

**Mike Allen** >> FINANCE

## Fourth Largest Credit Union Reducing Number of Offices



North Island Credit Union, the area's fourth largest with \$1.5 billion in assets, is closing three branches next month as part of an ongoing cost reduction plan.

The San Diego institution has been downsizing in the wake of suffering a terrible 2008. The credit union lost \$50.2 million due to a huge uptick in defaulting and delinquent loans.

The targeted offices are in Carlsbad, Vista and the Clairemont area of San Diego, says Geri Dillingham, now co-chief executive following the abrupt departure of long-time CEO Michael Maslak.

"The two newer North County locations had smaller deposit bases and were growing slower than projections given the economy," Dillingham said.

The lease for the Clairemont Square office expires May 31, and will be combined with the Kearny Mesa branch. The office closes May 15. The Carlsbad branch closes May 22, and Vista shuts down May 29.

Following the closures, NICU, which moved its headquarters to Kearny Mesa from Chula Vista last year, would have 13 offices.



Gerri Dillingham

Dillingham says 23 front-line workers and 22 support employees will lose their jobs as a result of the closures. Those cuts are in addition to 50 other workers who were laid off last year because of poor financial results.

After the closures are done, NICU will have 339 full time employees, down from 365 at the end of last year, and a high of 440 full-time employees in June, Dillingham says.

As of Dec. 31, NICU had \$100 million in capital, giving it a capital to asset ratio of 6.46 percent, which regulators regard as adequately capitalized.

During the year, NICU reported that its membership declined by some 2,000 members, but Dillingham says the bulk of those were auto loan borrowers who paid off their debt, and didn't request other services.

However, she says NICU has been gaining 750 to 800 new members monthly.

**Laptop Thefts Hit Lenders:** The theft of six laptop computers from Orange County accounting firm Vavrinek Trine Day & Co. has forced a few local banks to contact customers to tell them that important customer data was on the PCs.

Several San Diego banks called or sent letters this month to customers after lenders were notified of the theft that occurred in early March.

According to a sheriff's report, the laptops were stolen from the first-floor

offices of Vavrinek in Laguna Hills.

Ron White, managing partner for Vavrinek, would not disclose the names of the banks, but said all were notified of the theft, as required by regulation.

Some banks notified customers.

One bank offered security monitoring services free of charge for added protection. **California Community Bank** said it told 126 customers that they could use a credit monitoring service for a year, paid for by Vavrinek, of course.

**Borrego Springs Bank** also notified customers of the theft.

Another local community bank, **1st Pacific Bank of California**, uses Vavrinek as its auditor, but did not notify customers because management didn't think the theft would result in compromising customer personal data.

CEO Ron Carlson said the data contained on the stolen PCs concerned mainly corporate bank data — not personal account data. He also said that since the theft took place, there's been no evidence that any personal data has been made public or compromised.

The laptop data wasn't encrypted, but it does require two separate passwords to access, bankers said.

After a certain number of attempts to access the data, the laptops automatically lock up and cannot be reactivated without a network administra-



Larry Hartwig

tor, according to CEO Larry Hartwig of California Community.

**Coronado First First To Report:** Single-office **Coronado First Bank** was first lender out of the gate with first-quarter results, saying it turned the corner to making a profit in March.

The bank reported an unaudited net loss of \$149,000 compared with a net loss of \$79,000 for the like quarter of 2008. Assets grew 38 percent to \$82 million, while loans increased 82 percent to \$76 million.

The loss was mainly due to increasing reserves by \$158,000 to accommodate solid loan growth and from higher expenses related to valuation of stock options, says CEO Bruce Ives.

Coronado First plans to open a second office in Little Italy in July.

**Small Change:** **California Bank & Trust** is offering an online business checking deposit service that uses scanners provided by the bank. The new service saves time because checks can be deposited as soon as they arrive without making a trip to a branch, the bank says ... The first San Diego Microfinance Summit is scheduled for May 7 at the University of San Diego's Joan Kroc Institute for Peace and Justice.

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