

First Vietnamese American Bank closes

Regulators shut down the Orange County institution, which has struggled for most of its five years in business. It will become part of Grandpoint Bank of Los Angeles. A Woodland Hills bank closes too.

By E. Scott Reckard, Los Angeles Times

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First Vietnamese American Bank in Orange County was shut down by regulators Friday night, five years after opening as the first U.S. bank with a core clientele of Vietnamese immigrants.

The seizure in the Little Saigon neighborhood of Westminster brought the number of failed banks nationwide this year to 143, surpassing the 140 recorded last year and marking the most since the recession year of 1992, when the savings and loan debacle was winding down.

The 2010 total includes three other banks that went under Friday: Western Commercial Bank, a small-business lender in Woodland Hills, and community banks in Tacoma, Wash., and Randallstown, Md.

In deals with the Federal Deposit Insurance Corp., larger banks acquired First Vietnamese American and Western Commercial immediately after the one-branch institutions were closed by regulators.

First Vietnamese became part of Grandpoint Bank of Los Angeles, a company set up by banking veteran Don M. Griffith to buy other banks. Western Commercial merged into First California Bank in Westlake Village, which also has been an aggressive acquirer.

The closed banks are scheduled to reopen Monday under their new managements. Their depositors are insured for at least \$250,000 and will be able to continue banking without interruption, the Federal Deposit Insurance Corp. said. The agency said it would absorb \$9.6 million in losses from First American and \$25.2 million from Western Commercial.

Like many community lenders caught in the deep recession, Western Commercial suffered losses on commercial mortgages and construction loans.

First Vietnamese American opened in May 2005 as a new twist on the Asian American banks that had thrived in Southern California's ethnic Chinese and Korean communities. But the bank struggled almost from the start, receiving a string of regulatory enforcement orders beginning in 2006.

"Good idea, bad management," said Hans Schroeder, a portfolio manager at Green Street Capital Management in San Francisco with expertise in community banks.

Rival Saigon National Bank, which opened in Little Saigon in November 2005, has had problems of its own, having repeatedly missed dividend payments to the U.S. Treasury on \$1.2 million in bailout funds it received at the height of the financial crisis.