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## Money Manager Keller Group Opens Own Irvine Bank

**FINANCE: \$32 million raised for offering loans, investment services**

**By Dan Beighley**

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Irvine-based money manager Keller Financial Group, known for prominent financial advisers Victoria Collins and Rick Keller, has started its own bank.

First Foundation Bank in Irvine is set to open this week. The plan is to offer a range of services, from savings accounts and real estate loans to investing, trust services and insurance.

The bank is taking a page from its bigger rivals, such as Bank of America Corp. and Wells Fargo & Co., which also offer a range of banking and financial services.

But First Foundation is looking to provide more personal service, on par with other startup banks in the county.

“Making a credit decision for \$5 million is something we could do in an afternoon where a bank from out of town would take a lot longer,” said Scott Kavanaugh, chief executive of First Foundation.

Keller Financial, which runs money manager Keller Group, raised \$32 million to start the bank. Keller Financial’s directors and executives own 56% of First Foundation.

About 250 Keller Group clients are investors.

“We had to turn people down,” Kavanaugh said.

The bank is going after businesses and wealthy clients who might be overlooked by the money management arms of big banks. But anybody could be a client, Kavanaugh said.

Kavanaugh was a founding investor in Irvine’s Commercial Capital Bancorp, which was bought for about \$1 billion a year ago by Washington Mutual Inc.

He served as director, executive vice president and chief administrative officer at Commercial Capital from 1999 to early 2003.

Keller Group manages money for some 900 wealthy clients and has more than \$1.2 billion under management. It calls itself the first money manager in California to start its own bank.

“Keller is totally unique for this and is doing a logical thing,” said Edward Carpenter, chairman of Carpenter & Co. Investment Bankers, a consultant to First Foundation and other startup banks.

Big banks have been buying money managers in a search for profits. In one local example, Wachovia



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—Scott Kavanaugh

Corp. last year bought a majority stake in Newport Beach-based money manager Metropolitan West Capital Management LLC.

The push into money management by big banks gave food for thought to Rick Keller, chief executive of Keller Group. He wondered about whether a sale to a bank would be right for his money management business.

The checking and loan services of a big bank would have been a plus, he said. But Keller said he worried service would suffer.

“National banks have a polarized culture of serving the ultra rich or the retail crowd,” he said.

Kavanaugh said he proposed the idea of starting a bank to Keller.

“It’s better to control services yourself rather than have an outside bank do it,” Kavanaugh said.

The bank has hired 21 people in Orange County to start. Keller Financial now has 46 employees, including those at the bank and the money management arm.

One of the bank’s biggest challenges has been finding people, Kavanaugh said.

Competition for First Foundation is broad and includes big and regional banks and other startups stressing service.

Like other banks, First Foundation is set to compete for clients who already are at other banks. It hopes to get some referrals from its money management arm, Kavanaugh said.

First Foundation is starting at a tough time for lenders, with the national credit crunch and falling home sales and prices.

The bank accounted for those factors in its business plan, according to Kavanaugh.

“It’s the perfect time to be entering the marketplace,” he said. “We feel good about being 100% in cash and ready to make loans.”