

Regulators close Silicon Valley Bank in stunning downfall for financial mainstay of tech industry

The rapid collapse of Silicon Valley Bank culminated Friday with news that the California Department of Financial Protection shut down the 40-year-old firm and turned it over to the Federal Deposit Insurance Corporation.

The downfall of SVB is being called the largest bank failure since the Great Recession. It has huge repercussions for tech startups and investors in Seattle and beyond that use SVB to store cash and raise venture debt.

Seattle-area founders told GeekWire they've used SVB since starting their companies. "They've been an instrumental partner with early stage companies for decades," said Mike McSherry, CEO at Seattle startup Xealth.

Fears of potential illiquid assets spread across the startup world Thursday as the bank's shares plummeted after the firm said it would book a \$1.8 billion loss related to securities sales. Some firms advised founders to look for alternative banking options.

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