directors approval for additional credit to borrowers whose loans are classified substandard; reduce remaining adversely classified loans; retain management acceptable to the supervisory authorities; inventory official checks and certificates of deposit and establish controls; review procedures to ensure segregation of duties and provide progress reports.

264 Docket No: FDIC-80-78b
Deposits: $21.4 million
Notice of Charges Issued: December 22, 1980
Order Issued: December 21, 1981

The bank was charged with having violated Truth in Lending Regulation Z by failing to properly disclose the finance charge in connection with loans covered by credit life insurance.

After an administrative hearing, the board of directors issued its final cease-and-desist order which required the bank to correct the conditions resulting from such violations; to search the bank's loan files for additional violations of Regulation Z of the type identified and to inform the affected customers of the total dollar cost to continue credit life insurance on their loans and that they had the option to cancel continued insurance coverage.

Temporary Cease-and-Desist Actions
Federal Deposit Insurance Act-Section 8(c)

Bank No.

28 Deposits: $16.9 million

Temporary cease-and-desist order issued March 4, 1981. The bank was ordered to cease from entering into any business transaction with and/or from extending credit of any kind to or for the benefit of the agricultural representative and/or any related business interest. The individual respondent was ordered to reduce the overdraft in his personal account and those of his related interests to zero; and the bank was ordered not to retire its matured capital notes without prior written consent of the FDIC.

Assessment of Civil Money Penalties

The Financial Institutions Regulatory and Interest Rate Control Act of 1978 provides that the Federal financial institutions regulatory agencies may assess civil money penalties for the violation of a final cease-and-desist order or violations of the provisions of certain other statutes. One such action was begun in 1981; two actions that were pending from the previous year resulted in one fine being paid. The other fine was not paid and enforcement of the order has been referred to the U.S. Attorney for collection.

Summary of Cases

3 Docket No: FDIC-80-72K

Notice of Assessment of Civil Penalty Issued: November 17, 1980

The FDIC found that the bank extended credit in the form of a loan, letter of credit and cash items for insufficient funds to the bank's Chairman of the Board and principal shareholder in excess of the bank's limit under Regulation O. Interest was not collected on the cash items and the transactions involved more than normal risk. These extensions of credit involved preferential terms and were made without the prior approval of the board of directors in violation of Regulation O.

Notice was served to the respondent on January 28, 1981. On April 14, 1981, a final demand letter was sent to which the individual did not respond. The Department of Justice was requested to assist the Corporation in collecting the fine. The individual subsequently filed for bankruptcy and the FDIC's proof of claim has been presented in the bankruptcy court.

4 Docket No: FDIC-81-5k

Deposits: $2.2 million

Assessment of Civil Penalty Issued: February 2, 1981

The FDIC found that the bank extended credit to a director and principal stockholder which was in excess of lending limits prescribed by Regulation O. The bank also extended credit to a related interest of the director and principal stockholder which was in excess of the limit specified in Regulation O. Additionally, the bank paid numerous checks which created overdrafts in the personal checking accounts of a director in violation of Regulation O.

A penalty was assessed against the director and principal stockholder who received, and whose related interest received, excessive credit. A penalty was assessed against the director whose accounts were over-drawn. Penalties were also assessed against the individual board members.

5 Docket No: FDIC-80-35k
Assessment of Civil Penalty Issued: May 19, 1980
Final Order to Pay Issued: April 6, 1981
Total amount assessed: $12,400

The FDIC charged that the bank paid numerous checks which created overdrafts against the personal checking accounts of directors without assessing service charges in the amount which it assesses other customers of the bank in similar circumstances. This constituted extensions of credit to directors at terms more favorable than those prevailing for comparable transactions with other persons who were not "executive officers, directors, or principal shareholders", in violation of Regulation O. The FDIC further charged that the bank and two directors had violated an FDIC order which required that the bank cease-and-desist from certain enumerated practices and take designated affirmative courses of action.

After an administrative hearing, the case was submitted to the FDIC Board of Directors for final decision. Penalties were assessed against the entire board of directors for violations of Regulation O and for violations of an FDIC cease-and-desist order. Two directors were assessed additional penalties for violations of the FDIC cease-and-desist order.

PART FOUR
STATISTICS OF CLOSED BANKS AND DEPOSIT INSURANCE

BANKS CLOSED BECAUSE OF FINANCIAL DIFFICULTIES: FDIC INCOME, DISBURSEMENTS, AND LOSSES

Deposit insurance disbursements

Disbursements by the Federal Deposit Insurance Corporation to protect depositors are made when the insured deposits of banks in financial difficulties are paid off, or when the deposits of a failing bank are assumed by another insured bank with the financial aid of the Corporation. In deposit payoff cases, the disbursement is the amount paid by the Corporation on insured deposits. In deposit assumption cases, the principal disbursement is the amount loaned to failing banks, or the price paid for assets purchased from them; additional disbursements are made in those cases as advances for protection of assets in process of liquidation and for liquidation expenses. In deposit assumption cases, the Corporation also may purchase assets or guarantee an insured bank against loss by reason of its assuming the liabilities and purchasing the assets of an open or closed insured bank.

Under its section 13(c) authority, the Corporation has made disbursements to five operating banks. The amounts of these disbursements are included in table 126, but are not included in tables 124 and 125.

Noninsured bank failures

Statistics in this report on failures of noninsured banks are compiled from information obtained from State banking departments, field supervisory officials, and other sources. The Corporation received no reports of noninsured bank closures due to financial difficulties in 1981.

For detailed data regarding noninsured banks that suspended in the years 1934-1962, see the *Annual Report* for 1963, pp. 27-41. For 1963-1981, see table 122 of this report, and previous reports for respective years.

Sources of data

Insured banks: books of bank at date of closing; and books of FDIC, December 31, 1981.

Table 122. NUMBER AND DEPOSITS OF BANKS CLOSED BECAUSE OF FINANCIAL DIFFICULTIES, 1934—1981

Year	Number					Deposits (in thousands of dollars)				
			Insured					Insured		
	Total	Non-insured[1]	Total	Without disbursements by FDIC[2]	With disbursements by FDIC[3]	Total	Non-insured[1]	Total	Without disbursements by FDIC[2]	With disbursement by FDIC[3]
Total	**722**	**136**	**586**	**8**	**578**	**10,234,866**	**143,500**	**10,091,366**	**41,147**	**10,050,219**
1934	61	52	9	....	9	37,332	35,365	1,968	....	1,968
1935	32	6	26	1	25	13,988	583	13,405	85	13,320
1936	72	3	69	....	69	28,100	592	27,508	....	27,508
1937	84	7	77	2	75	34,205	528	33,677	328	33,349
1938	81	7	74	....	74	60,722	1,038	59,684	....	59,684
1939	72	12	60	....	60	160,211	2,439	157,772	....	157,772
1940	48	5	43	....	43	142,788	358	142,430	....	142,430
1941	17	2	15	....	15	29,796	79	29,717	....	29,717
1942	23	3	20	....	20	19,540	355	19,185	....	19,185
1943	5	....	5	....	5	12,525	....	12,525	....	12,525
1944	2	....	2	....	2	1,915	....	1,915	....	1,915
1945	1	....	1	....	1	5,695	....	5,695	....	5,695
1946	2	1	1	....	1	494	147	347	....	347
1947	6	1	5	....	5	7,207	167	7,040	....	7,040
1948	3	....	3	....	3	10,674	....	10,674	....	10,674
1949	9	4	5	1	4	9,217	2,552	6,665	1,190	5,475
1950	5	1	4	....	4	5,555	42	5,513	....	5,513
1951	5	3	2	....	2	6,464	3,056	3,408	....	3,408
1952	4	1	3	....	3	3,313	143	3,170	....	3,170
1953	5	1	4	2	2	45,101	390	44,711	26,449	18,262
1954	4	2	2	....	2	2,948	1,950	998	....	998
1955	5	....	5	....	5	11,953	....	11,953	....	11,953
1956	3	1	2	....	2	11,690	360	11,330	....	11,330
1957	3	1	2	1	1	12,502	1,255	11,247	10,084	1,163
1958	9	5	4	....	4	10,413	2,173	8,240	....	8,240
1959	3	....	3	....	3	2,593	....	2,593	....	2,593
1960	2	1	1	....	1	7,965	1,035	6,930	....	6,930
1961	9	4	5	....	5	10,611	1,675	8,936	....	8,936
1962	3	2	1	1	....	4,231	1,220	3,011	3,011	....
1963	2	....	2	....	2	23,444	....	23,444	....	23,444
1964	8	1	7	....	7	23,867	429	23,438	....	23,438
1965	9	4	5	....	5	45,256	1,395	43,861	....	43,861
1966	8	1	7	....	7	106,171	2,648	103,523	....	103,523
1967	4	....	4	....	4	10,878	....	10,878	....	10,878
1968	3	....	3	....	3	22,524	....	22,524	....	22,524
1969	9	....	9	....	9	40,134	....	40,134	....	40,134
1970	8	1	7	....	7	55,244	423	54,821	....	54,821
1971	6	....	6	....	6	132,152	....	132,152	....	132,152
1972	3	2	1	....	1	99,784	79,304	20,480	....	20,480
1973	6	....	6	....	6	971,296	....	971,296	....	971,296
1974	4	....	4	....	4	1,575,832	....	1,575,832	....	1,575,832
1975	14	1	13	....	13	340,574	1,000	339,574	....	339,574
1976	17	1	16	....	16	865,659	800	864,859	....	864,859
1977	6	....	6	....	6	205,208	....	205,208	....	205,208
1978	7	....	7	....	7	854,154	....	854,154	....	854,154
1979	10	....	10	....	10	110,696	....	110,696	....	110,696
1980	10	....	10	....	10	216,300	....	216,300	....	216,300
1981	10	....	10	....	10	3,825,944	....	3,825,944	....	3,825,944

[1] For information regarding each of these banks, see table 22 in the 1963 *Annual Report* (1963 and prior years), and explanatory notes to tables regarding banks closed because of financial difficulties in subsequent annual reports. One noninsured bank placed in receivership in 1934, with no deposits at time of closing, is omitted (see table 22, note 9). Deposits are unavailable for seven banks.
[2] For information regarding these cases, see table 23 of the *Annual Report* for 1963.
[3] For information regarding each bank, see the *Annual Report* for 1958, pp. 48—83 and pp. 98—127, and tables regarding deposit insurance disbursements in subsequent annual reports. Deposits are adjusted as of December 31, 1981.

Table 123. INSURED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION DURING 1981

Case Number	Name and location	Class of bank	Number of depositors or accounts	Date of closing or deposit assumption	First payment to depositors or disbursements by FDIC	FDIC disbursements	Receiver or liquidating agent or assuming bank
Deposit payoff							
317	The Des Plaines Bank Des Plaines, Illinois	NM	15,090	March 14, 1981	March 19, 1981	31,010,713	Federal Deposit Insurance Corporation
318	Southwestern Bank Tucson, Arizona	NM	1,793	September 25, 1981	September 28, 1981	3,821,868	Federal Deposit Insurance Corporation
Deposit assumption							
259	South Side Bank Chicago, Illinois	SM	9,767	March 14, 1981	—	9,367,274	Drexel National Bank Chicago, Illinois
260	Peoples Banking Company Boston, Georgia	NM	1,316	March 17, 1981	—	4,591,652	Commercial Bank Thomasville, Georgia
261	Northwest Commerce Bank North Bend, Oregon	SM	1,980	June 19, 1981	—	3,875,209	Citizens Bank of North Bend North Bend, Oregon
262	High Lakes Community Bank La Pine, Oregon	NM	1,500	October 23, 1981	—	2,235,268	Bank of Prineville Prineville, Oregon
263	Midtown National Bank Pueblo, Colorado	N	1,484	October 30, 1981	—	4,372,325	First Colorado Bank of Pueblo, N.A. Pueblo, Colorado
264	Greenwich Savings Bank* New York, New York	NM	299,546	November 4, 1981	—	437,481,991	Metropolitan Savings Bank New York, New York
265	Central Savings Bank* New York, New York	NM	144,000	December 4, 1981	—	145,478,778	Harlem Savings Bank New York, New York
266	Union Dime Savings Bank* New York, New York	NM	216,685	December 18, 1981	—	—	Buffalo Savings Bank Buffalo, New York

Case number	Assets							Total	Liabilities and capital accounts			
	Cash and due from banks	U.S. Government obligations	Other securities	Loans, discounts, and overdrafts	Banking house, furniture, and fixtures	Other real estate	Other assets		Deposits	Other liabilities	Capital stock	Other capital accounts
Deposit payoff												
317	$ 3,213,651	$ 850,931	$ 2,280,592	$ 29,439,793	$ 820,906	$ —	$ 408,360	$ 46,269,320	$ 42,863,535	$ 400,000	$2,896,000	$ 109,785
318	471,757	933,916	—	2,676,040	358,629	—	308,943	4,749,285	4,557,062	50,869	1,189,608	(1,048,254)
Deposit assumption												
259	5,438,423	10,689,622	22,500	8,362,641	922,073	337,760	1,017,721	26,790,740	25,848,789	531,634	300,000	110,317
260	653,187	67,801	316,506	6,149,428	431,558	—	2,255	7,620,735	6,780,488	593,114	100,000	147,133
261	451,633	418,651	16,650	4,882,588	457,863	27,715	50,441	6,305,541	4,345,145	1,763,573	370,000	(173,177)
262	225,424	—	—	2,255,826	188,155	89,891	10,408	2,770,104	2,906,029	123,325	416,660	(675,900)
263	1,014,505	399,097	1,926,010	5,477,813	57,946	169,620	75,392	9,120,383	9,626,832	—	300,000	(806,449)
264	22,481,568	26,927,202	1,247,116,062	1,105,202,191	12,199,257	542,878	76,627,103	2,491,096,260	1,881,155,174	557,544,692	—	52,396,394
265	3,692,726	4,049,915	320,485,027	505,557,183	12,738,275	—	15,505,874	899,029,000	675,681,787	212,160,282	—	11,186,932
266	16,074,943	225,618,357	337,616,331	744,125,848	3,015,104	3,814,835	35,043,203	1,365,308,621	1,172,179,416	168,439,622	—	24,689,583

*Merged with financial assistance from FDIC into operating banks to prevent probable failure.

Table 124. DEPOSITORS, DEPOSITS, AND DISBURSEMENTS IN FAILED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, 1934—1981

BANKS GROUPED BY CLASS OF BANK, YEAR OF DEPOSIT PAYOFF OR DEPOSIT ASSUMPTION, AMOUNT OF DEPOSITS, AND STATE

Classification	Number of banks			Number of depositors[1]			Deposits[1] (in thousands of dollars)			Disbursements by FDIC[1] (in thousands of dollars)				
										Principal disbursements			Advances and expenses[2]	
	Total	Payoff cases	Assumption cases	Total	Payoff cases	Assumption cases	Total	Payoff cases	Assumption cases	Total	Payoff cases[3]	Assumption cases[4]	Payoff cases[5]	Assumption cases[6]
All banks	**578**	**312**	**266**[10]	**4,578,380**	**649,598**	**3,928,782**	**10,050,225**	**546,045**	**9,504,180**	**6,010,412**	**385,158**	**5,625,254**	**10,970**	**344,841**
Class of bank														
National	106	37	69	1,555,768	111,728	1,444,040	3,325,787	124,208	3,201,579	3,136,576	74,320	3,062,256	3,390	206,491
State member F.R.S.	36	12	24	442,632	91,650	351,082	478,061	44,023	434,038	378,312	34,028	344,284	1,653	27,539
Nonmember F.R.S.	436	263	173[10]	2,579,980	446,220	2,133,760	6,246,377	377,814	5,868,563	2,495,524	276,810	2,218,714	5,927	110,811
Year[7]														
1934	9	9	...	15,767	15,767	....	1,968	1,968	....	941	941	....	43	......
1935	25	24	1	44,655	32,331	12,324	13,320	9,091	4,229	8,891	6,026	2,865	108	272
1936	69	42	27	89,018	43,225	45,793	27,508	11,241	16,267	14,460	7,735	6,725	67	934
1937	75	50	25	130,387	74,148	56,239	33,349	14,960	18,389	19,481	12,365	7,116	103	905
1938	74	50	24	203,961	44,288	159,673	59,684	10,296	49,388	30,479	9,092	21,387	93	4,902
1939	60	32	28	392,718	90,169	302,549	157,772	32,738	125,034	67,770	26,196	41,574	162	17,603
1940	43	19	24	256,361	20,667	235,694	142,430	5,657	136,773	74,134	4,895	69,239	89	17,237
1941	15	8	7	73,005	38,594	34,411	29,717	14,730	14,987	23,880	12,278	11,602	50	1,479
1942	20	6	14	60,688	5,717	54,971	19,185	1,816	17,369	10,825	1,612	9,213	38	1,076
1943	5	4	1	27,371	16,917	10,454	12,525	6,637	5,888	7,172	5,500	1,672	53	72
1944	2	1	1	5,487	899	4,588	1,915	456	1,459	1,503	404	1,099	9	37
1945	1	...	1	12,483	......	12,483	5,695	......	5,695	1,768	......	1,768	.....	96
1946	1	...	1	1,383	......	1,383	347	......	347	265	......	265	.....	11
1947	5	...	5	10,637	......	10,637	7,040	......	7,040	1,724	......	1,724	.....	393
1948	3	...	3	18,540	......	18,540	10,674	......	10,674	2,990	......	2,990	.....	200
1949	4	...	4	5,671	......	5,671	5,475	......	5,475	2,552	......	2,552	.....	166
1950	4	...	4	6,366	......	6,366	5,513	......	5,513	3,986	......	3,986	.....	524
1951	2	...	2	5,276	......	5,276	3,408	......	3,408	1,885	......	1,885	.....	127
1952	3	...	3	6,752	......	6,752	3,170	......	3,170	1,369	......	1,369	.....	195
1953	2	...	2	24,469	......	24,469	18,262	......	18,262	5,017	......	5,017	.....	428
1954	2	...	2	1,811	......	1,811	998	......	998	913	......	913	.....	145
1955	5	4	1	17,790	8,080	9,710	11,953	6,503	5,450	6,784	4,438	2,346	106	665
1956	2	1	1	15,197	5,465	9,732	11,330	4,702	6,628	3,458	2,795	663	87	51
1957	1	1	...	2,338	2,338	....	1,163	1,163	....	1,031	1,031	....	20	......
1958	4	3	1	9,587	4,380	5,207	8,240	4,156	4,084	3,026	2,796	230	38	31
1959	3	3	...	3,073	3,073	....	2,593	2,593	......	1,835	1,835	....	51	......
1960	1	1	...	11,171	11,171	....	6,930	6,930	....	4,765	4,765	....	82	......

1961	5	5	...	8,301	8,301	....	8,936	8,936	....	6,201	6,201	....	154	......
1963	2	2	...	36,433	36,433	....	23,444	23,444	....	19,172	19,172	....	349	......
1964	7	7	...	19,934	19,934	....	23,438	23,438	....	13,744	13,744	....	599	......
1965	5	3	2	15,817	14,363	1,454	43,861	42,889	972	11,431	10,958	473	640	123
1966	7	1	6	95,424	1,012	94,412	103,523	774	102,749	8,732	735	7,997	35	1,613
1967	4	4	...	4,729	4,729	....	10,878	10,878	....	8,097	8,097	....	242	......
1968	3	...	3	12,850	......	12,850	22,524	......	22,524	5,586	......	5,586	.....	1,114
1969	9	4	5	27,374	6,544	20,830	40,134	9,012	31,122	37,617	7,596	30,021	301	4,445
1970	7	4	3	31,434	20,404	11,030	54,806	33,474	21,332	49,352	29,347	20,005	698	1,967
1971	6	5	1	71,950	31,850	40,100	132,058	74,511	57,547	162,163	53,790	108,373	809	11,545
1972	1	1	...	23,655	23,655	....	20,480	20,480	....	16,255	16,255	....	395	......
1973	6	3	3	349,699	8,382	341,317	971,296	25,795	945,501	432,654	16,782	415,872	1,617	1,150
1974	4	...	4	704,283	......	704,283	1,575,832	......	1,575,832	2,261,804[8]	......	2,261,804	.....	168,165
1975	13	3	10	110,367	21,925	88,442	339,574	39,902	299,672	302,976	25,992	276,984	1,419	27,360
1976	16	3	13	340,731	8,246	332,485	864,859	18,859	846,000	559,269	11,462	547,807	1,399	35,941
1977	6	...	6	95,548	24	95,524	205,208	108	205,100	21,825	......	21,825	.....	3,309
1978	7	1	6	364,384	516	363,868	854,154	1,286	852,868	498,276	818	497,458	50	28,404
1979	10	3	7	42,028	3,740	38,288	110,696	12,631	98,065	79,973	9,958	70,015	285	5,563
1980	10	3	7	78,264	5,376	72,888	216,300	16,454	199,846	133,889	13,903	119,986	420	5,384
1981	10	2	8[10]	693,213	16,935	676,278	3,826,059	47,536	3,778,523	1,078,491	35,643	1,042,848	360	1,207
Banks with deposits of:														
Less than $100,000	107	83	24	38,347	29,695	8,652	6,418	4,947	1,471	5,000	4,309	691	88	154
$100,000 to $250,000	109	86	23	83,370	65,512	17,858	17,759	13,920	3,839	12,906	11,554	1,352	209	173
$250,000 to $500,000	62	37	25	92,179	57,287	34,892	22,315	12,921	9,394	15,615	10,549	5,066	164	611
$500,000 to $1,000,000	72	36	36	160,388	74,296	86,092	54,424	26,820	27,604	36,057	20,962	15,095	445	2,352
$1,000,000 to $2,000,000	60	23	37	212,276	71,770	140,506	81,189	30,815	50,374	48,090	24,510	23,580	815	4,091
$2,000,000 to $5,000,000	65	27	38	317,657	96,196	221,461	224,306	91,989	132,317	138,020	69,340	68,680	1,688	10,765
$5,000,000 to $10,000,000	42	7	35	316,629	50,445	266,184	286,927	55,870	231,057	171,809	37,956	133,853	958	17,369
$10,000,000 to $25,000,000	29	10	19	406,445	149,391	257,054	462,073	158,759	303,314	292,432	117,839	174,593	2,815	21,389
$25,000,000 to $50,000,000	12	2	10	366,128	27,603	338,520	434,351	83,102	351,249	217,624	41,117	176,507	1,003	31,911
$50,000,000 to $100,000,000	7	1	6	271,065	27,403	243,662	604,019	66,902	537,117	396,711	47,021	349,690	532	32,272
$100,000,000 to $500,000,000	7	...	7	394,670	......	394,670	1,142,879	......	1,142,879	716,505[9]	......	716,505	1,028	56,145
$500,000,000 to $1,000,000,000	3	...	3[10]	773,000	......	773,000	2,215,248	......	2,215,248	966,866	......	966,866	1,225	12,575
$1,000,000,000 or more	3	...	3[10]	1,146,231	......	1,146,231	4,498,316	......	4,498,316	2,992,774[8]	......	2,992,774	.....	155,031
State														
Alabama	9	3	6	31,738	2,572	29,166	88,426	5,270	83,156	47,784	3,384	44,400	144	3,576
Arizona	2	1	1	4,505	1,813	2,692	9,654	4,610	5,044	9,301	4,219	5,082	77	589
Arkansas	8	6	2	6,350	4,541	1,809	4,836	1,942	2,894	3,408	1,576	1,832	43	374
California	6	3	3	390,819	17,890	372,929	1,032,658	46,220	986,438	464,118	12,946	451,172	1,901	5,268
Colorado	10	5	5	21,740	7,486	14,254	39,339	11,367	27,972	22,042	8,296	13,746	444	2,852
Connecticut	3	2	1	8,839	5,379	3,460	4,326	1,526	2,800	3,391	1,242	2,149	8	825
Florida	6	3	3	15,759	3,402	12,357	21,917	6,920	14,997	14,325	5,293	9,032	167	698
Georgia	14	8	6	35,228	8,797	26,431	66,552	1,870	64,682	43,424	1,551	41,873	33	4,725
Idaho	2	2	...	2,451	2,451	....	1,894	1,894	....	1,493	1,493	....	29	......
Illinois	30	11	19	199,514	59,505	140,009	427,654	71,804	355,850	280,623	55,287	225,336	797	21,170
Indiana	20	15	5	30,006	12,549	17,457	13,595	3,933	9,662	6,197	3,096	3,101	39	384
Iowa	11	5	6	25,207	5,737	19,470	29,949	8,520	21,429	17,793	6,469	11,324	149	854
Kansas	15	8	7	41,061	5,961	35,100	101,524	10,672	90,852	68,034	9,049	58,985	202	3,342
Kentucky	26	20	6	40,313	19,352	20,961	16,072	5,768	10,304	12,519	5,041	7,478	157	640
Louisiana	6	4	2	79,117	8,999	70,118	176,274	9,735	166,539	141,939	4,938	137,001	149	7,363
Maine	1	...	1	9,710	......	9,710	5,450	......	5,450	2,346	......	2,346	.....	665
Maryland	5	2	3	22,567	6,643	15,924	4,566	828	3,738	3,109	735	2,374	9	371
Massachusetts	6	1	5	46,732	23,655	23,067	43,615	20,399	23,216	29,154	16,255	12,899	394	2,960
Michigan	14	5	9	172,607	10,452	162,155	194,399	13,477	180,922	142,590	12,242	130,348	203	14,833
Minnesota	5	5	...	2,650	2,650	....	818	818	....	640	640	....	17	......

Table 124. DEPOSITORS, DEPOSITS, AND DISBURSEMENTS IN FAILED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, 1934—1981—CONTINUED
BANKS GROUPED BY CLASS OF BANK, YEAR OF DEPOSIT PAYOFF OR DEPOSIT ASSUMPTION, AMOUNT OF DEPOSITS, AND STATE

Classification	Number of banks			Number of depositors[1]			Deposits[1] (in thousands of dollars)			Disbursements by FDIC[1] (in thousands of dollars)				
										Principal disbursements			Advances and expenses[2]	
	Total	Payoff cases	Assumption cases	Total	Payoff cases	Assumption cases	Total	Payoff cases	Assumption cases	Total	Payoff cases[3]	Assumption cases[4]	Payoff cases[5]	Assumption cases[6]
Mississippi	5	3	2	26,262	1,651	24,611	45,909	334	45,575	32,682	257	32,425	5	1,542
Missouri	52	38	14	55,554	37,977	17,577	29,155	18,169	10,986	21,492	14,028	7,464	339	1,188
Montana	5	3	2	1,500	849	651	1,095	215	880	639	186	453	6	21
Nebraska	8	8	...	7,773	7,773	....	11,644	11,644	....	8,096	8,096	....	152	.....
New Hampshire	1	...	1	1,780	......	1,780	296	......	296	117	......	117	.....	8
New Jersey	43	13	30	571,146	113,695	457,451	261,401	49,119	212,282	127,417	40,042	87,375	520	24,580
New York	31	3	28[10]	1,585,852	28,440	1,557,412	5,484,516	13,286	5,471,230	3,440,971[8]	10,836	3,430,135	1,060	165,878
North Carolina	7	2	5	10,408	3,677	6,731	3,266	1,421	1,845	2,387	1,156	1,231	23	179
North Dakota	30	19	11	17,016	9,673	7,343	14,258	11,980	2,278	11,778	10,519	1,259	143	203
Ohio	5	2	3	21,251	7,585	13,666	102,838	2,345	100,493	90,621	1,610	89,011	7	6,466
Oklahoma	13	8	5	28,672	20,149	8,523	20,720	11,053	9,667	11,665	7,936	3,729	178	939
Oregon	4	1	3	6,919	1,230	5,689	9,921	1,368	8,553	7,965	986	6,979	11	288
Pennsylvania	31	8	23	182,590	43,828	138,762	96,907	14,340	82,567	67,811	10,133	57,678	75	11,582
South Carolina	3	1	2	68,080	403	67,677	113,553	136	113,417	60,650	136	60,514	.....	11,450
South Dakota	23	22	1	12,515	11,412	1,103	2,988	2,862	126	2,411	2,388	23	26	9
Tennessee	15	9	6	141,925	10,952	130,973	376,689	4,836	371,853	152,007	3,594	148,413	127	14,381
Texas	47	33	14	131,109	80,986	50,123	220,696	142,135	78,561	139,734	97,111	42,623	1,843	6,118
Utah	1	...	1	3,254	......	3,254	5,992	......	5,992	3,538	......	3,538	.....	300
Vermont	3	2	1	11,057	8,687	2,370	3,725	3,375	350	3,445	3,259	186	21	22
Virginia	9	4	5	35,715	12,638	23,077	17,779	7,652	10,127	8,263	3,867	4,396	305	505
Washington	1	...	1	4,179	......	4,179	1,538	......	1,538	935	......	935	.....	512
West Virginia	4	3	1	20,546	8,346	12,200	23,487	2,006	21,481	21,713	1,458	20,255	148	......
Wisconsin	33	20	13	62,247	18,739	43,508	112,627	5,966	106,661	117,992	5,096	112,896	54	13,505
Wyoming	1	...	1	3,212	......	3,212	2,033	......	2,033	202	......	202	.....	19
Other areas														
Virgin Islands	1	1	...	11,073	11,073	....	14,229	14,229	....	8,712	8,712	....	965	......
Puerto Rico	3	...	3	369,840	......	369,840	789,442	......	789,442	352,937[9]	......	352,937	.....	13,656

[1]Adjusted to December 31, 1981. In assumption cases, number of depositors refers to number of deposit accounts.
[2]Excludes $2,261 thousand of nonrecoverable insurance expenses in cases that were resolved without payment of claims or a disbursement to facilitate assumption of deposits by another insured bank and other expenses of field liquidation employees not chargeable to liquidation activities.
[3]Includes estimated additional disbursements in active cases.
[4]Exlcudes excess collections turned over to banks as additional purchase price at termination of liquidation.
[5]These disbursements are not recoverable by the Corporation; they consist almost wholly of field payoff expenses.
[6]Includes advances to protect assets and liquidation expenses of $325,639 thousand, all of which have been fully recovered by the Corporation and $19,202 thousand of nonrecoverable expenses.
[7]No cases in 1962 required disbursements. Disbursement totals for each year relate to cases occurring during that year, including disbursements made in subsequent years.
[8]Includes disbursements by liquidators in field ($1.5 billion).
[9]In 1977 the assets of Banco Economias were purchases outright by the Corporation. Disbursements in the case are included in table 126 under "Other disbursements" and are not included in this table.
[10]"Assumption cases" includes banks merged with financial assistance from FDIC to prevent probable failure.

Note: Due to rounding differences, components may not add to totals.

Table 125. RECOVERIES AND LOSSES BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ON PRINCIPAL DISBURSEMENTS FOR PROTECTION OF DEPOSITORS, 1934—1981
(Amounts in thousands of dollars)

Liquidation status and year of deposit payoff or deposit assumption	All cases					Deposit payoff cases					Deposit assumption cases				
	Number of banks	Principal disburse-ments	Recoveries to Dec. 31, 1981	Estimated additional recoveries	Losses[1]	Number of banks	Principal disburse-ments[2]	Recoveries to Dec. 31, 1981	Estimated additional recoveries	Losses[1]	Number of banks	Principal disburse-ments[3]	Recoveries to Dec. 31, 1981	Estimated additional recoveries	Losses[1]
Total	**578**	**6,010,412**	**4,451,639**	**608,952**	**949,821**	**312**	**385,158**	**300,251**	**54,461**	**30,446**	**266**	**5,625,254**	**4,151,388**	**554,491**	**919,375**
Status															
Active	92	5,661,382	4,035,210	608,952	917,220	27	209,411	143,665	54,461	11,285	65	5,351,971	3,891,545	554,491	905,935
Terminated	486	449,030	416,429	......	32,601	285	175,747	156,586	......	19,161	201	273,283	259,843	......	13,440
Year[4]															
1934	9	941	734	......	207	9	941	734	......	207	......	......	......	......	......
1935	25	8,891	6,206	......	2,685	24	6,026	4,274	......	1,752	1	2,865	1,932	......	933
1936	69	14,460	12,127	......	2,333	42	7,735	6,397	......	1,338	27	6,725	5,730	......	995
1937	75	19,481	15,808	......	3,672	50	12,365	9,718	......	2,647	25	7,116	6,090	......	1,025
1938	74	30,479	28,055	......	2,425	50	9,092	7,908	......	1,184	24	21,387	20,147	......	1,241
1939	60	67,770	60,618	......	7,152	32	26,196	20,399	......	5,797	28	41,574	40,219	......	1,355
1940	43	74,134	70,338	......	3,796	19	4,895	4,313	......	582	24	69,239	66,025	......	3,214
1941	15	23,880	23,290	......	591	8	12,278	12,065	......	213	7	11,602	11,225	......	378
1942	20	10,825	10,136	......	688	6	1,612	1,320	......	292	14	9,213	8,816	......	396
1943	5	7,172	7,048	......	123	4	5,500	5,376	......	123	1	1,672	1,672	......	......
1944	2	1,503	1,462	......	40	1	404	363	......	40	1	1,099	1,099	......	......
1945	1	1,768	1,768	......	......	......	......	......	......	......	1	1,768	1,768	......	......
1946	1	265	265	......	......	......	......	......	......	......	1	265	265	......	......
1947	5	1,724	1,666	......	59	......	......	......	......	......	5	1,724	1,666	......	59
1948	3	2,990	2,349	......	641	......	......	......	......	......	3	2,990	2,349	......	641
1949	4	2,552	2,183	......	369	......	......	......	......	......	4	2,552	2,183	......	369
1950	4	3,986	2,601	......	1,385	......	......	......	......	......	4	3,986	2,601	......	1,385
1951	2	1,885	1,885	......	......	......	......	......	......	......	2	1,885	1,885	......	......
1952	3	1,369	577	......	792	......	......	......	......	......	3	1,369	577	......	792
1953	2	5,017	5,017	......	......	......	......	......	......	......	2	5,017	5,017	......	......
1954	2	913	654	......	258	......	......	......	......	......	2	913	654	......	258
1955	5	6,784	6,554	......	230	4	4,438	4,208	......	230	1	2,346	2,346	......	......
1956	2	3,458	3,245	......	213	1	2,795	2,582	......	213	1	663	663	......	......
1957	1	1,031	1,031	......	......	1	1,031	1,031	......	......	......	......	......	......	......
1958	4	3,026	2,998	......	28	3	2,796	2,768	......	28	1	230	230	......	......
1959	3	1,835	1,738	......	97	3	1,835	1,738	......	97	......	......	......	......	......
1960	1	4,765	4,765	......	......	1	4,765	4,765	......	......	......	......	......	......	......
1961	5	6,201	4,699	......	1,502	5	6,201	4,699	......	1,502	......	......	......	......	......
1963	2	19,172	18,886	......	286	2	19,172	18,886	......	286	......	......	......	......	......
1964	7	13,744	12,080	42	1,622	7	13,744	12,080	42	1,622	......	......	......	......	......
1965	5	11,431	7,339	178	3,913	3	10,958	7,013	178	3,767	2	473	326	......	146
1966	7	8,732	8,254	2	480	1	735	735	......	......	6	7,997	7,519	......	480
1967	4	8,097	7,087	......	1,010	4	8,097	7,087	......	1,010	......	......	......	......	......
1968	3	5,586	5,575	......	12	......	......	......	......	......	3	5,586	5,575	......	12
1969	9	37,617	37,523	7	87	4	7,596	7,505	8	84	5	30,021	30,018	......	3

Table 125. RECOVERIES AND LOSSES BY THE FEDERAL DEPOSIT INSURANCE CORPORATION ON PRINCIPAL DISBURSEMENTS FOR PROTECTION OF DEPOSITORS, 1934—1981—CONTINUED
(Amounts in thousands of dollars)

Liquidation status and year of deposit payoff or deposit assumption	All cases					Deposit payoff cases					Deposit assumption cases				
	Number of banks	Principal disbursements	Recoveries to Dec. 31, 1981	Estimated additional recoveries	Losses[1]	Number of banks	Principal disbursements[2]	Recoveries to Dec. 31, 1981	Estimated additional recoveries	Losses[1]	Number of banks	Principal disbursements[3]	Recoveries to Dec. 31, 1981	Estimated additional recoveries	Losses[1]
1970	7	49,352	48,806	267	279	4	29,347	28,871	197	279	3	20,005	19,935	70	......
1971	6	162,163	161,869	102	193	5	53,790	53,553	45	193	1	108,373	108,316	57	......
1972	1	16,255	13,017	1,327	1,911	1	16,255	13,017	1,327	1,911	....	......	......	......	......
1973	6	432,654	290,540	88,894	53,220	3	16,782	16,771	11	......	3	415,872	273,769	88,883	53,220
1974	4	2,261,804	2,183,705	76,753	1,346	....	......	......	......	......	4	2,261,804	2,183,705	76,753	1,346
1975	13	302,976	262,293	20,201	20,482	3	25,992	22,134	3,766	92	10	276,984	240,159	16,435	20,390
1976	16	559,269	476,584	50,224	32,461	3	11,462	9,130	393	1,939	13	547,807	467,454	49,831	30,522
1977	6	21,825	16,665	3,455	1,705	....	......	......	......	......	6	21,825	16,665	3,455	1,705
1978	7	498,276	407,212	81,322	9,742	1	818	430	222	166	6	497,458	406,782	81,100	9,576
1979	10	79,974	55,078	17,100	7,795	3	9,958	3,411	5,590	957	7	70,015	51,667	11,510	6,838
1980	10	133,889	60,090	49,372	24,428	3	13,903	4,969	7,364	1,571	7	119,986	55,121	42,008	22,857
1981	10	1,078,491	99,218	219,709	759,564	2	35,643	......	35,318	325	8	1,042,848	99,218	184,391	759,239

[1]Includes estimated losses in active cases. Not adjusted for interest or allowable return, which was collected in some cases in which the disbursement was fully recovered.
[2]Includes estimated additional disbursements in active cases.
[3]Excludes excess collections turned over to banks as additional purchase price at termination of liquidation.
[4]No case in 1962 required disbursements.
Note: Due to rounding differences, components may not add to totals.

Table 126. ANALYSIS OF DISBURSEMENTS, RECOVERIES, AND LOSSES IN DEPOSIT INSURANCE TRANSACTIONS, JANUARY 1, 1934—DECEMBER 31, 1981
(In thousands)

Type of disbursement	Disbursements	Recoveries[1]	Losses
All disbursements—total[2]	**$6,874,900**	**$5,862,978**	**$1,011,922**
Principal disbursements in mergers, deposit assumption and payoff cases—total	**6,010,412**	**5,060,591**	**949,821**
Loans and assets purchased in liquidations (266 mergers and deposit assumption cases):[3]			
To December 31, 1981	4,954,887	3,986,769	482,758
Estimated additional		485,360	....
Transactions to facilitate deposit assumptions, mergers, or consolidations:[4]			
To December 31, 1981	670,367	164,619	436,617
Estimated additional		69,131	....
Deposits paid (312 deposit payoff cases):[5]			
To December 31, 1981	383,748	300,251	30,446
Estimated additional	1,410	54,461	....
Advances and expenses in deposit assumption and payoff cases—total	**355,811**	**325,639**	**30,172**
Expenses in liquidating assets:			
Liquidation expenses and advances to protect assets	325,639	325,639	....
Insurance expenses	19,202	....	19,202
Field payoff and other insurance expenses in 312 deposit payoff cases[5]	10,970	....	10,970
Other disbursements—total	**1,528,255**	**744,509**	**783,746**
Corporation purchases:			
To facilitate termination of liquidations:			
To December 31, 1981	10,063	6,014	3,960
Estimated additional	....	89	....
To purchase assets from operating insured banks:			
To December 31, 1981	51,153	18,206	25,708
Estimated additional	....	7,239	....
Unallocated insurance expenses[6]	2,261	....	2,261
Assistance to operating insured banks:			
To December 31, 1981	445,200	85,850	....
Estimated additional	....	359,350	....

[1]Excludes amounts returned to closed bank equity holders and $169.3 million of interest and allowable return received by FDIC.
[2]Includes collections and disbursements by the liquidators in the field, (1.5 billion).
[3]Includes $437.4 million of recorded liabilities at book value payable over future years.
[4]Includes $379.5 million of recorded liabilities at present value expected to be payable over future years.
[5]Includes estimated amounts for pending and unpaid claims on active cases.
[6]Not recoverable.

Table 127. INCOME AND EXPENSES, FEDERAL DEPOSIT INSURANCE CORPORATION, BY YEAR, FROM BEGINNING OF OPERATIONS, SEPTEMBER 11, 1933 TO DECEMBER 31, 1981

(In millions)

Year	Income			Expenses and losses				
	Total	Deposit insurance assessments[1]	Investment and other sources[2]	Total	Deposit insurance losses and expenses	Interest on capital stock[3]	Administrative and operating expenses	Net income added to deposit insurance fund[4]
Total	**$14,741.6**	**$6,731.4**	**$8,010.2**	**$2,495.5**	**$1,029.1**	**$80.6**	**$1,385.8**	**$12,246.1**
1981	2,074.7	921.9	1,152.8	848.1	720.9	....	127.2	1,226.6
1980	1,310.4	430.8	879.6	83.6	(34.6)	....	118.2	1,226.8
1979	1,090.4	356.4	734.0	93.7	(13.1)	....	106.8	996.7
1978	952.1	367.0	585.1	148.9[5]	45.6	....	103.3	803.2
1977	837.8	319.4	518.4	113.6	24.3	....	89.3	724.2
1976	764.9	296.5	468.4	212.3[5]	31.9	....	180.4[5]	552.6
1975	689.3	278.9	410.4	97.5	29.8	....	67.7	591.8
1974	668.1	302.0	366.1	159.2	100.0	....	59.2	508.9
1973	561.0	246.0	315.0	108.2	53.8	....	54.4	452.8
1972	467.0	188.5	278.5	59.7	10.1	....	49.6	407.3
1971	415.3	175.8	239.5	60.3	13.4	....	46.9	355.0
1970	382.7	159.3	223.4	46.0	3.8	....	42.2	336.7
1969	335.8	144.0	191.8	34.5	1.0	....	33.5	301.3
1968	295.0	132.4	162.6	29.1	0.1	....	29.0	265.9
1967	263.0	120.7	142.3	27.3	2.9	....	24.4	235.7
1966	241.0	111.7	129.3	19.9	0.1	....	19.8	221.1
1965	214.6	102.2	112.4	22.9	5.2	....	17.7	191.7
1964	197.1	93.0	104.1	18.4	2.9	....	15.5	178.7
1963	181.9	84.2	97.7	15.1	0.7	....	14.4	166.8
1962	161.1	76.5	84.6	13.8	0.1	....	13.7	147.3
1961	147.3	73.4	73.9	14.8	1.6	....	13.2	132.5
1960	144.6	79.6	65.0	12.5	0.1	....	12.4	132.1
1959	136.5	78.6	57.9	12.1	0.2	....	11.9	124.4
1958	126.8	73.8	53.0	11.6	....	....	11.6	115.2
1957	117.3	69.1	48.2	9.7	0.1	....	9.6	107.6
1956	111.9	68.2	43.7	9.4	0.3	....	9.1	102.5
1955	105.7	66.1	39.6	9.0	0.3	....	8.7	96.7
1954	99.7	62.4	37.3	7.8	0.1	....	7.7	91.9
1953	94.2	60.2	34.0	7.3	0.1	....	7.2	86.9
1952	88.6	57.3	31.3	7.8	0.8	....	7.0	80.8
1951	83.5	54.3	29.2	6.6	....	....	6.6	76.9
1950	84.8	54.2	30.6	7.8	1.4	....	6.4	77.0
1949	151.1	122.7	28.4	6.4	0.3	....	6.1	144.7
1948	145.6	119.3	26.3	7.0	0.7	0.6	5.7	138.6
1947	157.5	114.4	43.1	9.9	0.1	4.8	5.0	147.6
1946	130.7	107.0	23.7	10.0	0.1	5.8	4.1	120.7

1945	121.0	93.7	27.3	9.4	0.1	5.8	3.5	111.6
1944	99.3	80.9	18.4	9.3	0.1	5.8	3.4	90.0
1943	86.6	70.0	16.6	9.8	0.2	5.8	3.8	76.8
1942	69.1	56.5	12.6	10.1	0.5	5.8	3.8	59.0
1941	62.0	51.4	10.6	10.1	0.6	5.8	3.7	51.9
1940	55.9	46.2	9.7	12.9	3.5	5.8	3.6	43.0
1939	51.2	40.7	10.5	16.4	7.2	5.8	3.4	34.8
1938	47.7	38.3	9.4	11.3	2.5	5.8	3.0	36.4
1937	48.2	38.8	9.4	12.2	3.7	5.8	2.7	36.0
1936	43.8	35.6	8.2	10.9	2.6	5.8	2.5	32.9
1935	20.8	11.5	9.3	11.3	2.8	5.8	2.7	9.5
1933—34	7.0	(4)	7.0	10.0	0.2	5.6	4.2[6]	—3.0

[1]For the period from 1950 to 1981, inclusive, figures are net after deducting the portion of net assessment income credited to insured banks pursuant to provisions of the Federal Deposit Insurance Act of 1950, as amended. Assessment credits to insured banks for these years amount to $6,458 million.

[2]Includes $39 million of interest and allowable return received on funds advanced to receivership and deposit assumption cases and $130 million of interest on capital notes advanced to facilitate deposit assumption transactions and assistance to open banks.

[3]Paid in 1950 and 1951, but allocated among years to which it applies. Initial capital of $289 million was retired by payments to the U.S. Treasury in 1947 and 1948.

[4]Assessments collected from members of the temporary insurance funds which became insured under the permanent plan were credited to their accounts at the termination of the temporary funds and were applied toward payment of subsequent assessments becoming due under the permanent insurance fund, resulting in no income to the Corporation from assessments during the existence of the temporary insurance funds.

[5]Includes net loss on sales of U.S. Government securities of $105.6 million in 1976 and $3.6 million in 1978.

[6]Net after deducting the portion of expenses and losses charged to banks withdrawing from the temporary insurance funds on June 30, 1934.

Table 128. PROTECTION OF DEPOSITORS OF FAILED BANKS REQUIRING DISBURSEMENTS BY THE FEDERAL DEPOSIT INSURANCE CORPORATION 1934—1981

Item	All cases (578 banks)		Deposit payoff cases (312 banks)		Deposit assumption cases (266 banks)	
	Number of amount	Percent	Number of amount	Percent	Number of amount	Percent
Number of depositors or accounts—total[1]	**4,578,380**	**100.0**	**649,598**	**100.0**	**3,928,782**	**100.0**
Full recovery received or available	**4,573,556**	**99.9**	**644,774**	**99.3**	**3,928,782**	**100.0**
From FDIC[2]	4,525,443	98.8	596,661[3]	91.9	3,928,782	100.0
From offset[4]	41,373	.9	41,373	6.4	....	....
From security or preference[5]	3,333	.1	3,333	.5	....	....
From asset liquidation[6]	3,407	.1	3,407	.5	....	....
Full recovery not received as of December 31, 1981	**4,824**	**.1**	**4,824**	**.7**	....	....
Terminated cases	3,842	.1	3,842	.6	....	....
Active cases	982	.0	982	.1	....	....
Amount of deposits (in thousands)—total	**10,050,225**	**100.0**	**546,045**	**100.0**	**9,504,180**	**100.0**
Paid or made available	**10,034,957**	**99.8**	**530,777**	**97.2**	**9,504,180**	**100.0**
By FDIC[7]	9,890,250	98.4	386,070[7]	70.7	9,504,180	100.0
By offset[8]	25,456	.3	25,456	4.7	....	....
By security or preference[9]	66,020	.7	66,020	12.1	....	....
By asset liquidation[10]	53,231	.5	53,231	9.7	....	....
Not paid as of December 31, 1981	**15,268**	**.2**	**15,268**	**2.8**	....	....
Terminated cases	3,245	.0	3,245	.6	....	....
Active cases[11]	12,023	.1	12,023	2.2	....	....

[1]Number of depositors in deposit payoff cases; number of accounts in deposit assumption cases.
[2]Through direct payments to depositors in deposit payoff cases; through assumption of deposits by other insured banks facilitated by FDIC disbursements of $6,010,412 thousand, in mergers and deposit assumption cases.
[3]Includes 64,495 depositors, in terminated cases, who failed to claim their insured deposits (see note 7).
[4]Includes only depositors with claims offset in full; most of these would have been fully protected by insurance in the absense of offsets.
[5]Excludes depositors, paid in part by the FDIC; whose deposit balances were less than the insurance maximum.
[6]The insured portions of these depositor claims were paid by the Corporation.
[7]Includes $577 thousand unclaimed insured deposits in terminated cases (see note 3).
[8]Includes all amounts paid by offset.
[9]Includes all secured and preferred claims paid from asset liquidation; excludes secured and preferred claims paid by the Corporation.
[10]Includes unclaimed deposits paid to authorized public custodiams.
[11]Includes $4,314 thousand representing deposits available, expected through offset, or expected from proceeds of liquidation.

Table 129. INSURED DEPOSITS AND THE DEPOSIT INSURANCE FUND, 1934—1981
(In millions)

Year (December 31)	Insurance coverage	Deposits in insured banks		Percentage of insured deposits	Deposit insurance fund	Ratio of deposit insurance fund to—	
		Total[1]	Insured[1]			Total deposits	Insured deposits
1981	$100,000	$1,409,322	$988,898	70.2%	$12,246.1	.87%	1.24%
1980	100,000	1,324,463	948,717	71.6	11,019.5	.83	1.16
1979	40,000	1,226,943	808,555	65.9	9,792.7	.80	1.21
1978	40,000[7]	1,145,835	760,706	66.4	8,796.0	.77	1.16
1977	40,000[6]	1,050,435	692,533	65.9	7,992.8	.76	1.15
1976	40,000	941,923	628,263	66.7	7,268.8	.77	1.16
1975	40,000	875,985	569,101	65.0	6,716.0	.77	1.18
1974	40,000	833,277	520,309	62.5	6,124.2	.73	1.18
1973	20,000	766,509	465,600	60.7	5,615.3	.73	1.21
1972	20,000	697,480	419,756	60.2	5,158.7	.74	1.23
1971	20,000	610,685	374,568[4]	61.3[4]	4,739.9	.78	1.27[4]
1970	20,000	545,198	349,581	64.1	4,379.6	.80	1.25
1969	20,000	495,858	313,085	63.1	4,051.1	.82	1.29
1968	15,000	491,513	296,701	60.2	3,749.2	.76	1.26
1967	15,000	448,709	261,149	58.2	3,485.5	.78	1.33
1966	15,000	401,096	234,150	58.4	3,252.0	.81	1.39
1965	10,000	377,400	209,690	55.6	3,036.3	.80	1.45
1964	10,000	348,981	191,787	55.0	2,844.7	.82	1.48
1963	10,000	313,304[2]	177,381	56.6	2,667.9	.85	1.50
1962	10,000	297,548[3]	170,210[4]	57.2[4]	2,502.0	.84	1.47
1961	10,000	281,304	160,309[4]	57.0[4]	2,353.8	.84	1.47[4]
1960	10,000	260,495	149,684	57.5	2,222.2	.85	1.48
1959	10,000	247,589	142,131	57.4	2,089.8	.84	1.47
1958	10,000	242,445	137,698	56.8	1,965.4	.81	1.43
1957	10,000	225,507	127,055	56.3	1,850.5	.82	1.46
1956	10,000	219,393	121,008	55.2	1,742.1	.79	1.44
1955	10,000	212,226	116,380	54.8	1,639.6	.77	1.41
1954	10,000	203,195	110,973	54.6	1,542.7	.76	1.39
1953	10,000	193,466	105,610	54.6	1,450.7	.75	1.37
1952	10,000	188,142	101,841	54.1	1,363.5	.72	1.34
1951	10,000	178,540	96,713	54.2	1,282.2	.72	1.33
1950	10,000	167,818	91,359	54.4	1,243.9	.74	1.36
1949	5,000	156,786	76,589	48.8	1,203.9	.77	1.57
1948	5,000	153,454	75,320	49.1	1,065.9	.69	1.42
1947	5,000	154,096	76,254	49.5	1,006.1	.65	1.32
1946	5,000	148,458	73,759	49.7	1,058.5	.71	1.44
1945	5,000	157,174	67,021	42.4	929.2	.59	1.39

Table 129. INSURED DEPOSITS AND THE DEPOSIT INSURANCE FUND, 1934—1981
(In millions)

Year (December 31)	Insurance coverage	Deposits in insured banks		Percentage of insured deposits	Deposit insurance fund	Ratio of deposit insurance fund to—	
		Total[1]	Insured[1]			Total deposits	Insured deposits
1944	5,000	134,662	56,398	41.9	804.3	.60	1.43
1943	5,000	111,650	48,440	43.4	703.1	.63	1.45
1942	5,000	89,869	32,837	36.5	616.9	.69	1.88
1941	5,000	71,209	28,249	39.7	553.5	.78	1.96
1940	5,000	65,288	26,638	40.8	496.0	.76	1.86
1939	5,000	57,485	24,650	42.9	452.7	.79	1.84
1938	5,000	50,791	23,121	45.5	420.5	.83	1.82
1937	5,000	48,228	22,557	46.8	383.1	.79	1.70
1936	5,000	50,281	22,330	44.4	343.4	.68	1.54
1935	5,000	45,125	20,158	44.7	306.0	.68	1.52
1934	5,000[5]	40,060	18,075	45.1	291.7	.73	1.61

[1]Deposits in foreign branches are omitted from totals because they are not insured. Insured deposits are estimated by applying to the deposits in the various types of accounts at the regular Call dates, the percentages insured as determined from the Summary of Deposits survey submitted by insured banks.
[2]December 20, 1963.
[3]December 28, 1962.
[4]Revised.
[5]Initial coverage was $2,500 from January 1 to June 30, 1934.
[6]$100,000 for time and savings deposits of in-state governmental units provided in 1974.
[7]$100,000 for Individual Retirement accounts and Keogh accounts provided in 1978.

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