

COMMUNITY CORNER

## For Arizona de novo organizers, capital comes before charter applications

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By Kelsey Bartlett

Arizona could get its first new bank since 2007, but before organizers apply for a charter, they are embarking on a capital raise.

Scottsdale Community Bank received approval to be considered "in organization," an Arizona Department of Financial Institutions spokesperson confirmed. Organizers still have to file de novo applications with the Federal Deposit Insurance Corp. and the state, which they expect to do by the end of 2018. They aim to open the bank in early 2019.

Proposed board chairman George Weisz said the in organization status is valid through November and lets the organizers determine if they can raise necessary capital before embarking on the application process. The board anticipates raising a minimum of \$16 million.

"This allows an intermediate step, which really is a great cost saver for the organization," Weisz said in an interview. "[It's] still being thorough and still filing certain papers with the state, showing who you are, your business plan and your background."

Weisz himself has an eclectic background: He is a co-owner of two minor league baseball teams and has served as a member of the Arizona House of Representatives. He also serves as a government affairs consultant for companies that want to do business in Arizona and with government entities. His bio on the Scottsdale Community Bank website notes that his father served as a director on the board of Chicago-based Harris Bank, now called BMO Harris.

"While I only learned about banking across the kitchen table, and not actively, I really learned a lot," Weisz said. "It's kind of coming full circle for me."

Scottsdale Community will be a commercial bank that caters to the area's small to medium-sized businesses, Weisz said. Organizers have selected the board of directors and are in the process of hiring a president.

"Every bank has its own niche or service that they provide," Gregory Faris, one of the de novo's consultants and president and owner of consulting firm Directors' Services, said in an interview. "We feel like there's one that's missing, and that's access to funds for the small community businesses."

The number of community banks in Arizona fell to just 14 in 2018 from 56 in 2008, according to an S&P Global Market Intelligence analysis of institutions with less than \$10 billion in assets. The last bank to open in the state was Mesa-based Gateway Commercial Bank in 2007, shortly before the financial crisis took hold. Arizona banks were hit hard during the recession. A total of 15 failed, 8th-most among all states.

Weisz said he has been planning the bank for years, learning from the experiences of other banks in Arizona and across the country and waiting for the "exact right time."

"Certain elements were coming together which would help with our success, and that time is right now," Weisz said. "It's clear, based on the economy, based on interest rates that are starting to go up. It's clear based on some of the Dodd-Frank revisions that are being contemplated right now in Congress."