

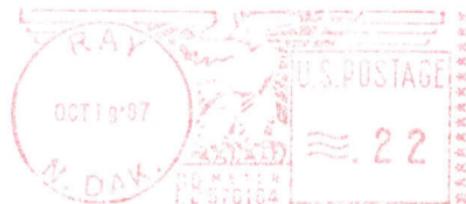


**FIRST NATIONAL BANK & TRUST CO.
OF WILLISTON**

22 EAST FOURTH • BOX 1827
WILLISTON, NORTH DAKOTA 58802-1827

FORWARDING AND ADDRESS CORRECTION REQUESTED

*Closing of
Oetzi's State Bank
10/15/87*



LLOYD LANGAGER
DORIS LANGAGER
POX 501
RAY ND 58849

October 15, 1987

Dear Customer:

We are very pleased to announce that on Thursday, October 15, 1987, the First National Bank & Trust Co. of Williston purchased some of the assets of the Citizens State Bank of Ray and has assumed all deposit liabilities. The First National Bank & Trust Co. of Williston is a member of the FDIC and all deposits are insured to \$100,000.

The FDIC will retain some of the loans of the former Citizens State Bank and will notify those customers accordingly.

Our bank has been in business since 1926 and over the years we have grown in excess of \$100,000,000 with total equity capital and all reserves of well above our own peer group (\$13,700,000 +). This financial strength translates into a solid financial institution which is able to offer you, our customer, an ever expanding base of financial services.

As we together move forward in the communities of Ray and Wildrose, we invite you to stop in and visit with your old friends as well as any additional staff members that will be available. We will continue to be "Your Partner in Progress" practicing sound banking procedures and philosophies.

Please stop in and say hello!

Very Truly Yours,



Robert A. Wanago
President

Ray bank fails, to reopen today with new owners

10/16/87

BISMARCK (AP) — The Citizens State Bank of Ray, which state banking regulators closed after declaring it insolvent, was to reopen today under new ownership, and officials pledged that no depositors would lose money in the takeover.

The First National Bank & Trust Co. of Williston agreed to acquire most of the assets of the beleaguered bank, which was the second in North Dakota to fail this year, said Banking Commissioner Gary Preszler.

Preszler attributed the institution's fall to "very poor credit administration and banking practices," although he said it had some sour energy- and farm-related loans in its portfolio.

Tim Karsky, chief examiner for the state Department of Banking and Financial Institutions, said the Citizens Bank was running in the red after completely exhausting its capital.

"It's a shocking feeling. We're all victims of a new bank this morning," said Ray City Commission President Louise Dokken.

"The rumor was here for quite a while so people were expecting it, I think," said Dokken, who noted the

Citizens State Bank has been in the community for a long time. It was first at Wheelock and then was transferred to Ray, she said.

The changeover caused much excitement in the community of about 770 people Thursday afternoon, said Dokken, when the city's Mini Mall parking lot, where the bank is located, was filled with cars. She said people commented they'd never seen so many people in suits.

Ray has a credit union, but Citizens State Bank is the only bank in the community, Dokken said. The bank was owned by the Raymond Family for 73 years, and the late W.S. "Fritz" Raymond served as president for a number of years. The family sold the business several years ago.

"It's kind of a shock. It's kind of tough on a little town, but as long as we're assured of another bank and no one will lose any money," Dokken said, adding, "We'll make it. We're survivors."

First National will take control of both the Ray bank and an affiliate station in Wildrose, according to

See BANK — Page A10

□ Bank

(Continued from Page A1)

Steve Katsanos, a Federal Deposit Insurance Corp. spokesman.

The Williston bank will assume Citizens State Bank's deposit accounts, which number approximately 2,400, banking officials said. First National has also agreed to buy \$8.3 million worth of the defunct bank's \$11.52 million in assets; the FDIC will liquidate the remainder, Katsanos said.

The collapse was the first North Dakota bank failure since May, when the Farmers State Bank of Maddock went under. The Maddock collapse was the first North Dakota bank insolvency in seven years; the bank was quickly taken over by the

Ramsey National Bank & Trust Co. of Devils Lake.

Citizens State had about \$11 million in deposits when it was closed Thursday afternoon, Preszler said in a prepared statement. It was the 146th in the nation to fail this year.

Preszler's statement said the Ray bank had loaned money for speculative purposes, and "concentrated (on) a few individual borrowers who were unable to repay their obligations."

It also appeared the bank violated its lending limitations in extending credit to one borrower, Preszler said. He did not identify him.

Bob Broshears, liquidation spe-

cialist for the FDIC, interviewed by telephone at the bank, emphasized that "it was not the agricultural economy that caused this failure."

Employees of the failed bank referred questions to Terry Wood, a bank vice president. He could not be reached for comment Thursday.

Karsky said the bank suffered from a variety of maladies, including its negative capital-to-asset ratio and inadequate loan collateral and documentation.

The bank had exhausted its capital when it closed, while a healthy bank of that size would have at least \$800,000 in capital, Karsky said. (Eloise Ogden, Daily News staff writer, contributed to this story.)

Ray bank closed; reopens to

By MARK HANSON
Staff Writer

The Citizens State Bank of Ray was declared insolvent and closed its doors at 3 p.m. Thursday, a spokesman for the Federal Deposit Insurance Corporation said, but reopened today at its regular time as a branch of First National Bank & Trust Co. of Williston.

First National will open the sites as branch offices in Ray and Wildrose, Bob Broshears, FDIC supervisory liquidation specialist from Chicago, said Thursday afternoon in a telephone interview from the bank in Ray.

Citizens State Bank closed as a result of poor credit administration and banking practices, Gary Preszler, commissioner of the North Dakota Department of Banking and Financial Institutions, said in a statement. The bank advanced loan funds that were for speculative purposes, Preszler said, and concentrated on a few individual borrowers who were unable to repay their obligations.

The depressed oil economy, and to a lesser degree the agricultural sector, also contributed to massive losses in recent years, Preszler added.

The losses occurred over part of 1985 and through 1986 and 1987. "Obviously, the loan losses depleted the bank's capital accounts directly," Tim Karsky, the state's chief examiner of banks, told the Herald in a telephone interview Thursday afternoon from Bismarck.

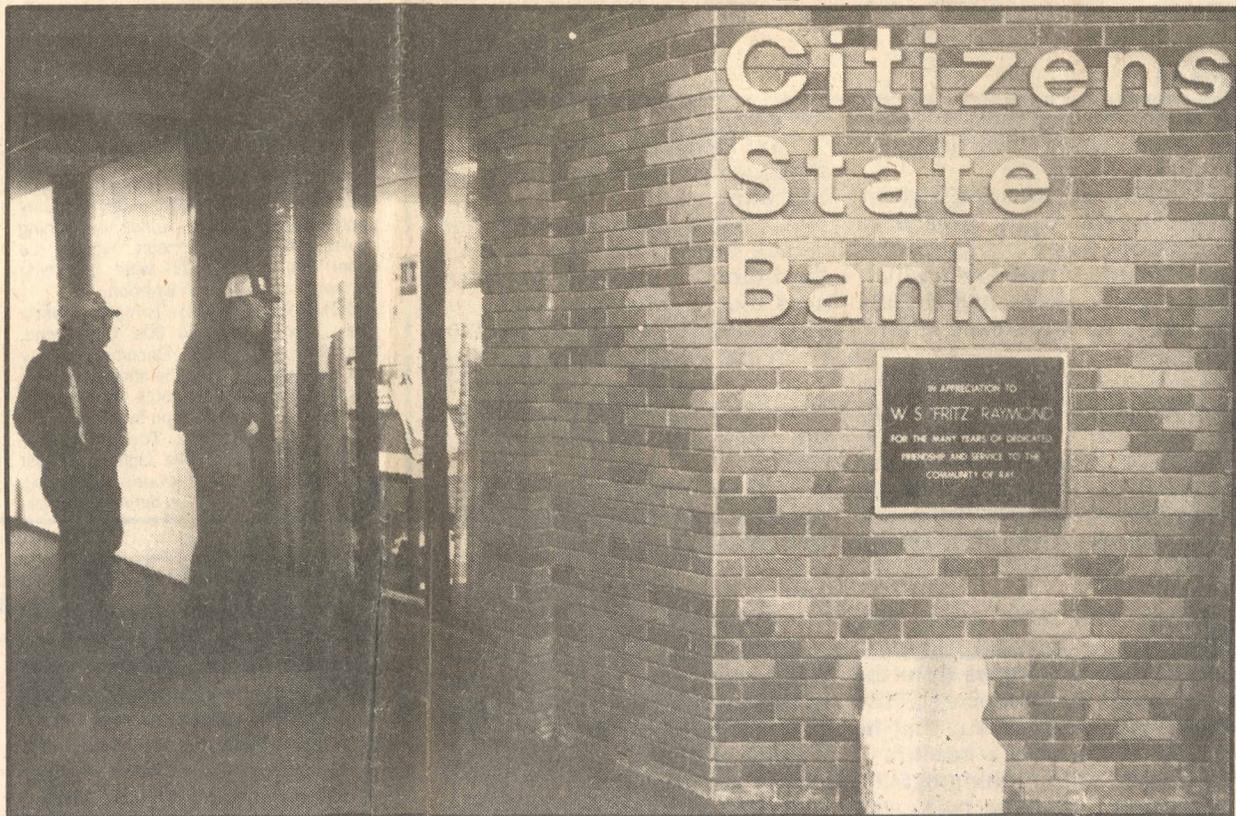
Karsky said the bank at times made loans to borrowers without identifying the source of repayment. "Hopefully they can repay," Karsky said. "When we looked things over, we didn't think they were collectible."

"The bank closed today at 3," Broshears said Thursday. "First National Bank and Trust of Williston will open both offices (today) as branch offices," Broshears said. The change will be a permanent takeover, he said.

Broshears said FDIC transferred liquidated assets to First National. First National will honor checks it receives under the condition the check can be covered by the account, he said.

FDIC will retain poor-quality loans, or loans that are more than 30 days late in payment, Broshears said. First National will purchase the others.

See BANK, page 2A



Two Ray residents peek into Citizens State Bank of Ray this morning. The bank was declared insolvent Thursday, and was reopened this morning under the ownership of First National Bank & Trust Co. of Williston.

208 lots in county to be sold for bank to

Closing shocks Ray residents

By MARK HANSON
Staff Writer

RAY — A light mist hung over this small town late this morning.

And gloom seemed to hang over Ray residents as they passed through the Mini Mall and by the front door of the First National Bank & Trust Co. of Williston-Ray office.

A few Ray residents said they were shocked by the closing and several people declined to talk about it.

The Citizens State Bank of Ray was declared insolvent Thursday, but after the Federal Deposit Insurance Corp. burned the midnight oil to prepare the books, the doors opened as if nothing had happened.

"Everything is going smooth," said Rich Rolstad, executive vice president of First National Bank in Williston. "Our first customer came in this morning about 9:35 and made a deposit. Right now, one of the loan officers is taking a loan application from an existing

See RAY, page 2A



A team works on the bank transition in the rec center at the Ray Mall.

Langager, Lloyd 4-88
Box 501
Ray, N. Dak. 58849

Section 5

RIBUNE

Rakota and Wildrose Mixer

1987

30 Cents

Curiosity seekers were many last Friday during the transition of the Citizens State Bank of Ray to the First National Bank & Trust Co. of Williston.

First National purchased the Ray bank last week, after Citizens State was declared insolvent, said Rich Rolfstad, the Williston institution's executive vice-president.

Rolfstad said the Federal Deposit Insurance Corp. contacted First National and other banks last week and advised that a

bank in the state might be going insolvent, and it was invited to place a bid and was given financial information.

First National was notified Thursday at 3 p.m. the Citizens State Bank was insolvent, and the institution was the successful bidder, he said; a team was assembled and sent to Ray.

"Currently all of the existing staff is employed by our bank till we can basically decide what we have here," Rolfstad said.

The owners will not be included

in the staff maintenance, he said.

The banking station in Wildrose was included with the purchase, as well as all the loans regarded in good esteem by the FDIC, he said.

Robert A. Broshears, supervisory liquidation specialist for the FDIC, said for the short term the FDIC will retain loans that are 30 days or more past due.

Notices will be sent this week to every borrower asking them to meet the team there and work with them to get the new bank to

Continued on page 10