



# PRESS RELEASE

Federal Deposit Insurance Corporation

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## **FDIC APPROVES THE ASSUMPTION OF THE INSURED DEPOSITS OF UNION FEDERAL BANK, FSB, LOS ANGELES**

FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation approved the assumption of the insured deposits of Union Federal Bank, FSB, Los Angeles, California, by Dean Witter Trust FSB, Jersey City, New Jersey, a newly chartered federal savings bank.

Union Federal, an institution insured by the FDIC's Savings Association Insurance Fund (SAIF), was closed today by the Office of Thrift Supervision. The FDIC was named receiver.

The failed institution's sole office will reopen as a branch of Dean Witter Trust FSB on Monday, August 12, and its depositors will automatically become depositors of the assuming institution. Deposits at Dean Witter Trust FSB will be insured by the SAIF.

Dean Witter Trust FSB will assume \$30.6 million in about 1,000 deposit accounts and will pay the FDIC a premium of \$4.1 million for the right to receive the failed institution's insured deposits and to purchase \$2.7 million in assets. Union Federal had total assets of \$34.3 million.

At the time Union Federal was closed, about \$2.1 million in 72 accounts exceeded the federal insurance limit of \$100,000 and will not be assumed. Depositors who believe they may have uninsured deposits should arrange an appointment with an FDIC claims agent at the failed bank's former office by calling (213) 688-8555 before August 16. After that date, depositors should contact the FDIC's Claims Department, P.O. Box 7549, Newport Beach, CA 92658.



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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The FDIC notes that its claim on recoveries from the sale of Union Federal's assets will have priority over non-depositor creditors of the failed institution.

This transaction marks the first time that a SAIF-insured institution has failed since the FDIC assumed responsibility for troubled savings associations from the Resolution Trust Corporation (RTC) on July 1, 1995. Union Federal is the fifth FDIC-insured institution failure this year and the first in California since Pacific Heritage Bank, Los Angeles, was closed on July 28, 1995.

The FDIC estimates the cost of this transaction to the SAIF to be approximately \$10.3 million.

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