

**REGULAR STATE BANKING BOARD MEETING  
OFFICE OF THE COMMISSIONER  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
2000 SCHAFFER STREET, SUITE G  
BISMARCK, NORTH DAKOTA**

**November 10, 2016**

The regular meeting of the State Banking Board was held in the Office of the Commissioner, Department of Financial Institutions, 2000 Schafer Street, Suite G, Bismarck, North Dakota. Chairman Entringer called the meeting to order at 9:00 a.m., Thursday, November 10, 2016, by conference call.

**MEMBERS PRESENT:** Robert J. Entringer, Chairman (*Office*)  
Nancy Baerwald, Member (*Cando*)  
Linda Beall, Member (*Velva*)  
Kim Larson, Member (*Casselton*)  
John Schmid, Member (*Carson*)  
Tom Stennes, Member (*Harwood*)  
Cheryl Thompson, Member (*Fargo*)

**MEMBERS ABSENT:** None

**ALSO PRESENT:** Aaron Webb, Secretary (*Office*)  
Suzette Richardson, Administrative Staff Officer (*Office*)  
Jan Murtha, Assistant Attorney General (*Office*)  
Lise Kruse, Chief Examiner – Banks (*Fargo*)

**APPROVAL OF MINUTES**

Chairman Entringer indicated the Board received copies of the minutes of the regular meeting held on September 8, 2016.

**It was moved by Member Larson, seconded by Member Beall, and unanimously carried to approve the minutes of the regular meeting held September 8, 2016, as presented.**

## **CHANGE OF CONTROL – MUNICH BANCSHARES, INC., MUNICH**

Assistant Commissioner Webb reviewed his Memorandum dated October 31, 2016, indicating the Department received the retroactive application for change of control by Theresa Dawley, Richfield, MN, Kathryn Appold, Burnsville, MN, and Delbert Dawley, Shakopee, MN, as a group acting in concert, to acquire control of 25% or more of the voting stock of Munich Bancshares, Inc., Munich, North Dakota, on October 6, 2016. Assistant Commissioner Webb indicated the application was deemed complete on October 10, 2016.

Assistant Commissioner Webb indicated pursuant to North Dakota Administrative Code § 13-02-17-01, notice of the application was published in the *Cavalier County Republican* on October 17, 2016. Assistant Commissioner Webb indicated the comment period ended October 31, 2016, and no comments have been received nor were there any requests for copies of the application.

Assistant Commissioner Webb reviewed the provisions of Section 6-08-08.1(4), North Dakota Century Code, which outlines criteria for the Board to disapprove a change of control application.

Assistant Commissioner Webb indicated Theresa Dawley, Kathryn Appold, and Delbert Dawley (“Dawley Family Group”) previously acquired Munich Bancshares, Inc. stock through inheritance from their mother; adding that when combined with the shares each already controlled, no individual rose above the 25% control threshold; however, the inheritance results in the Dawley Family Group controlling a total of 27.87% of the voting shares of Munich Bancshares, Inc. voting stock. Assistant Commissioner Webb indicated since the Dawley Family Group controls over 25% of the holding company stock, which owns 100% of Horizon Financial Bank, Munich, this constitutes a change of control requiring approval by the State Banking Board.

Assistant Commissioner Webb explained since the acquisition was a result of inheritance, no consideration was paid, nor were there changes in directors, management, or business plans.

Chairman Entringer indicated this application is being presented for State Banking Board approval since the Federal Reserve considers this a group acting in

concert which requires a change of control application. Chairman Entringer added that the Federal Reserve approved the application in September 2016.

Assistant Commissioner Webb indicated the Department recommends approval of the retroactive application for change of control by Theresa Dawley, Richfield, MN, Kathryn Appold, Burnsville, MN, and Delbert Dawley, Shakopee, MN, as a group acting in concert, to acquire control of 25% of more of the voting stock of Munich Bancshares, Inc., Munich, North Dakota, which controls 100% of Horizon Financial Bank, Munich, North Dakota.

**It was moved by Member Baerwald, seconded by Member Schmid, and unanimously carried to approve the retroactive application for change of control by Theresa Dawley, Richfield, MN, Kathryn Appold, Burnsville, MN, and Delbert Dawley, Shakopee, MN, as a group acting in concert, to acquire control of 25% of more of the voting stock of Munich Bancshares, Inc., Munich, North Dakota, which controls 100% of Horizon Financial Bank, Munich, North Dakota.**

## **ITEMS TO BE NOTED**

Chairman Entringer indicated on September 26, 2016, he approved, as Commissioner, the application by BlackRidgeBANK, Fargo, to discontinue maintenance of an interstate branch at 406 3<sup>rd</sup> Ave E, Alexandria, MN.

Chairman Entringer indicated on October 3, 2016, he approved, as Commissioner, the application by Starion Bank, Bismarck, to relocate its interstate branch from 326 South Grand Ave, Sun Prairie, WI, to 350 South Grand Ave, Sun Prairie, WI.

Chairman Entringer indicated on October 12, 2016, he approved, as Commissioner, the application by Garrison State Bank and Trust, Garrison, to establish a facility at 214 Main St, Max.

Chairman Entringer indicated on October 31, 2016, he approved, as Commissioner, the application by Bell Bank, Fargo, to discontinue maintenance of an interstate branch at 385 Eagle St, Audubon, MN.

## **PROPOSED MEETING DATES FOR 2017**

Chairman Entringer indicated the proposed meeting dates for 2017 are the second Thursday of every other month: January 12, March 9, May 11, July 13, September 14, and November 9.

**It was moved by Member Stennes, seconded by Member Thompson, and unanimously carried to approve January 12, March 9, May 11, July 13, September 14, and November 9 as the 2017 State Banking Board meeting dates.**

## **BANK BUDGET UPDATE**

Chairman Entringer indicated the Board received the September 30, 2016, Organizational Status Report by Summary Account for the bank division.

**The Board went into closed session at 9:11 a.m. to review the Supervisory Reports of Examination pursuant to North Dakota Century Code 6-01-07.1, and to discuss any confidential records pursuant to North Dakota Century Code 44-04-19.2, and returned to open session at 9:49 a.m.**

## **APPROVAL OF EXECUTIVE SESSION MINUTES**

**It was moved by Member Beall, seconded by Member Schmid, and unanimously carried to approve the executive session minutes of the regular meeting held September 8, 2016, as presented.**

## **LEGISLATION**

Chairman Entringer stated the Department will not be introducing any bank legislation, but will be monitoring the introduction of any legislation. Chairman Entringer indicated the Department is considering introducing a bill which makes clear that money transmission includes virtual currency.

## **MEASURE 5**

Chairman Entringer indicated that he, Assistant Commissioner Webb, and Assistant Attorney General Murtha will discuss Measure 5, and possibly schedule “A Day with the Commissioner” for both banks and credit unions following the session to review any issues with respect to possible obligations if they would bank individuals involved in the medical marijuana industry. Chairman Entringer agreed it would be beneficial to have representatives present from the Federal Deposit Insurance Corporation, Federal Reserve, and FinCEN.

## **STAFF**

Chairman Entringer provided a brief staffing update to the Board.

The meeting adjourned at 10:00 a.m.

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Robert J. Entringer, Chairman

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Aaron Webb, Secretary