



INDEPENDENT **COMMUNITY** BANKS
OF NORTH DAKOTA

COMMUNITY BANKER NEWSLETTER

Official Newsletter of Independent Community Banks of ND

Jul/Aug 2019 Issue



The original tellerline and communication expectations have changed drastically over the years! Statistics tell us that 78% of conversation daily is negative. Good grief! Come and meet the hysterically funny negative Nelda. As a whining, complaining, pessimistic ol' gal, she will help you see and hear the personification of negativity. Truth is, she may even help

you see that self-defeating behavior in yourself and ultimately give you some tools to deal with it. Guaranteed to improve your attitude---sign up today to join us for the 2019 Fall Frontline Session.

Register Here

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Chairman's Remarks



Rick Braaten

American State
Bank & Trust Co
Williston
ICBND Chairman

It has been my honor to serve this great association as Board Chair this past year. I am truly proud to be a community banker and part of this great association. As my year comes to an end, I have fond memories of the places and events I have been able to be a part of. The times spent in Washington DC at the Summit and in Nashville at the National Convention are highlights I will always remember. Appreciate my fellow board members and the amazing group of bankers I have met along the way. I especially want to recognize Barry and the entire ICBND staff for all the work they do in making this organization run smoothly and effectively.

Looking forward to seeing all of you at our 52nd state convention in Bismarck starting August 11th!

Rick



President's Remarks



Barry Haugen

ICBND President

I hope this message finds you enjoying a great North Dakota summer!

It's hard to believe August is already here. Of course, that means your ICBND staff is in the home stretch of preparation for our 52nd annual convention. I hope you're planning to attend. I promise it will be fun and informative! And, don't forget to participate in Monday evening's Superheroes them party which is sure to be entertaining.

On a serious note, preparing for the convention also causes us to reflect on our progress this past year. I'm happy to report that community banking in North Dakota and across the country continues to take strides forward as Senate Bill 2155 specifics get implemented finally bringing some regulatory relief. At the state level, our advocacy efforts have also been effective as we navigated through the 66th Assembly of the North Dakota Legislature. I want to thank all of you who participated in advocacy efforts at the state and federal level in our continued push to help community banking thrive. I also want

to thank the ICBND Board of Directors for their active participation in all things ICBND this past year. As I will further report at the annual meeting, this truly has been a successful year for your association. Last, but certainly not least, I want to thank Rick Braaten for his dedicated service this past year as your ICBND Chairman. Your leadership, insight, positivity and friendship have been a real gift to me and the association.

I hope to see you all on the 11th in Bismarck!

Until then,

Barry



Featuring ICBND's Newest **Associate Member**

We appreciate our associate members and encourage all of you, our member banks when looking for a specific product or offering to refer to your associate members first to fulfill your growing community bank's needs. Support the folks that support your association!

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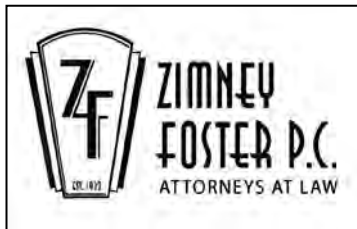
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**REBECA ROMERO
RAINEY**
PRESIDENT AND
CEO

**"WE STAND THE TEST
OF TIME AS PILLARS
OF OUR
COMMUNITIES."**



FLOURISH COLUMN

I recently attended an ICBA Services Network meeting where a group of us started reminiscing about the evolution of banking over the past few decades. We collectively wondered at how much has changed for the better. From new products and services to digital strategies and internal efficiencies, we've evolved our business to support our customers' growing needs. Thankfully, we're no longer filing checks and stuffing statements!

But when we examine things more closely, we see that in some respects, much remains the same. Despite industry transformation, the core of who we are as community bankers stays constant. While *how* we do things has changed, our collective mission endures. We're here to serve our customers and our communities to the best of our ability.

Nowhere was that more apparent than when I flew back to Taos, N.M., to attend Centinel Bank's 50th anniversary celebration in April. The stories that were shared emphasized the pivotal, permanent role a

community bank serves in its home environment. Over the past 50 years, our family and the incredible team at the bank have helped to support the creation of countless businesses. Many of those businesses, like the local auto part store and a local restaurant, are still flourishing, and they now are being passed down to the next generation of business owners: the daughters, sons and, in some cases, grandchildren of the founders. All the while, Centinel Bank has stood as a fixture for their banking needs. From the day it opened its doors, the community bank has maintained an active role and still serves as their bank today.

The relationships we forge allow us to support those who live and work locally, and we help to write the future of our towns. This is what makes us so unique. We stand the test of time as pillars of our communities.

This spirit of community is why ICBA exists. As you read this month's issue celebrating membership, I hope you'll take to heart the stories that show what it

means to be a member of the Independent Community Bankers of America. I encourage you to look for new ways to leverage your membership to fulfill your mission to serve as a presence in your community for generations.

It's often said that the only constant is change. In community banking, we need to flip that lens to account for generations of impact. Because when change is upon us, we remain constant, continuing to do what we do best: serve our customers and communities.

Where I'll Be This Month

I will be attending the Independent Community Bankers of Minnesota convention. While in Minnesota, I will also spend some time at our Sauk Centre office.

Rebeca Romero Rainey is president and CEO of the Independent Community Bankers of America® (ICBA), the leading advocacy organization exclusively representing community banks.



PRESTON L. KENNEDY
CHAIRMAN, ICBA

**"WE'RE NOT GOING TO REST
ON OUR LAURELS. WE HAVE
OTHER OBJECTIVES TO
ADVANCE."**



FROM THE TOP COLUMN

August is upon us, and we've entered the dog days of summer, but it's not time to sit back and relax. Much to the contrary. We're heading into the midst of a tumultuous political season—one where community bankers' voices need to be heard—and we must take advantage of this time to get our plans in place.

We have had some political successes in the past couple of years precisely because we put boots on the ground, amplified our voices and elevated the issues of importance. We were fortunate to meet with the president on two occasions, and a year later, we saw the passage of S.2155, which created some regulatory relief. But what now? What are we going to do next? I can tell you one thing: We're not going to rest on our laurels. We have other objectives to advance.

For example, as real-time payments heat up, we need to be out there ensuring Congress and the administration recognize the critical role the Federal Reserve plays in making real-time payments a viable option for community banks. Then, as we look at housing

reform, we need to be vocal about provisions that could disadvantage community banks. The nation's largest banks should not be the sole benefactors of any changes. The third issue to raise up is credit unions' abuse of power and overstep of their charters. We should continue to call for a review of the credit union tax and regulatory subsidies. Meanwhile, we have our work cut out for us on cannabis banking, reforming the Bank Secrecy Act and much more.

These issues must rise to the surface for your senators and representatives, and now's the time to make it happen. When Congress is in recess, elected officials are back in their home offices to meet with constituents like you. Invite them out to your bank or schedule an appointment to meet them in their offices, or several community banks can come together and host them in one location. We've had Rep. Garret Graves (R-La.) out to our bank to hear from our board and officers about the issues we're facing. Making that connection has mattered—and it opens doors for when we need to talk to him again.

So, I encourage you to make

your voice heard. ICBA's Advocacy Toolkit (icba.org/advocacy) gives guidance on how to schedule these meetings and the points to raise in your discussions.

Don't wait for someone else. Set it up yourself, because you know how important it is. And just think, after your meeting, you can go home and put your feet up, knowing that you had an impact on the future of community banking.

My Top Three

These are the top three issues facing community bankers right now:

1. The Federal Reserve's role in real-time payments
2. Housing finance reform
3. Credit union poaching of community banks

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Preston L. Kennedy is chairman of the Independent Community Bankers of America® (ICBA), the only national advocacy organization that exclusively represents community banks and is President and CEO of Zachary Bancshares Inc., in Zachary, La..



JIM REBER,
PRESIDENT AND
CEO OF ICBA
SECURITIES

"please don't jump out of an airplane with a duct-tape parachute to break your fall"

PORTFOLIO MANAGEMENT

Busting Myths

Sometimes, old investment axioms just don't add up.

Airing for 13 years, *MythBusters* was a popular cable TV show that investigated, in a lighthearted but scientific manner, such burning issues as just how hard it is to find a needle in a haystack, or whether a parachute made of duct tape actually works.

On occasion, bond investing can be based on assumptions/canons/practices whose origins are hard to pinpoint. Or worse, whose purposes are hard to document. Or worse yet, whose benefits are hard to quantify.

This month, we will try to address some of these notions and examine whether the myths supporting them have merit. One or more of these may be present in your own portfolio, as community bankers often ask me about them. And for the record, please don't jump out of an airplane with a duct-tape parachute to break your fall.

Myth: Portfolios with incremental call risk have higher yields

Fact: They rarely do

The day you purchase a bond, your broker can demonstrate that those with call features will have higher yields than those without ("bullets"). It follows that if no bonds ever get called, you've done yourself a favor. Over time, however, the majority of call options are in fact exercised by the issuer, which means that you'll gradually reinvest those moneys into, you guessed it, lower-yielding replacements.

About the only time that you're better off buying a lot of callables versus bullets is when rates slowly but consistently rise after you've made your purchases. But that doesn't mean you're happy then, either, because it means your portfolio will be underwater.

Myth: Bonds purchases with discount prices outperform those with premiums

Fact: It depends

The discount/premium conundrum plays out most visibly with amortizing investments like mortgage-backed securities (MBS). When such bonds are purchased at prices above or below par, your ultimate yield will be a function of the prepayment activity (aka "speeds") of the pools. If your book price is 96.00 and prepayments exceed expectations, your yield is enhanced.

Faster speeds are the residual of lower interest rates. As we know intuitively, rates don't travel in a linear path or even in one direction. So, over an intermediate horizon of, say, four years, your collection of bonds will likely be subject to different stages of a rate cycle. Higher interest rates favor bonds purchased at premiums. So usually, the hedge-your-bet strategy is to own some bonds at prices both above and below par.

Myth: Revenue bonds have higher yields than general obligation bonds

Fact: Usually, yes

Before I get blown up by this proposition, let me hurriedly add that I'm not suggesting you junk your credit standards. It's just that there are enough investors in municipal bonds, both retail and institutional, who insist on general obligation (GO) backing. That means there is almost always additional yield to be had in a revenue bond of a like maturity and rating.

But a word to the wise: Make it a practice to purchase revenue bonds whose income streams are derived from essential services. Examples include water and sewer projects, utilities, or lease revenues from schools that are

ultimately backed by ad valorem property taxes.

Myth: Investment ladders perform better than barbells in falling rate environments

Fact: Probably

Ladders are built through a series of purchases with defined, staggered maturities, which should ensure predictable cash flows over an intermediate-term horizon. Barbells, on the other hand, are built through a series of purchases of both very short and relatively long maturities, with little attention paid to the belly of the curve.

Assuming falling rates, the ladder's cash flows will do two things that are desirable. First, they will keep most of the money tied up and invested. Second, the bonds will appreciate in value. Some of the improvements in prices are courtesy of a steepening curve, which almost always accompanies a falling rate scenario. Barbells, while likely not subject to a decline in value, will see a more noticeable drop in yield.

Perhaps these issues aren't as weighty as whether you can hold the lever on a live grenade for two hours. But then again, you can't meet your earning goals with a live grenade. Happy myth busting!

Education on Tap

ICBA Bond Academy registration is open

ICBA Securities, with its exclusive broker Vining Sparks, will host the 2019 Bond Academy on Oct. 21-22 in Memphis, Tenn. Up to 12 hours of CPE are available. You can register by visiting icbasecurities.com/bondacademy

Fall convention calendar is filling up

ICBA Securities will attend, sponsor and/or speak at 10 ICBA state affiliates' annual conventions in August and September. You can find a calendar of our upcoming appearances at icbasecurities.com/seminarswebinars

ICBA Securities names new director

ICBA vice chairman Bob Fisher has been named to the ICBA Securities Board of Directors. Fisher, the president of Tioga State Bank in Spencer, N.Y., will be the 18th ICBA chairman to serve on the board.

Jim Reber is president and CEO of ICBA Securities and can be reached at 800-422-6442 or jreber@icbasecurities.com.

LAST CHANCE TO WEIGH IN ON REAL-TIME PAYMENTS

With a Federal Reserve decision on whether to build a real-time gross settlement service expected as soon as today, ICBA continues urging community bankers to make a final push in support of Fed involvement.

Community bankers can use ICBA's Be Heard grassroots action center to [call](#) and [email](#) Fed officials and members of Congress in support.

ICBA's final push for Fed involvement in recent weeks has included ad campaigns in Politico, The Hill and Politico's Morning Money as well as policymaker briefings, letters, op-eds, and blog posts.

[Email Fed and Congress](#)

[Call Congress Now](#)

164K JOB GAINS IN JULY AS SENTIMENT IMPROVES

Employers added 164,000 jobs in July, and the unemployment rate was unchanged at 3.7 percent, the Labor Department [reported](#). June's previously reported gain of 224,000 jobs was revised down to 193,000. Separately, the University of Michigan's consumer sentiment [index](#) rose slightly to 98.4 in July from 98.2 the previous month.

FISERV COMPLETES COMBINATION WITH FIRST DATA

Fiserv Inc. announced that it has completed its acquisition of First Data Corp. The \$22 billion deal announced in January combines under one roof a range of payments and financial services, including digital banking, issuer processing and network services, e-commerce, and integrated payments.

[Read More](#)

About ICBA

The Independent Community Bankers of America®, the nation's voice for nearly 5,700 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services. For more information, visit ICBA's website at www.icba.org.



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United Bankers' Bank is proud to be the nation's first and the upper Midwest's largest bankers' bank, serving over 1,000 community banks from the Pacific Northwest to the Great Lakes. We can't wait to share our passion for community banking with you!

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KEVIN TWEDDLE,
CHIEF OPERATING
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SERVICES NETWORK

*"Relationships remain
central to community
banking"*

INNOVATION STATION

Innovation meets strategic planning

With Labor Day just around the corner, many community banks are getting ready for their strategic planning this fall. As you begin to gather your thoughts in advance of these critical planning days, I'd like to talk about innovation and its importance in the strategic planning process, as well as address a few practical considerations.

Let me first say, as community banks, our goal is not to go out and compete directly with digital-only banks. Relationships remain central to community banking. Innovation is about leveraging new technology and ideas to create better solutions for our customers. So, innovating in community banking is about improving the customer experience without losing sight of the relationship. How do we do that?

Weaving innovation into strategic planning

Community banks must weave innovation throughout the fabric of their overall strategic planning. To achieve successful outcomes, innovation must permeate the entire strategy planning process.

Because innovation often

involves higher risk, leaders from the C-suite need to lead the charge, positioning themselves to help the organization navigate the inevitable bumps in the road, which will come. The organization should also designate an individual solely devoted to innovation, who reports to one of these top leaders.

Innovation is an enterprise exercise

Once appropriate C-suite leaders and organizational influencers are in place at the top of the innovation funnel, it's time to position the other players. Innovation is an enterprise exercise that should involve every department in the bank. For example, an organization's innovation lead might schedule regular department head meetings to brainstorm new ideas, review proposed products and services, and wrestle complicated issues, which will only strengthen the bank's strategy and innovation plans. It's critical that all departments participate in the process.

Fintech partnerships are critical

What's also significant is the growing number of partnerships between financial institutions and fintechs, which leverage new technology to create new and better financial services

for both consumers and businesses. Fintechs are active across multiple categories, such as lending, personal finance, retail, equity financing and consumer banking, among others. When making build, buy or partner decisions, partnerships typically make the most sense from a resource perspective.

What's the bottom line? We are in a critical period. In this new age of digital transformation, solutions that worked in the past are no longer viable. The disruption to the banking industry and customer expectations are both unprecedented, requiring decisive action by community banks.

Are there costs and risks involved in innovating? Sure. But avoidance is going to cost you more and put you at greater risk than integrating innovation into your planning process and culture.

Kevin Tweddle is chief operating officer of the ICBA Services Network and can be reached kevin.tweddle@icba.org.



BATTLING SYNTHETIC IDENTITY FRAUD

By Jeremy Dalpiaz



There's a pivotal scene in *Ocean's 11* in which Matt Damon's character asks if the grand heist is a "smash-and-grab job." George Clooney's character replies that it's "slightly more complicated" and proceeds to reveal a multi-point scheme requiring hefty preparation to pull off.

Why in the world am I talking about a movie plot? Quite simply, it provides the perfect analogy for synthetic identity fraud. It is a major payout and avoids being flagged by 85 to 95 percent of traditional fraud models.

As the fastest-growing type of financial crime in the U.S., synthetic identity fraud has garnered increased attention and was the subject of a Federal Reserve comprehensive report earlier this month. *Synthetic Identity Fraud in the U.S. Payment System* defines this type of fraud as "a crime in which perpetrators combine fictitious and sometimes real information, such as social security numbers and names, to create new identities to defraud financial institutions, government agencies or individuals."

How it Works

This type of insidious crime plays out over time in four key steps:

- **Establish an identity** by combining "real" information purchased on the dark web—such as the Social Security number of a child or one that hasn't been issued—with fictitious identities created and substantiated via P.O. boxes or social media accounts.
- These fraudsters then take their crafted identities to **apply for credit**. When denied, they create a file that helps legitimize the false identity and repeatedly apply—via multiple banks and payday lenders as necessary—until they ultimately obtain credit.
- **Grow their credit score and credit limits.** This false identity is further established through a "piggybacking" process in which perpetrators pay accountholders with good credit to add them as authorized users to their accounts. The goal is to increase their line of credit as high as possible.
- **"Bust out" with the money.** Once their credit score rises high enough, they "bust out," leaving maxed-out cards or unpaid loans in their wake, leaving financial institutions to foot the bill. There's also the potential for unsuspecting consumers to have a lot of financial clean-up to do.

This type of fraud generally goes unreported because its victims are most often individuals who aren't checking their credit reports, including children, the elderly and the homeless. This means banks are left to pick up the tab for these unpaid charges, estimated at more than \$15,000 per attack in 2016 and accounting for up to 20 percent of all credit losses, according to an Aurion Group study.

Fighting Back

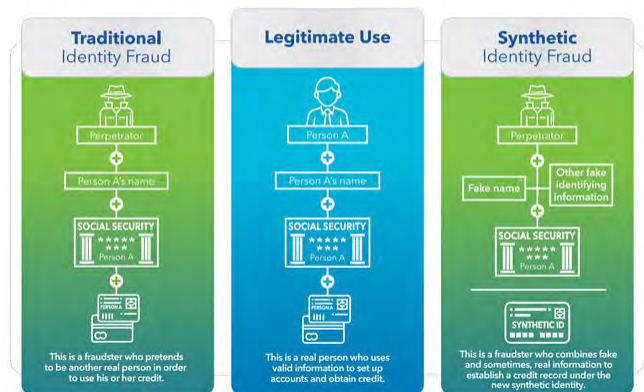
So, what can be done? Customer education, for starters. For example, we can let our customers with young children know that they can place a freeze on their children's accounts with credit bureaus and then lift them when they become old enough to need them. They also can consider "locks" for their own accounts, which are manually turned on and off with a mobile app. In addition, regular credit checks can help keep on top of any changes in ratings.

Having a staff that's up-to-speed on how this fraud occurs and what to look for in applications will also go a long way in helping to safeguard banks. The Federal Reserve's white paper is a great tool for opening the conversation; and I expect the Fed will continue its leadership on this subject, so look for more to come. ICBA also is available as a resource. So please feel free to reach out to us if you would to share your thoughts with the Fed on this topic.

The complexity of synthetic identity fraud and the difficulty to detect it is why we must remain vigilant if we hope to stay a step ahead. I'm confident with our collective efforts, the synthetic identity fraud story will end differently than the *Ocean's 11* heist. In our case, we'll be waiting to bust them as they try to "bust out."

Jeremy Dalpiaz is vice president of cybersecurity policy at ICBA.

DIFFERENTIATING TRADITIONAL IDENTITY FRAUD FROM SYNTHETIC IDENTITY FRAUD





CONGRESS ADOPTS CHAPTER 12 EXPANSION

Before leaving for the August recess, the House and Senate quickly adopted legislation to expand the amount of eligible assets qualifying for Chapter 12 farm bankruptcy. The legislation ([S. 897](#) and [H.R. 2336](#)), driven by the ongoing economic difficulties in the farm sector, expands the current level of eligible assets from \$4.2 million to a new threshold of \$10 million. ICBA opposes expansion of Chapter 12, whereas national farm groups including the American Farm Bureau and the National Farmers Union, as well as the Farm Credit System, supported expansion.

ICBA URGES SENATE VOTE ON BOWMAN RENOMINATION

ICBA urged Senate leaders to schedule a floor vote on Federal Reserve Board Governor Michelle "Miki" Bowman's nomination for a full term. The Senate Banking Committee in June advanced Bowman's nomination following her bipartisan confirmation for a partial term that expires Jan. 31, 2020. If confirmed by the Senate, Bowman's renomination for a full 14-year term would begin Feb. 1, 2020.

[Read ICBA Letter](#)

RED RATE CUTS FIRST SINCE 2008

The Federal Open Market Committee voted 8-2 to cut benchmark interest rates by 25 basis points to a range of 2 to 2.25 percent. The cut to the federal funds rate was the first since 2008 and follows four rate increases last year. In a news conference, Fed Chairman Jerome Powell said it was not the beginning of a long series of cuts and the Fed will continue to adjust its policies based on economic data.

CFPB REOPENS COMMENT PERIOD ON HMDA THRESHOLDS

As announced in June, the Consumer Financial Protection Bureau formally reopened the comment period on its advance notice of proposed rulemaking on the Home Mortgage Disclosure Act. The CFPB is proposing to raise the coverage thresholds for collecting and reporting HMDA data.

In a comment letter to the bureau in June, ICBA advocated raising the threshold for closed-end mortgages from 25 to at least 100. ICBA also supported making permanent the 500 open-end lines of credit threshold instead of reverting to a 200 threshold in 2022. ICBA will separately provide comments on the data point provisions.

SENATE PANEL PRESSURES AGENCIES ON COMMUNITY BANK RELIEF

Senate Banking Committee Republicans led by Chairman Mike Crapo (R-Idaho) called on federal regulators to advance several pro-community bank policies, including unfinished measures from the S. 2155 regulatory relief law.

In a joint letter representing several ICBA advocacy initiatives, the lawmakers urged the agencies to:

- implement an 8 percent Community Bank Leverage Ratio to maximize the community bank exemption from risk-based capital rules,
- expand on the limited relief provided under their final rule implementing a short-form call report for many community banks, and further offset the potential negative effects of the Current Expected Credit Loss accounting standard on bank lending.

ICBA continues working closely with Congress and the regulators to maximize and expand on the community bank regulatory relief policies of S. 2155.

CAPITAL ONE BREACH AFFECTS 100M

Capital One Financial Corp. announced a data breach affecting approximately 100 million individuals in the United States and approximately 6 million in Canada. The hacker obtained certain types of personal information from credit card customers and applicants. Roughly 140,000 Social Security numbers and 80,000 linked bank account numbers were compromised.

[Read More](#)

HOME-PRICE GAINS CONTINUE SLIDE

Home-price increases continued to slip, with the Case-Shiller national index showing a 3.4 percent annual gain in May—the 14th consecutive month of slower growth. Meanwhile, pending home sales rose 2.8 percent in June and were up 1.6 percent year-over-year, the Consumer Confidence Index rebounded in July following a June decrease, and personal income and spending rose in June by 0.4 and 0.3 percent, respectively.

ICBA OPPOSES RAKUTEN ILC APPLICATION

ICBA said it opposes an application by Japanese e-commerce conglomerate Rakuten to open a U.S. industrial loan company. In a statement, ICBA said the ILC charter is a loophole that should be closed by policymakers.

"There is nothing innovative about large tech firms attempting to exploit the lax ILC regulatory regime," ICBA President and CEO Rebeca Romero Rainey said.

As ICBA said in a comprehensive white paper earlier this year, the ILC loophole creates an uneven regulatory playing field that threatens consumers and the financial system. ICBA will continue working with policymakers to close the loophole and maintain the separation of banking and commerce.

[Read ICBA Release](#)

ICBA OPPOSES DELAY IN CREDIT UNION CAPITAL RULES

ICBA called on the National Credit Union Administration to implement its risk-based capital rules now, rejecting the agency's proposed delay in the effective date for tax-exempt credit unions. The NCUA is proposing to delay the effective date of the final rules issued in late 2015 until 2022.

In a [comment letter](#) to the agency, ICBA advocated regulatory capital standards on par with community banks so credit unions do not expose taxpayers to needless financial risks as a backstop to the Share Insurance Fund. ICBA said it agrees with NCUA board member Todd Harper, who voted against the agency's proposed delay due to its risks.

Meanwhile, community bankers can continue using ICBA's [Be Heard grassroots action center](#) to urge Congress to investigate the trend of large credit unions buying up community banks. ICBA is also encouraging community bankers to send in examples of egregious credit union actions to exposingcreditunions@icba.org and to use ICBA's [customizable op-ed](#) to raise awareness of the acquisition trend.

MCWILLIAMS: AGENCIES ENCOURAGE BSA/AML INNOVATION

Federal agencies should develop better ways to communicate the value of suspicious activity reports to the bankers that incur the costly burden of the reporting, FDIC Chairman Jelena McWilliams said. Speaking in Washington, McWilliams said Bank Secrecy Act rules impose significant compliance costs on the entire financial system, though SAR information can help authorities detect and stop crime. She noted that the FDIC has encouraged banks to evaluate innovative approaches to help reduce the cost of compliance.

[Read the Speech](#)

About ICBA

The Independent Community Bankers of America®, the nation's voice for nearly 5,700 community banks of all sizes and charter types, is dedicated exclusively to representing the interests of the community banking industry and its membership through effective advocacy, best-in-class education and high-quality products and services. For more information, visit ICBA's website at www.icba.org.



HELPING YOU BUILD YOUR BEST DEAL

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CONSUMER COMPLAINTS: COMPLIANCE MANAGEMENT SYSTEM BASICS AND A LOOK AT 2018 TRENDS

Bank customer complaints serve as an important resource for identifying problems and concerns regarding new and existing bank products and services. Every institution should have a complaint resolution process as part of its compliance management system (CMS). This process is about more than resolving an individual customer complaint or inquiry. It involves using information from a complaint or inquiry to identify issues that may be widespread and making appropriate adjustments to disclosures, system settings, and procedures to ensure that corrective action is applied to everyone who may be affected.

Consumer complaints are also important for helping to identify emerging risks. Complaints may indicate a compliance weakness in a particular function or department, or they may identify trends revealing a need for additional products or services or an area for enhancements.

Consider the following when establishing consumer complaint resolution policies and procedures:

- The bank's compliance officer is made aware of all complaints received and ensures their timely resolution.
- Individuals or departments responsible for handling complaints are designated and known to institution personnel.
- The policy addresses how complaints are identified and defined, considering that consumer inquiries may also highlight areas with increased risk of consumer harm.
- The policy requires procedures to monitor complaints to and/or about third parties that are providing services on behalf of the institution.
- The policy addresses training of staff on complaint resolution procedures.
- The policy addresses the types of complaints to be reported to senior management and the Board of Directors.
- The policy establishes a methodology for tracking complaints that will facilitate trend analysis and reporting to the Board of Directors.

The FDIC's Consumer Response Center (CRC) handles complaints from customers of FDIC supervised institutions. Let's take a look at 2018 complaint data from the CRC to see what common issues have come up in consumer complaints handled by the FDIC. We encourage you to review your bank's policies and procedures for these areas and to consider including them in the scope of a future internal review or audit. Early identification will assist the bank in taking action and preventing more widespread concerns.

Consumer Response Center - Complaint Data Trends

When looking at complaint data, it is important to note that this data represents issues that consumers have expressed concern about. It does not necessarily mean that the bank made a mistake in each of these instances. In fact, for complaints handled by the FDIC, an apparent error or violation was only identified for 5 percent of the issues investigated in 2018. However, a complaint may point to an opportunity for the bank to improve disclosures or procedures even when there is no finding that the bank made an error. For example, disclosures may be technically correct, but may still be presented in a way that causes consumers to question a particular aspect of a product, such as the timing of fees.

Product Trends

The top 5 product lines identified in complaints handled by the CRC in 2018 were:

1. Checking accounts
2. Credit cards
3. Residential real estate loans
4. Consumer lines of credit
5. Installment loans

Checking Accounts

In 2018, consumers expressed concerns regarding checking accounts at over 500 FDIC-supervised banks. The majority of concerns for checking accounts involved deposit account discrepancies, fees and service charges, error resolutions, refusal to provide service, and concerns with funds availability/release of funds. Consumer concerns related to deposit account discrepancies covered a wide variety of issues, such as questioning debits from accounts, missing money, inaccurate account balances, interest calculations, fraudulent deposits, and forged checks drawn on accounts. Most of the consumer complaints about fees and service charges were covered under Regulation DD, Truth in Savings. Regulation E, Electronic Funds Transfer also covered many of the issues reported.

Credit Cards

Complaints involving credit cards continued to increase in 2018, but unlike other topics, these were largely driven by a small number of banks that specialize in credit card products. Consumer issues for these banks were led by credit reporting concerns, followed by billing disputes and fees/finance charges.

Residential Real Estate Loans

Complaints involving residential real estate loans primarily had to do with inaccurate disclosures, appraisals, loan modifications, and credit report errors. The CRC received complaints related to residential real estate loans at over 280 banks.

Consumer Lines of Credit

The primary concern of consumers in this category involved inaccurate credit reports (48 percent), followed by collection practices and billing disputes. These three issues comprised over 70 percent of all concerns for this topic.

Installment Loans

Similar to consumer lines of credit, consumers with installment loans were concerned about inaccurate credit reporting (35 percent), with other concerns involving collection practices, disclosures, and adverse actions.

Recurring themes in complaints related to lending products

- **Reporting of Erroneous Account Information:** This issue related to disputed items and delinquencies, debt that was sold, credit inquiries, or identity theft concerns.
- **Disclosures:** This includes not receiving disclosures, receiving inaccurate disclosures, or not understanding the disclosures that were provided.
- These issues were generally covered under the Fair Credit Reporting Act and Regulation Z, Truth in Lending.

Continued on next page

Regulation Trends

The FDIC's CRC has identified issues in several key areas related to consumer protection laws and regulations:

Fair Credit Reporting Act

The FDIC received a large number of complaints about credit reporting issues. The majority of these complaints noted concerns with accounts being incorrectly reported as past due or that the account was the result of identity theft. Banks must ensure that consumer information reported to credit reporting companies is accurate and handled in accordance with the Fair Credit Reporting Act, and that reporting issues resulting from identity theft are corrected in a timely manner.

Electronic Fund Transfers Act

Regulation E's error resolution procedures prescribe specific steps and timelines that must be followed by a bank in handling alleged errors and inquiries regarding electronic fund transfers. Common concerns included banks not properly investigating errors or failing to provide provisional credit to depositors in a timely manner.

Truth in Lending Act

Banks offering credit card products should review Truth in Lending's requirements for billing disputes and error resolutions. The FDIC has seen several instances where these requirements were not fully followed when investigating errors brought to the banks' attention by consumers. Complaints have also identified issues at banks related to failure to provide periodic statements when required and failure to disclose fees correctly.

Fair Debt Collection Practices Act

The FDIC continues to receive a significant number of complaints concerning debt collection issues. Many of these complaints specifically mention concerns with the number of calls the consumer receives regarding their debt, as well as calls made to the consumer's workplace, friends, and family in an attempt to speak with the consumer. It is important for banks to proactively manage in-house operations and third parties used to collect outstanding debts, making certain that all collection practices follow applicable laws and regulations.

FDIC CONSUMER COMPLIANCE SUPERVISORY HIGHLIGHTS

The FDIC developed and released a new publication titled *Consumer Compliance Supervisory Highlights* in June 2019. This publication is intended to provide supervised institutions and the public with information and observations related to the FDIC's consumer compliance supervision activities in 2018 and provides a high-level overview of consumer compliance issues identified during the year through the FDIC's supervision of state non-member banks and thrifts. In addition, the publication allows for enhanced transparency regarding consumer compliance supervisory activities.

This issue of the *Consumer Compliance Supervisory Highlights*:

- Provides an overview and summary of the overall consumer compliance performance of supervised institutions in 2018;
- Includes supervisory observations regarding factual findings identified at examinations resulting in violations of applicable consumer protection laws;
- Identifies examples of practices that may be useful in mitigating risks;
- Summarizes resources and information the FDIC makes available for supervised financial institutions that help institutions stay abreast of issues identified during an examination and may assist them in mitigating risks; and
- Identifies the most frequently cited violations and enforcement actions in 2018.

This publication is available on the FDIC's website at <https://www.fdic.gov/regulations/examinations/consumercompsupervisoryhighlights.pdf>

INTRODUCING...



ICBND's Community Banker newsletter is 'singing' praises about YOU our member bank and associate member employees!

If you or someone you know does something extraordinary let us sing their praise by highlighting them in our new section for member bank employees called 'Beyond the Bank' and for associate member employees called 'Outside of the Office'. Submit your information to Nanci at info@icbnd.com. We look forward to learning and sharing *your* other side of the story!

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Scams have become an unfortunate part of our society. You probably know someone who has gotten a call from a Social Security impersonator.

We at Social Security are serious about protecting the information entrusted to us. In the past year, we've posted a series of blogs about how our beneficiaries can protect their information from scammers and what to do when they receive a "spoof" call.

Additionally, we are teaming up with other government agencies to develop educational tools that would help our citizens spot these schemes and avoid becoming victims.

Recently, we worked with the Consumer Financial Protection Bureau and the Federal Trade Commission to create a new fraud prevention placemat to help you avoid Social Security scams. You can order free copies of the placemat to use at dining venues, or to share with friends and family. The placemat is in English on one side and Spanish on the other side.

You can help us protect the people you serve. These are some things to remember:

- Talk about it! Social Security scams haven't been as common until recently. Share the message with others to make them aware of this type of scam.
- Government employees will not threaten to take away benefits or ask for money or personal information to protect your Social Security card or benefits.
- Report Social Security scams to the SSA Office of Inspector General Fraud Hotline at (800) 269-0271 or oig.ssa.gov/report and to the Federal Trade Commission at FTC.gov/complaint.

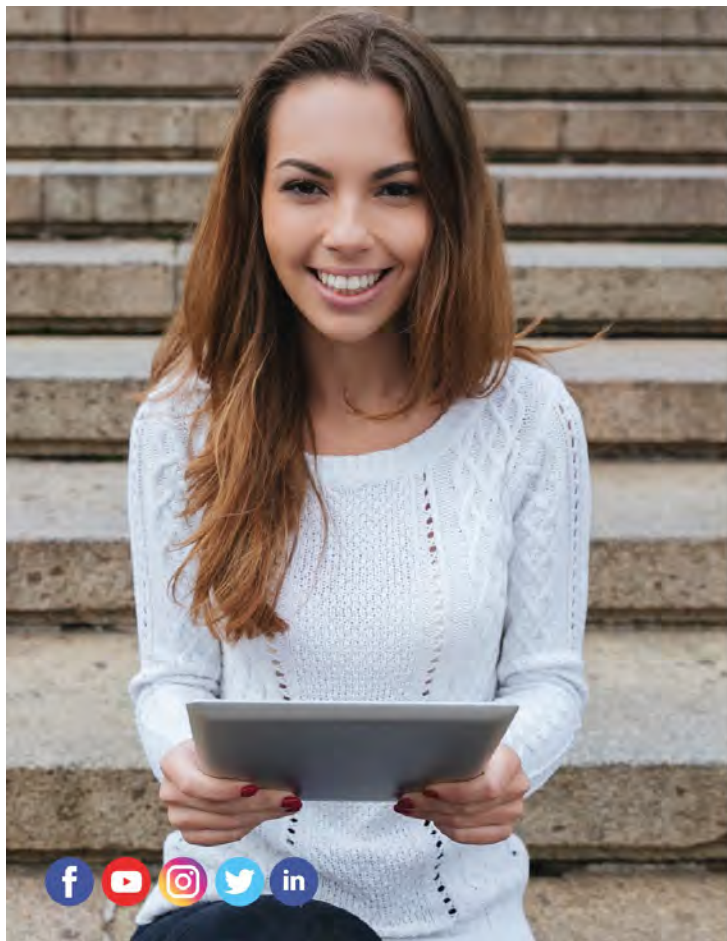


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Office of Attorney General

ND FILES SUIT TO RECOVER COSTS RELATED TO DAPL PIPELINE PROTESTS

Army Corps of Engineers totally abdicated its legal responsibilities, says Stenehjem

Attorney General Wayne Stenehjem on July 18th filed a lawsuit in federal court in Bismarck, seeking to hold the federal government accountable for \$38 million in costs expended by the State of North Dakota related to unlawful conduct that occurred during the protests over the construction of the Dakota Access Pipeline (DAPL).

North Dakota's claim is brought under the Federal Tort Claims Act, and asserts that the state incurred \$38 million in law enforcement, emergency response, and other costs as a result of the US Army Corps of Engineers' failure to enforce the law, including its own regulations, and to protect public safety, health and the environment during massive protests over the DAPL's construction.

For nearly eight months beginning in August 2016, the federal government allowed trespassers to establish and live in illegal, unsafe and unsanitary camps on Federal lands from which certain criminal elements staged prolonged, often combative and violent unlawful activities on federal, state, and private lands in Morton County, North Dakota and in Mandan and Bismarck.

Stenehjem said, "those organized protests, launched from large makeshift encampments illegally located on federal lands, involved frequent outbreaks of dangerous, unsanitary, and sometimes life-threatening activities."

As a result of the Corps' failure to enforce the law on land under its control, North Dakota was forced to provide a sustained, large-scale public safety response to protect public safety and health, including that of the protesters, as well as protect the environment and property. The State response involved thousands of days of law enforcement and first responder time, and the use of considerable amounts of equipment.

Stenehjem said "this cost North Dakota \$38 million, which the State maintains the federal government should reimburse because the Corps' failures to do its duty directly caused the state to incur these costs."

"From the beginning, the US Army Corps of Engineers has completely failed and refused to respond in any meaningful way to the requests of North Dakota to act, including its failure to even respond to our demand for payment under the Federal Tort Claims Act. But now the Corps will have no choice but to appear in a court of law and attempt to defend its abdication of its responsibilities," Stenehjem continued.



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STENEHJEM STATEMENT IN RESPONSE TO 8TH CIRCUIT DECISION

In an opinion issued June 13th, the United States Court of Appeals for the Eighth Circuit has affirmed the preliminary injunction blocking the proposed acquisition of Mid Dakota Clinic by Sanford Health, which injunction was issued by the US District Court in the antitrust case brought by Attorney General Wayne Stenehjem and the Federal Trade Commission on June 11, 2017.

"I am very pleased with the Appellate Court's decision to uphold Magistrate Senechal's decision, which I believe recognized the potential negative consequences for patients in the Bismarck-Mandan area," said Stenehjem.

Stenehjem and the FTC brought the action to pause the merger of Sanford Health and Mid Dakota Clinic because of concerns that a merger would eliminate the significant competition between Sanford and Mid Dakota Clinic in the Bismarck-Mandan area, resulting in a lack of choice for patients and higher prices.

Sanford and Mid Dakota are each other's closest rivals in Bismarck-Mandan region. In its

decision, the 8th Circuit found that as a combined entity, Sanford and Mid Dakota Clinic would have an 86-98% share of each of the primary care, pediatrics, OB GYN, and general surgery services market. The combined entity would have been the only physician group offering general surgery physician services in the Bismarck-Mandan area.

On December 14, 2017, US District Court Magistrate Alice Senechal issued a preliminary injunction blocking the proposed merger between Sanford Health and Mid Dakota Clinic until a FTC administrative hearing could be held to determine the legality of the transaction. Sanford Health and Mid Dakota Clinic appealed and the Eight Circuit Court of Appeals heard arguments on the appeal on November 13, 2018.

"Competition in the marketplace benefits consumers, including when that competition is for medical care. Today's decision by the Eighth Circuit to affirm the U.S. District Court's decision is in the best interests of the local community," said Stenehjem.



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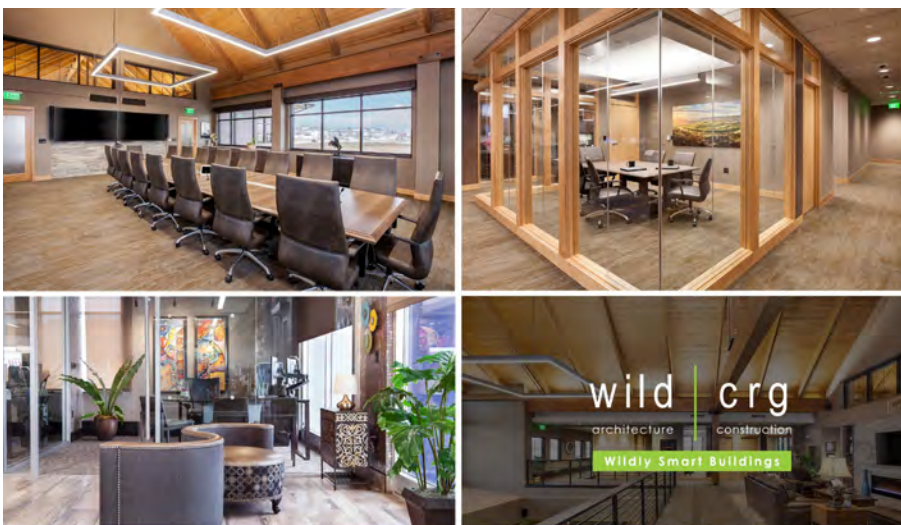
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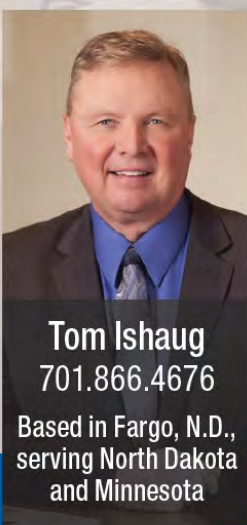
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ATTORNEYS GENERAL SECURE \$600 MILLION FROM EQUIFAX IN SETTLEMENT OF LARGEST DATA BREACH IN HISTORY

Attorney General Wayne Stenehjem today announced that a national coalition of Attorneys General has reached a settlement with Equifax as the result of an investigation into a massive 2017 data breach. The settlement includes a Consumer Restitution Fund of up to \$425 million and a \$175 million payment to the states. It is the largest data breach enforcement action in history.

“This enforcement action sends a strong message to Equifax and other credit reporting agencies that when you are in the business of collecting and storing our personal and confidential information, you must properly safeguard that information, and if you fail to do so, we will hold you accountable,” said Stenehjem.

On September 7, 2017, Equifax, one of the largest consumer reporting agencies in the world, announced a data breach affecting more than 147 million individuals — about half the adult population of the United States. Breached information included names, addresses, social security numbers, birthdates, credit card numbers, and driver’s license numbers.

The Attorneys General immediately launched a national investigation, which found that despite knowing about a critical vulnerability in its software systems, Equifax did not patch the systems or even replace a software program that monitored its system for breaches. As a result, it took Equifax 76 days to notice that its database had been hacked and the highly sensitive personal information of millions of Americans had been stolen.

Under the terms of the settlement, Equifax will establish a Consumer Restitution Fund of up to \$425 million to reimburse people who suffered a financial loss from identity theft or expenses for credit monitoring services as a result of the breach. Eligible individuals will be able to submit claims online or by mail, through a process coordinated by the Federal Trade Commission. Consumers can obtain more information about how to determine their eligibility and can register their email address to receive notice when the FTC is ready to process claims, at ftc.gov/equifax, or by calling the FTC’s claim hotline at 1-833-759-2982.

As part of the settlement, Equifax is required to minimize its future collection of sensitive data, including social security numbers, to strengthen its security practices, perform regular security monitoring, logging and testing, and institute new policies to identify and quickly deploy critical security updates and patches to its systems. Equifax will pay the states a total of \$175 million, which includes \$1 million for North Dakota.

Equifax is one of the three major credit reporting agencies, along with Experian and TransUnion, which collect personal and financial information of millions of Americans and then profit from re-selling that information in the form of credit reports. These credit reports are used by prospective employers, landlords, credit card companies, and lenders, to decide whether an individual poses a credit risk.

In addition to North Dakota, the following states participated in the settlement: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, as well as the District of Columbia and the Commonwealth of Puerto Rico.

NORTH DAKOTA FILES PETITION SEEKING TO OVERTURN WASHINGTON STATE LAW

Attorney General Wayne Stenehjem announced today that North Dakota has filed a petition with the US Department of Transportation seeking to overturn a recently passed Washington State law.

The Hazardous Materials Transportation Act (“HMTA”) is a federal law authorizing the US DOT to protect the nation against the risks inherent in the transportation of hazardous materials and to establish a uniform set of national regulations. DOT has delegated this authority to the Pipeline and Hazardous Materials Safety Administration (PHMSA), which is tasked with ensuring the safe transportation of hazardous materials, including those transported by rail. Congress included express preemption language in the HMTA, specifically to preclude a multiplicity of state and local regulations. By law, PHMSA has the authority to declare a state law is in conflict with federal standards.

North Dakota ships about 10% of its oil by rail to refineries in the state of Washington. The new law, which goes into effect on July 28, 2019, prohibits oil from being unloaded at refineries within the state from rail cars that have a vapor pressure greater than 9 psi, which is significantly lower than accepted national standards. This new standard would make it uneconomical for oil from the Bakken region in North Dakota and Montana to be unloaded at Washington state refineries. North Dakota is the second largest producer of oil in the United States, at 1.4 million barrels per day, second only to Texas.

“I understand that Washington wishes to protect its citizens and communities from the risk of derailments, particularly those involving hazardous materials. So does North Dakota, and so does the federal government. That is why the federal government has a detailed, rigorous, and comprehensive regulatory scheme governing precisely this concern,” commented Stenehjem.

North Dakota maintains that Washington’s attempt to re-classify crude oil based on its vapor pressure is inconsistent with federal standards. Moreover, it sets the precedent that one state with access to particular transportation routes, namely rail-to-port, can restrict another state’s ability to move its own natural resources across state borders.

“This is not an issue only about oil. Coastal states should not be able to dictate what goods can move from one state to the next or be exported. This is especially significant for states like North Dakota that do not have direct access to the coasts. While oil is the issue in this case, it is reasonable to expect that other commodities could be next – like soybeans, GMO crops, meat from animals that are not free range – you name it,” Stenehjem said.

The state of Montana has joined North Dakota’s petition.

Read the Petition: <https://attorneygeneral.nd.gov/sites/ag/files/documents/MediaAttachments/2019-07-17-Petition-PHMSA.pdf>.

STINSON ALERT

COMMUNITY BANKS SET TO BE EXCLUDED FROM THE VOLCKER RULE

By Angie Fletcher



The week of July 11th, federal regulators finalized a rule to exempt community banks from proprietary trading at banks. In addition, the revised rule will also allow certain hedge funds or private equity funds to share the same name or similar name with an investment adviser. The investment adviser, however, cannot be an insured depository institution, a company that controls an insured depository institution, or a bank holding company.

The Volcker Rule generally prohibits proprietary trading at banks and restricts banks from having ownership or certain other relationships with hedge funds and private equity funds. The intent of the Volcker Rule was to prevent financial institutions that can take advantage of the federal safety net from putting federal funds at risk through their trading and investment activities.

Community banks that will be exempt from the Volcker Rule are those with \$10 billion or less in total consolidated assets and have total trading assets and liabilities of 5 percent or less of total consolidated assets. Proponents of exempting community banks from the proprietary trading ban argued the Volcker Rule was unnecessarily stringent on smaller banks.

The office of the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Commodity Futures Trading Commission, and the Securities and Exchange Commission adopted the final rule, which will be effective upon publication in the Federal Register.

Angie M Fletcher, an Associate with Stinson can be reached at 303.376.8421 or angie.fletcher@stinson.com

Just a friendly reminder that if your bank has been the victim of any type of fraud please email the information to info@icbnd.com with as many details as you can so we may in turn alert our fellow community bankers around the state. It seems that there are more counterfeit bills, checks, and suspicious activity including robberies in our state at an increasing rate these days.

Please stay safe and help us to keep all our North Dakota Community banks, customers and employees safe by getting us your information to pass on to our members.



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Fuel Your Workout the Right Way

You have to put gas in your car to make it go, right? The same concept can be applied to your body and working out. Just like you can't expect your car to get you from point A to point B without fuel, you can't expect your body to get you through a workout if it's not properly fueled. Here's what you should be eating before, during and after a workout for optimal results.

Before Your Workout

Nutritionists agree that the best way to fuel your workout is to eat 1-4 grams of carbs per every 2.2 pounds of your weight about an hour before your workout. Some examples of a good pre-workout snack include a piece of whole-grain toast with peanut butter and banana slices, fruit and Greek yogurt, or a peanut butter and banana protein smoothie. You should also make sure you're hydrated before you start your workout.

During Your Workout

If your workout lasts less than 45 minutes, you really only need to focus on replenishing the fluids you're sweating out. If your workout is focused on endurance, like an extended run or lengthy lifting session, consume 30-60 grams of carbs per hour to fuel your workout.

After Your Workout

What you eat after your workout is just as important as what you eat before. Make sure to consume 15-25 grams of protein within one hour of finishing your workout to replenish the muscle glycogen you exerted during your sweat session. Continue to hydrate and consume protein to help keep muscle soreness at bay. If you had a particularly intense workout, consider drinking water or sports drinks enriched with electrolytes to fully replenish your body.

This article is intended for informational purposes only and is not intended to be exhaustive, nor should any discussion or opinions be construed as professional advice. Readers should contact a health professional for appropriate advice. © 2019 Zywave, Inc. All rights reserved.

Chickpeas and Spinach Saute

- 1 Tbsp. vegetable oil
- 1 yellow onion (chopped)
- 1 clove garlic (minced)
- 1 celery stalk (chopped)
- 1 carrot (chopped)
- 1 14.5-ounce can low-sodium diced tomatoes
- 1 16-ounce can low-sodium chickpeas (drained and rinsed with cold water)
- ¼ cup water
- 1 10-ounce package frozen spinach
- 1 tsp. fresh lemon juice
- ¼ tsp. crushed red pepper flakes

PREPARATIONS

1. Put a skillet on the stove on medium-high heat. When the skillet is hot, add oil.
2. Add onion, garlic, celery and carrot and cook about 15 minutes until the mixture is soft and the onions are lightly browned.
3. Raise the heat to high, add the tomatoes, chickpeas and water, and cook for 5 minutes. Lower the heat to low and top the mixture with the spinach (don't worry about stirring). Cover and cook until the spinach has thawed and heated throughout, about 10 minutes. Stir well.
4. Add the lemon juice and red pepper flakes and stir thoroughly.

Makes: 4 servings

Nutritional Information (per serving)

Total Calories	193
Total Fat	7 g
Protein	10 g
Carbohydrates	28 g
Dietary Fiber	10 g
Saturated Fat	1 g
Sodium	256 mg
Total Sugars	8 g

Source: USDA

Summer Picnic Safety Tips

At some point throughout the summer, most of us will spend time outside with family and friends at a picnic or backyard barbecue. If you aren't careful about handling foods during these cookouts, you're putting yourself and others at risk for potential food-related illnesses.

Stay safe with these simple tips:

- Wash cooking equipment, dishes and utensils between uses. Be sure to clean the grill's surface after each use and to wash cutting boards after cutting raw meat.
- Store all perishables in a cooler with ice on top, not just underneath. Use one cooler for drinks and one for food. Never eat anything that has been left out of a refrigerator or cooler for more than two hours.
- Invest in a meat thermometer so you can make sure all meat is cooked to the proper internal temperature.

Food Safety Temperatures to Know

Danger zone: 41°-135° F

This is the range where the most rapid bacteria growth occurs.

Safe zones

Cold foods: 40° F and below

Hot foods: 140° F and above



Superbug Fungus Poses Serious Global Health Threat

The Centers for Disease Control and Prevention (CDC) is warning that an emerging fungus called *Candida auris* (C. auris) presents a serious global health threat. This superbug fungus is resistant to antifungal medications and can survive on surfaces even after they've been cleaned. C. auris can cause serious and potentially fatal infections and has infected over 600 people in the United States. The CDC reports that between 30% and 60% of infected patients die.

C. auris often affects those who are in the hospital, live in nursing homes or have weakened immune systems. The CDC states that healthy people usually don't get C. auris infections. Unfortunately, it's difficult to identify C. auris infections with standard lab methods. Because of the risks it presents, the CDC is urging health care facilities and professionals to be on the lookout for C. auris cases and to notify the CDC of confirmed or suspected cases.

THE FRIENDSHIP ADVANTAGE

Expanding your social circle as an adult

The research on human connection is vast but easily summarized: relationships matter. Perhaps more than anything else, our relationships have profound impact on our physical health, mental wellbeing and overall quality of life. However, as we transition to adulthood and move through various stages of life, our social circles become smaller and making new friends becomes more difficult. And while we are technologically more connected than ever, and exchanging likes and pleasant comments on social media is nice, it's no substitute for true connection and meaningful interactions. Luckily, there are things we can do to help rekindle old friendships and even make some new ones.

Start with the past.

- Consider your dormant friendships. Chances are you've got at least one or two that are still in close enough proximity to spend time together face-to-face at least a few times per year. Send a text or social media message and get some quality time on the calendar.
- Use your best friends as connectors. It's likely that you've met a handful of people through them and that at least one of them would actually make a great friend for you as well. Ask your existing BFF for suggestions and set up some time to hang out.

Capitalize on commonalities.

- Where are you already a regular? One of the key tenants of adult friendship is shared interests. Look to those activities such as gym classes, professional groups, church, the dog park, etc. If there are faces you see often, particularly other people who may also be attending solo, put yourself out there and make an introduction.
- Start your own social group to make or strengthen friendships and to keep interactions consistent. Get creative and start with something interesting to you, for example, a weekly biking group, monthly wine social, book club, movie nights, recipe exchange circle, the list goes on.

Grow and nurture new connections.

- Take action. Whether you're reigniting an old friendship or creating a new one, it will take a little bit of effort. If you have a great conversation with someone new, exchange numbers and contact them within a few days to schedule some time to hang out. If you're reconnecting with someone or trying to see them more regularly, schedule in advance. We have a tendency to wait until it's convenient at the spur of the moment;



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- however, that will rarely work out. You may have to schedule months in advance and that's ok. Once it's on the calendar you can guard that commitment.
- Listen. You may have heard the phrase "be more interested and less interesting." This is good advice for starting a new friendship. Ask questions and really listen to the response. Point out similarities where they exist, but be mindful not to overpower the conversation by turning all of the attention back on yourself.
 - Be vulnerable. To make a true friend you've got to be able to talk about more than the weather. One major benefit of friendship is sharing in personal conversations and meaningful dialogue. In order to do that you have to understand each other on more than a surface level.
 - Celebrate as much as you complain. It's not that hard to find someone to complain with. And while sharing in the hard times is one hallmark of a great friend, it's a common misconception that this is vastly more important than sharing

in successes and celebrations. Share in the other person's excitement to show you care about their happiness.

*"I define connection as the **energy that exists** between people when they feel seen, heard, and valued; when they can give and receive without judgement; and when they derive **sustenance and strength** from the relationship." -Brene' Brown*

Article provided by CBIZ Wellbeing Insights—August 2019. For link to newsletter click [HERE](#).

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A SAFE PATH FORWARD: BANKING THE MARIJUANA INDUSTRY

by Amber Goodrich



As states continue to legalize medical and recreational marijuana, pressure is mounting on both marijuana-related businesses (MRBs) and financial institutions due to current federal restrictions.

While the marijuana industry becomes more legitimate—and more lucrative—its participants' need for traditional banking products and services increases. Conversely, current federal laws make capitalizing on this emerging client base an extremely risky proposition for financial institutions.

However, the recently introduced [Secure and Fair Enforcement \(SAFE\) Banking Act](#) might finally reconcile this conflict by providing safe harbor to those institutions that bank MRBs, and the momentum for its passage is growing. In fact, the attorneys general of 38 U.S. states and territories pushed for it in a [letter to Congressional leaders](#), in which they highlighted the benefits of regulating “grey market financial activities” like marijuana.

Here is where the matter currently stands and what it means for our industry.

Marijuana Takes on the Veil of Legitimacy

Twenty-three years ago, California was the first state to legalize medical marijuana, and in 2012, Colorado and Washington State were the first to legalize its recreational use. Today, [medical marijuana is legal in 33 states](#), and recreational marijuana is legal in 10. The District of Columbia has legalized both.

Despite the shift toward state legalization, marijuana is still considered a Schedule I drug by the federal government, a dichotomy the Department of Justice (DOJ) addressed in the 2013 [Cole Memorandum](#). The memo indicated that the DOJ would focus its “limited investigative and prosecutorial resources” on eight priority areas of marijuana law enforcement, such as preventing its distribution to minors.

In early 2014, the Financial Crimes Enforcement Network (FinCEN) followed suit and issued [BSA Expectations Regarding Marijuana-Related Businesses](#) to provide guidance to financial institutions that bank MRBs in states where marijuana is legal. However, marijuana's growing legitimacy hit a snag in 2018 when former U.S. Attorney General Jeff Sessions rescinded the Cole Memo. But in another conflicting twist for banks, the FinCEN guidance remains in effect, according to the [ABA Banking Journal](#).

In advocating for the SAFE Banking Act, the state attorneys general pointed out the significant value of the marijuana industry, which was estimated to be \$8.3 billion in 2017 and expected to grow to \$25 billion by 2025. “Yet,” they say, “those revenues are handled outside of the regulated banking system.” This creates significant tax and compliance issues and “contributes to a public safety threat as cash-intensive businesses are often targets for criminal activity.”

The SAFE Banking Act

Proposed legislation may resolve some of that conflict. Both houses of Congress are expected to vote on the SAFE Banking Act in the near future. It would create a safe harbor for depository institutions in order to “increase public safety by expanding financial services to cannabis-related legitimate businesses and service providers and reducing the amount of cash at such businesses.” Further, Treasury Secretary Steven Mnuchin supports the pending legislation.

The bill's five key tenets—which apply to financial institutions that bank legitimate MRBs and their ancillary partners and vendors—prohibit federal banking regulators from imposing the following penalties on these institutions:

Terminating or limiting their deposit insurance just because they bank MRBs.

Prohibiting, penalizing or discouraging them from banking MRBs in states where it is legal.

Continued on next page



CBIZ

CBIZ Wellbeing Solutions

Each month, CBIZ Wellbeing Solutions distributes its newsletter, *Wellbeing Insights*, which includes articles designed to help busy professionals make simple changes to enhance the quality of their work and life. *Wellbeing Insights* is a quick read filled with practical tips and gentle reminders to reinforce healthy habits. Here's a glance at this month's issue:

JULY

- Mindful Minute
- On the Menu: Ginger
- Ask the Experts
- Financial Focus: Keeping an Energy-Efficient Home in the Heat

[CBIZ Wellbeing Insights](#)
July 2019

Recommending, incentivizing or encouraging them not to bank MRBs, their owners or employees.

Taking adverse or corrective action on a loan to an MRB, its owner or employees.

Prohibiting or penalizing institutions or their third-party service providers for conducting routine banking functions for MRBs.

There is one other piece of legislation proposed that tackles the marijuana banking conundrum from a different angle, which current U.S. Attorney General William Barr is said to prefer. As described by [Fortune](#), the [Strengthening the Tenth Amendment Through Entrusting States \(STATES\) Act](#) would amend the Controlled Substances Act (CSA) “to restrict federal enforcement of the CSA against individuals and companies in states where cannabis is legal.”

Legal or Not, MRBs Pose Risk

Passage of the SAFE Banking Act and/or the STATES Act would certainly make the choice easier for banks. Both laws would alleviate a major risk currently associated with banking MRBs: the fact that at present it is done in contradiction to federal law and federal banking regulations. By its very nature, the marijuana industry will likely always be at a heightened risk for money laundering. If you’re currently banking this industry or considering doing so in the future, follow the advice of the *ABA Banking Journal* and “take careful steps to address each and every one of” the risks associated with it.

Learn more about these marijuana-related regulations, as well as the steps your institution should take to minimize the risk of banking MBRs, by reading our [Playing It SAFE: The Future of Cannabis Banking](#) white paper.

Amber Goodrich, compliance strategist for CSI Regulatory Compliance, has more than 15 years of financial industry experience. She is a Certified Anti-Money Laundering Specialist (CAMS) and a Certified Regulatory Compliance Manager (CRCM).



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UND RECEIVES \$1M ATMOSPHERIC RESEARCH CONTRACT FROM U.S. NAVY, STRENGTHENS NEW PUBLIC-PRIVATE PARTNERSHIP WITH WEATHER MODIFICATION INTERNATIONAL

Cape Experiment 2019 combines strengths of UND, Weather Modification International to advance cloud modeling, forecasting on a global scale

The University of North Dakota (UND) has received a contract of just over \$1 million to conduct research on behalf of the Naval Surface Warfare Center in an effort to improve the understanding of thunderstorms. The research combines aircraft measurements and observations with the United States Navy's Mid-Course Doppler Radar (MCR) to develop better cloud models.

David Delene, professor of atmospheric sciences at UND, says Cape Experiment 2019 (CapeEx19) is a historic opportunity both in the project's sophisticated level of research and the partnerships it creates. UND will be subcontracting with Fargo, N.D.-based Weather Modification International (WMI) in the use of its Cessna Citation II Research Aircraft – a modified jet previously owned by the University, until 2016.

"This is a great example of a public-private partnership," Delene said, "We both take the strengths of what we can do to conduct a project that's difficult to do individually. UND provides the scientific understanding, and WMI provides the ability to operate the aircraft safely and effectively while utilizing state of the art aircraft probes."

For two weeks in July & August of 2019, WMI and UND will conduct between 20 and 30 hours of flying in thunderstorm anvils near Cape Canaveral, Florida. The Citation II aircraft can reach heights allowing a variety of cutting-edge probes to take measurements at the tops and centers of storms. Probes in use during this mission will measure essential atmospheric state parameters (temperature, humidity, wind, and pressure), but Delene highlights cloud size, concentration, habits, and total water content as key measurements. These probes include the Cloud Droplet Probe, Cloud Imaging Probe, Precipitation Imaging Probe, and the Particle Habit and Imaging and Polar Scattering Probe to measure the number and size of cloud particles. The Nevzorov Probe and Hot Wire Probe will measure cloud liquid and total water content.

Delene says the U.S. Navy has a keen interest in modeling clouds on a global scale. Its MCR system is one of the most advanced radars on the planet. UND's research using data collected during the July flights will help the Navy understand the system's abilities and limitations as they pertain to weather monitoring and forecasting.

The project expands the work of UND/WMI/Navy research projects from 2010 and 2015, though this is the first time the flights combine WMI's operational prowess and UND's scientific expertise. It's also a great opportunity for UND students to work at a high level, utilizing a combination of the best observational equipment in the field of atmospheric sciences.

"We'll have several graduate students involved that will fly on the plane, run the data systems and make sure instruments are performing correctly during flights," Delene said. "They'll also process the data right after the flights and examine them. After the fieldwork for the project is over, it's going to form the basis of multiple thesis projects."

WMI has a strong history in the modification and operation of special mission aircraft in the fields of cloud seeding and atmospheric research. WMI provides world-class capabilities, professional staff and state of the art equipment when it comes to research aircraft, having worked with clients around the globe.

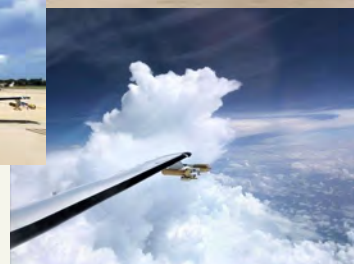
President of WMI, Neil Brackin, spoke highly of UND as a partner as his company becomes more proactive in the world of weather research. In addition to Cape Experiment 2019, WMI involves UND students and faculty in a variety of projects that provide training and opportunities in the field of atmospheric science.

"CapeEx19 is one example of how we can leverage the strengths of UND and the Atmospheric Sciences department in deploying industry-leading equipment on domestic and international projects; in this case a fully instrumented Cessna Citation II Research Aircraft to Cape Canaveral, Florida," Brackin said. "When we have an open collaboration and leverage our combined strengths, WMI and UND offer unparalleled history and capability in this industry. For us, it's a great channel for developing operational programs within the government, military and commercial sectors, helping us build our brand as the leading commercial operator within the field of atmospheric sciences."

"This is a significant project with a lot of measurements, and a lot of top-notch scientists, that highlights what we can do at the University of North Dakota, in terms of airborne research," Delene said. "This public-private partnership is the start of a new era, which is already leading to multiple joint projects, and hopefully many more significant opportunities in the future."

About UND: The University of North Dakota is the chief opportunity engine for North Dakota and UND students. Founded in 1883, six years before North Dakota was granted statehood, UND is among the nation's premier regional public research universities and is at an exciting point in its 136-year history. Classified as a "Doctoral University: Higher Research Activity" institution by the Carnegie Foundation for the Advancement of Teaching, UND is characterized by a solid foundation of the liberal arts, high quality students and faculty, a diverse curriculum, a widely recognized program of graduate education and research, law and medical schools praised for quality and innovation, rich cultural resources, and an outstanding record of alumni support. Its major academic divisions include Arts and Sciences, Aerospace Sciences, Business and Public Administration, Education and Human Development, Engineering and Mines, Nursing and Professional Disciplines, Medicine and Health Sciences, Law, Extended Learning and the School of Graduate Studies. Long a provider of distance education, UND is developing a robust online presence. Learn more at www.und.edu.

About Weather Modification LLC dba Weather Modification International (WMI): WMI is the world-leader in atmospheric chemistry, pollution and weather research, weather forecasting and modeling, and weather modification programs. The company is best known for its successful cloud modification projects worldwide to suppress hail and enhance precipitation. WMI also sets the standard in providing sophisticated ground-based weather radar systems and has been active since the early 1960's. WMI has conducted research and implemented weather programs in North America, South America, Europe, Asia, the Middle East and Africa, totaling more than 35 countries. WMI is a sister company to Fargo Jet Center and is based at their headquarters in Fargo, N.D.



ICBND's Bank Members Beyond the Bank

CORNERSTONE BANK—BANKERS BY DAY. FIREFIGHTERS FOR LIFE. HERE IS THE 'REST OF THE STORY'

Cornerstone Bank's Watford City team is not only made up of a great group of bankers, but also includes three life saving volunteers who truly live Cornerstone Bank's value of being neighbors and contributors.

Banking Associate **Michelle Schreiber** has served as an Emergency Medical Responder with the Arnegard Rural Fire District for nearly 4 years and this past January she also became a firefighter. Schreiber's favorite thing about being on the fire department is, "Being able to help people in our community when needed."



Firefighter Michelle Schreiber



Firefighter David Tschetter

Business Banker **David Tschetter** has been a firefighter for 12 years and he currently serves as Secretary/Treasurer for the Watford City Volunteer Fire Department. Tschetter says he became a firefighter to give back to his community.

Senior Vice President/Business Banker **Jeff Gronos** has been a volunteer firefighter for 35 years serving on the New Town City Fire Department for just under 30 years before joining the Watford City Volunteer Fire Department. He was actually a member of both departments for a couple years. With the New Town City Fire Department, Gronos served 3 years as Chief, 10 years as Secretary/Treasurer, and 3 years as training officer. He is a life member of the North Dakota Fire Fighters Association. He says, "The comradery between fellow firefighters is a very rewarding part of being a volunteer. We work together in many stressful situations and a bond grows between us."



Firefighter Jeff Gronos

The Watford City Volunteer Fire Department just celebrated 100 years of service. They hosted their first ever North Dakota Firefighters Association Annual Convention in May of 2019. The department currently has 29 volunteers. So far in 2019, they have responded to 180 calls, which is over three months ahead of last years' calls.

The Arnegard Rural Fire District has been in existence for 60 years and just moved into their new fire department earlier this year. The district consists of 212 square miles. Their team is 100% volunteer including 18 fire fighters, six of whom are also Emergency Medical Responders. Since the beginning of the Bakken Oil Boom, the Arnegard Rural Fire District has had a 1200% increase in call volume.



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TAX COMMISSIONER ADVISES MILITARY RETIREES ON NEW INCOME TAX EXEMPTION

Tax Commissioner Ryan Rauschenberger shared helpful information for retired North Dakota military service members regarding passage of North Dakota House Bill (HB) 1053.



“With the passage of House Bill 1053, North Dakota resident taxpayers are now exempt from paying income tax on their military retirement,” Rauschenberger stated. “North Dakota proudly joins 20 other states that currently exclude military retirement benefits from income tax.”

Beginning with the 2019 tax return, a new line on the North Dakota income tax return will be dedicated to the exclusion. Even with the exemption, military retirees that have a federal income tax filing requirement, will still have to file an individual income tax return to claim the exclusion.

If a military retiree has already been withholding North Dakota income tax from their payments in 2019, depending on their tax situation, they may be entitled to a refund for withholding already paid. The refund can be claimed when they file their 2019 individual income tax return in 2020.

Rauschenberger encourages military retirees to go to www.dfas.mil/retiredmilitary to change their North Dakota income tax withholding to zero.

For additional tax filing requirements and other information for military service members, taxpayers may go to www.nd.gov/tax/military.

TAX COMMISSIONER REPORTS 10% GROWTH IN 1ST QUARTER TAXABLE SALES & PURCHASES

Tax Commissioner Ryan Rauschenberger announced that North Dakota’s taxable sales and purchases for the first quarter of 2019 are up nearly 10%. Taxable sales and purchases for January, February and March of 2019 were \$4.453 billion, a 9.67% increase over those months in 2018.

“We are pleased to report good year-over-year increases for the past eight quarters, five of which have seen nearly 10% growth or more,” Rauschenberger said. “It was no surprise to see a significant increase in this report with oil production hitting an all-time record of 1.4 million barrels per day in January.”

Thirteen of the 15 major sectors reported taxable sales and purchases gains when compared to the first quarter a year ago. Most notably, the mining and oil extraction sector increased by \$123.8 million (a 21.65% increase), the wholesale trade sector increased by \$115.1 million (a 12.19% increase), and the retail trade sector increased by \$68.4 million (a 5.39% increase).

“The retail trade sector showed an increase of 5.39% when compared to last year,” Rauschenberger stated. “This continues a recent trend of growth in this important sector. This is great news after several years of declines in this vital component of the state’s economy.”

Rauschenberger added that prior to the three most recent quarters, the state experienced at least ten quarters of declines in the retail trade sector.

Three of the state’s top six largest cities saw an increase in taxable sales and purchases for the first quarter, all of which are on the west side of the state. The state’s largest two cities saw no growth.

Percent changes for the first quarter of 2019 (compared to the first quarter of 2018) for the top six largest cities in North Dakota were as follows:

- Williston – Increase of 14.79%
- Dickinson – Increase of 11.69%
- Minot – Increase of 6.10%
- Bismarck – Decrease of 0.48%
- Fargo – Decrease of 0.61%
- Grand Forks—Decrease of 1.86%

Of the 50 largest cities in North Dakota, the highest percent increases for the first quarter of 2019 (compared to the first quarter of 2018) were as follows:

- Garrison – Increase of 39.96%
- Stanley – Increase of 35.24%
- Wishek – Increase of 32.55%
- Watford City – Increase of 24.91%
- Grafton—Increase of 21.40%

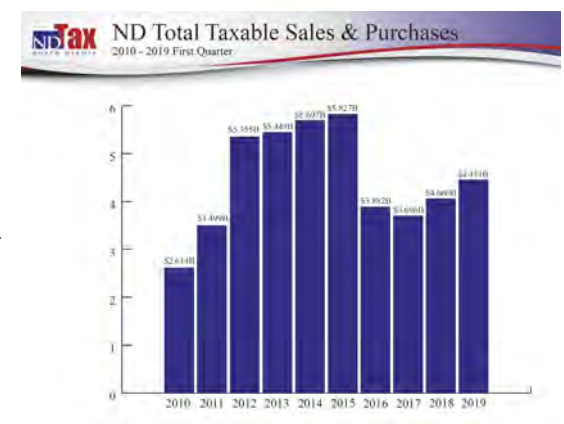
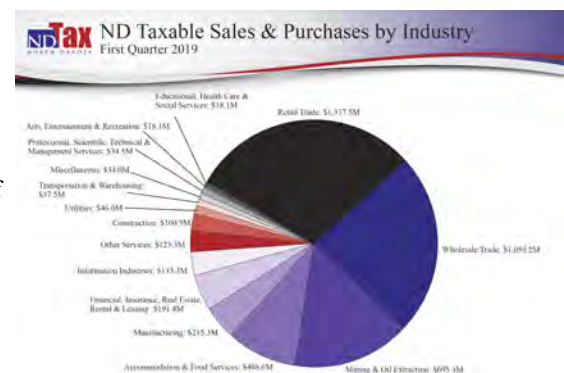
Counties with the highest percent increases for the first quarter of 2019 (compared to the first quarter of 2018) were as follows:

- Logan County – Increase of 96.48%
- Burke County – Increase of 70.90%
- Mountrail County – Increase of 41.02%
- Slope County – Increase of 29.41%
- McIntosh County—Increase of 25.58%

The complete first quarter 2019 North Dakota Sales and Use Tax Statistical Report can be accessed online at www.nd.gov/tax.

Taxpayers can stay up-to-date on North Dakota tax-related matters by visiting the Office of State Tax Commissioner’s website at www.nd.gov/tax or by connecting on [Facebook](#), [Twitter](#), [LinkedIn](#) and [YouTube](#).

[Interactive County & City Map](#)



INDEPENDENT COMMUNITY BANKS HOLD ANNUAL SCHOOL OF AGRICULTURAL LENDING AND GRADUATES 10 BANKERS

Twenty-four community bankers from North Dakota and Montana, along with two student scholarship winners from Bismarck State College and Dickinson State University, recently attended a week long Independent Community Banks of North Dakota (ICBND) School of Agricultural Lending session held at the National Energy Center of Excellence on the Bismarck State College (BSC) campus in Bismarck, ND. This is a two-year course that was developed by ICBND with assistance from the Ag Departments of BSC and North Dakota State University (NDSU), and ICBND member agricultural bankers. Classroom size is limited to insure in-depth classroom participation when working on case studies. Instructors include professors from BSC, NDSU, ICBND member bank ag officers, and ICBND Associate Members. This year also included a presentation by Gabe Brown and a tour of Brown's Ranch located near Bismarck, ND.

The ICBND Board of Directors recognized the need for further training in the agricultural lending area. Many North Dakota banks are finding it difficult to hire experienced agricultural lenders, especially in the rural areas and felt the need to develop training that would help newer lenders develop their skills in the ag field. A committee of local ag lending bankers, university professors and ICBND staff was put together to develop the session. Two scholarships are offered to current BSC, NDSU, and Dickinson State University (DSU) students who are currently enrolled in an ag curriculum. This was done in hopes that these students would also consider a career in ag lending at an independent community bank. The scholarship recipients receive the two-year ICBND School of Agricultural Lending at no cost, \$1,000 towards their 1st year tuition and \$2,500 towards their final year tuition as long as they continue in the agricultural field. This year's recipients were Gabriel Aberle, Bismarck State College and Hallie Burghart, Dickinson State University.

Of the 26 attendees this year, 10 were second year students and received their certificate of graduation plaque at the end of the session. These included:

Kody Harper, American Bank Center, Dickinson, ND
Olya Kleinjan, American Bank Center, Dickinson, ND
Annie Bergrud, Bank of North Dakota, Bismarck, ND
Courtney Heiser, Bank of North Dakota, Bismarck, ND
Adam Matter, Bank of North Dakota, Bismarck, ND
Brynn Fischer, Choice Financial Group, Langdon, ND
Hallie Burghart, DSU Student/Starion Bank, Bismarck ND
Jenna Martin, Farmers & Merchants State Bank, Langdon, ND
Ryan Hoffman, First International Bank & Trust, Fargo, ND
Taylor Nordby, First International Bank & Trust, Fargo, ND



WHAT'S NEXT IN ICBND'S 2019 LIVE EDUCATION OPPORTUNITIES LINE-UP

SEPTEMBER 10-12, 2019 FRONTLINE TWILIGHT SERIES,

RAMKOTA-BISMARCK; GRAND HOTEL-MINOT; HILTON GARDEN-GRAND FORKS, ND

SEPTEMBER 27, 2019 EMERGING LEADERS DEVELOPMENT GROUP FALL SESSION, WATFORD CITY, ND

OCTOBER 2-3, 2019 COMMUNITY BANKERS FOR COMPLIANCE, RAMKOTA, BISMARCK, ND

WATCH FOR UPDATES ON OUR WEBSITE EDUCATION CALENDAR

[ICBND Website Access](#)

Office of Attorney General

STATEWIDE CRIME STATISTICS RELEASED

Attorney General Wayne Stenehjem released North Dakota's crime statistics for 2018 on June 27, 2019. The report is compiled from information reported by local law enforcement agencies across the state.

"This year, as always, there is some good news and some bad news. The good news is that overall, the crime rate is level and property crimes still account for half of all crimes. The bad news is that drug arrests are up and again this year, reports of aggravated assault are up," said Stenehjem.

The state's crime rate of 6,339.9 per 100,000 population is down slightly from the 2017 crime rate of 6,373.9. The crime rate is calculated using the Group A offenses, which include the categories of "Crime Against Persons" (such as murder/non-negligent manslaughter, rapes, assaults), "Crimes Against Property" (robbery, burglary, theft, shoplifting, and motor vehicle theft), and "Crimes Against Society" (drug violations, prostitution, animal cruelty).

Group A offenses

In 2018, there were 48,188 Group A offenses reported by local law enforcement agencies, including:

- 10,310 crimes against persons, a 5.3% increase from last year
- 17 homicides, compared to 12 in 2017. Viewed over twenty-year period, the state averages 13 homicides a year.
 - o Twelve homicide victims died as a result of domestic violence, including four infants and three children.
 - o Guns were used in nine of the homicides, including the three children.
- 1,304 reports of aggravated assault (involving serious bodily injury to the victim or use of a weapon in a threatening manner), compared to 1,216 in 2017, a 7.2% increase.
- Property crimes accounted for 49.5% of the total Group A offenses reported in 2018. Law enforcement reported that only one-third of the \$39.3 million worth of stolen property was recovered.
- Drug arrests increased 7.4%, from 5,078 to 5,455 in 2018.
- There were 598 reports of identity theft, a 53.7% increase from the 389 reported in 2017. This is only the third year the offense has been separately reported. There was a 104% increase in reports of computer hacking, from 22 in 2017 to 45 last year, and a 37.7% increase in reports of wire fraud.

"Unfortunately the statistics for identity theft, and computer and wire fraud offenses don't reveal the full extent of the problem, because we know that the majority of victims don't come forward. For that reason, my office works with local law enforcement, the AARP, and other community groups, to provide prevention and awareness information to help people to identify the warning signs of a scam before they become a victim," said Stenehjem.

Information about common scams is available on the Consumer Resources page of the Attorney General's website, www.attorneygeneral.nd.gov.

Group B offenses

Group B offenses include DUI, bad checks, disorderly conduct, trespassing, and other less serious offenses. In 2018, the total number of Group B arrests reported was 16,493, a 7.6% reduction from 2017.

- DUI arrests dropped by 8%, from 5,597 in 2017 to 5,148 in 2018.
 - o DUI arrests comprised 15.6% of all arrests, down from 22.6% of all arrests in 2012, before the legislature enhanced DUI penalties.

Last year, Stenehjem's office rolled out the online [TOPS Program](#), which displays colorful graphs and diagrams detailing statewide crime statistics and crime trends for the past eight years. The TOPS program (Themed Orientated Public Site) can be accessed from the Public Safety-Crime Data page on the Attorney General's website.



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CORNERSTONE BANK



Curt Skaley has joined **Cornerstone Bank** as a VP/business banker in Bismarck. Curt comes to Cornerstone with over eight years of banking experience.



Deneen Axtman has been promoted to SVP/chief operating officer for **Cornerstone Bank**. She joined Cornerstone back in July of 2012 as the SVP/retail banking manager, and was promoted to

SVP/director of communication in 2015. Over her career, Deneen has served in a variety of roles giving her experience in both the support and customer relationship sides of banking.



Sallie Wilz has been promoted to SVP/retail manager in Bismarck. Wilz joined **Cornerstone Bank** as a customer service representative/teller. She was promoted to AVP/personal banker/customer service manager in 2014, and SVP/personal banker/customer service manager in 2018.

BELL BANK



Todd Holzwarth has been hired as SVP/correspondent banking business development officer at **Bell Bank**. In his new position, Holzwarth will source loan participation and bank stock loans in North Dakota and South Dakota.

Holzwarth has been in the banking/finance field for 23 years and most recently spent the last 11 years at United Bankers' Bank.

UNITED BANKERS' BANK



John Peterson, interim President and CEO of **United Bankers' Bank (UBB)** is pleased to announce the addition of **J Arlt** as vice president, correspondent banking officer. Arlt has over 18 years of banking experience

and prior to joining UBB, he served as chief operations officer at a South Dakota community bank. Arlt will serve as a correspondent banking resource for community banks in his home state of South Dakota and in neighboring North Dakota. A proactive change manager, Arlt will be responsible for managing customer relationships in addition to expanding relationships with community banks throughout North and South Dakota.

UNITED COMMUNITY BANK



United Community Bank (UCB) is pleased to announce that **Bill Kuntz** has been promoted to President/CEO and will be assuming responsibility for all four United Community Bank locations (Drake, Minot, Leeds and

Burlington). Kuntz has been employed with UCB for 21 years with 20 of those years serving as Drake market president and on the UCB Board of Directors. Bill has played an integral role in the development of United Community Bank and this opportunity will allow him to share his experience with staff across all locations.



United Community Bank has announced the hiring of **Jordan Wald** as mortgage loan officer. Employed as a mortgage lender since 2012, Jordan provides trusted financial advice to help customers purchase not just a house, but

their home.



United Community Bank (UCB) is pleased to announce the promotion of **Kurt Weninger** to president of the Drake location. Weninger has been employed with UCB as a loan officer for nearly 20 years and has played a significant role in the

strategic plan of the bank. As president, he will be responsible for managing operations and business development within the Drake and surrounding areas.

BANK OF NORTH DAKOTA



Dominic Haugen joined **BND** as a processing specialist for student loans. He came to BND from Fargo where he had teller experience.



Melissa Jaskowski accepted the business banking associate position which will be based out of the Fargo office. Prior to joining **BND** she worked as an associate director of financial aid.



Jeanne Thomas accepted the student loans support specialist position at **BND**. Thomas worked previously in student loan processing and has been with BND since 1994.



Rebecca Larsen was promoted to university and student development specialist position in the Education Market at **BND**. Larsen has worked as the executive administrative assistant since she began her career with

BND in September 2014.

ICBND Members in the News

Starion Bank

STARION BANK TO OPEN DOWNTOWN FARGO LOCATION Bank is Bringing New Style of Banking to Metro Area

Starion Bank announced the ribbon-cutting event for their new downtown Fargo branch at 309 Broadway North. The full-service facility will offer retail and business banking and will also introduce a unique combination of technology and personal service.

The ribbon-cutting event was held the week of their Grand Opening, on Tuesday, June 25 at 4:00 p.m. There were several events surrounding the opening, including free lunch from food trucks on Monday, Wednesday and Friday.

"We're really excited to open our downtown Fargo branch. It offers customers a third location and a whole new style of banking," stated Dan Staller, chief banking officer at Starion. "Downtown is a vibrant area with a strong economy, and we're proud to be a part of it."

Starion's downtown Fargo branch will offer something different than the traditional bank teller setup. Customers will be directed to pods or private offices where employees will interact with them in a more relaxed and personal manner.

The downtown location will bring the bank to 13 offices in North Dakota and three in Wisconsin. Starion Bank is a family-owned bank celebrating their 50th year in banking. They currently have \$1.3 billion in assets.



American Trust Company

ICBND congratulates to Kathy Torske, President and CEO of American Trust Company, Bismarck being named in the 2019 Rising Stars in Banking by BankBeat magazine. For her full article, [Click Here](#).



Be the superhero we know you are and stop by our booth at the upcoming 52nd annual convention August 11-13.

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INDEPENDENT COMMUNITY BANKS of NORTH DAKOTA



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United Banker's Bank

UNITED BANKERS' BANK LAUNCHES PEER TO PEER (P2P) PAYMENT APP FOR COMMUNITY BANKS

Safe and cost-effective P2P alternative designed exclusively for community banks.

United Bankers' Bank (UBB), Bloomington, Minn. announced the launch of its peer-to-peer payment app, ExcheQ. North American Banking Company (NABC), a Twin Cities-area community bank, developed the app. ExcheQ LLC., is jointly owned by UBB, NABC and Design Center Inc., a St. Paul, Minn.-based software development company.

"ExcheQ uses same-day ACH payment-processing, enabling community bank customers to quickly and securely send money to family, friends and coworkers," says Michael Bilski, North American Banking Company's CEO and chair of the U.S. Faster Payments Council, whose mission is to facilitate a world class payment system where Americans can safely and securely pay anyone, anywhere, at any time and with near-immediate funds availability.

"We're excited to introduce a P2P solution that is designed, developed and priced especially for community banks," said John Peterson, UBB's interim president and Chief Marketing Officer. "We feel the ExcheQ app is a safe, simple and cost effective solution that will assist community banks in expanding their payment offerings, strengthening their customer retention and acquisition strategies, leveling the playing field with credit unions and larger institutions to ultimately remain competitive in the markets they serve."

Banks that offer the app receive access to professionally designed and customizable marketing materials along with live, personal, technical support. UBB is currently enrolling banks on the ExcheQ platform.

To learn more visit www.ubbp2p.com.

ND Housing Finance Agency

ASSISTANCE AVAILABLE FOR DEVELOPMENT OF AFFORDABLE HOUSING

North Dakota Housing Finance Agency (NDHFA) is currently accepting applications for affordable housing development assistance through the federal Low Income Housing Tax Credit (LIHTC) and National Housing Trust Fund (HTF) programs, and the state's Housing Incentive Fund (HIF).

"The development support North Dakota Housing Finance Agency administers aids communities in addressing the housing needs of their most vulnerable populations," said Dave Flohr, NDHFA interim executive director.

LIHTC encourages private sector investment in affordable housing through tax incentives. Property owners receive the housing credits for up to 10 years based on capital investment and level of commitment to low-income tenancy. NDHFA anticipates \$3.2 million in credit authority will be available in 2020, pending congressional approval, which would generate more than \$28 million in project equity.

The HTF's purpose is to increase and preserve the supply of housing for extremely low-income households, including homeless individuals and families. Through the program, \$3 million is available.

HIF supports the development of housing for low- to moderate-wage workers, the state's aging population, individuals with disabilities and persons at-risk of homelessness. During the most recent legislative session, NDHFA received a \$7.5 million appropriation from the general fund for the program.

The application process for each of NDHFA's program is competitive with the top-scoring projects receiving conditional commitments from the agency. The applicants must provide evidence that there is a need for the type of housing proposed, that the community supports the development and that the construction costs are reasonable.

Applications for the assistance are due by 5 p.m., CT, on Sept. 30, 2019. Funding awards are accepted to be announced in early November.

More information on the programs and other financial and technical assistance provided by NDHFA is available online at www.ndhfa.org or by contacting the agency's planning and housing development division at (800) 292-8621 or hfainfo@nd.gov.

American Bank Center

AMERICAN BANCOR, LTD. ANNOUNCES ACQUISITION OF PRAIRIE MOUNTAIN BANK

American Bancor, Ltd., the multibank holding company of American Bank Center and United Community Bank is proud to announce the acquisition, pending regulatory approval, of Prairie Mountain Bank in Great Falls, Montana. Prairie Mountain Bank is a locally owned community bank with approximately \$90 million in assets.

The organization will be merged into American Bank Center but will continue to operate as Prairie Mountain Bank with Laura Vukasin as Market President.

Vukasin says, "We are excited about moving into the future with American Bancor and we will continue to provide great service and even more products to the benefit of our clients."

Prairie Mountain Bank shareholders will become shareholders of American Bancor, Ltd.

"This is a great opportunity for American to grow its presence in Montana. We are thrilled that Prairie Mountain Bank has decided to join our team and we look forward to them continuing to provide local, community bank service to the Great Falls community" says President and CEO Dave Ehliis.

American looks forward to building on the success of Prairie Mountain Bank and provide additional resources to grow their services in areas like wealth management, trust and insurance.

American Bancor, Ltd. was advised in the transaction by Fredrikson & Byron P.A. as legal counsel and Eide Bailly LLP as a deal advisor. Prairie Mountain Bank was advised by D.A. Davidson & Co. as financial advisor.

To learn more about American Bank Center, visit WeAreAmerican.bank. To learn more about Prairie Mountain Bank, visit prairiemountainbank.com.

Citizens State Bank of Finley

The **Citizens State Bank** is seeking an **agricultural loan officer** in their Finley location. The loan officer will be responsible for a wide variety of duties related to lending and customer accounts, including attracting and maintaining a progressive customer base. This position requires a bachelor's degree in business, agriculture, or related field. The ideal candidate would have knowledge in the agricultural industry, or similar experience in agricultural credit, or closely related field. The individual must possess excellent interpersonal, communication, problem solving, analyzing, negotiating, influencing, and strategic selling skills. The position offers a competitive salary, bonus potential, and many additional benefits.

For consideration, please send your resume and cover letter to the following address:

Citizens State Bank
Human Resources
PO Box 255
Finley, ND 58230
701-524-1921

Or email: hstromsodt@csbfinley.com

Lewis & Clark Regional Development Council

Lewis & Clark Regional Development Council is looking for a **Commercial Credit Officer**: This regular full-time position reports to the Executive Director of the LCRDC and provides commercial credit analysis services to clients of the LCRDC as well as professional support services to the Commercial Lenders for programs such as the SBA 504, USDA Rural Development Intermediary Loan Program (IRP), ND Opportunity Fund (NDOF) and other commercial financial programs. Experience in all areas of commercial loan production is paramount to this position.

Responsibilities:

Lending:

- Qualify prospects by collecting and analyzing financial and related data in order to determine the general credit worthiness and eligibility of the prospect and the merits of the specific loan requests
- Prepare initial credit narrative and assist in annual reviews and rating of the credit over the life of the loan
- Recognize developing problems and bring them to the attention of management while assisting with developing a strategy for troubled credits, to return the credit to a pass rating or exit strategy

Processing:

- Prepare all commercial loan documents pertaining to application, closing and servicing and ensure file completeness
- Prepare and maintain paper and electronic loan files
- Order third party verifications (Environmental Reports, Credit, OFAC, etc.)
- File and maintain all security documents (Mortgages, UCCs, etc.)
- Set up and monitor loan ticklers pertaining to on-going servicing
- Field inquiries pertaining to LCRDC programs

Compliance:

- Ensure compliance with all state and federal regulations and internal company policies including but not limited to:
- SBA 504 Standard Operating Procedure (SOP)
- Economic Development Administration (EDA) regulations
- USDA Rural Development regulations
- Department of Housing and Urban Development (HUD) and Community Development Block Grant (CDBG) regulations
- Anti-Money Laundering, Fair Lending, Truth In Lending, U.S. Patriot Act, Privacy, and Anti-Discrimination

Qualifications:

- Bachelor's degree (B.A.) in finance, or a related field preferred but not required
- In depth financial product knowledge
- Excellent communication, listening and math skills and exceptional attention to detail
- Notary Public
- Knowledge of handling, processing and/or ordering good standing certificates, entity documents, credit reports, liens, judgments, taxes, UCC searches and filings, insurance, and flood requirements
- Ability to identify client needs and make credit decisions
- Proficient with Microsoft Office programs
- Thorough understanding of commercial lending and small business operations
- Thorough understanding of personal and commercial financial statements
- Ability to work well in a team environment
- Strong commitment to the mission of the LCRDC

We'll accept resumes until 8/11/19. Resumes can be sent to Brent Ekstrom at: brent@lcdgroup.org; or 200 1st Ave NW, Suite 100, Mandan, ND 58554; or via fax to 701.255.7228. We'll fill the job by 9/1/19. More information on our triumverant of companies at www.lcdgroup.org.

Starion Bank

MORTGAGE BANKING OFFICER - MANDAN

Join our fast-paced team of Mortgage Bankers at Starion! Develop and manage residential mortgage loan account relationships. Aggressively promote bank products and services. Represent and promote the organization through active community involvement.

Successful candidates will have a minimum of three to five years mortgage banking experience. Requires proven sales and interpersonal communication skills. Excellent customer service skills is a must!

Starion offers a competitive salary with a significant incentive-based element and a full comprehensive benefit package including health, life, dental, vision, health savings account, 401K, profit sharing, paid vacation and holidays.

Join our team and work at a bank recognized as "Best of the Best" by Independent Banker magazine, "50 Best Places to Work" by Prairie Business magazine, and "Top 10 Workplaces" by Bismarck-Mandan Young Professionals Network! Apply online at www.starionbank.com/careers.

Starion Bank is an Equal Opportunity Employer of women, minorities, protected veterans and individuals with disabilities.



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FINANCIAL WELLNESS

BUYING YOUR RETIREMENT

Most of us know it is smart to save money for those big-ticket items we really want to buy, such as a new television, car or home. But you may not realize that probably the most expensive thing you will ever buy in your lifetime is your retirement.

Perhaps you've never thought of "buying" your retirement. Yet that is exactly what you do when you put money into a retirement nest egg. You are paying today for the cost of your retirement tomorrow.

Cost of Retirement

The cost of those future years is getting more expensive for most Americans, for two reasons. First, we live longer after we retire—with many of us spending 15, 25, even 30 years in retirement—and we are more active. Second, you may have to shoulder a greater chunk of the cost of your retirement because fewer companies are providing traditional pension plans and are contributing less to those plans. Many retirement plans today, such as the popular 401(k), are paid for primarily by the employee, not the employer. You may not have a retirement plan available at work or you may be self-employed. This puts the responsibility of choosing retirement investments squarely on your shoulders.

Unfortunately, only about half of all Americans are earning retirement benefits at work, and many are not familiar with the basics of investing. Many people mistakenly believe that Social Security will pay for all or most of their retirement needs. The fact is, since its inception, Social Security has provided a minimum foundation of protection. A comfortable retirement usually requires Social Security, pensions, personal savings and investments.

In short, paying for the retirement you desire is ultimately your responsibility. You must take charge. You are the architect of your financial future.

That may seem like an impossible task. Many of us live paycheck to paycheck, barely making ends meet. You may have more pressing financial needs and goals than "buying" something so far in the future. Or perhaps you've waited until close to retirement before starting to save. You still may be able to afford to buy the kind of retirement you want. Whether you are 18 or 58, you can take steps toward a better, more secure future.

Planning Ahead

Financial planning is the key to making a secure retirement a reality. It will help you clarify your retirement goals as well as other financial goals you want to "buy" along the way. It will show you how to manage your money so you can afford today's needs and still fund tomorrow's goals. It will help you make saving for retirement and other goals a habit. There is no such thing as starting to save too early or too late—only not starting at all! Learn how to save your money to make it work for you, and how to protect it so it will be there when you need it for retirement. Take advantage of retirement plans at work.

Yes, retirement is a big purchase—the biggest one you may ever make. But you can afford it with determination and hard work, a sound savings habit, the right knowledge and a well-designed financial plan.

Article adapted from the U.S. Department of Labor publication of the same title.

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/savings-fitness.pdf>

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ICBND Webinars

		8/8/2019	Mortgage Lending Hot Spots Series: Adverse Action in Mortgage Lending: Compliance, Notices & Best Practices Ann Brode-Harner, Brode Consulting Services, Inc.
7/1/2019 Monday	Managing Accounts & Records for Nonresident Aliens: Opening, Identifying, Monitoring & Tax Reporting Dawn Kincaid, Brode Consulting Services, Inc.	8/13/2019	Developing the Right Strategic Plan for Your Bank Marcia Malzahn, Malzahn Strategic
7/2/2019	ALLL Supporting Documentation: Current Rules & Future Expectations Under CECL Aaron Lewis, Young & Associates, Inc.	8/14/2019	What Are Those Partnership & S-Corp Tax Returns Telling Me? Tim Harrington, TEAM Resources
7/9/2019	IRA Series: Processing IRA Rollovers & Transfers Frank J. LaLoggia, LaLoggia Consulting, Inc.	8/15/2019	FFIEC Cyber Security Risk Assessments: Policy, Recent Findings & Recommendations Randall J. Romes, CliftonLarsonAllen LLP
7/10/2019	Mortgage Lending Hot Spots Series: Surviving a TRID Compliance Exam Steven Van Beek, Howard & Howard Attorneys PLLC	8/20/2019	Call Report Series: Introduction to Call Report Loan Classifications Amanda C. Garnett, CliftonLarsonAllen LLP
7/11/2019	FinCEN Guidelines on Reporting Elder Financial Exploitation Susan Costonis, Compliance Consulting and Training for Financial Institutions	8/21/2019	E-Compliance Rules, Policies & Best Practices for Email, Web, Mobile & Social Media Nancy Flynn, The ePolicy Institute™
7/15/2019 Monday	Introduction to SBA Lending Kimberly A. Rayer, Starfield & Smith, PC	8/22/2019	Regulation E Series: How to Handle Unauthorized Electronic Fund Transfers Under Reg E Elizabeth Fast, Spencer Fane LLP
7/16/2019	BSA Series: Job-Specific BSA Training for the Frontline Dawn Kincaid, Brode Consulting Services, Inc.	8/27/2019	IRA Series: Top 10 Most Misunderstood IRA Issues: Turning Confusion into Confidence Frank J. LaLoggia, LaLoggia Consulting, Inc.
7/17/2019	Regulation E Series: Legally Handling ATM & Debit Card Claims Under Regulation E Elizabeth Fast, Spencer Fane LLP	8/28/2019	Effective Management of Credit Report Disputes: Completing ACDVs, AUDs & Correcting Joint Credit David A. Reed, Reed & Jolly, PLLC
7/18/2019	Wire Transfer Compliance, Including International Remittances Dawn Kincaid, Brode Consulting Services, Inc.	8/29/2019	Opening Donation, Memorial & Other Accounts for Nonprofit Organizations & Corporations Susan Costonis, Compliance Consulting and Training for Financial Institutions
7/23/2019	Call Report Series: Call Report Regulatory Capital, Including Key Changes & Other Schedules Michael Gordon & Kris Trainor, Mauldin & Jenkins, LLC	9/4/2019	Auditing E-Policies & Procedures: Risks, Rules & Records Nancy Flynn, The ePolicy Institute™
7/24/2019	Opening Accounts Online: Rules, Risks & Best Practices Susan Costonis, Compliance Consulting and Training for Financial Institutions	9/5/2019	Official Demands Part 2: Handling Garnishments, Levies & Judgment Liens Elizabeth Fast, Spencer Fane LLP
7/25/2019	From Prospect to Customer: Skills & Tools for Successful Business Development Tim Tivis, Pinnacle Training Group	9/10/2019	Conducting the 2019 ACH Audit Jen Kirk, EPCOR
7/30/2019	Consumer Collection Series: 20 Common Mistakes in Consumer Collections Elizabeth Fast, Spencer Fane LLP	9/11/2019	Mortgage Lending Hot Spots Series: Appraisal & Evaluation Guidance on Collateral Valuation S. Wayne Linder, Young & Associates, Inc.
8/1/2019	Outsourcing Tech Services: Regulations, Examiner Expectations & Actions for Vendor Management David A. Reed, Reed & Jolly, PLLC	9/12/2019	Managing Minor Accounts: Withdrawals, Transfers, CDD, Closing & Best Practices Susan Costonis, Compliance Consulting and Training for Financial Institutions
8/5/2019 Monday	Official Demands Part 1: Handling Subpoenas, Summonses & Other Legal Process Elizabeth Fast, Spencer Fane LLP	9/16/2019 Monday	IRA Series: Handling IRA Required Minimum Distributions & Roth Distributions Frank J. LaLoggia, LaLoggia Consulting, Inc.
8/6/2019	IRA Series: IRA Reporting, Common Issues & Error Resolution Frank J. LaLoggia, LaLoggia Consulting, Inc.	9/17/2019	Regulation E Series: Auditing for Reg E Compliance Elizabeth Fast, Spencer Fane LLP
8/7/2019	New Security Officer Training: Responsibilities, Best Practices & Skill-Building Tools Barry Thompson, Thompson Consulting Group, LLC	9/18/2019	Mitigating a Data Breach: Forensics & Incident Response Randall J. Romes, CliftonLarsonAllen LLP
		9/19/2019	New Compliance Officer Boot Camp Molly Stull, Brode Consulting Services, Inc.

ICBND Educational Opportunities

9/24/2019	Hiring in the Digital Age: What Every HR Manager Needs to Know About Social Media Diane Pape Reed, CU Doctor
9/25/2019	What Directors Should Know About CECL, ALLL & the New Credit Impairment Standards Bob Viering, Young & Associates, Inc.
9/26/2019	Emerging Trends & Developments in Online, Mobile & Digital Channels Hannah Day, Jack Henry & Associates, Inc.®
10/3/2019	New BSA Officer Training Part 1: Compliance, Risk Assessment, CTRs, Exemptions, Forms & Regulator Expectations Bill Elliott, Young & Associates, Inc.
10/7/2019 Monday	Mortgage Lending Hot Spots Series: Demystifying Rules for TRID Tolerances Steven Van Beek, Howard & Howard Attorneys PLLC
10/8/2019	When a Depositor Dies: Legal Requirements, Practical Issues & FAQs Elizabeth Fast, Spencer Fane LLP
10/9/2019	Head Teller Training: Maximizing Teller Performance Molly Stull, Brode Consulting Services, Inc.
10/10/2019	Regulation E Series: Reg E Requirements for Debit Card Error Resolution: Processing, Disclosure & Investigation Michele L. Barlow, PAR/WACHA
10/16/2019	POD Account Documentation, Compliance, Beneficiaries & Closing Elizabeth Fast, Spencer Fane LLP
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10/24/2019	Commercial Loan Annual Credit Review S. Wayne Linder, Young & Associates, Inc.
10/29/2019	12 Key Elements of an Effective Digital Marketing Strategy Eric C. Cook, WSI Internet Consulting
10/30/2019	Personal Accounts: Ownership, Authorization, Titling & Documentation Susan Costonis, Compliance Consulting and Training for Financial Institutions
10/31/2019	1099 Reporting: Foreclosures, Repossessions & Debt Settlements Elizabeth Fast, Spencer Fane LLP

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Director Series webinars are scheduled from 10:00-11:30 AM Central Time

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