

SAN DIEGO DAILY TRANSCRIPT

July 18, 2009

Regulators shut down Temecula Valley Bank, Vineyard Bank

The Federal Deposit Insurance Corp. on Friday was appointed receiver of **Temecula Valley Bank** of Temecula, Calif. and **Vineyard Bank, N.A.**, of Rancho Cucamonga, Calif. Temecula Valley Bank had \$1.5 billion in assets and deposits of about \$1.3 billion as of May 31. Vineyard Bank had assets of \$1.9 billion and \$1.6 billion in deposits as of March 31.

The FDIC said all of Temecula's deposits will be assumed by **First-Citizens Bank and Trust Co.** of Raleigh, N.C. The bank also will purchase essentially all of the assets.

San Diego-based **California Bank & Trust** agreed to assume the deposits of Vineyard Bank, excluding about \$134 million from brokers. California Bank & Trust will purchase about \$1.8 billion of assets. The FDIC will retain the remaining assets for later disposition.

The FDIC and First-Citizens struck a loss-share agreement on about \$1.3 billion of Temecula's assets. The agency and California Bank & Trust agreed to a loss-share transaction for about \$1.5 billion of Vineyard assets.

The FDIC estimates that the cost to the deposit insurance fund from the failure of Temecula will be \$391 million and \$579 million for Vineyard Bank.

In a letter dated June 15, the FDIC labeled Temecula Valley as "significantly undercapitalized" and had rejected the bank's proposed capital restoration plan.

The bank has been ordered to raise funds by selling enough voting shares or obligations within the next month, or to agree to be acquired by another institution.

Temecula Valley received a similar order the previous month from state regulators: The Department of Financial Institutions informed the bank May 13 that it needed to raise more than \$71 million by July 6 or merge with another institution.

On July 2, **Bancroft Capital LLC** and certain institutional investors, including **Orient Property Group LLC**, announced they decided to not proceed with their proposed equity investment announced on June 1.

Regulators on Friday also seized two smaller banks in Georgia and South Dakota, boosting to 57 the number of federally insured banks to fail this year compared with 25 last year and three in 2007.

— *Transcript reporter Rebecca Go and The Associated Press contributed to this report.*