

BHCA

THEBHCA.ORG — SPRING 2026

Bank Owner

BANK HOLDING COMPANY ASSOCIATION MAGAZINE

2026 SPRING SEMINAR

AMERICAN INNOVATION: *Banking on Independence*

PLUS

**PROFILE:
BHCA PRESIDENT
KELLY RACHEL**

**FEDERAL RESERVE:
COMMITMENT TO
FINANCIAL STABILITY**

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The Bank Holding Company Association exists to provide education and business connections critical to the vitality of bank holding companies.

Founded in 1981, the BHCA welcomes Members from around the country. Holding companies of all sizes from throughout the Midwest make up a majority of the current membership. Companies that serve bank owners, their holding companies and banks, are welcomed as Associate Members.

The *Bank Owner* magazine is the quarterly publication of the BHCA. The magazine is your best source for BHCA information, including upcoming events. Members receive the magazine in the mail and have access to an online version at theBHCA.org. Managing Director Tom Bengtson serves as editor. Contact him at (952) 835-2248 ext. 101 or email us at Tom@thebhca.org.

ON THE COVER:

2026 Spring Seminar
American Innovation:
Banking on Independence

Register Today!



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WWW.THEBHCA.ORG

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NEW TO BHCA

The BHCA is pleased to welcome:

My Private Shares
Fort Lauderdale, Fla.

John Antolik,
Managing Partner and CEO

My Private Shares provides an invitation-only investor relations platform that provides greater liquidity through a compliance-driven approach. Our platform streamlines processes and promotes deeper engagement between your bank and its shareholders. MPS clients share the common objective of remaining private and are 100 percent in control of the platform. Learn more at www.myprivateshares.com.

A sure sign of spring: The BHCA Seminar is just around the corner!

It's a new year, and I have the privilege of serving as your new president for the Bank Holding Company Association. I look forward to getting to know you in the coming year, and you can learn a little about me by reading the profile published in this issue of *Bank Owner*.

One of the great things about emerging from winter is the onset of the BHCA Spring Seminar, this year set for Monday-Tuesday, April 27-28, at the Westin Galleria Hotel in Edina, Minn. I hope you will plan to attend; details about the seminar's agenda are provided elsewhere in this edition.

One thing we have in North Dakota that you won't find anywhere else is a state-owned bank — The Bank of North Dakota.

From time to time, you read items in the news about groups of people in other states who want to form a similar institution. Formed in 1919, the concept has been tried in other places, but North Dakota is the only state where it has worked. Much of the Bank of ND's business takes place on a participation basis, but there are services available directly to North Dakota residents.

Don Morgan, President of the Bank of North Dakota, will be our guest at the Spring Seminar, where he will tell us about the bank's foray into payment stablecoins. The Bank of ND recently launched the Roughrider Coin, named in honor of Theodore Roosevelt. This is a stablecoin that will facilitate payments between business entities, and serves as a tool for the state's banks. The Bank of ND is partnering with Fiserv to make the Roughrider stablecoin possible.

Here's what Morgan said about the venture in an October press release: "The development of the Roughrider coin reflects that commitment, capitalizes on recent changes in federal law, and ensures the continued health, resilience, and relevancy of the North Dakota financial industry for its citizens."

An executive from Fiserv added: "We're entering a new era where payments are instant, interoperable, and borderless," said Takis Georgakopoulos, COO at Fiserv. "With Roughrider Coin, we're bringing together the reliability of traditional finance and the innovation of blockchain to deliver faster and smarter digital payments. North Dakota's vision and leadership in launching this initiative show how forward-thinking policy can drive real progress in digital finance."

Stablecoin is here to stay, so we are told, by experts and people in the press. The GENIUS Act, passed last July, mandates the establishment of rules for using stablecoins. My board and I are doing all we can to understand this new form of payment and understand how our organization might use it to better serve our customers. Morgan, and his colleague, Chief Innovation Officer Rick Geloff, will give us their insights into stablecoin and what it might mean for community banks everywhere.

We have a very strong seminar planned with presentations coming from notable speakers such as Dr. James Bullard, the former president of the Federal Reserve Bank of St. Louis. He is currently the Dean of the Business school at Purdue University. He is very connected in the economic and political worlds, reportedly having been considered for the chairmanship of the Federal Reserve Board. (President Trump recently nominated Kevin Warsh.) In addition to offering his insight, Dr. Bullard will be taking your questions.

I urge you to review the complete agenda in this edition. And, let me further direct your attention to our fourth annual awards luncheon at the close of the seminar on Tuesday April 28. We have partnered with *BankBeat* magazine on this uplifting event where we recognize outstanding senior level and mid-career bankers from institutions throughout the Upper Midwest. This event is a great way to reward staff and introduce future leadership to the association.

A lot of planning goes into the BHCA seminars. I encourage you to attend and to bring your directors and other senior officers. In addition to the other bankers who will be in attendance,



BY KELLY RACHEL
North Star Holding Company
Jamestown, N.D.

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Book about market crash brings history into focus, provides context to present

If you've been inside one of the big retail bookstores recently, you've seen Andrew Sorkin's "1929" on the display tables. "Inside the greatest crash in Wall Street history – and how it shattered a nation," is the descriptive subtitle; excluding the lengthy notes section, the book is 450 pages, but the vibrant pace of the story makes it seem like a short read, or at least it did for me, an eager student of history.

It is amazing to think that during the 1920s, a person could buy \$100 worth of stock with a \$25 investment, borrowing the remainder from the same bank that sold the stock. Sorkin focuses on National City Bank, today known as Citibank. The bank encouraged people to invest, and many inexperienced investors jumped on the bandwagon. National City Bank and others were comfortable taking the stock as collateral, given generally perpetually rising prices and the fact that the investor was on the hook for the first 25 percent. Well, we know how that turned out.

Before reading this book, I hadn't really thought about how the creation of the Federal Reserve in 1913 related to the market crash in 1929. Carter Glass, the Democratic Senator from Virginia, who helped to create the Fed, was concerned that Wall Street was using the central bank to encourage speculation in the markets, particularly by an emerging retail class who really didn't know what they were doing.

With credit fueling stock prices, a crash was inevitable; it was just a matter of when. Glass was upset that banks, which could borrow from the Fed, were encouraging average Americans to convert savings into stock market investments. The Dow Jones plummeted the third week of October in 1929, precipitating unemployment and bank runs which led to nearly 11,000 bank failures over the next three-plus years.

They were only in the first year of the Hoover administration, and many political analysts expected the Republican to win re-election in 1932, but Franklin Roosevelt won easily. Sorkin points out it wasn't the economy so much that sealed the election, but Hoover's support for prohibition at a time when nearly 80 percent of Americans, including Roosevelt, opposed it.

There had been talk of the need for a "bank holiday" and as Roosevelt's inauguration neared the talk turned into reality. The day Roosevelt was sworn into office, both the states of New York and Illinois closed the banks in their state in order to avoid the threat of additional runs on the banks. Remember, this was before the FDIC.

On Sunday, March 5, the second day of Roosevelt's first term, he declared a national bank holiday, putting a pause on the banking system. Eight days later, regulators started allowing healthy banks to reopen. Banks in unstable condition were liquidated, merged with stronger partners or otherwise

decommissioned. I really cannot imagine what it must have been like to go through such a period of uncertainty!

Although Roosevelt wanted Glass to be his Treasury Secretary, Glass remained in the Senate, and went to work on banking reform. Henry Steagall, a Democrat Congressman from Alabama, also went to work but his version of reform was much more dramatic than Glass's. Steagall championed the idea of a deposit guarantee, what we know today as deposit insurance. President Roosevelt was initially against it, but he could see how popular the idea was. Sorkin points out that the idea became inevitable, even at only \$2,500 per account, once Will Rogers endorsed the idea in a letter he sent to the *New York Times*.

People aligned with the nation's largest banks didn't like the idea of deposit insurance, saying it forced large banks to subsidize poorly-managed or under-capitalized banks in the middle of the country. Big banks didn't feel they needed deposit insurance. Even back then, there was tension between mega-banks and community banks.

Sen. Huey Long of Louisiana, (D), wrote a provision for the banking legislation that would give small banks the benefits of Federal Reserve membership without actually joining. Glass removed the provision, apparently without telling Long. The bill also authorized national banks to open branches outside their home state, something that was prohibited at the time. Long hated that idea, preferring a landscape of independently-owned, smaller banks. Sorkin says a fight over the issues nearly broke out on the floor of the Senate between the two.

Glass-Steagall legislation was ratified as part of the 1933 Banking Act, which President Roosevelt signed into law on June 16, 1933, separating commercial banks from investment banks, and creating deposit insurance. Sixty-six years later, much of the Glass-Steagall Act was repealed by the Gramm-Leach-Bliley Act. Deposit insurance, now a bedrock component of commercial banking, remains a topic of debate over potential reform.

Related, Sorkin recounts the trial of Charles Edwin Mitchell, chairman of National City Bank, in 1933 for tax evasion. Mitchell sold a sizable block of stock to his wife while the markets were freefalling. He took a loss on the stock, which he was able to apply against the income taxes he owed on more



BY TOM BENGTSON
BHCA Managing Director

2026 BHCA President Sees Change as Constant – and Accelerating

By Jackie Hilgert

With nearly 43 years of banking experience logged, all of it at the same Jamestown, N.D., bank, Kelly Rachel said the greatest challenge he has faced is keeping up with change. “Two times two is four; four times four is sixteen; you think it’s going to slow down, but it’s changing more rapidly than ever,” Rachel said. Challenges aside, he said the exponential rate of change specifically in the areas of AI and crypto represents “the most interesting part of where we are going.”

Rachel, president and CEO of NorthStar Holding Company and its subsidiary, Unison Bank, is 2026 president of the Bank Holding Company Association. Recently, he paused to reflect on his four decades in banking and his affiliation with the BHCA.

The evolution of how people have connected with their banks, from telephone banking to internet banking to mobile apps, with services soon to be driven by artificial intelligence — all of it necessary for customer retention — doesn’t negate the foundational ethos of community banking. So although customers rarely need to walk into a bank, “my generation will not give up on the value of a personal relationship,” Rachel said. “Everybody wants to drive by their bank, see their bank and say ‘that’s my bank.’”

But while technology is necessary to compete at all levels, Rachel added, “we feel there is strong value in customer relationships and in continuing to build those.”

“Although we will move forward with technology, I’m not going to replace my staff with virtual assistants,” Rachel added, saying the 90 or so employees at Unison working across the company’s three North Dakota offices plus its office in Gilbert, Ariz., are its greatest asset.

It was also a relationship that prompted Rachel to serve on the board of the BHCA, an organization he joined around 2012, the year he was named president and CEO. He was recruited to the board by 2022 BHCA President Tim Siegle, Ameri Financial Group Inc., of Lino Lakes, Minn.

Siegle, who had worked in banking in North Dakota for years before moving to the Twin Cities, told Rachel his background would be a good fit for the BHCA. The organization and its board would continue to benefit from geographic diversity, Siegle added.

With the BHCA’s value proposition driven toward ownership and holding company matters, Rachel was sold on greater involvement. “The value here is the opportunity to sit and listen to industry experts weigh in on the challenges, the trends and the opportunities, versus the everyday grind,” Rachel said. “This is a great opportunity to have a quality program in a regional setting without traveling across the country. What you get in return in terms of [education], plus the networking and peer connections, for what you’re spending, it’s invaluable.”



Kelly Rachel and his wife Mary enjoy time with family, including this trip to Disney World last fall.

Unison Bank has a unique ownership structure. Founded in 1965 as Stutsman County Bank, it sold in 2002 to three separate N.D.-based community bank holding companies. Rachel spoke at the 2024 BHCA Fall Seminar about navigating that deal and the challenges and opportunities it presented. (Read the recap of his session in the Winter 2024 edition of *BankOwner* magazine.)

Stutsman became Unison Bank in 2006, the same year it expanded into Arizona by buying a branch from a bank that was on its way to failure. Unison later built a bank in Gilbert in 2017. The move to the southwestern United States was driven by a need for growth, Rachel said. The population of Metro Phoenix, at 5.1 million, is six times higher than the roughly 800,000 people who live in North Dakota.

Rachel admitted distance presented his team with challenges as it sought to build culture at its Arizona branch. “That has been a constant focus for our management team and it took a little while to get there but I think our team has done a great job,” he said. Today, roughly 55 percent of the bank’s loan portfolio — focused on small business, commercial real estate and personal real estate — originates at its Gilbert branch. These loans are funded primarily by deposits rooted in North Dakota.

Today, the bank boasts roughly \$600 million in assets.

While Rachel is a Jamestown lifer, he’s not a native. He grew up the youngest of four on a small farm located in Wing, N.D. His high school graduating class numbered exactly twelve. He joined the bank when he was a senior at the University of Jamestown, where he studied accounting and economics. His first role in banking was as a part-time teller; his first full-time role was in collections and repossessions. He married shortly after joining the bank. When his new wife, whom he met in college, found a teaching job in a nearby community, he stayed at the bank. The

Profile, Continued on page 11

2026 BHCA SPRING SEMINAR

AMERICAN INNOVATION: *Banking on Independence*

April 27-28, 2026 | Westin Galleria Hotel, Edina, Minn.

As the United States of America prepares to celebrate its 250th anniversary this summer, the Bank Holding Company Association is focusing on American Innovation. Our country's unique system of community banking has made great prosperity possible over the course of 25 decades. We have proven that you can Bank on Independence when it comes to financial services which help people to realize their hopes and dreams.

The BHCA Spring Seminar for 2026, set for Monday-Tuesday April 27-28 at the Westin Galleria Hotel in Edina, Minn., offers more sessions than ever, with five general session presenters and breakout sessions on both days. Plus, we conclude with our fourth annual Awards Luncheon where we celebrate the industry's emerging talent, as well as its validated best and brightest.

The Spring Seminar opens with in-the-know commentary from **Dr. Jim Bullard**, the former president of the Federal Reserve Bank of St. Louis who now serves as the Dean of the Business School at Purdue University. He will share insight into the Federal Reserve and its political dynamics that may or may not result in changes in interest rates this year.

Don Morgan, the president of the Bank of North Dakota, follows with an exclusive introduction to the Roughrider Stablecoin. As one of the first banks to offer its own payment stablecoin, Morgan will describe why the bank is getting involved in this new payments rail and what he believes it might mean for the community banking industry. **Rick Geloff**, Chief Innovation Officer at the Bank of ND, will follow up

with a detailed breakout session on the technology behind it all.

One of the most important markets for community banks — small and medium-size businesses — is the subject of a report on what business owners want from their bank, presented by **Sandy Hanson**, an analyst with the highly respected Barlow Research firm.

A veteran of the banking industry speaking circuit, **Roxanne Emmerich** joins us with insights gleaned from her work with top-performing community banks all over the country. Independence, Emmerich notes, is earned by superior performance and she shares some of the factors that contribute to durable advantage at successful financial institutions.

Breakout sessions include a primer on new IRS tax rules related to income from agricultural loans, wire fraud, payment systems risk, capital allocation strategies and AI excellence.

We conclude with our annual Awards Luncheon, where communications expert **Shannon GaNun** describes the qualities of a "Guiding Leader." The Georgia Southern University professor's message should resonate with mid-career professionals as well as industry veterans.

As always, the seminar features built-in networking time, including our Monday evening reception. This is the perfect meeting for any bank owner or officer looking for additional insight into the industry's most contemporary issues and opportunities. Please plan to invite colleagues to join you, if not for the entire seminar, then at least for our high-energy Awards Luncheon.

MONDAY, APRIL 27, 2026

Noon

Buffet Lunch

1:00 - 1:50 p.m.

Perspectives on the current economic landscape

Dr. James Bullard, Dean of the Mitch Daniels School of Business, Purdue University; former president of the Federal Reserve Bank of St. Louis

Summarizing the outlook of the U.S. economy, Dr. Bullard anticipates the Fed will cut interest rates once in 2026, and that this will likely occur later in the year. He believes the economy will accelerate due to fiscal policies such as the One Big Beautiful Bill Act coming into effect. But, an increase in investment in artificial intelligence technology by corporations is driving concern about an AI bubble. Dr. Bullard will take audience questions as he fills in the details during this opening session.

2:00 - 2:50 p.m.

Introducing the Roughrider Stablecoin: Entering the age of digital currency

Don Morgan, President, Bank of North Dakota

Bank of North Dakota and its core banking services provider, Fiserv, have developed the state's own stablecoin, named the Roughrider, putting North Dakota on the leading edge of digital currency backed by real assets. President Morgan explains how it all happened.

Breakout sessions:

Round 1

3:00 to 3:25 p.m.

A look at payment stablecoins as a product for community banks

Rick Geloff, chief innovation officer, Bank of North Dakota

Following up on Bank of North Dakota President Don Morgan's general session presentation, Rick Geloff provides the details of the Roughrider stablecoin and how the Bank of ND can help banks participate in the new payments rail.

Opportunities and pitfalls created by ACRES, the new IRS ag lending provision

Kara Cramer, CPA, Forvis Mazars

The One Big Beautiful Bill Act added Internal Revenue Code §139L, creating a tax exclusion designed to stimulate lending in rural and agricultural markets. Under §139L, qualified lenders may exclude from federal taxable income 25 percent of the interest income earned

on eligible loans secured by rural or agricultural real property. While that's good news for ag lenders, there are many details to consider.

Round 2

3:30 to 3:55 p.m.

Examining community banks capital allocation options

Matthew Reader Forgotson, Director, Client Insights & Analytics, Performance Trust

Since 1990, more than 65 percent of FDIC-insured depositories have disappeared. Many of these institutions lost their independence because they misallocated capital. Forgotson will look at some of the common pitfalls and propose alternatives for bankers who choose to protect their communities and potentially accelerate their bank's mission.

From data chaos to AI excellence: A practical roadmap for financial institution transformation

Nelson Obando, Principal, Wolf & Company

While 74 percent of banking executives recognize data as critical to their success, only 21 percent feel prepared to harness its power. This session cuts through the AI hype to deliver actionable strategies that banks can implement immediately. Drawing from real-world banking implementations and industry research, this presentation provides a clear framework for transforming fragmented data systems into AI-powered competitive advantages.

4:00 - 4:50 p.m.

Winning small business relationships: What matters most

Sandy Hanson, Managing Partner, Small Business Program Director, Barlow Research

Small businesses expect more from their bank than transactions. They expect clear value, responsive service, and the right balance of technology and personal support. Backed by data from Barlow Research, this session explores what small businesses want from their financial providers and how small banks can compete more effectively. Learn how pricing pressure is influencing switching behavior, why digital convenience doesn't replace relationships, and how proactive outreach strengthens loyalty.

5:00 - 6:30 p.m.

Reception

7:30-8:40 a.m.

Buffet breakfast

8:40-9:30 a.m.

A community bank-fintech case study

*Matt Moran, President & CEO Portage Bank
Richard Eastley, SVP of Payment System Operations
Brock Thaemlitz, Eide Bailly*

Two bankers and their accountant discuss the Washington state venture that purchased a small bank in southern Minnesota in 2019 and how they have turned it into a hub for moving money around the globe.

9:30-10:30 a.m.

Performance is the new independence

Roxanne Emmerich, Founder & President, the Emmerich Group

In today's banking environment, independence is no longer protected by intent, legacy, or regulation — it is earned through superior economics. As Warren Buffett has shown for decades, only businesses with durable advantage, disciplined capital allocation, and top-tier performance control their future.

Banks that fail to reach top quartile will potentially surrender independence by default; this session reveals how elite community banks build performance cultures and execution systems that compound franchise value, command premium valuations, and remain independent by choice — not by chance.

10:30-11:00 a.m.

Break

Breakout sessions:

Round 1

11:00 to 11:25 a.m.

Assumed breach in the boardroom: Real-world threat emulation across the portfolio

Sean Goodwin, Principal, Wolf & Co.

Traditional penetration testing is no longer enough to validate an organization's security posture. This session explores how offensive security has evolved into a critical business tool through assumed breach testing, red teaming, and threat emulation. Drawing on real-world findings from Wolf & Company's DenSecure team, we'll unpack how CISOs and IT leaders are leveraging threat emulation not just to uncover gaps, but to align cyber risk with business risk.

ALM & investment strategies

Presented by The Baker Group

After years of navigating a challenging interest rate landscape — with shrinking margins and rising funding costs

— 2025 brought a welcome turning point: expanding margins and stronger earnings. Yet as we move through this easing cycle, one pressing question looms: What comes next? This seminar is designed for CEOs and investment officers ready to take control of the next rate cycle.

Round 2

11:35-Noon

Blockchain technology and wire fraud

Carole Crawford, President, Saturn Partners

International and domestic wire fraud involving blockchain technology holds a lot of risks for banks. The irreversible nature of digital asset transfers and the speed of these transactions increase risk of fraud for banks substantially. Crawford will discuss the issues, including phishing, BEC, off-ramp conversion of stolen funds and smart contracts.

A writer's encouragement:

Why you should preserve your legacy

Tom Bengtson, Author, Publisher, NFR Communications

As business and community leaders, bank officials have stories worth preserving. You owe it to your family, colleagues, community, and yourself to preserve your legacy. Bengtson, the author of two memoirs as well as hundreds of banker profiles, shares thoughts on how to conserve your story in a way that will speak to those around you and your family for generations to come.

Noon to 12:45 p.m.

Awards luncheon

12:45 - 1:45 p.m.

The Guiding Leader:

Lead with confidence and humanity

Shannon GaNun, Author, Professor, Georgia Southern University

Driving results in today's workplace requires far more than authority or technical skills — it requires the ability to guide people effectively. In this uplifting and energizing keynote, Shannon shares a powerful shift in how we think about leadership: from controlling people to guiding their potential. Drawing on personal stories, 30-plus years of communication experience, best practices research, and the remarkable results she's seen inside teams and organizations, Shannon reveals what happens when leaders choose alignment over assumption, curiosity over certainty, and empathy over enforcement to guide their teams.

2:00 p.m.

Adjourn

See you at the BHCA Fall Seminar Oct. 5-6, 2026!



LOCATION

The Westin Edina Galleria
3201 Galleria, Edina,
Minnesota, USA, 55435

To make your reservations,
please contact the hotel
directly at 952-567-5000

Book your room today to lock in
our special rate! The deadline
to book at our special rate is
Friday, April 10.

Name _____

Company Name _____

Address _____

City _____ State _____ Zip _____

Phone _____ Email _____

Guest Name(s) _____

Please indicate dietary restrictions here: _____

FULL SEMINAR:

		Number	Amount
BHCA Member		_____	_____
Non-Member		_____	_____

OPTIONS:

			Number	Amount
Full Day Monday Only	Members	\$385	_____	_____
	Non-Members	\$525	_____	_____
Full Day Tuesday Only	Members	\$350	_____	_____
	Non-Members	\$450	_____	_____
Tuesday Luncheon Only	Members & Non-Members	\$75	_____	_____

TOTAL AMOUNT ENCLOSED: \$ _____

Mail Registration to:

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Or Register online at www.theBHCA.org. Need more info? Call 952-835-2248



The cost of the meals, entertainment and breaks included in the registration fee for this event are estimates at \$100 on Monday, and \$150 on Tuesday. This information is provided for your tax records in keeping with IRS deductibility provisions. By registering, you authorize the BHCA to use your image for promotional purposes. Cancellation Policy: Due to commitments and expenses, all cancellations after April 17 will be subject to a \$75 processing fee. We regret that no refunds will be given after April 22, 2026; however, substitutes are welcome anytime. The BHCA assumes no liability for any nonrefundable travel, hotel or related expenses incurred by registrants. Cancellations or substitutions must be made in writing to Paula@NFRcom.com or Susan@NFRcom.com.

Profile, Continued from page 6

couple raised three children in Jamestown as he moved up the ladder on the credit side. “I always say my career has helped me progress about 10 blocks,” he laughed. The couple now has three granddaughters.

In addition to serving on the BHCA board, Rachel serves on his local church board, the board of trustees at the University of Jamestown, and on the board of the Anne Carlsen Center, a non-profit provider of services for children with developmental disabilities or delays.

But whether he’s focused on the bank, on the BHCA, or on any of his community outreach activities, Rachel is resolute about why he serves: “It’s not about me. It’s about the individuals whom we serve.”

Throughout the industry, everyone faces the same challenges, Rachel said. And that’s true for the organizations that support bankers, like the BHCA. “I think serving on the board is about [figuring out] how do we help grow the membership in the

organization, and how do we put the best value forward in terms of the seminars that we’re presenting, in terms of most relevant topics of the day?”

Now with more than four decades logged at one institution, the 63-year-old Rachel lumps his career highlights into two buckets: Customers and employees.

“A former boss of mine said, ‘you give people the opportunity to chase their dreams,’” Rachel recounted. “So the ability to work with a customer from the evolution of an idea all the way to a successful business in the end is extremely rewarding.”

With the employees at Unison, Rachel said it’s been most rewarding to watch and be part of people’s career progression. “It’s been a very interesting and rewarding journey encouraging and watching your staff members grow,” he concluded.

Not that he’s ready to be done. But he’s pragmatic. “When you go to funerals for people your own age, it makes you sit back and reflect on the brevity of life,” he said. “Nobody should be on a ‘work until you die’ program.” ■

President’s Observations, Continued from page 4

you will have the opportunity to visit with many of our associate members. These are people who really know banking and want to help. They are good people to know!

Finally, I don’t want to let this opportunity pass without

thanking you for your membership. We know that every year you have the opportunity to join several trade groups. We do not take your membership for granted! If you have questions or thoughts about your BHCA membership, please reach out to me or to our Managing Director, Tom Bengtson. ■

BHCA

SAVE THE DATE

October 5-6, 2026

Fall Seminar

The Westin Edina Galleria — Edina, Minn.

A Commitment to Financial Stability:

A New Leadership Team and New Supervisory Operating Principles Guide Our Supervisory Work

By Ken Heinecke, Senior Vice President, Federal Reserve Bank of Minneapolis

Availability of banking services, and the financial health of our community and regional banks is important to the vitality of communities across our district. Bank Holding Companies act as a source of strength to these banks and by doing so make our financial system more stable and resilient.

As we look toward the future, I am excited to introduce our leadership team and highlight the new System operating principles for supervision — built on collaboration, transparency, and an ongoing commitment to a stable financial system. As the Senior Vice President and Head of Supervision, Regulation, and Credit (SRC), I lead a dedicated team of professionals who conduct this important work. I am committed to driving a supervisory process that focuses on the material risks that impact your institutions. We look forward to working with you and building our relationship.

Our Leadership Team

Our leadership team in Community and Regional Supervision (CRS) has considerable experience in supervision. Our CRS officer team has worked with community and regional banks and their holding companies for decades and understands their unique business models and risk profiles:

Brendan Murrin, Vice President: Brendan began leading the CRS team in May 2025. Since joining the bank in 2000 as a community bank examiner, Brendan has led various Federal Reserve System (System) initiatives and supervisory enhancements for community and large banks.

Matthew Nankivel, Assistant Vice President: Matt currently leads our local Surveillance, Outreach, and Exam Support initiatives and has had numerous leadership roles in SRC since joining the bank in 2006 as a community bank examiner. Matt also leads a System program focused on risk-tailoring exam activities to bank risk profiles.

Chris Riba, Assistant Vice President: Chris serves as a portfolio officer on the CRS team and has been in this role since 2017. Chris joined the bank in 2006 as a community bank examiner. Before his current role, Chris led various local and System enhancements to improve effectiveness and efficiency of the community bank supervision processes.

Aaron Zabler, Assistant Vice President: Aaron has served as a portfolio officer on the CRS team for close to a decade. Aaron

joined the bank in 2005 as a community bank examiner. Before his current role, Aaron worked in large bank supervision and held various leadership roles throughout community bank supervision in SRC.

A Modern Approach: The New Operating Principles

The Board of Governors recently introduced a set of Supervisory Operating Principles. The principles reflect a stronger focus on the financial impact of identified risks and a regulatory posture that supports innovation alongside safety and soundness. This approach allows your leadership teams to focus on serving your customers while we focus on our core mission: effective, efficient, and transparent supervision.

Ongoing Dialogue and Transparent Supervision

We view our relationship with bank holding companies as an ongoing dialogue beyond routine inspections. We welcome your feedback and questions and consider ourselves partners in your success.

We look forward to working with you to maintain a stable financial system throughout the Ninth District. If you are interested in learning more about the Federal Reserve Bank of Minneapolis, visit our public website or reach out to any of us directly. ■

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Down to Business, Continued from page 5

than a million dollars in compensation. A jury, however, found Mitchell not guilty, although the trial stirred up considerable anti-banker sentiment.

I think it is important that people like Sorkin preserve these stories and that we make time to read them. We are coming up on

the centennial anniversary of the 1929 crash, and in some ways, it doesn't seem all that long ago. My father was born a month before the crash; I asked him many times what it was like to grow up during the Depression. "I was a little kid and it didn't seem like a Depression to me," he would say in a response that holds as much of a lesson as anything that ended up in Sorkin's book. ■

Risk management: The AI governance gap and why it matters

By Michael Gentry

While generative AI systems have begun to reshape how many businesses operate, banks and financials must act more deliberately in their adoption of new technologies. Regulation requires financial institutions to carefully evaluate these tools through existing frameworks. Banks cannot set aside compliance teams and risk management considerations around consumer protection, data privacy and cybersecurity to adopt AI systems.

That measured approach reflects strength, not hesitation. Banks already maintain strong cybersecurity programs, layered controls and employ professionals who manage complex threats every day. These defenses give banks a solid foundation for AI governance, but they do not remove the need for it.

Criminals, by contrast, do not need to convince a committee to adopt a new technology. They increasingly use AI to enhance fraud schemes, exposing banks to losses, regulatory scrutiny and litigation. The increasing use of deepfakes in impersonation scams illustrate the risk. Fraudsters now use AI-generated audio, video and images to impersonate executives, customers and vendors, pressuring employees to authorize wire transfers, change payment instructions or disclose sensitive information. All in, the Federal Trade Commission reported that impersonation fraud ranked among the most common fraud categories in 2024, with \$2.95 billion in losses to U.S. businesses and consumers.

This AI adoption by threat actors heightens exposure for financials. Payment systems move quickly. Employees make decisions under time pressure. Remote and hybrid work reduces informal verification. AI-enabled impersonation can exploit these conditions and bypass traditional cybersecurity controls.

Governance gap

This imbalance creates an AI governance gap: Banks must operate deliberately, while criminals act without constraint. IBM's 2025 *Cost of a Data Breach* Report illustrates the risk of not investing in AI-specific governance measures. Thirteen percent of surveyed organizations reported breaches involving AI models or applications. Of those surveyed, 97 percent lacked controls governing internal AI use. Sixty-three percent reported not having an AI governance policy.

Banks can close this gap by extending governance beyond cybersecurity. Technical safeguards remain essential, but they may prevent employees or vendors from introducing unapproved AI into workflows. Without clear rules and oversight, well-intentioned staff may expose data, weaken controls or create new attack paths.

Don't wait

When not stalled by political debate, federal regulators are focused on home-grown AI dominance rather than enacting a unified AI regulatory framework. States have moved ahead

independently, creating a patchwork of laws that vary by jurisdiction and use case.

Some states have taken broader, risk-based approaches. Colorado's Artificial Intelligence Act, scheduled to take effect in June, imposes consumer-protection obligations on developers and deployers of high-risk AI systems, which will have a direct impact on financials' uses of AI in lending. Other states have targeted specific applications. An Illinois law recently became effective, requiring employers to disclose any use of AI in hiring, promotion, discipline or related actions.

But the future of these and other state laws is murky. In December 2025, President Trump issued an executive order seeking to curb state AI laws, directing federal agencies to challenge regulations the administration views as barriers to innovation and domestic competitiveness.

This tension leaves financials operating amid overlapping and unsettled obligations. Waiting for federal clarity invites risk. Organizations that delay assessing and managing AI use will compound the risks brought along by the governance gap and the speed of threat actors' adoption. Internal governance provides the only stable path to control risk while the legal landscape continues to shift.

Here are five practical steps for financials looking to advance their AI governance:

1. Establish a clear AI governance policy tying permissible AI use to existing risk frameworks.
2. Ensure that the governance program is managed by an empowered committee with deep knowledge of those frameworks.
3. Strengthen vendor controls and contractual requirements around AI use.
4. Train employees to counter AI-enabled fraud and avoid unapproved tools.
5. Prepare incident response and litigation strategies addressing AI misuse.

Why this matters

AI-enabled fraud already affects financial institutions. Banks do not lack expertise or infrastructure. They manage complex risks every day. By extending existing safeguards into a clear AI governance framework, banks can prevent rogue AI use, reduce exposure and demonstrate diligence to regulators and courts. Institutions that act now to circumvent the governance gap will stand strongest as AI-driven threats evolve. ■

Michael Gentry is a shareholder at Reinhart Boerner Van Deuren, Milwaukee. The law firm is an associate member of the BHCA.

Holding Company Transaction Report

Here are selected recent bank holding company filings with the Federal Reserve Banks of Chicago, Minneapolis, Kansas City and St. Louis:

- ▷ The Weaver 2021 Dynasty Trust, Milwaukee, Wis., and others filed to acquire shares of Green Belt Bancorporation and thereby acquire shares of Green Belt Bank & Trust, both of Iowa Falls, Iowa.
- ▷ Elizabeth A. Renner, Omaha, Neb., and others filed to acquire shares of Halbur Bancshares, Inc., and thereby acquire shares of Westside State Bank, both of Westside, Iowa.
- ▷ The Stephen M. Calk 2025 Trust of Houston, Texas filed to become a savings and loan holding company by acquiring National Bancorp Holdings, Inc., Chicago.
- ▷ The 2012 Revocable Trust of Lynne Singer Redleaf of Minneapolis, filed to acquire shares of and thereby control Park Financial Group, Inc., Minneapolis, which controls Park State Bank, Duluth, Minn.
- ▷ Tri-County Company, Stuart, Neb., filed to acquire Butte State Bank, Butte, Neb. In addition, Tri-County Company filed to engage in insurance agency activity.
- ▷ Fuller Family Holdings LLLP, Dubuque, Iowa, authorized to acquire shares of Capra Financial, Inc., and thereby acquire shares of Capra Bank, Dubuque.
- ▷ PB Family Bancshares, Inc., Hastings, Minn., filed to acquire Gateway Bank, Mendota Heights, Minn.
- ▷ Stearns Financial Services, Inc., ESOP and Trust, Saint Cloud, Minn., authorized to acquire shares of Stearns Financial Services, Inc., and thereby acquire shares of Stearns Bank NA, Saint Cloud, Minn.
- ▷ Rhineland Bancshares, Inc., Rhineland, Mo., filed to merge with Bancstar, Inc., St. Louis, and thereby acquire its subsidiary holding company, Pacific Bancstar, Inc., St. Louis, and subsidiary bank, Bank Star, Pacific, Mo.
- ▷ David J. Mann Family Trust, and others filed to acquire shares of Legacy Financial, Inc., and thereby acquire shares of Dream First Bank, N.A., Syracuse, Kan.
- ▷ Associated Banc-Corp, Green Bay, Wis., filed to merge with American National Corporation and thereby acquire American National Bank, both of Omaha, Neb.
- ▷ Farmers Trust and Savings Bank, Buffalo Center, Iowa filed to merge with Peoples State Bank of Wells, Minn., and thereby establish one branch.
- ▷ Bradford Bancorp, Inc., Greenville, Ill., authorized to acquire State Bank of St. Jacob, Ill.
- ▷ The Weaver 2021 Dynasty Trust, Milwaukee, filed to acquire shares of Green Belt Bancorp and thereby acquire shares of Green Belt Bank & Trust, both of Iowa Falls, Iowa.
- ▷ CMJ Equity, LLC, Morrison, Colo., and others filed to acquire shares of Whitcorp Financial Company, Leoti, Kan., and thereby acquire shares of Western State Bank, Garden City, Kan., and Frontier Bank, Lamar, Colo.
- ▷ Mercantile Bank Corp, Grand Rapids, Mich., authorized to acquire Eastern Michigan Financial Corp and thereby acquire Eastern Michigan Bank, both of Crosswell, Mich.
- ▷ University Bancorp, Inc., Ann Arbor, Mich., authorized to acquire shares of Greater Pacific Bancshares and thereby acquire shares of Bank of Whittier, N.A., both of Whittier, Calif.
- ▷ Kory J. Schneider and others authorized to acquire shares of EWSB Bancorp, Inc., and thereby acquire shares of East Wisconsin Savings Bank, Kaukauna, Wis.
- ▷ Brian David Reichter, Hawkeye, Iowa, individually and as co-trustee of The Bank 1st ESOP, West Union, Iowa, authorized to acquire control of FNB Bancshares, Inc., and thereby acquire Bank 1st, West Union.
- ▷ The PNC Financial Services Group, Inc., Pittsburgh, Pa., authorized to acquire FirstBank Holding Company, and thereby acquire FirstBank, both of Lakewood, Colo.
- ▷ James J. White, Westside, Iowa filed to acquire shares of Halbur Bancshares, Inc., Westside, and thereby acquiring shares of Westside State Bank.
- ▷ Andrew R. Clements and Aaron M. Clements, both of Elmwood, Neb., authorized to acquire additional shares of American Exchange Company and thereby acquire shares of American Exchange Bank, Elmwood.
- ▷ MC Houghton Trust, Wichita, Kan., authorized to acquire shares of PBT Bancshares, Inc., and thereby acquire voting shares of Peoples Bank and Trust Company, McPherson, Kan.
- ▷ The John W. Waller GST Exempt Trust authorized to acquire shares of Saint Clair Bancshares, Inc., and thereby acquire shares of Farmers and Merchants Bank of St. Clair, Mo.
- ▷ The Murray Family Trust and others filed to acquire control of Arthur Murray, Inc of Milford, Ill., and indirectly acquire Citizens State Bank, Milford, and Dewey Bank, Dewey, Ill.
- ▷ Nancy Ferche of St. Stephen, Minn., authorized to acquire shares of St. Joseph Bancshares Acquisitions, Inc., and thereby acquire shares of Sentry Bank, Saint Joseph, Minn., and Sherburne State Bank, Becker, Minn.
- ▷ BOSP Bancshares, Inc., Sun Prairie, Wis., authorized to acquire Banner Banks, Birnamwood, Wis.
- ▷ The 2021 Katz Dynasty Trust and Richard J. Katz Irrevocable Trust, both of Milwaukee, and others authorized to acquire shares of Resource Bancshares, Inc., and thereby acquire shares of Resource Bank, N.A., DeKalb, Ill.
- ▷ First Mid Bancshares, Inc., Mattoon, Ill., filed to merge with Two Rivers Financial Group, Inc., and thereby acquire Two Rivers Bank & Trust, both of Burlington, Iowa
- ▷ First Community Bank, Beemer, Neb., authorized to merge with First Bank of Bancroft, Neb., and thereby establish a branch in Bancroft. ■

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