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Zions Unit Buys Vineyard Deposits as Four Lenders are Shuttered

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By Ari Levy and Margaret Chadbourn

July 18 (Bloomberg) -- **Zions Bancorporation's** California Bank & Trust unit acquired the deposits of **Vineyard Bank**, one of four lenders seized yesterday by regulators. The failures will cost the Federal Deposit Insurance Corp. a total of \$1.09 billion.

California Bank & Trust in San Diego said it assumed \$1.5 billion in deposits and \$1.4 billion in loans from Rancho Cucamonga, California-based Vineyard, which **lost** more than \$100 million last year as builders defaulted on construction loans. Vineyard was closed by the Office of the Comptroller of the Currency and the FDIC was named receiver, the FDIC said in a **statement**.

The FDIC entered a loss-sharing transaction with California Bank & Trust on the acquired assets. The regulator will also share losses on \$1.3 billion of assets related to the seizure yesterday of **Temecula Valley Bank** in Temecula, California, which was shuttered by the state's regulator.

Regulators have closed 57 U.S. banks this year, the most since 1992, when 181 lenders failed or entered government- assisted transactions. Bank failures, including 10 in Georgia, have drained more than \$10 billion from the deposit insurance fund this year, led by \$4.9 billion for Florida's **BankUnited Financial Corp.**, the largest bank to collapse this year.

The lenders closed yesterday had combined assets of \$3.79 billion and deposits of \$3.26 billion.

Branches to Reopen

Vineyard's 16 branches will open during normal business hours as offices of California Bank & Trust, and Temecula Valley's 11 branches will reopen as part of Raleigh, North Carolina-based First-Citizens Bank and Trust Co. First-Citizens, which runs IronStone Bank branches in Southern California, is buying Temecula Valley's \$1.5 billion in assets and most of its \$1.3 billion in deposits, the FDIC said.

The failures of Vineyard and Temecula Valley bring to eight the number of banks closed in California this year. Zions, a Salt Lake City, Utah-based lender with bank operations in 10 Western states, purchased four failed banks in the past year in California and Nevada.

First Piedmont Bank in Winder, Georgia, and **BankFirst** in Sioux Falls, South Dakota, were the other two lenders closed yesterday. First American Bank and Trust Co. of Athens, Georgia, assumed First Piedmont's deposits, while BankFirst's were purchased by **Alerus Financial**, National Association, in Grand Forks, North Dakota.

Retaining Insurance Coverage

"There is no need for customers to change their banking relationship to retain their deposit insurance coverage," the FDIC said.

First American paid a premium of 1.01 percent for First Piedmont's \$109 million in deposits and agreed to buy \$111 million of the failed bank's \$115 million in assets. The FDIC entered a loss-sharing agreement with First American on about \$90 million of the assets. First Piedmont's two offices will open as branches of First American on July 20.

Alerus is purchasing BankFirst's \$254 million in deposits and \$72 million of assets, the FDIC said. Separately, Beal Bank Nevada in Las Vegas agreed to buy \$177 million of BankFirst's loans. The two offices of BankFirst will open on July 20

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as units of Alerus Financial.

The FDIC insures deposits at 8,246 institutions with \$13.5 trillion in assets. The agency reimburses customers for deposits of as much as \$250,000 when a bank fails.

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Last Updated: July 18, 2009 00:01 EDT



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