



# Silicon Valley Bank in FDIC Receivership: What We Know So Far

## Insights

March 10, 2023

On March 10, 2023, Silicon Valley Bank (SVB) was closed by California regulators and placed into receivership under the control of the Federal Deposit Insurance Corporation (FDIC). For clients that have banking relationships with SVB, either as depositors or borrowers, we know that you have many questions. Unfortunately at this point, there are not many satisfying answers. Although you may already know much of the information in this alert, there are some next steps you can take while we await more information.

## What We Currently Know

- Insured deposits (up to \$250,000) have been transferred by the FDIC to a newly created bridge bank (the Deposit Insurance National Bank of Santa Clara), and per the FDIC's [press release](#), those deposits will be available to customers no later than Monday morning, March 13, 2023.
- The FDIC has said that it will pay uninsured depositors advance dividends of an undetermined portion of their full deposit account balances within the next week. Until that dividend payment is made, depositors will not be able to access any funds in excess of the \$250,000 limit of the FDIC's deposit insurance.
- The remaining balance of a depositor's funds held by SVB will be subject to a receivership certificate, which represents a pro rata claim on the assets of the bank that will be liquidated by the FDIC should the bank not have sufficient assets to pay all depositors in full.

- The FDIC will be working over the weekend, and perhaps in the coming weeks, to find one or more banks to assume the assets and liabilities of SVB.
- Your SVB contacts are still with the bank while it is under the FDIC's control and will continue to maintain the bank's functioning until an assuming bank or banks are identified.

## Needed FDIC Guidance

Among other things, we await guidance from the FDIC on:

- Whether companies that have their payroll processing set up through an SVB deposit account will be able to use accounts at the bridge bank to make payroll distributions until an assuming bank or payroll provider is identified.
- The amount of the advance dividend that will be paid sometime next week.

## Steps Clients Should Take Now

- The FDIC will base the amount of a customer's receivership certificate on SVB's record-keeping. Clients should independently gather their own records to determine what accounts they have with the bank, how they are titled and the asset balances they hold.
- The FDIC has also directed loan customers to continue making their SVB loan payments as usual.
- Everyone should be vigilant for phishing emails or fake FDIC emails requesting account numbers, social security numbers or requesting transfer of funds.
- Reach out to your regular SVB contacts or the FDIC toll-free number (1-866-799-0959) with questions. Clients can also consult the FDIC's [FAQs on bank failures](#)
- Reach out to your Gunderson Dettmer attorney to review:
  - Proposals for emergency financing, including bridge loans from existing investors;
  - Steps you proactively took to move funds out of SVB before it went into receivership;
  - Obligations you have under current SVB loan documents (if any) or under your loan documents with other lenders;

- Terms of any cash management agreements with SVB; or
- Any other related questions.

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