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# Feds shuts down IndyMac Bank, two ATL centers impacted

Atlanta Business Chronicle - by [Joe Rauch](#) Staff Writer

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Federal regulators closed Pasadena, Calif.-based IndyMac Bank late Friday -- the shuttering of the largest bank nationwide since the Savings & Loan Crisis in 1991, and a move that will affect two Atlanta operations centers.

The closure also marks the second-largest closure of a bank since 1934, according to the **Federal Deposit Insurance Corp.**

In a unique twist, **IndyMac Bank's** closure is blamed, in part, by the public disclosure of a letter by U.S. Sen. Charles Schumer (D-N.Y.), expressing concern about the bank's ability to

operate going forward.

The bank had \$32 billion in assets and \$19 billion in deposits, according to the **Office of Thrift Supervision** and FDIC.

At the time of closing, the bank had roughly \$1 billion in uninsured deposits.

The FDIC announced the roughly 10,000 customers with uninsured deposits will receive their deposit amounts.

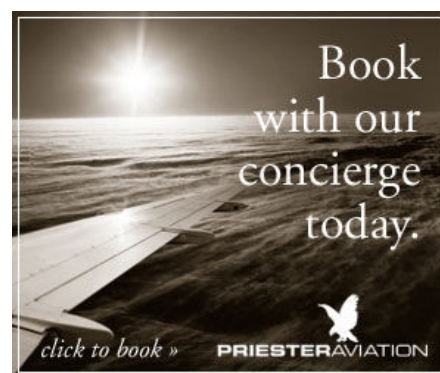
The FDIC also said it expects the fund to pay between \$4 and \$8 billion out of its deposit insurance fund, which backstops all U.S. bank deposits to a certain dollar level, in part to stave off a deposit run on banks.

At the start of the 2008, the FDIC insurance fund had \$52.2 billion in assets.

IndyMac Bank is the largest U.S. bank failure since Jan. 6, 1991, when the Bank of New England, with \$22 billion in assets, failed.

Regulators are preparing the institution for future sale, and the FDIC was named conservator of the bank's assets, meaning the collapse of the bank happened so quickly FDIC did not have time to arrange a sale of the bank's assets before closing it.

In a statement, the OTS said:



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"The immediate cause of the closing was a deposit run that began and continued after the public release of a June 26 letter to the OTS and the FDIC from Senator Charles Schumer of New York. The letter expressed concerns about IndyMac's viability. In the following 11 business days, depositors withdrew more than \$1.3 billion from their accounts."

**IndyMac Bancorp Inc.** and its subsidiary bank, federally chartered thrift IndyMac Bank, operated a large national mortgage business reliant on low documentation mortgage loans, known as Alt-A mortgages.

IndyMac operated two metro Atlanta operations centers, according to its 2007 annual report: A regional mortgage banking center in Norcross, and subsidiary Financial Freedom's Eastern Operations Center in Atlanta.

It is unclear how many employees will be impacted by the closure in metro Atlanta.

The closure comes on the heels of the bank announcing July 7 it was shuttering much of its lending business and cutting 3,400 of its 7,200 employees.

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