



PRESS RELEASE

Federal Deposit Insurance Corporation

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Media Contact:
Andrew Porterfield (714) 442-1131

FDIC APPROVES ASSUMPTION OF INSURED DEPOSITS OF CAPITAL BANK, DOWNEY, CALIFORNIA

FOR IMMEDIATE RELEASE

The Board of Directors of the Federal Deposit Insurance Corporation has approved the assumption of insured deposits of Capital Bank, Downey, California, by Landmark Bank, La Habra, California. At the same time, Landmark Bank entered into a separate agreement to sell the Capital Bank office in Downey and certain assets to Commerce National Bank, City of Commerce, California.

Capital Bank, with total assets of \$81.4 million and total deposits of \$76.7 million as of June 16, was closed today by James E. Gilleran, California Banking Superintendent, and the FDIC was named receiver.

Customers of the failed bank's five offices will have access to their accounts as follows:

- Only the La Palma branch will reopen as a branch of Landmark Bank, on Monday, August 29, 1994.
- The failed bank's branches in Compton and Cerritos will not reopen, but customers will have access to their accounts at the La Palma branch.
- Customers of the failed bank's Yorba Linda office will have access to their deposits at Landmark's Placentia office at 111 East Yorba Linda Blvd., beginning Monday.
- The failed bank's office in Downey will reopen on Monday, August 29, as a branch of Commerce National Bank.



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 failed bank's insured depositors will automatically become depositors of the assuming banks.

Landmark Bank will assume about \$42.1 million in about 9,800 deposit accounts, and Commerce National will assume about \$30.5 million in about 2,900 accounts. At the time the bank failed, about \$4.2 million in 173 accounts exceeded the federal insurance limit of \$100,000 and will not be assumed by Landmark and Commerce.

The FDIC Board of Directors also voted to make a prompt advance payment to uninsured depositors equal to 70 percent of uninsured claims. Uninsured depositors can call an FDIC claims agent at (310) 923-4526 beginning Monday, August 29, 1994, to arrange payment.

Landmark Bank will pay a premium of \$266,000 for the right to receive the failed bank's deposits. Both banks will purchase \$43.9 million of the failed bank's assets.

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