

## Local Investors Reach Deal to Acquire Bank of Santa Barbara

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By Giana Magnoli, Noozhawk Staff Writer | **UPDATED**

The investors include yet-to-be named 'high-profile business people' who want to bring control of the bank back to the community

The [Bank of Santa Barbara](#) announced Monday that a group of 10 local investors has reached an agreement to acquire a controlling interest in the bank.

If the agreement is approved as expected in September or October, banker Eloy Ortega will be named the new president and CEO.

The Bank of Santa Barbara's current majority shareholder is Michigan-based [Capitol Bancorp Ltd.](#), and the group of investors wanted to bring control of the bank back to the community, Ortega said.

"We're not trying to take control," he said. "We're trying to bring control back to Santa Barbara and spread it around as broad-based as we can."

Other investors — all of them "high-profile business people in the community" — asked that their names not be revealed yet, Ortega said. He told the [Pacific Coast Business Times](#) that some of them include the [Hutton Foundation](#), the Orfalea Family Foundation, and Tim and Bernie Marquez of [Venoco](#).

There are three key investors, who have invested more than Ortega, and six who have contributed lesser but substantial amounts, he said.

All of them have a strong connection to Santa Barbara and most have lived in the area longer than Ortega's 19 years. They saw an opportunity to take advantage of current market conditions and plan to use "significant amounts of new capital" and local knowledge to bring the Bank of Santa Barbara, at 12 E. Figueroa St., to a new level, Ortega said.

The existing staff and infrastructure will stay since it's not a merger of banks, said Chris Diaz, Bank of Santa Barbara's executive assistant to the vice president. However, additional staff may be brought on board to do some back office functions currently executed by the holding company.

"The planned divestiture of Bank of Santa Barbara will initially serve to strengthen the already strong consolidated equity and core capital ratios at Capitol," Capitol Chairman and CEO Joseph Reid said. "Capitol has historically concentrated on the expansion and retention of affiliates; however, we believe that this opportunity to return the bank to a group of local investors in the Santa Barbara community, while supporting many of our strategic objectives, will be mutually beneficial."

The group of investors hopes to expand the shareholder base to about 400. Within 30 days of closing, the group will make an offer to minority shareholders while trying to keep many of them involved, Ortega said. Within six months, the group will put out a new public offering.

Ortega has previously worked as president and CEO of City Commerce Bank and as founding president and CEO of [Business First National Bank](#).

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