

# New site to link bank stock traders

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STAFF WRITER

**A**t first blush, David Bourne isn't the usual suspect for an Internet pioneer.

The Roswell native, who speaks with a kind Southern drawl, has been a car dealer, a paint store chain owner and a photographer. But the 58-year-old father of four has entered cyberspace for his latest venture and dreamed up a Craigslist or eHarmony, of sorts, for community bank stock.

Bourne and his partner and Web-site designer, Matthew Poje, have developed the site, [communitybanklist.com](http://communitybanklist.com), as a bulletin board for potential sellers and buyers of community bank stock to link up. The site is not a stock exchange, and shares do not change hands online.

Its purpose, Bourne said, is to create more transparency in the trading process, letting shareholders who might be interested in selling know that there are interested buyers out there. It launches Nov. 1.

Some might question the timing of his launch. Banks, particularly community lenders in Georgia, are suffering through the worst financial collapse since World War II. Georgia leads the nation in bank failures since August 2008 with 25, and most have been small community banks.

"It's going to change community banking in this nation for the better," Bourne said confidently in an interview with Atlanta Business Chronicle. Bourne has poured more than \$200,000 in legal fees with Alston & Bird LLP alone into the project.

Community bank stock, which is typically not publicly traded, is a largely illiquid



BYRON E. SMALL

**Matchmakers:** David Bourne, right, and Web-site designer Matthew Poje, want to offer a better way for investors to buy community bank stock, and for owners to sell it.

security. Investors tend to get in on the ground floor and tend not to sell. Bourne believes there is a market of interested sellers and buyers out there, but they need a bigger platform.

"This will help community bank stocks gain traction and value because there will be willing buyers and sellers getting together and that will naturally kick the price up," Bourne said. "Consumers need this more than ever. People who can't pay their mortgage might want to sell their bank stock."

It could also be a platform for announcing a small capital raise by community banks

in need of investor capital to help shore up their balance sheets, Bourne said.

The current process of trading community bank stock is a bit archaic. Bank CEOs quite literally keep a list of shareholders interested in selling in a drawer with a list of prospective buyers.

The current process could bring favoritism into play, something Bourne said he experienced firsthand. Bourne said he tried to buy stock from several small Georgia community banks two years ago after selling his chain of paint stores, but was denied. He said he learned later stock

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did change hands at one bank, and the buyer paid a few dollars per share less than he would have.

But the seller, he said, had no way to know another buyer with a potentially better price was out there.

"It was a feeling of disenfranchisement," Bourne said. "The shareholders willing to trade were getting the shaft."

Under the Community Bank List, a seller would register an anonymous post detailing their intent to sell, and anonymous buyers could contact them with bids through the site's e-mail system. If there is a desire to proceed, the transaction is consummated off-site. Fees paid by the bank to post available stock generate revenue for the Web site. Buyers and sellers pay nothing.

"The steno pad in the drawer isn't exactly the best way to do [trades]," said Chuck Lewis, CEO of **One Georgia Bank**. The idea might have merit as it could take some regulatory burdens off bank CEOs and make the process more transparent for investors.

According to securities law expert Dan Kolber of **Baker, Donelson, Bearman, Caldwell & Berkowitz P.C.**, the company might be operating in a gray area, similar to an investment club.

Newspaper classifieds have played the traditional role of connecting stock sellers with potential buyers in the past, said Walt Moeling, a **Bryan Cave LLP** banking attorney.

"In this market, with volume where it is and prices where they are, if you make great picks, it's a great time to be buying," Moeling said.

The vast majority of the nation's nearly 8,200 banks do not trade on traditional stock markets, and their shares are largely



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**Charlie Crawford, CEO and chairman of The Private Bank of Buckhead**, said improving transparency and efficiency in bank stock trades would be a plus.

But Crawford said not many investors in his bank have traded stock since its founding three years ago. Given market conditions, he said, he would not expect much trading.

"Most people in a community bank are investing long term and are not looking to come out of it in the near term," he said. "In today's economy, if you don't have to sell stock you probably wouldn't want to."

The group is starting its sales pitch in Georgia mainly because of the state's concentration of community banks.

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