



PRESS RELEASE

Federal Deposit Insurance Corporation

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FDIC APPROVES THE ASSUMPTION OF THE INSURED DEPOSITS OF COMMONWEALTH THRIFT AND LOAN, TORRANCE, CALIFORNIA

FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation today approved the assumption of the insured deposits of Commonwealth Thrift and Loan, Torrance, California, by Frontier State Bank, Redondo Beach, California.

Commonwealth, with total assets of \$13.1 million as of May 31, was closed today by the California Superintendent of Banks, and the FDIC was named receiver.

The failed institution's sole office will not reopen; however, customers of Commonwealth will have access to their insured deposits and can conduct banking activities at Frontier State Bank's Redondo Beach office located at 2233 Artesia Boulevard beginning Monday, August 19. Commonwealth's depositors will automatically become depositors of the assuming institution.

Frontier State Bank will assume \$10.8 million in about 370 deposit accounts. At the time Commonwealth was closed, about \$225,000 in seven accounts exceeded the federal insurance limit of \$100,000 and will not be assumed by Frontier State Bank.

The FDIC Board of Directors also voted to make a prompt 45 percent advance dividend payment to uninsured depositors. The payment is based on anticipated recoveries from the sale of assets. FDIC claims agents will be available to meet with uninsured depositors beginning Monday morning at the failed bank's former office.

The assuming bank will pay a premium of \$2,500 for the right to receive the failed bank's deposits and will purchase \$1.4 million of Commonwealth's assets. The FDIC will



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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retain the remaining \$11.7 million of the failed bank's assets and estimates the cost of this transaction to the Bank Insurance Fund (BIF) to be approximately \$1.4 million.

The FDIC notes that creditors holding deposit claims will receive priority in payment from the sale of assets of the failed institution over creditors holding non-deposit claims.

The FDIC Board of Directors approved the deposit assumption under its authority to do so whenever it determines that such a transaction will reduce the potential loss to the BIF.

Commonwealth is the first BIF-insured failure in California this year, and the fifth in the U.S. An institution insured by the FDIC's Savings Association Insurance Fund also failed this year, bringing the total FDIC-insured institution failures in the year to six.
