

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

January 12, 2017

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, January 12, 2017, 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 (*Dickinson*)
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 November 10, 2016.

It was moved by Member Schmid, seconded by Member Beall, and unanimously carried to approve the minutes of the regular meeting held November 10, 2016, as presented.

ITEMS TO BE NOTED

Chairman Entringer indicated on November 9, 2016, he approved, as Commissioner, the application by Western State Bank, Devils Lake, to establish an interstate branch at 19440 North R.H. Johnson Boulevard, Sun City West, AZ.

Chairman Entringer indicated on November 23, 2016, he approved, as Commissioner, the application by VISIONBank, Fargo, to establish a facility at 820 35th Ave E, West Fargo.

BANK BUDGET UPDATE

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

LEGISLATION

Chairman Entringer indicated a Committee hearing was held on January 4, 2017, regarding the Department's money transmitter bill. Chairman Entringer indicated the Department's budget Committee hearing was held on January 5, 2017; adding that representatives from NDBA, ICBND, and CU Association were present in support of the Department. Chairman Entringer indicated no action has been taken on either of the above.

Chairman Entringer indicated crossover from the Senate to House will be the end of February.

REINVENTING GOVERNMENT

Chairman Entringer explained reinventing government is one of Governor Burgum's platforms; adding that he encourages members of the Board to share any thoughts they may have on how the Department can conduct business more efficiently.

Chairman Entringer asked for Board members' thoughts regarding pros or cons of obtaining this meeting agenda from the new ITD Managed File Transfer system (ITD system) versus the previous File Transfer system. Member Larson stated he used the File Transfer system; Member Thompson indicated she did not have any problems utilizing the ITD system, but felt it is cumbersome; Member Stennes stated he had no problem utilizing the ITD system; Member Baerwald indicated she had problems with the ITD system, adding she was eventually able to access the information, but agrees with Member Thompson that it is a cumbersome system.

Chairman Entringer indicated it is his goal to deliver examination reports electronically and eliminate paper copies. Chairman Entringer questioned how user-friendly the ITD system is for anyone outside the state system. Member Thompson stated she feels individuals already on the state network system may be able to access the ITD system to retrieve items. Member Thompson suggested a trial period of delivering reports of examination through the ITD system.

There was discussion on the lack of an email or notification sent to the receiving party when items are placed on the ITD system; whereas the File Transfer system originates sent and received notifications.

Chairman Entringer explained he is contemplating creating a fillable PDF Call Report for completion by the trust companies, so it can be submitted to the Department electronically.

Member Larson referred to the possibility of less expense for the Department if staff did more off-site work on an examination; however, added he prefers having examiners on-site for final examination discussion.

Member Larson pointed out the cost savings for the Department since the majority of State Banking Board meetings are held by conference call.

The Board went into closed session at 9:18 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 9:40 a.m.

APPROVAL OF EXECUTIVE SESSION MINUTES

It was moved by Member Larson, seconded by Member Beall, and unanimously carried to approve the executive session minutes of the regular meeting held November 10, 2016, as presented.

DAY WITH THE COMMISSIONER

In response to Member Stennes, Chairman Entringer referenced the marijuana and train the trainer for cyber security topics he addressed in the Department's January 2017 Newsletter, which could be addressed at the Day with the Commissioner. Chairman Entringer discussed the cyber security presentation Chief Examiner Kruse attended; adding that same association has offered to present to the Department and financial institutions.

Chairman Entringer stated since NDBA is managing the registration for the FDIC's Directors College to be held May 17, 2017, he will contact them in order to coordinate holding the Day with the Commissioner possibly before and after (May 18 and 19) in Bismarck and Fargo.

WELLS FARGO

There was discussion regarding Wells Fargo targeting customers, its marketing efforts, and problems related to creating accounts. Member Thompson explained she was told a Wells Fargo customer was issued a debit card without knowledge or approval, which then happened to get hacked.

Chairman Entringer indicated he has not received any complaints about North Dakota state-chartered banks in this regard; however, NDBA President and CEO Clayburgh was asked a similar question during the Department's budget hearing and stated North Dakota banks do not engage in such tactics. Chairman Entringer indicated the Department does not routinely monitor how banks market to their customers; however, commented the Department dealt with a state-chartered bank approximately 20 years ago that was involved in a sub-prime credit card program. Chairman Entringer concluded the Department will address bank marketing if the need arises.

The meeting adjourned at 9:52 a.m.

Robert J. Entringer, Chairman

Aaron Webb, Secretary