

Texas Department of Banking

Press Release

Banking Commissioner Announces Closing of Peoples Bank & Trust, Borger

Date: May 31, 1996

Texas Banking Commissioner Catherine A. Ghiglieri announced today the closing of Peoples Bank & Trust, Borger, Texas, an institution with deposits of approximately \$21.2 million. This is the first State-chartered bank in Texas to close in nearly three years.

According to Commissioner Ghiglieri, the bank's failure was caused by loan losses attributed to prior executive management. Fundamental weaknesses in loan structuring and administrative deficiencies, as well as an unreasonable reliance on perceived collateral values and character as a basis for extending credit, resulted in mounting losses to the bank. Operational inefficiencies further contributed to the bank's failure.

The capital deficiency could not be remedied by the Board of Directors and the bank was closed at 3:00 p.m. Commissioner Ghiglieri immediately appointed the FDIC receiver for liquidation. The FDIC will announce later the manner in which it will proceed as receiver.