

Seven U.S. Banks Are Seized, Raising Year's Failure Toll to 140

By Dan Reichl

Dec. 19 (Bloomberg) -- Seven U.S. banks were seized by regulators, bringing this year's total of failed lenders to 140 as financial companies are tested by the recession and the Federal Deposit Insurance Corp. anticipates more shutdowns.

Banks with \$14.4 billion in total assets were closed yesterday in six U.S. states, the FDIC said in statements on its [Web site](#). The agency is overseeing the dissolution of banks at the fastest pace in 17 years.

Two of the closures were in California. The assets and deposits of Federal Bank of California in Santa Monica were bought by closely held OneWest Bank, which acquired IndyMac Federal Bank this year. [Imperial Capital Bank](#) was bought by [City National Corp.](#), the Beverly Hills-based parent of City National Bank, which expanded in Southern California with the purchase.

"Imperial Capital Bank is a very good fit for City National, given that eight of its nine locations are in communities we serve," City National Chief Executive Officer [Russell Goldsmith](#) said in a statement. "We're pleased to contribute to the increased stability of the banking system."

Federal Bank was the biggest lender seized yesterday, with \$6.1 billion of assets and \$4.5 billion in deposits, according to the FDIC. Based in La Jolla, Imperial Capital had assets of \$4 billion and \$2.8 billion in deposits.

Earlier this week, the FDIC boosted its 2010 budget by 56 percent to \$4 billion to manage further shutdowns. The total budget will increase from \$2.6 billion and the set-aside for bank failures doubles to \$2.5 billion over this year, according to a proposal approved by the FDIC board. The agency staff will increase to 8,653 next year from 7,010 this year.

'Larger Number' of Failures

The budget "will ensure that we are prepared to handle an ever-larger number of bank failures next year, if that becomes necessary," FDIC Chairman [Sheila Bair](#) said in a statement. Yesterday's bank closings will cost the agency about \$1.8 billion, according to the FDIC statements.

U.S. lenders are buckling under the weight of loans tied to commercial real estate, which is plummeting in value. Prices have dropped 43 percent from their peak in October 2007, Moody's Investors Service said last month.

The following table lists the banks seized yesterday. Asset figures are in millions of U.S. dollars. Click on the bank name to see the FDIC's statement on the closing.

FAILED BANK	BUYER	ASSETS
First Federal Bank Santa Monica, California	OneWest Bank Pasadena, California	6,100
Imperial Capital Bank La Jolla, California	City National Los Angeles	4,000
Peoples First Panama City, Florida	Hancock Bank Gulfport, Mississippi	1,800
New South Federal Irondale, Alabama	Beal Bank Plano, Texas	1,500
Independent Bankers' Springfield, Illinois	None	585.5
RockBridge Commercial Atlanta	None	294

Citizens State None 168.6
New Baltimore, Michigan

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