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Platinum Bank opens in Oakdale, aims for east-metro small biz

Minneapolis / St. Paul Business Journal - by [Bryant Ruiz Switzky](#) Staff Writer

The only new bank approved in Minnesota last year opened its doors Feb. 12. **Platinum Bank** in Oakdale is hoping to grab a slice of the small-businesses lending market in the east metro, an area that has not seen as many new banks as the western and southern suburbs in recent years.

President and co-founder David Rom was most recently chief financial officer at First National Bank of Elk River. He and his partners, Mark Luhmann and Marc Cove, who both hailed from **Western Bank**, started Platinum in part to avoid the instability of acquisitions, which are common among community banks.

"We'd like to have more control over our own destinies," Rom said. "We tried to take a little of that career volatility out of our business plan and do something with a community bank that's going to be around for a long time."

The bank raised \$9.9 million in start-up capital from 95 investors.

Rom expects 80 percent of the bank's business to be commercial, with half on the real estate side and half on working capital.

But Platinum is not a "niche" bank, he said. "We're really focused on ... classic relationship-based community banking. We're a partner of our clients, helping them solve problems and providing a high level of service."

Platinum has nine employees and offers retail banking, cash management, remote deposit and online banking.

The bank had a pipeline of loans in place right away and is ready to close its first deals. Rom aims to achieve profitability by the end of the bank's first year, though most new banks take two to three years to climb out of the red.

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The lack of new banks approved last year followed boom years between 2003 and 2005 when 14 new Minnesota-chartered banks opened.

One reason has been a talent shortage, especially for commercial lenders, said Thomas Mork, president and CEO of **Lakeview Bank** in Lakeville, which opened in 2004.

Also, 2006 was a slow year for mergers and acquisitions of community banks, which is often a catalyst for de novo banks. Deals can spawn an exodus of executives wary of the post-merger environment. These executives have the experience, contacts and wherewithal to go off on their own.

Demand also is an issue. "There has been such a preponderance of branches from banks all over that it's hard to find a marketplace that isn't already overserved by banks," Mork said.

However, the east metro is an exception. The last de novo to open in that part of town was Woodbury-based **Brickwell Community Bank** in 2004. But there may be more on the way. Summit Community Bank has applied for a charter in Maplewood and First American Bank applied for a national charter in Hudson, Wis.

"It looks like things are picking up, [especially] in the east metro," said Bill Walsh, spokesman for the Minnesota Department of Commerce, which regulates banks in the state. "It's a positive market trend."

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