

THE OFFICIAL NEWSLETTER OF COMMUNITY BANKERS OF MICHIGAN • 2018 • ISSUE 1

# COMMUNITY spirit





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## president's corner

We have a lot of optimism heading into 2018. The tax relief is very welcome and makes our industry more competitive. We should see regulatory reform in 2018 but since this is a big election year – look for politicians to drag this out for a while before they “Throw the Dog the Bone.” They want to get the maximum benefit of our industry’s financial support before we get the relief we deserve. We do need to keep our voices heard in Washington D.C. and in Lansing because legislators will have a lot of items to deal with before the national and state elections in November. We will be headed to Washington D.C. in February and again in April for the ICBA Capitol Summit so we hope you will join us on one of the trips so your voice can be heard.

The passage of the tax bill helped to bridge the serious tax gap between Michigan community banks and credit unions. When I meet with legislators I try to explain to them in plain terms the decidedly lopsided competitive advantage credit unions enjoy over tax paying hard working community bankers. The simple example I use is this – if you have a bank and a credit union who are both \$100 million in assets and both make a 1% pre-tax return on assets or \$1 million in income, then using a 33% estimated federal tax rate the credit union will accumulate one full additional year’s worth of retained earnings every three years. This example does not account for Michigan income taxes, or dividends paid to shareholders by community banks – but it clearly makes the point. The credit union will have \$3 million in additional capital after three years while the community bank has \$2mm. Talk about a blatantly unfair competitive advantage!! The change in the tax law will now expand the time period for the credit unions to get the extra years’ worth of retained earnings to five years.

When industry earnings go up and down like they have in some economic periods the tax free advantage of the credit unions is not quite so pronounced. The CU’s tend to lose more money in the downturns and banks may get a tax loss to carry forward to smooth out future gains. The last seven years in the current economic cycle have been good and this long sustained positive economic growth has made a huge difference in the capital unfairly accumulated by the CU industry. Sorry about the rant - I am glad that the new tax rates will help our industry.

The CBM has a whole lot on tap for our member banks and associate members as we enter the new year. The Economic Forum meetings with David Littman took place in Grand Rapids and Troy on February 1<sup>st</sup> and 2<sup>nd</sup>. We will be headed to Washington D.C. on February 13<sup>th</sup>-15<sup>th</sup> on a joint trip with the MBA. We have our first Human Resources Forum on February 23<sup>rd</sup> which looks to be a blockbuster event with great attendance even though this is the first time this dynamic group of leaders is meeting. Our Community Bankers for Compliance Program kicks off on February 27<sup>th</sup> with nearly 40 banks participating. A number of new banks have signed

up for the CBC program this year – your bank should be part of this too. The ICBA Live Convention takes place in Las Vegas, March 13<sup>th</sup> – 17<sup>th</sup> and there is a large contingent of community bankers that are already signed up – we hope you can join us. The ICBA Capitol Summit in Washington D.C. follows closely after the ICBA convention from April 8<sup>th</sup> through the 11<sup>th</sup>. Please join the CBM and over 1000 community bankers from around the country to get our message through to the Michigan Congressional Delegation on the need for reasonable regulatory relief for community banks.



**Michael J. Tierney**  
CBM President & CEO

We are also launching a credit analyst training program for community banks. We have heard you loud and clear that this is a program you really want because it is hard to find and train credit analysts. This is an entry level program which is taught by experienced credit professionals. The credit analyst training program will be held March 7<sup>th</sup> and 8<sup>th</sup> in East Lansing. A second session for the participants in the first meeting will follow in Mt Pleasant at the end of April. Call us to get your personnel registered as we are filling up fast. We are going to limit the first class to 20 participants and we are more than half way there already.

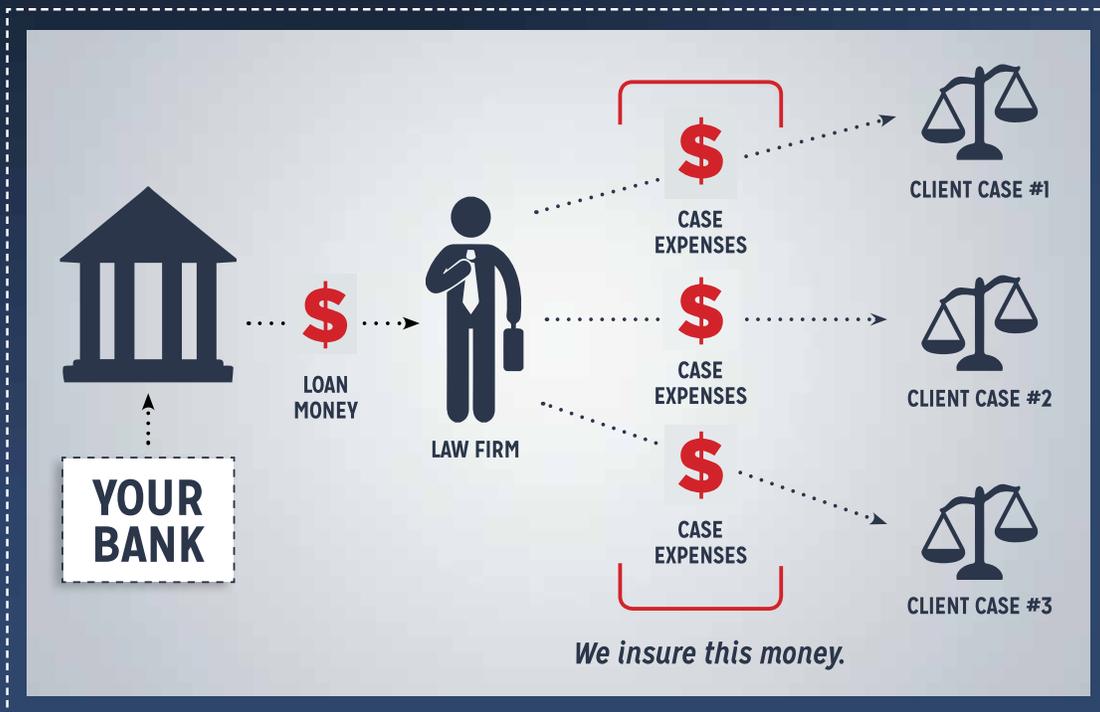
Mary Anne Czubko and Peg Denby retired at the end of the year. They are enjoying their free time and they were outstanding advocates for community banks in Michigan for over 20 years. We all thank them for their dedicated service. We continue to keep them connected to CBM and they are helping the new team members so there will be a smooth transition. Bryan Wallace and Maria Birkett joined us in December of 2017 and they both bring solid banking experience to the team. Kate, Sarah, and I are excited to be working with Bryan and Maria. We also welcome back Jennifer Strickland who will be working part time while she pursues her master’s degree. We are very glad they share our passion for doing all we can to help the community banks in Michigan be even more successful than you already are!!! Read more about the various ways we are working for you in this newsletter and let us know how we can work for your bank.

We hope your bank is off to a great start in the new year and we stand ready to help you with your mission in any way we can. One Mission: Community Banks!

A handwritten signature in black ink, appearing to read "M. Tierney", written in a cursive style.

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# fine points

## Into the Breach

By Camden R. Fine, President and CEO of ICBA

ICBA never flinches from its responsibility to stand up for the nation's community banks, so we didn't hesitate to file suit on behalf of the industry following the massive data breach at Equifax. Joined by Bank of Zachary in Zachary, La., and First State Bank in Barboursville, W.Va., the lawsuit is designed to address the long-term damage to community banks posed by the breach of 145.5 million consumer records and 209,000 payment cards.

The Equifax breach is deeply troubling not only because of its scale but also because of the failure of Equifax to take basic steps to protect itself and consumers from such a preventable catastrophe. The breach—in which hackers entered Equifax's system through a known vulnerability, gaining access to names, Social Security numbers, dates of birth and other information—was caused by Equifax's negligence. Quite simply, the credit rating agency failed to heed warnings from security experts to properly secure its US website. Further, Equifax waited nearly six weeks to report the breach to the public.

We do not yet know the full extent of the damage, but there is no doubt about the cost to community banks. ICBA's lawsuit asks the U.S. District Court for the Northern District of Georgia—Equifax is based in Atlanta—to require the credit bureau to compensate community banks for the costs they will incur in responding to the breach. That includes the costs of customer credit freezes, protective measures to deter fraud, and canceling and replacing payment cards.

For a longer-term solution, ICBA's suit also asks the court to require Equifax to improve its security infrastructure to prevent future data breaches, such as employing adequate security protocols consistent with industry standards to protect personally identifiable information and payment card data.

ICBA filed this case on behalf of community banks, because Equifax is responsible for an unprecedented breach of sensitive, personally identifiable information. Community banks rely on this information to authenticate customers when opening accounts and

conducting online, in-person and over-the-phone transactions. The effect of the breach on community banks, consumers, small businesses and the economy is sure to be substantial.



**Camden Fine**  
President and CEO  
of ICBA

ICBA has been at the forefront in responding to the Equifax breach since the news broke in September. We called on the credit bureau to immediately notify affected customers and card issuers and to provide us with ongoing briefings regarding the breach's extent. We followed that by releasing tips for community bankers on how to respond to the breach, as well as a customizable letter for community banks to inform their customers.

Now, we are taking our response to the next level by demanding remedial action. Equifax needs to be held accountable for this massive and preventable catastrophic event to ensure the long-term security of community banks and the friends, neighbors and customers we serve.

Follow Camden R. Fine on Twitter, [@Cam\\_Fine](https://twitter.com/Cam_Fine)



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# from the chairman

## For us, the season of giving never ends

By R. Scott Heitkamp, Chairman of ICBA

The season of giving may have just ended, but for community bankers, another year of charitable giving has dawned. Giving and doing right by our customers and communities is at the heart of what community banking is all about. No matter the season, we are there—making our communities a better place for our fellow residents and the businesses that call it home.

This issue's Indie Banker and Main Street Focus features are prime examples of community banks' impressive charitable and nonprofit efforts. And look no further than ICBA's annual National Community Bank Service Awards, announced in August and covered in the September issue of *Independent Banker*. From helping devastated communities recover from natural disasters to broadening access to mainstream financial services for underserved communities, this year's award winners exemplified what it means to be a community bank.

The theme of helping your neighbors after a crisis—whether natural or manmade—hit home this year for us at ValueBank Texas. We know if anyone is going to step up amid chaos and disaster, it's the community bank!

And while most of our bank's efforts this year have focused on Hurricane Harvey relief, we also support charities and local entities such as the Texas State Aquarium, Driscoll Children's Hospital and Wounded Warriors of Central and South Texas. I have been on the boards of these charities, and ValueBank Texas has contributed and sponsored golf tournaments, songwriter events and donor walls.

There is such a sense of pride that comes from seeing how your bank contributes to the greater good of your community. For example, we are incredibly proud of the role ValueBank Texas served in helping Driscoll Children's Hospital purchase new equipment for a NICU unit and in helping the Texas State Aquarium expand its space. We're also proud of the more individualized giving and receiving we do, like spending time with wounded warriors and hearing their stories.

These are the real stories. These are real relationships with people who mean something to our community and our country.

I can tell you that there is nothing like playing golf with a wounded warrior who lost a leg fighting for our freedom and experiencing his determination to live a normal life, or seeing the smiles on children's faces as they walk through our new Aquarium Caribbean wing at the Texas State Aquarium. These are the reasons I get involved. It's about the outcome: lives and situations changed because of our giving. But it doesn't have to be about donating a huge amount of money or time. These charities could also use our expertise with finances or our experience with advocating. As community bankers, we have the tools in our toolbox. Just pull them out and use them.

We have so much to give, and we must continue that spirit throughout 2018 and show the world what it means to be a community bank. We are difference makers every day for so many.

Thank you for all that you do. Best wishes for a bright and successful 2018.

R. Scott Heitkamp is president and CEO of ValueBank Texas in Corpus Christi. Follow him on Twitter, @sheitkamp



**R. Scott Heitkamp**  
Chairman



## Community Bankers of Michigan – We are Here for You!

Membership in the CBM is an indispensable resource for you. We have an expert team of dedicated, experienced people ready to work for you. With a wide range of knowledge and experience in their respective fields, this team of top notch personnel provides the resources bankers need to succeed at every level.

Education is essential in the ever-changing banking world. Our Director of Training and Events, Maria Birkett, is dedicated to sourcing and delivering the information bankers need today. Maria considers the bankers time and needs offering webinars, forums, symposiums and classroom training options.

“At the CBM we strive to provide up to the minute educational programs and skill building tools for community bankers to use to gain an edge in this rapidly changing marketplace,” said Birkett. “We leverage the deep bench of our associate members to assist our efforts and ensure practical guidance is given on compliance and regulatory topics, key industry information, and strategic initiatives. Continual focus is placed on professional development needs at every level in every Michigan community bank.”

One of the most critical and beneficial programs in the educational suite is the Community Bankers for Compliance (CBC) network. Not only does this program ensure bankers understand and comply with the requirements real time, but it also provides a network of compliance personnel across the state for continual training and outreach. Attendees of the CBC program shared they feel confident knowing they have all the information necessary to effectively navigate the regulatory updates.

Our Director of Products and Services, Kate Angles, offers programs through associate members that bankers can use to generate revenue, reduce expenses, and improve bank efficiency. “We continually seek out partners who can help banks move forward, in areas covering everything including technological advances, additional lending programs, security, insurance or infrastructure. With over 150 associate members dedicated to supporting Michigan bankers, our products and services are sure to help every bank in some way.”

In addition to offering excellent products and services throughout the state with our associate member partners, CBM also partners with the Community Bankers of Ohio to provide comprehensive multi-state benefits to our bank members through Community Banking Initiatives.

Angles also coordinates our *Community Spirit* newsletter and is continually seeking input from bankers to ensure it is a valuable, information rich publication. CBM is also active on social media and we provide information through various social media channels with the help of our Media Consultant, Bill Perry. You’ll see Bill often at events held throughout the year writing, taking pictures, or conducting interviews so our Facebook, LinkedIn, Twitter and YouTube pages are kept current.

Bryan Wallace, Director of Member Engagement, works to ensure all bankers throughout the state are aware of all educational programs and available products and services. “Every bank in Michigan will be visited at least once in 2018,” Bryan shared. “Often times it takes just one additional conversation to ensure the right individual in the bank is aware of a key product or training opportunity.”

Joining Bryan with his efforts is Jim Harvin, Financial Services Consultant. Jim works with numerous community banks throughout the state reviewing and assisting with all their insurance related needs. He will work with bankers in areas such as collateral risk management, evaluation of non-deposit programs and

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# features

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policies from a third-party vendor management perspective and assist with moving banks into the financial services product development area.

Legal and Regulatory issues are another critical aspect of our association. Mike Kus is CBM's General Counsel. Kus is a managing principal of Kus Ryan and Associates, a private practice focusing on financial institutions since 1988. Kus can be relied on to provide expert feedback and advice in consumer credit law, financial institutions law and regulations, real property, secured transactions, commercial loan documentation and corporate law.

Don Mann is our Regulatory Liaison and Consultant. A career bank regulator who served the Financial Institutions Bureau for 32 years, Don provides a wealth of knowledge and experience to our bank members. He has maintained his own bank consulting practice for the past ten years. Don helped develop CBM's very successful Directors College with Mike Kus, and continues to facilitate CBM CEO forums. Don is also available to work with new bank directors to help them become more effective in their role and to navigate their regulatory responsibilities

As community bank professionals, we all agree there is a need for bank regulatory reform. Advocacy plays the leading role in making sure we all have a voice locally and in Washington. Mike Tierney, President and CEO of CBM, works with bank executives throughout Michigan addressing the key issues in their bank and fighting for community banks in both Lansing and Washington D.C. From working with regulators trying to lower the burden on our banks, to protecting consumers and business owners who bank with us, Mike is a resounding voice for community banks. Mike works closely with Marcia Hune and Bill Zaagman, from Governmental Consultant Services, Inc. ensuring community banking's concerns are heard in Lansing. GCSI works tirelessly on our behalf to ensure our mission in support of community banks is always heard. The ICBA works to ensure that voice is heard on the national level representing the interests of community bankers across the nation.

The glue holding all of us together is Sarah Cook, Office Manager and Executive Assistant. Sarah is focused each day not only keeping the CBM offices running smoothly, but she ensures every meeting, event, call and conference comes off without a hitch. From paying our bills, to keeping deadlines met, Sarah is truly the key ingredient to a successful, efficient office.

Through providing education, programs and services, consulting services, legal and regulatory services, advocacy and communication resources, the Community Bankers of Michigan is here for you. We welcome your input at any time. We are both honored and humbled to work with you, for you, and for your interests.

## The Value of Mediation in Community Banking

By David Gruber, Executive Director of Dispute Education Resolution Resources

Loans sometimes cause trouble for lenders. Typically, a borrower will fall behind on payments. The lender and the borrower may talk about remedies without reaching agreement. The lender may consider, and the borrower may expect foreclosure as a result. But they are both overlooking something. Their discussion of remedies is not over until they mediate.

Why mediation? Disagreements over money can be complex. They can involve misunderstandings, miscommunication or mistrust. Mediation enables the lender and borrower to understand each other's perspective and consider remedies that satisfy each of their interests. It enables them to build trust by "reality testing" their agreement to ensure that it can be carried out.

For example, a lender and borrower might explore adjustments to the payment schedule going forward, the time allowed to make up overdue payments, the interest rate, reimbursement for expenses and other factors. If they agree on terms, the lender will continue to receive payments and a return on its investment. The borrower will keep the farm, the car, the remodeling project or whatever the loan supports.

As a side benefit, the lender will keep the customer and the borrower will keep a financial partner, perhaps to do business together again in the future.

The mediator contributes to the solution by aiding communication between the two parties. That includes making sure each party has the opportunity to tell its side of the story and generate options for resolving the issues. The goal is finding common ground. The mediator has no authority to decide the issues for them.

The average foreclosure cost to lenders is approximately \$50,000, according to a 2008 Mortgage News Daily article citing congressional and Standard & Poor's figures. That includes legal fees and property management costs. This cost is most likely higher today.

Mediation involves preparation for the mediation session, the cost of the mediator and often only one session, which usually can be scheduled well within grace periods and typical cure date deadlines. Its purpose is to minimize legal fees and avoid property management costs, and it can do so with regularity.

Michigan has an extensive mediation community. It consists of private mediators and the nonprofit Community Dispute Resolution Program (CDRP), which is a network of 18 centers across the state. Together they handle cases large and small, simple and complex.

The CDRP has a 75 percent agreement rate. The Michigan Agricultural Mediation Program, which mediates financial transactions and regulatory issues, achieved agreement rates from 83 percent to 100 percent in recent years.

This means that mediation services can be tailored to the needs of community bankers and their customers. They might feature a single point of contact, a sliding fee schedule, skilled, neutral mediators highly knowledgeable about community bank transactions, and mediation sessions scheduled in a timely fashion to the convenience of the parties.

Mediation can also help community bankers manage workplace disputes and relationships with customers and vendors.

We invite your feedback and thoughts on mediation. Please contact Community Bankers of Michigan at 517-336-4430 and let them know how mediation may be able to help you.



# features

## Join the Conversation...

Did you know social media - including pages like Facebook, Twitter, LinkedIn and YouTube play an important role in the Community Bankers of Michigan overall communications efforts with our bank and associate members?



CBM is not on social media just to be there. Through our efforts using social media, we have been able to establish a deeper relationship with our members through social networking. Using social media has been an opportunity to tell the Michigan community banker story. We post our stories and moments that show the heart of our bankers, associate members and our organization and therefore help CBM reach an audience that will invest in our future goals.

We engage with lawmakers in Lansing and Washington and can quickly tell our members about those meetings on social media: Facebook, LinkedIn, Twitter and YouTube. From pictures and graphics to short videos and text, CBM shares a variety of posts across its social media networks on issues of immediate and direct importance to community bankers.

We consistently post information about what our audience cares about, about upcoming seminars and meetings, and breaking news that has impact for your community bank and the community you serve.

One of the many benefits of social media that we have realized at CBM is its low cost. There is no need for large amounts of funding to maintain our social media pages. The result is that CBM can connect with our community bank members and associate members in an efficient and cost-effective manner.

CBM consistently posts content relevant to our mission. From providing original content on CBM to sharing page content from our member banks, we attempt to post at least once a day to keep up engagement with our followers. We welcome and encourage involvement from our bank and associate members!

If you haven't joined the conversation yet, please do so. Go to our website at [www.cbofm.org](http://www.cbofm.org) Click on one of the social media icons at the top of the webpage: Facebook, LinkedIn, or Twitter, and connect now.

The advertisement for McQueen Financial Advisors features a collage of three images at the top: a person working on a laptop, a person in a suit, and hands pointing at a document. The central text reads 'McQueen Financial Advisors' in a white serif font on a dark grey background. Below this, a dark green banner contains the text 'THE FINANCIAL INSTITUTION EXPERTS' in white. The main body of the ad is dark green with white text. It asks 'Does your budget project higher investment yields for the new year?' followed by 'It should.' in a large font. Below that, it says 'Call us to learn about our proven Portfolio Management - It is time to make the change.' At the bottom, contact information is provided: '248.548.8400' and 'www.m-f-a.com' on the left, and a list of services: 'Investment Portfolio Management · Asset Liability Management · Merger Valuations · Mortgage Servicing Rights Valuation · Strategic Consulting' on the right.

## CBM Community Spirit Newsletter Survey We asked... you shared...

CBM sent an anonymous survey out to all readers in early January to inquire about our newsletter, the content, and most importantly, if it was read and found to be beneficial. We made many changes throughout 2017 and were anxious for the feedback. Here are the results:

- 92% shared they found the most recent newsletter was either somewhat or very satisfactory
- In 2017 the most frequently read sections of the CBM *Community Spirit* newsletter are our **Industry Trends and Information** and **Feature** articles.
- All survey respondents would be interested in CBM launching a shortened electronic version of the newsletter in the non-print months.
- We received some great additional features the staff at CBM will continue to focus on in the upcoming year:
  - Keep articles meaningful
  - Be concise with relevant industry information
  - Identify and raise awareness on new technology being used

We thank all those who took the time to complete the survey and share your thoughts on the changes we have made and recommendations for additional improvements. We welcome your continued feedback at any time!



## THE NATION'S — FIRST — BANKERS' BANK

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United Bankers' Bank is proud to be the nation's first and the upper Midwest's largest bankers' bank, covering 14 states and serving over 1,000 community banks from the Pacific Northwest to the Great Lakes. We can't wait to share our passion for community banking with you!

For more information, contact your Michigan Calling Team:

<p><b>Pat Burnette</b> VP, Investments 248.880.0521 pat.burnette@ubb.com</p>	<p><b>Bob McGovern</b> VP, Correspondent Banking Officer 614.962.6505 bob.mcgovern@ubb.com</p>
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# michigan legislative spotlight

CBM introduces Representative Curt VanderWall, our February Legislative Spotlight feature.

Rep. VanderWall was first elected to the Michigan House of Representatives in November 2016. He represents the 101st District, which includes Leelanau, Benzie, Manistee and Mason counties.

Rep. VanderWall is the current owner of Turf Care Mole Man of Ludington. Before that, he worked with Eberhard foods and Prevo's Family Market for much of his adult life. He also served on the board of Old Kent Bank, as well as the Mason County Growth Alliance Board, Northern Michigan Counties Association, and the Mason County Housing Board.



## **PUBLIC OFFICE AND AFFILIATIONS**

Before being elected to the Michigan House, Rep. VanderWall served as commissioner and chairman for the Mason County Board of Commissioners. He also served on the Western Michigan Fair Association for six years, was District Chair for MSU Extension and served on boards for the United Way of Mason County. Curt is currently chair of the Women's Jericho House Board.

## **PERSONAL**

Curt and his wife Diane have been married for 32 years and have three children. They are involved with Covenant Christian School in Ludington and attend Mason County Reformed Church, where Curt served as a deacon.

### **Q: What first prompted you to get into politics and become a lawmaker?**

**A:** My desire to give back to the community. I saw the potential locally and on a state level, and wanted to serve where I could. As a small business owner myself, I also wanted to keep the state of Michigan a pro-business climate.

### **Q: What is the most difficult aspect of political life?**

**A:** For me, it is time management. It has been a process of learning how to balance my role as a representative, as well as my roles in my family and business.

### **Q: How do you feel community banks and financial institutions impact our local communities and impact Michigan's economy?**

**A:** I feel that they are able to impact their communities, and the economy, because they understand their local business environment and know the trends. They are also very generous and invest in their local communities.

### **Q: How can our community bankers directly help with legislative initiatives?**

**A:** I think they can help with initiatives by being active with their local legislators and expressing their areas of concern.

### **Q: Personally, what are your top legislative priorities?**

**A:** My top priorities are to push Michigan to a strong business climate, to take care of our natural resources, to provide small communities with the tools for infrastructure, and to continue to get skilled trades implemented in schools.

### **Q: Do you have a favorite personal banking story or first bank experience?**

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# michigan legislative spotlight

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**A:** One of my favorite bank experiences was when I was able to serve on the board of Old Kent Bank. I was able to really understand how the bank assisted local businesses and families, and how much they gave back to the community.

**Q: What are your hobbies and outside interests?**

**A:** Outside of working as a legislator, I am an avid outdoorsman. Some of my hobbies include snowmobiling, hunting, and riding my motorcycle. This summer I was able to take a motorcycle trip with my wife to the Dragon's Tail, one of America's most exciting stretches of road, and we rode through eight states in five days. It was so fun.

**Q: Who is/was the most influential non-family member in your life so far?**

**A:** One of the most influential people in my life has been Milan "Buddy" Reed II. He is the owner of Ludington Beverage, and has really showed how giving back is not just about finances, but also your time. He has been an amazing example and taught me how to work with all people and to never expect anything in return.



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# industry trends & information

## Settlement Agreement Reached With Access Now Releasing ICBA Members and Community Banks From ADA Liability

The Independent Community Bankers of America (ICBA) and Access Now, Inc. have reached a mutually-agreeable settlement where ICBA is adopting and distributing to its current members a Restatement of Voluntary Access. Access Now has released ICBA's members and banks eligible for membership with assets of \$50 billion or less from all claims related to the provision of Electronic Banking Services such as any electronic information technology, including website, mobile apps, accessibility, online banking, mobile banking, ATM services, and telephone banking.

Access Now and its members had sent letters to banks that are members of ICBA offering to settle purported claims against such banks for alleged violations of the Americans with Disabilities Act (ADA).

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**TPG**

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The advertisement features a large collage of interior design photographs on the right side, showcasing various modern office and commercial spaces with contemporary furniture, lighting, and architectural details. The text is presented in a clean, professional font on a light green background.

## SETTLEMENT AGREEMENT REACHED WITH ACCESS NOW RELEASING ICBA MEMBERS AND COMMUNITY BANKS FROM ADA LIABILITY

The Independent Community Bankers of America (ICBA) and Access Now, Inc. (“Access Now”) have reached a mutually-agreeable settlement whereby: a) as a reaffirmation of its ongoing commitment to encouraging accessibility for visually-impaired persons, ICBA is adopting and distributing to its current members a Restatement of Voluntary Access Principles referenced below that are acceptable to Access Now; and b) Access Now, on behalf of itself and its members, released ICBA’s members and banks eligible for membership with assets of \$50 billion or less from all claims related to the provision of Electronic Banking Services such as any electronic information technology, including website, mobile apps, accessibility, online banking, mobile banking, ATM services, and telephone banking.

Access Now and its members, through its counsel Carlson Lynch Sweet Kilpela and KamberLaw LLC, had sent letters to banks that are members of ICBA offering to settle purported claims against such banks for alleged violations of the Americans with Disabilities Act (ADA).

### ICBA STATEMENT OF VOLUNTARY ACCESS PRINCIPLES

As a reaffirmation of its existing commitment to access, ICBA adopts this Statement of Voluntary Access Principles:

- 1) ICBA encourages its members to make commercially reasonable efforts to convey public web commerce transaction functionality in a manner that is accessible to their visually impaired and low vision customers, potential customers and companions to such customers or potential customers. While the United States Department of Justice has not adopted a website accessibility standard, one acceptable set of voluntary principles for accessibility is the World Wide Web Consortium’s Version 2.0 of the Web Content Accessibility Guidelines (“WCAG 2.0”). Nothing herein is intended to suggest that members should adopt an accessibility standard greater than that which may ultimately be adopted by the United States Department of Justice, or that equal access may not lawfully be provided in an alternative fashion.
- 2) Training. ICBA encourages its members to conduct periodic training for their employees responsible for electronic banking service accessibility to promote progress toward accomplishing the goal described in Paragraph 1.
- 3) Electronic Banking Service Accessibility Guidelines. ICBA encourages its members to develop Electronic Banking Service accessibility guidelines designed to promote increased independent use of the member’s Electronic Banking Services by their customers and potential customers with disabilities, as well as their companions. The details of the accessibility policies adopted, if any, will be in the sole discretion of each individual member.
- 4) Target Implementation Date. In the event formal guidelines are not issued by the Department of Justice in 2018, ICBA encourages its members to implement these Principles on or before December 31, 2020.
- 5) Website Access Information Incorporated into Existing Customer Service. ICBA encourages its members to post notification and contact information in connection with their provision of Electronic Banking Services for their customers and potential customers who claim to encounter access barriers. Members are encouraged to provide a reasonably prompt response to customer/potential customer inquiries or complaints related to any alleged access barriers.
- 6) Third Party Vendors. ICBA encourages its members to utilize their existing vendor management due diligence process and communicate the goal that customer and potential customer facing digital content provided by that vendor conform to these Principles.

# industry trends & information

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## Bank of America Merrill Lynch has banned clients from investing in Bitcoin investment – Reported January 2018 by Reuters

Early in December 2017 the Wall Street brokerage stopped approving new orders for the Bitcoin Investment Trust due to worries about the “suitability and eligibility standards for this product”. This was attributed to a memo sent to 17,000 brokers at Merrill Lynch and Merrill Edge, the subsidiaries for clients who manage their trades.

Bitcoin Investment Trust, managed by Grayscale Investments, which is led Barry Silbert, a former Wall Street investment banker and noted supporter of cryptocurrencies. “We look forward to speaking with Merrill Lynch and addressing any questions or concerns they have about the Bitcoin Investment Trust,” Silbert said to Reuters. “We are unaware of any similar policies at other brokerage firms.”

In December Chicago-based derivatives exchanges Cboe Global Markets, and CME Group launched bitcoin futures. However, many banks and brokerages are unenthusiastic about selling them. The value of shares in Bitcoin Investment Trust leapt over 1,550% percent last year. This was even more than the 1,300% hike recorded by bitcoin. Before the ban, clients of Merrill Lynch’s brokerage and Merrill Edge were able to buy stakes in Bitcoin Investment Trust, which trade at a fraction of a bitcoin. The digital currency is currently valued at around \$15,000.

According to an email sent to all brokers, Merrill Lynch clients with historic positions in the Bitcoin Investment Trust fund can maintain them, but clients with fee-based advisory accounts must sell their holdings.

## Crestmark Bancorp Inc. (Private; Troy, MI) has agreed to merge with Meta Financial Group, Inc. (Nasdaq: CASH; Sioux Falls, SD)

### Deal Value: Approximately \$320.6 Million

Sandler O’Neill acted as financial advisor to Crestmark Bancorp in this transaction.

- Crestmark Bancorp is one of the 8 most profitable depositories in the US with a LTM ROAA and ROAE of 2.13% and 22.9%, respectively<sup>1</sup>

This transaction represents Sandler O’Neill’s 152nd bank or thrift transaction since January 1, 2015 representing \$47.3 billion in aggregate transaction value, more transactions and transaction value than any other investment bank during that time period.<sup>2</sup>

Sioux Falls, S.D., Jan. 9, 2018 - Meta Financial Group, Inc. (Nasdaq: CASH) (“Meta”), the holding company for the federally chartered savings bank MetaBank, today announced it has reached an agreement to acquire Crestmark Bancorp, Inc. (“Crestmark”), the holding company for the Michigan state-chartered bank, Crestmark Bank, in an all-stock transaction.

Meta operates in several segments within the banking and payments industries. Crestmark is a commercial lender specializing in providing diverse financial solutions to businesses. This acquisition provides Meta with a national commercial and industrial lending platform, and is intended to add an immediate pipeline of insurance premium financing business and provide opportunities for innovation and synergistic cross-selling among business lines. It is expected to be immediately accretive to 2018 earnings per share, excluding merger costs, approximately 10% earnings per share accretive for fiscal year 2019 and to have a tangible book value earn back period of approximately 2.2 years. Upon the closing of the transaction, Crestmark will operate as a division of MetaBank.

Financial Highlights (\$ millions) <sup>3</sup>		
	CASH	Crestmark
Total Assets	\$5,228	\$1,115
Net Loans	\$1,318	\$850
Deposits	\$3,223	\$939
Equity	\$434	\$99
LTM ROAA	1.13%	2.13%
LTM ROAE	11.2%	22.9%

1: Includes all regulated depositories assets \$500mm to \$20Bn and excludes ILCs and companies with a captive bank.

2: Excludes terminated transactions and self-advisory roles.

3: Data as of September 30, 2017.

“With this acquisition, we continue to deliver on our goal of growth and innovation through diversification,” said J. Tyler Haahr, Chairman and CEO of Meta. “This transformational transaction will allow us to significantly add on-balance sheet loans at attractive yields with the addition of Crestmark’s national lending platform. It also creates complementary cross-sell opportunities for our insurance premium finance business.”

Crestmark, through Crestmark Bank, is a commercial lender offering asset-based loans, equipment finance leases and government guaranteed loans to small and mid-sized businesses across the US. Crestmark focuses on working with a broad range of industries, including manufacturing, transportation and health care.

# industry trends & information

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“The merger of Meta and Crestmark results in the complementary combination of a leading player in the payments industry and low-cost deposit generator with a premier, high-margin asset generator,” said W. David Tull, Chairman and CEO of Crestmark. “The synergies will enable the combined entity to grow and prosper. Additionally, Crestmark will be able to leverage the power of Meta’s low-cost deposit franchise and larger balance sheet to capitalize on even more growth opportunities.”

## **First Federal of Northern Michigan Bancorp, Inc. to merge with Mackinac Financial Corporation**

- The merger will include 7 full service banking locations of First Federal of Northern Michigan (following the previously announced sale of the Oscoda location to a third party), approximately \$320 million in assets and \$283 million in deposits, primarily all core deposits. Combined offices will equate to 30 banking centers.
- The transaction is expected to close in the 2nd Quarter of 2018.
- Anticipated results include earnings per share accretion of 8.0% in 2018 (exclusive of deal costs) and an expected tangible book value earn back period of 3 years or less.
- The transaction is the 4th strategic expansion by Mackinac since late 2014.

The Directors of Mackinac Financial Corporation [Nasdaq: MFNC] (Mackinac), the holding company for mBank, and the Directors of First Federal of Northern Michigan Bancorp, Inc. [OTC: FFNM] (FFNM), the holding company for First Federal of Northern Michigan today announced the execution of a definitive agreement for Mackinac to acquire FFNM through an all-stock merger of FFNM with and into a subsidiary of Mackinac. FFNM shareholders will receive .576 shares of Mackinac common stock for each share of FFNM common stock. The aggregate value of the stock consideration, based on an assumed price of Mackinac shares of \$15.75, is \$33.8 million. MFNC expects to issue approximately 2.15 million shares to FFNM shareholders in connection with the transaction. Under the terms of the agreement, shareholders of FFNM will also receive a special cash dividend immediately prior to close of \$8.0 million subject to maintenance of a minimum equity requirement. Total consideration to FFNM shareholders in connection with the transaction would equate to \$41.8 million, or \$11.22 per share, based upon the assumed value of Mackinac common shares.

The transaction will increase mBank’s market position as the largest bank headquartered in the Upper Peninsula of Michigan with post-transaction assets estimated at approximately \$1.3 billion and gross balance sheet loans of approximately \$1 billion. Combined deposits are expected to total approximately \$1.1 billion. It is also anticipated that mBank will rank as the 10th largest bank headquartered in Michigan, out of 97 (ranked by total assets of such institutions as of September 30, 2017, after giving effect to the acquisition.) Upon the closing of the transaction, Michael W. Mahler, First Federal of Northern Michigan CEO, will remain with mBank (at its Alpena, MI location) as EVP of Community Banking and Administration. In this position Mr. Mahler will oversee company-wide retail lending and branch banking platforms, as well as human resources, professional development, and marketing. In addition, one mutually agreeable director from FFNM will join the Mackinac and mBank boards.

“We are extremely pleased and excited to be able to partner with another long-standing community-focused institution in First Federal and have Mike join our Executive Leadership Team as Alpena becomes another key commerce and operational hub of the organization.” said Kelly W. George, mBank President and CEO. “mBank remains a safe and sound community bank, and we believe the customer-centric cultures and community bank oriented traditions of our two organizations are very complementary and were the driving impetus for the combination of the two banks. The combined organization will have a strong capital position and well-structured balance sheet to further actively compete and grow within our expanding geographic footprint along with providing accretive financial returns to our shareholders. From the entire mBank staff, management, and Board of Directors, we all look forward to working with First Federal. We want to assure the FFNM customers, shareholders and employees that as we move through to the closing of the transaction, we will work transparently in making the transaction as smooth as possible. More details of the transaction will be forthcoming in the next several weeks and then ongoing.”

FFNM CEO, Michael W. Mahler commented on the transaction, “We believe this merger is an excellent opportunity to create long term value for FFNM shareholders and continue a strong community focused banking presence in Alpena and the other communities we serve. Further, the scale and lending limits of the commercial banking platform that Mackinac brings will combine with our robust mortgage platform to offer our valued clients an even more complete banking experience. More importantly, we have spent significant time with mBank’s leadership to ensure their culture, customer service approach, commitment to their employees and community focus is consistent with First Federal’s. We have determined that our business approaches are very similar. In my new role based in Alpena, I am excited to remain heavily involved in the bank, our

# industry trends & information

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Mackinac anticipates the transaction to be accretive to earnings per share, exclusive of transaction related costs, for 2018 of 8.0% with increasing accretion estimated of 16.0% for 2019 and 18.0% for 2020. Operating economies of scale and other combined efficiencies are initially projected to be approximately 35% and are targeted to be fully phased in by the end of 2018. The Tangible Book Value earn back for Mackinac is currently expected to be approximately 3 years or less.

“Strategically, this transaction makes sense for us on all fronts” commented Paul D. Tobias, Chairman of Mackinac and mBank. “Our strategy has been to deliver loan centric banking services to communities that have both commercial and consumer opportunities and low-cost core deposits. We build our annual plan on organic growth but have been and will continue to seek out acquisitions that create scale and support our strategy. FFNM in Alpena and surrounding markets adds low cost deposits and a very strong mortgage business. More importantly we are adding quality team members to help us execute our strategy. We look forward to working with FFNM Board members and employees to continue FFNM’s traditional support of the community.”

In closing, FFNM Board Chairman Martin Thomson commented, “Given mBank’s presence and commitment to many Northern Michigan communities, businesses and residents, they are an excellent fit for our organization and customer base. We believe our similar business philosophies will result in the preeminent bank in Northern Michigan. The FFNM Board and Management team also believe the partnership with mBank will deliver significant value for current FFNM shareholders and give them the opportunity to realize additional value in the future as shareholders of Mackinac Financial Corporation.”

The transaction remains subject to approval by FFNM and MFNC shareholders and approval by federal and state regulatory authorities as well as the satisfaction of other customary closing conditions provided in the merger agreement. The merger agreement also provides that First Federal of Northern Michigan will be consolidated into mBank. Mackinac was advised by Piper Jaffray & Co. and the law firm of Honigman Miller Schwartz and Cohn LLP. FFNM was advised by ProBank Austin and the law firm of Shumaker, Loop & Kendrick, LLP.

## **FDIC Focuses on Credit Management Information Systems – Reported by FDIC January 10**

In the winter 2017 issue of Supervisory Insights, the FDIC included articles on credit Management Information Systems (MIS) and recent results from the FDIC’s Credit and Consumer Products/Services Survey.

“A key component of a bank’s risk management program is a strong credit MIS, which uses loan data to develop timely and meaningful reporting for a bank’s board and senior management,” said Doreen R. Erberly, director of the FDIC’s Division of Risk Management Supervision. “This article illustrates how banks can strengthen credit MIS by incorporating forward-looking risk indicators and establishing a sound governance framework.”

Supervisory Highlights provides a forum for discussing how bank regulation and policy are put into practice in the field, promoting sound principles and practices for bank supervision, and communicating about the emerging issues that bank supervisors face. The journal is available on the FDIC website.

## **Social Media Risks for Banks – Reported in PCBB Newsletter January 18, 2018**

Pew Research finds that one year ago 69% of Americans said they were using at least one social media site. This number is most likely larger today. Most people cannot imagine getting through a day without taking time to read posts, blogs, tweet or news event. Bank employees use as well as it does have risks.

Cyber-criminals have become increasingly savvy and target people and businesses using social media presence. Attacks can take several forms. These include sending malware through a social site messaging application, to generally overloading a bank’s own social media page. Bad actors offer broad services or use botnets to collect personal details on a broad scale to either sell the information directly, or use to break into data stores, payment systems or more lucrative targets.

Remember in 2015 the Pony botnet stole more than 2mm passwords from Facebook users and other social media sites. In 2016, the cost of social media scams reached \$420mm for the top 25 US banks alone, according to cybersecurity firm ZeroFox.

While preventing employees and customers from visiting social media sites may be impractical, there are tactics to manage social media risk. Start by making everyone aware of potential compliance concerns. Next, ensure your compliance and human resources departments are up to date on what is and isn’t permitted for employees to share about the bank, customers, or even the employee. Address when and where social media access is permitted as part of policy. Third, monitor your bank’s social media reputation. Someone is talking about your bank and while it isn’t important to track everyone down, someone at the

# industry trends & information

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Perhaps most importantly, educate employees about the risks. Ensure everyone, including executives, board members and directors, are aware even a casual reference to a vacation or naming their childhood pet could open the door for hackers looking for personal information. Reinforce to all malware can come through these channels as easily as through email.

## **Interagency Statement on the Accounting and Reporting Implications of the New Tax Law – Reported by OCC January 18**

The OCC, Board of Governors of the Federal Reserve System, and the FDIC issued an interagency statement for supervised financial institutions on accounting and reporting implications of the new tax law and certain related matters. Changes required as a result of the new law, which was enacted on December 22, 2017, are relevant to December 31, 2017 financial statements and regulatory reports.

### **Note for Community Banks**

This guidance applies to all OCC-supervised institutions.

The Financial Accounting Standards Board Accounting Standards Codification Topic 740, “Income Taxes,” requires that the effect of changes in the tax laws or rates be recognized in the period in which the legislation is enacted. As the new tax law was enacted before December 31, 2017, institutions must record the effects of the new tax law in their December 31, 2017, regulatory reports. This guidance does not represent new rules or regulations, but instead clarifies the impact of the new tax law on regulatory capital.

- Changes in deferred tax assets and deferred tax liabilities resulting from lower corporate income tax rate, and other applicable provisions of the new tax law, should be reflected in an institution’s income tax expense in the period of enactment.
- How to resolve the disproportionate tax effects in accumulated other comprehensive income as a result of the remeasurement of deferred tax assets and liabilities.

## **ICBA Releases Core Processor Resource Guide**

The Independent Community Bankers of America® (ICBA) released its Core Processor Resource Guide and related best practices for community banks and their core processors. The resources are aimed at helping community banks understand important aspects of managing the core processor relationship to maximize the return on their technology investments. The best practices, combined with the core processor best practices, are designed to create a successful strategic relationship for community banks and their core processors.

“A community bank’s core processor should be a strategic partner that supports the bank’s long-term business objectives,” ICBA President and CEO Camden R. Fine said. “As ICBA fulfills its mission to create and promote an environment where community banks flourish, we realize that the community bank-core processor relationship is critical for community banks’ success. That’s why ICBA is expanding its offerings and outreach to include this relationship. We will continue the ongoing engagement and dialogue with community bankers and core processors to ensure community banks’ unique business needs are being addressed.”

Included in the ICBA Core Processor Resource Guide are recommended steps that community banks should take to manage their core processor, including:

- assessing their business needs and utilization of current systems,
- gauging satisfaction with the current core processor relationship,
- determining whether to change core processors or stay with the current processor,
- conducting due diligence, and
- evaluating core processor alternatives (including innovation, compliance, and legacy vs. next-generation providers).

The guide also offers community bankers insights into negotiating contracts as well as information about core conversion project management for those that decide to switch systems.

“I’ve had many opportunities over the course of my career to evaluate core processors and their systems—the challenge is real,” said Scott Heitkamp, ICBA chairman and president and CEO of ValueBank Texas in Corpus Christi. “Given the complexities involved with such costly and business-critical choices, I’m pleased that ICBA is giving community bankers a roadmap for making the most of their core processor relationship and going beyond the status quo to fully explore all the options available to them.”

ICBA encourages all community bank members to download free copies of the ICBA Core Processor Resource Guide and

## products + services

Welcome New Associate Members to the Community Bankers of Michigan.

Thank you to the following new members for supporting the association and community banks with innovative products and services.

### **Insight HRM**

104 E. Maumee Street  
Adrian, MI 49221  
Amy Bergman  
1.517.759.4026 Ext. 108

### **Guardian Alarm**

20800 Southfield Road  
Southfield, MI 48075  
Jason Tague  
1.248.933.9372

### **Brink's**

555 Dividend Drive  
Coppell, TX 75019  
Jacquie Perno  
1.773.849.1110

### **Expense Protector**

400 Poydras Street  
Suite 2090  
New Orleans, LA 70130  
Timothy Young  
1.504.656.9075

## New CBM Associate Members:

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**Insight HRM** partners with businesses of all sizes to help them plan strategically, bridge the gaps between their current situation and future growth and provide invaluable guidance to meet the challenges of today's dynamic HR environment.

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### **Brink's**

**Brink's** is the world's largest cash management company. Our culture of continuous improvement is supported by operations teams throughout Michigan dedicated to providing exceptional support to our valued customers. Brink's customers include financial institutions, retailers, and government agencies including central banks and mints. Our services include armored transportation, ATM services, cash, coin and check processing, cost optimization and treasury solutions.

### **Guardian Alarm**

**Guardian Alarm** was established in 1930 and is a Michigan based security company that has earned its place as the #1 security provider of residential and business security in the state. We have built long lasting relationships based on our high level of customer care with our delivery of cutting edge security solutions. Our footprint is far reaching with over 150,000 customers to date with a monitoring center operating 24/7/365. Guardian Alarm's suite of Total Business Security Solutions coupled with our VIP Concierge Customer Care Team is unparalleled in the industry. We pride ourselves on listening to our clients and truly understanding their needs and developing the appropriate security systems, strategies, and industry best practices to help them better protect their people, property and assets.

### **Expense Protector**

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### **Main Street Appeal May Not be Enough to Retain Clients in the Future**

By Jay Lavender, Senior Business Development Officer, IPI

Historically, the founding pillars of the successful community bank model were to provide great service while reinvesting into the local community, one loan and one customer at a time. This model continues to serve an important role in communities across the country. However, banking as a whole is facing a number pressures that are already reshaping the industry – and by all indications, the rate of change is accelerating.

The disruptive effect of technology, regulation and consolidation is enough to make any banker's head spin, but can be particularly perplexing to smaller institutions. Add to it the fickle tastes of consumers who are enticed by convenience and “the next new thing” and it's easy to see how community banks will need to work harder and smarter than ever to retain their customers' loyalty in the future.

The positive news is, community institutions, due to their agile nature, are in a good position to adapt to this new landscape by embracing a new vision of financial services.

For many institutions, this vision comes to life by affiliating with a respected broker dealer specializing in investment services in the community banking space. A seamless alliance between two strong organizations can deliver value that's greater than the sum of its parts. Paired with the right broker-dealer, community banks can boost their non-deposit income earnings, create a new revenue stream, and most importantly, strengthen the loyalty of customers by providing a compelling and convenient way to meet the full range of their investment needs.

If you're a community bank looking to grow and thrive into the future, you may want to consider how this model could work for your organization – whether it means adding an investment program, or re-evaluating an underperforming one.

When searching for a broker-dealer to partner with, look for one with an investment program that can be custom-tailored to your unique institution's needs. It should offer a complete depth of resources and have access to advanced product, research and technology platforms and include unparalleled marketing, operational and recruiting support.

A customizable program designed to give your institution a competitive edge includes:

- Industry-leading technology, compliance and regulatory support
- Comprehensive marketing strategies that provide key tools to retain current customers and attract new ones
- A seamless recruitment process to identify and attract experienced, high performing brokers
- Training programs from on-site visits to virtual training and regular continuing education opportunities for advisors, assistants, and bank partner personnel
- Independent research that is unmatched in the industry
- Product offerings that offer a broad range of solutions to meet your customers' needs
- A responsive and knowledgeable team to address any operational requests and maximize business productivity

The banking industry is rapidly evolving to keep pace with customers' changing needs and tastes. While the rate of change can feel intimidating for community institutions, the future is bright for those that manage to adapt effectively while retaining their Main Street appeal. If your organization is looking to blend the best of both worlds, now may be the time to explore the capabilities offered by a respected broker dealer.

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**The Transformed Arena  
2018 Healthcare Game Changers**

By Laura Van Houette, Designer of opportunities, Michigan Planners

At no surprise to financial stakeholders, the banking industry will continue to experience disruption, as the result of technological progressions. The traditional transactions through human tellers and solid handshakes have been challenged - and innovated - by voice capabilities and online experiences.

The world of healthcare has been shaken just as equally, and the below three game changers will continue to advance the way in which banks cultivate and influence their human capital, in order to keep up with the healthcare arena.

**Employee Engagement:** As we saw in the not too distant past, mobile banking became a household practice, replacing the need to leave home for cash checking and balance verification. The same holds true for physician services. We anticipate the use of teledoc visits to increase, as the sophistication and expansion of services, including mental health, improves. Mobile transactions will become a norm, allowing for provider price comparisons, claim statuses, deductible accumulations, and provider directories, and premium payments.

**Strategic Planning:** Your board will show its nod of approval knowing that greater predictability of bottom line changes and rate influencers is available. Claims reporting will meet the needs of your most sophisticated analyst, while also drilling down well enough to develop 3-5 year action plans that are aimed at controlling spend and better defining a predictable healthcare budget. These capabilities lead to earlier planning and less frustrated benefit managers.

**Technological Tides:** Connecting your branches at the management and department level will be better had through the use of sophisticated and affordable HR platforms. Such packages seek to connect teams through virtual directories, video capabilities, educational campaigns, and video messaging. Aligning branches with unified healthcare message will be satisfied through shared intranets and web meetings.

As you look to move past your competitors, placing significant emphasis on growing your human capital and seizing relevant paths will be inevitable. Leverage key partners with proper backend support and concrete experience to develop and execute your plan of attack.

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**CAPTRUST Financial Advisors** – 401K Provider – Specializing in a holistic approach to retirement plan consulting encompassing all areas of plan oversight.  
Casey Pogodzinski – [caseypogodzinski@captrustadvisors.com](mailto:caseypogodzinski@captrustadvisors.com)  
248-620-8100

**Community Bankers Insurance Agency** – Employee Benefits – Supported by Michigan Planners and A.E. Mourad, this is a comprehensive benefits program including an internet portal.  
Kate Angles – [kateangles@cbofm.org](mailto:kateangles@cbofm.org) – 517-336-4430

**Computer Services, Inc (CSI)** – Board Communications – Secure Document Delivery – Intranet solution combining a series of powerful communication tools and productivity applications in a single portal.  
Bill Evers – [bill.evers@csiweb.com](mailto:bill.evers@csiweb.com) – 219-929-8337

**EBS, a bank consulting company** – Executive Benefits – BOLI – Marketing, consulting and service firm specializing in the administration and placement of BOLI programs.  
Kirk Anderson – [kanderson@ebscomp.com](mailto:kanderson@ebscomp.com) – 248-244-6076

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# products + services

## Community Bankers of Michigan Associate Member Products and Services Reference List

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Note: Our Associate Plus Partners, offering members special discounts, are listed separately.

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Doeren Mayhew  
Heber Fuger Wendin, Inc.  
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Rehmann  
Warmels & Comstock, PLLC

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Midwest Appraisal Management

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Thompson-Phelan Group, Inc.  
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### Asset Liability Management/AML

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PULSE

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Edge One, Inc.  
Informa Business Systems, Inc.  
Security Corporation

### Bank Operations

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Brinks  
Hagle & Associates, Inc.  
Informa Business Systems, Inc.  
Kasasa  
nCino  
Red Rock Information Security, LLC  
Security Corporation  
Whitehall Group, LLC

### Bank Services

Bundlefi  
QwickRate

### Bank Signage

SignArt, Inc.

### Check Services Programs

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Check Printing Contract Consulting  
Deluxe

### Capital Adequacy & Strategic Planning Services

ProBank Austin  
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### Collections

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CBM Community Bankers for Compliance Program  
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Syscom Business Technologies

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Don Mann, Bank Consultant  
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Hagle & Associates, Inc.  
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BMO Harris Bank  
Comerica Bank FIG  
TIB – The Independent Bankers Bank  
Northpointe Community Lending  
United Bankers' Bank

### Data Processing

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Fiserv

### Disaster Recovery Planning

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Red Rock Information Security, LLC  
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### Electronic/Internet Banking

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Rehmann  
Rhonemus Executive Search  
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### Fraud Deterrence

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Rehmann

### Financial Advisory

Michigan 401K Advisors

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### Government Affairs/Lobbying

Governmental Consultant Services, Inc.

### Human Resource Services/ Payroll

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HR Performance Solutions  
Insight HRM, LLC  
Rehmann

### ID Theft Protection

CBM – Assurant Red Flag ID Fraud Solutions

### Information Technology

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### Insurance/Bonding

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### Investment Banking Services

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Boenning & Scattergood, Inc.  
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Heber Fuger Wendin, Inc.  
Hovde Group  
McQueen Financial Advisors  
ProBank Austin

### Item Processing

Fiserv

### Legal/Law Firms

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Foster Swift Collins & Smith, PC  
Honigman Miller Schwartz & Conn, LLP  
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Kotz Sangster Wysocki P.C.  
Kus Ryan & Associates, PLLC  
Strobl & Sharp, P.C.  
Varnum LLP  
Warner Norcross Judd, LLP  
Weltman, Weinberg & Reis Co., L.P.A.

### Lending Services

AnnieMac Home Mortgage  
Expense Protector  
Finastra  
ICBA  
Lenderful Solutions  
Local Lending Group, LLC  
Michigan Certified Development Corp.  
Opportunity Resource Fund  
ReliaMax  
Top Flite Financial, Inc.  
USDA Rural Development

### Marketing Services

RjM  
The F.P. Horak Co.  
WSI Internet Consulting

### Online Banking

Fiserv

### Printing

ASAP Printing  
Banc Statements, Inc.  
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### Real Estate Services

Michigan State Housing Development Authority (MSHDA)  
Weltman, Weinberg & Reis Co., L.P.A.

### Security – Information Security & Managed Security Services

Brinks  
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### Securities/Investments

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# insurance + financial services

## Insurance and Financial Services Market Overview

Change. Inevitable. And profoundly being observed in banking, insurance and financial services industries. Still true: if you are not moving forward then you are by definition moving backwards. The Banking industry *has* changed. The good news? Community Banks can effect change to not only keep pace but to lead.

*\*Question: I am a community bank. Why should I be concerned or interested in insurance and financial services?*

A fair question. And in today's banking, financial services and FinTech world, a question worth examining.

What we are seeing today has been predicted for some time, and only slowed down by the downturn in financial markets experienced over several years. The markets have turned- and the change we all knew was coming has arrived. Caused by understandable drivers, banking, investment and insurance have converged to what we see now as a financial services marketplace.

Three areas have radically changed the make- up and conduct of insurance companies, financial institutions and investment providers and has opened the "financial services" industry" to an assortment of traditionally non- financial services industries such as big box, non- traditional lending and the title insurance industries among others.

### Legislation

The Gramm-Leach-Bliley Act (GLBA), also known as the Financial Services Modernization Act and to a somewhat lesser extent The Dodd-Frank Wall Street Reform and Consumer Protection Act changed how investment firms, insurance companies and financial institutions interact. As has been repeatedly stated, this legislation "leveled the playing" field in the marketing of insurance investments and financial services product offerings.

### Technology

Rapid advancements and applications have provided banks, investment firms and insurance companies platforms to deliver products and services in ways not possible even 5 years ago. Algorithms and predictive and intuitive software applications have allowed new ways for customers to access investment options and have provided the insurance industry the ability to complete key insurance underwriting functions electronically. All of this has been pushed to the consumer through the use of a myriad of electronic devices.

### Demographics

Customers, most certainly millennials, do not access banking, investment or insurance in a traditional manner. There is a rush to the top among financial services providers to allow this new generation of financial service customers the options to access products and services the way THEY want to access them.

So. Why should a community bank be concerned or interested in insurance and financial services?

Simply answered: to compete in the ever increasingly competitive financial services industry to be able to attract the next generation of community bank customer.

Of course, all of the banking related products and services need to be in place, and for the vast majority of community banks, they are. But to get to where community banks need to be, product sets must be expanded to compete with other options available in the marketplace.

Community banks can expand financial services offerings:

Internet insurance portals are increasingly robust and available at affordable levels;

Third part investment firms can facilitate retail investment options- transactional and fee based- on a turnkey basis;

And direct marketing of insurance products remains a viable, and post 2008 downturn, a strategy experiencing significant levels of increase.

Community banks *can and will* compete. Once there is a realization and an understanding of the changing look of community banks in a fundamentally changed marketplace, community banks will embrace the change necessary to not only attract the next generation of community bank customer, but continue and build on the strength of the community bank franchise.



**James Harvin**  
Managing Director  
and Principal  
JLH Associates, LLC

## Safe Harbor for Banking Marijuana Money Up in Smoke

By Mike Kus, CBM General Counsel

On January 4, 2018, United States Attorney General Jeff Sessions released a Memorandum directed to all U.S. Attorneys which rescinded guidance previously issued by the U.S. Department of Justice with regard to enforcement of federal marijuana laws (“Sessions Memo”). In his Memorandum, the Attorney General noted that the general prosecutorial principals of the Department should be followed when enforcing the prohibitions on the cultivation, distribution, and possession of marijuana contained in the Controlled Substances Act (21 U.S.C. § 801 *et seq.*): “Given the Department’s well-established general principles, previous nationwide guidance specific to marijuana enforcement is unnecessary and is rescinded, effective immediately.”



**Mike Kus**  
Kus, Ryan and  
Associates PLLC

The Attorney General’s announcement casts a pall on recent initiatives by financial institutions, including community banks, to explore ways to provide financial services to the burgeoning legal marijuana industry. At present, medical marijuana laws have been passed in twenty-nine states, and eight states and the District of Columbia have passed laws legalizing the recreational use of marijuana. Efforts to pass recreational marijuana laws are currently underway in other states, including Michigan. The marijuana industry’s need for banking services is clear, but the prospect for providing those services without running afoul of federal laws has become decidedly murky.

The Sessions Memo specifically rescinds memos issued on October 19, 2009 by Deputy Attorney General David W. Ogden (“Investigations and Prosecutions in States Authorizing the Medical Use of Marijuana,” a/k/a the “Ogden Memo”), and by Deputy Attorney General James Cole on August 29, 2013 (“Guidance Regarding Marijuana Enforcement,” a/k/a the “Cole Memo”) and February 14, 2014 (“Guidance Regarding Marijuana Related Financial Crimes”). The earlier Justice Department Memos had signaled that the federal government’s resource allocation decisions with respect to enforcement of federal marijuana laws should be guided by eight priorities, which were summarized in the February 14, 2014 Memo:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

The Department of Justice memos issued during the Obama administration were interpreted in states where certain marijuana-related activities had been legalized as establishing a safe harbor for those activities, so long as they were in strict compliance with the relevant state laws, and did not conflict with the enforcement priorities of the U.S. Department of Justice. An amendment to an omnibus spending bill passed by the U.S. Congress and signed into law in December 2014 (the “Rohrabacher-Farr Amendment”) reinforced that interpretation. The Rohrabacher-Farr Amendment prohibits the Justice Department from spending funds in 32 states and the District of Columbia “...to prevent such States from implementing their own State laws that

*(continued on next page)*

# CBM legal corner

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authorize the use, distribution, possession, or cultivation of medical marijuana.” That provision, which remains in effect at the time of this article, is tied to the federal spending bills, and subject to renewal or exclusion in connection with each subsequent renewal of those bills.

The perceived safe harbor offered by the Ogden and Cole Memos, together with the Rohrabacher-Farr amendment, has encouraged some financial institutions to explore ways they might offer financial services to businesses in the medical and recreational marijuana industries, while still abiding by the guidelines established under those Memos. In light of the new direction signaled by the Attorney General, however, financial institutions must reevaluate these initiatives, and carefully weigh the risks posed by the potential prosecution under federal law of activities that are permissible for businesses under state law.

By withdrawing the earlier Memos, the Justice Department effectively turned back the clock on the Department’s previously held position, and in the absence of this guidance, federal prosecutors have greater latitude to pursue legal actions against businesses involved in the marijuana industry, even if their activities are in compliance with applicable state laws. Obviously, this could conceivably extend to the activities of financial institutions that provide financial services to support those industries.

Although the directive from Attorney General Sessions was not entirely unexpected, the abrupt timing of the announcement caught many in the legal marijuana industry and in law enforcement by surprise. According to a January 11, 2018 article by Reuters correspondent Sarah N. Lynch, her sources said that the Department of Justice did not provide advance notice to FinCEN (the federal Financial Crimes Enforcement Network)

of its decision to rescind the Ogden and Cole Memos, despite the fact that FinCEN had been involved with providing guidance to the banking community on how to navigate the narrow path to complying with both state and federal banking laws. It is not clear at this time whether this lack of communication between the Justice Department and FinCEN is a signal that different sectors of the government are working at cross-purposes, but until the smoke clears, moving further down that path appears to be fraught with peril for the banking community.



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HMDA-LAR Changes Part 1: Procedures & Tools for Capturing the New Data Fields, Effective January 1, 2018  
Molly Stull, Brode Consulting Services, Inc.

**12/1/2017****SPECIAL EDITION**

HMDA-LAR Changes Part 2: Completing New Fields with No Predefined Codes, Effective January 1, 2018  
Molly Stull, Brode Consulting Services, Inc.

**12/8/2017****SPECIAL EDITION**

Critical HMDA Issues for HELOC Applications & Coverage Changes for Commercial Lenders, Effective January 1, 2018  
Susan Costonis, Compliance Consulting and Training for Financial Institutions

**12/12/2017****Real Estate Series:**

Mortgage Loan Disclosure Timing Issues  
Steven Van Beek, Howard & Howard Attorneys PLLC

**1/10/2018**

SBA Lending Update 2018: Trends, Regulations & Pending Changes  
Kimberly A. Rayer, Starfield & Smith, PC

**1/11/2018****Credit Analysis & Underwriting Series:**

Loan Underwriting 101: Interviewing, Credit Reports, Debt Ratios & Regulation B  
Tommy Troyer, Young & Associates, Inc.

**2/1/2018**

Understanding Personal Tax Returns Part 1: Schedules A, B, C & D  
Tim Harrington, TEAM Resources

**2/27/2018****Credit Analysis & Underwriting Series:**

Debt Service Coverage Calculations in Underwriting  
S. Wayne Linder, Young & Associates, Inc.

**2/28/2018**

Understanding Personal Tax Returns Part 2: Schedules E & F  
Tim Harrington, TEAM Resources

**OPERATIONS****8/29/2017****Regulation E Series:**

Comparing Regulation E with Visa & MasterCard Rules  
Diana Kern, SHAZAM, Inc.

**8/31/2017****SPECIAL EDITION**

Record Retention & Destruction Rules: Compliance & Best Practices  
Elizabeth Fast, Spencer Fane LLP

**9/6/2017**

Responding to Official Demands for Customer Funds: Subpoenas, Garnishments, Summonses & Levies  
Elizabeth Fast, Spencer Fane LLP

**9/8/2017****SPECIAL EDITION**

Preparing for Reg CC Rule Changes Part 1: Impact, Detailed Changes & Action Plan  
Dawn Kincaid, Brode Consulting Services, Inc.

# education

## OPERATIONS (CONT.)

9/20/2017

### ACH Specialist Series:

RDFI Returns: 2 Day vs. 60 Calendar Days –  
Understanding the Difference  
Jen Wasmund, UMACHA

10/6/2017

### SPECIAL EDITION

Preparing for Reg CC Rule Changes Part 2: Operations  
Systems, Audit & Reporting Implications  
Dawn Kincaid, Brode Consulting Services, Inc.

10/18/2017

### SPECIAL EDITION

All About 1099 Reporting Part 1: Forms 1099-A & 1099-  
C: Foreclosures, Repossessions & Debt Settlements  
Elizabeth Fast, Spencer Fane LLP

10/31/2017

### SPECIAL EDITION

Preparing for the Impact of New Prepaid Card Rules  
Under Regulation E: Deadline April 1, 2018  
Elizabeth Fast, Spencer Fane LLP

11/14/2017

### ACH Specialist Series:

Federal Government ACH Payments: Reclamations &  
Garnishments  
Jen Kirk, EPCOR

12/13/2017

All About 1099 Reporting Part 2: Forms 1099-INT &  
1099-MISC: Vendor Payments, Prizes & Interest on  
Deposit Accounts  
Elizabeth Fast, Spencer Fane LLP

12/14/2017

### Risk Management Series:

ACH Risk Management & Assessment: Risks, Controls &  
Ratings  
Jen Wasmund, UMACHA

12/19/2017

Preparation Plan for CDD Changes to Beneficial  
Ownership Rules: Effective May 11, 2018  
Susan Costonis, Compliance Consulting and Training for  
Financial Institutions

1/4/2018

Dealing with ACH Tax Refunds: Exceptions, Posting &  
Liabilities  
Michele L. Barlow, PAR/WACHA

1/24/2018

Same Day ACH Final Phase, Effective March 15, 2018:  
Funds Availability Requirements  
Jen Kirk, EPCOR

2/14/2018

Countdown to New Reg E Prepaid Card Rules Effective  
April 1, 2018  
Elizabeth Fast, Spencer Fane LLP

## SECURITY & FRAUD

11/29/2017

Robbery Preparedness for All Staff  
Carol Dodgen, Dodgen Security

12/7/2017

Disaster Preparedness, Recovery & Business Continuity  
Molly Stull, Brode Consulting Services, Inc.

12/20/2017

New Security Officer Training: Responsibilities, Best  
Practices & Skill-Building Tools  
Barry Thompson, Thompson Consulting Group, LLC

2/22/2018

Security Officer Reports to the Board: What is Required?  
Barry Thompson, Thompson Consulting Group, LLC

## SENIOR MANAGEMENT

8/10/2017

How to Legally Compensate Mortgage Loan Originators  
Elizabeth Fast, Spencer Fane LLP

8/22/2017

Vendor Problem Resolution: A Five-Step Approach  
David A. Reed, Reed & Jolly, PLLC

8/23/2017

Proven Steps to Successful Business Development:  
Defining Prospects, Engagement Scripts, Overcoming  
Objections Measuring Performance  
Tim Tivis, Pinnacle Training Group

8/30/2017

Asset-Liability Management Overview: Concepts,  
Fundamentals & Assessing Risks  
Gary J. Young, Young & Associates, Inc.

10/17/2017

Beyond EMV: Trends in Payments & What It Means for  
Community Banks  
Lee Wetherington, Jack Henry & Associates, Inc.®

10/26/2017

### Risk Management Series:

Establishing or Maturing Your Vendor Risk Management  
Program  
Branan Cooper, Venminder

1/9/2018

Board Secretary Training: Documenting Minutes,  
Corrections & Disagreements  
Ann Brode-Harner, Brode Consulting Services, Inc.

**Director Series webinars are scheduled from  
11:00 a.m. – 12:30 p.m. Eastern Time**

**Most webinars are scheduled from 3:00 - 4:30 p.m.  
Eastern Time unless otherwise indicated.**

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February 23, 2018  
Eagle Eye Golf Club, Bath

**Community Bankers for Compliance**

1<sup>st</sup> Quarter Seminar  
February 27, 2018  
Eagle Eye Golf Club, Bath

**Training the Credit Analyst – Part 1**

March 7 and 8, 2018  
East Lansing

**2018 ICBA National Convention**

March 13 – 17, 2018  
Venetian Palazzo  
Las Vegas, Nevada

**Training the Credit Analyst – Part 2**

April 25 and 26, 2018  
Mt. Pleasant

**Community Bankers for Compliance**

2<sup>nd</sup> Quarter Seminar  
May 16, 2018  
Eagle Eye Golf Club, Bath

**Regulation Z University – Part 1**

May 22 and 23, 2018  
Eagle Eye Golf Club, Bath

**Consumer Lending Compliance 101**

June 5 and 6, 2018  
East Lansing

**HMDA Seminar**

June 26, 2018  
Eagle Eye Golf Club, Bath

**Bank Secrecy Act/Anti-Money  
Laundering Conference**

June 27, 2018  
Eagle Eye Golf Club, Bath

**HR Symposium – Part 2**

July 26, 2018  
Eagle Eye Golf Club, Bath

**Regulation Z University – Part 2**

August 7 and 8, 2018  
Eagle Eye Golf Club, Bath

**Community Bankers for Compliance**

3<sup>rd</sup> Quarter Seminar  
August 15, 2018  
Eagle Eye Golf Club, Bath

**2018 CBM Annual Convention  
and Trade Show**

September 12 – 14, 2018  
Grand Traverse Resort & Spa  
Traverse City

**Community Bankers for Compliance**

4<sup>th</sup> Quarter Seminar  
November 7, 2018  
Eagle Eye Golf Club, Bath

**SAVE THE DATES**

## Community Bankers for Compliance Program

**A sensible, economical choice for keeping your bank's compliance program running smoothly**

Each year community banks face an array of ever-changing regulations. Getting the right information at the right time and finding a cost effective approach to managing compliance is critical to operating a bank today. In response to this need, Community Bankers of Michigan offers the Community Bankers for Compliance program in conjunction with our partners Young & Associates, Inc. and Kus, Ryan & Associates, PLLC.

Now beginning its twenty-ninth year, this comprehensive program provides community banks with a cost-effective approach to obtaining up-to-date information concerning bank regulations and practical techniques for maintaining an effective in-bank compliance program.

### The Community Bankers for Compliance Program:

**Reduces Risk.** The CBC reduces compliance errors, since your employees have a better understanding of regulatory requirements. Additionally, the compliance program has passed the test of regulatory scrutiny. The regulators know and recognize the program for its comprehensiveness and practicality.

**Saves You Time and Money.** The nationally recognized experts at Young & Associates spend nearly 300 hours translating each regulation into understandable language, developing model policies, training instruments, and audit procedures. This is time your bank's staff doesn't have to spend and, thereby, creates bottom-line savings to your bank.

**Provides Practical Solutions.** Young & Associates has full-time consultants participating in the CBC program. All have front-line community banking experience. They know how to tap this practical experience to make every seminar and publication as helpful as possible.

**Encourages Member Interaction.** The CBC program provides a forum where each bank can be an active participant by asking questions and bringing concerns and compliance techniques for review by the group. This peer interaction increases understanding and improves the efforts of participants toward a viable in-bank compliance program.

The Community Bankers for Compliance program can simplify your bank's compliance challenges by staff receiving the right information at the right time.

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Questions??? Contact CBM at 517-336-4430 or [info@cbofm.org](mailto:info@cbofm.org)**

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## CYBERSECURITY FOR COMMUNITY BANKERS

Cyber-attacks continue to challenge community banks as attackers continue to develop new and creative ways to steal personal information. In addition, regulatory scrutiny regarding cybersecurity is increasing dramatically for community banks. The security of your bank's customer information is vital.

### INFORMATION SECURITY HOT TOPICS REGULATORY UPDATE TRAINING TOOLS

*Community banks are under increasing pressure to keep customer data safe from hackers.*

*Because of increasing security concerns for today's community bank, Young & Associates, Inc. is pleased to present the new Cybersecurity for Community Bankers (CSCB) educational program.*

*The CSCB program will provide web-based cybersecurity training for your bank's Information Security Officer and IT Manager.*

### PROGRAM FEATURES

#### **Monthly Recorded Webinars**

- Include regulatory hot topics and other community bank related information security / cybersecurity topics.
- 1-2 webinars per month.

#### **Cybersecurity Hotline**

- Available through email only.
- Provides responses to information security / cybersecurity specific questions.
- Not a technical support hotline

#### **Member Website**

- Access to monthly recorded webinars.
- Include specialized recorded webinars for topics geared toward the board or initial training for the Information Security Officer.
- Access to the Cybersecurity Hotline.
- Links to recent regulatory guidance/press releases.
- Blog posts and/or news articles.
- Categorized listing of submitted Cybersecurity Hotline questions and answers.

#### **Product Discounts**

- CSCB members receive a 20% discount on Young & Associates, Inc. Information Security / Cybersecurity products.

### IT EXPERTS

Young & Associates, Inc. has a team of highly-skilled and knowledgeable IT consultants who will present the CSCB. All of the IT consultants carry the designation of Certified Information Systems Security Professional (CISSP) and one of our consultants also carries the Offensive Security Certified Professional (OSCP) designation.

### PRICING

Pricing for an annual membership to the CSCB is \$1,600 per bank.



## Maki Named President of First Bank

The Board of Directors of First Bancshares Corporation appointed Todd D. Maki the new President & CEO of First Bank, Upper Michigan effective March 1st, announced Jeanine K. Dagenais, Chairperson.

In fourth quarter 2017, Northern Michigan Bank & Trust and First Bank, Upper Michigan, both owned by parent company First Bancshares, merged their organizations. First Bank, Upper Michigan now has ten locations, including two in Gladstone and Escanaba, as well as locations in Garden, Bark River, Iron Mountain, Kingsford, Marquette and Ishpeming. In addition to retail and commercial banking services, First Bank offers trust and investment services through their Investment Management Group.

Todd Maki has most recently served as the South Central Regional President of First Bank, and prior to that President & CEO of First Bank, Upper Michigan subsequent to the merger with Northern Michigan Bank & Trust. He has been with the organization for 20 years, and is a lead commercial lender. Prior to his employment with First Bank, Maki served the communities of Ishpeming and Escanaba at Michigan Financial Corporation in the areas of lending and management. He is a graduate of Northern Michigan University where he earned his bachelor's degree in business management. Maki is a graduate of the Northern Michigan School of Banking as well as the Michigan Bankers Association Commercial Lending School.



Todd D. Maki

Maki replaces Randall J. Peterson who joined the organization in 2012. Peterson had been President & CEO of First Bank prior to his move to President & CEO of Northern Michigan Bank & Trust after the acquisition, and most recently President & CEO of the merged institutions. Peterson will assume the role of EVP Management Consultant for First Bank, Upper Michigan.

## Clarkston State Bank Backroads Race Raises Funds for Clarkston SCAMP and Blessings in a Backpack Programs

As part of its ongoing mission and commitment to supporting the regional Michigan community, Clarkston State Bank (CSB) today announced that its 5th Annual Backroads Half Marathon, 10km & 5km Race raised \$5,000 for two local community organizations. The proceeds from the race will benefit the Clarkston SCAMP program, a five-week summer day camp for children and young adults with special needs, and Blessings in a Backpack, a "neighbor-helping-neighbor" program designed to help meet the nutritional needs of children and families.

With over 1,000 registrations for the November 12, 2017 race, the runners, walkers and other participants made their way along a course that featured a mixture of trails, hills, back roads and wood bridges through Independence Oaks County Park in Clarkston, MI. Over the past five years sponsoring the race, CSB has been able to draw thousands of participants to compete and exercise while raising over \$25,000 for local organizations.

Headquartered in Southeast Michigan, CSB has a history of helping the businesses, people and organizations located throughout Michigan. This race and donation continues CSB's relationship with Clarkston SCAMP, where Dawn Horner, Clarkston State Bank's Executive Vice President of Retail Banking, has served on the North Oakland SCAMP Board of

Directors for the past 15 years. CSB is also proud to support the local Blessings in a Backpack program.

"Clarkston SCAMP provides a wonderful summer camp program for children and young adults with disabilities in Southeast Michigan," said Horner. "Since our inception, Clarkston State Bank has been devoted to helping our community prosper, and we are proud to partner with Clarkston SCAMP to support this valuable social and recreational experience. We also strongly support the mission of Blessings in a Backpack to make sure every school-aged child in Clarkston has the nourishment needed to learn and grow. We are fortunate to be able to support both of these programs to help them better serve our community."



# community connections

## The State Bank Expands Change for Kids Donates to 12 Local School Districts



Julie Williams, Lake Fenton Community Schools Superintendent and Tom Hufton, Vice President at The State Bank

The State Bank is honored to announce another successful year for its Change for Kids program. Since the bank's expansion into the Great Lakes Bay Region earlier this year, the program now supports the low to moderate income children and families in twelve local schools districts, including Linden, Fenton, Holly, Grand Blanc, Lake Fenton, Brighton, New Lothrop, Chesaning, Montrose, St. Charles, Birch Run and Swan Valley.

Each year, funds are collected through a variety of fundraising events organized by Bank staff. Successful fundraisers for the 2017 campaign included, restaurant sponsor nights, candy bar sales, and candle sales, and internal promotions including jean days and monthly parking raffles. Customers of The State Bank are also very generous and supportive of this local cause, often times making a monetary donation when visiting a branch. Additionally, the Bank itself also makes a large donation to this program.

For the 2017-2018 school year, The State Bank was honored to present the above districts with \$2,500 each. Since the program's inception in 2011, The State Bank has given \$110,518. The schools are free to use these funds as they see fit for children in need, and are always very appreciative.

"The Change for Kids program has provided us with a much needed resource for our students and families. We have been able to help families with items many of us take for granted. We have purchased shoes, coats, clothing items, toiletries and food for various students and families. Each year we provide food baskets and gifts to our families in need during the holidays, but many families have needs well beyond the holiday season. Change for Kids allows us to help families throughout the school year. Thank you to everyone who has donated to this cause and Thank You State Bank for sponsoring the program." Julie Williams, Lake Fenton Community Schools Superintendent.

Lynne Clark, Director of Finance for Montrose Area Schools, added "We are so thankful for the Change for Kids program here in Montrose. The funds will help support many students. We really appreciate the banks efforts and support of our students in need."

Todd Rathbun, Director of Business Affairs for Grand Blanc Community Schools, also shared ways in which these funds have helped the district. "Nearly 1 in 3 students attending Grand Blanc Community Schools is eligible for free and reduced lunch based on household income. As such, we have a number of needy students that your generous contributions assist every year. The State Bank,

through its generosity, is able to round out a system of support for our students by providing everything from eyeglasses to mattresses for our students to sleep on. This is all critical to being able to educate our students and we appreciate The State Bank's support."

Change for Kids began in response to a need to assist low and moderate income families. "We especially want to provide the funding to meet the physical and educational needs of those children," explains The State Bank Senior Vice President, Stacey Webb. "We want to meet the basic physical needs ranging from toothpaste and deodorant to clothing, shoes, bedding, medical needs, etc. We also want to provide the educational supplies needed to be a successful student, such as pencils, paper, markers, binders, backpacks and other necessities. These materials provide the foundation so that students can concentrate on their educational goals."



Lisa Wood, The State Bank and Lynne Clark, Montrose Area Schools



Todd Rathbun, Grand Blanc Community Schools, Dawn Loebne, The State Bank, and Clarence Garner, Grand Blanc Community Schools

## The State Bank Promotes Assistant Vice President

The State Bank is proud to announce the promotion of Erin Riski to Assistant Vice President. Erin joined the bank in March 2015 as a Special Assets Senior Loan Review Analyst, and during her tenure has consistently grown in not only her role, becoming a very important member of the Loan Review team. In her new role, Riski will be responsible for managing commercial loan financial statement analysis and collateral value analysis; both necessary for conclusions to properly risk rating our commercial loan portfolio. Erin will also be responsible for creating multiple reports used by Senior Management and the Board of Directors, in addition to appraisal reviews, lender reviews and statement servicing.

“I am excited to accept this promotion. In my time here at The State Bank, I have been given the tools to learn in my role, and encouragement to make suggestions, which has helped me grow my skills in the commercial loan process. I look forward to continue my professional growth with The State Bank for many years to come,” says Riski.



**Erin Riski**

Lori Barton, Loan Servicing Vice President, states “I am proud to announce Erin has been promoted to Assistant Vice President and look forward to working with her as we broaden our scope in the Loan Review Department. Erin’s skill set is admirably strong and she continues to have an impact on our excellent ratings through various audits and exams.”

## Citizens National Bank Promotes Matthew DeWildt to Vice President



**Matthew DeWildt**

Matthew H. DeWildt was promoted to Vice President-Wealth & Retirement Strategies of Citizens National Bank during the December 14, 2017 board of directors meeting. Matt joined the bank in 2013 as the Financial Advisor for CNB Financial Services and Infinex Investments Inc. In making the announcement, President & CEO Susan A. Eno said “Matt started with us five years ago and has proven himself to be a tremendous asset to CNB Financial Services, Citizens National Bank as well as his clients; growing his book-of-business annually.”

After serving his country in the United States Army, Matt graduated from Grand Valley State University, Seidman College of Business in Allendale, Michigan earning his Bachelor of Business Administration, Operations Management. He began his financial planning career in 2007 obtaining the required registrations from the Financial Industry Regulatory Authority as well as the State of Michigan, including his Series 7 and 66 registrations along with the Individual Producer license.

Since his time with CNB Financial Services and Infinex Investments, Inc., Matt has consistently been among the top performers within his assigned Infinex region.

CNB Financial Services is headquartered inside the main office of Citizens National Bank in Cheboygan with satellite offices at the bank’s Indian River and Petoskey locations.

## The State Bank Promotes Senior Credit Analyst

The State Bank is proud to announce the promotion of Chris Dickinson to Senior Credit Analyst. Chris joined the bank in January 2016 as a Credit Analyst II, and during his tenure has consistently grown in his role, becoming a very important part of the credit team. In his new role, Dickinson will be responsible for performing credit analyst functions, including analyzing financial statements, conducting credit investigations, and assisting in the preparation of financial/credit information reports for loan officers and committees.

“I am excited to accept the position of Senior Credit Analyst I. Through my nearly two years at The State Bank I have grown my skills exponentially. I look forward to continuing my professional growth with The State Bank for many years to come.



**Chris Dickinson**

Matt McMichael, Credit Manager, states “Chris has continued to develop the skill set necessary to be a great Credit Analyst and has been assigned to the Bank’s most complex loan requests. Coupled with Chris’ commitment to meet the needs of our Loan Officers and their clients has earned him the advancement to Senior Credit Analyst. As a Senior Credit Analyst, Chris will continue to support our lending group and have the ability to help develop other analysts as we continue to grow and add new staff.

# community connections



**Jill White**

## **The State Bank Promotes Assistant Vice President**

The State Bank is proud to announce the promotion of Jill White to Assistant Vice President. Jill joined the bank in August 2011 as a Senior Credit Analyst, and during her tenure has consistently grown in not only her role, but the lending department as a whole. In her new role, White will be responsible for managing and growing all facets of commercial lending, including equipment loans, commercial real estate mortgages, working capital lines of credit, as well as Small Business Association (SBA) loans.

“I am very excited to accept this promotion with The State Bank. Throughout my time here, I have been given the tools to grow in my role, and have been a part of some exciting advancements in our commercial lending division. I look forward to helping to promote more growth and provide our commercial customers with successful solutions to their lending needs,” says White.

Andrew Gavulic, Commercial Lending Vice President, states “We are very fortunate to have an employee as engaged as Jill is in working with our customers and providing financial solutions. Her promotion is well deserved, and I am looking forward to her continued success.”

## **Citizens National Bank Promotes Gina L. Eustice to Assistant Vice President**

Gina L. Eustice was promoted to Assistant Vice President-Credit Manager of Citizens National Bank during the November 22, 2017 board of directors meeting. Gina joined the bank in 2008 as the Credit Manager. In making the announcement, President & CEO Susan A. Eno stated Gina brought a wealth of knowledge when she was hired and through the years has continually improved the quality of the bank’s credit department.

Gina started her career in 1999 as a commercial credit and loan review analyst in Ionia, MI and then worked as a commercial lender in Okemos, MI. She also worked for banks in Indiana and Minnesota as a credit officer and manager, prior to moving back to Cheboygan.

Gina was born and raised in Cheboygan, graduating from Central Michigan University in Mt. Pleasant, MI in 2000 with a Bachelor of Science in Business Administration, majoring in Corporate Finance and Personal Financial Planning with a minor in Accounting. While at Central Michigan University she was the President of the Financial Management Association.



**Gina L. Eustice**



**Melissa Freier**

## **Missie Freier Joins 1st State Bank**

Rick Goedert, President and Chief Executive Officer of 1st State Bank announced the addition of Melissa Freier, Vice President, Business Lender.

Freier has 20 years of banking experience including branch management, commercial credit and business lending. Most recently, Freier served as Assistant Vice President Commercial Lender for an area bank. Freier received her Bachelor’s degree in Business Administration from Northwood University. She is also a graduate of Leadership Midland.

As an active member in the community, Missie is currently Immediate Past President of Shelterhouse, Midland; Co-Chairperson of Midland Noon Exchange Club; Ambassador Chairperson, Midland Chamber of Commerce; Active in Education Training Connection and Habitat for Humanity.

## **Citizens National Bank Promotes Rebecca L. Aper to Branch Manager**

Rebecca L. Aper has been promoted to Branch Manager of Citizens National Bank in Mackinaw City location. Hired in May 2015 as a Universal Banker for the bank's main office in Cheboygan. Rebecca played a key role in investigating, introducing and coordinating staff training for the new Kasasa deposit products. "Rebecca is an enthusiastic employee who's demonstrated both leadership and dedication since joining the bank," said President & CEO Susan A. Eno. "When the decision was made to increase staff at our Mackinaw City branch in response to customer need and the potential for growth in that market, Rebecca was the obvious choice."



**Rebecca Aper**

In her new position, Rebecca works closely with the outstanding team of Branch Operations Supervisor Debby Closs and Universal Banker Sheri Kindell, and is available to assist business customers with their various financial needs. Additionally, she is in the process of acquiring her Nationwide Mortgage License and is training to become a Mortgage Loan Officer, further enhancing the services available to those in and around the Mackinaw City area.

Rebecca was raised in Negaunee, Michigan, earning her Bachelor of Arts in Elementary Education, Spanish and Science from Northern Michigan University in Marquette. Prior to joining Citizens National Bank, she worked extensively in sales and training.



**Aaron Wirsing**

## **The State Bank Welcomes New Senior Vice President – Chief Financial Officer**

The State Bank is proud to announce and welcome Aaron Wirsing as the Senior Vice President Chief Financial Officer. Wirsing will be responsible for administering the company's fiscal record keeping, including budget preparation, regulatory reporting and all periodic internal and external reporting. He will monitor and analyze financial results relative to budget and/or other metrics, and assist in assimilating and maintaining data necessary to analyze financial position and soundness of the Bank as a whole as well as its departments and customers.

Wirsing comes to The State Bank with a wide range of knowledge and experience in the financial services industry. He began his accounting career at a regional public accounting firm focusing on financial intuition audits. Wirsing then spent over 12 years in various key financial roles at a \$1.6 billion community bank holding company. Most recently, Aaron served as an independent executive consultant.

Aaron received his undergraduate degree from Saginaw Valley State University, is a graduate of the Graduate School of Banking at the University of Wisconsin - Madison, and served on the board for Habitat for Humanity of Isabella County.

"I am honored to join The State Bank and to be a part of a growing team. The opportunity to be a part of an institution that is so involved in community, while still focusing on efficiency and growth is very exciting. Having just completed a merger, I am getting in on the ground floor of this larger landscape and look forward to leveraging my experience for successful strategic planning," states Aaron Wirsing.

Ron Justice, President and CEO states "We are thrilled to have someone with the financial background and accounting experience like Aaron joining our team. We are confident he will be successful in developing and implementing financial controls and processes in achieving the bank's goals. He makes a great addition to the team!"

## community connections



**David Gottleber**

David as a part of our Team.

### **Huron Community Bank Announces Promotion of David Gottleber to Assistant Vice President/Controller**

Huron Community Bank is pleased to announce the promotion of David Gottleber to Assistant Vice President/Controller. David earned a BBA from Northwood University in Midland and an MBA from Davenport University in Grand Rapids with an emphasis in accounting.

“Since joining our management team in June of 2016, David has continued to excel in his position,” said Jeff Loomis, President & CEO of Huron Community Bank. “He’s done a fantastic job administering the accounting systems for the bank, preparing in depth financial reports, and working closely with internal and external auditors.” We are pleased to have

### **United Bankers’ Bank Welcomes John Beerling as Vice President, International Business Development**

William C. Rosacker, President and CEO of United Bankers’ Bank (UBB) is pleased to announce the addition of John Beerling as Vice President of International Business Development. Beerling is a veteran in the industry with more than 20 years of experience with international markets and foreign exchange. Prior to joining UBB, he managed sizeable portfolios at two of the largest banks in the nation.

In his new role, Beerling will spearhead the development and growth of UBB’s international services, particularly foreign exchange wires. His keen understanding of a wide-range of international products brings considerable value to the products and services line at UBB.

John Peterson, Executive VP and Chief Marketing Officer shared, “John’s input and expertise will strengthen the core of our services so we can continue to provide just what community banks need to thrive in the banking industry. He’ll play a vital role in effectively presenting international banking options to our customers.”

Beerling holds a Bachelor of Arts Degree in Economics & Business Administration and also earned his MBA with an emphasis in Finance from the University of St. Thomas, St. Paul, MN.



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Attendees come to Barret from over 20 states.



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## Barret Graduate School Curriculum in Brief

One week per year for three years • 128 hours of classroom study • Nine on-campus case studies • Eight home study problems

### Year One

Non-Traditional Fin. Services\*\*\*  
 Consumer Risk Management  
 Technology, Payments, & Cybersecurity  
 Financial Statements\*\*\*  
 Human Behavior\*\*\*  
 Developing a Sales Culture  
 Mktg & Business Dvp.\*\*\*  
 Regulatory Compliance & Doc.

Total Hours: 43

Exam at week's end:

\* Home Study Problem \*\* Case Study

### Year Two

Asset/Liability Management  
 Bank Performance Mgmt\*\*  
 Banking Industry Update  
 Commercial Lending\*\*  
 Economic Environ. of Banking\*\*\*  
 Investment Portfolio Management  
 Financial Institutions & Markets  
 Personnel Mgmt. & Supervision\*\*\*  
 Strategic Planning

Total Hours: 42

Exam at week's end:

\* Home Study Problem \*\* Case Study

### Year Three

Balance Sheet Management  
 Loan Portfolio Management  
 Risk Management  
 Bank Simulation\*\*  
 Leadership Development  
 Compliance Management  
 Mktg & Brand Management\*\*  
 Bank Management

Total Hours: 43

\*\* Case Study

Barret's 46th Annual Graduate School program: **May 20-25, 2018**

I HAVE NO CHOICE OR FLEXIBILITY! I'M SICK OF IT!

MAYBE WE NEED A NEW FINANCIAL SERVICES PROVIDER - LIKE SHAZAM.

WILL THEY HAVE MY BEST INTERESTS IN MIND AND GIVE ME THE ATTENTION I DESERVE?

I DID HEAR THEIR NOT-FOR-PROFIT CULTURE SETS THEM APART FROM OTHER PROVIDERS!

AND, THEY OFFER A CORE SOLUTION THAT PROVIDES EXCEPTIONAL VALUE FOR AN ALL-INCLUSIVE PRICE AND A HIGH LEVEL OF FLEXIBILITY SO WE CAN SELECT THE APPLICATIONS WE WANT TO USE. NOW THAT'S...

**EPIC!**

SHAZAM's focused on strengthening community financial institutions by offering choice and flexibility for all your needs including core services and more. Call us today to learn more about SHAZAM.

**Now that's epic.**



Strengthening Community Financial Institutions  
shazam.net/epic | 855.314.1212 | @SHAZAMNetwork