

HOUSTON BUSINESS JOURNAL

Strictly Houston. Strictly Business.

Vol. 35 No. 38 Week of January 28 - February 3, 2005

houston.bizjournals.com

Investors breathe new life into old bank name

BY JIM GREER
HOUSTON BUSINESS JOURNAL

An upscale Houston enclave will soon add a new community bank.

Don Brunson, a longtime banking and financial services executive in Houston, has joined forces with veteran banker Jim Stein to lead the organization of the new Bank of Houston in the Tanglewood area.

The old Bank of Houston was acquired by the holding company for New Orleans-based Whitney Bank in 1999. The Houston independent bank, founded in 1948, took the Whitney Bank name.

Now the Bank of Houston name is being resurrected for the unrelated financial institution. The new bank expects to open by March.

Organizers of the new Bank of Houston have raised initial capital of nearly \$15 million.

When it opens on Bering near Woodway, Bank of Houston will have 150 to 200 original shareholders. Among the shareholders are local business owners and professionals such as lawyers.

"Every shareholder has pledged to be a source of business. So they're hand-picked," says Brunson, adding that the investors represent a primary source for customer referrals.

Bank of Houston will cater to privately owned small businesses that have borrowing needs ranging from \$100,000 to \$3 million. The core of the bank's initial service territory will be the Tanglewood, Memorial and Galleria areas.

Brunson, who will be chairman of the new bank, says a majority of the new shareholders live in the primary service area.

Joining Brunson and Stein on the bank's 12-member board of directors is Webb Jennings, who is from one of Houston's most prolific oil and gas families. Jennings is the nephew of Ernest Cockrell, the Houston financier and philanthropist.

Other directors of the new bank are Trey Able, Tommy Culp, Jim Hunt, Jack Kendall, Don



MICHAEL STRAVATO/HBJ

Don Brunson, left, and Jim Stein of Bank of Houston: Resurrecting a deep-rooted name for a new venture.

Poarch, Miles Sherman, Bob Signorelli, Dan Silvestri and Dr. Scott Yarish.

A permanent home for the bank is being built at 750 Bering. But Bank of Houston will open in a temporary facility at 800 Bering.

Bank of Houston's goal is to tote initial capital of \$15 million to \$20 million.

BACKGROUND IN BANKING

Brunson brought to the startup institution firsthand experience at raising capital for an independent bank. He was the founding president and CEO of Northwest Crossing National Bank, which by early 1990 was renamed Southwest Bank of Texas.

Around that time, Brunson helped Southwest Bank leader Walter Johnson raise \$13.5 million in new capital for the bank. Under Johnson, who joined the bank shortly before the new capital was raised, Brunson was a director and served as executive vice president and chief financial officer at Southwest Bank. Not quite three years af-

ter raising \$13.5 million, Southwest Bank completed a second capital offering that raised \$8 million from Houston-area investors.

In 1994, Brunson left Southwest, which would go on to become the largest Houston-based bank.

For his part, Stein is the former president and

'Every shareholder has pledged to be a source of business. So they're hand-picked.'

Don Brunson
Bank of Houston

chief operating officer of Columbus State Bank, which is in the Colorado County town between Austin and Houston. His father, LeRoy Stein, served at Columbus State Bank for 60 years until his death in 1997.

Years ago, the Stein family sold their equity in the Columbus bank to a Dallas investor.

With community banking in his blood, Stein moved to Houston in 1997. He has been an officer and partner in various businesses here.

Interested in starting a bank, Stein was referred to Brunson, a certified public accountant whose Houston financial services career began in 1966.

"We saw the opportunity with the community banks in Houston being bought up and sold out," notes Stein.

Indeed, several banks in or near Bank of Houston's chosen hub of Tanglewood have been acquired in recent years. So Bank of Houston will enter a market served by various banks that aren't based in Houston as well as homegrown institutions such as Southwest Bank, which is changing its name to Amegy Bank. (See related story on Page 10.)

Bank of Houston hopes to differentiate itself from the competition by emphasizing responsiveness to customer needs.

The name underscores the bank's desire to serve only the Houston market, according to Brunson.

"We will be expanding," he adds.

Bank of Houston might eye neighborhoods

such as West University and River Oaks for future branches. The Westchase energy corridor also will be considered for expansion.

The bank counts Right Bank for Texas, Redstone Bank and newly launched Post Oak Bank among its primary competitors.

Brunson says the average Bank of Houston shareholder has put up about \$135,000. The minimum requirement was \$25,000.

After playing a key role in raising capital for the bank he will serve as chairman, Brunson will continue to wear another hat at a separate financial services provider in Houston. He is a senior vice president and marketing director at American Prudential Capital Inc. A provider of working capital to businesses, American Prudential specializes in factoring services.

Brunson says he'll continue to be involved at American Prudential, which he points out differs from Bank of Houston. Factoring clients do not qualify for bank loans, primarily for leverage reasons, according to Brunson.

As CEO, Stein stands to be the key day-to-day executive at Bank of Houston. ■

jgreer@bizjournals.com • 713-960-5933

BANK OF HOUSTON

LEADERS: Don Brunson, Jim Stein

INITIAL CAPITAL: \$15 million

ORIGINAL SHAREHOLDERS: Between 150 and 200

TARGET CUSTOMER: Small businesses needing between \$100,000 and \$3 million

HEADQUARTERS: 750 Bering Drive in the Tanglewood area