

Coast Commercial Bank Joins the Nationwide Wells Fargo Family

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Banks + Banking

Coast Commercial Bank has just merged, through its parent company, into the nation-wide Wells Fargo & Company. Less than a decade ago, Coast Commercial was one of Santa Cruz County's most successful community-owned and operated banks.

On May 4, Coast Commercial Bank's parent company, Palo Alto-based Greater Bay Bancorp, announced that it would be acquired by Wells Fargo & Company. Greater Bay purchased the then-locally owned Coast Commercial in 2000.

The merger is expected to be complete by the fourth quarter of 2007, according to Cindy Thomas, chief marketing officer for Greater Bay.

A number of Coast Commercial's seven branches are located close to current Wells Fargo branches, some within the same block. Until the merger is complete, Thomas said, it is too early for decisions to be made about whether any Coast Commercial branches will be closed or personnel changes made.

Coast Commercial CEO Sandi Eason declined to comment on the sale at this point.

"It's sad to see such a great organization disappear into the national scene," said David Heald, president and CEO of Santa Cruz County Bank, the only remaining locally owned bank in the county in addition to a number of locally subscribed credit unions. "[Coast Commercial] did a great job in our community."

Heald speaks not just as a community member and competitor but as one of the founding members of Coast Commercial Bank. He was the chief credit officer at the bank's inception in 1982.

Greater Bay's Thomas said the move was a positive one for both the company and its customers.

"Wells Fargo has a broad array of products, servic-

es, ATMs and locations nationwide," Thomas said. She explained that the larger company was also a good fit with Coast Commercial.

"Wells Fargo has a similar culture," she said. "They have been in business 155 years and are community minded. The [Greater Bay] board of directors deemed the merger to be in [Greater Bay's] best interest."

New Community Bank Being Planned

Santa Cruz resident Richard Hofstetter has a well-rounded perspective on Coast Commercial's latest news. Hofstetter was an employee at the bank for a number of years; he remains a shareholder; and he is part of a group applying to start a community bank, Lighthouse Bank, later this year.

As a shareholder of Coast Commercial, Hofstetter



is plainspoken about the reason for the acquisition.

"Greater Bay has been under-performing significantly in the last two to three years," Hofstetter said. "It has been common knowledge that they were seeking an acquiring institution for some time. The only question was by whom and when."

Hofstetter attributes Greater Bay's financial struggles to its medium size.

"Greater Bay was too little to be big and too big to be little," he said, explaining that such "regional banking companies" often end up with the worst of both worlds, lacking the size and sophistication of a large corporation but having also left behind the flexibility of a community bank.

Heald's assessment is similar.

"A national bank needs to set guidelines for underwriting that will cover the whole nation," Heald said, noting that such guidelines tend to be less adaptable to local eccentricities.

While Hofstetter is also personally saddened at the loss of another community bank, the news is good for his plan to help form a new community bank. He said he can't provide details on the new bank until the application process is completed, probably by the end of June.

"With this merger," said Hofstetter, "the last vestiges of Coast Commercial Bank as a community organization will go away. It will leave a void, as has the disappearance of a number of community banks in Santa Cruz County over the last five or six years."

Not that Hofstetter plans to leave the void unattended.

"Obviously, our group the Lighthouse Bank wants to be part of filling that void," Hofstetter said.

Coast Commercial, through Greater Bay, has helped support a variety of Santa Cruz County organizations, according to the bank's website. Groups supported in 2006 include Dominican Hospital's Foundation, the Cabrillo Music Festival, and the Wharf to Wharf Race.

When Greater Bay purchased Coast Commercial in 2000, it did have an impact, according to Heald, but he said that at that point, the company was able to keep its employees intact and to keep the local flavor going. This time, he's not so sure. ■