# Wisconsin Community Banking News

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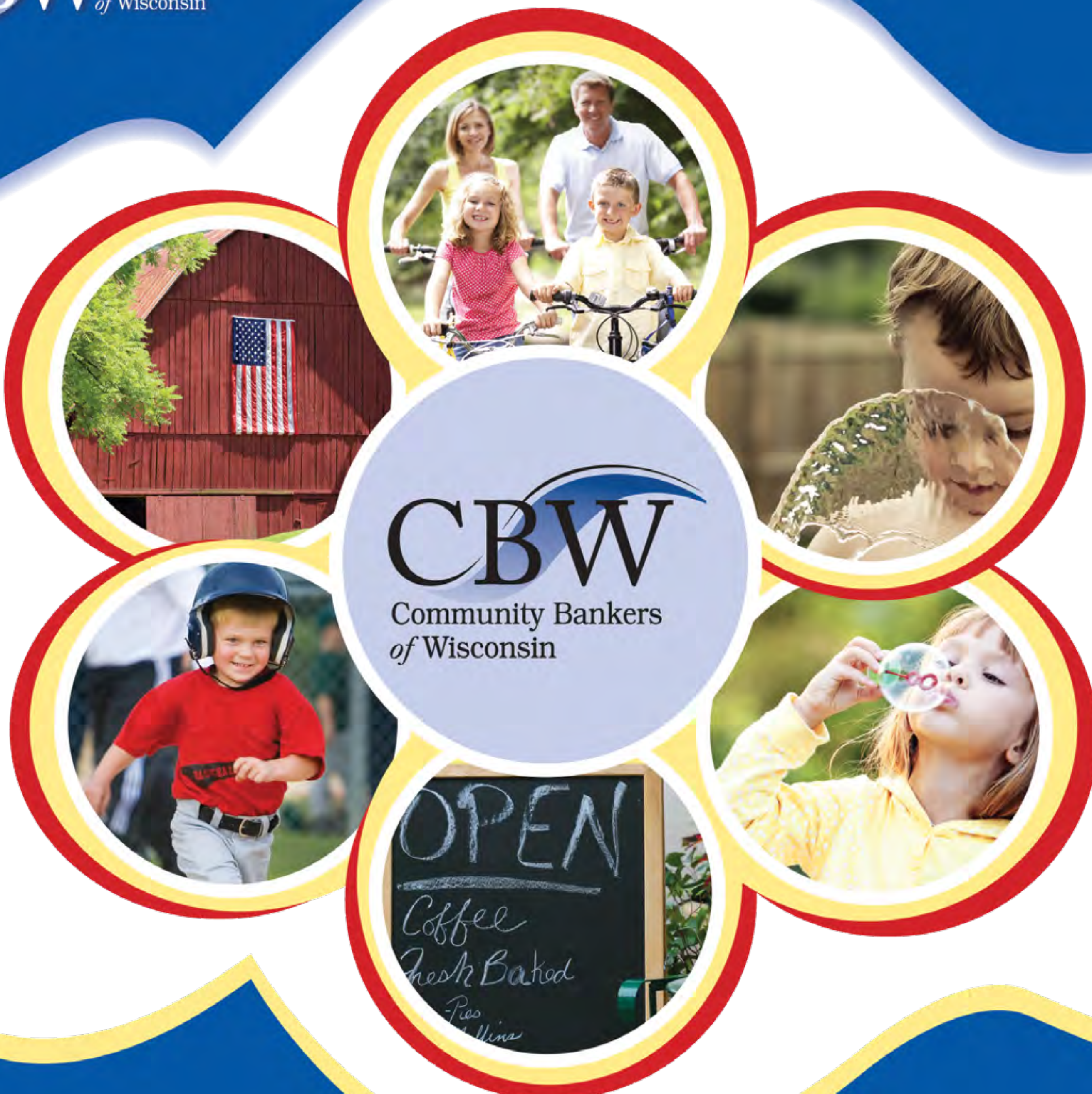
CBW Community Bankers of Wisconsin

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## Inside...




Wisconsin Community Banking News

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# Community Banks Go the Distance in the Olympics of Banking

*Jim Tubbs, CBW Chairman and President, State Bank of Cross Plains*

In the Olympics of banking, community bankers go for distance. We leave the short-term sprints, the high-risk efforts for quick gains to the big banks.

This year several Wisconsin community banks made the "top 400" list of top-performing community banks recently identified by Independent Banker. The "secret" of their success? Keep doing what they've always done—serve their customers, credit their employees, and watch their bottom line (story on p. 14).

Our association has also persevered in its lobbying efforts, working on the state level to make audits fair for all of our members, including savings institutions, to revise DFI's Banking Letter 40, and to support other community bank initiatives. Nationally, we have spoken with one voice against expanded credit union powers, for TAG extension, and about many other measures impacting community banks.

I have appreciated the opportunity to serve as chairman of our top-performing association this year and the many occasions to work in tandem with ICBA on various national issues that have an impact on both our operations and the success of our customers. Our national association, our state association, and our local community bank members are all blessed with strong leadership teams and it's been a privilege and a pleasure to work with them all.

Thank you for your creativity in building awareness of the differences between community banks and other financial institutions and for your efforts in advocating for community banking at all levels. I encourage you to consider enlarging your involvement in Community Bankers of Wisconsin and volunteering to serve on its board or in other capacities during the coming year.

I look forward to seeing you at another great CBW Management Conference & Expo, which this year takes place at The Wilderness Resort, Wisconsin Dells, from Tuesday, Sept. 11 through Thursday, Sept. 13. I encourage you to attend our annual meeting when we will pass our leadership torch to a new team, who will carry community banking forward into 2013 and ever greater success for our members and our customers.

***On our cover ...*** CBW's 2012 Management Conference and Expo is set for Tuesday through Thursday, Sept. 11–13, at Wilderness Resort, Wisconsin Dells. The event offers industry updates, along with a vendor fair and opportunities to learn by networking and mentoring. The schedule and registration information is available at www.communitybankers.org.

# Member Appreciation Day Programs Offer Forecasts, Solutions

*Mary Lou Santovec and Doris Green*

Did you wish that you could have attended all three CBW Member Appreciation Days this year? While the sessions—held in Altoona, Madison, and Sheboygan Falls—all offered an association update, lunch, golf, awards, and dinner, each featured two distinct programs. If you attended the June 28 session at Eau Claire Golf and Country Club, Altoona, you learned how insurance products can help in the fight against cyber threats and how BOLI can help manage rising health care costs. If you attended the sessions in Madison and Sheboygan Falls, you heard different presentations about the global economy, the top concerns expressed in a community bank survey, and tools to improve profitability in the current economy.

## Bhasin: Economic Treatment Plans

If the United States were a sick patient, its fiscal situation would probably cause its condition to be listed as "serious." Unhealthy lifestyles contribute to the formation of disease and some of our poor fiscal health was undoubtedly self-inflicted with Wall Street's casino-like practices, too much spending, and high debt levels. But the contagion in the Euro zone is spreading and threatening to make our symptoms worse.

Italy is sneezing, Spain has a fever, and Greece has both plus a severe cough. At the Member Appreciation Days held in Sheboygan Falls, Sanjay Bhasin, executive vice president, members and markets, Federal Home Loan Bank of Chicago, explained: Our country's fiscal health is linked to the European debt crisis, the looming fiscal cliff, and the slow U.S. economic conditions.

Greece, which represents 1.7 percent of European GDP, can sneeze and its neighbors will get a slight cold. But when Italy and Spain, which represent 25 percent of Europe's GDP, exhibit symptoms, the health of neighboring countries is at risk.

## United States: 'Spring Ahead, Fall Back'

What looked like a very optimistic start to the year has slowed down. If Congress lets all of the $650 billion in tax cuts enacted by President George W. Bush expire, it would only account for about half of the $1.3 trillion in U.S. debt and would push the country off a "fiscal cliff." Allowing the cuts to expire would reduce GDP and spending by about 5 percent, sending the country into another recession. "It's not feasible to let them all expire. You need to have, at the minimum, an agreement of what next year would look like."

Hope may spring eternal, but the University of Michigan's Consumer Sentiment Index found only 19 percent of consumers feel confident that their financial situation will be good next year. Searches for the phrase "fiscal cliff" on Google.com have gone up exponentially in recent months.

Retail therapy has not been able to bring consumers out of their funk. "For the first time since 2008 we've had three months of negative sales" a drop-off of less than one-half percent overall, but worrisome since gas prices have declined.

At least some of the patient's vital signs, notably U.S. manufacturing and exports, remain stable. Housing is also trending up.

## Wisconsin's Sniffles

The contagion that's got Europe headed toward life support and the United States skirting intensive care has and will continue to affect Wisconsin.

Property values have risen to their highest rate since 2000, with some drop-off in various counties, including Racine, which was hardest hit. Property values in Madison have held up better than other counties. Green Bay and Appleton report the highest growth in employment.

Nationally, there's been a decline in manufacturing. Milwaukee caught a cold, but the city's recovery looks promising.

## Taking the Medicine

The medicine, which could potentially harm or even kill the patient, must be administered carefully. "Action has to be taken by the Beltway, not the private sector."

How quickly will the United States begin to look like Spain, Portugal, Italy, and Greece? "Soon. Even with the tax breaks, we'll still be in deficit mode."

Bhasin is hopeful that regulation, which is holding our economy back and causing some of the symptoms, can be removed so that the patient can assist in its own healing.

## Bankers Increasingly Optimistic

Despite the European situation, U.S. bankers are "overall more optimistic about profitability," said Fred Kelly, senior vice president of ICBA Securities, Memphis, during his overview of the Quarter 2 Community Bank Survey at the Member Appreciation Day in Madison. The survey, conducted by Craig Dismuke, chief economic strategist at Viking Sparks, Memphis, drew a 13 percent response when sent to 7,000 recipients.

More than 20 percent of all banks expected profit improvement over the next 12 months. However, bank size played a key role in the level of optimism, with the biggest banks being the most optimistic. More than 40 percent of banks with assets from $1 billion to $10 billion expected profit improvement, compared to less than 12 percent of banks with assets of less than $100 million.

## Big Concern: No Surprise

Regulations posed the biggest obstacle to improved profitability according to survey respondents. During the past four quarterly surveys, the regulatory environment has consistently topped the list of concerns, listed by 75 percent to 80 percent of the respondents.

With equal consistency, the economic outlook has lodged in second place as a threat to profitability. "The recovery has been very slow compared to previous recessions," Kelly said. And although

*continued on page 6*

# FDIC Discusses the Future of Community Banking

*Daryll Lund, CAE,*
*CBW President*
*and CEO*

At the end of May, I joined over 60 bankers, trade association representatives, and banking regulators from Wisconsin and five other states, as well as the District of Columbia, at a meeting in Chicago to discuss the future of community banking. Martin J. Gruenberg, acting FDIC chairman, addressed the meeting and served as moderator for this half-day event.

The FDIC community banking regional roundtable meeting was structured as a panel discussion divided into two discussion areas. The first panel discussion addressed the financial and operational challenges and opportunities for community banks and the second panel addressed issues related to regulatory interaction between the FDIC and the community banking industry.

Representing Wisconsin on the panel discussions were Rick Busch, president, Royal Bank, Gays Mills; James Caldwell, president, First Citizens State Bank, Whitewater; and Dennis Meyer, president and CEO, Independence State Bank. Also in attendance from Wisconsin were E. David Locke, chairman and chief financial officer, McFarland State Bank; Tom Pamperin, president and CEO, Premier Community Bank, Marion; Butch Pomeroy, president, International Bank of Amherst; Rose Oswald Poels, president and CEO, WBA; and Peter Bildsten, secretary of the Wisconsin Department of Financial Institutions.

The meeting in Chicago was the third in a series of six regional meetings the FDIC is holding around the country as a follow up to the Future of Community Banking Conference held in Virginia in February of this year. One of the purposes of the roundtable meetings is for FDIC's senior executives to hear firsthand about the concerns of bankers and what the FDIC can do to respond to those concerns.

FDIC Acting Chairman Gruenberg opened the roundtable discussions by addressing the importance of community banking in the United States. "Community banks play a crucial role in the financial system of the United States. Community banks with assets of less than $1 billion account for a little more than 10 percent of the banking assets in our country, but provide nearly 40 percent of all the small loans that insured financial institutions make to businesses and farms. Community banks play a crucial role in extending credit and providing financial services in rural communities, in small towns, and in inner-city neighborhoods. In many of those localities, if not for the community bank, there would be no easy access to an insured financial institution. In my view there is a clear public interest in maintaining a strong community bank sector in the U.S. financial system."

In addition to the roundtable meetings, the FDIC is undertaking a series of other initiatives this year related to the future of community banks. One of these initiatives involves the FDIC's Division of Insurance and Research undertaking a comprehensive review of the evolution of community banking in the United States over the past 25 years and identifying the key challenges facing community banks, as well as the stories of successful community bank business models. Analysis of this information may lead to conclusions useful for community banks going forward. Another initiative involves the directors of the FDIC's Division of Risk Management Supervision and Division of Depositor and Consumer Protection, who will review the examination process for both risk management and compliance supervision, as well look at how the FDIC promulgates and releases rulemakings and guidance, in order to identify ways to improve the processes and communication while maintaining the agency's supervisory standards.

The FDIC is expected to issue a report by the end of this year on the roundtable meetings, as well as on the progress made on these other initiatives.

As one Wisconsin community banker so eloquently stated, "In my 37 years of banking this is the first time that we have had this type of opportunity to have an open and frank dialogue like this with the FDIC Chairman. The community banking industry in the United States is unique like no other country in the world. We [community bankers and regulators] all want a safe and sound banking system. Communication and dialogue will be key, as well as a tiered regulatory structure that differentiates community banks from the large banks."

I would like to thank the Wisconsin community bankers who took time out of their busy schedules to participate in this roundtable meeting. Hopefully the FDIC will heed the banker comments shared at this and the other roundtable meetings to produce a final report that does not just summarize their findings but actually identifies action steps to take to make sure our community banking industry prospers and thrives for years to come.

*continued from page 4*
"the supply of existing homes on the market is now below the inventory just prior to the recession, many homes are still in foreclosure."

### Is There Any Good News?

While there's not a rainbow or pot of gold in sight, Kelly listed multiple opportunities as the recession lingers:

Funding costs are at all-time lows.

Banks that manage the funding side are seeing decent margin returns.

Many banks have the ability to virtually re-invent themselves over the next several quarters due to shorter term cash flows.

Problem loans have mostly worked through.

Banks have time to prepare for rising rates.

Kelly also identified several ICBA Securities products that can help community banks overcome current obstacles and make a profit. Contact him at 800-786-1290 or Fred.Kelly@ICBAsecurities.com.

You can also hear directly from economic strategist Craig Dismuke at CBW's 2012 Management Conference & Expo, where he will present a general session on September 12.

### Another Solution: KRIs

Nick Hahn, McGladrey, presented additional options at the Madison session, discussing a report authored by McGladrey colleague John Beringer. In "Managing Emerging Risks Impacting Financial Institutions," Beringer catalogued the possible risks—asset quality risks, earnings risks (including monetary policy, regulatory compliance costs, and the Euro debt crisis), capital risks, and sensitivity/liquidity risks such as monetary policy, regulations, and market volatility.

"To manage risks, banks have historically looked in the rearview mirror, at historical performance," Hahn said. "But key risk indicators (KRI) look at what's coming down the pike, for example, emerging risks."

Reviewing the past is still important, but its value is in how it can signal upcoming problems. "Look at the problem events that happened and look at the triggering events. Establish peer data and benchmark your data to theirs. If they're moving one way and you're moving another, what might you want to do differently?"

To develop KRIs, study a risk event that has impacted the bank, looking for causes that led to the loss or lost opportunity. The goal is to identify indications that a new risk is emerging. The closer the KRI is to the root cause, the more time that management will likely have to react to a new, emerging risk.

Maybe a new policy is needed related to the allowance for loan and loss leases, or new security measures are needed to address emerging cyber threats. Whatever the risk, key risk indicators can help managers stay on top of the issue.

### Benchmarking for the Bottom Line

As community banks move away from correcting their asset quality toward increasing profitability, they can use benchmarking to improve their bottom lines. Marc Lambrecht, senior manager, Wipfli LLP, shed some light on benchmarking and profitability at the Member Appreciation Day in Sheboygan Falls.

For the foreseeable future, profitability will be achieved in small increments. There's a lot of "squeezing on the margins," Lambrecht said. "The interest spread peaked in 2010 and other than a blip, has continued to decline." Initially Wisconsin was immune to the effects but that's changing. "We're about 18 months behind the national numbers."

Margins are expected to continue to fall. Competition for good loans will continue to rise and the cost of funds rates will decline at a slower pace.

### Benchmark for 'Decimal Dust'

Referencing his WIPFLI colleague, Andrew Sigl, who refers to incremental change as "decimal dust," Lambrecht noted, "There are a lot of small changes you can make to increase profitability."

This is where benchmarking is useful. With its emphasis on continuous improvement, benchmarking is a key step in a never-ending process that begins with the strategic plan. Both the strategic plan and the capital plan set the course for the immediate future. Once they're in place, the bank should identify the policies, products, or numbers it wants to improve.

The next step is to put in place the plans to make those improvements, do the tasks to achieve them, and then assess your progress. The process repeats itself as you progress toward or reach your goals and set new ones. Benchmarking requires a more proactive approach to the strategic plan than many banks are used to.

Improvement is only useful if the product, policy, or process that you're measuring is the right one for your bank. "Measure what's needed, not what's easy. It should be critical to your core strategies."

Benchmarking helps you compare your business processes and performance to industry standards or to high-performing peers. Lambrecht cautioned about relying on peer comparison. You want to compare your bank to your peers, but don't expect to be the best. "Identify the leaders, but don't become the loss leader. Understand how it relates to your strategic plan."

### Product Profitability

Are all of your product lines meeting their goals or are there some that need to be expanded, adjusted, or discontinued? Figure out how you will determine whether each product line is meeting its goals.

Product profitability can be changed. "Changing your pricing strategy can make a huge impact." On the other hand, maybe your bank is in a competitive market where it can't charge more for a loan. Shaving time off of servicing the loan improves the bottom line.

Calculate the cost differences between having your customers use payment coupons or ACH/electronic funds transfers. Don't forget to add in salary costs. "If you can shave 10 basis points off on a $65 million loan portfolio, you can save $65,000 every year."

Wipfli offers a free benchmarking tool for banks. It will also offer free answers to compliance questions until Dec. 31, 2012.

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CBW Community Bankers of Wisconsin

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**Thursday, Aug. 23:** Garnishments, Subpoenas, Summonses, Levies: Getting It Right!

**Monday, Aug. 27:** 10 Lessons Learned When a Depositor Dies

**Tuesday, Aug. 28:** Call Report Preparation: RC-C Part 1 and Related Lending Schedules

**Thursday, Aug. 30:** Preparing for Your FFIEC Authentication Guidance Regulatory Exam

**Wednesday, Sept. 5:** Network Security 101

**Thursday, Sept. 6:** The Legal Side of Dealing with Powers of Attorney and Living Trust Documents

**Tuesday, Sept. 11:** Director Series—Not Strategic Planning; Action Planning!

**Wednesday, Sept. 12:** ACH Exceptions and Returns: Unauthorized, Revoked, Stop Payment—Which Is It?

**Thursday, Sept. 13:** Conducting Effective Appraisal Reviews and Evaluations for Residential Property

**Tuesday, Sept. 18:** Opening Donation, Memorial, and Other Accounts for Nonprofit Organizations

**Thursday, Sept. 20:** Required Compliance Series—For All Staff: Red Flags for Identity Theft, Bribery, and Privacy

**Monday, Sept. 24:** Imaged Documents: What to Keep, What to Shred, What Holds Up in Court

**Tuesday, Sept. 25:** Conducting Investigations: The Basics for New Security Officers

**Thursday, Sept. 27:** Conducting the 2012 ACH Audit

## CBW 2012 Management Conference and Expo

Community Bankers of Wisconsin welcomes all community bankers to attend its 2012 Management Conference and Expo, Sept. 11 – 13, at the Wilderness Resort, Wisconsin Dells. The event begins with a golf outing or bike tour and reception on Tuesday, followed by educational programs and a banquet and awards program on Wednesday. Thursday brings a 2012 election update by Dr. Charles Franklin, director of the Marquette Law School Poll, an address by ICBA Chairman Jeff Gerhart, and a presentation, "Deliver World-Class Customer Service," by Dennis Snow, consultant and former Walt Disney Company executive.

For more information or to register online, visit www.communitybankers.org.

**Most conferences run from 2:00 p.m. to 3:30 p.m.** *However, the Director Series webinar on Sept. 11 begins at 10:00 a.m.* For questions on any of these conferences or about the Webcast itself, please call Sandy Gruber at (608) 833-4229 or e-mail sandy@communitybankers.org. Visit CBW's Web site, select the desired workshop, and follow the link to register online.

# Noteworthy Community Bank Anniversaries

Congratulations to the following Wisconsin community banks, which celebrate key charter anniversaries in July and August.

**130 Years**
First National Bank & Trust, Beloit, on July 1

**115 Years**
Superior Bank, Superior, on Aug. 2

**110 Years**
Citizens State Bank, Cadott, on Aug. 20

**105 Years**
Timberwood Bank, Tomah, on Aug. 1
Security Bank, New Auburn, on Aug. 28

**95 Years**
First National Bank of Niagara, on Aug. 17

**60 Years**
Intercity State Bank, Schofield, on July 14

**50 Years**
Peoples State Bank, Wausau, on Aug. 1

**15 Years**
River Cities Bank, Wisconsin Rapids, July 1

Left: *Daryll Lund, CBW president and CEO, presented a plaque to Community Bank of Central Wisconsin, Colby, which commemorated the bank's 100-year anniversary in June. From left: Chris Elliot, executive vice president; Heidi Rueden, assistant vice president/Colby branch manager; and Daryll Lund.*

Right: *CBW president and CEO Daryll Lund presented a plaque to Peter Prickett, CEO of First National Bank-Fox Valley in Neenah at their 125th anniversary celebration in May.*

# *Wisconsin Sales and Use Tax – Are You Next on the List for an Audit?*

Generally financial institutions are thought of as a service industry. In Wisconsin, only selective services are subject to sales tax. However, recently more financial institutions have had to deal with repossessed assets. While there are no sales tax issues with the repossession of real property, there can be issues with the repossession of personal property. If a financial institution uses a third party (e.g., dealer) to sell an asset, there is not an issue as long as a resale exemption certificate is received from the dealer. If a financial institution sells an asset directly to an end user/consumer, then it is responsible to collect tax on that sale. Prior to October 1, 2009, financial institutions were not allowed to collect sales tax on the sale of titled vehicles in Wisconsin. The law changed effective October 1, 2009, so financial institutions who hold or are required to hold a Wisconsin seller's permit number are now required to charge sales tax on their sales of vehicles, boats, and ATVs in Wisconsin.

In addition, financial institutions purchase property and services from vendors outside their home state who are not registered to collect the sales tax on the sale. Therefore, financial institutions would be required to self-assess use tax on purchases on which tax was not charged. The statute of limitations in Wisconsin is 4 years. If sales and use tax returns are not filed, then the Wisconsin Department of Revenue (WDR) may audit years as far back as the records are available. The filing of a return with no tax due actually starts the statute of limitations. Even if financial institutions are not required to be registered for sales tax, we recommend they register to start the statute of limitations.

We are also seeing a significant increase in the number of financial institutions that are being audited by the WDR for sales and use tax. The top audit issues include:

1. Purchasing tangible personal property from an out-of-state vendor who is not registered to collect and remit Wisconsin sales tax (software, hardware, furniture, supplies, etc.). After March 5, 2009, all new software costs (purchase of license, implementation charges, and maintenance charges) will generally be subject to sales tax. Only custom programming of software specific to a financial institution may be exempt.

2. New branch construction or renovation work. We are seeing an increasing trend in the number of Wisconsin contractors that are not charging sales tax on separately stated sales of tangible personal property. If a contractor did not charge the correct amount of sales tax on separately stated sales of tangible personal property (i.e., landscaping, cabinetry, countertops, drive-up windows, etc.), the WDR will assess a financial institution use tax plus assessment interest (12% per year if registered and 18% if a non-filer). The WDR is picking up this issue from reviewing the AIA document a financial institution receives from a contractor that is usually sent with a payment request. Most contracts between a financial institution and a contractor will include a clause stating this project "includes all applicable sales and use tax." The WDR generally will not honor this in an audit setting and will not grant a credit for any taxes the contractor incorrectly paid to the state or a vendor. The new internal policy directive issued by the WDR this past week puts the responsibility on the financial institution (where the contractor does not handle the transaction correctly) to make sure that the correct amount of sales or use tax was paid on the construction or renovation project.

3. Lawn maintenance services. Many parties providing landscaping or lawn maintenance services are not properly charging sales tax on lawn mowing, tree trimming, or other taxable landscaping services. Even if the spouse or child of an employee performs these services, sales tax must be paid.

4. Use of credit cards (by either the financial institution or the employee) to purchase supplies, software, and other items for the office. The burden is on the purchaser to retain a copy of the receipt to show that sales tax was properly paid on a transaction. Often times, a financial institution will only keep a copy of the monthly statement and not th individual transaction receipt. We are seein the WDR assess use tax on purchases of taxable property or services where no recei was kept.

5. 25% negligence penalty on the amount of additional tax determined to be due. (We are seeing the imposition of a 25% penalty even in situations where it is the company's first time through a sales and use tax examination.)

Typically, a sales and use tax audit will cover 4 years, but if a financial institution is not registered and filing sales and use tax returns, the audit could cover 6 years or more. We are seeing the final assessments range anywhere between $10,000 to $125,000 of additional ta interest, and penalties.

We highly recommend financial institutions review the procedures they have in place to determine if they are correctly reporting sales and use tax to the WDR. Among our state and local tax professionals, we have four individu who were previous auditors and district audit supervisors with the Wisconsin Department o Revenue. Their combined WDR experience is 63 years.

Craig Cookle,
Partner
**Wipfli LLP**

Linda Feirn,
Partner
**Wipfli LLP**

Daryl Ohland,
Senior Manager
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# LIBOR Class Action Seeks Damages for Community Banks

*Pete Faust and Doug Dehler, O'Neil, Cannon, Hollman, DeJong & Laing, S.C.*

In recent months, there has been increased attention to allegations that the London Inter-Bank Offered Rate, or LIBOR, was intentionally manipulated or suppressed by panel banks involved in setting the benchmark. The discussion was fueled by the disclosure that Barclays agreed to pay government penalties of more than $450 million for its role in manipulating LIBOR. Even before Barclays settled, however, certain investor groups had filed class-action lawsuits in a New York federal court claiming that they suffered losses due to the manipulation of LIBOR.

In May 2012, our law firm, O'Neil, Cannon, Hollman, DeJong & Laing, S.C., along with a number of other law firms, filed a LIBOR class-action lawsuit in New York on behalf of community banks (defined for purposes of the case as banks with less than $1 billion in total assets) in Wisconsin and the rest of the country that provided loans with interest rates tied to LIBOR at any time between 2006 and 2010. One of CBW's members, Community Bank & Trust, is acting as the class representative for the proposed class.

The class-action lawsuit alleges that community banks lost interest revenue because LIBOR was artificially suppressed by banks on the LIBOR panel. The case seeks relief under a federal statute that authorizes triple damages and, if the case is successful, the LIBOR panel banks named as defendants (currently, Bank of America, Citibank, and JPMorgan Chase) can be required to pay attorneys' fees and costs. On July 12, 2012, the community bank class-action case was consolidated with the other LIBOR class-action cases being handled in New York.

If the case is certified as a class action, community banks in Wisconsin and the rest of the country would be notified and, if the case is successful, members of the class could share in any recovery.

As is typical in class-action cases, the law firms handling this case are working on a contingent fee basis, meaning that the firms are advancing the out-of-pocket costs and will not be paid any attorneys' fees unless the case is successful.

We have been asked to keep CBW members apprised of developments in the case, and we will endeavor to do so through periodic updates in this magazine. In addition, if you have questions or would like more information about the LIBOR class action generally, you are welcome to contact the lawyers directly by calling either Pete Faust or Doug Dehler of O'Neil, Cannon, Hollman, DeJong & Laing, S.C. at 414-276-5000.

# Top Performing Banks Share Secrets of Success

*Mary Lou Santovec*

Independent Banker recently announced its annual rankings of the 400 top performing community banks. Those that made the list did so because of their 2011 year-end return on assets and return on investments.

WCBN asked some of the Wisconsin community banks on the list for their "secret" to success. We wanted to know, "What was the single most important factor in your bank getting on this list?" Here's a glimpse at what drives them.

### F&M Bank of Kendall


*Guy T. Nelson*

"Our employees," said Guy T. Nelson, president.

### River Bank, La Crosse

"Efficiency," said Brian Voelker, president. "It's all about the overhead. Part of the reason we were on the list is we have stronger net interest margins."

### Charter Bank, Eau Claire


*Dean Olson*

"We run a $560 million bank with no branches and only 54 FTEs," said Dean Olson, CEO. "Combining this level of efficiency with a high yield bond portfolio generates profits that are consistently at high performance levels."

### Royal Bank of Gays Mills


*Rick Busch*

"Our 21-year philosophy put us in a place to be able to acquire an additional office," said Rick Busch, president. "It shows that sticking to our markets and to our base philosophy is the best in the long run."

### Clare Bank, Platteville

"We haven't done anything different since the economy was struggling that we hadn't done since we started," said Deb McWilliams, vice president and cashier. "We're very conscientious at what we do. We're just a very strong family-owned bank."

### Bank of Prairie du Sac


*Steve Ploetz*

"The most important factor in any organization's success is people," said Steve Ploetz, president. "Our employees, customers, shareholders, and the whole Sauk Prairie community share in our success and are responsible for us making this list. A little luck never hurts either."

### Union Bank of Blair

"I'm going to give all the credit in the world to my staff," said Dennis Stephenson. "In my opinion, we're providing quality service. That, along with a friendly and knowledgeable staff and our customer base, really drives that."

He added: "I stick very close to my budget projections. My staff also looks out for our budget."

### Cleveland State Bank


*Timothy Schueler*

"Although there are many contributing factors to our success, the single most important factor is the commitment, dedication, and excellent work of our employees to make sure what we do every day is in the best interest of our clients," said Timothy Schueler, president/CEO. "In other words, if our clients are successful, we will be successful."

# CBW Hosts Associate Member Appreciation Event

In conjunction with its June board meeting, Community Bankers of Wisconsin sponsored an Associate Member Appreciation Event at Road America, Elkhart Lake. Several associate members and CBW board members and spouses participated in a Karting Adventure Program.

Above: *Participants at the Karting Adventure Program, Road America*

Right: *The first place team at the Karting Adventure Program included, from left: Paul Kohler, Charter Bank Eau Claire; John Maciosek, Elite Payment Systems; Scott Stueber, West Bend Mutual Insurance; Tonya Tubbs, State Bank of Cross Plains, and Kevin LeMahieu, CliftonLarsonAllen.*

# Elite Enables Merchants to Use Mobile Wallet, EMV Smart Card

With Visa Inc.'s mandate to have U.S. merchants Europay/MasterCard/Visa (EMV) smart card ready in the near future, merchant level salespeople must act swiftly to bring merchants up to speed on EMV-enabled terminals. To simplify the process, Elite Payment Systems, through its processor, introduced the Xion 2.5, a proprietary countertop POS terminal designed for small to midsize merchants. The terminal is EMV Level 1, Level 2, and Payment Card Industry (PCI) PIN entry device (PED) 2.0 certified, as required by the card brands and set forth by the PCI Security Standard Council. For merchants, that means having equipment for today's transactions, plus the built-in duality of Near Field Communication (NFC) and EMV capabilities for handling future payment technologies. Mobile wallet technology is here, and Isis, Google Wallet, and Apple have already released their applications to the general public.

NFC is an emerging technology that enables Smartphones and other devices to establish a radio connection by touching them together or coming within close proximity. One payment type that uses the NFC technology is the mobile wallet. The secure NFC chip in a cell phone makes the mobile wallet technology possible.

A mobile wallet is an application on a Smartphone that allows you to use an NFC enabled cell phone as your wallet. Credit cards and debit cards can be stored securely on the mobile application. When a consumer is ready to pay, they select the card they want to use, enter in a pin number, and place their phone close to the contactless symbol on the terminal to make a payment. Transaction complete! Within the next few years, the NFC chip will come standard on most cell phones, allowing the mobile wallet technology to take off.

EMV is an international standard for credit and debit payment cards based on chip card technology. EMV smart cards contain an embedded microprocessor. The microprocessor chip contains embedded information to use the card for payment. The chip is protected by various security features, which makes it a more secure alternative to traditional magnetic strip payment cards. EMV is coming to the U.S. soon. Visa released a mandate requiring that all U.S. processors and service providers be able to support merchant acceptance of chip transactions no later than April 1, 2013.

Elite Payment Systems is the only U.S. provider of the Xion terminal and offers many other products, including its Virtual Terminal and Gateway Solutions, Smartphone Mobile Device Processing, ACH services, Internet gift cards and Mobile-Friendly Device Web sites designed to load on any smart mobile devices. Visit Elite Payment Systems at www.elitepaymentsystems.com/.

# Golf Event a Highlight of CBW Member Appreciation Days

The Community Bankers of Wisconsin's 11th annual Member Appreciation Days took place at the Eau Claire Golf & Country Club, University Ridge Golf Course in Madison, and The Bull at Pinehurst Farms in Sheboygan Falls. The event also included state and national association updates, an educational program (see p. 4), awards, and dinner. At each locale, the first place team and winners of the flag events received clubhouse gift certificates.

### June 28: Eau Claire Golf & Country Club

First Place Team with a 62 (above left): From left, Paul Kohler, Charter Bank Eau Claire; John Anderson, Executive Benefits Network; Scott Krieger of Bankers' Bank; and David Pokrandt, Charter Bank Eau Claire.

Flag Event Winners (above right): From left, Mark Casey, First National Community Bank, New Richmond; Pat Wick, Bank of Turtle Lake; Traci Hollister, Wipfli; Donna Steen, Pigeon Falls State Bank; Paul Wick, Bank of Turtle Lake; Steve Reisner, Ladysmith Federal Savings & Loan; Paul Kohler, Charter Bank Eau Claire; and Travis Holt, Citizens State Bank of Loyal. Not pictured: Dennis Romero, BOSC, Inc.

### July 11: University Ridge Golf Course, Madison

First Place Team with a 59 (above left): From left, John Eimon, Dennis Doyle, Mark Loeffel, and Jon Reetz, all of Great Midwest Bank.

Flag Event Winners (above right): From left, Paul Hoffmann, Monona State Bank; Tom Reil, Waldo State Bank; George Burns, Benton State Bank; William Sennholz, Forward Financial Bank; Julie Redfern, Union Bank & Trust Company; Dan Kittleson, Oak Bank.

### July 18: The Bull, Sheboygan Falls

First Place Team with a 63 (top, page 19): From left, Mark Kharitou, BOSC, Inc.; Jeff Mulloy, Bank of Luxemburg; and Dave Luebbers, Bank of Luxemburg.

Flag Event Winners (bottom, page 19): From left, Dave Feldhaus, Federal Home Loan Bank of Chicago; Mary Clare Miske, Baker Tilly; Phil Wade, Bank of Kenosha; Jeff Lemmermann, CliftonLarsonAllen; Derrick Hermann, Waldo State Bank; and Kevin Schalk, Baker Tilly.

*Winners at The Bull. Story on page 18.*

## First Bank Financial Centre Grows Communities

OCONOMOWOC—First Bank Financial Centre promoted its sixth annual "Growing Our Communities" initiative.

Employees from the Hartland branch took Hartland Village Clerk Connie Casper shopping for plants. They provided the flowers and decorative grasses that fill four large planters in front of the library.

Hartford supported planting efforts at the 1022 Club and the Rotary pavilion next to the Rubicon River.

The Oconomowoc branches donated a large shade tree to Miracle Field at the Pabst Farms YMCA, flowers to Shorehaven, and potted flowers to businesses in the strip mall behind the Brown Street branch.

West Bend planted perennials on their usual two plots for the West Bend Adopt-A-Plot. Employees also helped their local Boys and Girls Club spruce up their property by raking leaves and preparing the garden for their garden club.

Employees from the Menomonee Falls branch donated two red bud trees to the City of Menomonee Falls and distributed a butterfly garden mix to customers for planting around the community.

Germantown employees donated funds to purchase flower baskets for Main Street and trees to be planted in Kinderberg Park.

# Microsoft Support Ends for XP, Other Applications

*Bret Orsburn, Network+, CCENT,*
*Netxus™ Administrator, Locknet, Inc.*

By now you have probably seen a plethora of articles discussing Windows XP reaching the end of its life—and Microsoft's support. However, did you know that Windows XP is not alone in entering the "end-of-life" red zone? The following Microsoft 2001–2003 era applications are included, along with the dates of their planned demise:

Windows XP—April 2014
Office 2003—April 2014
Windows Server 2003—July 2015
SQL Server 2000—April 2013
Exchange 2003—April 2014

If you use an application listed above, be forewarned, after the end-of-life date listed, Microsoft will no longer provide vital security updates, bug fixes, and support. As these products reach their end-of-life, security assessments will begin to reflect multiple issues associated with unsupported software. Examiners and auditors will be on alert to ensure that financial institutions are addressing the mounting security concerns and risks regarding end-of-life software.

### The Bottom Line

Replacement of major software infrastructure is expensive to plan for, procure, and implement. For example, if your financial institution has 50 Windows XP Professional desktops and two Windows Server 2003 servers, it could cost as much as $100,000 to update this infrastructure.

That price tag can be a bit daunting, and some business leaders believe they can lessen the financial burden by waiting. Yet experts have shown that proper advanced planning is the best offense against a multitude of time constraints, concerns, and inefficiencies that can arise if you wait. Also, resources may become more scarce as the deadline approaches, with many businesses looking to complete modernization projects as close to end-of-life as possible.

An unexpected $100,000 capital expense is never a welcome hurdle but there are ways to make it more manageable. For instance, using the above example, the cost of migration can easily be kept at or below $20,000 per quarter. If you were to replace one server per quarter, you would have completed your modernization project within 18 months. Now is the time to start planning for replacement of aging components in your infrastructure, thus, spreading the cost of modernization over several quarters.

### Red Zone Option

Even if a migration is not on the table for your institution before the end-of-life deadline, your management team should be aware of the likely impact to your organization. A primary impact will relate to compliance.

These software packages will be primary points of vulnerability after Microsoft ends support. Think of them as security liabilities that will cause security assessments to suffer as threats come to light for these unsupported products. New financial and efficiency issues also will begin to appear including down time for servers, workstations, and software systems—all of them becoming more prevalent over time.

Maturity in software does not equate to fewer issues during the product's end-of-life cycle. While your infrastructure may be stuck in time, the requirements for mandatory components like core software are not. Even if a vendor's software installs just fine, compatibility issues may surface over time.

If modernization waits too long, integration time can be greatly increased. For example, if you are just now moving from Windows 2000 Active Directory, you may have to perform additional steps to bring your organization to Windows Server 2008 Active Directory.

### What To Do?

Being aware of the end-of-life issues and beginning to plan for the projected hours and expenditures is half the battle. Here are some things you can do to help your organization prepare:

Get Help Now—A managed service provider will be able to fit you for a new infrastructure, tailor it to your needs, and help plan your migration.

Update Your Policies—Financial institutions should add security controls and language to their existing policies to address risks associated with end-of-life software.

Plan—Each organization will have specific needs for modernizing its environment. Begin planning now for what the migration will look like. What steps will be taken? Document costs, critical dependencies, resources, and departments that will need to be involved.

Increase Awareness—Make your management team aware of the impending deadline, the importance of the modernization, and the ramifications of being unprepared.

Set a budget—Begin to set aside dollars for the capital expenditure to modernize your environment.

Move!—The earlier you can modernize, the better. Give yourself time to plan, budget, and troubleshoot any issues that may arise.

Nothing lasts forever, including software. There is a major deadline on the horizon that will cause compliance and support issues for institutions that wait too long to modernize infrastructure. Financial institutions should begin to budget and plan for the modernization of their environments to avoid costly projects at the last minute.

*Contact Bret Orsburn at borsburn@locknet-inc.com or 800-967-2645.*

## Blackhawk Reports Positive Earnings

BELOIT—Blackhawk Bancorp Inc., the parent company of Blackhawk Bank, reported a second quarter profit of 70 percent. The growth took place in revenue from mortgage banking and other noninterest income.

Net income rose $745,000 or 27 cents per share. This compares with $439,000 or 13 cents per share during the second quarter of 2011.

## Westbury Closes Branch

WEST BEND—Westbury Bank has closed its Hales Corners location, leaving only one full-service branch in Milwaukee County. The bank, formed from the merger of West Bend Savings Bank and Continental Savings Bank three years ago, now has 12 branches, most in Washington County.


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# Decrease Payment Card Losses
## Best Practices in Fraud Detection and Risk Management

*Eric Lillard, Director of Fraud Operations, PULSE*

Payment card fraud has been on the increase for years and has become a major source of ill gotten proceeds for international criminal enterprises. Today's thieves can steal the card data of millions of consumers and have thousands of fraudulent cards on the market around the globe in less than 24 hours.

According to ABA's *2011 Deposit Account Fraud Survey Report*, industry losses from debit card fraud — POS signature, POS PIN and ATM transactions combined —reached an estimated $955 million in 2010, an increase from $788 million in 2008. More than nine in 10 financial institutions reported having debit card fraud losses in 2010. It's no surprise then that fraud continues to be one of the most pressing challenges facing financial institutions.

On the positive side, more financial institutions track debit fraud losses now than in the past, as 88 percent now monitor fraud losses in some manner. Approximately half of all financial institutions implemented new fraud tools in the past year.

The majority of consumers hold their bank responsible for notifying them of, and defending them against, debit card fraud. An investment in detection tools can lower fraud costs and build cardholder confidence through fraud mitigation.

Most financial institutions have invested in debit fraud deterrents, such as fraud detection and alert systems. Larger institutions may be able to justify the cost of developing their own customized systems, while smaller ones may find systems offered by their networks or processors to be more affordable.

### Train Employees

One of the best weapons you have against debit fraud losses is your staff. An educated staff can identify fraud instances early to prevent large-scale fraud, determine the difference between criminal fraud and "friends and family" fraud, and gain the confidence of cardholders to prevent fraud-based attrition.

Financial institution employees can help reduce fraud losses if they are trained to be diligent and look for warning signs in account information. Such signs may include non-U.S. addresses or phone numbers; multiple accounts being opened by the same individual; trial deposits; newly issued identification; and unexpected account changes, such as changed passwords, new signers added, and requests for new cards.

Employee training should be a year-round investment. Consider bringing in outside experts for seminars or Web conferences. Employees need to know how to deal with suspicious account holders and interact with law enforcement agencies. Your financial institution needs a consistent reporting mechanism to identify possible fraud quickly, and to preserve a record of what was done in case litigation occurs.

### Educate Cardholders

Working with your customers to educate them on steps they can take also is beneficial in combating fraud. Cardholders should be encouraged to monitor their accounts online and sign up for text or e-mail alerts to let them know if certain activities, like large cash withdrawals are made.

It's also important to educate cardholders about "phishing" attacks. Phishing has increased over the past year, coming in the form of e-mails, texts, and automated voice messages. Of the three, automated voice message phishing schemes have proven to be very successful for the fraudster and very impactful to the cardholder. It is my understanding that no legitimate financial institution will ever ask a cardholder for their account number and PIN via an automated voice message.

These voice mail phishing schemes can appear convincing and, unfortunately, many unsuspecting cardholders fall prey to them. They can appear to be genuine because they often are tailored for the community the fraudsters are infiltrating. The calls may appear to be from a local number and reference the name of the financial institution within that community. That simple form of presentation helps convince the cardholder to provide their account information.

Cardholders should be informed about various types of phishing schemes and reminded to *never* provide their account number or PIN as a response to any automated voice messages, text messages received on their cell phone, or to e-mails.

### What's Next?

According to an Aite Group study, financial fraud experts predict that fraud attacks will undoubtedly increase as fraudsters become more technologically savvy. ATM fraud, in particular, is expected to rise.

Every financial institution, no matter how large or small, can take steps to reduce its fraud losses. Each institution needs to determine its strategy for managing fraud, using the tools and technology necessary to combat the continued challenge of card fraud.

For example, neural network technology is designed to provide an early warning for fraudulent card activity. This advanced detection tool "scores" transactions using complex mathematical models based on a customized set of rules, then alerts for scores that exceed a pre-defined threshold.

Other fraud detection techniques include authorization blocking, encryption, monitoring, and notifications to cardholders.

Another emerging resource that is proving to be useful in combating fraud is Web-based discussion forums for the secure exchange of information and best practices surrounding fraud mitigation tactics. Collaborative forums, like PULSE's DebitProtectÆ forum, enable participants to share information that can assist with fraud mitigation efforts.

Although criminals will continue to devise new hacking techniques, banks can help protect themselves and their cardholders from card fraud losses by developing and executing a comprehensive fraud management plan.

## From the Top

# Our Next Generation

*Camden Fine, ICBA President and CEO*

Call them community banking's whiz kids. They're energetic, smart, and conscientious. They're knowledgeable and mature beyond their young years. And just as reassuring, they see a bright future for themselves and for our industry.

*Cam Fine*

Meet the next generation of community bankers: Sarah Getzlaff, 30, Cameron Ohlendorf, 22, and Bobby Field, 17.

In talking with these three young people, each living out a different stage of early adulthood, you encounter the brimming can-do mindsets and creative talents of the upcoming generation preparing to take over. Our industry is in good hands. And perhaps most promising, through these three young people's eyes, with outlooks grounded by first-hand memories of the financial crisis, being a community banker still looks full of professional promise.

These young people are neither intimidated by technology nor slaves to it. For them, effectively managing and adapting to technology will be essential for community banks' ongoing success. But technology is also a means to a greater end, each of them agrees. Helping people matters most to them, an ideal that motivates all their professional goals. More than anything, they want and plan to make a difference in the lives of others and for their communities, to help make others' dreams come true.

Community banking has been a big part of their heritage and upbringing. After school, on holidays, and during the summer breaks, each grew up working at a community bank where their father served as chief executive. They filed papers, wrote up loans, and helped at the teller line, and over time their responsibilities steadily increased.

"Just being involved and helping people out," is how Bobby describes growing up at The Farmers Bank of Liberty in Liberty, Ill. "I never really thought of it as work," says Sarah of her first days working part time at Security First Bank of North Dakota in Mandan, where she and her husband are raising a family.

Today, Sarah is a CPA. Busy with varied responsibilities and duties, she works as executive vice president and chief operations officer at Security First Bank, a community bank owned by her grandfather and now her father, Jim Goetz. There she has helped start mobile banking, launch imaged statements, and revamp the bank's Internet banking service. "Everything needs to be as real-time as you can get it," she offers. "Everybody wants everything now."

*Sarah Getzlaff*

Cameron graduated from Illinois Wesleyan University with a degree in business administration and a concentration in finance in May. Shortly afterward, he started his first day as a community banker at First Community Bank and Trust in Beecher, Ill., a suburb of Chicago. By his second day on the job, he began helping to further establish a loan-management software program for the bank.

*Cameron Ohlendorf*

Cameron says his father, Greg Ohlendorf, taught him, partly through example, how a community banker plays a large, integral role in the life of a community, far more than simply taking deposits and making loans. A community bank, he says, is connected to everything within the community it serves.

*Bobby Field*

"I didn't want to go to one of the big banks," he adds. "Here we're very involved with the community. That community involvement is why I came back."

Bobby is a junior in high school, where his friends sometimes gently tease him, as the local banker's son, for his heartfelt advice about money management. "Mostly, I like to tell them to come to the Bank of Liberty and we'll help them out," he says. "We'll be a friend for life." Next summer, Bobby plans to attend college and major in finance with a minor in agricultural economics. Afterward, he plans to follow in the footsteps of father, Mark Field.

"I love my community and I want to give back because it's given so much to me," he says.

Sarah, Cameron, and Bobby, each of whom is involved in social media and who seldom write a check to make a payment, don't see any of our industry's challenges as insurmountable. They agree that technology, and the array of products and services it enables banks to provide, helps create the customer experience for any service business, including community banking. For that reason, technology can't be cumbersome. Asking a customer, for example, to print out a form on the Web, fill it out, and fax it back is outmoded and out of touch from today's marketplace, Sarah says. "You can't wait until everyone else has it. You need to be proactive."

While the ongoing cost of system replacements and upgrades and the continual learning and adaptation that technology requires stress some community bankers today, these young people mostly see technology as solving problems more than creating them. Managed properly, technology should empower community banks to fully leverage their relationship banking strengths.

"If your bank has [the right technology], I don't see why you can't compete with larger banks," Sarah says.

Part of building a strong future for our industry, however, should also involve fostering more awareness among young people about community banks and their special role, Sarah, Cameron, and Bobby agree. Among their peers, there's a general, unfocused awareness of community banks and what they do. Many younger people think that a "bank is a bank," Sarah says. For Cameron and Bobby, their friends appreciate community banks, but that reality will have more meaning for them when first jobs, homes, and families come along.

"A lot of kids in my class—their mind is elsewhere," Bobby offers.

Promoting a strong future for community banks, they say, should involve educating more young people about the differences between community banks and megabanks, but it should also explain how people's collective choices to have relationships with community banks can help economically sustain and invigorate their communities. Bobby is passionate that public schools should teach these lessons within a broader financial literacy curriculum. Sarah says ICBA's Go Local awareness initiative encouraging people to spend and bank locally is a great resource to help community banks spread greater awareness, to young and old alike.

Nevertheless, technology and educating the public aren't issues that weigh down Sarah, Cameron, or Bobby much. When they consider their professional futures, more than anything, assisting people in need and helping to make dreams come true, is why they're excited to be, or in one case to become, community bankers. Helping people won't become obsolete, they say. For these young people, community banking is positioned to endure and prosper. Bobby says he's comforted knowing that his father has positioned The Farmers Bank of Liberty to last for a long time if it's continued to run properly.

And Sarah adds, "There are a lot of stubborn community bankers who believe in what they do, and they're going to fight for it."

## From the Top

# Your Choice to Make

*Jeff Gerhart, Chairman of ICBA*

As a kid growing up in the rolling hills of southwest Madison County, I looked forward to spending lots of time outdoors every summer. You name it, we did it. Our choices gave us many opportunities to stay engaged with our friends. Summers were filled with baseball, swimming at the local pool, camping in Acorn Valley by Shell Creek, or just riding our bikes around town.

These are among the fond memories I have of growing up in a small town. No doubt, each of you has your own memories of the many summertime choices you once had before you.

Today, as community bankers we continue to make choices—ones that have a vital impact on our industry. In 1930 a group of community bankers in rural Minnesota made the choice to organize what has become the Independent Community Bankers of America. As community bankers, we make a choice of who we want to represent our industry on both a state and a national level.

Your state community banking association is critical to that end. Without strong community banking associations supported by community bankers in those states, our job, and ICBA's job at the national level, would be a tougher "row to hoe."

Working together with ICBA, we are able to leverage our collective resources to provide community banking with a strong and clear "community banking voice" that defines who we are, what we represent, where we want community banking to be in the future, and why a strong community banking environment is important to our nation's future. Your community bank's membership with ICBA and its state community banking association is critical to your bank's future.

At ICBA we know you have a choice, so I would encourage you to learn more about what ICBA is doing on your behalf and to become an active ICBA member if you are not already. There's no other national trade association that exclusively represents, and can be counted on to represent, the interests of community banks.

If your community bank is an ICBA member, you have my sincere appreciation for your continued support and for your continued involvement in our industry. However, I would also encourage you to learn more about the many ICBA member programs available to your community bank, from the association's valuable educational resources and conferences to its cost-saving product and service programs. ICBA offers so many member benefits that it can take some exploration to learn about and take full advantage of them all.

Choice—be it among childhood summertime activities or the banking activities that we deal with today as adults—is important. Make ICBA your choice if you haven't already done so.

Join me and many other community bankers from across this great country of ours—in communities like Scotland, S.D.; Red Bay, Ala.; and Ukiah, Calif., as well as Atlanta, Boston, and Los Angeles, to name just a few.

ICBA has one mission, and that is community banks!

## Heartland Financial USA to Buy First Shares

Heartland Financial USA, holding company of Wisconsin Bank & Trust, stated in early August that it plans to buy First Shares Inc., which holds Platteville's First National Bank, for approximately $11 million, according to the Milwaukee Journal Sentinel.

The sale would involve 60 percent stock and 40 percent cash and is pending shareholder and regulatory approval. The transaction is expected to close in the fourth quarter.

Under the agreement, First National would merge into Heartland's Wisconsin Bank & Trust operation, which aims to expand its services in Southwest Wisconsin. Heartland has current locations in Madison and Monroe under the former name of Wisconsin Community Bank, as well as in Green Bay and Sheboygan as Heartland Business Bank. Heartland has assets of $4.3 billion and is headquarter ed in Dubuque, Iowa.

Founded in 1891, First National Bank has assets of about $130 million and is one of the first national banks organized in Wisconsin. Headquartered in Platteville, the bank has additional offices in Lancaster and Hazel Green.

## WaterStone Bank Provides Coupons to Historic Site

WAUWATOSA—WaterStone Bank helped its customers and the community celebrate Independence Day with discounted tickets to Old World Wisconsin located in Eagle. The bank provided tickets worth $3 off admission to the historic site's week-long Fourth of July event. The event features activities found in small towns around Wisconsin during the 19th and early 20th centuries.

In addition, bank customers could register to win a ride on the horse-drawn omnibus in the Old World Fourth of July parade. The bank picked an adult/child pair of winners for each of its eight branches.

## Grants Help Students Learn Financial Lessons

BROOKFIELD—Spring Bank recently awarded grants to Brookfield Central and Brookfield East high schools to help their students become more savvy financial consumers.

According to an article in Corporate Report Wisconsin, the Brookfield students will be the first in southern Wisconsin to use "a high tech, Web-based platform to bring complex financial concepts to life." The program helps teach more than 600 financial topics using video, animation, 3-D gaming, avatars, and social networking.

## Bank Donates to the Penfield Children's Center

OCONOMOWOC—First Bank Financial Centre (FBFC) donated $3,000 to the Penfield Children's Center in Milwaukee. This July donation will help fund the Croquet Ball on Sept. 8, Penfield's signature fundraising event.

Penfield Children's Center helps infants and young children with and without disabilities reach their full potential through education, therapy services, and family programs. For more information on the Penfield Children's Center, visit their Web site at www.penfieldchildren.org.

## Brat Day Benefits Green County Homeless

MONROE—Wisconsin Community Bank (WCB) held a "Brat Day" on July 27, with all proceeds from lobby brat, soda, and chip sales benefitting the Homelessness Prevention Coalition of Green County.

Homelessness Prevention Coalition of Green County (HPCGC) serves the needs of Green County residents who are experiencing the loss of their home and the accompanying loss of security and self-worth. Working with the Southwest Community Action Program (SWCAP), HPCGC offers multiple services, including:

• Improving shelter opportunities to those who have no home

• Coordinating services of community organizations, agencies, and concerned citizens

• Improving affordable permanent housing opportunities

• Providing information and outreach so that people know how to access available resources.



## Ridgestone Loans $2.4 Million to Recycler

BROOKFIELD—Ridgestone Bank extended $2.45 million in SBA 7(a) loans to Integrated Recycling Technologies for the refinance of real estate and equipment. The deals resulted in a savings of several hundred thousand dollars when the refinancing was completed and improved the company's future annual cash flow.

Integrated Recycling Technologies Corporation is a Minnesota-based company that specializes in the recycling of catalytic converters, precious metals, electronic scrap, and non-ferrous metals. The company has facilities in Monticello and Rogers, Minn., as well as Racine.

## Four Baylake Branches to Premier

STURGEON BAY—Baylake Bank is divesting itself of four branches in Waupaca County. The branches, located in Waupaca, King, Manawa, and Fremont, are being sold to Premier Bank, headquartered in Marion.

Premier is purchasing deposits of $69.2 million and loans of $35.5 million in the transaction. The Marion bank currently has $200 million in assets and offices in Scandinavia, Iola, Bonduel, Shawano, Tigerton, Bear Creek, and Pulaski.

## Lubar Group Buys ISB Community Bank

IXONIA—Milwaukee private equity firm owner Sheldon Lubar and his family have purchased a majority stake in Ixonia Bancshares, the parent company of ISB Community Bank. With its $21 million investment ($16.5 million from the Lubar family and the rest from existing shareholders, employees, and new investors), the group now owns 66 percent of the $310 million bank.

In 2010 regulators ordered the bank to improve its financial strength and operations. Part of the order required the bank to develop a management plan, increase board participation, reduce bad loans, and maintain higher capital levels. With the recapitalization, Lubar becomes chairman of Ixonia Bancshares.

The Lubars had been looking to buy a bank for more than a year, Lubar told the Milwaukee Journal Sentinel on July 18. They selected Ixonia Bancshares because it has a good location with good demographics and good employees.

## FBFC Opens Two Branches, Breaks Ground in Grafton

OCONOMOWOC—First Bank Financial Centre has opened two full-service branches in Brookfield and Mequon. The new locations are at 18815 W. Capital Drive, Brookfield, and 11715 N. Port Washington Road, Mequon.

FBFC also broke ground on its newest branch on Washington Street in Grafton, which will open this fall.

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## Denmark State Bank Renovates Headquarters

DENMARK—Denmark State Bank will mark the fall with the end of construction season. The bank is renovating its main office at 103 Main St. in six phases. The project includes a complete interior renovation of the 11,000-square-foot facility, additional private office space, and a newly configured teller line. All phases are expected to be completed this fall.

The bank has offices serving Brown, Kewaunee, Manitowoc, and Outagamie counties.

## Bank Named Business of the Year

CHIPPEWA FALLS—Chippewa Valley Technical College honored Northwestern Bank of Chippewa Falls with its 2012 Proven Business Partner of the Year award. The award is given annually to an area business that's demonstrated concern for career and technical education through its support of the college and its programs.

The bank was nominated for the service of its president, Jerry Jacobson, to the CVTC Foundation Board of Directors, as well as the bank's scholarships and contributions to the school's project and facility needs.

## Bank Named Top Business

MILWAUKEE—BizTimes Milwaukee recently named First Business Bank-Milwaukee as one of its 2012 Top 10 Businesses of the Year. The bank was chosen for its "customer-driven approach that allows bankers to give each client the highest quality of service and care" as well as record earnings.

## OCC Officers Visit CBW

*Representatives from the U.S. Office of the Comptroller of the Currency visited the Community Bankers of Wisconsin office in July. Pictured from left: Daryll Lund, CBW president and CEO; Blake Paulson, OCC associate deputy comptroller; Sue Madson, OCC thrift advisor executive; Bert Otto, OCC deputy comptroller; Rick McGuigan, CBW executive vice president; and Brian James, OCC assistant deputy comptroller.*

## Bank Earns USDA Homeownership Award

MADISON—Wisconsin Community Bank has received the Million Dollar Lender Gold Award from the U.S. Department of Agriculture (USDA). The award recognizes lenders that have provided more than $2 million of Guaranteed Rural Housing (GRH) loans to South Central Wisconsin rural residents. This level of participation has made Wisconsin Community Bank a part of helping 2,750 families achieve their dreams of homeownership.

The GRH program assists homebuyers in obtaining 30-year fixed rate mortgages without the down payment or monthly mortgage insurance typically required by conventional lenders and programs. GRH loans are financed through participating lenders and are guaranteed by USDA Rural Development. Visit www.thewcb.com for more information on Wisconsin Community Bank, or www.rurdev.usda.gov/wi to learn more about USDA housing programs.

## From Windows to Shirts: 'Go Local' Message Spreads


TOMAHAWK—When Tomahawk Community Bank had "Go Local" shirts made for its staff to wear on Fridays, they received many positive comments. One local business even asked if they could get shirts to wear at their place of business, so the bank passed on the information to order.

The bank has also distributed the complimentary window clings to its business customers when they do their banking and handing them out to local businesses when bank staff call on business customers. The bank also gave the window clings to the local Chamber of Commerce, which is distributing them to Chamber members.

The window clings, which promote local banking, shopping, and dining, are available at no charge to CBW member banks. If you have questions, please contact Jami Erickson at jami@communitybankers.org.

## Bank Receives 'Outstanding' CRA Rating

OCONOMOWOC—First Bank Financial Centre (FBFC) received an "Outstanding" CRA (Community Reinvestment Act) rating from the FDIC on their 2011 CRA evaluation.

The CRA evaluation is completed once every three years by the FDIC examiners and is based upon a review of home mortgage, small business, and community development lending; community development investments; and the bank's retail banking and community development services in the communities it serves.

## Heartland Renames Banks

Banks operating in the Madison and Monroe area as Wisconsin Community Bank and in the Green Bay and Sheboygan

## Eliason Joins Town Bank

HARTLAND—Town Bank has hired former M&I Bank executive Kent Eliason as senior vice president and Menomonee Falls market manager targeting the communities of Germantown, Sussex, and Menomonee Falls. As part of his duties as market manager, Eliason will head up a new branch set to open in The Woodlands Market retail center at the northwest corner of West Good Hope Road and West Appleton Avenue in late summer.

## Miller New AVP at Commerce

WEST BEND—Sue Miller has joined Commerce State Bank as assistant vice president of sales and marketing. She comes to Commerce with more than 14 years of management and sales experience in the local financial community.

## Zwettler Promoted to SVP

CROSS PLAINS—The State Bank of Cross Plains has promoted Jeff Zwettler to senior vice president/relationship manager.


*Jeff Zwettler*

Zwettler, whose office is in the bank's Middleton West office at 8301 University Ave., joined State Bank of Cross Plains in 2002 as assistant vice president for business development and was promoted to vice president for business development in 2005 and vice president/relationship manager in 2010.

## First Bank National Welcomes Steber

MANITOWOC—Bank First National welcomes Joel Steber as vice president of business banking.

## Bank Welcomes Kirk Stowers

NEW GLARUS—Kirk Stowers has joined the staff of The Bank of New Glarus and Sugar River Banks as senior vice president, business development/relationship manager.


*Kirk Stowers*

He graduated from Loras College in Dubuque, Iowa, and has more than 25 years of banking experience across the Midwest, helping hundreds of small, medium, and large businesses with their loan and deposit relationships. He most recently served as a business banker at M&I/BMO Harris Bank in Watertown, working with business and agricultural customers.

## Moseley Joins Community Bank & Trust

SHEBOYGAN—Community Bank & Trust welcomes Scott Moseley as its Greenfield office president. Moseley will take over from John Nowicki who is retiring.

Moseley brings more than 20 years of banking experience to his new position including stints as a credit analyst, commercial loan officer, a team leader, and a market president.

## McKeag Earns Treasury Designation

MADISON—The Association for Financial Professionals announced that Tim McKeag, vice president of First Business Bank-Northeast's office in Appleton, earned the designation of certified

## Changing Scene *(continued)*

markets as Heartland Business Bank will be rebranded this summer as Wisconsin Bank & Trust. Parent company Heartland Financial USA Inc. of Dubuque, Iowa, hopes the new name will expand the bank's presence in the state.

Heartland Financial USA is a $4.3 billion diversified financial services company offering commercial and retail banking, residential mortgages, wealth management, investment services, insurance, and consumer finance services. It has 64 banking locations in Wisconsin, Iowa, Illinois, New Mexico, Arizona, Montana, Colorado, and Minnesota, as well as mortgage loan production offices in California, Nevada, Texas, Wyoming, and Idaho.

treasury professional.

McKeag has 25 years of experience and previously was market president of The Business Bank-Appleton.

## Cosson Promoted at Badger Bank

FORT ATKINSON—Jeremy Cosson was named vice president of Badger Bank in July. He has worked for Badger Bank since 2006 as assistant vice president and compliance officer. Cosson has nearly 12 years of banking experience in the Fort Atkinson area, and is a graduate of Cardinal Stritch University, the Wisconsin Bankers Association Consumer Credit School, and the Independent Community Bankers of America Compliance School where he became a Certified Community Bank Compliance Officer.

*Jeremy Cosson*

## Schlumberger Joins River Valley

WAUSAU—Paul Schlumberger joins River Valley Bank as vice president-business banking.

## Honsberger Joins Community State Bank

UNION GROVE—Community State Bank welcomes Neil Honsberger as vice president-commercial loan officer in the bank's Mount Pleasant office. He has decades of experience in business development services, commercial lending, credit underwriting, and loan operations.

*Neil Honsberger*

## Buerger New SVP for ISB

IXONIA—ISB Community Bank welcomes Robert Buerger as senior vice president and chief lending officer. Buerger, who most recently served as senior vice president and head of business and commercial banking strategy at BMO Harris Bank, has an M.B.A. from Loyola University. Prior to working for BMO Harris Bank, he spent 10 years as head of corporate banking at M&I.

## New Face for Chilton Office

SHEBOYGAN—Community Bank & Trust has hired Clance Catlin as office president for its Chilton office.

## Daniel Joins Starion as SVP

MIDDLETON—Starion Financial welcomes Mike Daniel as senior vice president and business banking officer at its Middleton office in Greenway Station. He joins the bank with more than 20 years of experience in banking and business development, credit analysis, portfolio management, and business consulting.

## Oak Bank Promotes Kittleson to EVP, CFO

FITCHBURG—Oak Bank has promoted Dan Kittleson to executive vice president and chief financial officer. Kittleson joined Oak Bank in 2001 as senior vice president and chief financial officer. A graduate of UW-Whitewater with a BBA in finance and accounting, he has over 20 years of experience in the banking industry.



DIRECTORY OF COMMUNITY BANKING SERVICE PROVIDERS

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