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2785 E. Desert Inn Road, Suite 180  
Las Vegas, Nevada 89121  
(702) 486-4120

**STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION**

1179 Fairview Dr. Suite 201  
Carson City, Nevada 89701  
(775) 687-5522

In Re: )  
SILVER STATE BANK, A Nevada )  
Corporation, )  
Respondent. )

**SUMMARY ORDER FOR REVOCATION  
OF CHARTER AND APPOINTMENT OF  
FDIC AS RECEIVER/LIQUIDATOR**

**SUMMARY ORDER FOR REVOCATION OF CHARTER AND  
APPOINTMENT OF FDIC AS RECEIVER/LIQUIDATOR**

Nevada, Department of Business and Industry, Financial Institutions Division (hereinafter "Division") hereby submits its Order for Revocation of Charter and closure of Silver State Bank and Appointment of the Federal Deposit Insurance Corporation (hereafter "FDIC") as Receiver/Liquidator of Silver State Bank pursuant to NRS 667.035.

**JURISDICTION**

1. Banks in the State of Nevada are governed by Title 55 of the Nevada Revised Statutes (NRS). The State of Nevada, Department of Business and Industry, Financial Institutions Division (hereinafter "Division") has primary jurisdiction for the licensing and regulation of persons operating and/or engaging in banking. See generally NRS 657.180, 658.105 and 658.185.

2. Pursuant to its authority under NRS 667.035, the Division has the power to appoint the Federal Deposit Insurance Corporation (FDIC) as receiver when a Bank is closed because of the inability to meet the demands of its depositors.



1           9.       Because of the withdrawal demands of depositors and the decreasing amount  
2 of liquidity, Silver State Bank is in an unsafe and unsound condition, and is unable to meet  
3 the demands of its depositors in the ordinary course of its business without substantial  
4 financial assistance from outside resources.

5           10.       Previously, Silver State Bank executed lending documents with, and pledged  
6 collateral to, the Federal Reserve Bank of San Francisco (FRB), pursuant to which the FRB  
7 may, but is not obligated to, make advances to Silver State Bank.

8           11.       The FRB has notified Silver State Bank that it is not prepared to make advances  
9 to Silver State Bank beyond September 5, 2008.

10          12.       Because the FRB is not willing to make advances to Silver State Bank beyond  
11 September 5, 2008, and the Bank is unable to obtain viable significant outside financial  
12 assistance in a timely manner, Silver State Bank cannot meet depositor demands as they  
13 become due.

14          13.       Silver State's liquidity crises is evidenced by its over reliance on volatile  
15 brokered wholesale funding sources and significant loan growth.

16          14.       Significant brokered and wholesale deposits scheduled to mature are in  
17 extreme excess of Silver State Bank's liquidity position, and under current conditions the  
18 Bank is no longer authorized to renew or replace these maturing deposits (*Section 29 FDI*  
19 *Act and Section 337.6 FDIC Rules and Regulations*) which must be paid to depositors when  
20 they become due. See maturing brokered deposit analysis in the attached Exhibit "2".

21          15.       Based upon liquidity and maturing deposit analysis, the Division has concluded  
22 that Silver State Bank is unable to meet its deposit liabilities as they become due in the  
23 regular course of its business.

24          16.       Silver State Bank is not viable without significant outside financial assistance.  
25 When the Bank was asked to disclose its plan to resolve this liquidity crisis by the Division  
26 and the FDIC, the Bank presented no competent basis to persuade regulators that the  
27  
28

1 outside financial assistance was attainable, accessible or possible in a viable and timely  
2 manner.

3 17. The volume and severity of problems are beyond Silver State Bank  
4 management's ability or willingness to control or correct.

5 18. Because its liquidity position is critically deficient, Silver State Bank is operating  
6 in an unsafe and unsound condition to conduct its business.

7 19. Silver State Bank poses a significant risk to the FDIC deposit insurance fund.

8 20. Therefore, the Division finds that Silver State Bank is unable to meet the  
9 demands of its depositors.

10 21. If any Finding of Fact is more properly classified a Conclusion of Law, then it  
11 shall be deemed as such.

#### 12 **CONCLUSIONS OF LAW**

13 22. NRS 658.151(1) reads, in part, as follows:

14 The Commissioner may forthwith take possession of the business  
15 and property of any depository institution to which this title or title  
16 56 of NRS applies when it appears that the depository institution:

17 \* \* \* \*

18 (c) Is in an unsafe or unsound condition to transact its  
19 business.

20 \* \* \* \*

21 (f) Has become otherwise insolvent.

22 \* \* \* \*

23 23. Insolvency is defined in NRS 657.045 as follows:

24 "Insolvency" means one or more of the following:

25 1. When a bank cannot meet its deposit liabilities as they  
26 become due in the regular course of business.

27 2. When the actual cash market value of a bank's assets is  
28 insufficient to pay its liabilities to depositors and other creditors.

3. When a bank's reserve falls under the amount required by  
this title, and it fails to make good such reserve within 30 days  
after being required to do so by the Commissioner.

4. When the undivided profits and surplus are inadequate to  
cover losses of the bank and the stockholders' or members' equity  
of the bank has been reduced below the requirements of law.

1           24. Pursuant to NRS 667.035, the FDIC can be appointed by the state authority to  
2 be the receiver or liquidator of an insolvent bank.

3           NRS 667.035 Federal Deposit Insurance Corporation may act as  
4 receiver or liquidator of closed bank having insured deposits; no  
5 bond required.

6           1. After July 1, 1971, the Federal Deposit Insurance Corporation  
7 created by the Federal Deposit Insurance Act, 12 U.S.C. § 1811, may  
8 act without bond as receiver or liquidator of any state bank which has  
9 been closed because of inability to meet the demands of its  
10 depositors.

11           2. The appropriate state authority having the right to appoint a  
12 receiver or liquidator of a state bank may, upon such closing, tender  
13 to the Federal Deposit Insurance Corporation the appointment as  
14 receiver or liquidator of such bank. If the Federal Deposit Insurance  
15 Corporation accepts the appointment, it shall have and possess all  
16 the powers and privileges provided by the laws of this state with  
17 respect to a receiver or liquidator, respectively, of a state bank, its  
18 depositors and other creditors, and shall be subject to all the duties  
19 of such receiver or liquidator, except insofar as such powers,  
20 privileges or duties are in conflict with the provisions of the Federal  
21 Deposit Insurance Act.

22           25. Pursuant to NRS 658.151(1), the Commissioner of the Financial Institutions  
23 Division has the power to take possession of Silver State Bank and close the Bank when it  
24 appears that the Bank is in an unsafe or unsound condition to transact its business and/or it  
25 has become otherwise insolvent.

26           26. Silver State Bank is insolvent, because it cannot meet its deposit liabilities as  
27 they become due in the ordinary course of its business.

28           27. Based upon liquidity and maturing deposit analyses, the decision by the  
Federal Reserve Bank not to extend credit, and the inability of the Bank to obtain viable  
significant outside financial assistance in a timely manner, Silver State Bank is unable to  
meet the demands of its depositors as they become due in the ordinary course of its  
business.

          28. Therefore, pursuant to NRS 658.151(1) and 667.035, the Division shall  
immediately take possession of and close Silver State Bank and appoint the FDIC to be

1 receiver/liquidator for the insolvent institution because Silver State Bank is unable to meet  
2 the demands of its depositors as they become due in the ordinary course of its business.

3 29. The Division shall revoke the charter of Silver State Bank to conduct banking  
4 activity.

5 30. If any Conclusion of Law is more properly classified as a Finding of Fact, then it  
6 shall be deemed such.

7 **ORDER**

8 IT IS HEREBY ORDERED that the Financial Institutions Division of the State of  
9 Nevada Department of Business and Industry shall close and take possession of SILVER  
10 STATE BANK.

11 IT IS FURTHER ORDERED that the charter of Silver State Bank is REVOKED.


12 IT IS FURTHER ORDERED that the Federal Deposit Insurance Corporation (FDIC) is  
13 appointed as receiver/liquidator for Silver State Bank.  
14

15 IT IS FURTHER ORDERED that “[u]pon the acceptance of the appointment as  
16 receiver or liquidator by the Federal Deposit Insurance Corporation, the possession of and  
17 title to all the assets, business and property of such bank of every kind and nature shall pass  
18 to and vest in the Federal Deposit Insurance Corporation without the execution of any  
19 instruments of conveyance, assignment, transfer or endorsement.” NRS 667.045.  
20

21 DATED this \_\_5<sup>th</sup>\_\_ day of September, 2008.

22 STATE OF NEVADA  
23 DEPARTMENT OF BUSINESS  
24 AND INDUSTRY  
25 FINANCIAL INSTITUTIONS DIVISION

26 By:

27   
28 \_\_\_\_\_  
29 GEORGE E. BURNS,  
30 Commissioner

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**APPEAL RIGHTS**

If a review of this Order is desired, Respondent, SILVER STATE BANK, must appeal to the State Board of Finance within fifteen (15) days from the date the Order is issued. NRS 658.125. The Division shall be served with a copy of any appeal filed on behalf of Respondent. If you have any questions regarding this Order, please contact David J. Pope, Sr. Deputy Attorney General at 702-486-3426 or Daniel Ebihara, Deputy Attorney General at 702-486-3326.

DATED this \_\_5<sup>th</sup>\_\_ day of September, 2008.

STATE OF NEVADA  
DEPARTMENT OF BUSINESS  
AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

By:   
\_\_\_\_\_  
GEORGE E. BURNS,  
Commissioner

In Re:

SILVER STATE BANK, A Nevada  
Corporation,

Respondent.

**SUMMARY ORDER FOR REVOCATION  
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FDIC AS RECEIVER/LIQUIDATOR**

# **EXHIBIT 1**



Daily Balance Sheet Information	
(figures are in thousands)	
As of date	9/4/2008
<b>Asset:</b>	
Cash & Due From Accounts	26,188
Federal funds sold	-
Repurchase Agreements (sold)	-
Securities AFS (100% Pledged)	41,379
Total Gross Loans	1,622,815
Loans Held For Sale-SBA Gty portion	-
Total Non-Accrual Loans & ORE	306,929 (3)
Other assets (includes fixed assets, premises, etc.)	106,691
Total assets (ALLL not netted)	1,797,073
<b>Liabilities:</b>	
Total non-interest Bearing DDA	60,367
NOW Accounts	5,452
Money Market	53,289
Savings deposits and Official Checks	22,315
Total CD's & IRA's-Excluding Brokered CDs	718,817
Brokered CDs	608,511
Brokered MMDA & NOW	-
Total deposits	1,468,751
Fed Funds Purchased	-
FHLB- Short Term	59,700 (5)
Repurchase Agreements	271 (6)
Total Borrowings	59,971
FHLB (Long term)	47,000
Other liabilities	11,813
Total liabilities	1,587,535
<b>Other:</b>	
Equity Capital	124,082
Reserve for losses on loans (ALLL)	85,456
Disallowed deferred tax asset	0
Total liabilities and capital	1,797,073

Liquidity Analysis	
	9/4/2008
FRB-SF Due From	22,324
Less: Checks in Process	5,240 (1)
Less: Official Checks Outstanding	6,558
Net FRB Due From	10,526
Other Due From	901
Branch/Vault Cash	2,963 (7)
FHLB Line	106,700
less: outstanding	106,700
Unsecured Borrowing Lines	-
less: outstanding	-
Other Borrowings	-
less: outstanding	-
Unpledged Securities (Market Value)	-
Less: Reserve Requirement	- (2)
TT&L	-
Minimum Balance Requirements	-
Normal branch cash reserves	-
Other (detail):	-
<b>ON HAND LIQUIDITY</b>	14,390 (4)
Liquidity as a % of deposits	0.98%
Liquidity as a % of total liabilities	0.91%
Total Value-Securities	41,379
Pledged	41,379
<b>Available to Pledge</b>	0
<b>FHLB Borrowings</b>	
Pledged Loans and Securities	315,334 (8)
Funds Extended	106,700
Excess Collateral	208,634
Percent Coverage	2.96

Other Borrowing Lines	

2% of Deposits 29,375

(1) Derived from daily account difference  
(2) There is no required FRB-SF due from account reserve; however, management had calculated the bank should retain at least \$25MM in this account overnight. As of 8/27/08, management has decided they will let the account decline to \$12-15MM before borrowing from the FRB-SF discount window. The FRB-SF has advised that while there is no legal requirement for a specific reserve amount, an institution can be required to provide collateral to cover wire activity.  
(3) Land Held for Sale is included.  
(4) This does not include FRB-SF discount window potential availability of \$117.8MM. The FRB-SF has advised they will need assurances that lending to the institution will be the least costly resolution prior to approving a loan request.  
(5) Less than 1-year term maturity funding; initial maturity is 10/08  
(6) Deposits secured by sweep repo agreement  
(7) Vault: \$573M; In-Transit: \$139M; Branches: \$2,251M

In Re:

SILVER STATE BANK, A Nevada  
Corporation,

Respondent.

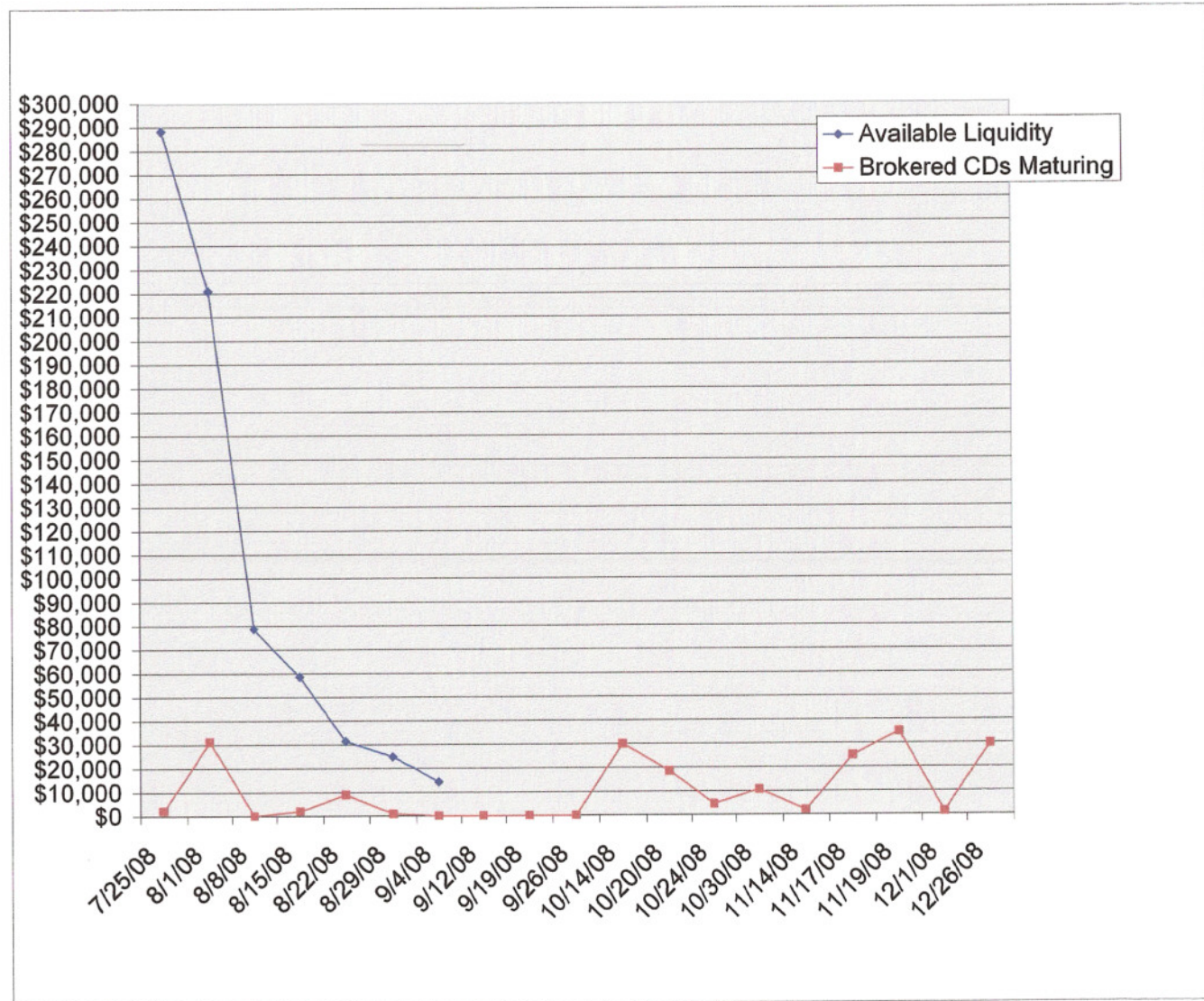
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## **EXHIBIT 2**

## LIQUIDITY TREND/MATURING BROKERED DEPOSIT ANALYSIS

Date	Liquidity	Brokered
		CDs Maturing
7/25/08	\$288,318	\$2,302
8/1/08	\$221,076	\$31,339
8/8/08	\$78,957	\$0
8/15/08	\$58,788	\$2,080
8/22/08	\$31,508	\$9,109
8/29/08	\$25,012	\$987
9/4/08	\$14,390	\$0
9/12/08		\$0
9/19/08		\$0
9/26/08		\$0
10/14/08		\$30,135
10/20/08		\$18,541
10/24/08		\$4,773
10/30/08		\$10,776
11/14/08		\$2,048
11/17/08		\$25,000
11/19/08		\$35,000
12/1/08		\$1,369
12/26/08		\$29,923

(figures are in thousands)



**NOTE: Total Brokered CDs Maturing in 4th Quarter 2008: \$157,565M**