

S.C. startup banks plenty of investors

With \$19M raised, Lighthouse Bank aims to open Oct. 30

Banks & Banking
By JONDI GUMZ

SENTINEL STAFF WRITER

✓ The startup Lighthouse Bank has raised more than enough money to open.

Bank President and Chief Executive Officer Richard "Rick" Hofstetter announced Wednesday that no more subscriptions for stock will be accepted, three weeks ahead of the Sept. 28 termination date. The stock was priced at \$10 a share.

Hofstetter said he had more than \$19 million from prospective shareholders as of Tuesday, and he hopes to open Oct. 30.

The bank, which is targeting commercial customers, would be the second locally owned bank in the county. Santa Cruz County Bank staked out that territory three years ago after several local institutions were bought up by regional or national banks.

Lighthouse Bank's goal was to raise \$18 million from investors, so at least \$1 million will be returned with interest, Hofstetter said.

Prospective investors will receive letters in a week or two explaining that their investment was either approved, approved in part, or not approved. Those

Bank

Continued from Page A1

in the third category, Hofstetter explained, are mostly out-of-town investors.

"Independent bank stocks have done very well in past 25-30 years, so some investors look for those investments," he said.

The Lighthouse Bank organizers put a premium on local investors and set a cap of \$50,000 for the initial investment. Hofstetter said most people compiled but about 20 people sent in more money, resulting in some investments being approved in part.

Since the bank's information meeting July 26 at the Coccoanut Grove, Hofstetter talked to about 1,000 potential investors, explaining the cap and the bank's local focus. He said he returned every call, except for a half-dozen messages where the phone number was garbled.

"I was loving it and pulling my hair out at the same time," he said. "I knew it wasn't going to be like that forever."

The bank office will be at 111 Mission St., Santa Cruz. The bank took over the space Saturday from Countrywide Home Loans, which moved to 1440 41st. Ave., Capitola.

Bogard Construction has begun work on interior improvements, which will include creating private areas with chairs for clients rather than a standard row of teller stations.

The renovation budget is \$600,000. Half that will be spent on technology, installing new equipment to offer electronic banking. Once the technology is installed, employees will be trained.

The bank's strategy is to customize service by having employees visit clients on demand rather than open branches.

Hofstetter expects to open with a staff of 19. He's identified 12 people with local banking experience he wants to hire and is interviewing others.

Santa Cruz resident Don Soman, who helped launch Santa Cruz County Bank, has joined Lighthouse Bank as chief fiscal officer.

The 10 bank directors include

financial planner John Burroughs as chairman of the board, physicians Ritu Meister and Michael Dunn, developer Craig French, and Bruce McPherson, a former Sentinel editor whose family owned the paper. He went on to a political career as a state lawmaker and California's secretary of state.

So far, the startup bank hasn't encountered any major roadblocks since filing for regulatory approval in March.

"No curveballs we couldn't hit," Hofstetter said. "October has been our target since inception and we're still on it."

Contact Jondi Gumz at
jgumz@santacruzsentinel.com.