



FAST MONEY

Montgomery County startup moves fast and ups the ante on the area's budding bank boom.

Take it to the bank

Md. startup Congressional Bank charges out of the gate with \$10M

BY TIM MAZZUCCA
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The well-connected backers of what is expected to be Montgomery County's newest bank have raised \$10 million in 38 days, setting a virtually unprecedented fund-raising pace.

"Under the best of circumstances, it should take three to six months to do what they did," says Lew Sosnowik, vice president of bank securities with Bethesda-based Koonce Securities (www.koonce.net). "What they did is really spectacular."

Organizers of the startup, Congressional Bank, were able to coordinate and collect on commitments from 111 shareholders. The bank's team, led by President and CEO John Lane, former CEO of Rockville-based Colombo Bank, had hoped to reach the \$10 million mark in 45 days.

"Basically, we just went to people we knew and showed them our model," says Lane, also former head of small business lending at Franklin National Bank before it was sold to BB&T in 1997. "The most important thing we had going for us was the board."

Congressional's board includes Holland & Knight attorney Stuart Bloch; Carl Freeman Associates President and CEO Josh Freeman; Pathwise Partners CEO Nancy Eberhardt; BMC Property Group President Christopher Jones; and Robert Rubin, of the Rubin Cos. The bank is recruiting three more directors.

Lane has his fingers crossed for an Oct. 1 opening at leased space in Potomac's Cabin John Mall. The bank already has 10 employees, including two commercial loan officers, who will court companies with less than \$10 million in revenue.

If Congressional Bank does lay out the welcome mat in early October, it will beat Fidelity & Trust Bank, a lender that plans to open Oct. 27 in Bethesda. Fidelity & Trust Bank is tied to Bethesda-based Fidelity & Trust Mortgage (www.ftmortgage.net) and would target the same customers as Congressional. Fidelity & Trust Bank has raised the \$8 million required by state regulators, but hasn't closed its offering yet



JOANNE S. LAWTON / STAFF

Congressional Bank President and Lane credits his board with the bank's ability to raise \$10 million in initial capital in record time.

because backers hope to collect upward of \$15 million, says Chairman Robert Fiallo.

Congressional and Fidelity & Trust organizers say recent bank consolidation has opened the market for new community banks.

"At the community bank level, there are no set of rules in lending, so it's difficult for a [big] bank from North Carolina to do these type of loans," says Fiallo, who was unaware of Congressional Bank's presence. "Montgomery County has the fastest-growing business community in the state."

The county's growth is nearly identical to growth in Fairfax County in terms of population and new businesses since 1995. However, in that time, Fairfax County has seen seven new banks chartered, while only one has opened in Montgomery County.

Bethesda-based EagleBank, in 1999, was the most recent bank opening in Montgomery County. Tom Murphy, chief operating officer of

EagleBank, says his bank's growth continues to be strong as it looks to add another branch in Montgomery County.

Bethesda-based SequoiaBank, one of a handful of small business banks operating in Montgomery County, is set to be acquired by United Bank, which has \$6 billion in assets. That has left big banks such as Wachovia, BB&T, SunTrust and Bank of America, all of which tend to be less flexible than community banks in small business lending.

"There is a great opportunity as banks, such as Sequoia, move on to a bigger parent," says Murphy, who also serves as president of the Greater Bethesda-Chevy Chase Chamber of Commerce (www.bccchamber.org). "The chamber is excited to see this for the more than 8,000 businesses in the area."

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