

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

and appoint the Federal Deposit Insurance Corp. receiver caps a vicious fall for a Silicon Valley stalwart.

Mar. 10, 2023



A worker, middle, tells customers that the Silicon Valley Bank headquarters is closed on Friday, March 10, 2023, in Santa Clara, California. Silicon Valley Bank was shut down on Friday morning by California regulators and was put in control of the U.S. Federal Deposit Insurance Corporation. (Justin Sullivan/Getty Images/TNS)

By Amelia Pollard, Bloomberg News (via TNS).

Silicon Valley Bank became the biggest U.S. bank failure in more than a decade, after

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

The FDIC said that insured depositors would have access to their funds by no later than Monday morning. Uninsured depositors will get a receivership certificate for the remaining amount of their uninsured funds, the regulator said, adding that it doesn't yet know the amount. In announcing the takeover, the California Department of Financial Protection and Innovation cited inadequate liquidity and insolvency.

Problems mounted for the bank, known as SVB, after Peter Thiel's Founders Fund and other high-profile venture capital firms advised their portfolio companies to pull money from the bank. The calls followed parent company SVB Financial Group announcing that it would try to raise more than \$2 billion after a significant loss on its portfolio.

Receivership typically means a bank's deposits will be assumed by another, healthy bank or the FDIC will pay depositors up to the insured limit.

"The FDIC receivership will end the uncertainty about this particular bank," said Saule Omarova, a law professor at Cornell University. "But I don't think that necessarily itself stops people from feeling less safe if they have some kind of exposure to assets or they hold their own money in banks with similar risk profiles."

"Bank runs are a lot about psychology. And at this point, it's very rational to be nervous," she added.

SVB was founded in 1983 over a poker game between Bill Biggerstaff and Robert Medearis, according to a statement from the bank's 20th anniversary. Since its start, the firm has specialized in providing financial services to tech startups.

The bank had about \$209 billion in total assets and about \$175.4 billion in total deposits at the end of last year, the FDIC said on Friday. "At the time of closing, the

amount of deposits in excess of the insurance limits was undetermined,” the

Hello. It looks like you’re using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Accounting

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved