

FEDERAL DEPOSIT INSURANCE CORPORATION  
WASHINGTON, D.C.

_____	)	
In the Matter of	)	
	)	
ADVANTA BANK	)	NOTICE OF ASSESSMENT
WILMINGTON, DELAWARE	)	OF LIABILITY,
	)	FINDINGS OF FACT AND
(INSURED DEPOSITORY INSTITUTION)	)	CONCLUSIONS OF LAW,
	)	ORDER TO
Related to	)	IMMEDIATELY PAY
	)	LIABILITY, AND
ADVANTA BANK CORP.	)	NOTICE OF HEARING
DRAPER, UTAH	)	
	)	FDIC-10-049KK
	)	
(COMMONLY CONTROLLED	)	
DEPOSITORY INSTITUTION)	)	
_____	)	

NOTICE OF ASSESSMENT OF LIABILITY

WHEREAS, on March 19, 2010, pursuant to the provisions of Utah Code § 7-2-9 and 12 U.S.C. § 1821(c), the Commissioner of the Utah Department of Financial Institutions (“Commissioner”) determined that grounds exist for the appointment of a receiver for Advanta Bank Corp. (“Bank”); and

WHEREAS, on March 19, 2010, the Commissioner appointed the FDIC as receiver of the Bank;

WHEREAS, the FDIC has incurred or reasonably anticipates incurring loss in connection with such default of the Bank; and

WHEREAS, Advanta Bank, Wilmington, Delaware (“Liable Institution”) and the Bank are commonly controlled depository institutions as defined in 12 U.S.C. § 1815(e)(8).

NOW, THEREFORE, pursuant to the provisions of 12 U.S.C. § 1815(e) and the FDIC's Rules of Practice and Procedure, 12 C.F.R. Part 308, the FDIC hereby issues this NOTICE OF

ASSESSMENT OF LIABILITY, FINDINGS OF FACT AND CONCLUSIONS OF LAW, ORDER TO IMMEDIATELY PAY LIABILITY, AND NOTICE OF HEARING (“NOTICE”) against the Liable Institution. In support thereof, the FDIC finds and concludes the following:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Advanta Bank Corp. was a state nonmember bank doing business under the laws of the State of Utah. The Bank had its principal place of business in Draper, Utah. The Bank was, at all times pertinent to this proceeding, an insured depository institution subject to the Federal Deposit Insurance Act, 12 U.S.C. §§ 1811-1831aa (“Act”), rules and regulations of the FDIC, 12 C.F.R. Chapter III, and the laws of the State of Utah.
2. The Liable Institution is a state nonmember bank doing business under the laws of Delaware and having its principal place of business in Wilmington, Delaware. The Liable Institution is, and has been, at all times pertinent to this proceeding, an insured depository institution subject to the Act, rules and regulations of the FDIC, 12 C.F.R. Chapter III, and the laws of the State of Delaware.
3. At all times pertinent to this proceeding, the Bank and the Liable Institution were each “insured depository institutions” as defined in 12 U.S.C. § 1813(c)(2).
4. At all times pertinent to this proceeding, the Banks and the Liable Institution were owned and controlled by the same holding company, Advanta Corp., Spring House, Pennsylvania. Therefore, the Bank and the Liable Institution were “commonly controlled” depository institutions as defined in 12 U.S.C. § 1815(e)(8).
5. The FDIC has jurisdiction over the Bank, the Liable Institution, and the subject matter of this proceeding.

6. On March 19, 2010, the Commissioner determined to close the Bank and to tender it to the FDIC as receiver under the laws of the State of Utah.

7. By reason of the receivership of the Bank, the Banks was in “default” as that term is defined in 12 U.S.C. § 1813(x)(1).

8. The Bank financial condition was:

- a. Gross assets of the Bank equaled \$1.7 billion as of December 31, 2009 (net assets are \$1.6 billion – ,per the December 31, 2009 call report);
- b. Total loans equaled \$748.9 million;
- c. Total liabilities equaled \$1.6 billion (12/31/09);
- d. Total deposits equaled \$1.5 billion (12/31/09); and
- e. Uninsured deposits are estimated to be \$247,000 as of January 4, 2010.

9. The method the FDIC used to calculate the estimated loss from the Bank was based on the cost of liquidating the Bank. Assets will be sold, and insured deposits will be paid out. To assist in calculating estimated losses on the assets of the Bank, the FDIC consulted with an independent valuation advisor, which advised on expected recoveries for the FDIC of assets currently held by the Bank. The FDIC based its estimated loss on historical loss rates for sales of similar assets based on recent FDIC experience and the values provided by the independent valuation advisor. The good faith estimate of the total loss to the FDIC is \$635.6 million.

10. Pursuant to the default of the Bank described in paragraphs 7, the loss incurred, or likely to be incurred, by the FDIC is estimated to be in the amount of \$635.6 million.

11. As a result of its relationship to the Bank as described in paragraph 4 and pursuant to 12 U.S.C. § 1815(e)(1)(A)(i), which provides that any insured depository institution shall be liable for any loss incurred by the FDIC, or any loss which the FDIC reasonably anticipates incurring, in connection with the default of a commonly controlled insured depository institution, the Liable Institution is liable to the FDIC for the amount of \$635.6 million.. The Liable

Institution is liable to the FDIC for the entire amount of the Banks' loss the FDIC has incurred or reasonably anticipates incurring of \$635.6 million.

ORDER TO IMMEDIATELY PAY LIABILITY

After consideration of the foregoing and such other matters as justice may require, it is ORDERED, that by reason of the factors set forth above, the amount of \$635.6 million is hereby assessed against the Liable Institution pursuant to 12 U.S.C. § 1815(e)(2)(A). Pursuant to the provisions of 12 U.S.C. § 1815(e)(2)(B), the FDIC has consulted with the Delaware Office of the State Bank Commissioner and now demands that payment of this amount shall be satisfied by the direct, immediate payment, in cash, to the FDIC by the Liable Institution. The ORDER TO IMMEDIATELY PAY LIABILITY accompanies this NOTICE.

NOTICE OF HEARING

IT IS FURTHER ORDERED, that the Liable Institution shall file an answer and may request a hearing within twenty (20) days after the date of receipt of this NOTICE pursuant to 12 C.F.R. § 308.19. The answer, any such request for a hearing, and all other documents must be filed in writing with the Office of Financial Institution Adjudication, 3501 North Fairfax Drive, Suite VS-D8116, Arlington, VA 22226-3500. The Liable Institution is encouraged to file any answer and request for a hearing electronically with the Office of Financial Institution Adjudication at [ofia@fdic.gov](mailto:ofia@fdic.gov).

Copies of all papers filed in this proceeding shall be served upon the Office of the Executive Secretary, Federal Deposit Insurance Corporation, 550 17th Street, N.W., Washington,



