

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

January 11, 2018

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. Chair Kruse called the meeting to order at 9:00 a.m., Thursday, January 11, 2018, by conference call.

MEMBERS PRESENT: Lise Kruse, Chair (*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*)
Lisa Kirschmann, Administrative Assistant (*Office*)
Joan Becker, Director of Administration (*Office*)
Ryan Spah, Chief Examiner – Banks (*Office*)
Patrick Brooke, Assistant Attorney General (*Office*)
John Ouradnik, (*Fargo*)
Fred Manuel, (*MN*)
Greg Mayo, (*Cavalier*)
Tim Siegle, (*Cavalier*)

APPROVAL OF MINUTES

Chair Kruse indicated the Board received copies of the minutes of the regular meeting held on November 29, 2017, and the special meeting held on December 12, 2017.

Member Stennes pointed out the name should have been Ms. Steffes and not Ms. Stennes on page 4 of the November 29, 2017, minutes.

It was moved by Member Beall, seconded by Member Baerwald, and unanimously carried, to approve the minutes of the regular meeting held November 29, 2017, as amended, and of the special meeting held December 12, 2017, as presented.

RETROACTIVE CHANGE OF CONTROL – GREGORY P. MAYO AND JOSEPH J. MAYO, ACTING IN CONCERT, TO ACQUIRE CONTROL OF 25% OR MORE OF THE VOTING STOCK OF FIRST HOLDING COMPANY OF CAVALIER, CAVALIER, NORTH DAKOTA, WHICH CONTROLS 100% OF UNITED VALLEY BANK, CAVALIER, NORTH DAKOTA

Assistant Commissioner Webb reviewed his Memorandum dated December 6, 2017, indicating the Department received the retroactive change of control application on December 7, 2017, for Gregory P. Mayo and Joseph J. Mayo (Applicants) who each control 15% of the voting stock for combined total of 30% of the holding company, thereby exceeding the 25% statutory threshold.

Assistant Commissioner Webb indicated pursuant to North Dakota Administrative Code § 13-02-17-01, notice of the transaction was published by the Department in the *Cavalier Chronicle*, on December 13, 2017. Assistant Commissioner Webb indicated the comment period ended December 27, 2017, 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.

Mr. Manuel went through the application indicating the application was made to the Federal Reserve to acquire First National Bank of Mahnommen Twin Valley. As a result of this transaction the applicants were asked to file a change of control with the Federal Reserve. The applications were approved as of December 1, 2017, for the purchase of First National Bank and change of control for Gregory P. Mayo and Joseph J. Mayo.

Mr. Siegle indicated the Mayo family have been partners with the community and are very instrumental with the direction of United Valley Bank.

Assistant Commissioner Webb indicated as this is a retroactive change of control, there are no changes to directors or senior management relating to the application. Assistant Commissioner Webb indicated the Department recommends approval of the retroactive change of control.

It was moved by Member Stennes, seconded by Member Beall, and unanimously carried to approve the retroactive change of control application by Gregory P. Mayo and Joseph J. Mayo, acting in concert, to acquire control of 25% or more of the voting stock of First Holding Company of Cavalier, Cavalier, North Dakota, which controls 100% of United Valley Bank, Cavalier, North Dakota.

Messrs. Manuel, Siegle and Mayo left the conference call at 9:17 a.m.

RETROACTIVE CHANGE OF CONTROL – CHARLES VORWERK, TO ACQUIRE CONTROL OF 25% OR MORE OF THE VOTING STOCK OF HATTON BANCSHARES, INC., FARGO, NORTH DAKOTA, WHICH CONTROLS 100% OF ASPIRE FINANCIAL, FARGO, NORTH DAKOTA

Assistant Commissioner Webb reviewed his Memorandum dated December 6, 2017, indicating the Department received the retroactive change of control application whereby, Charles Vorwerk would retain ownership and control of 26% of Hatton Bancshares Inc., Fargo, and as a result control of Aspire Financial, Fargo. Pursuant to the North Dakota Administrative Code § 13-02-17-01, notice of the transaction was published by the Department in the *Fargo Forum* on December 18, 2017, the comment period ended on January 2, 2018; and no comments or requests for copies of the application were received.

Mr. Ouradnik indicated Charles Vorwerk originally owned 24.5%, however recently a few shareholders wanted to sell their shares and they were distributed evenly between the remaining shareholders which put Mr. Vorwerk to just over 26%. There are no changes to directors or senior management. The Federal Reserve has approved the application for the change.

Assistant Commissioner Webb indicated all criteria have been met and the Department recommends approval of the retroactive change of control.

It was moved by Member Larson, seconded by Member Schmid, and unanimously carried to approve the retroactive change of control application for Charles Vorwerk, to acquire control of 25% or more of the voting stock of Hatton Bancshares, Inc., Fargo, North Dakota, which controls 100% of Aspire Financial, Fargo, North Dakota.

Mr. Ouradnik left the conference call at 9:22 a.m.

BANK BUDGET UPDATE

Information provided for Board review.

ITEMS TO BE NOTED

Chair Kruse noted the Department would be transitioning to a new file transfer system for the Board starting March 2018. She explained the system is called Box and is more user friendly than the system we are currently using.

The Board went into closed session at 9:25 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 9:44 a.m.

The meeting adjourned at 9:45 a.m.

Lise Kruse, Chair

Aaron Webb, Secretary