

Press Releases

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OTS 08-057 - OTS Closes Two California Thrifts and Appoints FDIC Receiver

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Washington, D.C. — The Office of Thrift Supervision (OTS) closed two California-based thrifts today—Downey Savings and Loan Association of Newport Beach and PFF Bank & Trust of Pomona—and appointed the Federal Deposit Insurance Corporation (FDIC) receiver.

U.S. Bank acquired all deposits of both thrifts, so for customers, business will continue as usual at both institutions and their branches, including branches in local stores.

Downey, which had total assets of \$12.8 billion and retail deposits of \$9.7 billion as of September 30, 2008, has suffered mounting losses since last year and faced additional losses that would deplete its capital. Downey's business concentrated on nontraditional mortgages, such as payment-option, adjustable-rate mortgages.

PFF, which had \$3.7 billion in assets and \$2.4 billion in retail deposits as of September 30, 2008, also had accelerating losses since last year and had no reasonable prospect of becoming adequately capitalized. PFF had a large concentration of housing construction loans hit hard by the deteriorating real estate market on the West Coast.

"The closing of these two thrifts once again demonstrates the tremendous impact of the housing market distress on the state of California," said OTS Director John Reich. "Four of the five failures among OTS-regulated institutions this year—and all the ones of significant size—have had major concentrations in housing finance in that state."

Downey was established in 1957 as a state-chartered savings and loan, then converted in 1995 to an OTS-chartered federal savings bank. It had 175 branches and nearly 2,200 employees.

PFF, which was established in 1892 and came under the supervision of OTS's predecessor agency in 1933, had 38 branches and 700 employees.

Depositors' accounts at both institutions are insured by the FDIC's Deposit Insurance Fund up to the statutory limits. Customers with questions about the institutions, including questions about federal deposit insurance coverage, should call the FDIC. Downey customers should call 1-800-930-5169; PFF customers should call 1-800-930-6827.

These toll-free numbers will be available during the following hours:

- This evening until 9:00 p.m., Pacific Standard Time (PST)
- Saturday from 8:00 a.m. to 6:00 p.m., PST
- Sunday from noon until 6:00 p.m., PST
- Thereafter from 8:00a.m. to 8:00 p.m., PST

Information is also available on the FDIC's website:

- Downey—<http://www.fdic.gov/bank/individual/failed/downey.html>
- PFF—<http://www.fdic.gov/bank/individual/failed/pff.html>

OTS Fact Sheets about the two institutions are attached.

Related Files

- **Downey Fact Sheet** – <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2008-57a.pdf>
 - **PFF Fact Sheet** - <http://www.occ.gov/static/news-issuances/ots/press-releases/ots-pr-2008-57b.pdf>
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