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**Wyoming Bankers Association  
2010-11 Events  
*Mark Your Calendar!***

**Upcoming WBA Educational Events ....**

**WBA Consumer Credit/Retail Banking  
Conference**

September 16 & 17, 2010 \*\*Bozeman Trail Conference Center  
Buffalo, WY

*Watch for Registration Brochure to be mailing next week!!*



**WBA IRA Seminar**

October 19 & 20, 2010 \*\*Ramada Riverside-Casper, WY

*See Education Station for registration brochure*

**Mark Your Calendar & Plan to Attend.....**

**2010 Capitol Hill Visit**~~September 22-24, 2010 \*\*Renaissance  
Mayflower Hotel—Washington, D.C.

**2011 WBA Legislative Dinner** ~~February 2, 2011 \*\*Little America  
Hotel & Convention Center—Cheyenne, WY

**2011 Tri State Bankers Summit** ~~June 26-28, 2011  
\*\*Big Sky Resort—Big Sky, MT



**Complete Brochure and Registration information is available online at  
[www.wyomingbankers.com](http://www.wyomingbankers.com)**

## News Briefs From Washington

### President Signs Dodd-Frank Bill

President Obama has signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act, rewriting the rules governing financial service providers and products. The act contains some needed ABA- and NBA-backed reforms, including the creation of a systemic regulatory body, a process for ending too-big-to-fail, better consumer protections, and provisions designed to rein in the shadow banking system. But the measure also is overloaded with rules and restrictions that will impose 5,000 pages of new regulations on traditional banks and years of uncertainty as to what those regs will mean.

To help bankers prepare for the new rules, ABA has established an online Regulatory Reform Center at [www.aba.com/RegReform](http://www.aba.com/RegReform). Bankers will find a comprehensive summary of the act along with charts showing rulemaking dates and effective dates.

### Senate Advances Small-Biz Lending Fund Amendment

The Senate Thursday night approved by a 60-37 vote a motion to end debate on an amendment that would allow the \$30 billion lending fund to be restored to the small-business bill (H.R. 5297). The fund would provide capital for banks with assets of less than \$10 billion to increase their small-business lending. A vote on passage of the underlying small-business legislation is expected next week. The bill also includes provisions that would increase maximum sizes on the Small Business Administration's 7(a) guarantee loans from \$2 million to \$5 million; 7(a) express loans from \$300,000 to \$1 million; 504 loans from \$1.5 million to \$5.5 million; and micro loans from \$35,000 to \$50,000. Other provisions would maintain the 7(a) program's temporary 90 percent loan guarantee, and eliminate 7(a) and 504 borrower fees through Dec. 31. The legislation also includes the Intermediary Lending Pilot Program that enables the SBA to make direct loans to eligible nonprofit lending intermediaries.

### ABA Updates TARP Fact Sheet

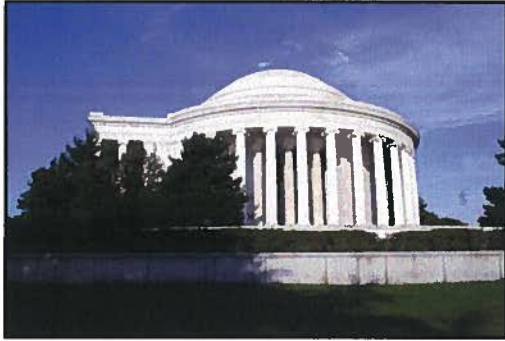
ABA has updated its fact sheet on Troubled Asset Relief Program (TARP) profits and losses to help counter recent discussions about covering TARP costs through a new bank tax. The fact sheet, which is designed to help bankers answer questions from local media and customers, explains that TARP met its primary goal of restoring stability to the financial system through the Treasury Department's successful and profitable investments in generally healthy banks.

It emphasizes that if TARP had been limited to banks, there would be no taxpayer losses—only a significant profit. But TARP was later expanded to cover the losses of auto companies, AIG, and mortgage modification programs. Such secondary nonbank programs have generated all TARP losses. "The banking industry should not be required to pay for the losses of the nonbank TARP programs," the fact sheet says. Read the TARP fact sheet at [www.aba.com/aba/documents/news/TARPcost72110.pdf](http://www.aba.com/aba/documents/news/TARPcost72110.pdf).

### FCA Proposal Out of Bounds, Says ABA

ABA this week gave a thumbs-down to a Farm Credit Administration (FCA) proposal authorizing Farm Credit System (FCS) institutions to purchase loans from the FDIC that are part of a failed non-FCS bank's agricultural lending portfolio. The proposed rule is beyond the FCA's authority, since it could result in FCS institutions extending financing to borrowers that do not meet FCA eligibility requirements, ABA said in a July 19 comment letter. The proposal also would divert the FCS from its congressionally prescribed mission, and would add stress to the FCS' portfolio at a time when the agricultural economy is weakening, ABA added. Read the ABA's comment letter at [www.aba.com/aba/documents/news/FCAFDICComment071910.pdf](http://www.aba.com/aba/documents/news/FCAFDICComment071910.pdf).

## News Briefs From Washington



### FDIC Revises MOU to Strengthen Backup Supervisory Authority

The FDIC board this week approved a revised memorandum of understanding (MOU) with the primary banking regulators to enhance the agency's ability to gather information from such regulators and conduct special examinations of banks it doesn't supervise directly—especially those that are large and complex.

The agreement is designed to address concerns that the FDIC and Treasury Department raised in an April report on Washington Mutual's failure. The report criticized the existing memorandum because it limited the FDIC's ability to make its own assessment of WaMu's risk to the Deposit Insurance Fund and required the FDIC to place unreasonable reliance on the OTS' work. Read more from the FDIC at [www.fdic.gov/news/news/press/2010/pr10153.html](http://www.fdic.gov/news/news/press/2010/pr10153.html). Read Comptroller John Dugan's statement at [www.occ.gov/ftp/release/2010-77a.pdf](http://www.occ.gov/ftp/release/2010-77a.pdf).

### ABA, SBAs Urge Senate to Oppose CU Lending Cap Amendment

ABA and the state bankers associations (SBAs)—including the NBA—this week strongly urged the Senate to oppose Sen. Mark Udall's (D-CO) proposed amendment to the small-business lending fund bill (H.R. 5297) that would increase the credit union member business-lending cap from 12.25 percent to 27.5 percent of total assets for certain, mostly larger, credit unions. Read the ABA/SBA letter at [www.aba.com/aba/documents/news/CUSmallBiz71210.pdf](http://www.aba.com/aba/documents/news/CUSmallBiz71210.pdf).

### Bernanke: Banks, Regulators Must Find Ways to Boost Small-Business Lending

Banks and regulators must find ways to ensure that small businesses receive the credit they need to create jobs, Federal Reserve Chairman Ben Bernanke said this week at a Fed forum on small-business lending. "The challenge ahead for lenders will be to determine how to assess the credit quality of businesses in an uncertain and difficult economic environment," Bernanke said. "It is in lenders' interest, after all, to lend to creditworthy borrowers; ultimately, that's how they earn their profits. Regulators, for their part, need to continue to work with lenders to help them do all that they prudently can to meet the needs of creditworthy small businesses."

He noted that some lenders, who participated in the 40-plus small-business meetings the Fed has held since February, said that current lending conditions don't represent credit tightening as much as a return to more traditional underwriting standards following a period of too-lax standards.

"But, though some lenders said they were emphasizing cash flow and relying less on collateral values in evaluating creditworthiness, it seems clear that some creditworthy businesses—including some whose collateral has lost value but whose cash flows remain strong—have had difficulty obtaining the credit that they need to expand, and . . . even to continue operating," Bernanke said. Read more at [www.federalreserve.gov/newsevents/speech/bernanke20100712a.htm](http://www.federalreserve.gov/newsevents/speech/bernanke20100712a.htm).

Source: American Bankers Association

## News Briefs From Washington

### Yingling to Retire at Year-End

ABA President and CEO Ed Yingling, who recently celebrated his 25<sup>th</sup> year at the association, will retire on Dec. 31. "I believe this is the best time to create the opportunity for new leadership," Yingling said. "The conference report on the reform legislation is written, the historic merger of ABA and America's Community Bankers has been successfully completed, and ABA has been restructured to best serve the industry for the future. Leaving ABA at the end of a Congress and with sufficient time to implement a succession plan will ensure the best possible transition." Read more at [www.aba.com/Press+Room/070710YinglingToRetire.htm](http://www.aba.com/Press+Room/070710YinglingToRetire.htm).



### Letters to Senators Still Needed on Reg Reform Conference Report

With the Senate scheduled to consider the regulatory reform bill's (H.R. 4173) conference report the week of July 12, bankers are encouraged to continue using ABA's automated system to send customized letters to Sens. Ben Nelson and Mike Johanns urging them to vote against the measure.

The Dodd-Frank bill will impose more than 5,000 pages of new regulation on traditional banks that had nothing to do with the financial crisis. The Senate is the last stop before the bill is sent to the President. Unless the banking industry can defeat the bill on the Senate floor, there will be no opportunity to make needed changes in the legislation.

Send your customized letters to the senators online at [www.capwiz.com/aba/issues/alert/?alertid=15184356&type=CO](http://www.capwiz.com/aba/issues/alert/?alertid=15184356&type=CO).

### Dugan to Leave OCC in August

Comptroller of the Currency John Dugan will leave office on Aug. 14, near the end of his five-year term. Dugan helped steer major policy decisions during the financial crisis, and was involved in crafting and implementing rescue efforts, including the \$700 billion Troubled Asset Relief Program. Read more at [www.occ.gov/ftp/release/2010-74.htm](http://www.occ.gov/ftp/release/2010-74.htm).

### NFIP Reauthorization Guidance

The President on July 2 signed the National Flood Insurance Program (NFIP) Extension Act of 2010, H.R. 5569, which Congress passed on June 30. This extends the NFIP through Sept. 30, 2010, and is retroactive to cover the lapse period from June 1, 2010, to the date of enactment of the extension.

### Letters Needed to Oppose Credit Union Business-Lending Expansion

Bankers also are encouraged to contact Sens. Nelson and Johanns urging them to oppose an amendment to the small-business lending fund bill (H.R. 5297) that would increase the credit union member business-lending cap from 12.25 percent to 27.5 percent of total assets.

As of year-end 2009, according to National Credit Union Administration statistics, only 78 well-capitalized credit unions would be directly affected by the amendment because they are at or near their congressionally mandated 12.25 percent lending cap. They also are the large, aggressive, nontraditional credit unions that act like banks and have abandoned their mission of serving people of small means. If you are concerned about unfair credit-union expansion into business lending, send a letter to our senators at [www.capwiz.com/aba/issues/alert/?alertid=14751826&type=CO](http://www.capwiz.com/aba/issues/alert/?alertid=14751826&type=CO).

*ANY LOSS PREVENTED IS ADDITIONAL PROFIT FOR YOUR BANK*

## **SECURITY OFFICER'S BY-WORD**

By  
Charles M. Towle  
Senior Vice President

### **OUT-OF-BALANCE CORRESPONDENT, TRANSIT, OR SUSPENSE ACCOUNTS RESULT IN LARGE LOSSES**

A bank customer was having trouble with cash flow and was writing checks before he had money to fund the checks. The checks would appear on the daily overdraft listing. The loan officer for the customer gave instructions to the bookkeeper to call the customer daily letting him know how much he was overdrawn. The customer would then bring in deposits to cover the overdrafts.

This kind of event happened with Jonathan's Veterinarian Hospital several times a month and then several times a week. Eventually it became a daily occurrence. The bookkeeper and Jonathan talked daily.

One day Jonathan could not make it to the bank and asked the bookkeeper to hold the checks until the next day. She agreed. She recorded the checks as being returned to the correspondent bank, but did not send the items to the correspondent account. The next day, Jonathan brought in a deposit to cover the checks and the held checks were charged to his account crediting back the correspondent account.

This extra-day holding method started occurring frequently. Occasionally Jonathan would not bring in deposits to cover the checks. The bookkeeper started holding more and more checks longer and longer. Eighteen months later it was discovered that over \$500,000.00 in checks were being held in the bookkeeper's drawer. Jonathan filed bankruptcy and the bank had a huge overdraft loss.

Similar situations have occurred in several different banks. On at least one occasion, the bookkeeper, and not the customer, served jail time as a result of the actions.

In each of these cases, the loss could have been prevented altogether or at the very least discovered quickly if the bank had very basic procedures in place.

The checks were neither returned to the correspondent account nor charged to the

customer's account. This resulted in the bank's records showing a balance in the correspondent account which was higher than the actual balance in the correspondent account. In each case, the bank's correspondent account was either never balanced or balanced only by the bookkeeper who was holding the checks.

Every bank must require all correspondent accounts, suspense accounts, and transit accounts to be balanced regularly and balanced by a second person at least monthly.

A balancing of the correspondent account, if done regularly and properly, should be a simple daily process. You list as reconciling items any amounts which the correspondent bank shows as being sent to your bank but not yet recorded by your bank. You also list any items your bank recorded as being sent to the correspondent bank which the correspondent bank had not yet received when the account statement was printed. These reconciling items should equal the difference in the balance recorded on your bank's books compared to the balance shown on the correspondent bank account statement. If the correspondent bank recorded a different amount as sent or received than your bank recorded on its books, the errors need to be immediately researched and corrected.

If a reconciling item is more than five days old, the item needs to be researched to determine whether the correspondent bank records or your bank records are in error. There should be no reason that any reconciling amount is carried on the books for more than a couple days. The carrying of a reconciling item for more than a day or two indicates that the books of the bank are out-of-balance with the actual funds in the correspondent account.

When a second person balances the correspondent account at least monthly, such

person needs to complete the full balancing process from start to finish including both the determination of which reconciling items are necessary and whether each reconciling item is valid. Simply adding up the columns to see if the reconciliation is mathematically correct is not the same as having a second person balance the account. To be an adequate procedure, the second person needs to have a complete understanding of the process and verify the validity of each reconciling item.

The over-helpful bookkeeper problem as described above is only a small part of the problems that develop when a bank chooses not to properly balance its correspondent account, transit account, or suspense account. Allowing these accounts to remain out-of-balance can result in embezzlements in banking. The correspondent account, transit account, and suspense account are used most often by dishonest employees.

Many of these embezzlements start as small amounts which the embezzler justifies in his own mind as "borrowing" the money. He simply pulls a check drawn on his own account from the processing stream to prevent the check from being processed and bouncing. The result is an out-of-balance correspondent account or transit account.

Occasionally, after payday, the employee will go ahead and run his check through processing, charging his account for the check. However, once the line is crossed, it is easier to steal money again the next time his account is short. These types of embezzlements usually start small and grow larger and larger until the theft is discovered.

These kinds of losses can be discovered quickly while they are still small if a bank uses proper procedures in balancing its correspondent, transit and suspense accounts daily and always has a second person balance the accounts at least monthly.

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**NEWS RELEASE**

**July 7, 2010**

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**ABA's YINGLING TO RETIRE AT YEAR-END**

*Search committee to select successor*

WASHINGTON – The American Bankers Association announced today that Edward L. Yingling will retire as president and CEO of the association on December 31 of this year.

“Last December, Ed informed the ABA Executive Committee that he wished to begin the planning process for his retirement at the end of 2010,” ABA Chairman Arthur Johnson said. “For 25 years, first as head of government relations and then as president and CEO, Ed has led the banking industry in Washington through many challenges. He leaves with the appreciation and respect of bankers across the country, and we are pleased that he has agreed to consult with ABA on business, regulatory and legislative matters after he retires from the association.”

“After 25 years at ABA, I believe this is the best time to create the opportunity for new leadership,” Yingling said. “The conference report on the reform legislation is written, the historic merger of ABA and America's Community Bankers has been successfully completed, and ABA has been restructured to best serve the industry for the future. Leaving ABA at the end of a Congress and with sufficient time to implement a succession plan will ensure the best possible transition.”

Yingling, 61, indicated that he plans to stay active in the industry. In addition to working on legislation and regulation, he may return to the practice of law. “For two and a half decades, I have had the incredible opportunity to work with bankers from every part of the country and to serve with ABA's dedicated staff. I will forever be grateful for that opportunity,” he said.

ABA has created a search committee composed of Board members and former officers of the association to look for Yingling's replacement. Both internal and external candidates will be considered. The committee has retained Korn/Ferry to assist in the search.

*The association, which was formed in 1875, represents banks of all sizes and charters and is the voice for the nation's \$13 trillion banking industry and its two million employees.*

**NEWS RELEASE**

**July 8, 2010**

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**ABA STATEMENT ON RETIREMENT OF JOHN DUGAN**

By Edward L. Yingling, ABA president and CEO

“John Dugan has been an outstanding Comptroller during a very difficult time for our country and our industry. He always recognized the vital role that national banks play in our country's dual banking system.

“John was fair in applying regulations, but tough when it was needed. He left a successful practice as one of the country's leading banking lawyers to serve for five years in this important capacity, and he deserves our thanks for a job well done.”

*The American Bankers Association represents banks of all sizes and charters and is the voice for the nation's \$13 trillion banking industry and its two million employees. Learn more at [aba.com](http://aba.com).*



Vol. IV, No. 29, July 23, 2010

## Topic A: Nothing to Celebrate

By Ed Yingling, ABA President and CEO

Although I have been invited to the signing ceremonies of most major banking bills for the last 25 years, I should not have been invited to the one for the Dodd-Frank Act, and I was not.

The Administration has been more than generous in inviting me to meetings, speeches and bill signings. But, here, ABA opposed the Administration's proposal throughout the legislative process (although there were parts we supported). A signing ceremony, particularly on a major priority like this, is ultimately a celebration, as a White House spokesperson noted. The White House said only supporters of the bill were invited. Only those who believe there is something to celebrate should attend.

This week ABA had a major meeting in Washington. Our board, Government Relations Administrative Committee, Membership Committee and the leadership of the state associations all discussed this bill. Everyone in attendance opposed it. In fact, I have not talked to a banker who did not oppose it. Core parts of the reform are needed, but -- just as we had feared from the beginning -- this law is loaded up with massive new regulatory requirements and social engineering.

There are so many new regulations -- hundreds -- that lawyers cannot even agree on the number. While not all apply to traditional banks, ABA has a low-ball estimate that more than 5,000 pages of new rules will apply to traditional banks. The new consumer bureau, many believe, is the most powerful bureau ever created in terms of its authority and lack of checks and balances. And then there is the Durbin interchange amendment. The new regulations are so overwhelming that they cannot possibly all be written on time. There will be great uncertainty about the rules for many aspects of our business for years to come, and our litigation risk is huge.

The end result will be massive new costs for all banks, but community banks will suffer the most because they lack the scale to absorb the new costs. Ultimately, the economy will suffer, and consumer and business products, particularly loans, will be less available and cost more. Mortgage lending is a prime example of where extensive new rules will apply that will take years to settle down.

This tsunami of requirements overwhelms the positives of the bill, which include a systemic oversight mechanism, a method for resolving systemically risky institutions, and new regulation of non-bank entities. For years to come, new regulations from the bill itself and from the consumer bureau will remind us of what the law did.

It is time to move on and look forward. We have much work to do -- analyzing and commenting on the regulations, promoting new legislation to address problems in the bill, and (as bankers always do) finding new ways to serve our customers and communities. But I cannot help but look back once more at what could have been. Despite the united position of thousands of bankers, all the state associations and ABA, at the critical moments -- when the bill went first to the House floor and, later, to the Senate floor -- our industry sent a divided message. Our leverage to force a better bill was significantly undermined. There would have been a bill in any event, but here is the difference: If we had stayed united against this version of the bill, there would have been a different, more limited consumer bureau; there would have been no Collins capital amendment; and there would have been no Durbin interchange amendment.

Yes, many harmful provisions were stopped; others were improved. But we had the opportunity to do better if we had sent a consistent message on the huge burden being placed on traditional banks. Our primary goal should have been to protect innocent traditional banks at every turn, with a united message. Going forward, we must strive for that unity so next time we *will* have something to celebrate.

## Love's Labor Lost

*New Fair Labor Standards Act interpretations spark drama worthy of Shakespeare*

**By Greg Taylor, associate general counsel, ABA. [gtaylor@aba.com](mailto:gtaylor@aba.com)**

To exempt or not to exempt, if you are an HR specialist at a bank, that is the question. Recent developments at the United States Supreme Court and the Department of Labor have created a drama worthy of Shakespeare as the industry comes to grips with a sudden shift in the previously-settled understanding of how to apply the Fair Labor Standards Act (FLSA) exemptions to employees working in the mortgage loan area, especially underwriters and loan officers. Changes are afoot that could impact how your institution classifies mortgage-related positions and whether these employees qualify for overtime pay under the FLSA.

While it isn't as sexy as, say, federal preemption, the issue of FLSA compliance is hardly "Much Ado About Nothing." Most of the banking industry treats mortgage underwriters and other similar positions as "exempt" from the overtime requirements of the FLSA. One of the most common exemptions is the "administrative" exemption. To qualify, the position must be "directly related to management policies or general business operations" and the employee "customarily and regularly exercises discretion and independent judgment."

Two recent events have challenged the long-standing assumption that mortgage personnel qualify as exempt. First, in late 2009 the United States Court of Appeals for the Second Circuit issued its opinion in *J.P. Morgan Chase v. Whalen*. The plaintiffs, mortgage loan underwriters, challenged the bank's classification of their position as exempt under the "administrative" exemption. The court found that loan underwriters were essentially in a "production" position—loans were the bank's product—and had limited discretion in carrying out their duties. The court emphasized that a production position isn't necessarily tied to the creation of a tangible item; for a bank, a financial product qualifies.

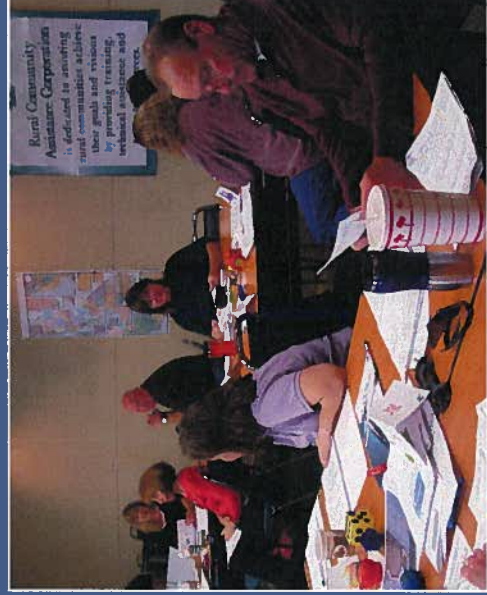
At the time that it was decided, *Whalen* appeared to be an aberration. However, on May 3, 2010, the U.S. Supreme Court turned down a petition by J.P. Morgan (supported by numerous parties, including the American Bankers Association) to review the opinion.

The second event, and (returning once more to the Bard for inspiration) perhaps the "unkindest cut of all," was when the Department of Labor issued an "Administrator's Interpretation" (No. 2010-1, March 24, 2010) specifically taking up the exempt status of mortgage loan officers. The DOL stated that mortgage loan officers "do not qualify as bona fide administrative employees" who are exempt under FLSA.

While this interpretation is not a binding rule, nor does it bear the required trappings of a formal rulemaking, it sends a clear signal that the current Administration has the banking and mortgage industry in its sights. More troubling, the DOL issuance will clearly encourage an opportunistic trial bar to "Cry 'Havoc!' and let slip the dogs of war" and file litigation. Institutions with exempt mortgage personnel on the payroll should certainly review their FLSA policies. ■

# Using the HUD HOME Program: Workshops in HOME Project Development

Utah State Library - Room 227  
250 N 1950 W  
Salt Lake City, UT 84115



## Level 1 Workshop August 10-11, 2010 [two-day workshop]

### August 10

Registration 8:30 a.m. - 9:00 a.m.  
Class held 9:00 a.m. - 4:00 p.m.

### August 11

Class held 9:00 a.m. - 3:30 p.m.

## Level 1 Workshop Topics

- HOME Program Overview
- CHDO Requirements
- Organizational Readiness
- Project Concept
- Market Feasibility Analysis
  - Site Control
- Working with Local Government
- Environmental Review
- Budgets and Financing
- Project Design
- Procurement
- Construction
- Pre-Occupancy
- Property Management

## Level 2 Workshop November 2-3, 2010 [two-day workshop]

### November 2

Registration 8:30 a.m. - 9:00 p.m.  
Class held 9:00 a.m. - 4:00 p.m.

### November 3

Class held 9:00 a.m. - 2:00 p.m.

## Level 2 Workshop Topics

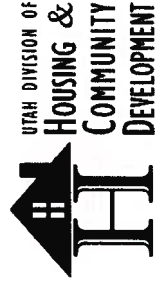
- Recap of August Level 1 Workshop
- Key Financial Principles
- Advanced Financial Statement Underwriting
- Development Charette
  - Pre-Development
  - Construction Management
  - Property Management
  - Pre-occupancy

\* Level 1 workshop attendance is not required to attend Level 2

**There is no cost to attend. However, registration is required. Please register early as class size is limited. Priority will be given to CHDOs and HOME recipients in HUD Region VIII.**

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## CHDO Workshop Registration Form

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Organization: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Email: \_\_\_\_\_ Phone: \_\_\_\_\_

CHDO/HOME Recipient in HUD Region VIII  Yes  No

Please register me for the following workshop:

- August 10-11, 2010  November 2-3, 2010

Morgan Stanley is graciously providing light refreshments and lunch at both workshop dates and location.

- I would prefer a vegetarian meal.

Send your completed registration to:

RCAC Attn: Mark Wiseman  
3120 Freeboard Drive, Suite 201  
West Sacramento, CA 95691  
Fax: 916/372-5636

Limited travel scholarships are available - contact Carol Cohen for more information.

For questions on workshop content, contact Carol Cohen at [ccohen@rcac.org](mailto:ccohen@rcac.org) or by phone at 801/521-2169. For questions on registration contact Mark Wiseman at [mwiseman@rcac.org](mailto:mwiseman@rcac.org) or by phone at 916/447-9832 ext. 1029.

Hotel recommendation: Comfort Suites Hotel Airport located at 171 North 2100 West Salt Lake City, Utah 84116. This hotel provides a free airport shuttle as well as free breakfast each morning. Call 801/715-8688 or visit [www.comfortsuites.com](http://www.comfortsuites.com) to make your reservation.



**NEWS RELEASE**

**July 20, 2010**

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**ABA NOMINATES OFFICERS FOR 2010-2011**

WASHINGTON — The American Bankers Association's Nominating Committee has selected the official slate of candidates for ABA officers for election at the association's annual convention to be held in Boston Oct. 17-20.

The committee, chaired by Arthur Connelly, director, South Shore Savings Bank, Weymouth, Mass., nominated these candidates for ABA officer positions:

- Chairman: Stephen P. Wilson, chairman and CEO, LCNB National Bank, Lebanon, Ohio;
- Chairman-Elect: Albert C. Kelly, president and CEO, SpiritBank, Bristow, Okla.; and
- Vice Chairman: Matthew H. Williams, president, chairman and CEO, Gothenburg State Bank and Trust Co., Gothenburg, Neb.; and
- Continuing his two-year term as ABA Treasurer: William R. White, chairman and president, Dearborn Federal Savings Bank, Dearborn, Mich.

The committee also selected these nominees to join the ABA Board of Directors:

- William Beale, CEO, Union First Market Bankshares Corp., Bowling Green, Va.;
- Norman E. Beatty, chairman, president and CEO, First Hope Bank, Hope, N.J.;
- Daniel R. Blanton, president and CEO, Southeastern Bank Financial Corp., Augusta, Ga.;
- William M. Dana, president and CEO, Central Bank of Kansas City, Kansas City, Mo.;
- Craig Meader, chairman and CEO, First National Bank of Kansas, Waverly, Kan.;
- Sheila Schauer Mathews, president and CEO, Four Corners Community Bank, Farmington, N.M.;
- Laura Schulte, president, Eastern region, Wells Fargo, San Francisco, Calif.; and
- Huey L. Townsend, president and CEO, Guaranty Bank and Trust Co., Belzoni, Miss.

The American Bankers Association represents banks of all sizes and charters and is the voice for the nation's \$13 trillion banking industry and its two million employees. Learn more at [aba.com](http://aba.com).

**NEWS RELEASE**

**July 21, 2010**

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**ABA DISAPPOINTED WITH FINANCIAL REGULATORY REFORM BILL**

by Edward L. Yingling, ABA president and chief executive officer

"The American Bankers Association is disappointed with the legislation signed by the President today. While the Dodd-Frank Wall Street Reform and Consumer Protection Act does contain some key reform provisions that bankers support, it also contains a tsunami of new rules and restrictions for traditional banks that had nothing to do with causing the financial crisis in the first place.

"Implementation of this legislation will be challenging for regulators. The result will be over 5,000 pages of new regulations on traditional banks and years of uncertainty as to what the massive new rules will mean. The impact of these rules will be very real and will be felt not only by banks, but by consumers, businesses and the broader economy.

"We stand ready to work with regulators to ensure that they have the information they need to make the regulatory process as effective and efficient as possible."

The American Bankers Association represents banks of all sizes and charters and is the voice for the nation's \$13 trillion banking industry and its two million employees. The majority of ABA's members are banks with less than \$165 million in assets. Learn more at [aba.com](http://aba.com).



# FRAUD-NET

## Frequently Asked Fraud-Net Questions

### Q: Why should I use Fraud-Net?

A: Statistics show that each year, the financial services industry loses approximately \$45 million to bank robberies, \$662 million to debit card fraud, \$969 million to check card fraud and \$30 billion to identity theft. And that is before we start talking about loss of staff time and, potentially most damaging, loss of faith by our customers.

Those are big numbers and we as an industry should be using any resource we can to help prevent those losses. Fraud-Net is provided free-of-charge to your institution and can assist you as you try to prevent your bank and its customers from becoming a victim.

### Q: How long does it take to post an alert on Fraud-Net?

A: When Fraud-Net first launched, posting alerts was a tedious process. Since that time it has been streamlined to make it more effective and efficient for our users.

Posting an alert on Fraud-Net now takes as few as five minutes. Users are encouraged to include as much information as they can; however, by taking away mandatory fields and limiting the process to just four steps (and, in some cases, fewer), you can post an alert on Fraud-Net in about the same time it takes you to type an e-mail.

### Q: What types of crimes can be posted on Fraud-Net?

A: Pretty much any type of crime that happens at your bank or to your customers can be posted on Fraud-Net.

The most popular types of alerts include bank robberies, ID theft, auction and lottery scams, mortgage fraud, and counterfeit checks, yet those are hardly the only types of crimes that can be posted.

If it happens at your bank or to your customers, chances are it can be posted on Fraud-Net.

### What Can Fraud-Net Do For You?

- Monitor information about crimes happening in your area, state or nationally.
- Post information, including photos and/or video, regarding crimes that have happened at your bank.
- Access to an extensive online user directory to enable you to make contact directly with peers and colleagues you need to talk to.
- Search the entire database using a variety of qualifiers to find the info you need.



# FRAUD-NET

## Frequently Asked Fraud-Net Questions

### **Q: Why should I post an alert when the crime already happened at my bank?**

A: This is an important question. The best answer is that by sharing the information, you are helping the financial industry and law enforcement combat the ever-growing threat of financial crimes.

Regardless of what bank you are with, the threat of a counterfeit check or a robbery or some scam that defrauds your customers is very real. Using Fraud-Net and posting information is one of the best ways to help our industry — and your bank — remain vigilant against these would-be criminals.

Furthermore, if you post an alert about a robbery or a counterfeit check ring or scam and it helps a neighboring bank, it is more likely that they will post in the future if something happens to them, which could lead to your bank being helped in return.

Using Fraud-Net in any capacity can help your institution, but using it to post information can help all institutions.

### **Q: Is there any way to post an alert without going to [www.Fraud-Net.com](http://www.Fraud-Net.com) and doing it myself?**

A: Yes. If you don't have the time to post an alert on Fraud-Net, but you feel the information might be worth publishing on the system, please send an e-mail with as much information about the crime as possible — including photos — to [Tips@Fraud-Net.com](mailto:Tips@Fraud-Net.com).

By sending an e-mail to this address the information will be posted on Fraud-Net on your behalf.

### **Q: How can I learn more about Fraud-Net?**

A: If you are new to Fraud-Net or just need a refresher on how to use the system, please consider attending one of our free "Learning to Use Fraud-Net" Webinars.

These hour-long Webinars will provide you all of the information you need to get the most out of your membership on the Fraud-Net system.

For a full schedule, please e-mail Bret Rock at [brock@fraud-net.com](mailto:brock@fraud-net.com).



# **FRAUD-NET**

## **Upcoming Webinars**

**Wednesday, August 18, 2010, 2:00 PM EST**

**<https://www2.gotomeeting.com/register/319828554>**

**Wednesday, September 1, 2010, 2:00 PM EST**

**<https://www2.gotomeeting.com/register/890781682>**

**Wednesday, September 15, 2010, 2:00 PM EST**

**<https://www2.gotomeeting.com/register/422020170>**

**Wednesday, September 29, 2010, 2:00 PM EST**

**<https://www2.gotomeeting.com/register/311145635>**

**Wednesday, October 13, 2010, 2:00 PM EST**

**<https://www2.gotomeeting.com/register/161798115>**

**Wednesday, October 27, 2010, 2:00 PM EST**

**<https://www2.gotomeeting.com/register/444836811>**

**To register for a Webinar, simply copy and paste the link underneath the date you wish to attend into your Web browser and enter the requested information.**

**Edward L. Yingling, President and CEO  
American Bankers Association  
Washington Update  
July 2010**

### **The Next Chapter**

The president's signing of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 closes a chapter on financial regulatory reform. There are, however, more chapters to be written as the law is implemented and as we advocate for fixes in the next Congress and beyond.

The law does contain some needed industry-backed reforms, including the creation of a systemic oversight body, a process for resolving large banking institutions and addressing the too-big-to-fail concept, and provisions designed to rein in the shadow banking system. However, it is also loaded with massive new regulatory requirements and social engineering, including placing the federal government in a price-fixing role under the Durbin interchange amendment (an issue that had nothing to do with regulatory reform).

Our advocacy work must and will continue. We're going to need your support.

If you're one of the thousands of community bankers who became politically active during this battle, please remain engaged going forward. Your comment letters to the regulators will be critical in ensuring that the industry's perspectives are heard and that the regulators have the information they need to make the regulatory process as effective and efficient as possible. On Capitol Hill, we will continue to push back against the burdens that are being placed upon your banks.

And know that you're not alone as you work to comply with the new law. We will be supporting you with resources and information to help you deal with the new law.

We've already set up a special online Regulatory Reform Center at [www.aba.com/regreform](http://www.aba.com/regreform). This is one-stop shop that will be regularly updated to help you navigate this enormous rewrite of financial regulations. (Five-thousand pages of new regulations is our conservative estimate.) You can already find there a comprehensive summary of the act along with charts showing rulemaking dates and effective dates.

Within two days after the president signed the Dodd-Frank bill into law, we hosted the first two of a series of telebriefings – “How Financial Regulatory Reform Legislation Will Impact Banks” – for our members on the law's implications. These two initial telebriefings provided an overview of how the law affects safety and soundness regulation and consumer requirements.

We have much work still to do -- analyzing and commenting on the regulations and promoting new legislation to address problems in the bill.

But know this: ABA is here for you. Along with your state association, we are here to help you cope with Dodd-Frank. We will help you find what you need to know, and help you figure out what you have to do and when you have to do it. We're ready to help you.

Our alliance with state bankers associations, which has grown strong and stood tall during the Dodd-Frank legislation's journey through Congress, will be as important as ever. We have a meeting set up with all the states to plan for a comprehensive program to address the new legislation and its fallout. On the agenda are: the coming regulations; the industry's public image and what we should do to rebuild it after all of the misleading press coverage of recent months; the November elections and what we should do to help elect people who understand our industry; and priority areas for changes in the new law.

Your state association and ABA will keep fighting. Please join us.  
*Reach Ed Yingling by e-mail at [ed.yingling@aba.com](mailto:ed.yingling@aba.com)*

## **NBA Past Chairman to Receive Top Ag Banking Award**

*(Tom Olson also owns the First National Bank in Torrington, a branch of CNB Sidney, NE.)*

NBA Past Chairman Tom Olson will receive the 14th annual Bruning Award for lifetime achievement in agricultural banking at the American Bankers Association/Canadian Bankers Association North American Agricultural Lenders Conference, Nov. 7-10, in Omaha. This national award was named the Bruning Award in honor of Nebraska banker Frank Bruning of Bruning State Bank.

Olson is chairman of Lisco State Bank, First National Bank of Sidney (with locations in Wyoming), and Fullerton National Bank as well as Points West Community Bank of Julesburg, Colo., and First National Bank of Estes Park, Colo. He is a director of FHLBank of Topeka, Kan., and vice president of the Rush Creek Land & Livestock Co. Olson also currently serves on the ABA Housing and Federal Home Loan Bank Committee.



Ag lending comes naturally to Olson, who has lived in the small western Nebraska community of Lisco all his life. In 1935, his family took over ownership of Lisco State Bank and a small interest in Rush Creek Land & Livestock Co., a large cow calf operation. Olson spent his summers on the ranch, learning to ride horses, work cattle, put up hay, and repair equipment.

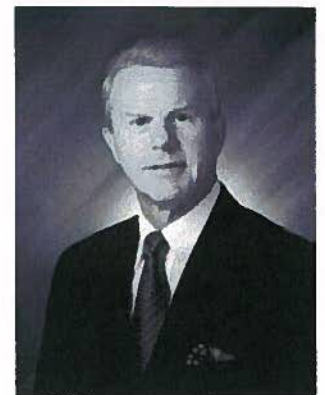
Olson is bullish on the future of U.S. agriculture. “Given the increase in world population, our agriculture producers must and will increase production through improved genetics,” he said. “Ag lenders must be prepared to serve the financial needs of this great industry.”

Olson and his wife Cynthia live in Lisco. They have three adult children, Kerstin, Lynne, and Tom Jr., who also works in the banking industry, and nine grandchildren.

Read more about Olson at [www.aba.com/Press+Room/060910BruningAward.htm](http://www.aba.com/Press+Room/060910BruningAward.htm).

## **NBA Past Chairman Matt Williams Nominated as ABA Vice Chairman**

The American Bankers Association’s Nominating Committee has selected Matt Williams as one of the ABA officer candidates for election at the association’s annual convention to be held Oct. 17-20 in Boston. The committee, chaired by Massachusetts’ banker Art Connelly, nominated Williams as ABA vice chairman. The ABA represents banks of all sizes and charters and is the voice for the nation’s \$13 trillion banking industry and its two million employees. Williams, a fourth-generation banker, is president and chairman of Gothenburg State Bank. He was NBA chairman in 2003-2004 and has served on numerous NBA and ABA boards and committees. He currently is a member of the FDIC Advisory Committee on Community Banking. Williams also has served in a variety of statewide leadership roles within the University of Nebraska-Lincoln, University of Nebraska Foundation, Nebraska Chamber of Commerce, and Teammates. Within his community, Williams has served in leadership positions within the Gothenburg Improvement Co., Gothenburg Area Chamber of Commerce, and Gothenburg Redevelopment Authority.



# 2010 WBA BankPac Is just kicking off!



BANKPAC



WYOMING BANKERS ASSOCIATION

The 2010 WBA BankPac campaign is just kicking off. To date 133 individuals from 38 banks & branches have contributed \$16,535 to the current campaign. The following is a list of WBA members and their banks who have contributed as of July 28, 2010.

## Bankers

Stephanie Arnold, Bank of Commerce, Rawlins  
Elva Bach, Hilltop National Bank, Casper  
W.N. Barnard, Hilltop National Bank, Casper  
John Barto, Bank of Commerce, Rawlins  
Thomas Bass, American National Bank, Cheyenne  
George Benson, Hilltop National Bank, Casper  
Ted Bentley, First State Bank, Torrington  
Michael Blodnick, Glacier Bancorp, Inc., Kailispell, MT  
Michael Bohl, Wyoming Bank & Trust, Cheyenne  
Richard Bratton, Jonah Bank of Wyoming, Casper  
Harold Brethour, Platte Valley Bank, Torrington  
Jeff Brown, First State Bank, Wheatland  
Kermit Brown, Wyoming State Bank, Laramie  
Paul Brunkhorst, Bank of Buffalo, Buffalo  
Cary Brus, Jonah Bank of Wyoming, Casper  
Susan Bulgrin, Security First Bank, Laramie  
Jennifer Burns, First State Bank, Wheatland  
Beverly Burroughs, First State Bank, Torrington  
Cathy Carson, Hilltop National Bank, Casper  
Bill Chandler, Bank of Commerce, Rawlins  
Leo Chapman, Bank of Commerce, Rawlins  
Sam Clark, Wyoming State Bank, Laramie  
Barney Conway, Bank of Commerce, Rawlins  
Cody Cox, First State Bank, Torrington  
Holly Crowley, First State Bank, Wheatland  
Gary Crum, Wyoming State Bank, Laramie  
Mike Daly, First State Bank, Wheatland  
Tammy Daly, First State Bank, Wheatland  
Randy Dancliff, Wyoming State Bank, Cheyenne  
Elizabeth Davis, Hilltop National Bank, Casper  
Kim DeVore, Jonah Bank of Wyoming, Cheyenne  
James Durfee, Sundance State Bank, Sundance  
Trudy Durfee, Sundance State Bank, Sundance  
Philip Ellis, Oregon Trail Bank, Chugwater  
James Engstrom, Bank of Commerce, Rawlins  
Scott Estep, Wyoming National Bank, Lander  
Steve Feagler, First State Bank, Torrington  
Thomas Flaherty, Platte Valley Bank, Torrington  
Copper France, Bank of Commerce, Rawlins  
Sherrod France, Bank of Commerce, Rawlins  
Michael Frisbey, Oregon Trail Bank, Guernsey  
Mike Galovich, Bank of Casper, Casper  
Jerry Gebhart, First State Bank, Wheatland  
Michael Geesey, Cheyenne  
Keith Geis, Platte Valley Bank, Wheatland  
Robert Godfrey, Wyoming State Bank, Cheyenne  
Ryan Gross, The Bank of Gillette, Gillette  
Catherine Guschewsky, Wyoming National Bank, Lander  
Joe Guth, Platte Valley Bank, Torrington  
Bernadene Halle, Security First Bank, Cheyenne  
Jay Hammond, The Lusk State Bank, Lusk  
Gary Havens, Bank of Buffalo, Buffalo  
Bruce Hellbaum, First State Bank, Wheatland  
Jean Herbert, Bank of Commerce, Rawlins  
Dan Hilgenkamp, Wyoming State Bank, Laramie  
Raymond A. Holt, First National Bank, Buffalo  
Bill Huppert, First Interstate Bank, Sheridan  
Morgan Jamerman, First State Bank, Wheatland  
Dick Jay, Jonah Bank of Wyoming, Casper  
Mark Jespersen, First State Bank, Wheatland  
Dan Johnson, Bank of Gillette, Gillette  
Danelle Johnson, Jonah Bank of Wyoming, Casper  
Dave Johnson, Wyoming Bankers Association, Cheyenne  
Mark Johnson, Kansas Bankers Surety, Topeka  
Cheryl Johnston, Wyoming Bankers Association, Cheyenne  
Barbara Jones, First State Bank, Wheatland  
Gregg Jones, Jonah Bank of Wyoming, Cheyenne  
LeaAnn Jones, Sundance State Bank, Sundance  
Roger Jones, Sundance State Bank, Sundance  
John Jorgensen, Hilltop National Bank, Casper  
Carolyn Kaiser, Bank of Buffalo, Buffalo  
Craig Kerrigan, Oregon Trail Bank, Guernsey  
Larry King, Hilltop National Bank, Casper  
Archie Kirsch, Bank of Commerce, Rawlins  
Bart Langemeier, Bank of Red Lodge, Red Lodge, MT  
John Linton, Wyoming National Bank, Riverton  
Steven Lovas, US Bank, Cheyenne  
R. Stanley Lowe, Hilltop National Bank, Casper  
Nancy Lubeck, First State Bank, Wheatland  
Cynthia Mable, Jonah Bank of Wyoming, Cheyenne

Jeff Marsh, Platte Valley Bank, Torrington  
John Martin, Jonah Bank of Wyoming, Casper  
Georgann Martinez, First State Bank, Wheatland  
Rick Mason, Jonah Bank of Wyoming, Casper  
Mike Matthews, Wells Fargo Bank of Wyoming, Jackson  
Robert McBride, First National Bank of Buffalo, Buffalo  
Scott McBride, First National Bank of Buffalo, Buffalo  
Dean McKee, Wyoming National Bank, Lander  
Mick McMurry, Jonah Bank of Wyoming, Casper  
Sally Minihan-Ayers, Hilltop National Bank, Casper  
Susan Moens, Jonah Bank of Wyoming, Casper  
Daniel Moline, Wyoming National Bank, Riverton  
Doug Morstad, Hilltop National Bank, Casper  
Pamela Mosser, Security First Bank, Cheyenne  
Leonard Nack, First State Bank of Newcastle, Newcastle  
Denise Newell, Security First Bank, Cheyenne  
Ruby Ogden, Bank of Commerce, Rawlins  
Mary Penland, Bank of Commerce, Rawlins  
Todd Peterson, Pinnacle Bank, Torrington  
Chris Potter, Hilltop National Bank, Casper  
Tracy Preuit, First State Bank, Wheatland  
Regina Rentfro, Bank of Commerce, Rawlins  
Williams Rogers, Jonah Bank of Wyoming, Casper  
Shelly Rosacker, Bank of Commerce, Rawlins  
Clifford Root, Wyoming National Bank, Riverton  
Danny Runner, The Rawlins National Bank, Saratoga  
Charles Ruwart III, Oregon Trail Bank, Guernsey  
Ryan Schilreff, First National Bank, Torrington  
Leonard Scoleri, Oregon Trail Bank, Guernsey  
Charles Shopp, Hilltop National Bank, Casper  
Kent Shurteff, Wyoming National Bank, Riverton  
Derrick Sison, First State Bank, Wheatland  
Kelly Sittner, First State Bank, Torrington  
Mike Smith, Sundance State Bank, Sundance  
Colleen Stratton, Bank of Commerce, Rawlins  
John Sullivan, First State Bank of Newcastle, Newcastle  
R.L. Sutter, Hilltop National Bank, Casper  
Vance Sprecher, Hilltop National Bank, Casper  
Mary Margaret Stockton, Wyoming National Bank, Riverton  
Nedabyn Testolin, Oregon Trail Bank, Chugwater  
Duane Toro, Wyoming State Bank, Laramie  
David L. True, Hilltop National Bank, Casper  
H.A. True, Hilltop National Bank, Casper  
Jack Turnell, 1<sup>st</sup> National Bank & Trust, Powell  
N.P. Van Maren, Hilltop National Bank, Casper  
Ron Van Voast, Security First Bank, Cheyenne  
Jeff Wallace, Wyoming Bank & Trust, Cheyenne  
Robin Wallingford, Jonah Bank of Wyoming, Casper  
Roger Wagner, Hilltop National Bank, Casper  
Mike Williams, Jonah Bank of Wyoming, Cheyenne  
Carol Wilson, Hilltop National Bank, Casper  
Ron Wright, Platte Valley Bank, Casper  
Mark Zaback, Jonah Bank of Wyoming, Casper

## Banks

1<sup>st</sup> National Bank & Trust, Powell  
American National Bank, Cheyenne  
Bank of Buffalo, Buffalo, Casper, Gillette  
Bank of Commerce, Rawlins  
Bank of Red Lodge, Red Lodge, MT  
First Interstate Bank, Sheridan, Wyoming  
First National Bank, Torrington, Buffalo  
First National Bank of Buffalo, Buffalo  
First State Bank of Newcastle, Newcastle  
First State Bank, Torrington, Wheatland  
Glacier Bancorp, Inc., Kailispell, MT  
Hilltop National Bank, Casper  
Jonah Bank of Wyoming, Casper, Cheyenne  
Oregon Trail Bank, Guernsey, Chugwater  
Pinnacle Bank, Torrington  
Platte Valley Bank, Casper, Torrington, Wheatland  
Security First Bank, Laramie, Cheyenne  
Sundance State Bank, Sundance  
The Lusk State Bank, Lusk  
The Rawlins National Bank, Saratoga  
US Bank, Cheyenne  
U.S. Bancorp, Minneapolis, MN  
Wells Fargo Bank of Wyoming, Jackson  
Wyoming Bankers Association, Cheyenne  
Wyoming Bank & Trust, Cheyenne  
Wyoming National Bank, Lander, Riverton  
Wyoming State Bank, Cheyenne, Laramie

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## Impact of the Dodd-Frank Act on Main Street

*By: Peter G. Weinstock<sup>1</sup>*

On July 15, 2010 the Senate passed the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"), which represents the most sweeping change to banking law since Congress adopted the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), if not before. FIRREA was the congressional action designed to "forever prevent" another banking catastrophe. Many statements from the late 1980s, such as the elimination of "too big to fail" ("TBTF"), have echoed in the debate over "systemically important" financial institutions. Hopefully, the Act's Financial Stability Oversight Council and the orderly liquidation authority over nonbanks that pose systemic risk will have more success than the FIRREA tools that were not effectively employed to prevent the subprime bubble.

This client alert does not cover the creation of the Bureau of Consumer Financial Protection, the "Volcker Rule," regulation of private fund investment advisers, derivatives and swaps or other matters that primarily impact the country's biggest banks or nonbank enterprises. These issues are addressed in other Hunton & Williams client alerts. We would be happy to discuss any of those matters. This client alert, however, is limited to issues that should resonate among "main street" bankers.

1. **Leveling the Playing Field.** The focus of the capital purchase program under the Troubled Asset Relief Program ("TARP") and the Temporary Liquidity Guarantee Program ("TLGP"), as well as numerous other programs provided by the U.S. Treasury ("UST") and the Federal Reserve Board ("Federal Reserve") was to address systemic risk factors that followed in the wake of the bankruptcy of Lehman Brothers. The not-intended consequence of such programs was that consumers and businesses determined that the country's largest banks were TBTF. Consequently, such financial institutions have enjoyed a lower cost of funds than their industry compatriots who are perceived to lack a similar government bulwark. UST Secretary Geithner has commented of the Act that "these reforms will help level the playing field, allowing community banks to compete more fairly with the nation's largest financial firms."

The Act seeks to reduce, although it will not eliminate, this pricing disparity through three steps. First, the Act makes permanent the increase in the FDIC's deposit insurance coverage to \$250,000. Second, the Act extends through the end of 2012 the TLGP's protection for transaction account customers whose balances exceed the limit on deposit insurance. Third, the Act now allows financial institutions to pay interest on corporate transaction accounts.

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<sup>1</sup> Peter Weinstock is practice group leader of the financial institutions corporate and regulatory section of Hunton & Williams LLP. Mr. Weinstock writes and speaks frequently on topics of interest to community bankers. You may contact him at (214) 468-3395 or [pweinstock@hunton.com](mailto:pweinstock@hunton.com).

For many community banks, paying interest on corporate deposits will represent a mixture of opportunity and cost. Some financial institutions may focus on their existing corporate transaction accounts and calculate the cost of paying interest as a pure expense item. While the expenses are easy to measure, what is harder to quantify is the opportunity to compete on a more even basis with larger financial institutions. Currently, as businesses grow, they migrate to larger banks that offer sweep accounts and other sophisticated programs that enable corporate treasurers to obtain some yield on their transaction accounts. Now, however, all financial institutions will be able to compete for such business.

2. Interchange Fees. The Act requires fees charged for debit card transactions to be both “reasonable and proportional” to the cost incurred by the card issuer. Within nine months of the Act’s enactment, the Federal Reserve is to flesh out the meaning of such terms. The Federal Reserve must consider costs incurred by issuers for fraud prevention, but cannot consider other expenses incurred in connection with the authorization, clearance and settlement of electronic debit transactions unless such costs are specific or incremental to the transactions. Any debit card issuer that has, along with its affiliates, fewer than \$10 billion of assets will be exempt from the limit on interchange fees.

It is hard to see how exempt institutions will be able to maintain their existing fee structure. First, the competitive market will require that all fees be the same or merchants will migrate away from doing business with customers who hold debit cards issued by smaller issuers. Second, payment networks and issuers may no longer contract that all transactions be handled exclusively on one network. Instead, merchants will be allowed to route their transactions over any network. The Act also overrides issuer restrictions on merchant action to minimize fees paid, such as merchants providing discounts for cash transactions or establishing minimum transaction amounts for using debit cards.

The Act exempts debit or prepaid cards issued as part of federal, state or local government-administered payment programs. One year after the Federal Reserve’s regulations become effective, an issuer of such a card may charge overdraft fees and a fee for the first withdrawal per month from an ATM.

Certain financial analysts have estimated that the costs of the changes to the interchange fees will be less than 3 percent of earnings for the TBTF banks and between 4 and 8 percent of earnings for other banks. Such estimates do not assume that financial institutions seek to recoup such revenue from changes in existing fee structures, benefits awarded under reward programs or incentives given to customers who use credit cards rather than debit cards. As Jamie Dimon, JPMorgan Chase & Co. CEO, noted, “If you’re a restaurant and you can’t charge for the soda, you’re going to charge more for the burger.”

3. Assessments. The Act changes the basis for assessments from a tax based on deposits to one based on assets. The assessment base will be based on average consolidated total assets of the financial institution minus its tangible equity. In the case of custodial banks and bankers’ banks, the FDIC must determine a consistent formula.

The minimum reserve ratio has been increased from 1.15 percent to 1.35 percent of deposits. The Deposit Insurance Fund (“DIF”) is to reach this ratio by September 30, 2020. Currently, the FDIC expects the DIF to reach 1.15 percent by March 31, 2017.

The Act places the burden of the assessments needed (to reach the required threshold) on institutions with total assets above \$10 billion. It is unclear whether the assets of sister banks of the same holding company will be aggregated for the purpose of calculating what institutions are subject to such higher assessments.

The FDIC was required by law to pay dividends if the DIF exceeded 1.15 percent. This requirement arguably was counter-cyclical. The Act now removes this requirement. Going forward, the FDIC will have discretion of whether or not to pay dividends.

4. The Office of Thrift Supervision (“OTS”). It seems fair to say that few countries, if they were starting from scratch, would design a system of bank regulation that had as its end result our country’s myriad of federal bank regulatory agencies with overlapping authority over the same financial institutions. As discussed below, in the Act, Congress actually further expands regulatory duplication. The last remnant of the Obama administration’s original proposal to streamline and make more efficient jurisdiction over financial institutions that made it through the Congressional meat grinder concerns the fate of the OTS.

The Act provides for the elimination of the OTS as a separate regulatory body. The OTS is to be merged into the Office of the Comptroller of the Currency (the “OCC”). The Act establishes a deputy comptroller for federal savings banks. In contrast, the House bill had proposed a Division of Thrift Supervision housed within the OCC and a senior deputy comptroller.

The Act provides that all employees of the OTS would become employees of the OCC and the other federal bank regulator agencies, as the case may be, with similar seniority and positions to the extent available. The OCC would have the authority to adopt rules and regulations governing federal savings banks and will have the same jurisdiction over federal thrifts that the OTS now possesses.

All orders, resolutions, determinations, agreements, regulations, interpretive rules, other interpretations, guidelines, procedures and other advisory materials that have been issued by the OTS will continue in effect after the date of transfer of authority and the demise of the OTS. The OCC and the other federal bank regulatory agencies, as the case may be, however, are to publish no later than the transfer date, the regulations of the OTS that each such agency intends to continue.

The Federal Deposit Insurance Corporation (the “FDIC”) will continue to regulate and supervise state savings banks. The OCC, Federal Reserve and FDIC will consult with one another to discuss changes to OTS regulations, staffing and other matters. The federal bank regulatory authorities must publish any proposed changes to the OTS regulations by the transfer date.

The effective date for such transfers of authority would be one year after the date of enactment of the statute. The Secretary of Treasury, however, in consultation with the other federal bank regulatory authorities, including the OTS, can extend the time period for the transfer of authority, but not by more than 18 months after the date of enactment. Ninety days after the transfer date, the OTS and the position of director of the OTS are to be abolished.

5. The Fate of the Federal Savings Bank Charter and Thrift Holding Companies. The Act prohibits the OCC from granting any additional federal savings bank charters. The existing 757 federal savings bank charters (at March 31, 2010) are grandfathered.

The Act continues the qualified thrift lender (“QTL”) test. Unlike the current lax consideration given to the QTL test by the OTS, the Act strengthens enforcement. There will be dividend restrictions in the event a savings bank is not in compliance with the QTL test. Moreover, the failure to comply may be subject to civil money penalties, administrative action and other sanctions. The provisions of the House bill that proposed forcing a federal savings bank to convert to a national bank if it failed the QTL test were not adopted.

The Federal Reserve will regulate thrift holding companies and their nonbank subsidiaries. The 10(l) election under the Home Owners' Loan Act ("HOLA") that currently authorizes holding companies over state savings banks to elect to be regulated either by the OTS or the Federal Reserve is eliminated.

For the first time, thrift holding companies will now be subject to regulations related to capital requirements. In contrast, under existing law, thrift holding companies are not subject to any quantitative capital requirements or leverage limitations. The Federal Reserve's leverage and risk-based capital requirements, however, will not become applicable for five years. This delayed effectiveness is intended to enable thrift holding companies to deleverage as need be.

6. Financial Holding Companies. For thrift holding companies that are engaged in activities that are financial in nature under the authority created by the Gramm-Leach-Bliley Act, the Act permits the Federal Reserve to require that such activities be contained in an intermediate thrift holding company. Such intermediate holding companies, as well as financial holding companies (and not just their financial institution subsidiaries), will now be subject to the Federal Reserve's capital and management requirements.

7. Capital. Senator Collins proposed an amendment (the "Collins Amendment") that was incorporated into the Act requiring bank regulators to establish for holding companies minimum capital levels that are at least of the same nature as those applicable to financial institutions. In doing so, however, the Act requires that the Federal Reserve seek to make any capital requirements counter-cyclical, "so that the amount of capital required to be maintained by a company increases in times of economic expansion and decreases in times of economic contraction, consistent with the safety and soundness of the company."

All trust preferred securities ("TRUPs") issued by bank or thrift holding companies prior to December 31, 2009 (or mutual holding companies prior to May 19, 2010) continue to count as Tier I capital for holding companies with assets under \$15 billion at December 31, 2009. Starting on January 1, 2013, holding companies with assets above the \$15 billion threshold will deduct one-third of TRUPs a year for the following three years from Tier I capital. (The TRUPs will become Tier II capital.) Within 18 months, the GAO is to conduct a study of hybrid capital elements.

Holding companies that received funding under TARP will continue to be able to count such securities as Tier I capital. The \$500 million Regulation Y small bank holding company exemption has been preserved.<sup>2</sup>

8. Source-of-Strength. The Act codifies the Federal Reserve's Source-of-Strength Policy Statement. Interestingly, while the Federal Reserve requires holding companies to serve as a source of financial and managerial strength, the statute only requires a holding company to serve as a source of financial strength to its subsidiary financial institutions. Thrift holding companies, as well as bank holding companies, are subject to the source-of-strength requirement. Commercial firms that own ILCs<sup>3</sup> also are subject to the source-of-strength requirement.

9. Branching. The Act generally provides for the possibility of unlimited nationwide branching for all financial institutions, not just federal savings banks. Under the Act, national and state banks can branch into states on a de novo basis. As long as a bank domiciled in the host state would be allowed to branch, then an out-of-state financial institution could establish that branch. Once in a state, an out-of-state financial institution

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<sup>2</sup> For a discussion of sources of available capital, see the client alert that I co-authored with Mike Keeley dated March, 2009.

<sup>3</sup> The Act preserves for the time being the ILC charter. The Federal Reserve is to study commercial ownership of ILCs. While the fate of the ILC is debated, ILCs owned by commercial firms are subject to limitations on their activities.

may establish additional branches within a state to the same extent as a commercial bank chartered in such state can do so.

The Act also fixes a quirk of the Riegle-Neal Act, by making it clear that a federal savings bank that becomes a commercial bank may continue to operate any branch that it operated immediately before becoming a bank.

10. Transactions with Affiliates. The Act provides that the borrowing or lending of securities (including a guaranty, acceptance, or letter of credit issued on behalf of a securities borrowing or lending transaction) will be a “covered transaction” under the Affiliates Act and Regulation W to the extent it causes a financial institution to have credit exposure to the affiliate. Similarly, a derivative transaction will be subject to restrictions on transactions with affiliates if it creates a credit exposure for the bank. The Federal Reserve may issue regulations or interpretations considering the effect of a netting agreement on the amounts outstanding and collateral coverage requirements. Exceptions for transactions with financial subsidiaries have been eliminated. All of these changes would take effect one year from the enactment of the Act.

11. Insider Transactions. The Act also requires a majority of a financial institution’s disinterested directors to approve in advance of the purchase or sale of any asset to or from any Insider (as defined by Regulation O) if the amount of the transaction exceeds 10 percent of the financial institution’s capital. The transaction also must be on an arm’s-length basis. The Federal Reserve is to adopt regulations further fleshing out this requirement. It can be expected that the Federal Reserve will exclude from the “disinterested director” definition members of management and likely will exclude directors who represent institutional investors.

12. Holding Company Supervision. The Act provides that the Federal Reserve examine nonbank subsidiaries of a bank or thrift holding company. To the extent possible, the Federal Reserve should rely on other agencies’ examination reports and seek to avoid duplication of other agencies’ examination activities. In addition, the Federal Reserve is to give notice to and consult with such agencies, including regulators of functionally regulated subsidiaries. The primary federal regulator of a financial institution is now entitled, under certain circumstances, to examine the holding company and its nonbank subsidiaries to the extent the Federal Reserve fails to do so. The primary regulator, however, must recommend any enforcement action to the Federal Reserve. Sheila Bair has said that the FDIC’s back-up authority over holding companies will augment its back-up authority over financial institutions. Such back-up authority may assist in limited circumstances when one regulator fails to uphold its responsibilities. In most cases, however, rather than streamlining existing federal agency jurisdiction, the Act oftentimes adds to the clutter.

13. Preemption. The Act weakens the authority of the federal bank regulatory agencies to preempt state law rules and regulations. Essentially, Congress is rolling back federal preemption rules to that which existed before the bank regulatory agencies, at the behest of the industry, became more aggressive in finding preemption, and the Supreme Court backed up such findings. Congress does so by reinstating the standard embodied in the Barnett Bank of Marion County, N.A. vs. Nelson decision. Essentially, the OCC would need to determine that there is substantial evidence of a conflict between the federal rule and the state rule, and that the OCC has previously adopted a substantive standard intended to address the activity in question. We separately will provide information regarding that standard. Subsidiaries of national banks will not be able to rely on preemption.

14. Deposit Cap. The Act includes savings associations and ILCs, as well as banks, in the nationwide deposit limitation. Thus, no acquisition of any financial institution, not just a commercial bank, can be approved if the effect of the acquisition would be to increase the acquiror’s nationwide deposits to more than 10 percent of all deposits.

15. SARBOX. The Act exempts companies with less than \$75 million in market capitalization from the requirement to comply with the auditor attestation requirement for internal controls required by Section 404 of the Sarbanes-Oxley Act (“SARBOX”).

16. Regulation D. Regulation D is most often used by smaller holding companies to raise capital in private placements. The issuance of securities is exempt from federal registration with the Securities and Exchange Commission (“SEC”) if the offering is limited to 35 sophisticated purchasers and an unlimited number of “accredited investors.” Accredited investors are either high earners or have net worths of a million dollars or more. The Act carves out the value of a home from the net-worth test. Moreover, the SEC is charged with evaluating whether to increase the income or net-worth thresholds over time and whether other changes are needed to protect investors. The effect of such changes could be to limit a holding company’s ability to raise capital quickly and without the cost of a SEC registration.

17. Restrictions on Conversions of Troubled Banks. A financial institution may not convert its charter to the extent it has an existing administrative action unless:

- notice is provided to the financial institution’s current regulator;
- the current regulator does not object to the conversion or the plan to address the significant supervisory matters;
- the new regulator ensures the plan is implemented; and
- in the case of an enforcement action issued by a State Attorney General, the financial institution commits to comply with such action.

18. Legal Lending Limit. Congress had considered applying the lending limit applicable to national banks to state banks. In other words, state banks would be subject to a lending limit of 15 percent of capital and reserves as the base rule applicable to any loans to one borrower. This provision did not make its way into the Act.

19. Excessive Compensation. The Act provides that the “appropriate federal regulators” must establish standards prohibiting, as an unsafe and unsound practice, any compensation plan of a bank holding company or other “covered financial institution” that provides an Insider or other employee with “excessive compensation” (undefined) or could lead to a material financial loss to such firm. A “covered financial institution” includes investment advisers, broker dealers, credit unions and any other entity that the appropriate federal regulators jointly deem to be covered. The appropriate “federal regulators” are all federal bank regulatory agencies plus the National Credit Union Administration board, the SEC and the Federal Housing Finance Agency.

In establishing such standards, the appropriate federal regulators will consider the safety and soundness standards regarding compensation that the FDIC issued in response to the Federal Deposit Insurance Corporation Improvement Act of 1991. The Federal Reserve has previously had the authority to regulate compensation at the holding company level. This authority was eliminated by the Riegle-Neal Act. The Act now provides even more such authority.

The Act requires companies with securities listed on national securities exchanges to require that all boards have compensation committees composed of members independent of the issuer. Certainly, most compensation committees are currently so populated under the best practices that arose following SARBOX. It is likely that the national securities exchanges will mandate independence tests for compensation committee

members similar to existing tests for audit committee members, which tests are more strict than the overall requirements for a determination of board independence.

The Act furthermore requires the compensation committee to consider whether committee advisers are independent. These advisers include not just compensation consultants, but also legal counsel and accountants.

The Act also requires national securities exchanges to prohibit the listing of company equity securities if the company's compensation policies do not include "claw back" provisions if compensation were paid that should not have been in light of information subsequently uncovered. Although these compensation provisions govern firms listed on national security exchanges, it is highly likely that the bank regulatory authorities will adopt them either as best practices or as compensation standards in regulation for all financial institutions.<sup>4</sup>

20. Fair Lending: Regulatory Burden. The Act contains numerous provisions that will enhance the regulatory burden and challenge the compliance officers of financial institutions. For instance, the federal bank regulatory agencies have already ramped up enforcement of fair lending laws.<sup>5</sup> The Act requires financial institutions to inquire whether a small business loan applicant is a woman-owned or minority-owned enterprise. The financial institution will be required to retain for three years information such as the number of the application, the date on which the application was received, the type and purpose of the loan, the amount of credit applied for, the type of action taken, the applicant's census track, the gross annual revenue of the applicant, and the race, sex and ethnicity of the principal owners of the applicant. The purpose for such data collection is "to facilitate enforcement of fair lending laws." Accordingly, financial institutions should consider developing pricing models to ensure that there is clearly no disparate pricing or approval of such credits.

The work of the federal regulatory agencies will result in future further substantive changes. The Act provides for literally hundreds of regulations, studies and reports. Nonetheless, this summary will provide a good foundation of the current key topics primarily of concern to "main street" financial institutions and their holding companies.

*This article originally appeared in the July 2010 Hunton & Williams Client Alert and was reprinted with permission from Hunton & Williams and Peter G. Weinstock.gbv*

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<sup>4</sup> Other compensation provisions of the Act are discussed in separate Hunton & Williams client alerts.

<sup>5</sup> See my client alert dated June, 2010.



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## **Challenges Facing Balance Sheet Management: Regulators are Focusing on Interest Rate Risk**

The U.S. economy remains a concern in the third quarter of 2010. The data for the first quarter was positive with the growth rate of 3.6 percent. With few exceptions, most economists expect continued growth in 2010, but the level of forecasted growth is a concern, the consensus is for less than 2.5 percent. The rate of expansion of the economy will impact the trend in the unemployment rate; for the banking industry the rate of expansion will determine the level of non-performing loans and number of bank failures. There is a lot at stake for the bank industry, as we project 2010 and 2011 economic growth.

The unemployment rate peaked at 10.2 percent in October 2009, and dropped back to 9.7 percent in January and remained at that level through the first quarter of 2010. The most disappointing announcement was the May jobs report which was released on June 4. The unemployment rate remained in the 9.7 percent range, but more importantly only 41,000 private sector jobs were created in May. The economy requires nearly 100,000 new jobs monthly to meet the demand of new entries into the labor force. If we are to see a significant decline in unemployment we need to generate 200,000 per month. The manufacturing sector seems to be moving along at a nice pace which is positive for Ohio and the Midwest, but the service is not contribution enough job growth and of course the construction sector remains weak.

Community bankers are also focused on interest rates. The growth of the economy and inflation pressures will ultimate affect the direction of interest rates. The yield curve will eventually revert to its mean and this will likely start in 2011. The volatility of the 10 year Treasury note has been unprecedented in 2010 – 3.14 percent low to 3.94 percent over the first six months of 2010. The high point occurred the week following the passage of the health care bill in March – obviously the market interpreted this legislation as inflationary down the road. The low point occurred in late may due to the European crisis and the flight to safety. Expect the rate on the 10 year Treasury note to gradually increase in the third and fourth quarters and finish the year above 3.75 percent. Also expect the yield curve to steepen to the record level of April 2010.

Summary of assumptions for your Asset/Liability Committee's (ALCO) decision making in the second half of 2010:

- On June 1 most banks had excess liquidity.
- Economic expansion at 2.5 percent gradually improving loan demand as the year progresses.
- The Fed funds rate will likely begin to increase in the first or second quarter, 2011 – 2.25 percent by year end 2011.
- The 10 year Treasury note dropped to 3.14 percent in May, but will gradually increase throughout 2010 – ending refinancing of residential mortgages.
- 30 year mortgage interest rates will gradually rise to 5.50 percent by 4<sup>th</sup> quarter

- As households continue to save deposit inflows will be higher than normal, but not as robust as 2009.

Given this scenario what strategies should your ALCO consider pursuing? Based on the interest rate forecast the general approach to balance sheet management would be to shorten asset duration and lengthen liability duration. Secondly, balance sheet growth will continue to be difficult in 2010 as it was in 2009. The economic forecast suggests loan demand will not be robust unless you are willing to assume more credit risk which is not recommended until the economy gains some traction. Without sufficient loan demand, growth will need to come from the investment portfolio. Given the interest rate forecast, short-term investments are the order of the day, but the yields are not very attractive. Long-term investment (greater than 3 years) decisions are likely to come back and haunt us in 2011. Investment decision making will become more difficult in the second half of 2010 as we get closer to a Fed decision to raise rates.

Liability management also is a challenge. Deposit inflows should continue to exceed recent historical growth rates, but not as high as the first half of 2009. In this environment you should continue to test the sensitive of customers by lowering the rate on pools of funds such as mutual market deposit accounts, savings and checking accounts.

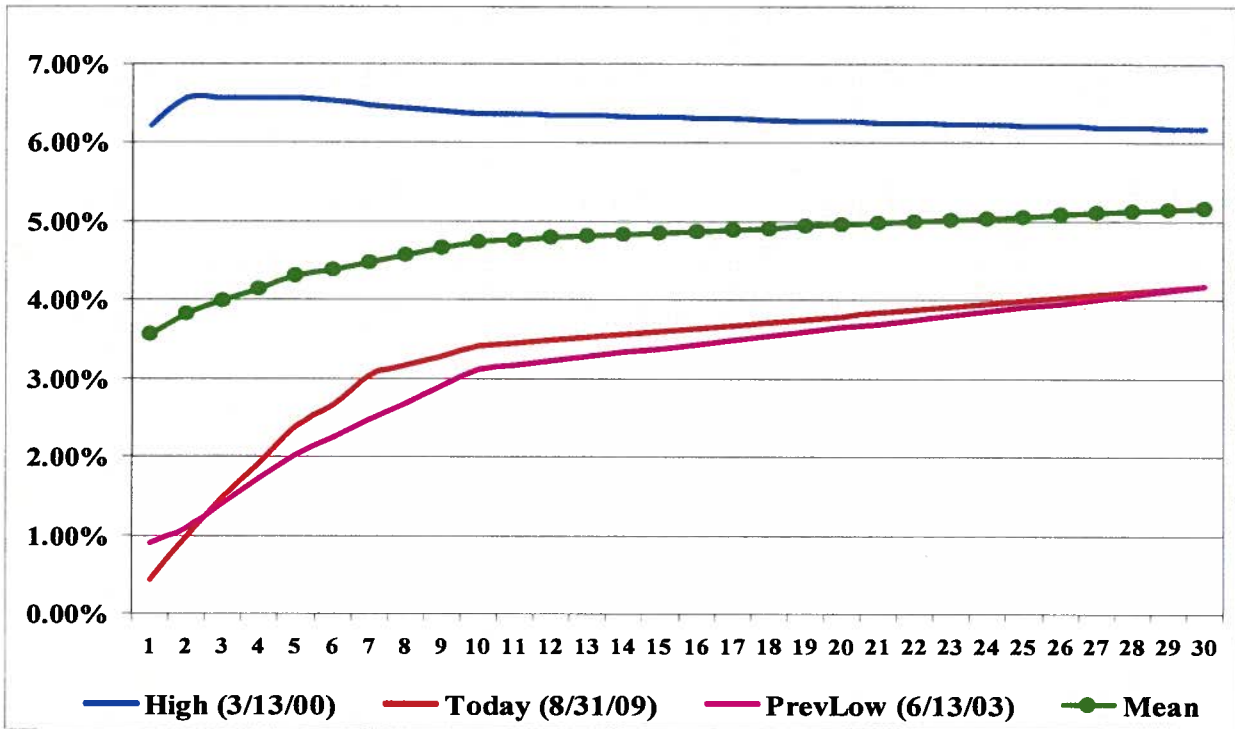
With all of concerns over balance sheet management in a low rate environment and managing troubled loans the regulators have thrown another curve ball to community banks. On January 6, 2010 the Federal Financial Institutions Examination Council (FFIEC) sent a letter to financial institutions expressing their concern over the potential for a substantial increase in market interest rates and the impact on member banks, thrifts and credit unions. The January pronouncement offers no new regulations, but rather it reiterates and refines the Joint Statement (1996) on Interest Rate Risk, the guidelines for national and state commercial banks and state savings banks, and TB 13, the regulatory guidelines for federal thrifts. The January letter from the regulators was unwelcome news at many banks due to the severe credit issues they face. The current credit crisis is the most serious in at least eighteen years and is the primary reason for the continuing number of bank failures.

Short-term interest rates have remained at record levels for the last eighteen months. The risk for many bankers is that they are being lulled to sleep by the extended period of low rates. Exhibit 1 is a reality check as it shows the potential for a different rate environment. The exhibit shows various yield curves over the last decade. How concerned should the regulators be concerning the current environment – how high could rates rise? Look at recent history: between 2001 and 2003 the Fed lowered rates 500 basis points; between 2004 and 2006 the Fed raised rates 425 basis points; and between 2007 and 2008 it dropped rates 500 basis points.

The regulatory concern over interest rate risk (IRR) exposure elevated due to the current state of the banking industry and the overall risk profile of many institutions. In the January correspondence the regulators make a point to single out those institutions experiencing

downward pressure on earnings and capital due to lower credit quality and market illiquidity (OTTI) in investment portfolios.

Exhibit 1: Treasury Yield Curves over the Last Decade



Your bank’s interest rate risk policy probably needs to be updated or at least reviewed given the January 6<sup>th</sup> letter, but for most banks policies are not the issue in examinations. The problem is procedures – the devil is in the details so be careful. The regulatory letter emphasizes the importance of including sensitivity analysis to help determine which assumptions have the most influence on model output. For most banks the key areas of concern are the reasonableness of asset prepayments assumptions, especially residential mortgage portfolios, and non-maturity deposit assumptions. Most models allow the user to default to a standardized assumption on prepayment speeds and most community banks use the default which is usually based on a pool of mortgage backed securities. For smaller institutions turning to straightforward solutions is preferable in modeling so many banks accept the default options. But the regulatory directive reminds us that we need to occasionally back test to determine the accuracy of the prepayment assumptions.

After all of the problems in the financial service industry over the last two years, specifically the financial crisis and credit cycle, it is hard for bank management to refocus their energy and resources on this new concern. If your bank is asset sensitive it will eventually benefit from rising rates, but management still needs to reflect on the January correspondence to ensure policy and procedures are in place for the next examine. If your institution is seriously liability sensitive your job is two-fold. Review your interest rate risk policy and procedures to prepare for the next

examine, but more importantly consider what steps you need to take to mitigate your exposure to increasing interest rates.

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*This article was reprinted with permission from the Author Jim Clarke and The Ohio Record publication. This article originally appeared in the Summer 2010 edition of The Ohio Record.*

# Statistical Snapshot

| Information as of<br>March 31, 2010<br>(dollar figures in millions) |                  | No. of banks | No. of employees* | Total assets | Total loans & leases | Total deposits | Loan to deposit ratio | Non-current loans<br>to loans ratio | Equity capital<br>to assets ratio |
|---|------------------|--------------|-------------------|--------------|----------------------|----------------|-----------------------|-------------------------------------|-----------------------------------|
| <b>Colorado</b>   | Less than \$100M | 49           | 941               | \$3,257      | \$2,165              | \$2,774        | 78.0%                 | 3.88%                               | 10.80%                            |
|   | More than \$100M | 96           | 9,611             | 48,520       | 28,716               | 41,660         | 68.9                  | 4.77                                | 9.07                              |
|   | All Banks        | 145          | 10,552            | 51,777       | 30,881               | 44,434         | 69.4                  | 4.71                                | 9.18                              |
| <b>Illinois</b>   | Less than \$100M | 272          | 4,060             | \$14,611     | \$8,485              | \$12,465       | 68.0%                 | 2.79%                               | 11.38%                            |
|   | More than \$100M | 353          | 54,057            | 309,329      | 175,018              | 243,887        | 71.7                  | 4.49                                | 9.15                              |
|   | All Banks        | 625          | 58,117            | 323,940      | 183,503              | 256,352        | 71.5                  | 4.41                                | 9.25                              |
| <b>Indiana</b>  | Less than \$100M | 38           | 682               | \$2,372      | \$1,562              | \$1,947        | 80.2%                 | 2.48%                               | 12.49%                            |
|   | More than \$100M | 109          | 16,615            | 64,860       | 43,742               | 51,350         | 85.1                  | 3.10                                | 9.98                              |
|   | All Banks        | 147          | 17,297            | 67,233       | 45,305               | 53,297         | 85.0                  | 3.08                                | 10.07                             |
| <b>Iowa</b>   | Less than \$100M | 179          | 2,473             | \$10,085     | \$6,201              | \$8,376        | 74.0%                 | 1.80%                               | 11.60%                            |
|   | More than \$100M | 188          | 12,119            | 55,331       | 37,238               | 44,131         | 84.3                  | 2.25                                | 9.63                              |
|   | All Banks        | 367          | 14,592            | 65,416       | 43,439               | 52,507         | 82.7                  | 2.19                                | 9.94                              |
| <b>Kansas</b>   | Less than \$100M | 213          | 3,071             | \$9,847      | \$5,729              | \$8,256        | 69.3%                 | 1.99%                               | 11.09%                            |
|   | More than \$100M | 125          | 12,507            | 52,246       | 31,817               | 39,522         | 80.5                  | 3.63                                | 9.93                              |
|   | All Banks        | 338          | 15,578            | 62,093       | 37,546               | 47,778         | 78.5                  | 3.38                                | 10.11                             |
| <b>Michigan</b>   | Less than \$100M | 43           | 875               | 2,757        | \$1,803              | \$2,267        | 79.5%                 | 3.31%                               | 13.50%                            |
|   | More than \$100M | 100          | 17,033            | 68,660       | 48,892               | 52,450         | 93.2                  | 6.99                                | 8.48                              |
|   | All Banks        | 143          | 17,908            | 71,417       | 50,695               | 54,717         | 92.6                  | 6.86                                | 8.67                              |
| <b>Minnesota</b>  | Less than \$100M | 240          | 3,266             | \$11,751     | \$7,813              | \$9,942        | 78.5%                 | 2.79%                               | 10.68%                            |
|   | More than \$100M | 171          | 18,554            | 67,635       | 49,496               | 52,611         | 94.0                  | 3.33                                | 9.44                              |
|   | All Banks        | 411          | 21,820            | 79,386       | 57,309               | 62,552         | 91.6                  | 3.25                                | 9.62                              |
| <b>Missouri</b>   | Less than \$100M | 150          | 2,789             | \$8,496      | \$5,300              | \$7,181        | 73.8%                 | 2.00%                               | 11.51%                            |
|   | More than \$100M | 194          | 28,346            | 125,972      | 75,673               | 101,730        | 74.3                  | 3.97                                | 9.58                              |
|   | All Banks        | 344          | 31,135            | 134,469      | 80,973               | 108,910        | 74.3                  | 3.84                                | 9.70                              |
| <b>Montana</b>  | Less than \$100M | 42           | 747               | \$2,311      | \$1,474              | \$1,996        | 73.8%                 | 3.33%                               | 10.95%                            |
|   | More than \$100M | 31           | 4,519             | 18,956       | 12,226               | 14,571         | 83.9                  | 4.05                                | 10.82                             |
|   | All Banks        | 73           | 5,266             | 21,267       | 13,700               | 16,567         | 82.6                  | 3.97                                | 10.83                             |
| <b>Nebraska</b>   | Less than \$100M | 151          | 1,836             | \$6,819      | \$4,317              | \$5,591        | 77.2%                 | 1.62%                               | 11.74                             |
|   | More than \$100M | 82           | 10,912            | 47,075       | 32,896               | 34,214         | 96.1                  | 3.32                                | 8.93                              |
|   | All Banks        | 233          | 12,748            | 53,894       | 37,212               | 39,805         | 93.4                  | 3.12                                | 9.28                              |
| <b>North Dakota</b>   | Less than \$100M | 54           | 742               | \$2,798      | \$1,658              | \$2,446        | 67.7%                 | 1.49%                               | 9.96%                             |
|   | More than \$100M | 38           | 5,070             | 20,949       | 16,769               | 12,971         | 129.2                 | 1.63                                | 10.16                             |
|   | All Banks        | 92           | 5,812             | 23,747       | 18,427               | 15,417         | 119.1                 | 1.62                                | 10.14                             |
| <b>South Dakota</b>   | Less than \$100M | 50           | 649               | \$2,371      | \$1,486              | \$1,974        | 75.2%                 | 1.41%                               | 11.16%                            |
|   | More than \$100M | 33           | 221,951           | 1,243,031    | 890,904              | 867,798        | 102.6                 | 7.12                                | 12.11                             |
|   | All Banks        | 83           | 222,600           | 1,245,402    | 892,390              | 896,772        | 99.5                  | 7.11                                | 12.11                             |
| <b>Wisconsin</b>  | Less than \$100M | 99           | 1,797             | \$6,065      | \$4,123              | \$5,104        | 80.7%                 | 2.97%                               | 12.10%                            |
|   | More than \$100M | 181          | 27,889            | 146,355      | 105,535              | 113,516        | 92.9                  | 4.75                                | 10.13                             |
|   | All Banks        | 280          | 29,686            | 152,420      | 109,658              | 118,620        | 92.4                  | 4.68                                | 10.21                             |
| <b>Wyoming</b>  | Less than \$100M | 11           | 189               | \$579        | \$383                | \$509          | 75.2%                 | 1.30%                               | 9.27%                             |
|   | More than \$100M | 26           | 1,658             | 6,553        | 3,801                | 5,529          | 68.7                  | 2.57                                | 10.83                             |
|   | All Banks        | 37           | 1,847             | 7,132        | 4,182                | 6,038          | 69.2                  | 2.45                                | 10.70                             |

Information is for commercial banks only. \*Employees may work in locations other than state indicated.

# Wyoming Banks and Personnel

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## Cheyenne

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# ERM for Banks, Made Simple

By Eleanor Bloxham, CEO, The Value Alliance

Enterprise Risk Management is a buzz word that has actually been in use for at least 15 years. It is not a new concept, but, for many banks, formal implementation of the concepts is new. One reason that ERM may not have been embraced more quickly by banks is that consultants, looking for large fees, have made the topic seem difficult and mysterious. It is neither.

In recent years, pressure has been growing to implement ERM programs at banks and more bankers are looking for insights into what ERM is all about. With that in mind, here is a primer on the topic, with enough information to get your bank started.

The goal of ERM is to allow the bank to make better-informed and more sharply calculated tradeoffs of risk for expected return in *all business decisions*, whether tactical or strategic. This is accomplished by explicitly and actively identifying, assessing, and managing, to the extent possible, *all significant uncertainties faced by the bank*.

## Risk Banking Organizations Should Review

Since ERM encompasses all of the significant uncertainties of the bank, it encompasses many different kinds of risk. All of these different risk types can be thought of in three major categories: Credit risk, Market risk and Operational risk.

Historically, banks have had a great deal of experience with identifying, assessing and managing two of the three major risk categories: *Credit* risk and *Market* risk (i.e. Asset Liability Management (ALM): interest rate and liquidity risks). *Operational* risk is the category which may be new to some bankers.

The category called *operational risk* includes many types of risk not covered in the credit and market categories. Examples of operational risks include:

- Legal and compliance risks (the risks of violations to laws, rules or codes)
- Financial reporting risks (the risks of improper reporting or failures to adequately disclose)
- Technology risks (the risks of errors and breakdowns or of identity theft, as examples)
- Fraud related risks (the risks of fraud, committed by customers, employees, others)
- Risks related to bank culture and human resources (the risks associated with employee errors, ethics, and morale, and issues related to training and hiring and firing)
- Strategic risks (the risks associated with the strategic decisions of the bank)
- Compensation risks (the risks associated with compensation programs, including those that create unintended behaviors)
- Reputation risks (the risks associated with damage to the bank's reputation)
- Business and operating risks (all other business risks associated with operating the bank and making tactical and day-to-day decisions)

As with credit and market risks, operational risks need to be viewed by considering the internal people, processes and systems that could give rise to risk as well as the external events which could influence risk levels. For example, reputation risk for a bank can rise due to a series of internal snafus -- or external events (e.g. a system-wide banking crisis in confidence).

## The ERM Process

ERM has three major phases.

The first phase entails the identification of significant risks and the establishment of control processes. In this phase, the bank examines the risks it has in the three categories of credit, market, and operational risk. Once identified, the

bank should assess its policies and procedures, authorities and limits with respect to all significant risks and update them as prudent. The bank should address education and the cultural needs of the bank with respect to managing the various risk types. In addition, for ongoing monitoring and management purposes, the bank may wish to schedule regular surveys related to risks; construct a chart, map or dashboard of the various risks (and their likelihood and severity); and develop an analysis of the impact of the risks on the bank's stakeholders (customers, shareholders, suppliers, employees, regulators, etc.).

- The second phase, which is more difficult and which some banks may wish to employ over time, involves quantification of bank economic risk capital. This is similar in concept to regulatory risk capital, but represents the bank's own estimation of the capital required, rather than simple adoption of the formulas provided by the Basel Committee. Some banks, in implementing ERM, may wish to use regulatory capital as a proxy until they are comfortable with their own internal estimates of the level of risks at their own bank.
- The third phase involves the integration of ERM into all of the management and oversight systems of the bank. Using bank economic risk capital, or temporarily using regulatory risk capital, this phase involves development of risk adjusted performance metrics that measure the return of the business vis-à-vis its risk capital. This phase calls for deploying those metrics in strategic planning, day to day decision making, acquisition analysis, compensation, and integrating ERM, generally, and the metrics, specifically, into training and development and board discussions.

How does this work? Say you wanted to decide whether to make a specific loan. Before ERM you might look at the actual return earned by making the loan and leave it at that. Under ERM, however, you'd have a little more calculating to do. A simple form of the calculation would be to take the cost of capital, or hurdle rate, the bank usually uses for making investment decisions: let's say it is 10%. Multiply that hurdle rate by the risk capital required (say it is \$10,000) for the particular loan under review: 10% multiplied by \$10,000 is \$1,000. Then to breakeven, you'd have to price the loan to ensure you get a return of at least \$1,000. Say you project the actual return to be \$1,200. The risk adjusted return on this loan would then be \$1,200 less \$1,000 or \$200.

### **Benefits You'll See From ERM**

A bank may have unrecognized or habitual risks that threaten the franchise, but could be eliminated or defused. It may have underperforming products or lines of businesses that involve significant risk but do not provide adequate returns - wasting precious capital and management time. And it may have the hidden potential for highly profitable opportunities that can be unlocked by controlling and containing risk.

ERM can demonstrate if particular bank decisions involve too much risk taking. ERM can demonstrate if the bank, as a whole, may be taking too much risk, or too little, for its business strategy and capital structure - and suggest practical solutions. Smarter risk-taking protects against disaster and increases the bank's stock price by enabling new opportunities and reducing unnecessary risks.

ERM, encompassing identification, assessment and management of the bank's credit, market and operating risks, can be expected to yield the following benefits:

1. Substantially reduce the odds of the bank being blind-sided by unexpected large losses
2. Identify risks that can be minimized or changes in operations that can be made -- or identify operations that can be shed entirely because they do not fit the strategy or can be better managed by others
3. Develop a solid foundation for any needed changes in corporate governance that will (a) reassure stakeholders (including regulators) that the bank is well managed and financially stable, (b) lower the bank's cost of capital and/or (c) create a culture focused on both risk and return
4. Improve capital deployment by moving capital and resources from activities with inadequate returns on economic risk capital to activities with superior returns on economic risk capital

5. Increase the odds of successful acquisitions by identifying attractive targets that complement the risk/return profile of the bank's existing business and core capabilities

6. Improve innovative capacity by identifying bank strategies and growth opportunities, identifying new potential bank products and services, and opening up new opportunities with strategic partners

Will all these benefits accrue at once? No. But the process of ERM will begin to provide the foundation for these benefits. As the ERM process at your bank becomes refined and implemented across all the bank's processes, the benefits will come and will increase over time.

About the Author:

Eleanor Bloxham, CEO of the independent advisory firm, The Value Alliance ([www.thevaluealliance.com](http://www.thevaluealliance.com)) and Corporate Governance Alliance, is a former banker who has authored two books and numerous articles on banking topics. She is frequently consulted by the press for her insights on bank trends and issues. She welcomes your questions and comments: [ebloxham@thevaluealliance.com](mailto:ebloxham@thevaluealliance.com). Copyright 2010. The Value Alliance Company. All rights reserved.

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## Museum and bank collaborate on book

Fort Caspar Museum and Hilltop National Bank will publish "A Pictorial History of Natrona County," by Rebecca Hunt, featuring approximately 250 photographs that illustrate the history of the county.

Many images for the book will come from the collections of Fort Caspar Museum and the Casper College Western History Center, but the publishers are also seeking photographs currently in private hands. Images may be brought to either Fort Caspar Museum or the Casper College Western History Center.

The book is scheduled to be released in the fall of 2011.

Proceeds from the book will go to the Fort Caspar Museum Association.

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JACKSON HOLE NEWS&GUIDE, Wednesday, June 23, 2010 - 9C  
**Bank ratings hold steady in turbulent times**

**Coming year will see companies working with customers on troubled loans, one boss says.**

*By Thomas Dewell*

Banks operating in Teton County all saw their ratings hold steady from the fourth quarter of last year to the first quarter of 2010, according to a firm that watches the institutions' performances.

Bank of Jackson Hole, based in the valley, and First Interstate Bank, out of Billings, Mont., were both given the second-highest rating – “excellent” – from BauerFinancial Inc. The ratings firm looks at the information banks submit to the federal government quarterly to determine rankings.

No bank operating in Teton County came in below “adequate.”

Comparing first-quarter financial performance in 2010 with the fourth quarter of 2009 and the first quarter of 2009, reveals banks are making incremental strides to increase their capital ratios. Regulators look at such ratios to see if banks have enough capital reserves to safely support their loan portfolios and other assets.

At the same time, banks have seen nonperforming assets, such as overdue loans, increase as a percentage of their overall assets. Bank of Jackson Hole, for instance, had a nonperforming asset percentage of 0.636 as of the first quarter of 2009. That spiked to 5.173 percent at the end of 2009 and decreased to 2.583 percent as of the first quarter of this year.

Such financial snapshots portray only a glimpse of what is happening at area banks, said Scott Yandell, chairman and chief executive officer of Bank of Jackson Hole.

“The real answer is that we, like all banks in the region and in the nation, have more problem loans that we are used to having,” Yandell said Monday. “We’re having to deal with them on a

case-by-case basis. We may see improvements in one time frame, only to see troubles arise again later.”

*Jackson Hole News&Guide* attempted to contact Wells Fargo Bank Market President Pete Lawton and Rocky Mountain Bank CEO Coleman Andrews for this story but was unable to do so before deadline.

The coming year will bring general financial improvement, but banks will have to deal with faltering loans, Yandell said.

“I think over the next year we will see improving trends,” Yandell said. “In between, there may be ups and downs. We still feel that the real estate market is firming up here.”

By the end of the year, much of the Jackson Hole real estate inventory will be substantially absorbed, he said. There will still be foreclosures and sales.

One area for concern will be commercial properties. Some downtown rents have dropped by 50 percent and, Yandell said, some property owners are asking themselves if the property they own is worth as much as the debt they have on it.

The market also is yielding fewer opportunities to make good loans,

Yandell said. Some big commercial projects downtown that were planned in recent years do not make financial sense now.

With some rents cut in half and many properties worth 20 percent to 30 percent less than in previous years, the numbers don’t make sense.

Such conditions will lead to banks growing assets such as loans slowly. Banks that saw assets grow rapidly in past years are now seeing them hold steady or drop slightly.

At the same time, some banks may see deposit growth. This is contributing to the increase in capital ratios, Yandell said. Loan growth, however, will remain relatively stagnant.

“There’s not much going on if you look around the valley, not much opportunity to grow loans,” Yandell said.





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## 2 deemed 'excellent'

|                       | 3/31/10            | 12/31/09           |
|-----------------------|--------------------|--------------------|
| Bank of Jackson Hole  | ****               | ****               |
| Bank of the West      | ***                | ***                |
| First Interstate Bank | ****               | ****               |
| Rocky Mountain Bank   | ***                | ***                |
| U.S. Bank N.A.        | *** <sup>1/2</sup> | *** <sup>1/2</sup> |
| Wells Fargo Bank N.A. | ***                | ***                |

### Ratings:

5 stars = superior, 4 stars = excellent  
3½ stars = good, 3 stars = adequate

Source: BauerFinancial Inc.

## Valley banks: Quarter vs. quarter and year vs. year

BauerFinancial rates banks on a collection of financial information institutions report to the Federal Deposit Insurance Corporation. Bank regulators in the past looked for a risk-based capital ratio of greater than 10 but currently are looking for banks to go beyond that threshold. Assets and income figures are in millions of dollars.

### First quarter 2010 (Jan. 1-March 31)

|                       | Assets    | Leverage capital ratio | Risk-based capital ratio | % nonperforming assets* | Q1 income | 2010 YTD income |
|-----------------------|-----------|------------------------|--------------------------|-------------------------|-----------|-----------------|
| Bank of Jackson Hole  | 495       | 9.577                  | 13.122                   | 2.583                   | 0.843     | 0.843           |
| Bank of the West      | 54,995    | 10.193                 | 13.203                   | 3.21                    | 24.325    | 24.325          |
| First Interstate Bank | 6,849     | 7.573                  | 11.876                   | 2.473                   | 14.129    | 14.129          |
| Rocky Mountain Bank   | 318.5     | 10.209                 | 13.425                   | 5.397                   | 1.707     | 1.707           |
| U.S. Bank N.A.        | 285,274   | 6.395                  | 11.415                   | 4.205                   | 625.4     | 625.4           |
| Wells Fargo Bank N.A. | 1,056,282 | 8.764                  | 13.294                   | 5.973                   | 2,047     | 2,047           |

### Fourth quarter 2009 (Oct. 1-Dec. 31)

|                       | Assets  | Leverage capital ratio | Risk-based capital ratio | % nonperforming assets* | Q4 income | 2009 income |
|-----------------------|---------|------------------------|--------------------------|-------------------------|-----------|-------------|
| Bank of Jackson Hole  | 501.9   | 8.301                  | 12.672                   | 5.173                   | 0.13      | -2.853      |
| Bank of the West      | 57,066  | 8.405                  | 11.082                   | 3.157                   | -78.249   | -403.356    |
| First Interstate Bank | 6,894   | 7.251                  | 11.886                   | 2.318                   | -13.904   | -6,293      |
| Rocky Mountain Bank   | 320.5   | 9.588                  | 12.709                   | 6.047                   | 1.079     | 1.129       |
| U.S. Bank N.A.        | 289,203 | 6.289                  | 11.155                   | 4.133                   | 599.911   | 2,369       |
| Wells Fargo Bank N.A. | 583,282 | 7.503                  | 11.87                    | 6.211                   | 2,496     | 7,872       |

### First quarter 2009 (Jan. 1-March 31)

|                       | Assets  | Leverage capital ratio | Risk-based capital ratio | % non-performing assets* | Q1 income | 2009 YTD income |
|-----------------------|---------|------------------------|--------------------------|--------------------------|-----------|-----------------|
| Bank of Jackson Hole  | 414,309 | 9.223                  | 11.241                   | 3.535                    | 100.4     | 1,884           |
| Bank of the West      | 61,350  | 8.05                   | 10.581                   | 2.219                    | -84.976   | -84.976         |
| First Interstate Bank | 5,482   | 7.369                  | 10.784                   | 1.533                    | 18        | 18              |
| Rocky Mountain Bank   | 329.4   | 7.681                  | 14.603                   | 1.703                    | 1,258     | 1,258           |
| U.S. Bank N.A.        | 248,465 | 6.629                  | 10.789                   | 2.891                    | 634       | 634             |
| Wells Fargo Bank N.A. | 533,289 | 6.532                  | 11.867                   | 3.416                    | 1,218     | 1,218           |

\* Nonperforming assets are determined by dividing the dollar value of nonperforming assets into a bank's average tangible assets.

Source: BauerFinancial

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**Chamber Business Profile -- Supporting Local Business! 35**



**A Welcome Change**

**Bob Saunders Profile:**

After working the past 20 years for the mega bank, Bob Saunders has returned to his roots in Community Banking with the State Bank in Green River. Bob spent the first years of his banking career working for a community bank in Southeastern Idaho. He was surprised that he stayed with the large bank as long as he did, because his true heart is working with the smaller bank. State Bank has the flexibility to help customers and satisfy their needs. The customers are our friends and we are able to form a closer bond.

Bob joins the State Bank staff in Green River as the Manager and Senior Credit Officer. He is anxious to put his vast banking experience to work at State Bank. Bob said the team in the Green River Office is amount the best he has seen in his banking career. He is really enjoying working in Green River.

Since moving to Green River over 6 years ago, Bob has been very active in the community. He has served on the United Way Board of Directors, Rock Springs Rotary Club Board of Directors, and the SWRC Board. He has been the President of the Green River Chamber and is currently serving on the Board of Directors. He is a member of the Green River Lions Club, the Hole in the Wall Gang and on the Sweetwater County Travel and Tourism Board.

Bob and his wife Joyce are really enjoying Sweetwater County. Joyce has been teaching in Sweetwater School District #1 for the past 6 years. We really like fishing on the Gorge and trips to Star Valley Ranch.

Stop in at State Bank in Green River and say "Hi" to Bob.



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#### WELLS FARGO NAMES WINN AS PINEDALE MANAGER

##### Wells Fargo release

Andrea Winn has been promoted to store manager for Wells Fargo in Pinedale.

Most recently, she was service manager for Wells Fargo's Evanston Main store.

"I'm pleased that Andrea is taking on this new role," said Rich Petersen, Wells Fargo Community Banking president for the Evanston market. "Her passion for

serving customers and the local community make her a good choice to lead our Pinedale team."

"Andrea's ability to identify and provide the best solutions to help our customers reach their financial goals will serve our customers well," said Ben Bell, Wells Fargo store manager for Evanston, Pinedale. "She is a high-energy leader who is creative and thoughtful in helping her team and our customers achieve success."

Winn began her financial services career with Wells Fargo 10 years ago. She has held several retail banking positions including teller, lead teller, customer service representative and personal banker.

Winn was named service manager for Wells Fargo's Evanston Main store in 2006.

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**American National Bank celebrates 100 years**

By Susan Lockhart  
Special Project Coordinator

**WORLAND** — For 100 years the folks at American National Bank have been helping newlyweds purchase a first home, children save their pennies for college, businesses fund their inventory, ag producers finance their next crop of cattle or corn.

The bank opened its doors on May 10, 1910 as Stockgrowers State Bank, says American National Bank senior lending officer Connie Clark, and longtime employee Mary Hoffman.

Though customer service is still face-to-friendly-face, neighbor to neighbor, as it was 100 years ago, there have also been many changes.

"Back in 1910 it was all done by hand, now everything is computerized," Clark says.

"Originally the bank was located in a 25-foot frontage (at its current location)," explains Hoffman. "It went back down 7th Street for about 25 feet, fifty feet at the most, it wasn't much."

When three or four small businesses behind the bank moved out, the bank acquired the property.

"In 1967 we tore the bank building down and located temporarily on the corner where the Boys and Girls Club is now," Hoffman says.

"In 1968 we moved back, into our new building, that now had about a 50-foot front.

"In 1982-83 we expanded the building where we had acquired the small business behind the bank."

In 1993 the Sturm Financial Group purchased the bank. They own other banks in Colorado, Wyoming, Kansas and Missouri. Because they were now a part of a large financial group they could offer more products and services, Clark says, adding "but it was still a family owned bank, not a big corporate entity.

In 2004 the bank became American National Bank.

During their 100-year history, one of the bank's most exciting episodes happened on Nov. 1, 1976 when the bank was robbed at gunpoint.

Hoffman, who was an employee at the time, relates the story.

"He came in with a shotgun and about 400 rounds of ammunition, I think they said.

"He herded all the people who

were on the main floor into the vault and he told one of the gals to go back in the back and get the people back there to come up to the front.

"Linda went back there and said 'there's a guy with a gun and he wants you people to come up.' They said 'we're not going up,' and they went out the side door to the laundry.

"He put everybody in the vault and closed the day gate."

And when the gunman closed the gate, he effectively shut himself out of the vault and could no longer get to his hostages.

"Don Babbit herded everybody (in the vault) through the door behind, to the safe behind the safety deposit boxes. So when (the gunman) shot into the vault, he shot the safety deposit boxes and the bullets wouldn't go through them and hurt any of the people."

Clark adds, "He shot at the lock on the vault to get back in there and didn't realize just lift the bullet-ridden latch."

Not the brightest of robbers, Hoffman says the man came in on the bus and must have been counting on leaving town on the bus with his loot since he had a bus ticket in his pocket.

Hoffman says she was lucky that day, she had gone upstairs to supply room near where the bank had an insurance business.

When she heard from another employee that there was a gunman in the bank downstairs she went to the peephole she knew existed in the boiler room to look down into the lobby.

"Sure enough, there he was walking around with his shotgun." Hoffman said she and the other employees upstairs stayed in the boiler room behind the boilers, quietly waiting for things to resolve themselves downstairs. It took about two-and-a-half anxious hours before the thief was captured by law enforcement personnel, having never left the bank,

"The silliest thing about it was, he went in behind the teller line and he picked up about 15 cents out of one of the gals cages. That was it. And the thing is, if he wouldn't have done that he would have been charged with attempted robbery instead of robbery. But the fact that he took coins made it robbery."

Hoffman said FBI agents from





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Riverton made the trip to Worland in 54 minutes during the hold-up, after having traffic stopped at Shoshoni to give them a cleared roadway.

"I was in the high school and it was the big thing here for a while," Clark says with a chuckle.

While she may not have a direct connection to 1910 and the entire 100 years of banking history, Hoffman has seen many of the changes at the bank — she began work there in 1954 and has been a fixture in the Worland banking community for the past 56 years.

"When I started working here, we had to post all the checks and deposits on a machine and we had two machines going because you had a statement for each person and a permanent record, and we had to balance those two every day."

Hoffman retired from the bank a few years back, as vice president of

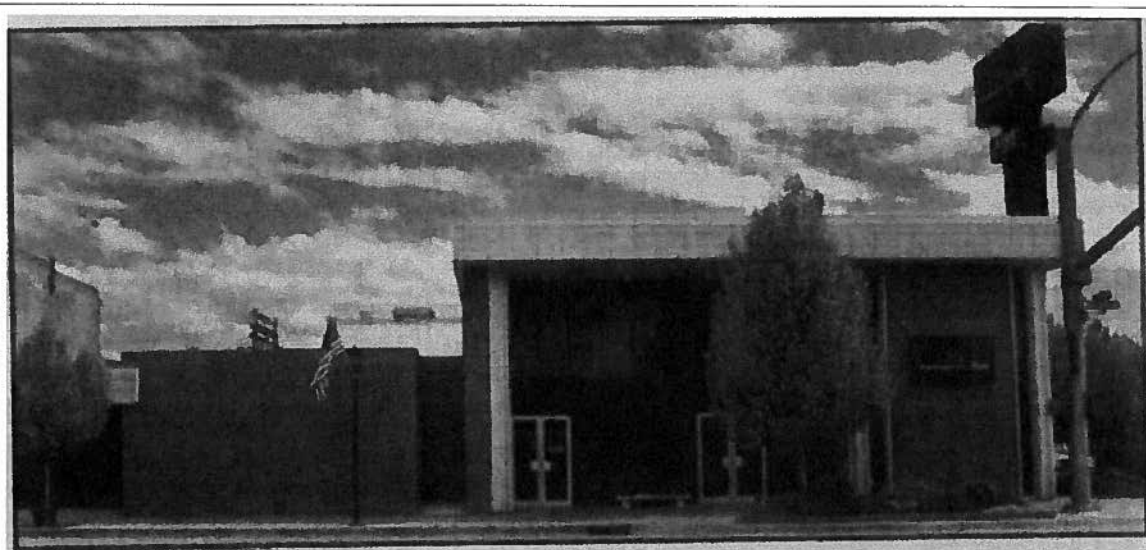
real estate lending, but found sitting at home "relaxing" was not her cup of tea. She came back to the bank to work the teller line when they called needing assistance and has stayed, doing whatever is needed.

Clark said Hoffman is a wonderful living resource for the bank since she's been there long enough to have experienced most jobs at the bank and knows a little about all its operations and all its customers.

"I've seen about everything happen in a bank that could happen," Hoffman says. "I can't imagine working any place else."

"I just wish I'd kept a diary of these things as they happened — it would make a pretty good book."

American National Bank is still "a full-service bank and more," Clark says. The bank has 10 employees with Tiffany Tadlock as branch manager.



American National Bank

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# Pinnacle Bank opens at new Cody location

Cody Enterprise  
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Pinnacle Bank will celebrate the grand opening of its new 24,000-square-foot facility at Sheridan and 17th on Aug. 5.

"This building is much more than a new, green facility - it's a testament to Pinnacle Bank's ongoing dedication to our community, customers and employees," said Doug Weedin, president and CEO of Pinnacle Bank-Wyoming, of the new building which opened this week. "I expect it to be an outstanding location for our staff to build their careers and an exceptional bank for our customers to continue to receive superior service."

Pinnacle Bank expects LEED (Leadership in Energy and Environmental Design) certification at the Silver level for the new facility, which features a highly efficient HVAC system and controls, regional materials and recycled content products, construction waste reduction and recycling, excellent indoor air quality and daylight to help promote health and productivity.

The U.S. Green Building Council's LEED certification system is the foremost program for the design, construction and operation of green buildings.

The grand opening will be 10:30 a.m.-5 p.m. Thursday, Aug. 5. Highlights will include a ribbon-cutting and presentation of colors by the National Guard, awarding of donations to Children's Resource Center and Heart Mountain Volunteer Medi-



photo by SCOTT SALISBURY

**Pinnacle Bank marketing director Ashley McCarten and branch president Dusty Schutzman tie balloons out front after the opening of the new bank Monday at 17th and Sheridan. The staff worked last week-end completing the move.**

cal Clinic, a barbecue, entertainment, building tours and grand prizes.

The longtime Pinnacle branch on Yellowstone Ave-

nue will remain open. The former bank building at the top of the Greybull Hill has been sold to Sunlight Federal Credit Union.

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## Wells Fargo offers electronic receipt option for ATM customers

Wells Fargo has just launched the new ATM e-receipt option to all Wells Fargo Online Banking customers, including those in Wyoming. This new service gives customers the choice to either have an ATM receipt sent to an Online Banking inbox or to a designated personal e-mail account.

"By offering our customers this e-receipt option, it gives them another opportunity to cut down on paper use and provide further convenience; the customer decides how, when and where they receive their receipt," said Michael J. Matthews, Wells Fargo's Wyoming regional president. "Plus, since many of our customers manage their finances

online, these e-receipts will help them keep tabs on their day-to-day financial activities in one spot. E-receipts are an important tool for customers to help keep track of their transactions and manage their accounts."

To begin using the new e-receipts customers should continue using the ATM the same way they do now. The new options are available on the receipt selection screen. When customers visit the inbox to which they designated to have the e-receipt sent, they will see an e-mail message from Wells Fargo Online titled, "Your Wells Fargo ATM Receipt." The e-mail message will include an electronic version of their ATM receipt.

In addition, using MyATM favorite transactions, Wells Fargo customers can set e-receipts as their preferred way to receive their ATM receipts.

"We encourage customers to make the switch to e-receipts," said Mary Wenzel, head of Environmental Affairs. "With each one of us taking this one simple action we collectively can make a positive impact for the environment. In fact, each day for a year, if just 20 people refused to print an ATM receipt at each of the ATMs nationwide, enough paper could be saved to circle the world at the equator nearly six times."