



## NEWS RELEASE

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### FDIC ANNOUNCES DEPOSIT ASSUMPTION OF WEST OLYMPIA BANK, LOS ANGELES, CALIFORNIA

The Board of Directors of the Federal Deposit Insurance Corporation today announced that the deposit liabilities of West Olympia Bank, Los Angeles, California, have been assumed by Wilshire State Bank, Los Angeles, California. The failed bank's two offices will reopen on Monday, February 13, 1984, as branches of Wilshire State Bank and its depositors automatically will become depositors of the assuming bank, subject to approval by the appropriate court.

West Olympia Bank was closed on February 10, 1984, by California Superintendent of Banks Louis Carter, and the FDIC was named receiver. Mr. Carter said: "Substantial loan and operating losses reduced the bank's capital to an inadequate and unsafe level and made it necessary to close the bank."

The deposit assumption was made possible with assistance from the FDIC and avoids the necessity for a payoff of the 6,100 accounts in the failed bank. It also prevents possible financial loss to the owners of deposits that exceed the statutory insurance limit of \$100,000.

In addition to assuming about \$19 million in deposits and other liabilities, Wilshire State Bank has agreed to pay the FDIC a purchase premium of \$200,000. The assuming bank will purchase the failed bank's installment loans and certain other assets. To facilitate the transaction, the FDIC will advance cash amounting to \$10.7 million to the assuming bank. In addition, the FDIC will retain assets of the failed bank with a book value of approximately \$11.1 million.

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The FDIC approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the Corporation. The Board of Directors made such a finding in this case because of the premium paid by Wilshire State Bank. The FDIC expects to recover a substantial portion of its outlay through the liquidation of assets not transferred to the assuming bank. In this respect, the FDIC notes that its claim will have priority over the claims of the shareholders of the closed bank.