

# Issues & Answers



June 2024

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## Welcoming New Faces



*By Glen Simecek,  
President & CEO,  
Washington Bankers  
Association*

The analogy has become a cliché: legislation is like sausage; it's best that you don't see it being made.

As a rule, most members of the general public assiduously follow that advice. Occasionally, they might drop their legislator a strongly worded email or call the legislative hotline. If an issue sticks in their craw, they might attend a local school board or city council meeting. But, by and large, they steer clear of the state capitol and don't understand what happens within those marbled halls.

As a result, the public perception of lobbyists has become a cartoon caricature. People too often picture lobbyists as cigar-chomping backroom operatives sliding envelopes of cash under the table to

elected officials in a smoky room.

Of course, that's not the case. Nearly 70 years ago, then-Senator John F. Kennedy more accurately described the role of the lobbyist: "Lobbyists are in many cases expert technicians, capable of explaining complex and difficult subjects in a clear, understandable fashion. They ... can explain in detail the reasons for positions they advocate; (and) serve a beneficial purpose."

If anything, the role of a lobbyist has become even more critical since Kennedy's day. The issues lawmakers address are more varied and complex, and stakeholder interests are more diverse. It's unreasonable to expect any elected official to fully grasp the details and implications of all the legislation that comes before them. It's the lobbyist's job to help them understand what a bill says and what it will do if enacted.

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## Issues & Answers – June 2024

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Successfully doing so requires the lobbyist to build and maintain solid relationships on both sides of the aisle. After all, you can't make your case if you can't get in the door. And the strength of your argument depends on having a reputation for providing accurate, credible information. Fortunately for WBA members, our association has a long-standing track record of employing a lobbying team that does just that.

That team will have a new look in 2025. Trent House has worked with WBA for the past seven years and has decided to retire from lobbying. We appreciate Trent's strong representation of our membership during that tenure. Carrie Tellefeson, who has worked with Trent, will be stepping into his role as "lead lobbyist" for WBA and coordinator of the United Financial Lobby in Olympia.

To backfill Carrie's position, we are pleased to announce that Isaac Kastama will become the newest member of our advocacy team. Isaac has been an independent lobbyist since 2016, has exceptional experience representing business clients, and has positive and productive relationships with lawmakers from both parties. Before launching his lobbying business, he served as director of government affairs for the Washington Business Alliance and honed his skills working alongside two veteran Olympia lobbyists.

Carrie and Isaac will provide a great one-two punch for WBA. They possess complementary styles and have worked together on other issues. WBA engaged with Isaac several times when he represented the Northwest Credit Union Association. While we worked on some critical issues on opposite sides, he was consistently an honest broker and a valuable contributor to shared financial service priorities at the United Financial Lobby table.

Finally, Isaac has a solid background in campaigns and developing effective political giving strategies, skills that will be important as we continue to strengthen our WashBank PAC efforts.

As long as I'm addressing cast changes, I must take a moment to recognize Linda Navarro, who will retire as CEO of the Oregon Bankers Association on July 15. Working closely with Linda these past few years has been my pleasure, whether connecting to plan our annual convention, legislative issues, or other initiatives. In all our work together, she has been a trusted colleague and friend, and the entire Pacific Northwest banking community has benefited from her efforts on behalf of our industry. We wish her the best as she heads into retirement.

As hard as it is to see Linda go, we look forward to continuing our strong working relationship with OBA under new President and CEO Scott Bruun. Scott comes to OBA from Oregon Business & Industry, Oregon's statewide chamber of commerce, where he served as head of government relations. Welcome, Scott!

New faces, new ideas. Transitions are great opportunities to reexamine our work and identify potential improvements. That's precisely what we will be doing in the months ahead. It's an exciting journey, and we all at WBA are glad you're taking it with us!

### Contact Us

Contact the Washington Bankers Association at 601 Union  
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Call us at (206) 447-1700 and visit us on the  
web at [wabankers.com](http://wabankers.com).

### Connect With Us

Connect with the WBA online by following us on our social  
media accounts.

### On the Cover

A rainbow lights up the sky across the Columbia River Gorge, as  
seen from Skamania Lodge, the site of the 2024 Annual  
Convention in June.

*Photo courtesy of Mitchell Friedman, flickr.com*

# Elevating Banking Expertise: The 2024 Virtual Credit Analyst Development Program

In today's rapidly evolving financial landscape, continuous professional development is not just beneficial; it is necessary for maintaining the competitive edge of our banking workforce. Recognizing this imperative, the Washington Bankers Association (WBA) proudly presents the 2024 Virtual Credit Analyst Development Program (CADP).

This year, we are delighted to announce the expansion of the program's reach, with several other state banker associations joining us in offering this transformative educational opportunity to their members.

The CADP is meticulously designed to cater to a wide array of banking sector professionals, including credit analysts, credit officers, commercial loan officers, loan review officers, branch managers, and management trainees. The program aims to forge a strong foundation for the next generation of banking professionals by enhancing their understanding and skills across critical areas of banking operations.

## Program Highlights

The program is structured around several key sessions, each focusing on a fundamental area of banking:

- **The Role of a Credit Analyst:** Participants will start by taking a deep dive into the pivotal role credit analysts play in the credit underwriting process, emphasizing their critical role in risk management.
- **Accounting Basics/Refresher:** A comprehensive session on accounting principles ensures that participants have a solid grasp of the financial statement dynamics crucial for practical credit analysis.
- **Employing Basic Financial Analysis Tools:** This module introduces comparative and cash flow analyses, among other tools, fostering a more nuanced approach to financial scrutiny.
- **Basic Personal & Business Tax Return Analysis:** Tax returns are often complex, so this session is dedicated to demystifying personal and business tax structures.
- **Loan Structure, Documentation, and Compliance:**

This session covers the essentials of loan structuring and compliance and prepares participants to manage vibrant loan portfolios effectively.

Each module is led by seasoned professionals and thought leaders in the banking industry, such as Jeffery Johnson, President of Bankers Insight Group, Richard Mayeda, Senior Credit Officer at First Financial Northwest Bank, and David Osburn, Founder of Osburn & Associates. Their expertise provides participants with real-world insights and actionable knowledge.

## Why Bankers Should Attend

Attending the CADP invests in a banker's professional growth and operational proficiency. The program refreshes and expands participants' knowledge and equips them with practical tools to enhance decision-making and risk management in their daily roles. Moreover, the program's virtual format ensures accessibility for all banking professionals across participating states, allowing them to benefit from this high-caliber training without the need to travel.

## A Collaborative Endeavor

The collaboration with other state banker's associations underscores a collective commitment to elevating the standards of the banking profession nationwide. By sharing resources and expertise, we ensure that more banking professionals have access to top-tier professional development, strengthening the entire sector.

We invite all interested banking professionals to attend this comprehensive training program. Together, we can continue to advance our knowledge, sharpen our skills, and uphold the highest standards of professionalism in the banking industry.

For more information and to register, please visit [wabankers.com/cadp](http://wabankers.com/cadp). Let's build a stronger future for our industry together!

## Head to the Ballpark for Future Leaders Series Events

We are excited to announce two fantastic summer events designed for young and future leaders in the banking industry.

These events provide excellent opportunities to network with peers, learn from industry experts, and enjoy summer fun!

Each event is \$50 and includes your ticket to the game, plus food and drinks onsite.

### July 30 – Spokane Indians

- Location: Bud Bullpen, Spokane
- Time: Starting at 5:35 p.m.

Held in the Bud Bullpen, right behind the first baseline, this event offers a perfect blend of casual networking and entertainment.

### August 8 – Seattle Mariners

- Location: Edgar's Home Run Porch
  - Time: Starting at 5:30 p.m.
- Cap off the summer by joining us at the Seattle Mariners game from the exclusive Edgar's Home Run Porch.

## Why Attend?

- **Networking Opportunities:** Meet and connect with fellow leaders in the banking industry.
- **Professional Growth:** Meet other bankers and learn about WBA programs.
- **Fun and Relaxation:** Enjoy top-tier baseball games in exclusive, comfortable settings.

To register and find more details, visit [wabankers.com/leaders](http://wabankers.com/leaders).



# 100-Year-Old Raymond Federal Bank Announces Name Change to Connect Community Bank

Connect Community Bank is certainly not Pacific County's newest financial institution. Previously known as Raymond Federal Bank, it's been an integral part of the area for nearly a century. Now, under new leadership, it's bringing its practices up to date – upgrading technologies, adding modern vital services, and serving the diverse needs of Willapa Bay communities.

"We are proud to lead the rebrand of this long treasured institution," says B. Nichoel Casey JD, President, CEO, and a bank attorney with over 15 years of financial services experience. "What won't change is our role as a traditional, mutually owned savings and loan financial institution or our proven commitment to customer service and support."

The national decline of traditional mutual banks is the result of increased regulations and continued national focus to use consumer financial products as fuel for Wall Street. The law requires publicly traded institutions to make decisions based on the best interest of the shareholders, while true mutual banks make decisions based on the needs of its community and membership.

"Our members are protected from the volatility of Wall Street because we keep 100% of our loans in our portfolio and all of our member assets are invested locally," explains Casey, who left a successful publicly traded bank to lead Connect Community Bank. "For almost 100 years, we have existed to CONNECT community, bank, and member resources and opportunities to improve the quality of living, working, and raising families in the areas we serve and this year we made that commitment to connection part of our brand."

Casey adds that depositors drive this business model and their commitment to the mutual directly impacts their cost of borrowing. The more assets the bank holds, the more it can lend without having to borrow funds



from the U.S. Government at high interest rates.

Community members are already feeling the impact of the reenergized Connect Community Bank. Staff are actively involved with many area events and Casey even teaches financial litera-

cy classes to local schools. For members who have had past financial difficulties, the bank is developing "second chance" accounts to enable them to bank without having to depend on expensive alternative financial technology companies. The bank is also in the process of obtaining a federal designation as a Community Development Financial Institution so that federal funding can be used to support its initiatives.

"We are an increasingly strong partner for non-profits and municipal agencies who need to access funding, especially in the areas of revitalization and development of sustainable workforce housing," adds Casey. "These are the kind of things we are privileged to do only because our single focus is our community needs, not the bottom line."

## Washington State DFI Director Charlie Clark Elected CSBS Chair

The Conference of State Bank Supervisors (CSBS) announced in May the election of Washington State Department of Financial Institutions Director Charlie Clark as the new chair of the Board of Directors.



CSBS also elected new officers for 2024-25 during its annual meeting. Chair Clark presented his annual committee chair appointments in the CSBS board meeting that immediately followed.

Newly installed officers, who comprise the CSBS Executive Committee, include:

- Chair: Charlie Clark, Washington State Department of Financial Institutions Director
- Chair Elect: Tony Salazar, Maryland Office of Financial Regulation Commissioner

- Vice Chair: Rhoshunda Kelly, Mississippi Department of Banking and Consumer Finance Commissioner
- Treasurer: Kelly Lammers, Nebraska Department of Banking and Finance Director
- Secretary: Susannah Marshall, Arkansas State Bank Department Commissioner
- Immediate Past Chair: Lise Kruse, North Dakota Department of Financial Institutions Commissioner

The Conference of State Bank Supervisors (CSBS) is the national organization of financial regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands. State regulators supervise roughly three-quarters of all U.S. banks and a variety of non-depository financial services.

CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance, and debt industries.

# Over 100 Bankers Gather in Idaho for Annual Agriculture Conference

This spring, the Agricultural Bankers Conference, co-sponsored by the Washington Bankers Association (WBA) and hosted by the Idaho Bankers in Meridian, Idaho, concluded with significant success. The event, held from May 8 to May 10 at the Courtyard Marriott, drew 100 attendees, underlining its importance and relevance in the agricultural banking sector.

## Engaging Sessions and Insights

The conference started with a leisurely start through a golf tournament at TimberStone Golf Course, followed by a welcoming reception and dinner. The real momentum, however, built up during the second day's packed agenda.

The morning session opened with a compelling presentation by Michelle Miller, also known as The Farm Babe, renowned for debunking food industry myths. Her talk set a powerful tone for the day, emphasizing the critical intersection of agriculture and informed consumer perceptions.

Ed Elfmann from the American Bankers Association (ABA) delved into current legislative and regulatory issues impacting agricultural and rural banking. His insights were particularly timely, given the evolving policy landscape.

Blaine Nelson, a Senior Economist at Farmer Mac, analyzed the factors affecting the U.S. agricultural economy, discussing logistics challenges and the impact of a robust dollar on export growth.

The morning sessions concluded with a panel on bankruptcy in agricultural lending, featuring experts from across the legal and financial sectors, such as Ken Howell from Hawley Troxell and Eric Reubel from Dundon Advisers LLC. This discussion was crucial, offering guidance on managing defaulted loans within the agricultural sector.

## Networking and Experiential Learning

Beyond the sessions, the conference featured ample networking opportunities, with breaks scheduled for attendees to engage with exhibitors. The highlight was a tour at CS Beef Packers in Kuna, where participants learned about the company's vertical integration and state-of-the-art operations.



The event also included a unique dining and golfing experience at Topgolf, providing a relaxed atmosphere for further networking and discussions.

## Conclusion and Future Outlook

The conference concluded on a high note with insights from Dr. Dave Kohl, who discussed the impact of global economic and political changes on agricultural lending. Sara E. Hamm from the American Farm Bureau Insurance Services also contributed with a session on relevant industry updates.

As the conference adjourned, attendees were left equipped with valuable knowledge, new connections, and insights into the future of agricultural banking.

The WBA looks forward to continuing its support for this vital conference, fostering growth and innovation in agricultural banking.

## Events Calendar

**June 26-28** – 2024 Annual Convention; Skamania Lodge

**July 9** – Understanding Bank Performance Program

**July 30** – Future Leaders Networking Night at  
Spokane Indians

**August 6-8** – KBA Fraud Academy

**August 8** – Future Leaders Networking Night at  
Seattle Mariners

**September 23-25** – PNW Capitol Hill Visit

**October 7** – Credit Analyst Development Program

**October 29** – Understanding Bank Performance Program

To register or to learn more about any of the listed events, please visit [www.wabankers.com/calendar](http://www.wabankers.com/calendar).





## Yakima Federal Banker Earns Economic Development Award

Yakima Federal Savings & Loan Association's Johnny Prado was named the 2023 Contributor of the Year by the Processor Economic Development Association in May.

The bank's Prosser team has worked hard to promote the city and businesses there.

## Banner Bank Supports Island Health Foundation

The Banner Bank Ana-cortes team recently supported the Island Health Foundation during its annual Gala of Hope.

The bank volunteered at the event, and Rachael Meloche, first vice president of community banking, was a planning committee member.

The gala raised over \$475,000 to help pay for a new pulmonary unit.



## Heritage Bank Supports Kelso Longview Chamber

The Heritage Bank Kelso and Longview teams recently attended the Kelso Longview Chamber of Commerce Pillars of Strength Crystal Apple Awards.

The awards honor those in the community who help make education possible.



## JPMorgan Chase Seattle Team Carries the Load

The JPMorgan Chase Seattle market team participated in the annual Carry The Load event, honoring the nation's military.

For the last 10 years, the bank has partnered with the organization for its 20,000-mile national relay across the U.S., honoring fallen heroes and connecting people to the meaning of Memorial Day.



## Mountain Pacific Bank Hosts Shredding Event

Mountain Pacific Bank hosted a shredding event for local community members in May.

Donations collected at the event were donated to the Providence General Children's Association.

The bank's next shred day will be held in Burlington at the end of June.

## Banner Bank Celebrates Cinco de Mayo Parade in Skagit County

The Skagit County Banner Bank team celebrated Cinco de Mayo by participating in the first annual parade in Skagit County.

The team participated despite the wet weather and shared a brightly decorated float.



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### Washington Trust Participates in Spokane Expo 50th Celebration

This year marks the 50th anniversary of the Spokane Expo, and Washington Trust Bank participated in the opening ceremony and kick-off events.

In 1974, Washington Trust Bank was a signature sponsor of the Expo, and the Stanton family played a significant role in bringing the event to the city.



### U.S. Bank Participates in Cinco de Mayo Celebration

The U.S. Bank Seattle team recently participated in the El Centro de la Raza's 17th Cinco de Mayo celebration.

The volunteers helped staff the event, providing support and sharing information.

### Kitsap Bank Supports Central Kitsap Food Bank Auction and Gala

On May 4, members of the Kitsap Bank team supported the Central Kitsap Food Bank Auction & Gala, which had a Star Wars theme.

The bankers volunteered at the event, helping raise money for the organization, which provides much-needed food to those in



need.

Jessica Connolly, a bank branch manager, is this year's board president at the Food Bank and helped plan the event.



### First Financial Northwest Bank Hosts Mill Creek Chamber Event

The First Financial Northwest Bank Mill Creek branch hosted the Mill Creek Chamber of Commerce Spring Beer & Wine Walk in May.

The event encourages the community to visit local businesses and sample wines and beers.

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## Industry News

### New Hires

Erik Garcia  
Client Success Manager at Sound Community Bank

Piero Rodriguez-Garcia  
Senior Mortgage Loan Officer at Peoples Bank

Melissa Johnson  
Loan Coordinator at Liberty Bank

Derek Brownson  
Vice President and Relationship Manager at Washington Trust Bank

Danielle Reyes  
Branch Manager at Washington Trust Bank

### Promotions

James Ortmann  
Vice President, Deposit and Loan Operations Manager at Olympia Federal Savings

Aron Dowell  
Assistant Vice President and Business Relationship Banker at Olympia Federal Savings

Kayla Ferguson  
Assistant Vice President and Loan Underwriter at Olympia Federal Savings

Erika Fitzhugh-Frazier  
Assistant Vice President and Branch Manager at Olympia Federal Savings

Ashley Knauf  
Assistant Vice President and Controller at Olympia Federal Savings

Raina Nitz  
Assistant Vice President and Branch Manager at Olympia Federal Savings

Chera Anderson  
Regional President of Central Washington at Washington Trust Bank

Charlie Guildner  
Director of Commercial Banking at First Fed Bank

Ariel McDermott  
Assistant Vice President and Branch Manager at Kitsap Bank

Sean McCormick  
Chief Credit Administration Officer at 1st Security Bank of Washington

Robert Nesbitt  
Chief Credit Operations Officer at 1st Security Bank of Washington

Kelli Nielsen  
Executive Vice President and Chief Retail Banking Officer at 1st Security Bank of Washington

Donn Costa  
Executive Vice President and Chief Home Lending Officer at 1st Security Bank of Washington

*Have Industry News to share with WBA? Email [megan@wabankers.com](mailto:megan@wabankers.com) or call (206) 344-3472.*

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### KeyBank Seattle Team Participates in Cinco de Mayo Event

The KeyBank Seattle Hispanic-Latinx Key Business Impact and Networking Group recently participated in a local Cinco de Mayo event.

The bank's mortgage and community partners celebrated the holiday.



### SaviBank Participates in Small Business Association Gala

The SaviBank SBA loans team attended the Small Business Administration's 2024 Small Business Awards Gala in May.

During the event, business owners from across Washington were celebrated for their work.



### Mountain Pacific Bank Sponsors Center for Human Services Community Connections Gala

Mountain Pacific Bank sponsored the Center for Human Services Community Connections Gala in May.

In honor of the running of the Kentucky Derby, which happened the same day, the event shared its theme, encouraging attendees to wear their best hats and race-day attire.

The bank's Lynnwood branch manager, Diana, serves on the CHS board, and Chief Credit Officer Kirby accepted the organization's Dorrit Pealy Award for outstanding community support by an individual and

organization on behalf of Housing Hope.

### Heritage Bank Attendee Center for Human Services Gala

The Snohomish County Heritage Bank team recently participated in the Center for Human Services 2024 Community Connections gala in Lynnwood.



### First Fed Bank Welcomes New Club 100 Member

First Fed Bank announced in May that Lori Larson joined the bank's Club 100.

Club 100 honors bankers who have volunteered more than 100 hours annually.

Larson is the board treasurer of the Sequim Irrigation Festival, coaches Sequim Little League, and teaches financial education courses.

### Olympia Federal Savings Donates to Olympia Trial Legacy Committee

Olympia Federal Savings donated to the Olympia Trial Legacy Committee this spring as part of the bank's Two-Cents program.

The bank donated \$2,853 in honor of the Legacy Committee's 40 anniversary, commemorating the first-ever women's marathon trials held before the Olympics in 1984.



### Cashmere Valley Bank Volunteers at Cinco de Mayo Event

The Cashmere Valley Bank and mortgage teams recently volunteered at Chelan's Cinco de Mayo event.

The group hosted a Riverwalk Park booth and gave local attendees prizes and games.

### Kitsap Bank Announces Employee of the Quarter

Kitsap Bank announced that Kyle Gordon, technical specialist for the bank's IT department, was the employee of the quarter for the first quarter of 2024.

Gordon was an intern at the bank before joining the organization as a part-time help desk assistant. After graduating from Olympic College in 2020, he joined the team full-time and was promoted to his current position in 2023.

He was selected by his peers, who praised his dependability and attention to detail.

"Kyle has proven to be a hardworking, efficient, and dedicated team player," said James Anderson, vice president and Chief Technology Officer at the bank. "His willingness to go above and beyond makes him an asset to the IT team and Kitsap Bank as a whole."

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### U.S. Bank Participates in Habitat for Humanity Women Build Event

The U.S. Bank Seattle team recently volunteered with Habitat for Humanity Seattle-King County for the organization's annual Women Build event.

The group worked at the Yarrow Cottages site for the build day, helping create affordable housing in the community.



### Kitsap Bank Donates to Central Kitsap Medic One Foundation

At the end of March, Kitsap Bank announced a donation to the Central Kitsap Medic One Foundation.

The bank's \$2,000 donation will support the Central Kitsap Fire and Rescue Kids Day event. This year, the organization plans to provide free bike helmets to kids and ensure they are correctly fitted.



### Washington Trust Bank Volunteers at Bloomsday

The Washington Trust Bank Crew in Blue members volunteered at the annual Bloomsday race in Spokane.

This year, the team distributed finisher t-shirts to participants at the end of the race and served beer in the beer garden.



### HomeStreet Bank Donates to Bridging a Gap Weekend Feeding Program

HomeStreet Bank announced it donated \$500 to the Bridging A Gap Weekend Feeding Program in May.

The program provides food to students to ensure they have healthy and nutritious options over the weekend while away from school.



### U.S. Bank Participates in Kent Chamber Business Expo

The local U.S. Bank team participated in the annual Kent Chamber Business Expo this spring.

The group was able to share information with local business owners and members of the community.



### First Financial Northwest Bank Supports Girls on the Run of Snohomish County

First Financial Northwest Bank announced in early May it was sponsoring the Girls on the Run of Snohomish County annual 5k race.

The event will take place in Mill Creek in early June. The program allows local students to participate in the event, which features life lessons such as goal setting and goal achievement, capped by the running event.



### Sound Community Bank Attends Fundraiser for Your Money Matters

The Sound Community Bank team attended the Bridging the Gap fundraiser for Your Money Matters Financial Mentoring this spring.

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**WBA Endorsed Provider: Vericast**

# Key Insights in Customer Acquisition Trends for 2024

*By Holly Hughes and Chris Phelan, Vericast*

In a recent Vericast webinar, industry experts highlighted several crucial trends in customer acquisition for 2024. Here's a detailed recap:

## **Personalized Customer Experiences**

The webinar emphasized the significance of personalized customer experiences. Leveraging advanced data analytics and AI, banks can gain deep insights into customer behavior and preferences. Key takeaway: Implementing predictive analytics can help tailor product recommendations and marketing messages, thereby increasing customer engagement and satisfaction. Additionally, personalized financial advice and customized banking solutions can drive customer loyalty.

## **Digital Transformation**

Digital transformation remains a top priority. The webinar showcased various innovative technologies that banks should adopt, such as mobile banking apps, AI-driven chatbots, and blockchain for secure transactions. Key takeaway: Investing in digital platforms enhances operational efficiency and provides customers with convenient, 24/7 access to banking services. Embracing cloud technology and enhancing cybersecurity measures are also critical components of this transformation.

## **Omnichannel Strategies**

Banks need to develop robust omnichannel strategies to provide a seamless customer experience across all touchpoints. The webinar discussed the integration of online and offline channels, ensuring consistent messaging and service. Key takeaway:

Implementing CRM systems that consolidate customer data from multiple sources can help in creating a unified customer profile. This allows for more personalized interactions and a cohesive customer journey.

## **Community Engagement**

Community engagement was highlighted as a vital strategy for building customer trust and loyalty. The webinar encouraged banks to participate in local events, support small businesses, and engage in corporate social responsibility (CSR) initiatives. Key takeaway: Localized marketing efforts, such as sponsoring community events or offering special promotions to local businesses, can strengthen relationships with the community. Additionally, banks can leverage social media to engage with customers and promote their community involvement.

## **Regulatory Compliance**

Staying abreast of regulatory changes and ensuring compliance is crucial to maintaining customer trust. The webinar underscored the importance of implementing robust compliance programs and conducting regular audits. Key takeaway: Banks should invest in compliance management systems to monitor regulatory updates and ensure adherence to new laws. Regular staff training on compliance matters is also essential to mitigate risks and maintain a strong reputation.

For a deeper dive into these insights, you can access the full webinar online at [www.vericast.com/insights/video/key-insights-in-customer-acquisition-trends-for-2024/](https://www.vericast.com/insights/video/key-insights-in-customer-acquisition-trends-for-2024/).



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# FTC Bans Most Non-Compete Agreements – What Financial Institutions Need to Know

*By Luse Gorman Attorneys*

On April 23, 2024, the Federal Trade Commission (the “FTC”) issued a final rule (the “Final Rule”) that bans most non-competition agreements (“Non-competes”).

The Final Rule defines a Non-compete as a term or condition of employment that prohibits a worker from, penalizes a worker for, or functions to prevent a worker from (i) seeking or accepting the work in the United States with a different person where the work would begin after the conclusion of the worker’s employment, or (ii) operating a business in the United States after the conclusion of employment.

## Overview of Final Rule

- **Non-compete Ban:** Absent an exception, the Final Rule bans employers from entering into a Non-compete with employees on or after the effective date of the Final Rule. The FTC issued the Final Rule pursuant to its authority under Sections 5 and 6(g) of the Federal Trade Commission Act, which provides the FTC with the authority to make rules and regulations to prohibit unfair methods of competition.

- **Effective Date:** The Final Rule’s effective date is 120 days after its publication in the Federal Register. The Final Rule has not yet been published in the Federal Register, but this is expected to occur soon.

- **Financial Institutions Not Subject to the Final Rule:** The Final Rule does not, by its own terms, apply to the following entities:

- o Banks insured by the Federal Deposit Insurance Corporation,
- o National Banks, Federal branches and Federal agencies of foreign banks,
- o Savings and Loan Associations, and o Federal Credit Unions.

However, the Final Rule does not foreclose the possibility that the federal banking agencies will take enforcement actions against financial institutions subject to their supervision for violations of the Final Rule. The federal banking agencies utilize Section 5 of the FTC Act to take enforcement actions against financial institutions engaging in unfair or deceptive acts or practices. In the Final Rule, the FTC stated that although ultimate interpretive authority of the FTC Act rests with it, “[w]hether other agencies enforce section 5 or apply the rule to entities under their own jurisdiction is a question for those agencies.” Therefore, absent public guidance or interpretation from the federal banking regulators, the possibility exists for an enforcement action against a financial institution under Section 5 of the FTC Act for non-compliance with the Final Rule.

Bank holding companies and savings and loan holding companies remain subject to the Final Rule. In the preamble to the Final Rule, the FTC stated that it declined to exclude bank holding companies, subsidiaries, and other affiliates of federally-regulated banks that fall within the FTC’s jurisdiction. The FTC suggested that if banks become concerned about disparate treatment of workers employed by their own different affiliates, they “have the option to stop using noncompetes across all their affiliates.”

- **Final Rule Does Not Apply to Certain Non-competes Entered into in Connection with a Sale of a Business:** The Final Rule does not apply to a Non-compete entered into pursuant to a “bona fide sale of a business entity.” The Final Rule defines a “bona fide sale of a business entity” as a sale made between two independent parties at arm’s length, and in which the seller has a reasonable opportunity to negotiate the sale. This exemption should be available to non-competes entered into in connection with merger and acquisition

transactions.

- **Final Rule Does Not Apply to a Non-compete Entered Into with Senior Executives Before the Effective Date:**

- o The Final Rule defines a “senior executive” as a worker who was in a “policy-making position” and who received total annual compensation of at least \$151,164 in the preceding year.

- o The Final Rule defines a “policy-making position” as a business entity’s president, chief executive officer or the equivalent, any other officer of a business entity who has “policymaking authority,” or any other natural person who has policy-making authority for the business entity similar to an officer with policy-making authority.

- o The Final Rule defines “policy-making authority” to mean final authority to make policy decisions that control significant aspects of a business entity or common enterprise, but does not include authority if it is limited to advising or exerting influence over policy decisions of, or having final authority to make policy decisions for, only a subsidiary of or affiliate of a common enterprise.

- o The Final Rule allows existing Non-competes with senior executives to remain in effect, but existing Non-competes with workers who are not senior executives are no longer enforceable after the Final Rule’s effective date.

- **Notice Requirement:** Absent an exception, and if the Final Rule applies, an employer must provide a notice to all employees covered by a Non-compete no later than the Effective Date. The notice must state that the Non-compete will not be and cannot be legally enforced against the employee. The Final Rule provides a model notice.

- **Non-compete Ban Does Not Apply to “Non-Solicitation” Agreements:** The Final Rule does not prohibit the use of non-solicitation agreements, which prohibit a worker from soliciting former clients or customers of an employer, non-disclosure agreements and confidentiality agreements. If a non-solicitation agreement prevents a worker from seeking or accepting other work or starting a business after a worker’s employment ends, such a restriction could be deemed to be a prohibited non-competition restriction.

- **Next Steps:** Companies and their affiliates with Non-competes should determine whether the Final Rule applies to their agreements. In addition, companies should review their nonsolicitation agreements to ensure compliance with the Final Rule. If the Final Rule applies, companies should be prepared to provide the required notice, when necessary. Given the pending litigation described below, it is possible that the Effective Date may be delayed or that the Final Rule may never take effect; however, until the Effective Date is postponed, or the Final Rule is judicially nullified, employers should plan to comply with the Final Rule.

## Pending Litigation

At least two lawsuits have been filed which contest the validity of the Final Rule. One lawsuit was filed in the U.S. District Court for the Northern District of Texas seeking a declaratory judgment and injunction that would prevent the implementation of the Final Rule. In addition, the U. S. Chamber of Commerce has filed a lawsuit in the U.S. District Court for the Eastern District of Texas seeking to vacate the Final Rule on similar grounds. It is possible that the Effective Date will be delayed while the legal challenges to the Final Rule are litigated.

# When is a Card a Card?



*By: Roger Morris, Jr., JD, CIPP  
Associate General Counsel, Compliance Alliance*

A card is either a credit card or a debit card. What about a home equity line of credit (HELOC) access card? Is that a credit card or a debit card? Or something in between? If it's in between, does Regulation E apply? Regulation Z? It is easy to talk yourself in circles, but let's make sense of it once and for all.

To begin, why is this a conversation worth having in the first place? You may know the answer to this question and think this was a compliance officer's version of child's play. A card's definition as a debit or credit card has worthwhile implications. It would dictate what disclosures are necessary. In the vast alphabet soup of regulations, each has its onerous disclosure requirements, and Regulations E and Z (the two that apply in these areas) have plenty of requirements. Furthermore, it dictates how errors are resolved. Regulation E's error dispute rules are highly consumer-favorable; not that Regulation Z's aren't, but Regulation E has a more formal investigation requirement. These formalities would apply if Regulation E applied to the HELOC's access card transaction. We could go on and on about what each regulation independently entails but let's get back to cards.

Debit and credit cards look similar, but, as anyone reading this would know, there are fundamental differences. A debit card takes funds out of your bank account, while a credit card is linked to a credit line that you pay back later. A HELOC access card blurs the lines. With a HELOC, you may have an account with funds that seem identical to any other asset account. You have to pay those funds back at a later date. So, what exactly is a HELOC access card? To decipher this mystery, let's look at the regulation. For the regulatory definition of a credit card, we turn to Regulation Z:

"(i) Credit card means any card, plate, or other single credit device that may be used occasionally to obtain credit."

This includes HELOC access cards, which may be used to obtain credit from a line of credit. Regulation commentary further supports this point.

"i. Examples of credit cards include ... A card that

guarantees checks or similar instruments, if the asset account is also tied to an overdraft line or if the instrument directly accesses a line of credit."

So, an access card is a credit card under Regulation Z. Regulation Z applies. But this still leaves the question of whether Regulation E also applies. Regulation E applies to "access devices." These are cards, codes, or other means of access to a consumer's account that may be used to initiate electronic funds transfers. A HELOC access card does initiate electronic funds transfers from a consumer's HELOC account so they are seemingly an access device. However, "account" is a specific term in the context of Regulation E and a crucial part of the definition of an access device. It means:

"'Account' means a demand deposit (checking), savings, or other consumer asset account (other than an occasional or incidental credit balance in a credit plan) held directly or indirectly by a financial institution and established primarily for personal, family, or household purposes."

A HELOC can undoubtedly be for personal, family, or household purposes, but let me draw your attention to the words "asset account" (see the bolded above). A loan account is not an asset account. A checking account is an asset account because you wholly own the funds in the account. They add to your net worth. A loan account is a liability. You will have to pay those funds back later, so the withdrawal of those funds subtracts from your net worth. We could call loans a liability account, but that makes them less marketable.

So generally, a HELOC is not an account under Regulation E, even if it can make electronic transfers because it's a loan account and not an asset account. So, this cannot meet the Regulation E definition of a "debit card" or "access device," and, in turn, Regulation E is not applicable. An access device initiates transfers from an "account," and a HELOC is not an "account" for Regulation E purposes. Therefore, the bank wouldn't be required to give Regulation E disclosures with a HELOC access device, but that doesn't mean it could not be done. If you're looking to provide customers with the rights disclosed in Regulation E disclosures, you could but it would be an internal policy decision. It is also worth noting that this is the typical way HELOCs are set up, but there can be other structures that may change the analysis above. As always, if you have any specific fact scenarios you would like to discuss, members are always free to reach out to us on the Compliance Hub Hotline.



# MENTORSHIP MONDAYS

Every Monday at 2 p.m.



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The bank volunteers with the organization, which provides financial literacy programs to economically vulnerable, low-income communities and local schools.



### Peoples Bank Volunteers with Central Whidbey Hearts & Hammers

The Peoples Bank team in Coupeville recently volunteered with Central Whidbey Hearts & Hammers on a local project.

This project featured yard work, removing grasses and tree trimmings, moving, and deck work.

Central Whidbey Hearts & Hammers connects volunteers with local projects to help neighbors in the area.



### Pacific Crest Savings Bank Sponsors Cocoon House Event

Pacific Crest Savings Bank sponsored the annual Cocoon House Butterfly Reimagined Celebration this spring.

Cocoon House works to provide long-term housing to young people experiencing homelessness in Snohomish County.

The celebration provided the opportunity to connect and build community to support the nonprofit behavioral health services, education, and employment programs to help young people overcome homelessness.



### Seattle Bank Volunteers at Junior Achievement of Washington

The Seattle Bank and CD Valet teams recently volunteered with Junior Achievement of Washington at Biz Town in Auburn.

JA's Biz Town is a replica of a town that works with local K-12

programs to share information about work readiness, entrepreneurship, and financial literacy.

During the event, the bank team worked with students from Lochburn Middle School. They learned about navigating the business world through a simulated city with real businesses. They learned to purchase supplies, process payroll, set up retail stores, deposit checks, and open savings accounts.



### Mountain Pacific Bank Honored by 425 Magazine

Mountain Pacific Bank was recently honored by 425 Magazine during the annual Best of 425 awards.

The bank earned the best bank and best mortgage lender, as voted on by magazine readers.



### Seattle Bank Supports Cristo Rey Jesuit Seattle High School Expo Night

The team at Seattle Bank recently attended the Cristo Rey Jesuit Seattle High School's Expo Night.

The event promoted the corporate work-study program that operates like a temporary employment agency within the school.

The bank is a corporate partner and will provide opportunities for students to work with the bank during the school year.



### First Fed Bank Supports Sequim Irrigation Festival Parade

First Fed Bank team members recently participated in the annual Sequim Irrigation Festival parade.

The group walked the parade and handed out candy and treats to attendees.

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### **JPMorgan Chase Partners with Amazon for Financial Workshop**

JPMorgan Chase in Seattle and Amazon partnered this spring for a financial workshop focused on homeownership for Amazon employees.

The event featured information about the home-buying process and things to work on and remember going forward.



### **Kitsap Bank Supports Jefferson County Farmers Market**

Kitsap Bank announced a donation to Jefferson County Farmers Market this spring.

The organization supports local food security, community health, and the sustainability of local Jefferson County farms. The market offers three food access programs, and shoppers who qualify for food assistance can access fresh, locally-grown food while supporting local farmers.

### **Olympia Federal Savings Teaches Financial Education During Older Americans Month**

In May, as part of Older Americans Month, Olympia Federal Savings hosted a Money Smart class.

The bank is committed to providing education opportunities to help the community, including information about scams targeting seniors.



### **JPMorgan Chase Partners with South Lake Union Recovery Café**

This spring, the JPMorgan Chase team partnered with South Lake Union Recovery Café to provide a class on improving credit and managing debt.

The class shared concepts around budgeting and savings as well.

### **HomeStreet Bank Announces Donation to Clark County Food Bank**

This spring, HomeStreet Bank donated \$500 to the Clark



County Food Bank in honor of employee Dane Nickerson, who volunteered with the organization.

The donation will help the food bank alleviate hunger in the community.



### **Washington Trust Bank Sponsors Thomas S. Foley Award**

Washington Trust Bank sponsored the 2024 Thomas S. Foley Award for Distinguished Public Service in May.

The award, named after Spokane native Thomas Foley, honors civic leaders who prioritize the welfare of others.

This year's inaugural recipient was General James Mattis, a Central Washington University alum. He was honored for exemplifying this practice during his 40 years of military service.



### **Commencement Bank Supports Enumclaw Chamber**

The Commencement Bank team recently participated in an Enumclaw Chamber event, playing bingo on Cole Street.



### **Mountain Pacific Bank Supports Youth Eastside Services Annual Breakfast**

Mountain Pacific Bank's Everett Branch, Commercial Loan Officer Pete, participated in the Youth Eastside Services Annual Youth Breakfast fundraiser.

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The event benefits youth by providing counseling services, mental health advocacy, and resources.



### First Fed Bank Participates in Hullraiser Boat School Bash

Volunteers from First Fed Bank recently participated in the Hullraiser Boat School Bash this spring.

The event supports the Northwest School of Wooden Boat Building in Port Hadlock and raises funds to help the program continue and expand.



### JPMorgan Chase Volunteers at Marysville Food Bank

The JPMorgan Chase loan administration officers in the Northwest Region recently volunteered at the Marysville Food Bank.

The food bank has seen a rise in users as increased costs throughout the region impact individuals and families. Volunteers help the food bank sort and organize donations and prepare items.

### Olympia Federal Savings Team Participates in Thurston County Realtors Community Service Day

Olympia Federal Savings loan officers recently participated in the Thurston County Realtors Community Service Day.

The event allows the team to share information with the community about the construction process and work on the newest Habitat for Humanity project.



### Peoples Bank Volunteers with the University of Washington Student Organization

Peoples Bank employee Jin recently volunteered at the University of Washington's Chinese Students and Scholars Association



event.

The bank was the head sponsor, and Jin has been a longtime supporter of the Association, which features 4,000 plus members of past and present UW students.



### First Financial Northwest Bank Donates to Ashley's Kitten Academy

First Financial Northwest Bank recently donated to Ashley's Kitten Academy as part of the bank's Dress Down for Charity days.

The organization works to foster, heal, and adopt orphaned, abandoned, and stray kittens in the area.

### Olympia Federal Savings Announces Two Award Recipients

This spring, Olympia Federal Savings announced two recipients of annual awards from the bank.

Ashley Knauf earned the Lori G. Drummond Leadership Award, which honors an OlyFedder who demonstrates the bank's values in all of their work to advance the mission.

Kirsten Tate earned the Kris Fischer Excellence in Customer Service Award. This award honors a banker who displays superior leadership and external customer care.



### HomeStreet Bank Employees Attend Solid Ground Gala

Members of the HomeStreet Bank team recently attended Solid Ground's 50th anniversary Gala.

The organization supports stability and breaks down the barriers to overcoming poverty. It combines basic services with advocacy for basic needs and spreads change. It offers over 20 programs to help individuals move forward in their lives.

The bank also donated to the organization earlier in the spring.



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### Washington Trust Bank Volunteers with Junior Achievement

Washington Trust Bank's IT team was recently called on to help Junior Achievement of Washington at their mobile finance park by setting up six cases of iPads for a recent event.



### Umpqua Bank Shelton Branch Supports Local Organization

Umpqua Bank's Shelton branch recently supported a local organization thanks to the bank's local giving process.

The branch team has worked with Quixote Communities Shelton Veterans Village and recommended that the organization apply for a bank grant.

The funds were approved and will help the organization adopt a tiny home.



### SaviBank Volunteers at Sedro Woolley Rotary Club Auction

The SaviBank team in Burlington was the title sponsor of this year's Sedro Woolley Rotary Club Auction in early May.

The event is dedicated to positively impacting the community and bringing everyone together.

### First Interstate Bank Sponsors Annual JDRF Beat the Bridge

First Interstate Bank's Seattle team sponsored the annual JDRF Beat the Bridge run this spring, raising funds for Type-1

diabetes.

This year, Eric Jensen ran the event with the Federal Home Loan Bank of Des Moines, a First Interstate partner.



### U.S. Bank Women's Employee Group Meets for Lunch and Grow

The U.S. Bank Seattle area's Women's Employee Group recently hosted its second Lunch and Grow in Tacoma.

The event included a presentation on boundaries, how to have safe, vulnerable, and open conversations, and how those can impact work, home, and other relationships.



### Olympia Federal Savings Bankers Attend Thurston Economic Development Event

Bankers from Olympia Federal Savings recently attended the Thurston Economic Development Council's annual IN-SPIRE Women's Business

Conference.

They were able to share information to help local businesses grow.



### Banner Bank Participates in Hope Builders Luncheon

Banner Bank Spokane team members recently attended the Habitat for Humanity Spokane annual Hope Builders Luncheon.

The event supports the organization by creating more opportunities for affordable home ownership.

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### U.S. Bank Announces Grant to Business Impact NW at Storm Game

U.S. Bank announced a \$500,000 grant to Business Impact NW in late May at a Seattle Storm game.

The funds will help the organization continue its work with small businesses, such as Mattice Beauty Supply, who joined the group on the court at halftime of the Storm game.



### Bank of America Celebrates UW Foster School of Business Board Fellows Program

The Bank of America Seattle team recently celebrated the students who are a part of the University of Washington's Foster School of Business and the 25th anniversary of the board fellows program.

The bank has supported the program as it achieves two goals: placing MBA and MPA students as non-voting board members of local nonprofit organizations and allowing students to earn class credit and gain invaluable experiences.



### KeyBank Volunteers at Summer of Soul Event

In late May, volunteers from KeyBank in Seattle spent an afternoon at the Summer of Soul event hosted by Africatown.

Community members came together for food, music, and learning about local businesses.

### First Financial Northwest Bank Attends Evergreen Health Foundation Event

The First Financial Northwest Bank team in Snohomish County recently attended the Evergreen Health Monroe Foundation's 2nd annual Spring into Recovery Breakfast.

The event raises funds for the hospital's recovery center, which



provides critical resources and programs to patients.



### Banner Bank Supports Junior Achievement

Banner Bank recently recognized Ron Palmer, the branch manager of the bank's Seattle Madison location, for his work with Junior Achievement of Washington.

"I support Junior Achievement because I get the opportunity to be a part of an organization that empowers young people with the

essential skills for success in the future economy," he said. "Junior achievement provides an avenue for helping with financial literacy, entrepreneurship, and work readiness and providing students with practical knowledge and experiences often lacking in the traditional education system. My volunteer time is an investment in the next generation's ability to navigate the complexities of the modern world and become productive, innovative contributors to society".



### WaFd Bank Donates to Harvesting Heroes

WaFd Bank donated to Harvesting Heroes at City Fruit in Seattle in late May.

The nonprofit harvests 30,000 pounds of fruit from residential fruit trees and public orchards and distributes them to food banks, meal programs, schools, and community organizations.

They also partner with Seattle Cider to share the use of damaged fruits to create City Fruit Cider, which is sold once a year.

The group from the bank helped gather and organize the collections.

### Liberty Bank Sponsors Paws Fur Gala

Liberty Bank was the Vader level sponsor at the 2024 Paws Fur Gala earlier this spring.

The event benefits PAWS of Bainbridge Island and North Kitsap and provides education, advocacy and direct services to pets and their owners.

*If you have Bankers Care news to share, please email it to [megan@wabankers.com](mailto:megan@wabankers.com). Submissions are run on a space available basis.*

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