



Federal Reserve examiners failed to rein in practices that led to losses from excessive real estate lending at two banks in California and Florida that later closed, the central bank's inspector general said.

Riverside Bank of the Gulf Coast in Cape Coral, Florida, "warranted more immediate supervisory attention" by the Atlanta district bank, Fed Inspector General Elizabeth Coleman said in a report to the central bank's board. In overseeing County Bank in Merced, California, the San Francisco Fed should have taken a "more aggressive supervisory" approach.

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