

**STATE OF NORTH DAKOTA
STATE BANKING BOARD**

IN THE MATTER OF:)	
)	
THE APPLICATION FOR)	FINDINGS OF FACT,
AN ORGANIZATION CERTIFICATE)	CONCLUSIONS OF LAW,
FOR TRUST COMPANY OF THE DAKOTAS,)	AND ORDER OF DENIAL
MINOT, NORTH DAKOTA.)	OF APPLICATION

I. BACKGROUND

The above-entitled matter came before the North Dakota State Banking Board (“Board”) at a special meeting of the Board, on Wednesday, January 7, 2026, held at the 1600 East Century Avenue, Bismarck, North Dakota 58503. This matter came before the Board to consider the *Application for Organization Certificate for Trust Company of the Dakotas* (“Application”). Administrative Law Judge Hope Hogan (“ALJ Hogan”) presided over the portion of the meeting that constituted the hearing on Application pursuant to N.D.C.C. § 28-32-31(5) as a procedural hearing officer.

Commissioner Lise Kruse (“Commissioner”) opened the special meeting. The meeting was initially attended by the following members of the State Banking Board, including Commissioner Lise Kruse (“Commissioner”), Charlotte Aldinger (“Aldinger”), Todd Heilman (“Heilman”), Pete Jahner (“Jahner”), Steven Rehovsky (“Rehovsky”), and Pao-Yueh (Claudia) Schollmeyer (“Schollmeyer”). Brenda Foster (“Foster”) was absent. The Board was represented by North Dakota Assistant Attorney General Matt Menge.

The following individuals appeared in person on behalf of the Application: Dean Zaderaka (“Zaderaka”), Joyce Evans (“J. Evans”), Theresa Evans (“T. Evans”), Fred Evans (“F. Evans”), W. Burle Evans (“W. Evans”), Gordon Bye (“G. Bye”), Danita Bye (“D. Bye”), Stephanie Rupert (“Rupert”), David Brendsel (“Brendsel”), and David Peterson (“Peterson”), (collectively the

“Applicants”). These Applicants were represented by Attorney Benjamin Keup (“Attorney Keup”), of Pearce Durick PLLC, Bismarck, North Dakota.

Prior to initiating the hearing and receiving testimony regarding the Application, Heilman disclosed a potential conflict of interest, the Commissioner also noted a potential conflict of interest on behalf of Foster, in her absence, for the record. Upon discussion, motion, and unanimous roll call vote of the remaining Board members¹, the Board voted to recommend Heilman recuse himself from further discussion or action related to the consideration of the Application. Foster remained absent and Heilman thereafter recused himself from the remainder of the hearing and consideration of the Application and exited the meeting. Jahner notified the Board and ALJ Hogan that he knew of and had prior interactions with Attorney Keup unrelated to the Application but did not believe the interactions amounted to a conflict or potential conflict. No further concern or objection was noted by the Board or Applicants.

The Applicants provided in person testimony in support of the Application. The Board heard testimony from Applicants during a public session and during an executive session required to seek information regarding the Application that the Board determined to be confidential under N.D.C.C. § 6-01-07.1. During the public session of the hearing, the Applicants presented the testimony of David Hogue (“Hogue”) and Patrick Artz (“Artz”) who were not connected to the Application but provided testimony in support of the Application. At the conclusion of the Applicants’ testimony, the Board permitted public comment regarding the establishment of the proposed trust company. The Board heard additional comments from the Applicants as well as

¹ N.D. Admin. Code § 115-04-01-01(5)(a) provides in relevant part, “If a public official with a potential conflict of interest is a member of a legislative body, board, commission, or committee, the remaining individuals who are members of the legislative body, board, commission, or committee shall be considered as the neutral reviewer[.]” Because the Board did not previously designate a neutral reviewer, the remaining Board members acted as the neutral reviewer.

comments from one (1) member of the public, Attorney Richard Olson (“Olson”) on behalf of his clients First State Bank and Trust in Williston and State Bank and Trust of Kenmare, in opposition to the Application. Seventeen (17) exhibits were offered during the hearing. All exhibits were admitted without objection. No notices of intent to protest or petitions for leave to intervene were filed or made in connection with the Application under N.D. Admin. Code § 13-01.1-02-05 and 06.

The Board, having heard all testimony related to the Application, having received and reviewed all exhibits submitted in relation to the Application, and having fully considered all public comments related to the Application, now makes the following *Findings of Fact*, *Conclusions of Law* and *Order for Denial of Application*:

II. FINDINGS OF FACT

- 1) On July 16, 2025, the Department received the Application, which requested authorization from the Department for a business entitled “Trust Company of the Dakotas” (“TCoD”) to transact business as a trust company under N.D.C.C. ch. 6-05. TCoD proposed a location at 320 16th Street NW., Suite 103, Minot, North Dakota 58703.
- 2) As required by N.D. Admin. Code § 13-02-19-04, a *Notice of Hearing* (“Notice”) was published in the Minot Daily News on November 3, 2025, and November 10, 2025, as well as all North Dakota county newspapers on various dates. In addition, the Department sent the Notice to all banks and trust companies located in North Dakota, by certified mail on October 31, 2025.
- 3) The Board observed that an application for a trust charter involving substantially similar parties, a similar business model, and the same name had been previously submitted in 2024 (“2024 Application”) and subsequently denied by the Board on November 24, 2024. *See*

Findings of Fact, Conclusions of Law, and Order for Denial of Application of Trust Charter for Trust Charter of the Dakotas dated December 6, 2024 (“2024 Order”).

- 4) The Board received seventeen exhibits into evidence, and neither party objected to any exhibit.²
- 5) The Board received testimony, including public comment during the hearing from Assistant Commissioner Corey Krebs (Krebs), Zaderaka, Artz, Rupert, Hogue, Peterson, Evans, Olson, and D. Bye.
- 6) The Board received thirty-one (31) letters in relation to the 2025 Application, twenty-seven (27) in support, and four (4) in opposition; however, eighteen of the twenty-seven in support are dated 2024 and therefore appear to be letters drafted in support of the 2024 Application.
- 7) Applicants include key employees and incorporators. The 2025 Application identified the nine (9) proposed incorporators for TCoD as: D. Bye, G. Bye, T. Evans, F. Evans, J. Evans, W. Evans, Rupert, Brendsel, and Zaderaka (collectively the “Proposed Incorporators”). The 2025 Application identified Zaderaka, Brendsel, and Peterson as the key employees. Other documents such as the Affidavits of the Incorporators identified Adam Natwick (“Natwick”)

² Exhibits per Exhibit List:

- 1 2025 Application (05/28/25)
- 1-C 2025 Application – confidential section
- 2 – Notice of hearing (10/16/25) and affidavits of service
- 3 Special State Banking Board Meeting agenda for 1/07/26
- 4 Krebs memorandum to the Boards (1/2/26)
- 4-C Krebs memorandum to the Board (1/2/26) – confidential section
- 5 2024 Application (07/08/24)
- 5-C 2024 Application – confidential section
- 6 2024 – Findings of Facts, Conclusions of Law, and Order of Denial of Application (12/6/24)
- 7 Public comment letters
- 8 Additional DFI requests and application response
- 8-C Additional DFI requests and applicant responses – Confidential section
- A Paszek email correspondence
- B TCD response to opposition letters
- C TCD response to Krebs memorandum
- C-C TCD response to Krebs memorandum
- D Keup letter to Board dated 01/09/26* actually dated 01/06/26.

and Ross Perleberg (“Perleberg”) as proposed incorporators in lieu of Rupert and Brendsel; however, the Applicants clarified that while Natwick and Perleberg were incorporators and key employees in the 2024 Application, they were now only investors in the 2025 Application. Two of the three key employees, Brendsel and Peterson, are not residents of North Dakota. Three of the nine incorporators, Brendsel, Peterson, and Rupert, are not residents of North Dakota. Zaderaka, G. Bye, T. Evans, Brendsel, Peterson, and Rupert were selected as the proposed board of directors for the 2025 Application of TCoD.

- 8) The Application further detailed the Applicants’ respective residences. Of the key employees, Zaderaka currently resides in Minot, North Dakota, while Brendsel currently resides in Fort Meyers, Florida, and Peterson resides in Sioux Falls, South Dakota.
- 9) During the hearing, the Applicants provided testimony regarding their varying experience within the trust industry. The three individuals named as key employees were Zaderaka with thirty-four (34) years of experience in the trust industry, Brendsel with forty (40) years in the banking industry though now retired, and Peterson with fifteen (15) years in the trust industry. Zaderaka and Peterson provided testimony. Brendsel was present at the hearing but did not provide testimony. The Board received testimony and letters stating that Zaderaka was well-respected within the trust industry. The Board also concluded that although the key employees and some members of the board of directors had prior experience in the trust industry, none of the Applicants have managed an independent trust company.
- 10) The Board also received testimony that there would be a receptionist position shared with the law offices located in the same building as the proposed trust office. Zaderaka was proposed to be the only full-time employee of the trust company. Peterson indicated that his services would be provided through his consulting firm and not as an employee of the trust company.

Brendsel would be a part-time employee, though the number of hours proposed for Brendsel varied between the application materials and the testimony.

- 11) The Applicants testified that Zaderaka would be responsible for running the day-to-day operations of TCoD. The Applicants provided a succession plan; however, it failed to identify reasonable steps to replace Zaderaka in Minot, North Dakota, with a qualified individual if Zaderaka was unable to perform his duties for any reason. The Applicants testified that another Board member may step in if needed; however, no other Board member lives in the proposed trust office location of Minot, North Dakota.
- 12) The Applicants provided testimony regarding their opinion of the need for TCoD's operations in the proposed service area of Minot, North Dakota. The testimony was predominately focused on providing an additional choice for trust services within the service area and offering a "boutique" trust experience for its customers. Applicants' materials described a proposed trust experience as catering to a small group of high-net-worth individuals; however, during the hearing, Applicants described a desire to establish a "boutique" trust experience that would provide on-site services to smaller accounts and take referrals from local banks and credit unions. While the Applicants noted within the Application that there were approximately nine (9) banks that offered trust services in the proposed service area, the Applicants contended the necessity of TCoD was borne out of the lack of an independent trust company (i.e., unaffiliated with a bank or other financial institution) in the proposed service area and a decline in the number of on-site and locally provided trust services in the service area. Additional evidence provided by the Applicants to support the necessity of TCoD included: population analysis, asset growth of North Dakota trust companies, testimony from Hogue and Artz regarding a desire for additional choices for customers within the Minot area, and corresponding letters of

support regarding additional choice. Krebs testified that the proposed location of the 2024 Application was Williston, North Dakota, and that Peterson had contacted the Department on behalf of the Applicants, after the denial of the 2024 Application but prior to filing the 2025 Application, to inquire about obtaining a trust charter in another state and branching into North Dakota. The Board received evidence that the Commissioner had noted that under North Dakota law the trust branching requirements could not be used to circumvent the Board's decision on the 2024 Application.

- 13) Applicants provided documentation and testimony indicating that TCoD would contract with Clarity Consulting Group, LLC ("CCG") for services related to mineral interest management. This documentation and testimony indicated that Natwick and Perleberg both intended to continue to work in their current capacities for CCG. Applicants also indicated that both Natwick and the Evanses would be common owners in both CCG and TCoD. The Board received evidence that proposed key employee Zaderaka currently works for CCG, but would terminate his employment with CCG upon working for TCoD. Applicants provided documentation and testimony indicating that TCoD would contract with American Fiduciary Solutions ("AFS") for trust consulting services. This documentation and testimony indicated that Peterson was the owner and employee of AFS and would provide any services to TCoD through the consulting services relationship with AFS. Board members questioned the potential conflict of interest resulting from a relationship between TCoD and CCG as well as TCoD and AFS. The Applicants indicated that they believed the services to be provided by CCG and AFS represented a fair market price and due diligence had been performed prior to selection but did not provide sufficient details regarding the due diligence process.

- 14) The capital structure of TCoD as outlined within the Application proposed 20,000 authorized shares with 13,000 subscribed at \$100 par value, for a total capital stock of \$1,300,000. The Board observed that the business plan included an additional \$217,000 in pledged capital without an identified source for the capital. In Exhibit C-C the Applicants stated that “the pledged capital is an asset in the equity of the proposed trust company.” The Board expressed concern regarding the proposed accounting for this capital indicating that such categorization was inconsistent with Generally Accepted Accounting Principles (“GAAP”).
- 15) The Applicants failed to provide the Board with a final version of: the Articles of Incorporation and Bylaws, appropriately notarized Affidavits for two Applicants as well as unverified attachments for Affidavits completed by twelve (12) of the Applicants, a compliance manual and a BSA program as part of or separate from the draft policy manual that was provided. In addition, the Board noted inconsistencies between the contents of the draft policy manual and business plan and draft Articles of Incorporation. In response to questions from the Board regarding the incomplete or inconsistent documentation the Applicants testified that they would complete and provide corrected documentation to the Board at a later date. Due to the incomplete and inconsistent documentation provided the Board was unable to analyze TCoD’s competency in these areas of the Application and expressed concern regarding the Applicants’ ability to create appropriate documentation on behalf of its customers.
- 16) The Board received evidence that the Applicants did not provide information technology (“IT”) and cybersecurity policies consistent with the requirements of N.D.C.C. ch. 13-01.2. The Applicants indicated a plan to outsource IT and cybersecurity to a third-party vendor but did not indicate who would be responsible for IT and cybersecurity internally. The Board further inquired about how Zaderaka currently manages the cybersecurity for accounts he is

responsible for. Zaderaka was unable to provide information regarding cybersecurity protocols.

- 17) The Board also reviewed the proposed expenses and noted that the estimated legal, examination, and audit expenses for business activities were low.
- 18) The Board received testimony regarding the Applicants' ability to report Call Report data and who would be completing the Call Report. The testimony indicated that the Applicants had not fully considered who would be completing the Call Report nor did Applicants present a process that reflected an understanding regarding how to provide Call Report data correctly. The Applicants indicated that they planned to complete this function internally and will work with an accountant to ensure the data is correct. Costs associated with an accountant arrangement were not clearly reflected within the proposed expenses.
- 19) After the presentation of all testimony, review of the relevant information, and exhibits, the Board considered the Application in light of the evidence and testimony presented during the hearing.

III. CONCLUSIONS OF LAW

- 20) Proper notice of the proceeding was provided to all interested parties and the public as required by N.D. Admin. Code § 13-02-19-04.
- 21) Pursuant to N.D.C.C. § 6-01-01, the Department is responsible for the execution of all laws relating to trust companies. *See* N.D.C.C. § 6-01-01. In addition, the Board has the authority to make and enforce such orders that are necessary or proper to protect the public and the depositors or creditors of trust companies. *See* N.D.C.C. § 6-01-04. Accordingly, the Board has jurisdiction over this matter.

22) N.D.C.C. § 6-05-01 contains the following requirements for the formation of a trust company within the state of North Dakota and provides in relevant part:

At the time and place stated, and through any sources of information at its command, the [State Banking] board shall examine and consider all relevant factors, including whether the place where such company is proposed to be located is in need of a further. . . trust company, whether the proposed institution is adapted to the filling of such need, and whether the proposed incorporators are possessed of such character, integrity, reputation, and financial standing as shown by a detailed financial statement to be furnished by them, that their connection with the company will be beneficial to the public welfare of the community in which such company is proposed to be established. The board shall hear any reasons advanced by the applicants why they should be permitted to organize the proposed institution and any reasons advanced by any person why such institution should not be permitted to be organized. At the termination of such hearing, the board shall make a brief statement in writing of its conclusions, and if it finds that the proposed institution shall be permitted to organize, it shall state briefly the reasons why. A copy of such conclusions either shall be endorsed upon or attached to the organization certificate, together with the refusal or grant of permission to the proposed incorporators to present the said organization certificate to the secretary of state. A determination in favor of such organization must be joined by a majority of the members of the board.

23) As required by N.D.C.C. § 6-05-01, the Board's consideration of the Application was predicated upon the following criteria:

- (A) Whether the place where TCoD is proposed to be located is in need of a further trust company;
- (B) Whether TCoD is adapted to filling of such need; and
- (C) Whether the proposed incorporators are possessed of such character, integrity, reputation, and financial standing that their connection with the company will be beneficial to the public welfare of the community in which such company is proposed to be established.

A. Whether the proposed location of TCoD is in need of a further trust company.

24) Upon review of the Application, the map of the proposed service area identified nine (9) existing trust providers within the proposed service area. The number of existing trust providers within the service area is not, standing alone, dispositive. The testimony and quantitative materials offered by Applicants were predominately focused on providing an additional choice

for proposed services within the service area and offering a “boutique” trust experience for its customers. Board members acknowledged that providing additional choices to customers is desirable. The Board finds that the proposed management structure of the organization having only one full-time employee on-site, the remaining key employees working off-site and part-time, was not consistent with the description of an on-site boutique services as described by Applicants. The Board does not make a finding that there is a need for additional trust services in the proposed service area. Based upon the contents of the Application and the testimony provided during the hearing, the Board concludes Applicants failed to establish the proposed service area was in need of the type of trust services the Applicants are able to offer under the proposed management structure.

B. Whether TCoD is adapted to filling such need.

25) The Board found that the Applicants’ failure to provide final versions of the Articles of Incorporation and Bylaws, appropriately notarized and verified attachments in several Affidavits, a compliance manual and a BSA program as part of or separate from the draft policy manual, and consistent business documents across a policy manual, business plan and draft Articles of Incorporation prevented the Board from fully inquiring and considering necessary details regarding TCoD’s proposed method of providing trust services during the hearing and demonstrated TCoD’s lack of business acumen necessary to manage a trust company and customers’ trust assets. This failure is compounded given the Board found substantially similar concerns with inconsistent and incomplete documentation in the Applicants’ 2024 Application.

26) The Board finds proposed legal, examination and audit expenses to be unrealistically low and further finds that Applicants failed to follow GAAP in accounting for their capital. The Board

finds that the Applicants' failure to accurately account for business expenses and capital demonstrates a lack of business acumen necessary to manage a trust company and customers' trust assets.

27) The Board finds the Applicants failed to present a plan or process to accurately report Call Report data based upon their failure to fully consider who would be completing the Call Report and failure to clearly reflect the costs associated with working with an accountant to report such data within the proposed expenses. The Board finds that the Applicants' failure to present a plan or process to accurately report Call Report data and clearly reflect the costs associated with any assistance procured to report such data within the proposed expenses demonstrates a lack of business acumen necessary to manage a trust company and customers' trust assets.

28) Applicants provided documentation and testimony indicating that TCoD would contract with AFS for trust consulting services and CCG for mineral interest management services. Board members questioned the potential conflict of interest resulting from a relationship between TCoD and CCG as well as TCoD and AFS. The Applicants indicated that they believed the services to be provided by CCG and AFS represented a fair market price and due diligence had been performed prior to selection but did not provide sufficient details regarding the due diligence process. The Board had made similar findings regarding a lack of documentation for potential conflicts and due diligence for vendors in the 2024 Application. The Applicants continued failure to provide details regarding the due diligence of vendor relationships involving potential conflicts demonstrates a lack of business acumen necessary to manage a trust company and customers' trust assets.

29) The Applicants failed to demonstrate reasonable due diligence for proposed third-party IT and cybersecurity vendors required by N.D.C.C. ch. 13-01.2. The Applicants failed to provide IT

and cybersecurity policies consistent with the requirements of N.D.C.C. ch. 13-01.2. The Board finds that the Applicants' failure to demonstrate reasonable due diligence for proposed third-party IT and cybersecurity vendors and provide IT and cybersecurity policies consistent with the requirements of N.D.C.C. ch. 13-01.2 demonstrates a lack of business acumen necessary to manage a trust company and customers' trust assets.

30) The Board finds that a single on-site full-time employee was insufficient to meet the needs of the type of business described in the Applicants' business plan and the type of trust services that the Applicants proffered were needed in the community.

31) The Board finds that the conflicts in documentation provided by Applicants and Applicant testimony demonstrate that the Applicants did not provide a clear operational plan necessary to manage a trust company and customers' trust assets.

C. Whether the proposed incorporators are possessed of such character, integrity, reputation, and financial standing that their connection with the company will be beneficial to the public welfare of the community in which such company is proposed to be established.

32) The Board finds that the Incorporators have appropriate financial standing to support the Application.

33) The Board finds that Zaderaka was reported to be well-respected within the trust industry based upon testimony and support letters provided.

34) The Board finds that Zaderaka failed to demonstrate reasonable IT and cybersecurity controls consistent with North Dakota Century Code 13-01.2 in the proposed plan and lacked the necessary knowledge to implement such controls based upon his testimony regarding cybersecurity for the accounts already managed by him. This failure is not beneficial to the public welfare of the community.

- 35) Similar to the 2024 Application, the Incorporators provided documentation and testimony indicating that TCoD would contract with CCG for services related to mineral interest management and that the Evanses would be common owners in both CCG and TCoD. The Applicants indicated that they believed the services to be provided by CCG represented a fair market price and due diligence had been performed prior to selection but did not provide sufficient details regarding the due diligence process. The Applicants failed to adequately explain TCoD's policies regarding disclosure and mitigation of potential conflicts of interest, specifically the retention of CCG by TCoD to provide mineral interest management services for TCoD's clients, and Zaderaka's current employment with CCG.
- 36) The Board concluded that, based upon the information within the Application and testimony provided during the hearing, the Applicants failed to provide sufficient evidence to establish that they possess such character that the organization of TCoD would be beneficial to the public welfare in Minot, North Dakota.

IV. ORDER

Based upon the preceding *Findings of Fact and Conclusions of Law*, **IT IS HEREBY THE ORDER** of the State Banking Board that pursuant to its authority in N.D.C.C. § 6-05-01, the *Application for Organization Certificate for Trust Company of the Dakotas* is hereby **DENIED**. The proposed incorporators are not authorized to transact business as a trust company in the State of North Dakota.

Dated this 5 day of February, 2026.

Lise Kruse, Commissioner of the Department of Financial Institutions on behalf of the State

Banking Board:

A handwritten signature in blue ink that reads "Lise Kruse". The signature is written in a cursive, flowing style.

Lise Kruse, Chair State Banking Board