Carl Fornaris Discusses When Bank Regulators Must Close a Bank with *Commercial Observer*

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Winston & Strawn partner Carl Fornaris was quoted in a recent *Commercial Observer* article discussing the possible failure of New York Community Bank after trading of the bank closed at $3.22. The article discussed how the FDIC receivership process is not tied to any bank's stock price or even its uninsured depositor ratios, but rather to capital levels that indicate a bank's ability to withstand depositor outflows. Carl said the FDIC's licensing authority has a statutory obligation to close any bank after its capital level falls below a certain minimum threshold.

"Where [the threshold] is in any process one never knows because the information is not public, it's confidential," he said, noting the secrecy is designed to prevent a run on the bank based on public perception. "But, if capital levels fall below a certain minimum, regulators have to act to close the bank to stop the bleeding."

Read the full article.

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