

With a Bank Made Up of Business People Who Understand the Problems that Businesses May Encounter and Know How to Find Solutions, Gold Coast Bank is Providing Banking the Way it Used to Be

**Financial
Community Bank**

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**Joseph G. Perri
CEO**

BIO:

Joseph G. Perri has been the President and CEO of Gold Coast Bank since August 2009. Mr. Perri was formally an Executive Vice President of a major regional commercial bank, a member of the Bank's Executive Committee, Secretary of the Corporation and in charge of the Bank's Commercial Banking Department.

Mr. Perri is a frequent guest on the Fox Business show, *Bulls and Bears*, and gives numerous seminars for

small businesses and CPAs on "*How to Present a Loan Request to a Bank With the Greatest Chance of Success*". Mr. Perri was appointed to the New York State Charter Bank Advisory Board last March by the Governor of New York, Andrew Cuomo.

He holds a Bachelor of Science Degree from Alfred University, an MBA in Finance from Hofstra University and a degree from the Stonier School of Banking.

About Gold Coast Bank:

Headquartered in Islandia, with additional individual branches located in Huntington, Setauket, Farmingdale and Mineola, Gold Coast Bank is a New York State chartered bank whose popularity and sterling reputation stems from the strong, long-term relationships it has cultivated among its large and diverse customer base. A member of the Federal Deposit Insurance Corporation (FDIC) and one of Long Island's financially strongest de novo banks, Gold Coast Bank has more than \$190 million in assets and prides itself on providing businesses and individuals with quality lending and banking services. Fulfilling a unique niche within the Long Island commercial banking sector, Gold Coast Bank delivers specialty lending capabilities in a variety of areas that include real estate, equipment finance, and lines of credit for privately owned businesses.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Every bank has its own story and philosophy. Mr. Perri, can you tell me about Gold Coast Bank?

Mr. Perri: Gold Coast Bank was formed five years ago, by a group of businessmen who had started another bank in the early 1990's. They ended up successfully selling that bank in 2005. Over the next couple of years, there was a push from their former customers because they missed the community bank, hometown kind of feeling and personal touch that they enjoyed at the former bank. The entrepreneurs then decided to start a new bank. In terms of the Gold Coast Philosophy, I have a specific idea of what a community bank's focus should be. A community bank should be a part of the community, not just in a financial sense, but also in a total relationship sense. They should use their expertise and abilities to help people in the community, regardless of whether they are customers or not. They should have a symbiotic relationship with the community and by helping the community grow; the bank will prosper as well. I believe that should be the focus of a community bank. Additionally, senior management especially the president, should be "down in the trenches." He should be meeting with customers, meeting with prospects and community leaders as well. He should be closing deals for the bank, because who better to close a deal with an important new customer than the president of the bank? Many entrepreneurs will say they get a great deal of comfort in dealing with the president of the bank. I get involved as much as I possibly can. I have my cell phone number on

the website; and on my business cards. I can be called 24/7.

CEOCFO: The banking industry has certainly had many problems over the last few years. How did starting when GCB did either help or hurt?

Mr. Perri: Actually, it helped, because the bank did not get involved with the toxic loans that had taken place prior to 2008. From 2008 on, most of the real estate problems had started to get a little bit better, and we were able to pick and choose the right customers and the right deals. Gold Coast is one of the few denovo banks where the directors started the bank, are major stockholders, and have the major part of their business and personal deposits there. They "put their money where their mouth was." They put all of their accounts here.

It allowed Gold Coast to develop a great base of low cost deposits and a cushion from which to grow, but it also helped us get some very, very good customers. Potential customers derived a great deal of comfort that the directors had such faith in the bank that they put their money on deposit here. We feel that these actions were just as comforting to our large customers as FDIC insurance, because the feeling was that they would have a significant vested interest in the bank's success.

CEOCFO: What is the geographic area that you cover, and how has it fared over the last few years?

Mr. Perri: Gold Coast's market area is from Westchester down through Montauk. Like any other area, it has taken its toll; all of the financial problems that the country has had has taken its toll on Long Island, and on Westchester. However, I have been in the business for close to forty years, and when times are tough this area of the country is very resilient, but also there are always business people doing well. These businesses know how to manage themselves back out of an adverse situation. We have been able to successfully solicit these businesses and grow our portfolio significantly, even over the past year. We have grown from about \$82 million in loans to close to \$125 mil-

lion in loans in a year, and we have a very high quality loan portfolio. We consistently obtain high safety ratings from the bank regulators. In fact we were rated by Investing Answers as one of the 359 safest banks in the country based on our Texas Ratio.

CEOCFO: Why the Westchester area?

Mr. Perri: Westchester is a very good business area. Actually, I was the one who wanted us approved to go all the way to Westchester, not as a primary market area for the present, but as we grow and expand. We do not go soliciting there now, however we have a number of contacts there and receive very good referrals from time to time. Also with the advent of remote teller banking, distance to a branch is not as important as it used to be.

CEOCFO: Who is your typical customer?

Mr. Perri: We basically have two types. One is the established entrepreneur, or small real estate investor who demands excellent service and to have access to the most senior management at the bank. We relate very well to these people because we do not act just as order takers, but rather consultants. My philosophy is I do not want bankers working for me who are order takers. We are as much financial consultants as we are bankers. The value we bring to a loan request or to a company is the fact that we will sit there, take off the banking hat and act as consultants. We will structure loans, will look at their operations, and talk to their accountants, primarily from a consultant basis. Then, we put on the bankers hat and work out a loan structure that is most beneficial for the company and the bank. I have seen over the years very good loan situations go bad just because the banker did not structure the loan properly.

CEOCFO: Do you find that your customers understand that consultative approach, or do they have to be brought into the concept that you are doing that, and you do not have a hidden agenda behind it?

Mr. Perri: It is interesting because I have been doing this for so long that

at first, they are a little leery of it, but sometimes they know my reputation. I have a reputation for doing that. Other times, it only takes me ten minutes and they feel very comfortable. I am a "what you see is what you get" kind of guy. The only agenda I have is to get good customers for the bank, and/or to make sure the customers I have remain good. Once that gets across, they feel comfortable. We have a program that we advertise, that a customer can come in with his accountant, and three years financial statements and a personal financial statement, and in thirty minutes, I will give them an indication of their loan request as to what the answer will be. Sort of like a subject to approval. Banking is not rocket science; I have been a lender for many years. If I cannot tell initially whether I do not like a deal, then I really should not be in the business. They feel very comfortable in doing that, and also when we sit down in a lot of our deals we will bring in the accountant and the customer not to question him, but to make him part of the underwriting process. It is a different approach that is working very, very well for us.

CEOCFO: Do you do much advertising?

Mr. Perri: Most of our advertising depends on word of mouth. We do some when we want to broadcast, but my advertising budget is miniscule compared to the other banks. However, some of the things we do, as part of our community involvement is like advertising in a way. We have set up our branch conference rooms with Wi-Fi monitors and teleconferencing. In essence, we have a set up with all of the equipment that a company or organization would need to come in and hold meetings, all free of any charges. The user does not have to be a customer. They can reserve time on our website, and that has received tremendous positive response. There is no other bank that I know of who provides that kind of free service. The small businesses, professionals, people working out of their houses, and the community groups absolutely love it! They think it is so great, and it brings in a good amount of business for us because it gives our branches

exposure that they normally would not have otherwise. Our Bank also purchased the Toys for Tots receptacle boxes for businesses across Long Island and donated our ATM fees for Breast Cancer Awareness and Autism Awareness month.

CEOCFO: Is there much competition? Are there many other local banks of your size in the area that you serve?

Mr. Perri: Yes, the competition on Long Island is fierce. It seems like for any good loan request, there are always three or four banks involved. To win a deal a bank must: 1) Make quick decisions. 2) Have your pencils sharpened, so you have to know at which your bottom line is in terms of an interest rate. 3) Be able to think outside the box. It also helps if I go to talk to the customer and help negotiate the deal. That tends to give us an edge over our competition, as there are very few presidents that will be involved in as many initial deals as I am. Yes, competition is definitely there; you have to try to be one step ahead creatively over everyone else.

CEOCFO: What have you learned over the years to allow you to deal effectively with a challenging economy and regulatory climate?

Mr. Perri: Let us take it from the regulator standpoint. We used to say that in a business relationship there are three or four partners: there is the bank, there is the customer, and there is his accountant and attorney. Now there is a new partner, the regulator. I am a bit prejudiced because I always worked well with the regulators, and my temperament is such that I do not argue a point, I just try to be objective and factual, with no hidden agenda. Over the years, they have come to respect the fact that I will suggest to them when I feel something has to change for the benefit of bank regulation, or for the benefit of the banks. I like to look at a situation from both perspectives bank and regulator. When the New York State Department of Financial Services merged, they set up an advisory committee with only nine people. I was one of the

bankers that they picked to advise on regulatory changes and on converting more banks into the New York State charter. What I find with the New York State Department of Financial Service regulators is if a bank looks at them as though they were banking consultants, we have found them very practical in applying the regulations. The New York State regulators are very approachable. For instance, when Hurricane Sandy hit, I was receiving calls almost twice a day, once in the morning, and once in the afternoon from the New York State and FDIC regulators. The nature of the calls was not, "Is your bank going to suffer loses?" The nature of the calls was, "Are you operating and focusing to help the people in need?" That to me was a totally different tact than you would expect. We came up with a special loan program that cut the red tape, and instead of asking for three

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years financials, we only asked for one. I talked to the regulators about it, and they were totally fine in us circumventing some of those informational issues just to help the people in need and get some money out to them quicker. I have no problems, I have to say; they are reasonable, and again, they are people. People like to be treated as people. I know bankers that immediately take an adversarial approach. It does not work. You get more bees with honey.

CEOCFO: Are there services that you would like to add to what you are offering now?

Mr. Perri: Yes, actually, we are always focused on new products and services. We are always talking to our customers. We now have five branches, and we are growing steadily and controlled. We are actually in the process of upgrading our computer outsourcing to improve a lot of the products we have. One of the new prod-

ucts we are implementing is mobile banking. We do not have mobile banking, and that is something in today's world a bank must have. We have certain internal services, certain cash management services, certain depository services, that we are going to improve upon. In most cases, our services like lockbox, escrow accounts are tenant security accounts. Most banks, except for the very, very largest ones outsource these products. We outsource to some very, very good providers. These providers have state of the art products. It allows a bank like ours to compete both in price and technology.

CEOCFO: How do you ensure that your systems are user friendly and really working the way it should?

Mr. Perri: I love that question, because ours is tested by fire. Do you remember I told you we have all of

our director's business accounts? They use all of our products and services; they use our lockbox, they use our escrow service. They are not hesitant to complain if there is an issue. We are able to improve these products based on what they experience. Our PC banking—the computer banking

both for business and personal, is not as user-friendly as we would like it to be. We have received some very good suggestions and as I mentioned we are upgrading the system for the beginning of 2013. Besides the directors and myself utilizing the system, we also have an advisory board of our best customers, and they use the services, so we have a lot of input coming in.

CEOCFO: How is business these days?

Mr. Perri: Business for us is good. We are out there in the marketplace. Our brand of banking is catching on. When I say "our brand of banking" it is that very, very close and personal approach, access to senior executives, customers. Business people are very receptive to that style of banking. We have not had a problem getting deposits. Again, I am from the old school of banking, the way it used to

be. I stress to all of the managers that the branch is their own little business, and I expect them to treat customers as very important guests. If you visit one of our branches, all of our managers get up out of their seats, go over to the person entering and say hello. That happens rarely at a lot of other banks, and so that differentiates us. In addition, when one goes into all of the other banks they see all of the kiosks and signs trying to sell. We want our branches to be much less blatant. We are all about a personal and friendly customer experience. Our signs say, "Use our conference room or peruse our art gallery of local artists". We do not believe in a hard sell. We are attracting more and more businesses who like the way we operate. They like our flexibility, where they can pick up the phone and talk to anyone in the bank. For us, we have grown nicely, and we have no problem loans. Actually, we are going towards a secondary right now. We are going to the stockholders first, and then outside in January probably, to raise another \$15 million; not because

we need the money, we are very liquid, but it will enable us to lend more money to our good customers. I have a philosophy that says, "You have good customers, and they borrow, and you like them and know them; lend them as much as you can."

CEOCFO: Why should investors and people in the business community pay attention to Gold Coast Bank?

Mr. Perri: The reason why they should pay attention to Gold Coast Bank is twofold. Number one, we are as close to banking the way it used to be as possible. In other words, business people get to come to a bank that is made up of business people, who understand their problems, and know how to find a solution. Plus, I like to draw an analogy to a military operation. There are generals in the military that stay in their cushy offices and think they are in touch with the battlefield. Then you have other generals like MacArthur and Patton who were in the trenches getting their hands dirty. They see what is going on, they are in touch with the reality of

their business and with all of their people. That is how we are at Gold Coast. That is what I do. There is a communicative atmosphere that you do not get at other banks. Moreover, we are all talented. We are not uninformed bankers. I have been in the industry lending to large and small companies and they get the benefit of all of that experience. That is why somebody should come to Gold Coast, and watch Gold Coast's financial progress. I am on Fox Business a lot, and every time I am on Fox Business, I get calls from all over the country saying, "Gee, I want to bank with you!" Each of these companies has situations, and what I end up doing is consulting with them, and telling them how to deal with their banks. I do that naturally. It is a relationship that becomes very, very close knit.



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