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L.A. Banks Buy Local Business Lenders

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Two Los Angeles-area banks are coming to Orange County by buying a pair of small-business lenders, one in Irvine and the other in Santa Ana.

"We've found good talent along with an enormous need for small-business investment in Orange County," said Don Griffith, chief executive of Los Angeles-based Grandpoint Capital Inc., which is buying Santa Ana Business Bank.

The Santa Ana bank has a book value of around \$6 million, said Larry Frampton, chief executive at Santa Ana Business Bank.

Book value is used to determine a final price when the deal closes, Frampton said.

Grandpoint plans to inject around \$75 million into Santa Ana Business Bank, according to Griffith.

The bank has about \$26 million in assets now, according to Frampton, who plans to step down after the deal, with Griffith taking over as chief executive.

Grandpoint executives said they're hoping to close the deal by end of the quarter.

Hispanic Focus

Santa Ana Business Bank started in 2007 by targeting the city's dominant Hispanic population.

"If you consider the demographics, Santa Ana Business Bank could be ground zero for expansion into the Hispanic business market in Orange County," Griffith said.

The deal will be the first for Grandpoint, which has been raising money and making plans to buy banks since Griffith left the former First Coastal Bank in Los Angeles County before it was bought in 2007 by Ontario-based Citizens Business Bank.

Grandpoint plans more acquisitions this year throughout Southern California, according to Griffith.

Santa Ana Business Bank has about 20 employees.

"This bank will become much bigger over time," Griffith said. "With the amount we're investing in this bank, in time we could see \$1 billion in assets."

Other Deal

In the other deal, Manhattan Beach-based Beach Business Bank is buying First Financial Bank's lone branch in Costa Mesa.

First Financial, which is based in Ohio, had taken over the branch along with the assets of Columbus, Ind.-based Irwin Union Bank & Trust Co., which failed last year.

First Financial now is getting out of operations acquired in western states, according to Robert Franko, chief executive of Beach Business Bank.

Beach Business Bank is taking over about \$18 million in loans, Franko said.

"Irwin Union made a lot of risky loans and it ended up failing," he said. "But its western region was focused on business banking, so its portfolio in Orange County was attractive to us."

Caroline Harkins, who oversaw First Financial's Orange County operations, will continue as a regional president of Beach Business Bank. She opened the branch for Irwin Union four years ago.

The Costa Mesa branch is set to convert to Beach Business Bank on Feb. 22, Franko said. It will be Beach Business Bank's third branch after its headquarters and one in Long Beach.

Beach Business Bank has assets of more than \$250 million.

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