



You are here: [LAT Home](#) > Business

News/Opinion

- [California | Local](#)
- [National](#)
- [World](#)
- [Business](#)
- [Sports](#)
- [Washington](#)
- [Science](#)
- [Environment](#)
- [Opinion](#)

Arts/Entertainment

- [Entertainment](#)
- [The Guide](#)
- [Company Town](#)
- [Arts & Culture](#)
- [Calendar](#)
- [The Envelope](#)
- [TV Listings](#)
- [Movie Showtimes](#)

Living

- [Travel](#)
- [Health](#)
- [Autos](#)
- [Home & Garden](#)
- [Food](#)
- [Image](#)
- [Books](#)
- [Brand X](#)

- [Data Desk](#)
- [Video](#)
- [Photography](#)
- [Obituaries](#)
- [Crosswords/Sudoku](#)
- [Your Scene](#)

- [Blogs](#)
- [Columnists](#)
- [Print Edition](#)
- [Readers Rep](#)
- [Corrections](#)
- [All Sections](#)

Buy, Sell & More

- [Jobs](#)
- [Cars](#)
- [Real Estate](#)
- [Foreclosure Sale](#)
- [Rentals](#)
- [Personals](#)
- [Local Values](#)
- [Coupons](#)
- [Newspaper Ads](#)

MONEY & CO.

TRACKING THE MARKET AND ECONOMIC TRENDS THAT SHAPE YOUR FINANCES.

[« Schwab refusing to pay off clients in 'auction-rate' issues | Main](#)

Your bank failed? Your CD yields may be hacked

6:00 AM, July 21, 2009

Depositors of the [two Inland Empire banks that failed on Friday](#) -- Vineyard Bank and Temecula Valley Bank -- need to be prepared for possible interest-rate deflation.

Under Federal Deposit Insurance Corp. rules, when a failed bank is sold the acquiring bank isn't obligated to stick with the failed institution's deposit rates, such as on savings certificates.

The buyer has the right to arbitrarily reduce deposit rates. The only stipulation is that depositors must be given the right to withdraw their money in full -- with interest earned to that point and without an early-withdrawal penalty -- if they don't want to accept new, lower rates.

Vineyard, with \$1.6 billion in deposits, was bought by [California Bank & Trust](#) of San Diego, a unit of Zions Bancorp. After CB&T took over the failed [Alliance Bank of Culver City](#) in February it [notified Alliance's customers that it was cutting deposit yields across the board](#).

A CB&T spokeswoman said Monday that the bank hadn't made a decision yet about Vineyard's deposit rates.

But Vineyard had been offering above-average yields on certificates of deposit, trying to pull in cash to stay afloat. Early this month it was quoting 1.92% on a one-year CD, compared with a national average of about 1.4%, according rate-tracker Informa Research Services.

Temecula Valley Bank, with \$1.3 billion in deposits, was bought by [First Citizens Bank and Trust](#) of Raleigh, N.C. First Citizens spokeswoman Barbara Thompson said the bank was "looking at the rates" that Temecula Valley was paying but hadn't made a decision about changing them.

-- Tom Petruno

[Permalink](#) | [Comments \(0\)](#) | [Save/Share](#)

TrackBack

TrackBack URL for this entry:
<http://www.typepad.com/services/trackback/6a00d8341c630a53ef011571294845970c>

Listed below are links to weblogs that reference [Your bank failed? Your CD yields may be hacked](#):

Comments

Post a comment

If you are under 13 years of age you may read this message board, but you may not participate.

[Here are the full legal terms you agree to by using this comment form.](#)

Recent Comments

[House Democrats detail surtaxes to pay for healthcare bill](#)

Anybody remember the Prescription Drug a...
comment by [Shane](#)

[House Democrats detail surtaxes to pay for healthcare bill](#)

<http://www.campaignforliberty.com/blog.p...>
comment by [t.cox](#)

[Financial bailout aid total: \\$23.7 trillion -- if all goes wrong](#)

23.700 billion dollars it looks almost ...
comment by [Nikkei 225](#)

[Schwab refusing to pay off clients in 'auction-rate' issues](#)

More paper. I cannot believe Schwab has ...
comment by [Steve](#)

[Time for the Fed to start manipulating mortgage rates?](#)

Stop beating around the bush! Force the ...
comment by [jeff](#)

[Schwab refusing to pay off clients in 'auction-rate' issues](#)

Schwab needs a new PR firm....
comment by [martscan](#)

Our Blogger

[Tom Petruno](#)



Tom Petruno has been chronicling financial markets' highs and lows since 1979, and has been the Times' financial columnist since 1990. He writes on markets, corporate finance and the economy, and how it all ties in to individual investors'