

Steven Mnuchin leads \$1 billion attempt to rescue NYCB

Description

In an audacious bid to restore investor confidence, New York Community Bank (NYCB) has disclosed the appointment of a new CEO and revealed a formidable injection of \$1 billion. This substantial infusion of capital originates from a collective of financiers, central among them being Steven Mnuchin, a noted former Treasury Secretary.

The unveiling of these calculated manoeuvres on Wednesday, follows an alarming fall in the bank's share price, which plunged to an abyssal low of 45%. The critical fall was precipitated by circulating speculations [about NYCB actively courting investors willing to acquire company shares](#).

However, the fallout appeared to be mitigated by the subsequent announcement of the \$1 billion deal, owing to which the bank's stocks staged an astounding recover, surging by an impressive 18%, and eventually finished the day on a high note, up by over 7%.

The consortium of firms rallying to the cause comprises Liberty Strategic Capital, quite notably founded by Mnuchin himself in the year 2021. Other noteworthy entities include Hudson Bay Capital, Reverence Capital Partners, and Citadel Global Equities.

These firms, alongside certain bank executives, shall procure both common and convertible-preferred stock to effectively direct the course of this Hicksville, N.Y.-headquartered company.

The transformative deal is also poised to bring in a seismic shift in the organization's leadership with the advent of Joseph Otting, formerly Comptroller of the Currency, who is slated to ascend to the position of NYCB's new CEO, making him the third individual to hold the esteemed title within a matter of a few weeks.

The transaction, pending regulatory approvals, is expected to be sealed by March 11.

Explaining the logic behind his investment, Mnuchin elucidated, "In evaluating this investment, we were conscious of the bank's credit risk profile." He further disclosed that Liberty Strategic Capital will be contributing \$450 million, surpassing other investors.

Mnuchin, who also held the position of Treasury Secretary under former President Donald Trump and has served as a partner at Goldman Sachs, has been instrumental in rescuing another beleaguered bank in the past.

In a similar scenario dating back to 2009, he was a pivotal part of a consortium that strategically acquired California's mortgage lender, IndyMac Bank, post its seizure by the federal government amid the financial cataclysm of 2008. Upon their successful takeover, the bank was rechristened as OneWest and Otting was recruited to steer its turnaround. Ultimately, OneWest was sold to CIT Bank, realizing gains in excess of \$3 billion.

This new rescue of NYCB is accompanied by a sweeping overhaul of NYCB's leadership. Otting, in becoming CEO, succeeds Alessandro DiNello, holding his place since Feb. 6 and officially appointed CEO last week



subsequent to the departure of the long-serving CEO, Thomas Cangemi. DiNello will assume the role of a non-executive chair whilst heading a leaner, nine-member board populated with several fresh faces, including Mnuchin, Otting, Allen Puwalski from Hudson Bay and Milton Berlinski representing Reverence Capital.

"We appreciate the evaluative approach Liberty and its allies have employed in analyzing the bank and we eagerly anticipate incorporating their insights into our future proceedings," voiced DiNello. This is indeed a "prime affirmation of the strategic turnaround in progress and empowers us to execute our strategy underpinned by a reinforced potency."

The anxiety at Silicon Valley Bank originated last March following the sale of its assets at a loss, posing a significant challenge in raising requisite capital.

"When you unload assets, you are inherently incurring losses and it's decidedly more beneficial to have adequate capital in place prior to disposing of assets," iterates Chris Marinac, an analyst at Janney covering the bank.

Vocabulary List:

1. **audacious** // (adjective): Showing a willingness to take surprisingly bold risks.
2. **disclosed** // (verb): Made (information) known.
3. **formidable** // (adjective): Inspiring fear or respect through being impressively large/powerful/intense or capable.
4. **infusion** // (noun): The introduction of a new element or quality into something.
5. **manoeuvres** // (noun): A movement or series of moves requiring skill and care.
6. **precipitated** // (verb): Caused (an event or situation typically one which is bad or undesirable) to happen suddenly/unexpectedly or prematurely.

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What word means filled or well-supplied with something?

- Option: Humbling
- Option: Replete
- Option: Poised
- Option: Conceivably

2. Which word describes the quality of being impulsive or unpredictable?

- Option: Grapple
- Option: Wipeout



- Option: Staggering
- Option: Capriciousness

3. What word means having been made greater in size or value?

- Option: Staggering
- Option: Contraction
- Option: Aggressive
- Option: Augmented

4. Which word refers to a difficult or unpleasant situation?

- Option: Refinement
- Option: Retaliate
- Option: Predicament
- Option: Capitulation

5. Which term is used to describe a carefully planned movement or action?

- Option: Dismal
- Option: Augmented
- Option: Manoeuvres
- Option: Precipitated

6. What word means subject to sudden or unpredictable changes of mood or mind?

- Option: Infusion
- Option: Mercurial
- Option: Downturn
- Option: Ascent

7. Which word describes something that inspires fear or respect?

- Option: Aggressively
- Option: Audaciously
- Option: Disclosed
- Option: Formidable

8. What term means deeply shocking or surprising?

- Option: Contraction
- Option: Aggressive
- Option: Staggering
- Option: Disruption

9. Which word is used to describe bleak or depressing situations?

- Option: Pragmatic
- Option: Dismal
- Option: Augmented



Option: Apprehension

10. What word means made known or revealed?

Option: Capitalized

Option: Disruption

Option: Pragmatic

Option: Disclosed

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. After the verbal abuse he decided to _____ by insulting them back.

12. She believed _____ in the importance of education for all.

13. The company _____ on the current market trends to increase profits.

14. The new manager brought an _____ of fresh ideas to the team.

15. The team needed to adopt a more _____ strategy to win the competition.

16. It is _____ possible to finish the project ahead of schedule if we work efficiently.

17. The experienced boxer proved to be a _____ opponent to the newcomer.

18. Being stranded in the middle of nowhere without a phone was a true _____.

19. She remained _____ in the face of criticism showing great maturity.

20. His _____ behavior made it hard for others to predict his next move.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

21. The superhero had to with the villain to save the city.
22. The extreme sports competition had a challenging course with a final obstacle called the .
23. The novel's plot several generations showcasing how family dynamics evolved over time.
24. The heated argument a series of unfortunate events that led to their breakup.
25. The mountain climbers began their to the summit as the sun rose.



26. The economic recession caused a significant in the country's GDP.
27. Her about the upcoming exam kept her awake at night.
28. The construction noise created a in the neighborhood disturbing the residents.
29. Seeing the vastness of the universe was a experience for the astronauts.
30. Her plan to start a business with no money initially surprised everyone.

Answer

Multiple Choice: 1. Replete 2. Capriciousness 3. Augmented 4. Predicament 5. Manoeuvres 6. Mercurial 7. Formidable 8. Staggering 9. Dismal 10. Disclosed

Gap-Fill: 11. retaliate 12. ardently 13. capitalized 14. infusion 15. aggressive 16. conceivably 17. formidable 18. predicament 19. poised 20. mercurial

Matching sentence: 1. grapple 2. wipeout 3. span 4. precipitated 5. ascent 6. downturn 7. apprehension 8. disruption 9. humbling 10. audacious

CATEGORY

1. Business - LEVEL6

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