

San Francisco And New Montgomery

by [Steve Brown](#)

The technology industry has long been centered around the San Francisco Bay Area, with many leading companies headquartered near the city. There has been movement lately into the city of San Francisco by a number of companies in order to allow workers to better enjoy the quality of life the city offers. Some are showing particular interest in the historical district around New Montgomery Street.

The development of New Montgomery began in the 1870s. Montgomery Street was a main thoroughfare in the Financial District but did not extend south of Market Street. William Ralston, one of the founders of the Bank of California became an enthusiast of expanding the business district into the undeveloped area to the south. Ralston began construction of the Palace Hotel, the first major construction on New Montgomery and it reigned as the largest hotel in the Western U.S. in the late 1800s. The original Palace Hotel was gutted by fire following the earthquake of 1906 and had to be torn down, but was replaced by the "new" Palace Hotel which opened in 1909.

Just down the street from the Palace Hotel is a newly renovated Art Deco office building, originally the Pacific Bell Telephone Company. The PacBell office tower was completed in 1925 and was San Francisco's first skyscraper at 26 stories tall. The recent renovation has retained its unique architectural aspects but also updated amenities to suit the needs of a modern workforce. Today, with Yelp as the anchor tenant, high-end retail and restaurants have moved into the space and there are few office vacancies left.

This building originated during a previous technology boom, the telecommunications expansion of the 1920s. By 1920, the infrastructure for telephones had been completed by AT&T and there were exchanges and trunk lines in virtually all settled areas in the U.S. But the adoption rate among individuals was still very low. In fact, there were only 13 phones per 100 people. Pacific Telephone and Telegraph had to sell people on the idea of buying phones and they did so with great success. Over time, there was exponential expansion of the number of telephones in service and this growth was driven at least in part by PacTel's state of the art building. The building declined in use over time and was eventually abandoned, sitting empty for a number of years until its recent renovation.

San Francisco has also been a center of optimism and innovation since its beginning, a place of business intermingled with creativity and reinvention. Its historic buildings and their new uses reflect this. This brings us to our point - there is an upcoming opportunity to spend some time on New Montgomery Street at PCBB's Executive Management Conference (EMC) which will be held April 13 - 16 at the historic Palace Hotel.

There are numerous reasons to attend beyond spending time pondering the unicorns and stone eagles of Art Deco style of course. The EMC is a terrific opportunity to meet hundreds of bankers like yourself from around the country, exchange stories and gather ideas from people who are like you but often not your competitor. If you use PCBB products, the conference offers you the ability to meet and speak with the people who created and manage them, while at the same time performing due diligence on the products your bank uses. The presentations are educational in nature and will provide ideas and information that you can take back to your bank to improve performance nearly

immediately. Plus, San Francisco is one of the great cities of the world so come join us there next month. Signing up is as easy as this link: <https://www.pcbb.com/company/events/2014emc/>.

BANK NEWS

M&A Terminated

Citizens Bank (\$331mm, IN) said it has called off its proposed merger with Merchants Bank of Indiana (\$1.2B, IN), citing delays in obtaining regulatory approval.

Reverse M&A

Auto Club Trust FSB (\$66mm, MI) will acquire American Midwest Bank (\$465mm, IL) for an undisclosed sum. This reverse acquisition is by a AAA club where the insurance company seeks to increase its financial services network.

M&A

First Citizens National Bank (\$1.2B, TN) will acquire Southern Heritage Bank (\$237mm, TN) for about \$32.2mm in cash and stock.

M&A

Salisbury Bank and Trust Company (\$586mm, CT) will acquire Riverside Bank (\$221mm, NY) for about \$28mm in stock or roughly 1.09x tangible book.

M&A

Xenith Bank (\$679mm, VA) will acquire Colonial Virginia Bank (\$115mm, VA) for an undisclosed sum.

Branch Sale

Urban Partnership Bank (\$982mm, IL) has sold a Chicago branch to Hinsdale Bank & Trust Company (\$1.6B, IL) for an undisclosed sum.

Customer Theft

The Fed reports the most used schemes involving customer accounts at banks are: counterfeit or stolen cards used at POS (80%), counterfeit or stolen cards used online (68%), counterfeit checks (41%), altered or forged checks (29%), other internet payments (20%), account takeover (7%), telephone initiated payments (5%), counterfeit currency (5%), use of fraudulent credentials or data (5%) and fraudulent checks converted to ACH (4%).

Bank Dividends

Large banks that are part of the Fed stress testing process have built in an average of \$1.2B in dividend payouts (the largest since 2007) over the next 12 months, according to analysis by Thomson Reuters. The average dividend payout ratio to net income is expected to reach 26% this year.

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