

# SDBANKER



OFFICIAL PUBLICATION OF THE SOUTH DAKOTA BANKERS ASSOCIATION | JUNE 2019

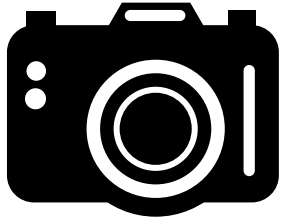


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**SDBANKERS**  
ASSOCIATION

Educate. Advocate. Grow.



# 2020 Scenes of South Dakota Photo Contest



The South Dakota Bankers Association is creating a customized calendar from photographs of South Dakota submitted by South Dakota bankers, their family members and customers. These calendars are exclusive to SDBA member banks and make a great gift for your customers!

If you are an amateur photographer and would like the opportunity to have your creativity displayed in homes and businesses across South Dakota, this is your chance! So send us your photos of farms, barns, agricultural activities, historical South Dakota locations, county fairs, carnivals, parades or festivals, fall colors, winter snowfalls, spring flowers, or summer fun. Any photo that shows the history and beauty of the great state of South Dakota qualifies. All photos submitted will be judged and the top photos will be featured throughout the 2020 Scenes of South Dakota calendar!

## How to enter digital photos:

Email your digital photos to [abousa@sdba.com](mailto:abousa@sdba.com) or send a CD containing your photos to Alisa Bousa at the address listed below. Please include one entry form for EACH picture you submit.

- Digital photos must be supplied as an Adobe Acrobat (PDF) or Adobe Photoshop (TIF or JPG) file.
- Images need to be 300 dpi and at least 11" wide x 8.5" tall.
- Digital Camera Info: Use at least a 4 megapixel digital camera. This will not automatically guarantee a high-resolution photo; please check camera settings. Images should be taken at the largest and best quality settings the camera can produce. *(Most cameras have at least low, medium and high resolution choices.)*

## How to enter printed photos:

- Complete an entry form (below) and attach it to the back of each photo you submit.
- Mail photos and entry forms to Alisa Bousa at the address listed below.
- Photographs will not be returned unless requested. Please mark the back of the photo "PLEASE RETURN" if you need it sent back to you.

### 2020 Scenes of South Dakota Photo Contest Entry Form

Name of Banker \_\_\_\_\_

Bank \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Banker's Phone \_\_\_\_\_ Email \_\_\_\_\_

Photo By \_\_\_\_\_

Photo Of \_\_\_\_\_

Location of Photo \_\_\_\_\_

Month Photo Taken \_\_\_\_\_

Photographer's Address \_\_\_\_\_

Photographer's Phone \_\_\_\_\_ Email \_\_\_\_\_

► **Entry Deadline: July 29, 2019**

► If submitting a digital photo, please e-mail form to [abousa@sdba.com](mailto:abousa@sdba.com).

► For printed photos, please firmly affix form to the back of your photo and send to:

*South Dakota Bankers Association  
ATTN: Alisa Bousa  
109 West Missouri Ave.  
Pierre, SD 57501*

*For more information, contact Alisa Bousa at [abousa@sdba.com](mailto:abousa@sdba.com) or 800.726.7322.*

  
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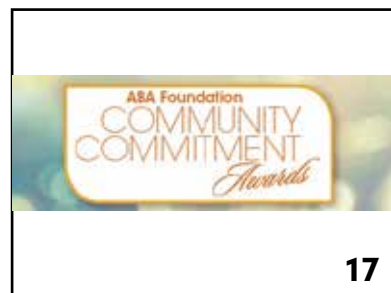
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## message from the chairman.....

BY KARL ADAM | Market President | First Dakota National Bank, Pierre

# In the Blink of an Eye

I am sure many of you ask yourself this same question. "How does time pass so quickly?" The idiom, in a blink of an eye, represents my thoughts on the passing of time since becoming chairman of the South Dakota Bankers Association at the SDBA/NDBA Annual Convention in June 2018 in Fargo.

As I reflect on the past year, albeit a fast year, I believe the Association has been effective in addressing immediate industry concerns, while also understanding the importance of paying close attention to road signs as we develop a proven and reliable road map for the future.

In the blink of an eye.....

## Bankers Road Map

There is no denying that our industry continues to evolve. The number of bank storefronts in South Dakota remains roughly the same as it did 20 years ago. However, the number of bank franchises is considerably fewer. Although it may appear that these changes have occurred just before our eyes, this trend began some years ago, and I believe will continue to evolve at a much faster clip in the years to come.

These fast-moving and eye-opening trends have also challenged the SDBA to think differently as we continue to develop future leadership within our banks and membership.

The SDBA's emerging leaders and women in banking platforms have demonstrated to be the epicenter for banking education where future bank leaders learn about our evolving industry. Given the overwhelming successes of each of these programs, I am convinced these platforms will remain a focal point for the SDBA now and into the future and will remain a great springboard for leadership for the SDBA.

## Industry and Membership Support

Our future success is also predicated on the support and advocacy of our industry and membership. Our SDBA team, led by President Curt Everson, continues to provide the SDBA Board of Directors and membership with the most up-to-date and relevant bank-related matters for us to evaluate and act on.

Given the declining number of bank CEOs, it is imperative that all South Dakota banks and their executive management teams continue to cultivate future leaders within their respective organization and get them involved in the SDBA. Remember, our strength is not only with the leadership we have with Curt and team, but overwhelmingly the leadership we have in our bank membership and their grassroots participation.

My tenure as chairman has come to an end. I want to thank Curt and team for all of the assistance provided me this past year. I would also like to thank each and every one of you—the bankers. I have a very high level of respect and affinity for our industry and for so many of you. Thank you, thank you, thank you for your kindness and support. I look forward to seeing you all again soon, in the blink of an eye. 🌈

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Karl Adam is market president at First Dakota National Bank in Pierre. Adam can be reached at 605.945.5513 or [kadam@firstdakota.com](mailto:kadam@firstdakota.com).

The **2018 SDBA/SDBIS Consolidated Financial Reports** will be included in the July SDBanker Magazine and posted at [sdba.com](http://sdba.com).



from the executive office.....

BY CURT EVERSON | President | South Dakota Bankers Association

# Educate. Advocate. Grow.

**D**uring younger days, I questioned why people older and wiser than me noted that the older they got, the more quickly time passed. As illogical as that seemed at the time, I now understand. In the world of this public policy junkie, that means one presidential election cycle barely ends before another begins. Ugh!

The SDBA's relatively-new tag line consists of three words. Educate. Advocate. Grow. With that in mind, here is my synopsis of SDBA priority activities for the past 12 months.

## State Government Relations Create Business Development Bank Charter in South Dakota Code (HB1184)

Early last year, SDBA members embarked on a year-long study of the notion of creating a limited purpose, specialty bank charter in South Dakota law. SDBA leadership agreed to study the business development bank (BDB) charter during 2018 as part of the bargain surrounding the withdrawal of 2018's SB184. Last June, SDBA's Board of Directors authorized the formation of a work group aimed at broadening banker understanding, analysis and discussion of a charter focused only online, small business loans funded to varying degrees by large denomination, brokered deposits. The SDBA compiled banker input into a formal report that was shared with all SDBA member banks as well as principals at Sioux Falls-based Expansion Capital Group, the moving force behind 2019's HB1184.

In December, after considerable deliberation, members of the SDBA Legislative Committee and Board of Directors voted unanimously to oppose BDB-enabling legislation. Bankers asserted that traditional banks are business-development banks...plus a lot more. They opposed the concept of a limited purpose bank charter because broad-based lending and deposit taking are activities that define what a bank is and does. Bankers were concerned that enacting this new body of law would water down the value that comes with the use of the term "bank." Effective industry testimony during the House State Affairs Committee hearing combined with pre-hearing communication between bankers and legislators contributed to the defeat of HB1184 in committee.

## Keeping Private Business Records Private (HB1135 and HB1265)

Common to these two House bills was a desire on the part of some legislators to grant legislative research staff more direct access to information held by executive branch agencies, regardless of other federal or state confidentiality laws to the contrary. The SDBA expressed concerns about eroding legal privacy protections that govern bank franchise tax returns filed with the SD Department of Revenue and bank examination records held by the Division of Banking. Both bills were defeated in committee.

## Enhance Financial Stability of Association-Sponsored Health Insurance Plans (SB37)

Partly in response to last year's debate over a bill brought on behalf of the Credit Union Association of the Dakotas and to the federal government's recent decision to embrace the concept of multiple-employer health insurance plans, the SD Division of Insurance brought forward SB37 to allow for the development of more multiple-employer health plans, both fully- and self-insured. The SDBA supported SB37 because it could enhance the financial stability of the SD Bankers Benefit Trust in two ways—eliminating costs of belonging to the South Dakota Life and Health Guarantee Association and mandating that new plan entrants stay in the plan for at least three years. SB37 passed both houses with no dissenting votes.

## Commercial Property Assessed Clean Energy Program—Part II (HB1090)

For the second year in a row, the SDBA opposed enabling county-level, quasi-government finance programs for energy efficiency upgrades to commercial, industrial and ag properties. We raised concerns about lack of economies of scale needed to support successful county-level programs absent centralized administrative support and expertise. We also questioned whether property owners should be allowed to finance 100% of costs associated with an energy efficiency project and structuring loan terms for as long as it takes to make the cost/benefit math work. The bill was again defeated in committee.

*Continued on page 20*



# Serving Our Member Banks' Needs

## Blue Cross Blue Shield—Best Provider of Health Insurance in South Dakota

**T**his is the 15th year of enjoying the strength and ease of working with Blue Cross Blue Shield (BCBS) as the endorsed health insurance carrier for our South Dakota Bankers Benefit Plan. We are currently in our sixth year of being self-insured.

The total number of banks on the group health plan is 36, and our number of covered lives continues to average around 2,450 lives this year. Our premium has grown to just more than \$14,407,000. For 2019, we had a low 2% increase in premium compared to other South Dakota large groups experiencing 9% to 18% increases. We are always welcoming new banks and look forward to bringing more on this year.

We are continuing to grow our reserves, and during the last 12 months we have done very well on claims which has allowed us to build reserves at a faster rate. The SD Bankers Benefit Plan currently has \$5,732,394 in reserves as of April 30, 2019. Of that, \$1,792,729 is carved out for IBNR (incurred but not reported claims to be paid for claims if we closed the MET down).

Our MET Board of Trustees will be holding a meeting in August to review with BCBS our last year's results and vote on recommendations for the upcoming year. If this year continues the same trend, we will be looking at a favorable renewal rate for next year. We had a premium holiday last December 2018 and will be building reserves this year.

## Hypur—Marijuana-Related Business Partner

At our last SDBIS Board meeting in December 2018, we received a review of a company that works with banks that have customers in the business of manufacturing and distributing marijuana. At this time, South Dakota does not allow marijuana even for medical use. I knew scheduling Hypur was a bit premature since South Dakota has not passed a medical marijuana law, however, it seems like an inevitable.

Cannabis contains almost 500 compounds, of which about 80 are used for medicine and science. Five of these compounds are used frequently in medicine.

Tetrahydrocannabinol (THC) is the chemical in

marijuana that produces its psychoactive effects. This chemical has been proven to also be a mild pain reliever and sleep inducer, as well as an antioxidant.

Cannabidiol (CBD) is one of the primary compounds extracted for medical marijuana. CBD has been proven to relieve convulsion, inflammation, anxiety, cough, congestion and nausea, and it inhibits cancer cell growth.

When and if the time comes for South Dakota to get into the medical marijuana trade, Hypur can help banks with all the restrictions and processing of doing business in this market.

## Compliance Alliance—Bank Compliance Made Easy

Compliance Alliance is an excellent resource for any bank. Four attorneys and a number of staff are waiting for your phone call to discuss compliance issues. The Texas Bankers Association developed Compliance Alliance and has 22 state associations on board providing support to community banks. Membership benefits include:

- Access to an extensive collection of resources from industry experts.
- A hotline for compliance-related concerns.
- Reviews of company advertising or marketing campaigns, policies, procedures, disclosures and new products.

We have experienced good growth with Compliance Alliance the last 12 months. All of its products and services are included in an annual membership fee and offer unlimited access to all employees of a member bank. For more information contact Natalie Rhodes at 888.353.3933 or [info@compliancealliance.com](mailto:info@compliancealliance.com).

## Central States Best Provider of Credit Life and Disability Insurance for Banks

We are now celebrating our 15th year since the SDBIS Board made Central States of Omaha (CSO) our only endorsed provider of credit life and disability insurance for all member banks. There have been many changes in the credit business, and to answer the demands of the market, CSO is on the cutting edge as



it protects your customer and your bank.

- Features, exclusions, forms and fees can be set by the lender. Because this is a lender's program, only one addendum and one set of fees is required regardless of the number of states in which the financial institution is operating.
- Debt cancellation products are not subject to state credit insurance rate and commission regulation. Fees can be adjusted upward or downward, and reasonable compensation rates can be set by the financial institution.

Many banks have moved to Central States because of the excellent service, reporting capabilities, local service, fast claims payment and its vast product portfolio including onsite banker training.

SDBIS/SDBA want to thank all the banks that have shown their support in selling CSO credit life products. There is very little effort on the bank's part to start selling or transitioning to CSO. We only need the name of your bank processing software (Bankers Systems, etc.), a copy of your credit insurance license for each banker, and a copy of your corporate license (tax ID).

Tyge Rowen from CSO will train your bankers on how to sell this product, and you only need an appointment certificate to write credit life coverage. Contact me or Tyge at 800.826.6587 ext. 6617 or [trowen@csco.com](mailto:trowen@csco.com).

## EMC National Life Insurance Company

We are in our third year of offering life, short term disability and long-term disability coverage through EMC National Life Insurance Company. This year, we added a third plan for basic dependent life, Plan C which is \$10,000 coverage for spouse and \$10,000 coverage for dependent children at a cost of \$4 per month. We continue to experience a rate guarantee through Jan. 1, 2020. Give me a call or contact Michelle Guthmiller at [mguthmiller@sdba.com](mailto:mguthmiller@sdba.com) so we can offer this excellent guarantee life product to all your employees.

## Full Access to All Providers for Cyber, Liability, Property, Bond, D&O and E&O

SDBIS has always offered bond and D&O policies, as well as policies on the commercial side, and this is our seventh year of controlling the entire process of choosing companies and securing the best coverages for our member banks. We hired Dean Franzen, and along with Michelle Guthmiller and Robin Feimer, they are all available to take your questions and provide answers. We utilize a number of insurance carriers to provide member banks with a truly customized solution to all their risks. Insurance is a complex business, and the carriers that we have selected to market to our banks have strong financial standings. You can contact the SDBIS Office in Yankton at 800.221.7551. 📞

Mike Feimer is president of South Dakota Bankers Insurance & Services (SDBIS), Inc. in Yankton. Feimer can be reached at 605.660.2341 or [mfeimer@sdba.com](mailto:mfeimer@sdba.com).

## Journey Group Joins SDBA as an Associate Member

**Contact:** Jay Rasmussen, VP of Business Development

**Address:** 4500 West 58th St., Sioux Falls, SD 57108

**Phone:** 605.332.5968

**Email:** [jasmussen@journeyconstruction.com](mailto:jasmussen@journeyconstruction.com)

**Website:** [JourneyConstruction.com](http://JourneyConstruction.com)

Journey Group is a construction company with five divisions capable of performing a wide range of construction builds. But we are so much more than that. We know that we are fortunate to live, work and raise our families in these communities. That's why we've made community support a central tenet of our company. From serving on nonprofit boards to coaching youth activities or being a Big Brother for a disadvantaged child, our respect for communities underlies everything we do. 📊



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downpayment Assistance

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Competitive Rates

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south dakota bankers foundation.....

BY HALLEY LEE | Executive Director | South Dakota Bankers Foundation

# Evaluating its Mission and Programming

**2**019 has been a year filled with exciting changes for the South Dakota Bankers Foundation. Beginning in the fall of 2017 and continuing into 2018, the Foundation Board has been discussing the need to evaluate and update the Foundation's overall mission and associated programming. As part of this re-invention process, the Board is currently exploring various ideas, options, plans and programming which would aid in building and sustaining South Dakota's banking workforce. Stay tuned as we continue to work through this process.

## Quasi-Endowment

In May of 2017, First Bank & Trust in Brookings assumed management of the South Dakota Bankers Foundation (SDBF) quasi-endowment fund. The Banking Chair Endowment Fund continues to be managed by the University of South Dakota Foundation. The SDBF has been extremely pleased with the new relationship with First Bank & Trust.

Earnings from the quasi-endowment supported the High School Scholarship Program for graduating seniors, the High School Business Plan Competition and post-secondary scholarships. Contributed value of the quasi-endowment fund is \$1.383 million with a market value of \$2.231 million as of Dec. 31, 2018, compared to a market value of \$2.527 million as of Dec. 31, 2017. The asset allocation of the portfolio ending Dec. 31, 2018, was approximately 72% equity, 27% fixed income and 1% cash.

The High School Scholarship Program continues to be popular among South Dakota banks. There were 209 applications for scholarships for the 2019 program, with 180 awards being made. The number of applications was up from 198 in 2018. These \$1,000 scholarships were awarded to South Dakota high school seniors.

As part of the re-imagining of the overall Foundation mission and objectives, the Board has made the decision to discontinue the Business Plan Competition. This decision was based on the notion that funds previously dedicated to the Business Plan Competition would be better applied toward programs that more directly impact the future banking workforce. The Foundation Board and staff are currently in the process of developing a proposal for workforce-focused

programming. This proposal will explore scholarship offerings, internships, career awareness efforts and other opportunities designed to engage the next generation of bankers.

Seven post-secondary scholarships sponsored by the SDBF continue to be awarded by individual South Dakota institutions. Each of these scholarships is valued at \$1,500. Institutions participating in this partnership are: Black Hills State University, Dakota State University, Lake Area Technical Institute, Northern State University, South Dakota State University, Southeast Technical Institute and University of South Dakota.

The Foundation also awarded five scholarships to students at South Dakota colleges and universities. To be eligible for these scholarships, students must be an undergraduate in his/her junior year and have expressed an interest in a career in banking, business or finance. The 2019 scholarship recipients were featured in the May 2019 SDBanker Magazine.

## Banking Chair Endowment

Market value of the banking chair endowment stands at \$363,983 as of Dec. 31, 2018—down from \$396,715 as of Dec. 31, 2017. The payout from the banking chair endowment has provided funding for special banking research programs and a portion of the salary and benefits for the professor of the Institute for the Study of Rural Banking. Dr. Klaus Beckmann currently holds this position. Discussions with Dr. Beckmann continue in an effort to identify a meaningful project moving forward.

I would like to extend a thank you to Dana Dykhouse, First PREMIER Bank in Sioux Falls, and Steve Harding, SD Department of the Military in Pierre, whose terms on the Foundation Board expired April 30, 2019.

The South Dakota Bankers Foundation is a 501(c)(3) charitable organization, and your contributions are tax-deductible. We encourage you to consider contributing to the future of South Dakota's youth with a generous gift to the Foundation. 📊

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Halley Lee is the executive director of the South Dakota Bankers Foundation in Pierre. You can reach Lee at 605.224.1653 or hlee@sdba.com.



## Emerging Leader of the Month: Derek Nolan



*As part of the SDBA's mission to grow South Dakota's future bank leaders, we are featuring a monthly emerging leader in SDBANKER Magazine. This month's feature is Derek Nolan of Rivers Edge Bank in Parker, who is a member of the SDBA's Emerging Leader Work Group.*

### First-Ever Job

One of my first jobs was working for The Drive In in Hawarden, Iowa, which is where I grew up. We served ice cream and fast food items. We even had a drive-through window, which is a bid deal in a small community. This is where I fell in love with the service and hospitality industry. Perks included free ice cream when you were on shift, so who wouldn't love that?

### Emerging Leader Story

I attended Morningside College in Sioux City and graduated with a degree in business administration. While at college, I served as a resident assistant and fell in love with the community building aspect of living in the residence halls. After I graduated, my wife and I moved to Wayne, Neb., and I served as assistant director of residence life managing residence halls. While at Wayne State College, I also earned my masters in business administration.

After serving in that role for four years, I decided to make the career switch to banking. I actually grew up in the banking industry, as my dad has been an industry leader for 35 years. There was an opportunity to work at Farmers State Bank (now Rivers Edge Bank) in Parker, which is where I landed in 2013. Over the last six years, the bank has allowed me to experience many facets of the industry from consumer/real estate lending to ag/commercial lending analysis to compliance.

### What He Most Likes About His Job

I currently serve as the vice president - retail banking and compliance officer for Rivers Edge Bank. I love the world of retail in community banking because it combines many of my passions and experiences I have gained. Hospitality, customer service and community building are all things I am passionate about, and I get to drive those efforts within our organization and communities. I also love working as part of team and to be a problem solver. That is where the passion for compliance comes in. It is great to be able to explore ways a bank can best serve the customer and be compliant at the same time.

### If He Could Have Any Job...

Music is a huge part of my life, and I love to sing. So, if there were no barriers to anything and I could do anything I wanted, I would love to sing and perform on Broadway. The rush of singing and performing is unmatched for me. Also, I mentioned my infatuation with ice cream. It would be a blast to run a small ice cream stand putting smiles on people's faces through creamy deliciousness.

### Motivation

My faith is a huge motivator for me, as well as my family. My wife, Tarah, and my two girls, Halle (2.5 years old) and Korri (6 months old), are the loves of my life, and it is of the utmost importance that they feel the love, support and respect from their husband and dad. My mom, dad, and brother and his family are also very important to me, and I strive to be there for them in any way I can.

### In His Spare Time

If I'm not too tired after chasing the girls, I love to golf and run. I also love to sing and do yard work.

### Silly Parental Instruction He Still Obeys

My mom and dad always had two key sayings that I still think about on a daily basis. The first is, "You are who you are, and you think what you think, because of what goes into your mind." It is important that you are filling your time and thoughts with things that are beneficial and uplifting. The second is to "always have your antennae up" meaning always be on the lookout for who and how you can help around you. 🌈



Derek and Tarah Nolan and daughters, Halle and Korri.

# Fulfilling Your SAR Filing Requirements

By Chris W. Bell, Compliance Alliance



One of the most common types of questions that we get at Compliance Alliance concerns the deadline of particular regulatory requirements. While some requirements have a definite due date and a knowable trigger, the trigger for other requirements is a bit more of a judgment call.

The suspicious activity report (SAR) must be filed "no later than 30 calendar days after the date of initial detection by the bank of facts that may constitute a basis for filing a SAR." You have to love any rule with a self-referential deadline. What can be clearer than the notion that you have to file a SAR within 30 days of knowing you need to file a SAR? A closer look at the SAR rules can help break this requirement down into a more manageable expectation and tune up your suspicious activity reporting system.

The first thing to keep in mind is what constitutes "suspicious activity." The Bank Secrecy Act (BSA) tells banks, bank holding companies and their subsidiaries to monitor transactions and file a SAR on any transaction that they deem suspicious. A transaction includes "a deposit; a withdrawal; a transfer between accounts; an exchange of currency; an extension of credit; a purchase or sale of any stock, bond, certificate of deposit, or other monetary instrument or investment security; or any other payment, transfer, or delivery by, through, or to a bank." You must file a SAR when you have reason to suspect:

- Insider abuse (regardless of amount)
- Criminal violations aggregating \$5,000 or more when you can identify a suspect
- Criminal violations aggregating \$25,000 or more, even when you are unable to identify a suspect
- Transaction(s) involving your bank that aggregate to \$5,000 or more, if you know, suspect, or have reason to suspect that the transaction(s):
  - ★ Potentially involve money laundering or other illegal activity (e.g., terrorism financing)
  - ★ Is designed to evade the BSA or its implementing regulations
  - ★ Has no business or apparent lawful purpose or is not the type of transaction that the particular customer would normally be expected to engage in, and the filer has no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction.



You must establish and follow suspicious activity monitoring and reporting systems to fulfill your duties under the BSA. Examiners look for suspicious activity monitoring and reporting systems that include five key components: identification or alert of unusual activity; managing alerts; SAR decision making; SAR completion and filing; and monitoring and SAR filing on continuing activity. This boils down to being able to identify unusual customer behavior, deciding whether that behavior is "suspicious activity" that triggers the reporting requirement, and fulfilling the reporting requirement. During an exam, you may be asked to show, through policies, procedures and processes, how your bank takes the necessary steps to address each component and the person(s) or departments responsible for executing those steps.

Through your transaction monitoring programs, you will identify many cases of unusual behavior on behalf of your customers. That does not mean that you will file a SAR on each case of unusual behavior. You must file a SAR within 30 days of identifying potentially suspicious activity, with the deadline extending to 60 days when you are unable to identify a suspect. "Initial detection" is not when you identify unusual behavior. That is only the first step to identifying suspicious activity. There are many cases where activity can be deemed unusual for a particular customer and generate a red flag, but where the activity, upon further review and investigation, is legitimate and perfectly reasonable. After identifying unusual behavior, you must promptly review the transaction or account to determine whether the unusual behavior suggests that the activity is consistent with one of the types of suspicious activity outlined above. If you determine that the unusual behavior is suspicious activity, the clock starts ticking.

*Continued on next page*

There is no specific timetable for your investigation. While the FFIEC has said the investigation must be completed "within a reasonable period of time," what is considered reasonable will vary according to the facts and circumstances of the particular activity being reviewed and the effectiveness of your SAR monitoring, reporting and decision-making process. The examiner will be looking to make sure that you have "adequate procedures for reviewing and assessing facts and circumstances identified as potentially suspicious, and that those procedures are documented and followed."

One question that comes up often during the review process is the extent to which a bank has to confirm the underlying criminal activity to support a SAR. While the BSA requires you to report suspicious activity that may involve money laundering, BSA violations, terrorist financing and certain other crimes above prescribed dollar thresholds, you do not have to investigate or confirm the underlying crime itself. Law enforcement will handle the investigation. When evaluating suspicious activity and completing the SAR, you should, to the best of your ability, identify the characteristics of the suspicious activity.

Your bank plays a crucial role in helping the government catch people who are engaged in terrorist financing, money laundering and other illegal activity. You must have systems in place to monitor for consumer activity that is designed to further such

illegal activity and report the suspicious activity to the proper authorities. While your systems should flag all unusual activity, you will not be filing SARs on all of it. Your reporting requirement arises when you have reason to suspect that the identified activity is the kind of suspicious activity under the BSA. You should promptly review all unusual behavior to determine whether you are dealing with suspicious activity and must file a SAR and then file that SAR within 30 days (or 60 days if you cannot identify a suspect). Compliance Alliance members have access to our BSA toolkit, which can help you fulfill your SAR filing requirements. ■■■

Chris W. Bell serves as associate general counsel for Compliance Alliance. He holds a bachelor's degree in political science, a master's degree in political management and a JD from St. Mary's University School of Law. Bell began his career working for a regional bank in Tennessee, where he developed a passion for serving customers through the banking system. In law school, he focused his studies on the different financial aspects of the law, including the Internal Revenue Code and Uniform Commercial Code. Bell has worked in the legal department of a federal savings bank and for the Texas Department of Banking. As one of Compliance Alliance's hotline advisors, he helps C/A members with a wide range of regulatory and compliance questions. Learn more at [www.compliancealliance.com](http://www.compliancealliance.com).

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Map locations: ABERDEEN, WATER TOWN, GRANITE FALLS, HUTCHINSON, MARSHALL, RUTHTON, BROOKINGS, NEW ULM, OWATONNA, ROCHESTER, WINONA, HOUSTON, WORTHINGTON, FAIRMONT, BLUE EARTH, KANAWHA, SIOUX CITY, IA, YANKTON, VERMILLION, SIOUX FALLS, SD, SDN DATA CENTER, GARRETSON, PIPESTONE, WINDOM, MADISON, SALEM, MITCHELL, KENNEBEC, KIMBALL, PIERRE, WALL, RAPID CITY, SD, SIOUX CITY, SD, STURGIS, SPEARHEAD.





# The Cornerstone of a Family-Owned Bank

*L-R: Jerry, Tom and Garry Peterka with Quoin Financial Bank in Miller*

*By Alisa Bousa, Editor*

**W**hen Tom, Jerry and Garry Peterka first heard the name Quoin Financial Bank proposed as the new name of their family's bank, they were not initially sold on the concept.

The year was 2008, and the Peterka family, which owned banks in Miller and Highmore, was branching into Sioux Falls. They had hired a Minneapolis company to help come up with a new name for First State Bank Miller, and Quoin Financial Bank was the first name suggested.

"We really didn't care for it at first, we tossed it around and had other people working on it," Tom recalled. "We then came back to it. The name was just so different that we just didn't know if it was going to work."

"They gave us the history that it

was French for cornerstone, and it all came together and made sense."

Today, Quoin Financial Bank's tagline is: "The Cornerstone of Quality Banking."

"I think the name has worked out very well," Tom said. "It has set us apart from the majority of banks that are first this or first that."

"They might not know how to pronounce it," Garry added, "but when you say coin with a 'q,' they remember our name."

## Farming, Ranching and Banking

Tom, Jerry and Garry Peterka grew up in Miller where their father, Howard, was president of what was then First National Bank in Miller. Howard also operated a farm and ranch, and the brothers grew up working on both the farm/ranch and at the bank.

"If our father wasn't at the bank, he was at the farm or the ranch," Jerry said. "It didn't matter how many days of the week; it was every day of the week."

The brothers said their father passed on to them his work ethic and core values of honesty, loyalty and high-quality customer service.

"If you look at our mission statement, our greatest assets are our customers and employees," Jerry explained.

"We all took turns working when the bank's janitor was on vacation," Tom said about working at the bank as a kid. "We first learned how to clean the bank, and then we moved up to bookkeeping where everything was manual, we worked as a teller, and then into the loan department and insurance."

Howard first started working in the banking industry at National Bank of South Dakota in Huron in

1949. The following year, he began serving in the U.S. Army and was stationed in Anchorage, Alaska, during the Korean War. After he was discharged in 1952, Howard returned home to the Orient area, married his wife, Marilyn Foreman, and continued to farm and ranch.

In 1957, Howard began working for First Bank System at First Potter County Bank in Gettysburg. He moved the family farm house to Gettysburg and continued to also farm by Polo.

In 1964, Howard was promoted to vice president and cashier of First National Bank in Miller, executive president in 1965, and president in 1969, as well as a regional vice president for First Bank System in South Dakota.

In 1987, Howard, along with family members, directors and employees, purchased the Miller and Highmore banks from First Bank System (now U.S. Bank). The charter, which was originally established in Highmore in 1929, was moved to Miller and the name of the bank was changed to First State Bank Miller.

"Dad had a sixth sense about

banking," said Jerry. "He was actually offered a job with First Bank System in Sioux Falls, but he turned them down."

The brothers said their father stayed because of his farm and his commitment to his community.

Tom, Jerry and Garry, who have three older siblings—Kathy King in Portland, Judy Dylla in Denver and Dan Peterka in Minneapolis—said their dad called all six of his children when he decided to purchase the banks and asked if they were interested in moving back to Miller and joining the team. Tom, Jerry and Garry took their father up on his offer.

## Following in Their Father's Footsteps

Tom, who is the oldest of the three younger brothers, has degrees in business management and accounting from the University of South Dakota in 1980.

"I moved to Rapid City and worked for a public accounting firm as a CPA for seven years," he said. "I worked with several banks in Rapid City and in Colorado not



*Howard Peterka*

knowing it was training me for what was going to happen down the road. I had no plans to come back to Miller."

When Tom returned to Miller to help with the transition of purchasing the banks, he also ran an accounting firm there until 1992.

Jerry also attended the University of South Dakota, where he earned a business management degree in 1982.

"Since about junior high, I



*Headquarters for Quoin Financial Bank are located at 201 N. Broadway in Miller.*



knew I wanted to be a banker and do what my dad was doing," Jerry said. "I interviewed with First Bank System and started in Rapid City and then transferred to Sturgis."

Garry, who is the youngest of the three brothers, attended Northern State College, where he also earned a business management degree in 1987.

"I was finishing up my degree when we bought the bank," Garry said. "So, I finished my final year via correspondence."

When Garry returned to Miller in the summer of 1987, he began working with the bank's IT. His job was to help install the software for the bank and learn the IT side of the business.

When the family acquired the Miller and Highmore banks, the purchase was set up as an employee stock ownership plan (ESOP) with almost all of the bank's employees buying into it. Today, 99.9% of the bank is owned by the Peterka family.

Tom started at the bank as vice president and later moved to executive vice president. He handles the bond portfolio, loan review and accounting. Tom was named CEO and chairman after Howard passed away in 2011.

Jerry, who is the bank's president, works on the lending side. He is the senior lender overseeing lending at all three of the bank's locations.

Garry, who serves as executive vice president, continues to oversee IT, as well as heading up operations, compliance and HR.

Garry said all three brothers really do whatever it takes at the bank to get the job done.

"We are a three-way management team, even though we all have our own departments and we sit in different corners of the bank," Tom explained. "It has worked out well as we can always sit down and resolve differences through conversation."

"We know many family businesses, and we realize we work extremely well together," added Jerry.



*Quoin Financial Bank in Sioux Falls is located at 5700 S. Remington Place.*

## Branching to Sioux Falls

The family decided to branch into Sioux Falls, Jerry said, because they knew the bank needed to expand into a more heavily-populated area and diversify its portfolio. When deciding on a location, they looked at the top 10 towns in the state.

"Everything kept pointing back to Sioux Falls, even though it was possibly over-banked at the time," Jerry said.

"It was a good move in the fact that we were focused on agriculture in Miller and Highmore, and now we also have a commercial portfolio," Tom said. "Back in 2008 and 2009 when commercial real estate was in a downtrend, the ag economy was doing very well. Now with that industry enduring tough times, commercial real estate in Sioux Falls is thriving. We do have a well-diversified loan portfolio."

In 2017, Quoin Financial Bank added a mortgage department at its Sioux Falls location. The bank previously contracted to refer mortgages to another institution. Then, a new employee with a mortgage background joined the bank and questioned why the bank wasn't handling the loans itself. They decided it was time for the bank to expand its services into residential mortgages.

"We also had more and more customers ask if they could do their home loans with us," Jerry added.

Today, the bank's Sioux Falls mortgage department employs five people. Loan officers in Miller and

Highmore are equipped to walk customers through the loans, but the loans are then processed at the Sioux Falls location.

Last year, the bank constructed a 1,500-square-foot addition to accommodate additional staff on the north side of the Sioux Falls branch at 5700 S. Remington Place.

The brothers admit that the transition to Sioux Falls was a bit of a learning curve as they were very familiar with agriculture lending but not as much with commercial lending or residential mortgages.

## A Dedicated Staff

Quoin Financial Bank employs a total of 42 people: 17 in Miller, 12 in Sioux Falls, eight in Highmore and five with the bank's insurance agency in Miller.

"We have only owned the bank here for 32 years, but because our dad dates back to 1964 in Miller, we have had several employees with more than 40 years that have retired," Jerry said. "And with our current staff, we have many employees with 10, 15 and 25 years."

The Peterkas credit a good benefit package and flexible scheduling as key factors in employee retention. Almost all employees are cross trained, which allows the bank to be more flexible with its scheduling so staff doesn't have to miss their children's activities.

"Our employees are very mobile in different departments and are willing to help at any point





*Quoin Financial Bank's Highmore location at 209 Commercial St. SE.*

in time," Garry said.

Quoin Financial Bank offers everything other banks offer—online and mobile banking, bill pay, credit card servicing, merchant services and merchant capture.

"What sets us apart, we feel, is our customer service," Garry said. "Decisions are made quickly and locally."

Tom added, "When you call us, you are going to talk to a real person."

Quoin Financial Bank and its employees are very responsible and active in their communities. They volunteer with Feeding South Dakota, The Banquet and Rake the Town in Sioux Falls, and have angel trees at all three locations during the holidays.

In Miller and Highmore, the bank annually holds a day where employees make sub sandwiches to sell to the community, with the money raised going to local causes.

In Sioux Falls, the bank holds an annual benefit to raise money for cystic fibrosis research and hosts a classic car show the same evening.

## A Close-Knit Family

The brothers said their father was very patriotic and installed U.S. flags at all bank locations as well as at his farm, which the family still

owns across from the John Deere dealership on the outskirts of Miller.

In addition to running the bank, they continued to farm until three years ago when they began renting out the land. At times, they have also owned cattle.

"When our farmers and ranchers want to talk about it, we understand what they are talking about," Jerry said.

Tom and his wife, Marianne, have been married for 36 years. Marianne has a master's degree in speech therapy. They have three sons.

Michael has a master's degree in urban planning from the University of Minnesota and works in California. David recently completed his master's degree in English and literature from Syracuse University. Ryan has a B.S. degree in mass communications and business from Black Hills State University and is currently mountain biking in the Midwest.

Jerry and his wife, Honi Ann, have been married for 35 years. Honi Ann previously worked as a dental hygienist. They have two children: Jena and Adam.

Jena has a doctorate of physical therapy from Creighton University and is practicing in Kansas City, and her husband, Stephen Koeck, is a

BSA officer at a bank. They have two children.

Adam has a B.S. degree in management and accounting from Augustana University and is a corporate controller for Push Pedal Pull in Sioux Falls. His wife, Krista, has a master's degree in education and is an instructional coach in the Sioux Falls school system.

Garry and his wife, Lori, have been married for 31 years. Lori has an early childhood development certificate and teaches nursery school at Hand in Hand Daycare. They have three children: Jordan, Darin and Kristen.

Jordan has a B.S. degree in finance from Dakota State University and works in the accounting department at Harr's Auto Body in Aberdeen. Darin has a B.S. degree in finance and management from Northern State University and works as a financial representative for Northwestern Mutual in Aberdeen. Kristen recently graduated with a B.S. degree in general finance and corporate finance from Minnesota State University, Mankato and works as an accounts payable specialist at POET in Sioux Falls.

## Community Cornerstones

All three brothers agree that helping people succeed is what they most enjoy about their banking careers. It's all about their customers. As strong as their customers are, that makes their community stronger as well.

The Peterkas said their father was part of a group that helped to construct new buildings and bring new and retain existing businesses in the community. The brothers and their families have continued to be involved in community organizations such as On Hand Development Corporation, Miller Housing, Miller Booster Club and various other organizations.

While Howard is no longer here, his legacy is still a cornerstone of the bank and Miller community. 🌈



# Solving the Industry's Cannabis Conundrum

**W**hile there is still a healthy—and appropriate—debate on whether cannabis should be legalized at the federal level, there is growing consensus that something must be done to address the cannabis conundrum affecting banks.

The need for a solution is growing increasingly urgent. With marijuana now legal in 33 states and the District of Columbia in some form—a number that is likely to grow—more banks are having to choose between serving the banking needs of their customers and community and following federal law.

Even banks that have no desire to bank a marijuana grower or dispensary are at risk of violating anti-money laundering laws if an existing customer is found to have a tangential connection to a cannabis business.

In fact, a recent ABA survey found that three in four ABA members have had to close an existing account, terminate a banking relationship or turn away a potential customer because of a connection to cannabis. These include a bank that ended its relationship with a retail strip mall after it leased space to a medical marijuana shop and another that turned down a loan to a fencing company that was hired to build a fence around a marijuana growing facility. Some banks have even had to end long-time customer relationships with law firms because those firms took on marijuana businesses as clients.

Leaving the cannabis industry—whose sales are estimated to reach \$24 billion by 2025—unbanked has troubling implications. Such businesses have resorted to dealing entirely in cash, which can make them lucrative targets for criminals and create potential public safety risks for local communities. They are also harder to monitor for compliance with tax laws or irregular financial activity.

These facts likely explain why an overwhelming majority of the banks—99% in our survey—want Congress to resolve the conflict between state and federal law. The good news is that legislation is moving.

The House Financial Services Committee held its first-ever hearing on this topic earlier this year and soon after passed the ABA-backed Secure and Fair Enforcement Banking Act—an important step toward providing regulatory and legal clarity—with a strong,

bipartisan 45-15 vote. A House floor vote could happen in the coming weeks.

The SAFE Act specifies that proceeds from cannabis-related legitimate businesses would not be considered unlawful under federal money laundering rules or other laws, and it would direct regulators to issue guidance and exam procedures for banks that serve cannabis-related legitimate businesses.

Similar legislation has been introduced in the Senate. While the path forward in that chamber will take more work, we are hopeful that a bill can pass there as well.

To be clear, ABA is not taking a position on the legalization of marijuana. But we believe that allowing cannabis businesses access to the regulated banking system in states where they have been legalized would make them safer, bring more transparency and accountability to the industry and better protect communities. These are worthy goals.

Successful enactment of cannabis banking legislation this year would serve another worthy goal: Demonstrating that bipartisan solutions to societal problems are still within reach, even with a divided Congress.

Our experience with S. 2155, last year's landmark regulatory reform law, proved that Washington can work and that banking is bipartisan. We look forward to replicating that success this year on this important policy issue and others. 📊



Rob Nichols is president/CEO of the American Bankers Association. You can reach Nichols at [nichols@aba.com](mailto:nichols@aba.com).



# Banks Urged to Submit Nominations for Community Commitment Awards

**T**he American Bankers Association Foundation is urging banks across the nation to submit nominations for its sixth annual Community Commitment Awards. The awards, one of the industry's top honors for extraordinary bank commitment to communities, recognizes innovative, high-impact programs that improve the quality of life for the customers and communities banks serve. The entry period will remain open until July 12.

"Banks across this country demonstrate their commitment to their communities every day," said Rob Nichols, president and CEO of the American Bankers Association. "We hope every bank will consider submitting entries to the Community Commitment Awards, so they can be recognized for their efforts."

Banks hoping to submit Community Commitment Award nominations can enter in any one of seven specific categories ranging from affordable housing to volunteerism, while the George Bailey Award recognizes an individual banker demonstrating extraordinary commitment to a community. This year, the ABA Foundation has added a new category that recognizes banks helping to improve the quality of life for active duty military, veterans and their families.

"America's banks appreciate the incredible contributions of our nation's servicemen and women and have a long history of supporting them at home and abroad," said Corey Carlisle, executive director, ABA Foundation. "This new award category will capture the many meaningful and innovative ways banks serve members of the military and their families."

Banks of all asset sizes are eligible to enter and submissions will be judged by a panel of nationally-recognized experts in each field. The categories are:

- Affordable Housing
- Community and Economic Development
- Economic Inclusion
- Financial Education
- Protecting Older Americans
- Supporting Military Families
- Volunteerism
- The George Bailey Award for non-CEO bank employees who demonstrate outstanding

service to their bank, industry and community Bank of Nevada, a 2018 Community Commitment Award winner in the financial education category, was recognized for its Green Our Planet program, which joined financial literacy curriculum with the creation of outdoor gardens. Students helped harvest produce and created a business out of their school gardens.

"We were truly honored to receive the prestigious Community Commitment Award for financial education," said Chris Gaynor, vice president and relationship manager for Bank of Nevada. "We believe the investment in education will have a strong impact on families and our communities. The award has given the nonprofit we worked with, Green Our Planet, more visibility, awareness and credibility—which gives them the opportunity to positively impact even more of Nevada's children."

In addition to recognizing the winners at the ABA Annual Convention, all Community Commitment Award entries will be displayed on the ABA Foundation's "Banks in Their Communities" map—an interactive, searchable map on [www.aba.com](http://www.aba.com) that showcases all program entries by state. The map serves as a database for corporate social responsibility efforts in the banking industry and currently features 465 individual program profiles from across America.

For the category descriptions and entry form, visit [www.aba.com/awards](http://www.aba.com/awards). Or contact Melissa Murray at [mmurray@aba.com](mailto:mmurray@aba.com) or 202.663.5440. 📍

The American Bankers Association is the voice of the nation's \$17 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard \$13 trillion in deposits and extend nearly \$10 trillion in loans. Learn more at [aba.com](http://aba.com). Through its leadership, partnerships, and national programs, ABA's Community Engagement Foundation (dba ABA Foundation), a 501(c)3, helps bankers provide financial education to individuals at every age, elevate issues around affordable housing and community development, and achieve corporate social responsibility objectives to improve the well-being of their customers and their communities.



## Jed Breuker Joins BankWest as Business Development Officer



BankWest announced the addition of Jed Breuker as a business development officer in Pierre.

Pierre Regional President Terry Fitzke notes Breuker's experience within agriculture and financial services will make him an integral part of Pierre's BankWest team and an asset to the local community.

"We are very fortunate to have Jed join the BankWest team," Fitzke noted. "He will provide excellent customer service and a wide range of financial services to Pierre area businesses and ag producers."

Breuker has 16 years of experience in the agricultural and financial industries and earned his bachelor's degree in agricultural business from South Dakota State University. In his free time, he enjoys outdoor activities, horses, roping and sports. He and his wife, Kristina, have two children.

"I grew up working on my family's farm," said Breuker. "I look forward to using both my agricultural and financial experience to find the best solutions to my BankWest customers' needs."

## Tom Kahler Joins BankWest as Business Development Officer



BankWest announced the addition of Tom Kahler as a business development officer serving the eastern South Dakota area.

Mitchell Regional President Ryan Huber notes Kahler's experience in the financial services sector will make him an integral part of the BankWest team.

"We are very fortunate to have Tom join the BankWest team," Huber noted. "He will provide excellent customer service and a wide range of financial services to eastern South Dakota area residents, businesses and ag producers."

Kahler has six years of experience in the financial industry and earned his bachelor's degree from Mount Marty College in Yankton. He is a board member for the Interlakes Area United Way, a member of the Greater Madison Area Chamber of Commerce Ag Committee and serves as an assistant coach for the Dakota State women's basketball team. He and his wife, Erin, have two sons.

"I am willing to go the extra mile to make sure customer's needs and goals are met," said Kahler. "I appreciate that BankWest is focused on the success of the community and its customers."

## First National Bank Buying Colorado Bank

First National Bank announced it is acquiring Advantage Bank, a Loveland, Colo., based bank chartered in 2000. Advantage has three locations in Loveland, Fort Collins and Greeley, Colo., and after the acquisition will be renamed First Advantage, a Branch of First National Bank.

First National Bank, which launched in Pierre in 1934, has 13 locations in South Dakota and one in Centennial, Colo.

"We're excited to join our two strong and customer-focused community banks together while expanding our footprint in the Colorado market," Craig Davis, president/CEO of First National Bank, said in a press release. "Advantage Bank is a natural partner for First National Bank because they understand their local Colorado market and share our mission to strengthen the financial wellness of our neighbors and their businesses in the communities we call home."

## United Bankers' Bank Announces Management Transitions



Conrad Newburgh

John Peterson, interim president and CEO of United Bankers' Bank (UBB), announced the retirement of Conrad Newburgh, executive vice president, chief credit officer, along with the promotion of his successor, Dawn Tollefsrud.

In his roles, Newburgh provided guidance and overall direction to UBB's lending team and was responsible for managing the aggregate risk in the bank's loan portfolio.

"Conrad's knowledge and commitment to community banking contributed greatly to the growth and success of the UBB lending team," states Peterson. "He has provided UBB with outstanding leadership, and we are grateful for his service and



Dawn Tollefsrud

dedication to our community bank customers." Newburgh came to UBB in 2008 with 30 years of experience working in commercial lending for First

## bank notes.....

Bank and 16 years at Excel Bank in credit administration and lending. Since joining UBB, he worked to expand services and improve credit quality.

Tollefsrud has been with UBB since 1998 and has worked side by side with Newburgh to ensure a seamless transition. "I'm confident in Dawn's abilities and in the exceptional management team she's built. Under Dawn's leadership, the lending team will continue to get our customers' loans done in a timely manner," said Newburgh.

"In selecting the next chief credit officer, Dawn was the natural choice," said Peterson. "Her 21 years of experience at UBB has given her a vast knowledge of the correspondent lending culture, as well as the ability to learn from some of the best senior managers in the industry. I know she is up to the challenge and that we can expect great things from the lending team under her leadership." 🌈

## FCA Board Chairman Dallas Tonsager Dies



Dallas P. Tonsager (64), board chairman of the Farm Credit Administration (FCA), died May 21, 2019, of lymphoma in Falls Church, Va.

Tonsager grew up on a dairy farm near Oldham, S.D. For many years, he and his older brother owned Plainview Farm in Oldham, a family farm on which they

raised corn, soybeans, wheat and hay. Tonsager was a graduate of South Dakota State University, where he earned a bachelor of science in agriculture in 1976.

"Dallas dedicated his life to helping farmers, ranchers and other rural Americans," said FCA Board Member Jeff Hall, who was designated CEO on May 20. "Both at USDA and FCA, he worked hard to promote investments in rural communities. As chairman of FCA, he urged the Farm Credit System to work with borrowers experiencing stress as a result of the current downturn in the farm economy. He was also a fine colleague and friend. His passing is a great loss to agriculture and rural America and a personal loss to everyone who knew him."

Tonsager was appointed to the FCA Board by President Obama on March 13, 2015, and chairman and CEO on Nov. 22, 2016. In 1993, Tonsager was selected by President Clinton to serve as USDA's state director for rural development in South Dakota and served as under secretary for rural development at the U.S. Department of Agriculture from 2009 to 2013.

Tonsager is survived by his wife, Sharon; his son Keith and daughter-in-law, Lindsey; his son Josh; and his granddaughter, Ilia. 🌈

## Thank You to Our 2018-2019 Board Members

### SDBA Board of Directors

- **Chairman Karl Adam**, First Dakota National Bank, Pierre
- **Chairman-Elect Shawn Rost**, First Interstate Bank, Rapid City
- **Vice Chairman Steve Bumann**, BankWest, Pierre
- **Immediate Past Chairman Dave Rozenboom**, First PREMIER Bank, Sioux Falls
- **David Bangasser**, Dacotah Bank, Sioux Falls
- **Dylan Clarkson**, Pioneer Bank & Trust, Belle Fourche
- **Craig Davis**, First National Bank, Pierre
- **Jeff Davis**, Bryant State Bank, Bryant
- **Craig Hansen**, Citibank, N.A., Sioux Falls
- **David D. Nelson**, First Fidelity Bank, Platte
- **Kristina Schaefer**, First Bank & Trust, Sioux Falls
- **Brad Seaman**, BankNorth, Aberdeen

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- **Steve Hageman**, Plains Commerce Bank, Watertown
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- **Secretary Dean Dreessen**, Merchants State Bank, Freeman
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- **Dana Dykhous**, First PREMIER Bank, Sioux Falls
- **Grant Seaman**, BankNorth, Warner
- **Tina Van Camp**, First Dakota National Bank, Pierre
- **A.R. "Venky" Venkatachalam**, University of South Dakota, Vermillion

# Educate. Advocate. Grow...*continued from page 5*

## **Limited Indemnification Provisions Remain in Contracts for Banking Services (HB1022)**

The SDBA negotiated a compromise with state officials seeking to ban indemnification provisions from all contracts between state agencies and private parties. Under the compromise, the State Treasurer is still authorized to include indemnification provisions in contracts with banks for the establishment and maintenance of payment processing accounts.

## **Criminalize Possession of Payment Card Skimmers, Scanners and Reencoders (HB1050)**

The SDBA supported retired banker Rep. Hugh Bartels' bill to criminalize possession of skimmers, scanners and reencoders used to access payment card information without the consent of card holders, card issuers and processors. Brought at the request of the Independent Community Bankers of South Dakota, HB1050 sailed through without opposition.

## **Prevent Misuse of Judgment by Confession (HB1070)**

The SDBA brought this measure to prevent abuse of this legitimate loan workout tool by unscrupulous lenders and bill collectors. When properly used in the judicial process, confessions of judgment provide an efficient means of resolving situations where a borrower defaults on a loan or workout agreement. The Legislature unanimously agreed to pass HB1070 to prevent South Dakota's business borrowers and the court system from being abused like in other states.

## **National Government Relations**

Last year, I reported on the passage of S.2155 as the first significant measure regulatory right-sizing since 2010. It is readily apparent that the 2020 presidential election cycle is already sucking all kinds of air out of Washington, D.C., making it difficult to make progress on many important issues. As a result, we are focused on finding different ways to engage Congress about current issues and setting the table for future debates.

State and national banking trade associations have been encouraging Congress to communicate concerns to the FASB and federal banking regulators about the pro-cyclical nature of current expected credit loss (CECL) loan loss calculation methodologies. We are encouraging members of Congress to change the tax treatment of interest that banks earn on loans secured by ag real estate. In the hope of shoring up international demand for U.S. agriculture commodities, we continue to encourage members of Congress to urge Trump administration officials to resolve disputes with America's trading partners as soon as possible. We continue to push Congress to finally impose bank-like data protection standards on other businesses that choose to store their customers' private, protected

information including payment card data. Lastly, we continue to push bank regulators to fulfill their duty to implement the various types of regulatory relief provisions included in S.2155. I keep reminding myself that public policy advocacy in Washington is a marathon, not a sprint.

## **Banker Education and Training**

Financial metrics and banker feedback indicate that the SDBA's core education and conferences provide superior value to members. These offerings delivered a return above direct expenses totaling \$229,000 in 2018, compared to \$173,000 in 2017, \$145,000 in 2016 and \$119,000 in 2015. Much of the credit for the growing success of this part of our operations goes to SDBA Administrative Vice President Halley Lee. She and the rest of the SDBA staff work constantly to refresh our training menu and keep members informed of career enhancement opportunities. Highlighted below are two new program areas.

**Emerging Leaders:** Members of the SDBA's Emerging Leaders Work Group are at work identifying specific needs for emerging leader programming and developing a marketing plan to support and promote those training opportunities. They adopted a clear mission statement, "To grow South Dakota's future bank leaders." Four simple words capture key programming objectives: cultivate, connect, engage and empower. The SDBA will hold the first Emerging Leaders Conference on Nov. 5-6, 2019, in Sioux Falls.

**Women in Banking:** Our inaugural Lead Strong: Women in Banking Conference took place last October. By any measure, including attendees numbering more than 230, the event was a huge success. A diverse group of speakers offered captivating messages. In a hand-up to other women pursuing better job opportunities, many attendees donated professional attire to Dress for Success in Sioux Falls. Mark Oct. 9-10, 2019, on your calendars for the SDBA's second Women in Banking Conference in Sioux Falls.

## **Wrap Up**

Later this summer, I will begin my 18th year at the helm of the SDBA. I consider it a great privilege to work to advance the business and professional interests of South Dakota's banks and bankers. I want to express my deepest thanks to every member of the SDBA and SDBIS staff for their dedication and daily commitment to the betterment of our state's banking industry. I also want to thank every banker who volunteers their time and talents in support of delivering on SDBA's core pillars—Educate. Advocate. Grow. 🌱

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Curt Everson is president of the South Dakota Bankers Association in Pierre. Everson can be reached at 605.224.1653 or [ceverson@sdba.com](mailto:ceverson@sdba.com).



### **Commercial Loan Officer, Black Hills Community Bank, Rapid City, S.D.**

Black Hills Community Bank is growing and in need of an experienced commercial loan officer to develop and support the lending activities of the bank. The ideal candidate desires to work within a robust team environment, possessing the following: five-plus years of commercial lending experience, strong credit/risk management background, record of successful business development, desire for continued professional development, strong communication skills, and ability to source and refer deposit clients. Black Hills Community Bank maintains high expectations of all employees to adhere to the bank's core values and possess a positive attitude and good character. The position will include a comprehensive benefit package. Please email resume to [melissah@bhcbank.com](mailto:melissah@bhcbank.com) and include salary/earnings history. EOE. ■

### **Compliance Officer II, First Bank & Trust, Sioux Falls, S.D.**

First Bank & Trust is looking for an individual to fill a compliance officer II position. This person should have a bachelor's degree and five years of experience as a compliance professional or experience in dealing with risk in other areas of banking or the equivalent. An above average knowledge in traditional and non-traditional bank products is required. In addition, this individual should have a compliance certification from at least one bank trade association. Strong written and verbal communication skills are required along with strong analytical and problem-solving skills. This individual should have an above average knowledge of Microsoft Office. For more information and to apply online, please visit our website at [www.bankeasy.com](http://www.bankeasy.com). ■

### **Lead Credit Review Analyst, Plains Commerce Bank, Aberdeen, Watertown or Sioux Falls, S.D., or Bismarck, N.D.**

Plains Commerce Bank is looking for an experienced, energetic, self-motivated person to fill a full-time lead credit review analyst position in either Aberdeen, Watertown or Sioux Falls, S.D., or Bismarck, N.D. Qualities of a successful candidate include a four-year college degree in accounting/finance with a minimum of eight years commercial and/or ag lending and/or analytical experience, excellent oral and written communication skills, and a thorough understanding of commercial/agricultural lending utilizing structures, common lending practices, and loan documentation for a wide range of products. Responsibilities of the candidate will include serving as the team leader for reviews which

includes mentoring staff, monitoring the processes and work-flow, reviewing and finalizing line sheets to lenders and pulling final results into a well-written report for senior management and the board of directors, evaluations of the loan activity of lending personnel including their compliance with lending policies, and the quality of their loan approval, monitoring, and risk assessment, monitoring and reporting all major exceptions until they are resolved on a quarterly basis, perform annual review of impairments to ensure accuracy and completeness of corresponding ALLL analysis, knowledge and review of appraisals and basic commercial loan regulations. We offer a competitive compensation and benefits package. Visit [www.plainscommerce.com/careers](http://www.plainscommerce.com/careers) to apply. Member FDIC. Equal Housing Lender. ■

### **Personal Banker II/Mortgage Loan Originator, Minnwest Bank, Sioux Falls, S.D.**

Minnwest Bank has an opening for a personal banker II/mortgage loan originator at our Sioux Falls, S.D., location. As a personal banker II/MLO, you will provide a professional and courteous knock-out customer experience for all customers. Satisfy customers' financial needs by opening new accounts and cross-selling bank retail and business products and services, in addition to servicing customers' existing bank relationships. Assist customers with consumer loan inquiries by interviewing customers, assisting them in completing loan application and providing loan-related information. This position will include mortgage loan originator accountability. Great benefit program including medical, dental, life, incentive, 401k and profit sharing. To apply, submit your resume and a cover letter to [joinourteam@minnwestbankgroup.com](mailto:joinourteam@minnwestbankgroup.com). (AA/EOE) ■

### **Program Manager, Fishback Financial Corporation, Sioux Falls, S.D.**

Fishback Financial Corporation is looking for an individual to fill a program manager position. This person should have a bachelor's degree in management, finance, business or a related field and five years of banking and/or credit card experience or similar operational/production experience or the equivalent. Strong written and verbal communication skills are required, along with the ability to multitask and adjust priorities. Proficiency with MS Word and Excel is needed, with knowledge of Access beneficial. Must be willing to travel nationwide for up to 10 days per month. This person is primarily responsible for ongoing oversight of mission-critical vendors who provide services to support FFC's National Products Department. For more information and to apply online, visit our website at [www.bankeasy.com](http://www.bankeasy.com). ■

If you have a job opening at your bank, send your classified listing via email to [abousa@sdba.com](mailto:abousa@sdba.com) and we will post it on the SDBA website and print it in the SDBanker Magazine. The fee is \$50 per ad (200 word limit) for SDBA members or \$100 per ad (200 word limit) for non-members. Questions, call Alisa Bousa at 605.224.1653.

## Seminars/Conferences/Webinars/Schools

### SDBA EVENTS

#### **SDBA 2019 Agricultural Credit Conference**

Aug. 14-16, 2019 | Pierre

#### **SDBA 2019 Bank Technology Conference**

Sept. 11, 2019 | Sioux Falls

#### **SDBA 2019 Lead Strong: Women in Banking Conference**

Oct. 9-10, 2019 | Sioux Falls

#### **SDBA 2019 Compliance Workshop**

Oct. 15-16, 2019 | Sioux Falls

#### **SDBA Annual Security Training**

Oct. 29, 2019 | Sioux Falls

#### **SDBA Emerging Leaders Conference**

Nov. 5-6, 2019 | Sioux Falls

#### **Certified Banking Security Manager**

Nov. 5-6, 2019 | Sioux Falls

### WEBINARS

For a complete list of webinars, visit [www.sdba.com/webinars](http://www.sdba.com/webinars).

#### **June 10, 2019**

CRE Lending: Property Types, Lease Structures and Other Non-Financial Risks

#### **June 11, 2019**

Notary Public

#### **June 11, 2019**

Upside Down Thinking on Efficiency—Do You Have Your Priorities Backwards?

#### **June 12, 2019**

What Banks are Doing to Streamline Commercial Lending

#### **June 12, 2019**

Loan Structure, Documentation and Compliance

#### **June 13, 2019**

Being Strategic with Base Compensation for Non-Executive Positions

#### **June 13, 2019**

Indirect Lending

#### **June 14, 2019**

Business, Industry and Management Risk Assessment

#### **June 17, 2019**

Evaluating Financial Projections

#### **June 18, 2019**

Improving Employee Performance in Everyday Work Situations & Reviews

#### **June 18, 2019**

Quarterly Compliance Briefing: Summer 2019

#### **June 19, 2019**

BSA: Professional Money Laundering Businesses

#### **June 19, 2019**

Environmental Risk Assessment in Commercial Real Estate Lending

#### **June 20, 2019**

HMDA Advanced Lessons

#### **June 20, 2019**

Three Key Risk Assessments in Your ERM Program: ERM, IT and Internal Controls

#### **June 21, 2019**

Residential Construction Lending

#### **June 24, 2019**

Business, Industry and Management Risk Assessment

#### **June 25, 2019**

15 Reasons Training Doesn't Stick

#### **June 25, 2019**

Signature Card Danger Zones

#### **June 26, 2019**

Common Pitfalls of ARM Disclosures

#### **June 26, 2019**

Do's and Don'ts on Checks

#### **June 27, 2019**

Records Management and Retention

#### **June 27, 2019**

Human Trafficking and Human Smuggling

#### **June 28, 2019**

Role of the Information Security Officer

#### **July 8, 2019**

Six Steps of an IT Audit Program

#### **July 9, 2019**

Dealing with Dysfunctional Teams

#### **July 9, 2019**

CRE Appraisals: Appraisal Components, Approaches to Value and Cap Rates

#### **July 10, 2019**

Executive Total Compensation—Strategies to Motivate and Incent

#### **July 10, 2019**

Best-Ever Compliance Checklists for Consumer Loans

#### **July 11, 2019**

Lending to Local Government Units

#### **July 11, 2019**

Flood Insurance: Compliance Issues

#### **July 12, 2019**

UDAAP: An Acronym You NEED To Know!

### SCHOOLS

#### **GSBC Community Bank Investments**

#### **2019 Dakota School of Banking**

June 9-14, 2019 | Jamestown, N.D.

#### **2019 National School for Beginning Ag Bankers**

June 24-27, 2019 | Spearfish

#### **Graduate School of Banking at Colorado**

July 14-26, 2019 | Boulder, Colo.

#### **Graduate School of Banking at Wisconsin**

July 28-Aug. 9, 2019 | Madison, Wis.

#### **SDBA 2019 IRA School**

Sept. 4-6, 2019 | Sioux Falls

#### **GSBC Workshop on Community Bank Investments**

Sept. 4-6, 2019 | Las Vegas, Nev.

#### **GSB Financial Managers School**

Sept. 15-20, 2019 | Madison, Wis.

#### **GSB Sales and Marketing School**

Sept. 29-Oct. 4, 2019 | Madison, Wis.

#### **GSB Bank Technology Security School**

Oct. 6-11, 2019 | Madison, Wis.

For more details and to register for a training, visit the SDBA's online event calendar at [www.sdba.com/events](http://www.sdba.com/events).  
Or contact the SDBA's Halley Lee at [hlee@sdba.com](mailto:hlee@sdba.com) or 800.726.7322.





**SDBANKERS**  
ASSOCIATION

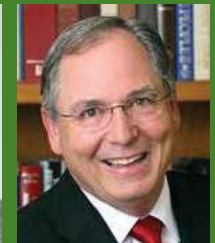
Educate. Advocate. Grow.

# 2019 AGRICULTURAL CREDIT CONFERENCE

**August 14-16, 2019**

Ramkota Hotel  
& Conference Center  
Pierre, S.D.

## Keynote Speakers



The SDBA Agricultural Credit Conference focuses on the unique needs of ag bankers and the need for quality information and training to better serve their customers. The SDBA has lined up speakers on a variety of timely topics to help ag bankers navigate through challenging times. Experienced and new ag lenders, as well as CEOs, will all benefit from this conference.

## Sponsored By





# SDBA 2019 IRA SCHOOL

September 4-6, 2019

Clubhouse Hotel & Suites  
Sioux Falls, S.D.



- ■ ■ IRA changes are coming.
- ■ ■ Maintenance of IRAs are at an all-time high.
- ■ ■ People are retiring in record numbers, and IRA required minimum distributions are at record numbers.
- ■ ■ More people holding IRAs are passing away than ever before.
- ■ ■ HSAs are growing in popularity, which also presents problems.



Traditional IRA | Roth IRA | SEP-IRA | SIMPLE-IRA | HSA