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Laurie Cohen

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A \$90 Million Jolt for Continental

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Summary

“Continental Illinois Corp. said Monday that it may post a "moderate" loss in the fourth quarter because of an estimated \$90 million charge to earnings at Continental's First Options of Chicago Inc. subsidiary.

Separately, the Comptroller of the Currency said Continental's main bank unit, Continental Illinois National Bank and Trust Co. of Chicago, violated its legal lending limit by pumping money into First Options during last week's market debacle. The comptroller entered into a consent agreement with the bank's board that requires it to comply with the limit.

The developments are likely to spur more criticism of Continental's link with First Options. Continental bought the firm late last year for \$136 million as a way to generate fee income, but critics have charged that it may expose the banking firm to excessive risk.”

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