

# Coast bank's future unclear

Wells Fargo poised to buy parent firm of S.C. institution

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✓ SANTA CRUZ — Community leaders say they will miss Coast Commercial Bank, which is slated to merge with San Francisco-based Wells Fargo before year's end.

The bank, which opened its doors 25 years ago, helped downtown Santa Cruz rebound after the 1989 earthquake, then became a subsidiary of Greater Bay Bancorp in 1999.

Wells Fargo, the nation's fifth largest bank with \$482 billion in assets and 158,000 employees, is buying Greater Bay Bancorp, which has \$7 billion in assets, 1,800 employees and 41 branches from Petaluma to Pacific Grove, for about \$1.5 billion in stock. While banks in the Greater Bay group kept their names, the Wells Fargo tradition is to post a Wells Fargo banner following a merger.

Attorney Jim Thompson is the only Santa Cruz resident on the 12-member Greater Bay Bancorp board.

Bill Tysseling, executive director of the Santa Cruz Chamber of Commerce, called Coast Commercial "one of the great business stories of this generation in Santa Cruz."

The bank was the first to take a risk on funding downtown post-quake reconstruction, he said. The institution trained young bankers who moved into

## Coast

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key roles at other local financial institutions. Coast executives, following the lead of founder Harvey Nickelson, took leadership roles on nonprofit boards.

"Coast Commercial Bank has been one of the major philanthropic organizations in the community, contributing to the arts and to nonprofits," said Ceil Cirillo of Santa Cruz's Redevelopment Agency.

It is not yet known how the acquisition will affect Coast Commercial's 55 employees.

Wells Fargo and Coast Commercial have branches in close proximity in Santa Cruz, Capitola and Aptos. Coast Commercial's headquarters is on River Street, just across from the Wells Fargo branch.

Bob Worth, executive vice president and head of California business banking at Wells Fargo, said there may be duplication of service but said it's too soon to say whether branches will close.

"We wouldn't know until we get into more details," he said, referring to traffic counts and building capacity to absorb additional personnel.

"Our intention in any acquisition," he said, "is to keep as many locations and to keep as many people as possible. There's always anxiety in these things. Our goal is to reduce that anxiety—you're never going to eliminate it."

Worth, 55, who has been at Wells Fargo 34 years, said his longevity exemplifies the bank's culture of consistency.

He pointed out that Wells Fargo is a growing company.

"When you grow a business, you need more people," Worth said.

Wells Fargo moved up in the Fortune 500 to No. 138 last year from No. 144, bigger in revenue than Albertsons and Safeway but smaller than United Parcel Service.

Still, he doesn't assume that bigger is better.

"It's about getting better," he said, noting that a larger institution can offer a more services.

"People don't lose money in banking," said Cathy Schlumbrecht, senior vice president of Comerica Bank and a veteran of two mergers in her 24-year career.

"They've been great competitors—they've kept us sharp," she said of Coast Commercial. "They're our friends. We serve on the same boards. We live across the street from each other. ... 'I hate to see the name going away.'"

At the same time, she'd like to persuade Coast Commercial

## Merger of two banks that overlap

Wells Fargo, which announced plans Friday to buy the parent company of Coast Commercial Bank for \$1.5 billion, has three branches in Santa Cruz County that are close to Coast Commercial branches. Wells Fargo has not disclosed what will happen with Coast Commercial's branches or employees.

### COAST COMMERCIAL BRANCHES

75 River St., Santa Cruz  
1850 41st Avenue, Capitola  
7775 Soquel Drive, Aptos  
1975 Soquel Drive, Santa Cruz  
203A Mount Hermon Road, Scotts Valley  
1055 South Green Valley Road, Watsonville  
Mission between 5th & 6th, Carmel  
527 Lighthouse Avenue, Pacific Grove

### NEARBY WELLS FARGO BRANCHES

4 River St., Santa Cruz  
1700 41st Ave., Capitola  
7701 Soquel Drive, Aptos  
None  
None  
None  
San Carlos & Ocean Street, Carmel  
1160 Forest Ave., Pacific Grove (loan office)

president Sandi Eason, a veteran of Wells Fargo, to join Comerica. Eason was in meetings Monday and not available to comment.

Schlumbrecht worked for County Bank and Trust when it was acquired by Pacific Valley Bank in 1987 and renamed Pacific Western.

"Mergers are hard, it's the unknown, the loss of jobs, the reshuffling of people, the new manager," she said.

The bank's 45 percent market share shrunk afterward. Many customers opted to bank with Coast Commercial instead. Schlumbrecht's division was relocated to San Jose and she spent about a year and a half doing the Highway 17 commute.

Comerica took a different approach when it acquired Pacific Western.

"You could call the president directly, you could shoot a question to the tech teams," Schlumbrecht said. "It felt like we were part of the big picture."

Before the Greater Bay merger, Coast had 150 employees, with nearly 95 percent involved in some volunteer activity. About 35 employees were laid off in the merger, but bank employees stayed active in the community. This year, two Coast executives hold the top spots at two local chambers of commerce, Kristine Ronzano in Aptos and Tiffany Zachmeier in Capitola.

Worth said Wells Fargo has a lot of experience with mergers, with more than 100 acquisitions since November 1998.

That hasn't deterred start-up banks like Santa Cruz County Bank, now three years old, or the organizers of the proposed Lighthouse Bank.

David Heald, president of Santa

Cruz County Bank, said the "overlap" is one of the most difficult aspects of mergers.

He predicted Wells Fargo would move into the Coast headquarters on River Street, because it's roomier with more parking, and keep its own branch in Capitola, which is larger, and in Aptos.

He sees the merger as an opportunity "to further set ourselves apart as the community's only locally owned and headquartered local bank."

Gabe Guterras, owner of Club House, decided to switch his account from Coast to Santa Cruz County Bank when he bought the comic book shop a month ago. Part of the attraction was the location a block and a half away. He was impressed when new bank delivered a document for him to sign rather than making him visit the bank.

Developer Chris Garwood sees it differently.

"From a borrower's standpoint, there's no impact," he said.

Garwood got a loan from Coast to build a \$40 million project, 70 condos and 5,200 square feet of retail space, at 2030 North Pacific Ave. A sales office will open on site in June.

Garwood hasn't talked with bankers since the merger was announced Friday.

"It's a contract, and the obligation is taken over by Wells Fargo," he said.

Developer Bill Brooks, who

said he has \$45 million worth of business with Coast Commercial, applauded the merger, saying he looks forward to dealing with Wells Fargo.

"They have even more money to lend," he said.

While Wells Fargo may have deeper pockets, the Coast Commercial standard in community involvement may be hard to match.

"We appreciate Wells Fargo Bank, but we will all sadly miss Coast Commercial Bank and all it has been and done for us," said Karen Hibble of the Aptos Chamber of Commerce.

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