

Washington Business Journal - August 11, 2008

<http://washington.bizjournals.com/washington/stories/2008/08/11/story3.html>

WASHINGTON
BUSINESS JOURNAL

Sponsored by
brother
at your side

Friday, August 8, 2008

Bank changes name to John Marshall Bank, still stuck with tough market

Washington Business Journal - by [Bryant Ruiz Switzky](#) Staff Reporter



Joanne S. Lawton

The selection of John Maxwell as CEO was just the beginning of the major changes at Security One Bank, including the new name John Marshall Bank and a shift in lending strategy.

[View Larger](#)

Security One Bank officially changed its name July 23 to [John Marshall Bank](#). That was the easy part.

Now the 2-year-old institution must build its new identity in the midst of the toughest lending environment in more than a decade.

The new moniker is just one part of a broader overhaul of the business.

The bank opened in 2006 as a Hispanic-focused institution, but the economic downturn and fallout from the subprime mortgage meltdown hit the Hispanic community hard. The niche banking concept never gained traction.

In February, new leadership took the reins with plans to steer the bank toward a more traditional community banking model, recapitalize it and change the name.

The new team, led by the bank's chairman and chief executive officer, John Maxwell, needed to raise \$18 million to \$22 million in capital from private investors — no small amount at a time when investors are bailing on bank stocks nationwide.

No problem for John Marshall Bank. A flurry of investors paid for \$27 million in stock — more than the \$22 million in shares available for purchase.

"We actually had to give \$5 million back," Maxwell said. "That wasn't easy."

The bank, which posted \$62.7 million in assets and a net loss of \$752,000 in the first quarter, wrapped up the recapitalization in late June.

Since the new management took over, the Falls Church-based bank has swelled from 14 to 31 employees and aims to open branches in Loudoun County and Arlington within the next year. It currently has one branch.

"Our strategy going forward is to grow the bank and get it to a break-even point as quickly as possible," Maxwell said. "We hope to do that within the next 12 months."

While area banks are struggling — a fourth of them were in the red at the end of the first quarter — many in the local banking scene are confident Maxwell can get John Marshall off the ground.

"Maxwell is one of the more successful Washington bankers, particularly with the launching and subsequent sale of [James Monroe Bank](#)," said Dave Danielson, president of [Danielson Capital](#), a McLean-based investment bank specializing in community banks.

Maxwell was CEO of James Monroe Bank, which he started 10 years ago and sold for \$143 million in 2006 to [Mercantile Bankshares Corp](#). He thought about starting another bank but decided to take over Security One instead, bringing many investors with him. About 60 percent of the investors are former investors in James Monroe bank.

John Marshall's leadership consists mostly of James Monroe alums, including Bill Ridenour, president; Sonia Johnston, regional president for Arlington County; Paul Bice, regional president for Loudoun County; and Ed Harrington, regional president for Maryland and D.C.

The bank hired Mark Moore from [M&T Bank](#) to serve as chief credit officer. He also is doing asset-based lending deals, focusing on the government contracting industry.

Most of Security One's employees were retained, including its former CEO, Carl Dodson, now chief operating officer.

"My focus was not to come in and change everything, but to come in and build on what they had," Maxwell said. "Now it's just up to us to make it

work, and that's the hard part — especially in this banking environment.”

E-mail: bswitzky@bizjournals.com Phone: 703/258-0825

All contents of this site © American City Business Journals Inc. All rights reserved.