Does Your Bank Need Help With Compliance?

Community banks of all sizes must deal with the ever daunting issues of compliance. Larger community banks may have a compliance department with a staff of their own, where smaller community banks may not have that luxury. The smaller banks will have one or two employees that will wear a multitude of hats and one of them may be compliance. Keeping up with the most current changes and regulations can be overwhelming for any banker, whether he is part of a compliance team or is handling compliance for his bank in addition to his other duties. And most community banks do not have the time or money to build elaborate compliance systems.

That is why ICBND sponsors the Community Bankers for Compliance Program through Young & Associates, Inc. This program is the most successful and longest running compliance training program in the country and provides up-to-date information on compliance issues and developments in bank regulations, as well as proven techniques for maintaining your in-bank compliance programs. In addition, it provides a forum where those responsible for regulatory compliance can discuss issues and exchange ideas with other community bankers. And, for no additional cost, your bank will have access to compliance experts to answer your questions that arise on a daily basis. Young & Associates has several qualified professionals available to answer your questions. This service ensures that your bank is just a phone call away from the information you need in order to answer your compliance questions any time of the day or any day of the week.

To assure that the Community Bankers for Compliance member banks are getting the most out of their membership, the program is designed with flexibility in mind. We realized that job responsibilities change quite frequently or that more than one employee could be responsible for different areas of compliance, and for this reason, membership is granted to banks, not individual bank employees. This enables you to have your bank’s compliance officer participate, as well as any additional representatives, as the topics apply to the various areas of the bank.

Annual membership to the Community Bankers for Compliance program consists of five inter-related compliance services:

- **Live Regulatory Seminars.** Two live seminars are provided throughout the year. Two regulations will be presented with one in the morning and one in the afternoon. A detailed manual, written in full narrative, will be electronically sent to each participant prior to the seminar date.

- **Webcasts - Regulatory Update.** Four regulatory update sessions will be presented in webcast format on separate days in the year. Each webcast will discuss current news and regulatory changes that may have an impact on community banks. A detailed manual, once again written in full narrative, will be provided.

- **Monthly Newsletter.** The Compliance Update newsletter is sent to program members each month. It provides an update of compliance issues that impact community banks.

- **Compliance Hotline.** Members of the program, for no additional cost, may call the Young & Associates toll-free number or visit their Web site on the Internet for compliance questions that arise on a daily basis. Young & Associates has several qualified professionals available to answer your questions. This service ensures that your bank is just a phone call away from the information you need in order to answer all your compliance questions.

- **CBC Members Only Web Page.** This web page is reserved for banks that are registered members of the Community Bankers for Compliance Program. In it you will find special and timely information and tools provided by Young & Associates, Inc., that can be used to enhance the regulatory compliance function at your bank.

The ICBND Community Bankers for Compliance Program is a proven method to reduce the risk of regulatory actions against your bank for reasons such as failure to establish a valid compliance management program, failure to establish compliance policies, failure to provide adequate compliance training, and failure to monitor internal compliance. In addition, with each change in regulatory compliance regulations, there is an increased risk of inadvertent compliance errors. The program reduces the possibility that these errors will occur because your employees will have a greater understanding of the regulatory requirements and experts to go to for answers at any time.

Another benefit is that participants will earn credit toward education requirements of the professional designation as a Certified Community Bank Compliance Officer (C CBCO) or Certified Community Bank Internal Auditor (CCBIA), awarded by the Independent Community Bankers of America.

For membership costs, session dates, and additional benefits to this great program, please see the enclosed brochure with this newsletter.
Are You Preparing the Next Generation of Bankers?

I was recently at a banking conference and during one of the coffee breaks, I had the privilege to visit with a retired bank owner who had been in the business for 40 plus years. Can you imagine the changes this gentleman has seen? He did not talk about the changes to our industry, but rather how fast time seems to go. I really had to stop and think when he said, "Jerry, I remember when I was first starting in the business. I would go to a bank conference and look around the room and think to myself, "Wow, I am the youngest person here." Then one day, I was at a conference and looked around and thought to myself, "Wow, I am the old fossil here. Where did the years go?" What I failed to ask him was what he did over the years to prepare the next generation of bankers to take his place. I missed an opportunity to learn from the best. He was right, time does get away on all of us.

The question for all community bank management is what are you doing to prepare the next generation of bankers to fill your shoes? Did you know that ICBND can help? The Emerging Leaders Program is one of the best kept secrets in North Dakota. The program is an invaluable service to our members. If you are in senior management and look around your bank, do you have the talent that will someday assume your role? If you answered yes, the best thing you could do for that young talent is to have them participate in the ICBND Emerging Leaders Program. If you answered no, the best thing you can do is to start thinking about who you could send to the program. Regardless of how you answered that questions, the ICBND Emerging Leaders Program can help. Maybe there are staff in your organization that don't want to move into your shoes, but want to expand their leadership within different areas of the bank. The Emerging Leaders Program is for them as well.

The 2012 theme for the Emerging Leaders Program is, "The Community Bank Difference." The attendees at the spring roundtable, the summer conference, and the fall roundtable will learn about the differences between Community Banks and the Wall Street/Credit Unions/Too Big To Fail institutions. The attendees will be proud to say they work at a Community Bank.

Speak Up!

When I was a child I remember having to stand in front of either mom or dad and tell them about some incident which occurred involving me and some damage or problem. As a child I believed when I had to face either of them and respond to the questions of "What happened?" I was likely in trouble (which was often but not always true). In having to explain I would inevitably speak softly (as though this would minimize the incident or damage) and maybe mumble a little on some words. However, this response would only result in the command to "Speak up!" Eventually I learned that speaking up was the better choice. By speaking up I was better able to explain my position while mumbling and speaking softly would only add to the frustration and impatience by my parent who was trying to understand. So I learned to speak up (some would say slowly or eventually) to make sure I was heard the first time. This leads me to community bankers like you. While many of you have learned to "Speak up!" some of you still have not and I suggest it is time all of you "Speak up!" about what it means to be a community banker. Here is a list of some topics or opportunities you can and should "Speak up!" on:

As a Community Bank, you depend on the success of the customers and citizens of your communities to be successful. You want to see your community grow and prosper and work hard to help make this happen (insert businesses, civic project and homes you have helped finance).

As a Community Bank, you invest in your communities by supporting your local organizations (insert list here) and you and your staff serve on community organizations (insert list).

As a Community Bank, your institution pays state and federal income taxes and a significant amount of those taxes support the budgets of the political subdivisions in your trade area, unlike credit unions and the Farm Credit System.

As a Community Banker, speak up about the increasing regulations and burdens caused by the Wall Street Banks and the shadow banking industry who take advantage of customers because they believe they can always get more.

As a Community Banker, engage in conversations that use the generic term "banks" and speak up about the differences of being a Community Banker.

Respond to articles and editorials that also jump on the bandwagon of using the generic term "banks" when describing some incident or new regulation needed to right the wrongs caused by "Too Big To Fail," Wall Street or shadow banking entities.

Take an active role as a Community Banker when

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Hovland and Forschen Retire from First State Bank of Harvey

Phyllis R. Hovland has served First State Bank of Harvey for over 40 years! After college, she began her banking career working for the Federal Reserve Bank of Minneapolis. She moved back to North Dakota and started working at the First State Bank of Harvey in May 1971. Phyllis and her husband, Jerry, plan to spend their retirement years in Minneapolis with their three married children and two granddaughters and winter months in Arizona.

Editors corrections: In the Sept/Oct issue of the Community Banker it stated that Phyllis received her Hall of Fame award for 30 years instead of 40 years of service.

Deborah Forschen will be retiring from the First State Bank of Harvey at the end of December, 2011. She began employment in the Bookkeeping Department in 1997. During her 14 years of banking she has held many roles, from drive up teller to full time bookkeeper. Deborah’s husband, Michael, is also retiring as a locomotive engineer for the CP Railway at the end of the year. Together they plan to enjoy retirement in Harvey.

Jungberg Retires from Western State Bank - Towner

Connie Jungberg has been in the banking business for various banks, going back to 1960. Her first banking job was at the State Bank of Kenmare, then with American State Bank in Minot with her final move to Towner, ND, with her husband, Carlen. She began work at the Pioneer State Bank in Towner, which became the State Bank of Towner and then, in 1994, it was acquired by Western State Bank. The bank held an open house for Connie, followed by a community celebration in the evening. Western State Bank wishes Connie a very a happy retirement after 48 years of service in the banking industry in Towner.

What is your heart’s desire?
Take one action today toward that dream!

$10,000 DOWNPAYMENT AND CLOSING COSTS GRANTS AVAILABLE

FHLB Des Moines member financial institutions can provide up to $10,000 in down payment, closing costs, counseling or rehabilitation to assist eligible tribal members with the purchase of a home through the Native American Homeownership Initiative.

GUIDELINES AND ELIGIBILITY

- At least one of the potential homebuyers must be an enrolled member of a federally recognized tribe
- Total household income may not exceed 80 percent of the area median income
- The home must be located within the Bank’s district

The funds are made available on a first-come, first-served basis, so if you are interested in increasing homeownership in your community or would like further details on the program, contact the FHLB Des Moines Community Investment Department today by calling 800.544.3452, ext. 1173.

Skywalk Level, 801 Walnut Street, Suite 200, Des Moines, IA 50309-3513
800.544.3452 • www.fhldm.com
Day in and day out, banks are making tough lending choices that can help determine which clients get the funding they need to succeed. These decisions also impact the growth of the financial institution and the overall U.S. economy. They are deciding which customers to lend money, which construction projects to support, and so on. At the same time, banks of all sizes are facing an increasing push by federal regulators to go beyond historical risk-management efforts in the wake of the U.S. housing market’s collapse and the 2008 financial crisis. They are being asked to evaluate more thoroughly and to prepare better for worst-case scenarios in the economy and in real estate markets in order to avoid future problems. Such analysis can be beneficial for businesses, investors and the government. As famed investors and billionaire Warren Buffett once said: "You only find out who is swimming naked when the tide goes out."

The problem is, there is not a lot of specific guidance from regulators on this additional "stress testing," which has led to confusion about which banks must do it, how they should test, and how they will be graded on their efforts, according to Mike Lubansky, senior product consultant with Sageworks, a Raleigh, N.C., financial information company that provides stress testing and credit analysis software.

"They are being told by the regulators they need to stress test, but banks don’t exactly know what to do. Because it is new, there has been less communication and guidance about the proper way to conduct the stress test. In other words, uncertainty surrounding the process is putting the stress into stress testing for many U.S. bankers. But Lubansky and other industry players heavily involved in stress testing have some helpful advice about what to expect and how to benefit from the process.

"Conceptually, the bank examiners are looking for everyone to do [stress testing]," said Joseph J. Hill, president and chief executive officer of New York consulting firm CEIS Review. "A matter of the extent to which it might need to be done that changes." CEIS, which helps commercial and savings banks conduct loan revives, hears from a lot of its clients concerned about how to approach stress testing. Portfolio size and the complexity of a bank’s loan portfolio to a large extent determine how thorough or complicated stress testing must be, Hill said.

Bank-related stress testing gained widespread attention in 2009 as regulators required the 19 largest U.S. bank holding companies to undergo stress tests demonstrating their ability to maintain minimum capital requirements, even in the event of extreme economic conditions. But even before that, in 2006, the FDIC outlined guidance for institutions to conduct stress tests if 100 percent of their total capital was in loans tied to construction, development and other land deals, or if they had commercial real estate loans representing 300 percent or more of their risk-based capital. It reiterated that guidance in 2008 in the wake of the housing market’s tumble and the U.S. financial crisis.

Under the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, FDIC-regulated institutions with more than 410 billion in assets will be required to perform stress testing. Regardless of their size, however, many banks are feeling pressure to test their commercial real estate portfolios amid concerns that more volatility in real estate markets may be ahead, Lubansky said.

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The paralyzing fear from the early days of the Wall Street financial crisis that morphed into simmering consumer frustration, resentment and anger toward many Wall Street institutions appears to be moving into a new, more active phase. Consumers are awakening to their collective power in the marketplace. More are ready to vote with their wallets, purses and deposits than ever before mostly to make a stand against the widespread belief that the economic playing field is tilted against the ordinary citizen and in favor of mega-firms and the "corporate elite."

Community banks could be nearing a tipping point in winning more than just the hearts and minds of consumers. That is, many more Americans are ready to start a new relationship with a local community bank. All they need is a nudge or a helping hand.

That’s why ICBA recently launched a nationwide “Go Local” public awareness campaign for the community banking industry. Tapping into existing recognition of the economic benefits of shopping locally and consuming locally produced goods. The Go Local campaign highlights the personal and societal benefits of doing business with local community banks. Supporting small businesses and local economies, obtaining superior relationship-based service with fewer fees and making a free-market statement to counter the abuses, arrogance and tone-deafness of some Wall Street financial firms are among the campaign’s empowering messages.

ICBA also designed the Go Local campaign so our member banks can easily incorporate its messages and materials to their local marketing and community relations efforts, and we plan to continue expanding the campaign’s resources for member banks.

By several key measures, the Go Local campaign has been remarkable success so far. National and local media all over the nation are writing and broadcasting stories about it, and more than 22.5 million people who pass through Times Square this holiday season will view campaign videos. Community banks throughout the country are using the campaign, and ICBA members tell us consumers are responding favorably in overwhelming numbers.

By working together in a sustained way, ICBA and individual community banks can plant and nurture a grassroots movement, particularly among the up-and-coming generations, that puts community banking in the forefront of consumers’ financial choices and personal values for years to come. For this reason, ICBA is positioning the Go Local campaign for a long run, and we’re hoping every community bank participates.

To do your part, prepare for it. Make the campaign part of your board of directors’ discussions. Have your marketing and customer outreach include messages that show how your bank serves its community and what makes it different from other financial institutions. Prepare your staff to help new customers close old accounts. Think about related operational issues such as how to best cross-sell new customers, the implications of acquiring more deposits and how to solidify your bank’s position as the primary financial institution for its new customers.

With a steady focus and effort, we will continue to attract people to our institutions. Truth and momentum are on our side. Let’s fully seize this opportunity. Let’s all Go Local.

Camden R. Fine is President and CEO of ICBA. Reach him at cam.fine@icba.org.
In St. Louis, Midwest BankCentre employees recently spent a day making home repairs for a low-income family, an activity they have done for several families over the years. Meredith Village Savings Bank in Meredith, N.H., has been offering various free financial fitness seminars for people of all ages. Over in Honesdale, Pa., employees at The Dime Bank recently prepared and sent care packages to troops serving in combat assignments overseas.

Meanwhile, The First national Bank of Fairfax, Minn., is supporting an adult reading program it launched with its local libraries. The State Bank of Cross Plains, Wis., is spearheading fundraising to help defray medical bills and other expenses to help a local family provide brain cancer treatments for their teenage son. And the employees at Heritage Community Bank in Fairfield, N.J., have already rallied their community to donate carloads of holiday presents for underprivileged children.

Of course, these community banks do much more to serve their neighbors and communities all year long. These are typical community banks. They’re just like thousands and thousands of others around the country. That’s because volunteering, helping neighbors in need and making our Main Street communities better places to live have always been hallmarks of community banking. And as we all know community banks like yours and mine prosper only when our communities thrive and grow.

Since 1999, for example, Cattaraugus County Bank has participated in America’s Promise, a nationwide alliance formed by retired General Colin Powell that tries to fulfill five promises to youth throughout the country. The five promises are that children have relationships with caring adults, safe places during non-school hours with structured activities, a healthy start and access to health knowledge, marketable skills taught through effective educational programs and opportunities to give back through community service.

Through CCB’s participation in the program, several of our staff members have become mentors to local school children. At different times of the year, red wagons, a symbol of America’s Promise, are also parked in the lobbies of every CCB branch. Those wagons collect donations from both CCB employees and customers ranging from school supplies to clothing and even Christmas presents, and everything is distributed to local children. An America’s Promise team of CCB employees also regulatory raises money to aid children who need more than clothing and school supplies, such as those who need help with hospital bills or who have lost their homes to fire.

At CCB, we are very proud to be part of America’s Promise, but of course that’s not all that we do. Community banking has never been about business as usual. To me, serving people and communities is not just stewarding dollars and cents; it is the essence of what our institutions are about.

Especially during this holiday season, it’s worth acknowledging and celebrating what we do routinely and often without fanfare. Let’s thank our employees and customers for supporting our community service efforts. And let’s be grateful for serving in our special industry that does so much good all year round.

Happy Holidays!

Sal Marranca is president and CEO of Cattaraugus County Bank in Little Valley, N.Y.
Two long-standing community banks, Security State Bank of Dunseith and Starion Financial, headquartered in Bismarck-Mandan, have merged.

With the merger, Starion Financial adds three former Security State Bank locations in Dunseith, Bottineau, and Rolla. Starion Financial now has 13 banks in North Dakota and Middleton, Wis.

“We are very excited to be able to offer our expanded line of services to the people and businesses of Dunseith, Bottineau and Rolla, while maintaining the high level of customer service they have come to expect from their community bank,” said Craig Larson, president and chief executive officer of Starion Financial.

Starion Financial signed a purchase agreement in June and the ND Department of Financial Institutions and Federal Deposit Insurance Corp. (FDIC) approved the deal at a September 8 meeting.

Security State Bank had been owned by the Campbell family who wished for the bank to grow in its service offerings and ability to fuel economic growth in its communities.

“The scale of Starion Financial promises new capabilities and new services for customers. The bank has higher lending limits that will allow for major financing projects to be kept within the communities.

New bank services will become available to bank customers, including mobile (cell phone) banking. Online banking is more sophisticated with financial management tools. Businesses now have payroll direct deposit and remote deposit of business checks.

Security State Bank was a financially healthy bank, making it an attractive expansion opportunity for Starion.

Former Security State Bank President Jeff Campbell will continue to provide leadership as market president, and the employees of Security State Bank will join with the 205 employees of Starion Financial.

“Security State Bank and Starion Financial are both family-owned banks driven by strong family and community values,” Larson said. “We’re fortunate to have Jeff and his staff join our team. They bring a wealth of banking knowledge and have helped make this a smooth transition.”

Starion Financial is an $850 million family-owned community bank and financial services organization. The company began in Oaks, ND in 1969 and has 13 locations throughout Bismarck-Mandan, Bottineau, Dunseith, Rolla, Oaks, Ellendale, and Fargo, ND, and Middleton, Wis.

Fargo CPA Firms Merge

Blain L. Christianson & Associates has merged with Widmer Roel PC, a certified public accounting and business advisory firm and ICBND Associate Member with offices in Fargo, Bismarck, and Hazen. Blain L. Christianson & Associates is a CPA firm specializing in providing accounting services for grain elevators and other agricultural related industries. Mike Misheski who has eight years of experience in agricultural related industries will be joining Widmer Roel PC as the Manager of their agricultural division. Misheski has a bachelor’s degree from NDSU.
American Announces Employee Returns and New Hires

American Insurance Center is pleased to announce Christina Opp as Account Manager in their Bismarck location. Christina is returning to American and previously worked for American Insurance at both the Dickinson and Bismarck locations.

American Bank Center announces Lori Moya as Part-time Teller. Lori recently returned to American, she previously was employed with American from May 2009 to August 2010.

American Bank Center is pleased to announce Susan Willer as Mortgage Banking Officer. Susan has prior mortgage banking experience and most currently worked as the Vice President/Office Manager for Dickinson Guaranty & Title.

American Bank Center is pleased to announce Kelli Scharf as Financial Service Representative at the north Dickinson location. Kelli brings over six years of banking experience to American.

American Bank Center is pleased to announce Kelli Neigum as part-time Teller at the north bank location. Kelli joins American with over six years of banking experience.

Choice Financial Announces Promotions

Samantha Berg was recently promoted to customer service manager – frontline. Berg will be responsible for the employee development, training, performance, mentoring and hiring of the bank’s frontline team members. She joined Choice in 2008 and most recently served as the head teller. Berg is a graduate of UND with a bachelor’s degree in fine arts and education.

Tara Field was recently promoted to vice president of compliance at Choice Financial in Langdon. Field joined the bank in 1999 and has held various positions. She is a member of United Lutheran Church, the Chamber of Commerce and is active in Relay for Life. She is also certified as a community bank compliance officer with ICBA.

Susie Clark was recently promoted to assistant vice president of business banking and location manager for Choice Financial in Langdon, where she will oversee daily operations. Clark has been with the bank since 1990 serving in various roles. She is treasurer for the emergency food pantry, conducts annual audits for her church, and is a member of the Eagles club, in addition to other community events.

Julie Demester was recently promoted to BSA/compliance officers at Choice Financial in Grafton. In addition to managing the bank’s anti-money laundering program, Demester will also coordinate fraud, identity theft, and regulatory compliance programs. She joined the bank in 1999 and had several years prior banking experience. She is a member of the senior management team.

Cornerstone Bank Hires Becker and Swedberg

Cornerstone Bank has hired Adam Becker as a Credit Analyst. Adam has over 2 years of bank and finance experience. He has a degree in finance from Minnesota State University Moorhead. Adam is also attending Graduate School at University of Mary for MBA Executive Program.

Liza Swedberg has joined Cornerstone Bank as a Part-time Teller. Liza comes to us with over 4 years of customer service including experience as a bank teller.

American Bank Center Announces Employee Updates

Kathryn Bartholomay is a high school student-employee at the Bowman-South Branch of Dakota Western Bank. She is a freshman at Bowman County High School. She is active in speech, Science Olympiad and golf.

Tessa Palczewski is a Loan Reviewer and Assistant Internal Auditor. She graduated from the University of Mary with a Bachelor of Science degree in Accounting.

Jim Martin has been promoted to Vice President and BSA/fraud officer at State Bank & Trust in Fargo. Martin oversees compliance with the BSA and is responsible for detecting and reporting attempted fraudulent activities against the bank or its customers. Martin received his accounting degree from Minnesota State University Moorhead. He has been in banking for 21 years.

State Bank & Trust Hires and Promotes

Kyle Haugland has accepted a position as commercial real estate officer at State Bank & Trust in Fargo. He will conduct commercial real estate inspections, review appraisals and work closely with the bank’s commercial lenders and customers. A native of Mayville, he received his finance degree from NDSU and has been in banking for seven years.

Jim Martin has been promoted to Vice President and BSA/fraud officer at State Bank & Trust in Fargo. Martin oversees compliance with the BSA and is responsible for detecting and reporting attempted fraudulent activities against the bank or its customers. Martin received his accounting degree from Minnesota State University Moorhead. He has been in banking for 21 years.

Kelly Barnes has been hired as a Mortgage Loan Market Processor. Kelly joined the bank in 2008 and has held the positions of receptionist and mortgage loan processor. Most currently she worked for Investment Centers of America as a Client Service Associate.

Kim Landis has been hired as a full-time Teller in Dickinson. Kim most recently held a part-time teller position and is currently attending Dickinson State University and pursuing a degree in Business Administration.
Ryan Beck has been hired as Business Banking Officer/Supervisor for the Dickinson American Bank Center market. Ryan is a graduate of Dickinson State University and the Graduate School of Banking in Wisconsin. He has more than 13 years of experience in the banking industry.

American Bancor, Ltd is pleased to announce that Shane Klitzke has been named Information Technology Coordinator. Shane will continue his duties as Network Administrator as well as coordinate various department projects relating to information systems and telecommunication systems. Shane has been with the bank since 2001.

American Bank Center is pleased to announce Zach Keller has expanded his role to include Financial Service Representative duties. Zach started in 2008 as a part time teller. He is currently pursuing his Bachelors Degree in Accounting and Business Administration at Dickinson State University.

Western State Hires Berglund

Heather Berglund has been hired as a full-time Customer Service Representative at Western State Bank in Devils Lake. Originally from Enderlin, Heather is a graduate of NDSU with a Bachelor of Science degree in Childhood Development and Family Science.

Starion Insurance Hires Petersen

Starion Insurance has hired Jeff Petersen as an agent at the Starion financial bank in Oak. He will sell all types of insurance, including home, auto, farm and crop, and business. Petersen worked as a farm management instructor at Southwestern Technical college in Pipestone, MN, for more than eight years and has farmed with family near Ellendale for the last four years. He earned his Bachelor of Science degree in animal and range science from NDSU.

Jensen, Cook Join SBT Investments

Tim Jensen and Josh Cook have been hired as investment representatives for SBT Investments, located at State Bank & Trust. They assist clients in planning and investments to meet financial goals ranging from college funds to secure retirement. Jensen is a native of Elbow Lake, MN, and a graduate of Minnesota State Community & Technical college. Cook is originally from Wahpeton, where he received his accounting degree from Minnesota State University Moorhead.

Chisholm Expands Role within Choice Financial

Abigail Chishom’s role was recently expanded to include accounts payable and centralized purchasing. She will also continue her customer service role at Choice Financial. She joined the bank in 2008. She is Choice Financial’s team captain for the American Diabetes Association walk and participates in many other community activities and events.

Lein Joins Choice Financial

Choice Financial announces the addition of Jennifer Lein as customer service representative in Fargo. Lein is a graduate of Minnesota State University Moorhead with a bachelor’s degree in mass communications with an integrated advertising and public relations emphasis. She brings previous experience in customers service, marketing and promotions as well as community involvement in Habitat for Humanity, United Way, and Relay for Life.

Hiedeman Promoted at Choice Financial

Stacy Hiedeman was recently promoted to deposit operations specialist with Choice Financial in Fargo. Hiedeman joined the bank in 2008 and previously served as a customer service representative and most recently as senior frontline specialist. She has been an active member of several Choice Financial teams and committees.

Choice Financial Langdon Employees Recognized for Years of Service

Ron Barta began his 30-year career with the bank in 1982 as an ag loan officer. He spent a brief year as the bank’s credit review officer and in 2002 obtained his series 7 and 65 securities licenses to become a Financial Advisor.

Kathy Kram has been with the bank for 20 years, where she began her career on the teller line. She has since assisted with the processing and administration for ag and commercial lending.
North Dakota Child Support Enforcement to Implement On-Line Lien Registry

Under state law, the Child Support Enforcement Division of the North Dakota Department of Human Services must implement a child support Lien Registry. The implementation date is March 1, 2012. The Lien Registry is under development and, as information about the Lien registry is developed, it will appear on Child Support Enforcement’s Web site, which is found at www.childsupportnd.com.

The Lien Registry is a list of obligors who owe past-due child support that is being enforced by Child Support Enforcement. When an obligor is listed on the Lien Registry, a child support lien is automatically created against some of that obligor’s real property and against his or her titled personal property, regardless of the county in which the property is located.

The Lien Registry will be available to be searched by lenders who are considering doing business with an individual who may owe past-due support. In addition, since the Lien Registry is a public site, it may be searched by anyone at any time.

The Lien Registry law is found at N.D.C.C. § 35-34-02.1: 35-34-02.1. (Effective after December 31, 2011) Child support lien registry. The child support agency shall create a child support lien registry using an interactive website. The registry shall include a listing of any obligor who owes past-due support that is being enforced by the child support enforcement agency, the obligor’s date of birth, and the amount of past-due support that is being enforced by the child support enforcement agency. The Lien registry website must be available to the public and support a search by last name of the obligor and other information provided by the person using the website. Any real or titled personal property, except the homestead or other property that is exempt under section 28-22-02, of an obligor who is listed on the lien registry or which the obligor thereafter acquires in this state is subject to a lien. A lien under this section is perfected as of the date of the lien is first listed on the child support lien registry, but is not effective against a good-faith purchaser of titled personal property unless the lien is recorded on that title. The child support agency must subordinate its lien under this section upon request of a third party if:

1. The request is accompanied by documentation from the lien registry website showing the child support lien balance as of the date the third party perfected its interest in the property, to the extent that the current balance of the child support lien exceeds the balance when the third party perfected its interest; or
2. The request is made within ninety days of the date the lien is first listed on the child support lien registry and the third party proves that it attempted to perfect an interest in the property prior to the creation of the child support lien.

Only obligors whose past-due support is being enforced by Child Support Enforcement will appear on the Lien Registry. A significant number of child support cases in North Dakota are not enforced by Child Support Enforcement and the obligors in these cases will not appear on the Lien Registry, no matter how much past-

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Social Media—Don’t Let it Slip by James Ghiglieri Jr., SVP Corporate Communications, SHAZAM

Now that the social media buzz has quieted to something more akin to a hum, community banks may find their attention to this important communication vehicle beginning to slide. Maybe the realization that social media takes a strong commitment has shocked your team into paralysis. Maybe you have simply run out of fresh content ideas. Or maybe your bank’s biggest social media champion switched roles—or worse yet, jobs.

Whatever the root cause, you must avoid the temptation to let your bank’s social media presence fade. This is especially important if you began with gusto, engaging your customers and prospects in a really exciting way. They will want to see more, and you will want to give it to them.

Nothing says “Something’s funny with this bank” like a blog site that has not been updated for six weeks or a Twitter stream has been idle for months.

Fortunately, as more social media sites have developed, so too have the applications and tools for managing an effective social media strategy. There are now some very cool (and inexpensive) ways to make sure you are out there every day with solid, engaging content.

One word of caution before you jump headfirst into any of these tools: “Set it and forget it” does not work with social media. Much like fraud prevention or compliance, you must be constantly vigilant in monitoring what is happening around you. What this means in the world of social media is that you must plan to supplement each of these management tools with “live” social media engagement in order to do it well.

Post It Now

Free and easy, social media scheduling tools abound. These online (and often mobile) applications allow you to plan your content to coincide with your other marketing and promotional efforts.

Are you launching a back-to-school debit rewards promotion this fall? You can write your Tweets for the week prior to the launch right now. And even better yet, you can use free tools online to schedule them for publication at the exact date and time you want them to appear.

More importantly, scheduling tools allow you to maintain a daily (or more frequently if that fits your strategy) presence on social sites like Twitter and Facebook, or even a blog.

Supplementing your pre-scheduled content is vital to maintaining a truly successful social media presence, however. Plan to visit your various social media sites at least three times a week to post impromptu messages about a recent news headline, an employee or customer success, or a remedy to a problem one of your fans or followers has posted.

Link It Up

Another great way to efficiently manage multiple social media sites is to use linking tools. Also free, these tools allow you to publish the same content across several sites.

For instance, you have just posted a new blog for parents about the importance of saving for retirement over their kids’ college tuition. Without having to then run out to Twitter, Facebook, or LinkedIn individually to post a link to the blog on each site, you can set an application to do this for you automatically.

These tools spot your new blog post and publish links on your Twitter, Facebook and LinkedIn pages the moment the blog goes live.

This strategy allows you to reach those customers on Facebook who would never read your blog. It allows you to connect with your small business clients on LinkedIn who are less likely to find you on Twitter. And most importantly, it allows you to maintain consistency in your messages across channels.

Keep It Fresh

You have two options when it comes to the inspiration for content ideas: your own internal

Continued on page 15...
ICBND Goes Mobile with ATM Trailer

ICB Services (ICBND’s Credit Card Subsidiary) has purchased a Mobile ATM Trailer for our ICBND Member banks to borrow. The main purpose of this ATM Trailer will be to promote community banking at your Local events. It could also be used in the case of a disaster, i.e. Fire, Tornado or Flood.

The trailer has an advertising wrap promoting community banking with all our ICBND Member Community Banks names listed on the back doors of the trailer. We have also reserved a section (18”W x 24”H) on the front by the ATM to advertise for the bank using the trailer.

This ATM trailer comes equipped with Verizon Mobile Communication, Emergency Battery Operation, Wheel & Hitch Locks, Multiple Cameras and DVR, Heat and Air Conditioning.

There are no rental costs to the individual bank that borrows the trailer. Your bank will be responsible for the travel expenses associated with picking up and returning the trailer for storage as well as insuring the trailer when it is in your bank’s possession.

The ATM Trailer will be stored in Mandan at Dattrue Process Automation, and Dattrue will make the necessary programming changes to the ATM before each use. The processing will be done through Funds Access, Inc and all vault cash will be re-deposited to your bank account via ACH the next business day. Your bank will be responsible to sign a hold harmless agreement with ICB Services and an agreement with Funds Access to settle. You will also be responsible for the vault cash. ICB Services will maintain the upkeep on the ATM Trailer. Services will also pay for the wireless service, the processing, the ATM maintenance fee, and for the insurance when the trailer is not in use.

For details contact:

Marilou Voegle
ICB Services, Inc.
701-258-8326
marilou@icbnd.com

An 18” W x 24” H frame next to the ATM will allow up to a 1/8” thick rigid sign to be inserted with your banks logo or name.

The surcharge collected will be shared between the bank using the trailer and ICB Services to help cover expenses.

The ICB Services Board of Directors has discussed making this service surcharge free for any of our ICBND Member Community Banks. That decision will be entirely up to your individual bank. We would need to load your bins if you wanted to participate “surcharge free”.

ICB Services will handle the scheduling of this Mobile ATM trailer. It will be scheduled first come; first serve and a disaster will always take precedence. If your bank is interested in borrowing the Mobile ATM Trailer, or you need further information, please contact Marilou at 701-258-8326.
It’s Go Time - Munis offer bargains at year-end by Jim Reber, ICBA Securities

If your holiday gift list includes some high quality investments with limited price volatility, good liquidity and, oh yes, high yields, this column is for you. Your friendly state and local governments are likely to roll out some gift-wrapped offerings for even the most discriminating of investors. But time is of the essence.

Fixed income markets in general, and the municipal market in particular, have had a wild ride in the last 12 months alone. The muni market volatility was in large part created by an unlikely source: Meredith Whitney, the analyst who last December brazenly predicted millions of billions of dollars of defaults in 2011. Through nine months of this year, total defaults have not yet reached one billion. Muni interest rates skyrocketed as soon as her comments hit the media.

Other factors at play
Ms. Whitney’s comments aside, the muni market was already suffering from a state of indigestion thanks to Congress. The main 2009 stimulus bill, the ARRA, contained several provisions that greatly increased the supply of munis in late 2010.

One was the creation of a taxable muni known as a Build America Bond. The purpose of BABs was infrastructure improvements, but the catch was they had to be issued before December 31, 2010. A total of $187 billion made it through the cattle gates before they were padlocked. Others were the 2% percent bond and the AMT exempt bond. These two are similar in that they too had to be issued by 12-21-10, and have features that can offer superior value to garden variety bank-qualified munis.

Finally, another provision that sunset was the annual dollar limit on an issue for it to be considered bank-qualified. Between 1986 and 2008, that number was $10 million. For the two subsequent years, it was raised to $30 million. We are now back to the pre-2009 limits.

Since it was clear the door was closing by December of last year, the muni mill was working three shifts. Huge supplies of all the above were being churned out, and in fact 2010 set a new standard for total issuance of all municipal debt. The deluge simply could not be handled by the investing public, and what had to give was prices. That, along with Ms. Whitney’s haymaker, meant bargain time for patient investors.

2011 gyrations
The current year has seen the corollary. Supplies have greatly been limited: total new bank-qualified issuance through October has been $14 billion, whereas $38 billion was raised last year. Defaults are running well behind recent experience, and banks remain flush with cash, so yields have gradually declined (i.e., prices have risen).

The good news is that munis remain a bargain by almost any yardstick. A ten-year AA-rated General Obligation muni as of this writing has a tax-free yield of about 125 percent of the benchmark 10-year Treasury. The normal relationship is about 85 percent. That advantage escalates when the tax-equivalent yield formula is put in place. Add to this the resiliency of the steep curve, and you have some built-in protection against rising rates.

Remember December
Things should get better for investors between now and year end. There is every expectation that yields will rise as, once again with feeling, muni issuers rush to the window to get debt booked by December 31, so as to comply with the 4r10 million per year limits. Keep in touch with your brokers, and keep some powder dry, to take advantage of the higher yields.

If you are able to go holiday shopping for bargains munis, remember to expand your wish list to include bonds other than bank-qualifieds. BABs and 2 percent bonds can be found with a little bit of comparison shopping. Keep in mind that January 1 is by far the biggest date of the year for maturities and calls for municipals, so you may be able to replace some of your current holdings a few days early, and beat the rush.

Belt tightening in January
Good news of a different manner is likely to occur in January. As the December supply gets worked out, there is very little new supply in January, for the exact same reason as there is a year-end crush. Lack of supply equals rising prices. So don’t be surprised if January proves to be a seller’s market.

Be sure to consult with your brokers and tax accountants before selling any munis though. Whether they have losses or gains, the tax-free nature of them requires careful analysis to make sure any transactions achieve full market efficiency.

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

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13
Benefits of stress testing

For many banks, stress testing is a best practice and something they should be progressively implementing in a structured manner, Lubansky said. 

However, if they can implement an effective stress testing program, banks have found they can manage the risks better. Rather than a top-down look at capital adequacy that larger banks must perform, stress testing for the smaller banks is more of a bottom-up examination of commercial real estate portfolios. 

Stress testing should help management identify pockets of the portfolio that may be vulnerable to changes in short-term interest rates or deteriorating real estate market conditions, said CEIS managing director of special projects Elizabeth Williams. 

Hopefully that gives them a chance to make some changes today or prior to experiencing the actual stress. 

For example, a bank might change its loan pricing on certain types of real estate to attract or discourage loans in those areas. Or it might modify its marketing efforts to target one sector or another. Indeed, banks are finding that an effective stress testing program can help them:

- Better understand where the loan portfolio may be overexposed in terms of concentration, either in type of real estate, geography or other factors;

- Better identify which types of loans within a certain concentration have more potential for troubles; and

- Identify and target potentially problematic loans for additional scrutiny, such as more frequent rent-roll reviews or owner-income updates.

Challenges with data collection

Sean Delehanty is the senior credit officer of OmniBank, N.A., a Houston-based bank with about $325 million in assets that has been planning and developing a system for stress testing since around 2008. A good portion of OmniBank, N.A.’s portfolio includes real estate loans, and it began exploring stress testing as executives heard more about the push for more information on bank’s commercial real estate portfolios.

He said one of the biggest challenges his bank and others face in developing stress tests is the data collection process. That is why that core accounting systems at banks will have some, but not all, of the data needed. For example, many banks will have a loan’s property appraisal, its rent rolls, capitalization rates and income and expense statements in their credit files, but that information might not be in the core accounting system, Williams said. Some banks had those fields set up in their core systems, but many of the fields might be blank, or they might have outdated information such as an old appraisal, Hill added.

Lubansky concurred. “There’s a lot of data to gather; they must develop a structured, manageable process to get the data in small chunks from different sources.” 

Experts recommend that once the software or solution has been selected for the stress tests, banks should start examining and accumulating the data for the largest real estate exposures first, adding data tied to smaller exposures as time goes on. “Believe the examiners consider that to be reasonable as well,” Hill said. “The biggest concern examiners have is to see that banks have a process in place. They understand some of the problems.”

Identifying the best reports

Tackling the richest data points first can also help banks generate meaningful reports analyzing risks sooner, according to experts. As you add data, the detail of your analyses can always be stepped up.

Delehanty said that once Omni Bank had gathered substantial data, it began deciding what kind of reports would be most useful. He said that the time for the bank president and the credit department to be asking: Do we want to find out what loans or what borrowers are struggling? What industries seem to be struggling? Knowing what we know about our market, do we want to stress those industries that maybe having a problem in order to target future problems?

Deciding how often to run the reports and how often to share them with the bank’s board is also important, he added. Finding the reports that make the information as simple as possible but useful can be challenging, Delehanty said, but bank examiners have provided input on the process.

SAT down with the examiners in June and showed them a segment of our portfolio I the income-producing properties and said, “This is what we’ve focused on for about the past three or four months; we’re about 90 percent done with our input and here are some reports and how we plan to use them in the future.” Delehanty said. “They seemed to be, for one, pretty impressed that...a bank our size was this far along in the process and that we were thinking about that.” Examiners were also encouraged by Omni Bank’s ability to demonstrate what kind of potential losses it might have if a certain stress happened, and how that might affect the bank’s balance sheet.

At the same time, examiners offered helpful guidance on making sure Omni Bank maintains accurate information for all of its stress tests, an issue that is obviously a challenge for banks. Delehanty said he works closely with his bank’s note department to make sure he’s aware of adjustments to charge-offs so that he can account for that loan differently in the stress test. Williams said some banks have found it more efficient to partner their stress test efforts with the loan-review process already offered by CEIS. Integrating the two also saves money on the processes in the long run, Hill added.

Experts agree that developing a stress test system will go more smoothly if the bank’s board and management are supportive of the need. Delehanty recommends having a small group of people assigned to and focused on the project. Having one person working through it drags it out more, he said.

Hill’s best advice? “Must be organized and don’t panic,” he said. “Make a step at a time and be intelligent about it. The examiners want to see a process going on...they’re not looking for a miracle overnight.”

About Sageworks:

Sageworks, the leader in financial analysis of privately held companies, was named to the Inc. 500 list of fastest growing privately held companies in the U.S. Sageworks is the developer of the Sageworks Analyst platform, which includes credit analysis, risk-rating, stress testing, reserve calculation, and portfolio management solutions.
The key to keeping your blogs, posts, status updates, and multimedia content fresh is to look at both sources regularly and in a planned way. Yes, brilliance often comes when you least expect it, and you absolutely need to take advantage of those lighting-strike ideas. But by their very nature, they are rare. So take a systemic approach to how you will brainstorm. Create a team of three to five people and challenge them to maintain a running list of ideas at their desk, above their drawer, or on their smartphone. Then, get together twice a month to share those ideas. Remember, thanks to those free tools available to anyone online, you do not have to wait to put those great ideas into action.

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In certain situations, to protect the interests of third parties who also are trying to perfect an interest in property of the obligor, child Support Enforcement will be required to subordinate its lien to the third party upon request. Refer to N.D.C.C. § 35-34-02.1.

Child support liens do not expire. An obligor will only be removed from the Lien Registry when all his or her past-due support that is being enforced by child support Enforcement is paid in full or when Child Support enforcement is no longer enforcing the obligor’s case.

For more information about the Lien Registry, contact Paulette Oberst, Policy Administrator for Child support Enforcement at (701) 328-3582

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Regardless of the security offered, banks and bank holding companies more and more are seeking to raise capital from their shareholders and their communities. These offerings are typically structured as private placements in order to avoid the time and cost of federal, or even state, registration. Accordingly, bankers should be at least generally familiar with the nuts and bolts of the available exemptions for such an offering. Otherwise, the subscribers will have a number of remedies, including the right to rescind their investment.

At the outset, in order to offer and sell securities, the securities issuance must be registered with the U.S. Securities and Exchange Commission (the SEC) and the applicable securities commission of each state in which the issuer would be offering and selling securities, or the issuer must be exempt from registration. In addition, the people selling the securities must be licensed brokers or associated persons of the issuer. There is an exemption from such requirement that generally is available for directors and executive officers.

**Exemptions for Banks**

Bank stock may be sold without compliance with the registration requirements of the federal securities law and generally state securities laws as well. The SEC defers most regulation of such offerings to bank regulators. The Federal Deposit Insurance Corporation (FDIC) does not generally review offering documents, but may require review of an offering document pursuant to an administrative action or for de novo banks. In addition, the FDIC expects all banks issuing securities in a public offering to comply with its policy statement regarding disclosure of material information. The Federal Reserve Board does not review offering documents of state nonmember banks. In contrast, national banks must seek the review by the Office of the Comptroller of the Currency (OCC) of their securities offerings. The OCC regulations adopt many of the SEC’s rules and generally require the filing of an offering circular for any securities offering by a national bank unless another exemption is available.

Even though bank securities offerings are exempt from the registration requirements of the Federal Securities Act, the sale of bank securities is still subject to the antifraud requirements of the federal securities laws. This requires an offering document to include all information concerning the bank and the offering that a reasonable investor would find to be material. Generally, the bank will consider the requirements of the federal securities regulations for discloser documents as a benchmark in preparation of the offering document.

**Bank Holding Companies**

In contrast, the SEC does regulate the offer and sale of securities by bank holding companies. Many different exemptions exist, but this article will only describe those most commonly used by community bank holding companies. These exemptions generally restrict the type of purchasers in any securities offering and the geographic boundaries of the offering.

**Intrastate Exemption**

The federal securities laws have jurisdiction to regulate only the offers and sales of securities through the interstate mail. Therefore, the law specifically exempts an offering conducted entirely within one state. The SEC has certain requirements to meet the intrastate exemption. First, the bank holding company must be incorporated in the state that it intends to offer and sell the securities. Second, all individual purchasers and offerees must reside in the same state. Any institutional purchaser must also have its principal business office within that state. This exemption is an offeree exemption, so securities cannot be offered to any individual or institution outside the state. Next, no purchaser can sell his or her securities to anyone residing in another state within nine months after the final sale of the offering.

This is the most difficult requirement because the holding company must file with the SEC through stop transfer instructions and legends placed directly on the stock certificate, such resale. If these requirements can be met, this exemption provides a viable alternative to a bank holding company wishing to raise capital on a local level. The holding company still would need to consider whether a state exemption or state registration will be needed.

**The Regulation D Exemption**

If a bank holding company desires to make an interstate offering, the most feasible exemption is what is commonly known as a Regulation D offering, comprised of Rules 501-508 of the federal securities regulations. Regulation D places certain limitations on the size of the offering and the type of purchaser rather than on the location of the offerees. Regulation D covers three types of offerings and imposes a sliding scale which requires more sophistication for purchasers. Regulation D also requires that purchasers be provided additional information as the amount to be raised increases.

An offering of up to $1 million has no limitation on the number or sophistication of purchasers. Under Rule 505 of Regulation D, offerings up to $5 million may be made to an unlimited number of accredited investors (as that term is defined below) and 35 additional nonaccredited investors. Generally an accredited investor requires a certain amount of earnings or net worth and a relationship to the issuer. The holding company must be able to prove that the investors are accredited.

Offerings over $5 million also may be exempt under Rule 506 of Regulation D. Each purchaser who is not an accredited investor must meet certain other standards. Each nonaccredited investor, however, must have such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment. Therefore, in large offerings, all investors must have some degree of sophistication.

Finally, all Regulation D offerings require delivery of an offering document to all nonaccredited investors. Again, the disclosure document must meet Rule 10b-5 requirements. A Form D describing the offering must be filed with the SEC within 15 days of the first sale, which the SEC deems to be the date the issuer receives its first subscription agreement.

**No General Solicitation or Advertisement**

A private placement offering, including an offering relying on the exemption under Rules 505 and 506 of Regulation D, must be conducted through the distribution of a confidential private placement memorandum. Neither the issuer of securities, nor any persons acting on its behalf, may offer or sell the securities by any form of general solicitation or general advertising, including, but not limited to, any advertisement, article, notice or other communication published in a newspaper, magazine, or similar media or broadcast over television or radio, or at any seminar or meeting the attendees of which have been invited by general solicitation or general advertising.

The analysis of whether an offering constitutes a general solicitation is very fact-sensitive. Courts and the SEC have interpreted the prohibition of a general solicitation to mean, generally, that there

*Continued on page 17...*
must be a preexisting relationship of some kind between the issuer of securities and the prospective purchaser, such that the issuer would be aware of the financial circumstances or sophistication of the prospective purchaser. If the relationship were itself created through a general solicitation or advertisement (such as through the distribution of a questionnaire), then there must be a sufficient time lapse between the solicitation and a subsequent offering so that the original solicitation is not deemed to be connected to the offering.

To avoid an offering that is deemed to be by means of general solicitation, the following guidelines should be followed:

1. The issuer may not use advertisements, handbills, form letters or other general solicitations to solicit potential offerees specifically in connection with the offering.
2. The offer of the securities will only be made by means of the confidential private placement memorandum (PPM).
3. The PPM will not be delivered to any person with whom the issuer or its principals does not have a substantive, pre-existing relationship.
4. The issuer will identify each PPM it sends out by indicating on the cover the number of the PPM (starting with #001) and the name of the qualified offeree to whom it is sent. Each successive distribution of that particular PPM number must also be tracked to its ultimate distribute. The issuer will maintain adequate records of the number and names of the persons contracted in connection with the offering and of the nature and extent of the relationships with them, including a log identifying to whom each individually numbered PPM was sent.
5. Release of the PPM should require the approval of some person or persons who have undertaken a preliminary inquiry as to the prospective qualified offeree.
6. The issuer must not engage third-party intermediaries to provide names of persons as prospective offerees.

Accredited Investors

As discussed above, a private placement offering may be made to an unlimited number of accredited investors. In order to be an accredited investor, the issuer must have reasonably believed, at the time of the sale of the notes, that the investor fell into at least one of the following categories:
- A natural person whose individual net work, or joint net worth with his or her spouse, exceeded $1 million excluding the net equity in the person’s home unless the homeowner is upside down in the investment;
- A natural person who had an individual income in excess of $200,000, or joint income with his or her spouse in excess of $300,000, in each of the two most recent years and had a reasonable expectation of reaching the same income level in the current year;
- A director or executive officer of the issuer;
- A trust, with total assets in excess of $5 million, not formed for the specific purpose of acquiring the securities, whose purchase was directed by a sophisticated person who is defined under Reg D;
- An entity in which all of the equity owners satisfied one of the definitions of accredited investor;
- An organization described in section 501(c)(3) of the Internal Revenue Code with total assets in excess of $5 million;
- A private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940; or
- Any bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of the Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 30(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, which plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, of the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.

State Securities Laws

In addition to federal securities laws, an offering will also need either to qualify for an exemption from registration from state securities laws of each state in which the issuer has subscribers or the issuer must engage in a state registration. Most states have exemptions that cover private placements. In some cases, a notice of sale may be required to be filed with the securities commissioner of applicable states.

Potential for Revised Rules

On April 6, 2011, SEC chairman, Mary Schapiro, notified Congressman Issa that the SEC’s staff is “flaking a fresh look at its capital formation rules in order to reduce the regulatory burdens on small business capital formation.” One area Ms. Schapiro believes requires SEC examination if the requirement that private companies with 500 or more holders of record register their securities. Ms. Schapiro noted the proposed legislation by Senator Hutchinson to establish a 2,000 record holder threshold to reduce the regulatory hardship suffered by community banks under the existing 500 holders of record threshold. Whether the SEC will increase this limit and by how much remain unclear. The SEC has also indicated it will consider whether the general solicitation ban should be revisited in light of current technologies, while maintaining the SEC’s mandate to protect investors and augment capital formation. Finally, Ms Schapiro indicated that the SEC will examine the regulatory questions posed by new capital raising strategies such as special purpose vehicles and crowd funding.

Please note that this is not an exhaustive treatment of this issue. A number of additional regulations exist that an issuer must meet to qualify for these exemptions.

Peter Weinstock and Michael Keeley are attorneys in the financial institutions corporate and regulatory section of Hunton & Williams LLP.

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Continued from page 2 ‘Jerry’...

Community Bank!

The Emerging Leaders Program was 40 members strong in 2011. Your ICBND Board of Directors hope that at least one banker from each of our member banks will join this outstanding learning opportunity in 2012.

For any employee that is focused on career development in the banking business, I would strongly suggest you have an open conversation with your supervisor about the possibility of getting involved in the ICBND Emerging Leaders Program. Your participation may well be one of those career changers that move you forward in today’s banking environment.

After all, you don’t want to look around the room some day and realize that you are the fossil and that you let opportunity pass you by.

~Jerry

Continued from page 2 ‘Don’...

communicating with your legislator (please make sure you are) and your congressional delegation.

- As a Community Banker, generously support your community bank PACs on both the state and federal level. Open doors and help support those elected officials supportive to your Community Bank perspective.

- As a Community Banker, educate your board, staff, and customers on the differences between being a Community Bank and the rest of the financial industry. I am sure you get my point, you are a Community Banker not a generic banker or bank. Take every opportunity to clarify and correct those who would like to lump you in with the Wall Street Banks or the Too Big to Fail or the Shadow Banking industry.

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KodaBank is seeking applications for an Agricultural/Commercial Lending Officer at their Drayton, ND Office.

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To further explore this opportunity to join our organization with its progressive culture, competitive compensation, exceptional benefits and significant career growth opportunities, please send a resume and application (available on line at www.asbt.com) to:

American State Bank & Trust Company, Attn: Vicki Kjellerson AVP/HR, PO Box 1446, Williston, ND 58802-1446

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The Citizens State Bank of Finley is seeking an Agricultural Loan Officer in their Cooperstown location. This person is responsible for a wide variety of duties related to lending and customer accounts including attracting and maintaining a positive customer base. This position requires a bachelor’s degree in business, agriculture, or related field; experience in the agricultural industry, or similar experience in agricultural credit or closely related filed. 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 additional benefits.

For consideration, please send your résumé and cover letter to:

Citizens State Bank, Human Resources, PO Box 255, Finley, ND 58230 or email to: hstromsodt@csbfinley.com

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President/Chief Executive Officer

American Trust Center is seeking a President/Chief Executive Officer. Primary responsibility is to provide leadership to our staff and handle executive responsibilities for our growing company. Will execute strategic plan, monitor budget, and report results. Will be actively involved in talent management of staff and customer prospecting for new business. Proven leadership success required. Trust experience helpful.

To apply, send resume to: Human Resources, American Bancor, Ltd., 46 First Street West, Dickinson, ND 58601

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VICE PRESIDENT-CREDIT ADMINISTRATION

Due to a promotion within our organization, First Western Bank & Trust in Minot, ND, is looking to fill the position of Vice President-Credit Administration. Successful candidate will be responsible for oversight of the credit review function within the bank. Banking experience is preferred. We offer a competitive salary and benefit package.

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Dec 2: Advanced issues in Dormant Accounts, Unclaimed Property & Escheatment
Dec 6: Auditing for SAFE Act Compliance
Dec 7: 10 Critical Deposit Compliance Issues in 2011: Year-End Update
Dec 8: Paper Checks, Remote Capture, ACH & Electronic Transfers: Who is Liable?
Dec 13: The New business Account Interview: Meeting Regulator and Bank Requirements
Dec 14: Your Social Media Communication Policy: Strategies to Protect Your Bank
Dec 15: Form 1099 Reporting: Third-Party Vendors, Foreclosures, Debt Forgiveness & More

2012:

Jan 4: Managing the New Appraisal Guidelines for Residential Property
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**Bits and Pieces**

Mama was wrong!
Life is not like a box of chocolates…
Instead it’s more like a can of mixed nuts!!