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New bank in works for Mooresville

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A group of organizers is planning a new community bank in Mooresville and hopes to open later this year, joining a growing list of startup banks in the Charlotte region.

BlueHarbor Bank, led by former Catawba Valley Bank Chief Executive Jim Marshall, would target small-business and retail customers in the Lake Norman area. The bank's organizing group hopes to have three branches in Mooresville within a year of opening.

"We think there's a place in Mooresville for a locally owned, locally managed community bank," Marshall says. Developer Phil Gandy of Gandy Communities will serve as chairman of BlueHarbor's board of directors.

The group has not filed a charter application with the state banking commission, but it expects to receive approval in time for a fourth-quarter opening. Marshall expects the proposed bank will need to raise \$15 million to \$20 million in capital from investors.

The deposit market in Mooresville has grown to nearly \$900 million, according to the latest Federal Deposit Insurance Corp. data. Wachovia Corp., BB&T Corp. and Bank of America Corp. account for 50% of that total.

But only one institution is based there: Mooresville Savings Bank Inc., a subsidiary of Coddle Creek Financial Corp., holds \$107 million in deposits in the market with three branches in Mooresville, Cornelius and Huntersville. But its growth has been sluggish: Total assets at Mooresville Savings Bank broke \$150 million last year for the first time since 2000, according to filings with the FDIC.

Marshall says he wants to bring a new customer experience to the Mooresville banking market and hopes to emulate the retail experience of Portland, Ore.-based Umpqua Holdings. Marshall says he spent three days visiting the company a year ago to learn more about the bank and met with its Chief Executive Ray Davis, who recently authored a book about Umpqua's approach.

Marshall plans for BlueHarbor's branches to feature a similar layout and many of the amenities that Umpqua customers enjoy: comfortable furniture, computers on a wireless network for customer use,

plasma televisions and even BlueHarbor-branded gourmet coffee. More than anything, he says, he plans for BlueHarbor to duplicate the bank's obsession with service.

"They do all the little things," he says.

The name BlueHarbor was chosen because it reflects the Lake Norman market the bank hopes to capture and also connotes strength and safety, Gandy says. And the name fits the bank's planned retail approach, he adds. "It's not too institutional."

Three new community banks opened in the Charlotte market last year -- including Cornelius-based Aquesta Bank, which also targets the Lake Norman market. With BlueHarbor, three more are on deck to open this year.

Carolina Premier Bank, a community bank based in the Ballantyne area, recently received its charter and expects to open this summer. Legacy Bancorp, a startup led by a former Wachovia Corp. banker, plans to open its first branch uptown by the fall.

Arnie Danielson, chairman of bank-consulting firm Danielson Capital, says while the pace of startups in other markets such as the Washington area has cooled, the economic-growth trends in Charlotte -- and the appetite among investors for community-bank stock -- make the idea appealing for bankers looking for a more entrepreneurial path.

"Investor money is still out there, big time," he says. "As long as there's money out there, there's going to be disgruntled banking leaders who are willing to start banks and get going."

Because of an increasingly challenging interest-rate environment and a housing slowdown, Danielson says new startup or "de novo" banks could take a little longer to reach profitability than their predecessors. But he sees less evidence of new banks struggling in North Carolina than in other parts of the country.

Marshall joined Catawba Valley Bank, then a subsidiary of Hickory-based Integrity Financial Corp., in 2004 as the bank's chief operating officer. He became CEO in early 2005, succeeding Steve Aaron, who resigned in November 2004 after the bank discovered \$4 million in problem loans.

Marshall left Catawba Valley in August 2005 and subsequently filed a lawsuit for breach of contract and other claims against Integrity and its CEO. Marshall's lawyer said Integrity terminated him to avoid paying his \$538,000 employment contract and because Marshall continued to ask questions about irregularities in Catawba Valley's loans and accounting procedures at a time when Integrity was seeking a buyer.

The company ultimately settled the suit for an undisclosed sum. Asheboro-based FNB United Corp. completed its \$124 million acquisition of Integrity last year.

Before his time at Catawba Valley, Marshall was chief credit officer and branch administrator for The Community Bank, which was based in Pilot Mountain and acquired by Southern Community

Financial Corp. in early 2004. Before that, he spent more than 15 years with First Citizens Bancshares Inc. in a variety of roles.

Marshall says the number of community banks starting up in Charlotte reflects a demand not only by investors but by customers who crave an alternative to the big-bank experience.

"I think it speaks to the level of service that community banks are providing right now."