



Dan Coyro/Sentinel photos

Lighthouse Bank's Don Soman, left, chief financial officer; Kim Raynal, chief operating officer; Lane Lawson, chief credit officer; Marshall Delk, overseeing business development; Jon Sisk, senior lending officer; and Rick Hofstetter, president.

Lighthouse Bank open for business

By JONDI GUMZ
SENTINEL STAFF WRITER

SANTA CRUZ — Russell Gross, whose real estate company is in Soquel, drove to downtown Santa Cruz on Tuesday to be one of the first customers at the newly opened Lighthouse Bank.

Gross made the switch after doing business for 20 years at Coast Commercial Bank, which was acquired in 2000 by Greater Bay Bancorp, which merged with San Francisco-based Wells Fargo last month. He gave three reasons: local ownership, a staff of people he knows and more service.

"This concept of banking is exciting," said Gross, explaining that he can save time by depositing checks from his office using a scanner. "It's perfect for me."

Richard "Rick" Hofstetter, president and chief executive officer of Lighthouse Bank, hopes other local business owners will feel the same way.

Everything went smoothly, except for a telephone glitch the first day, when some callers were told the phone line was not in service.

It was only seven months ago that bank organizers sought regulatory approval. Tuesday, the bank opened with 19 employees, as planned, and \$18.5 million from 352 investors.

Now residents have two locally owned banking choices: Santa Cruz County Bank, which opened in 2004 and has \$132 million in deposits, or Lighthouse Bank.

Hofstetter, who spent 18 years at Coast Commercial, including a stint as president, tapped former co-workers and others with local experience to join him:

■ Jon Sisk of Santa Cruz, senior lending officer, who had been with Coast Commercial Bank since 1998.

■ Kim Raynal, chief operating officer, who grew up in San Lorenzo Valley and worked at County Bank and Trust and Coast Commercial Bank.

■ Lane Lawson of Scotts Valley, chief credit officer, who started at County Bank and Trust in 1971 and began commuting over the hill in 1993 for United Security Bank; most recently he was at Legacy Bank, a startup in Campbell.

■ Marshall Delk of Soquel, overseeing business develop-

ment, who was president for seven years at Watsonville Federal Savings, which became Monterey Bay Bank.

■ Don Soman of Santa Cruz, chief financial officer, who came from over the hill four years ago to help open Santa Cruz County Bank.

The current trend is to be very large, or somewhat small, according to Earl McVicker, past chairman of the American Bankers Association.

"Often, new bank activity in a metropolitan market follows a series of mergers or acquisitions that leave senior officers displaced, and customers without an established contact," he said. "However, over time, many of the somewhat small banks grow, merge and acquire, to become mid-sized banks. In doing so, they often fill the gap left by other mid-sized banks that were acquired or grew or merged."

The timing was right, Sisk said, noting recent mergers that brought Rabobank and Wachovia, both very large banks, to the county.

Small banks have been outperforming the industry average, and that attracts investors, according to Edward Carpenter, chairman of Carpenter & Co., an Irvine investment bank.

Besides Hofstetter, the Lighthouse board of directors includes chairman John Burroughs, Doug Austin, Dr. Michael Dunn, Craig French, Bruce McPherson, Dr. Ritu Meister, Steven Pahl, William Slakey, and James Weisenstein.

Hofstetter said Lighthouse Bank opened on time and under budget, with startup costs totaling \$346,000.

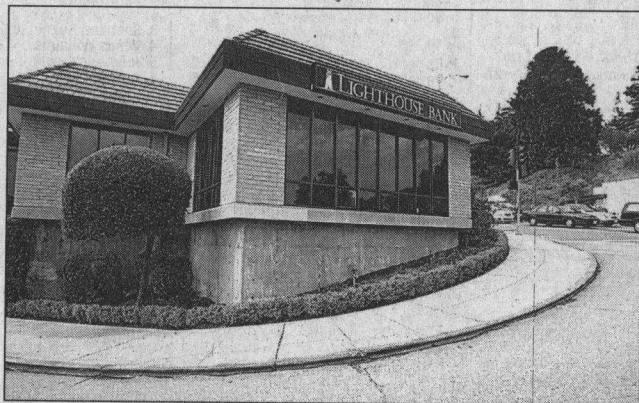
Sisk credited Hofstetter with taking a frugal approach to spending. Timing the start dates of employees kept payroll costs down, for example. Technology for clients, like the remote deposit system, took priority over artwork for office decor.

The bank is in an office at 111 Mission St. formerly occupied by a mortgage company.

Tellers work at marble countertops, with comfy chairs for customers and dividers for privacy.

"I didn't want it to look like Taco Bell," Hofstetter said.

Bogard Construction of Santa Cruz handled interior improvements.



The new Lighthouse Bank opened Tuesday at Mission and Center streets.

If You Go

WHAT: Grand opening for new community bank.

WHEN: 8:15 to 8:45 a.m. Nov. 7.

WHERE: 111 Mission St., Santa Cruz.

EMPLOYEES: 19.

HOURS: 9 a.m. to 5 p.m. Monday through Thursday; 9 a.m. to 6 p.m. Friday.

INFORMATION: 600-4000 or www.LighthouseBank.net.

For patrons arriving by car, there are 15 parking spaces under the bank office, he said, noting that employees will use the city garage nearby.

Hofstetter can see the competition from his front door: Wachovia and Bank of the

West, with Comerica a short walk away.

Santa Cruz County Bank plans to move downtown by next spring.

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