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### Alliance Bank of Culver City is shut down

Federal regulators sell the failed bank's five branches to California Bank & Trust. Customers will still be able to write checks and use debit cards over the weekend, and the bank will reopen Monday.

By E. Scott Reckard  
February 7, 2009

In one of three U.S. bank failures Friday, regulators closed Alliance Bank of Culver City and sold its five branches to California Bank & Trust.

The San Diego-based buyer agreed to assume all of Alliance Bank's deposits, including uninsured funds, so no depositors will lose money as a result of the bank's failure, the Federal Deposit Insurance Corp. said.



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When the bank reopens Monday, depositors automatically will become customers of California Bank & Trust and will continue to have deposit insurance coverage of at least \$250,000, the FDIC said.

Alliance customers can write checks and use debit cards over the weekend and should pay their loans as usual, but customers of both banks should use only their current branches until California Bank & Trust integrates Alliance's deposit records, the agency said.

Alliance, which got into trouble lending to home builders, had \$1.14 billion in assets and \$951 million in deposits on Dec. 31.

In addition to assuming Alliance's deposits, including those made through brokers, California Bank & Trust agreed to buy most of the Culver City bank's loans, sharing losses on them with the FDIC.

The FDIC estimated that the failure would cost the deposit insurance fund \$206 million. The agreement with California Bank & Trust, a subsidiary of Zions Bancorp of Utah, was the least costly resolution compared with alternatives, the agency said.

Also Friday, regulators shut down County Bank of Merced, Calif., with WestAmerica

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Bank of San Rafael, Calif., agreeing to take over its 39 branches, \$1.3 billion in deposits and \$1.7 billion in assets.

The FDIC, which will share losses with WestAmerica, said the failure would cost its insurance fund \$135 million.

Earlier Friday, regulators closed FirstBank Financial Services of McDonough, Ga., whose deposits and four offices were taken over by Regions Bank of Birmingham, Ala.

Alliance and County were the eighth and ninth banks to fail in the nation this year, and the second and third in California. Redlands' 1st Centennial Bank collapsed Jan. 23.

Alliance, which earned \$9.4 million in 2006 and \$5.4 million in 2007, lost \$98 million last year.

On Oct. 15, the FDIC and the California Department of Financial Institutions classified it as undercapitalized and ordered it to raise \$30 million in capital.

The bank, with branches in Culver City, Irvine, Woodland Hills, Burbank and West Los Angeles, was owned by Alliance Bancshares California.

The holding company's shares closed Friday at 15 cents, unchanged for the day. The stock peaked at \$18 a share in February 2007 and traded above \$7 as recently as a year ago.

[scott.reckard@latimes.com](mailto:scott.reckard@latimes.com)

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