

LUNCHEON: JAN HARGRAVE

CEO Hargrave & Associates

11:00am - 1pm February 26, 2015



JAN HARGRAVE

Please register early:

PayPal: centralarrma@yahoo.com

Invoice: AndersonS@relybank.com

Join Central Arkansas RMA Chapter as we present Jan Hargrave as our special guest speaker. The luncheon will be held at the prestigious Clinton Presidential Center Grand Hall overlooking the Arkansas River in Downtown Little Rock.

Details of Jan's Program, Bio & why you should not only attend, but also bring a colleague or customer guest can be found on Page 2.

Jan is an amazing, energizing speaker unlike anybody we have offered. You will be amazed how she ties in her message to both your professional career and your personal life.

Continued Page 2

**JUST ANNOUNCED
BREAKFAST MEETING
FEBRUARY 11, 2015**

**RICK BUCZYNSKI, PH.D.
IBIS WORLD INC**

**CHIEF ECONOMIST
SENIOR VICE PRESIDENT**

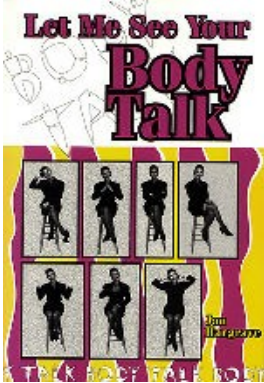
7:30 - 8:45am Hosted by BKD LLP

IBISWorld Inc. is a worldwide leader in publishing business intelligence, specializing in industry research. They are noted for their thoroughly researched, accurate and current business information. Mr. Buczynski will provide an overview of current risk trends and sales opportunities.

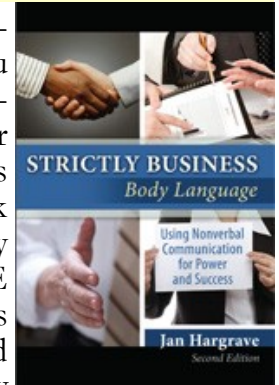
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SPEAKER BIO AND BACKGROUND JAN HARGRAVE

Luncheon February 26, 2015



Jan Hargrave teaches you the ways in which your body communicates to the world around you. Her information could help you to “read” your customers, your family, your students, your associates, in fact, everyone around you. Author of *Let Me See Your Body Talk*, *Freeway of Love*, *Judge The Jury* and *Strictly Business Body Language*, this popular speaker, distinguished educator, talk-show guest of The Lifetime Channel, Fox News, The Maury Povich Show, The Montel Williams Show, Great Day Houston, E-Entertainment Television and The Ricki Lake Show, describes for you all “hidden messages” you use in your everyday life and shows you how to stop the lies and uncover the truth—in any conversation or situation.



Working with thousands in the field of personal growth and self-expression through seminars and workshops for the past 10 years, Ms. Hargrave continues to inspire many of today's leading corporations, such as Lockheed Martin, Merrill Lynch, Starbucks, Rockwell, ESPN, Sun Life Financial Distributors, Exxon, Chase Manhattan Bank, NASA, El Paso Energy, Bank of America, and at the USA MWR Training and Development Center in Heidelberg, Germany. Her expertise concerning nonverbal communication in the courtroom and witness preparation, plus her membership in the American College of Forensic Examiners, proves to be the topics of interest in her presentations to the Honolulu Police Department, the Louisiana Attorney General's Office, and various legal Bench and Bar Associations across the country.

The Cajun French Ms. Hargrave was born to French-Acadian parents in the unique “Joie de Vivre” (Joy of Life) culture of southwest Louisiana and as a result, sprinkles her captivating presentations with entertaining Ragin' Cajun folkloric tales. Jan received her Bachelor's degree, Master's degree and Specialist degree in Business/Psychology from the University of Louisiana at Lafayette. She is presently CEO of Jan Hargrave & Associates, a Houston-based consulting firm, and served as an Adjunct Professor at the University of Houston for eight years.

Nonverbal communication—“Body Language”—often communicates a different message from the spoken word. Jan proves with her contagious warmth, wit, and humor that there is a method, and a style, to success. Bring your body, your curiosity, your sense of humor and learn what your body—and the body of others—is communicating to the world.

Registration: \$35 or \$300 Table of 10 - AndersonS@relybank.com



BREAKFAST MEETING
FEBRUARY 11, 2015**RICK BUCZYNSKI, PH.D.**
IBIS WORLD INC
CHIEF ECONOMIST &
SENIOR VICE PRESIDENT**WHERE KNOWLEDGE IS POWER**

DR. RICK BUCZYNSKI - IBISWORLD

On Wednesday February 11 Dr. Rick Buczynski, IBISWorld's SVP/Chief Economist, will provide a briefing on "**Identifying Solid Lending Opportunities.**" IBISWorld is a prominent supplier of industry intelligence and risk ratings. Rick is the executive in charge of the company's commercial banking practice.

Dr. Buczynski's talk will be based on methodology found in a series of post-financial crisis articles he authored as published in the *RMA Journal*: "The Shape of Things to Come: Private Investment Rebound to Uncover First-Rate Lending Opportunities" (August 2012); "Through the Cycle – How to Identify Lending Opportunities in Challenging Times" (January 2012); and "Where Do We Go from Here?" (November 2009). Several commercial banks use these methods to develop strategic sales initiatives. Rick will also present some forward-looking, real-world examples of business opportunities while cautioning us to be leery of structural changes and other key risks that could erode the soundness of industries that were historically safe.

Prior to joining IBISWorld in 2002, Rick spent over 20 years with Wharton Econometrics and affiliate companies in various senior research and business executive roles including being the head of both North American and Asia/Pacific sales/marketing. Buczynski received his BA, MA and Ph.D. degrees in Economics from the State University of New York at Buffalo. While at the university in the late-1970s, he served as lecturer of economics and statistics.

Register via PayPal: centralarrma@yahoo.com
or Invoice: cmiller@hbankusa.com

\$20 Includes Gourmet Pastry, Coffee and Juice

Note from the President DAVID MARKS



Do you surround yourself with the most talented, driven professionals you can find, or do you feel more comfortable hiring people you know are not as talented as yourself? Perhaps you take the time to interview, recruit and search until you find candidates who are every bit

your equal, and in some cases even smarter than yourself. Alas, many hiring managers choose the path of least resistance, lowest threat or simply are not smart enough to recognize the top candidates available.

Having been a hiring manager at a couple of banking institutions, including both a community, family owned bank and a large national mega bank, I do have a great deal of experience in this field. One thing I found that separated some of the most successful leaders and managers from the less successful was their ability to recognize, recruit and develop great associates. Unfortunately, some managers let their personal feelings and internal insecurities control the hiring, and promotion process. I have observed and inquired with both highly successful and marginally successful managers about their values and

decision making process.

Some of these managers mean well, want to do good and try real hard. It seems like they are always stressed, over worked and about to crack up half the time. These folks are unable to 'let it go.' You hire and train a person to do the job. By golly let them have an opportunity to do the job. Mistakes will be made on occasion, but what successful manager has never made a mistake? Use these as opportunities to learn and grow. I used to tell my retail staff that it is unlikely they could not make a mistake that I myself had not done at one time, but the important thing is to learn from it and simply not make the same mistake again.

Other managers who struggle or maybe are too self-conscious or easily threatened, will only hire and promote either their friends / 'click buddies,' or worse yet will only hire 'B' or 'C' Talent. Why would a manager ever hire anything less than an 'A'? According to successful author Jeffrey J Fox of the 'How to Become...' series 'A' Managers only hire the best, cream of the crop 'A' talent. However, he warns, a 'B' or 'C' manager will always hire at a level similar or even below. Now imagine for a minute a 'B' manager hiring a level below would result in an influx of 'C' talent. This happens each and every day and can cripple your team.

One of my favorite sayings when I worked as a hiring manager of a single countywide location in an important, growing area for a large mega bank was, *"I only want to hire talent that is better than myself."* I wanted self-starters who are team oriented players who have a fire, drive and ambition to equal or exceed my own. Sometimes this resulted in a great deal of interviewing and reference checking, but in the end, I was able to assemble one of the most amazing teams.

I recently thought about that dream team crew and what fun it was working hard together. They call it work for a reason, but at the end of the day everybody benefits from the right hire. Sometimes it takes just a little extra effort to be great. Put in the time to pick up the dime!

CHAPTER NEWSLETTER CHECKS & BALANCES

Checks & Balances, published quarterly, is the Official Publication of the Central Arkansas Risk Management Association Chapter. Our newsletter is distributed to over 1200 contacts in the financial services and supporting industries. Thank you to all the contributors and companies who support this effort.

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All content written by David Marks unless otherwise noted with author by-line. We greatly value our contributors articles and photos. Please keep them coming.

WELCOME NORTHWEST ARKANSAS CHAPTER MEMBERS



It is with a deep sense of responsibility and even greater pride that the Central Arkansas RMA Chapter has the privilege to now assist and serve the Northwest Arkansas Chapter Members and Institutions.

With the Official Northwest Arkansas Chapter being inactive for the past few years, RMA HQ has graciously allowed the Central Arkansas Chapter Board to assist by reaching out to the membership. We are currently developing education training to be held in 2Q2015. We intend to offer two classes during this timeframe at a host site in the Fayetteville-Springdale-Rogers Area. We will update our website as news happens; check often. Please let us know:

- What RMA Classes do you want offered in NW Arkansas?
- What types of Programs do you want to see?

Please let your friends, colleagues and peers know that RMA is returning to this important, growing area of the state. Please share email addresses with us as we build our database to insure we can reach as many interested parties as possible.

Chapter Website: <http://community.rmahq.org/CentralArkansas>

Exclusive Training Classes Northwest Arkansas

Analyzing Personal Financial Statements
April 28, 2015

Analyzing Business Tax Returns
April 29, 2015

Host Site to be Announced. Please Plan and Budget Now.

RISK MANAGEMENT LESSONS FROM JERRY MCGUIRE

RICHARD J PARSONS

"Show me the money!"

I found myself reflecting on this Jerry Maguire catchphrase when I read recently that a growing number of banks are hiring non-bankers in senior risk management roles.

The theory driving this trend is that risk managers with experience in heavily-regulated industries like pharmaceuticals will possess the process knowledge necessary to oversee virtually any type of risk, regardless of the field.

But is it true that risk-management process knowledge is what has been missing in banking all these years?

To arrive at an answer, it's helpful to think about the big challenges faced by risk managers today. A few weeks ago, I had the privilege to be the keynote speaker at the Operational Risk Forum, a gathering of about 100 regulators from the Federal Deposit Insurance Corp., the Federal Reserve, and the Office of the Comptroller of the Currency.

In my speech, I discussed the operational losses incurred by banks around the globe in 2011. The publicly available data came from ORX, a London-based organization that conducts research into operational risk measurement and management activities.

The roughly 60 banks included in ORX's study reported total operational losses of \$34 billion in 2011. To put this number in perspective, all U.S. banks have averaged a total of \$100 billion in profits per year since 2009. So needless to say, \$34 billion is a lot of money.

I cited this data to regulators for two reasons. First, although more than 36,000 events contributed to the banks' \$34 billion in losses, 80% of the banks' total dollar losses were driven by just 145 events.

This statistic underscores the need for risk management programs for U.S. banks to be designed to "major in the majors" — that is, to identify and mitigate potential loss events that would devastate capital levels and threaten the safety and soundness of individual bank &



and the financial system as a whole.

Unfortunately, the current regulatory environment pushes banks to identify thousands and thousands of risks, seemingly irrespective of materiality. In the process of identifying all these risks, bank risk managers encounter a new danger:

They can be so busy identifying different threats that they actually miss the big ones that matter most.

The second reason for citing this data was to explain that these big loss events could have been detected three to 10 years earlier, when

Banks could have identified risky activities much earlier if experienced risk managers had taken more time to scrutinize income statement and balance sheet trends. The banking unit conducting the activity typically enjoyed a substantial and sudden improvement in critical business metrics, all of which can be found on financial statements.

When a bank unit's expenses, revenue and profits grow much faster than gross domestic product, the risk manager's first question should be "Why?"

Does the bank have competitive advantage from patents, like Qualcomm, or massive scale and cost advantages, like Wal-Mart? Perhaps the bank has built a scalable platform similar to Apple and Microsoft's operating systems?

If such competitive advantages do not exist, history shows that competitors quickly match innovation and revenue, and profits revert over time to the growth rate of the general economy. History also shows that comparative advantage is incredibly difficult to achieve and sustain in a business like banking, since commoditization of services is commonplace.

All this leads back to the matter of selecting an effective bank risk manager. The industry is right to reconsider the skills needed to do the job well. But bringing in a lot of talent from outside may not be the best solution.

Banks need risk managers who can detect future mega-loss events at the very onset of the activity creating the risk. This requires two specific skill sets.

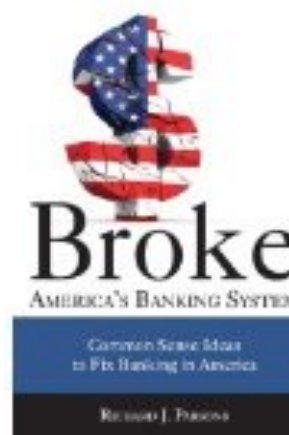
First, the best risk managers have a deep understanding of bank performance, financial reporting and profit and loss management. They are vigilant students of income statements and balance sheets. This knowledge gives risk managers the ability to challenge the material changes in performance that are the leading indicators of risk.

Second, top risk talent knows how to spot growth that is too good to be true. Strong performers have a deep knowledge of bank profit-drivers and financial market dynamics, and are equipped to credibly confront the bank leaders who produce profit and revenue.

Process skills are always helpful, especially if regulators are pushing banks to create encyclopedias to catalogue thousands and thousands of potentially risky activities. But identifying the big risks that actually impair a bank's profits requires real business knowledge and informed judgment. The banking industry needs risk managers who combine accounting and finance experience with several years of hands-on profit and loss management at banks. People with this pedigree are fact-focused by nature, concentrating on numbers and usually unpersuaded by highly compensated bankers who argue that their teams are just smarter than everyone else.

Such risk managers practice what Cuba Gooding, Jr., preached: They demand to be shown the money. They know from experience that rapid changes in revenue, profits and especially compensation are the best early warning signs of big potential losses.

*Richard J. Parsons is author of [Broke: America's Banking System](#) and a retired executive of Bank of America, where he was in executive management roles for both the human resources and risk management departments. Parsons visited Little Rock and was our featured speaker at a November 2013 Luncheon at the Clinton School of Public Service in Little Rock, Arkansas. This article originally appeared in *American Banker*. It is reprinted here with permission by the author. Checkout more about Mr. Parsons at his website: www.rjparsonsgroup.com*



ABOVE: AWARD WINNING RMA JOURNAL - THE OFFICIAL PUBLICATION OF THE RISK MANAGEMENT ASSOCIATION



LUNCHEON: DEV STRISCHEK

SUNTRUST BANK / CORPORATE RISK MANAGEMENT

NOVEMBER 6, 2014

Dev Strischek, SunTrust Bank / Corporate Risk Management in Atlanta, Georgia, brought an informative and entertaining program concerning the past, present and future of the Dodd-Frank legislation. All attendees who brought business cards were emailed the entire presentation deck including many 'bonus' slides. Attendee feedback was very positive and the chapter is considering a return engagement because Mr. Strischek has many other interesting topic presentations available.

Strischek is a nationally recognized authority on many aspects of financial institution risk management and is a highly sought after speaker and writer. His many contributions to the RMA Journal, ABA Journal and other publications are very popular. He has a solid ability to be able to mix the dry, data driven world of regulations with a dry, snarky humor allowing the reader to not only learn, but enjoy doing it.



ABOVE: DEV STRISCHEK @ CLINTON CENTER
PAGES 8 & 9 - PHOTOS BY: ROBERT FISER AND GATES NEIMAN



Door Prize Winners at the November 6, 2014 Luncheon were:

- Rita Turner with Malvern National Bank \$50 Bonefish Grill Gift Card
- Steven Speery with Regions Bank \$50 Outback Gift Card.



BELOW: LEFT TO RIGHT - MICKY RIGBY, DEV STRISCHEK, BILL SCHOLL AND DAVID STRAESSLE



RMA PROFILE Q&A: JOHN T. SUSKIE, JR



Central Arkansas RMA Chapter continues its popular Banking High Profile Series with our 5th installment. John Suskie has been a friend of RMA for many years and is a highly respected credit officer. Recently, we visited on a number of professional and personal topics.

Name: John T. Suskie, Jr.

Company: First Federal Bank, subsidiary of Bear State Financial Inc.

Title: Executive Vice President and Chief Lending Officer

Years in Biz: 27

Central Arkansas RMA Chapter: *Why did you choose to work in the Banking / Financial Services Industry?*

John T. Suskie, Jr: During my four and a half years at Arkansas State University, my Dad and I had many conversations about different career choices. Because of his respect for many area bankers that were also close personal friends of his, I felt a strong pull to become a financial services professional. I looked at several areas in the financial services world: commercial banking, mortgage banking, investments (stocks and bonds), and insurance. I interviewed with various organizations in all of those areas, but an offer from Bank Commissioner Marlin Jackson with the Arkansas State Bank Department made the decision for me. I have been working in commercial banking ever since.

RMA: *What is a typical work day like for you?*

Suskie: Leading the commercial lending efforts for the bank takes me in many directions. There really isn't a set routine, but many of the things I do frequently are: guide prospecting efforts of our lending teams (both credit and treasury management prospects) throughout the bank's footprint, help the teams navigate through the prospecting process, direct the structuring of credits and treasury management products, review and approve credit packages, set the agenda for and chair our bank loan committee, recognize and celebrate our team wins, and try to improve our processes and learn from our challenges.

RMA: *What is the most important lesson you have learned during your banking career?*

**ABOVE: JOHN SUSKIE / FIRST FEDERAL BANK
BEAR STATE FINANCIAL INC**

PHOTOS: PROVIDED BY JOHN SUSKIE

Suskie: To work very hard to manage all stakeholders' expectations appropriately. I learned very early in my career that one of the keys to doing a great job was to set everyone's expectations as openly and honestly as possible, and then work diligently to meet or exceed those expectations. Nothing is worse than "over-promising and under-delivering", especially in a customer-focused, people industry like banking. So the message is: work to set realistic expectations, and then strive to meet or exceed those expectations. One other very important lesson I've learned: we are in the people business. Our banks may be represented as assets and liabilities, but people are the real assets of our organizations.

RMA: How has RMA benefited your professional career or helped your financial institution?

Suskie: When I was a state bank examiner in the late 1980's, I attended a two-week FDIC commercial lending training program in Washington D.C. The materials for the program were from RMA (back when it was still called "Robert Morris Associates"), and there were a couple of months of pre-work that consisted entirely of RMA course material. That pre-work and the two-week school that followed was one of the best commercial lending training programs I've ever had the privilege of attending. I

have since attended many other training courses to build on what was covered with that commercial lending course, but the foundation built from that training still guides me today. I have also attended many local RMA training and speaking events since then, and banks where I have worked have sent many of our lenders to RMA training programs and events over the years, and we all feel that the RMA courses are some of the best commercial credit training and career development events out there.

RMA: What was the most recent RMA Event or Training you attended?

Suskie: I've attended many events throughout my career, and all have had a profound effect on my development. I don't remember specifically which event was my last, but I will say that whichever it was, I know that I was able to improve my banking career because of it. Whether it was the outstanding material at a training course, or listening to one of the many great speakers or panel discussions, or simply networking with other bankers at the events, I have no doubt it helped me.

RMA: How can a banker prepare to not just survive, but to thrive in the current economy?

Suskie: As any veteran banker will tell you, educa-

CONTINUED PAGE 14



RMA PROFILE Q & A: JOHN SUSKIE

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tion is the key to surviving in this business. With all of the added burdens from the regulatory world and all of the other changes happening globally, all good bankers must constantly seek improvement of our skills. With RMA as a resource, we have some very good tools at our disposal to help us do that. To thrive in this new, constantly evolving world, I believe that we must all embrace technology the same way our customers are embracing it. If we don't, we'll fall behind and ultimately we will not only fail to thrive, but we will not survive.

RMA: *Change seems to be the only constant in our industry. What do you see as the most important potential threat or opportunity facing financial institutions in the coming years?*

Suskie: Again, as any veteran banker will tell you, the tightening regulatory environment will continue to threaten our business and will require us to spend more on compliance, which ultimately will continue to drive consolidation in the industry. One result of

this consolidation will be that we'll continue to see those remaining larger institutions gain the ability to invest more and more in technology, not just to service our customers' demands, but to also meet the continually increasing regulatory burden.

RMA: *What is one fact about you others are unlikely to know?*

Suskie: Very few people know that I have a 2009 Dodge Challenger SRT8 with 2,300 miles on the odometer parked in my garage. I purchased the car during the depths of the recession, when new cars were being sold with huge discounts. I saw the purchase as an investment, and hope that someday the value will be more than what I paid for it. I have always had a passion for fast cars since I was a teenager. I also hope that one of my sons will soon agree to take the car, but as of now, he tells me that he can't afford the insurance. In the interim, I will continue to enjoy driving it in my spare time.

RMA: *Who or What has been the greatest single influence in your career?*





Suskie: That is a tough one since I've had so many strong influences during my career, but I'll have to put my Dad, John Suskie, Sr. at the top of that list. He kept me thinking constantly about my future when I was younger and as mentioned earlier, nudged me in the direction of banking. He also had a strong influence on my work ethic and as I've gotten older, the strengthening of my faith. The others that influenced me heavily at a fairly young age were (*the late*) Father George Tribou, Rector at Catholic High School and Bank Commissioner Marlin Jackson of the Arkansas State Bank Department. Both these men instilled the desire to study and learn in my daily life and were both were men of strong faith. Both were also very strong leaders in their respective fields. And on top of all of that, they both had a compassionate side and a great sense of humor to go with it, which I think is very important in this day and age. All of these attributes were critical to the early growth of my career, because intense training and education are very important to developing skills for any industry. The lessons learned from these men have also helped me tremendously later in my career because we are in such an intensely changing, dynamic industry that requires continual education. We also can't forget that this is still a people business, and being a fair and compassionate leader with a sense of humor is very important.

RMA: *How do you balance your professional work responsibilities with your personal, family life?*

Suskie: My faith and my family have always played a key role in how I try to live my life, so I've always strived to take time for both of those things, while working the hours needed to be a good banker and learn as much as possible about the industry. It was not always easy to do that, especially in the early days when I traveled constantly and attended many

different banking schools, but I always tried to make time for family vacations, and focus time on giving back to our community and church. My wife, Neddie and I take pride in the fact that all four of our children are very strong in their faith, and that our larger extended family is also very close. Having four of my five brothers and sisters living in the Little Rock area also helps to keep the Suskie family close. To sum it up, one of my long-time friends and a former Bank of America associate of mine, Robert Burnett used to always tell me "take all of your vacation, every year; you need that time to spend with your friends and family. You'll never sit at your deathbed and say 'I wish I had worked more hours during my life!'" Great words that we all need to keep in mind as we work to balance our work and family life responsibilities.

RMA: *What do you do to unwind, relax and have fun?*

Suskie: As mentioned in one of my earlier responses, I try to sneak a few minutes of driving in the Challenger every so often to help unwind. It takes me back to my youth when I drove a 1972 Olds 442, that was really fun to drive. Additionally, my wife, Neddie and I have always focused our family vacations around doing things with our four children. We always tried to spend time with our extended family by taking our kids to the Suskie Family Reunions. We have been having those reunions every two years for the past 50 years and they have been held throughout the United States. Now that all of our children are grown and we have our first grandchild, we have shifted our focus on spending time with each of our kids on a more individualized basis, and obviously take as much time as possible with our new grandson. One other activity that we've increased significantly now that we're empty nesters is that we are more involved with our church. We are both Eucharistic Ministers that visit the sick and home-bound. It is truly a ministry that gives much more to us, than we give to those that we're visiting. Lastly, I've always been a big sports fan, and specifically have purchased season tickets for the Arkansas Razorback football games and my beloved Arkansas State University Red Wolves' football games (Indians when I played there many years ago). Two of our children have attended the UofA, and Neddie and I have always tried to attend as many of those Fayetteville games as possible so we can visit our children while away at college. My alma mater of ASU also gets a good portion of my Saturday afternoons in the fall. I have really enjoyed watching the resurgence of the Red Wolves football program over these last few successful bowl seasons.

BOARD PROFILE: CHRISTINE MILLER



Name: Christine Miller
Company: Heartland Bank
Title: Credit Analyst
Years in Biz: 5

Christine Miller has five years of experience in financial services with Heartland Bank and Edward Jones combined. She graduated from Henderson State University with a Bachelors of Business Administration in 2010 achieving a 3.84 GPA. While in college she worked part-time for two Edward Jones; including Kinney Black in Malvern, Arkansas. Miller is studying French and enjoys traveling. In the past year she has been to Mexico, Florida, Colorado and France.

Miller was recognized as the inaugural winner of the annual President's Award presented to the top board volunteer for her service. She began with Central Arkansas RMA as a board member in 1Q2012, added Events Coordinator and then became Treasurer. In 2014 she served as Co-Chair of the Women In Banking Luncheon / Panel Discussion.

Question: Why did you choose to work in the Banking / Financial Services Industry?

Christine Miller: *I originally chose banking because I wanted to be in the FBI. A recruiter informed me one of the easiest ways to qualify was to have a degree in Accounting and three years of work experience in the banking/financial industry.*

Question: Tell us something about yourself?

Miller: *I grew up in Kingsland, Arkansas, which has a population of less than 500. I earned my accounting degree from Henderson in May of 2010. Shortly after, I moved to Little Rock in August of 2010 and was scared to death of the living in the "big city". Looking back, I find it very amusing, and the size of Little Rock has considerably shrunk in my mind. I have worked at Heartland Bank for the past 4 1/2 years. I began as a Deposit Operations Specialist and transferred to the loan side in January of 2012 when I became a Credit Analyst.*

Question: What is the most important lesson you have learned during your banking career?

Miller: *Mistakes will be made, but one must learn from his/her mistakes and try not to make the same mistake twice.*

Question: Why did you get involved with RMA?

Miller: *A colleague from another office within BKD discussed RMA with me at a training session and how much he had learned through the organization. When I came back from that training, I met with current president David Marks and Karen Davidson and really liked what RMA's mission is about both locally and nationally.*

Question: How did you get involved with RMA?

Miller: *Heartland's President and CEO asked me to get involved with the RMA Board. I was unfamiliar with RMA at the time but saw it as a great networking opportunity.*

Question: How have you benefited from being a Chapter Board Member?

Miller: *As someone new to the workforce and banking industry, being a Chapter Board Member has allowed me to meet successful bankers outside of Heartland Bank with extensive experience whom I view as a "lifeline" and can call upon with work related questions and professional advice.*

Question: What is one fact about yourself others are unlikely to know?

Miller: *'Je suis en train d'apprendre le Français.' Currently, I am learning French. For the past year and a half I have been dating a guy from France. With his help, Rosetta Stone's, and the help of Dassault Falcon Jet's French employees, I am slowly learning the French language. With my southern*

dialect it is possibly one of the hardest things I have ever learned, and I will definitely be able to read and write it long before speaking it. Next month I will be in France and can test my knowledge.

Question: Describe your current job duties and responsibilities.

Miller: *I am a Credit Analyst for Heartland Bank in Little Rock. I analyze commercial credits and complete the credit underwriting for the Commercial Lenders. Also, I perform reviews of residential appraisals and in-house evaluations and monitor covenant requirements.*

Question: What new skill or knowledge are you learning in your position?

Miller: *As a Commercial Credit Analyst and Underwriter, I review requests from customers located all across the United States involved in a variety of industries and backgrounds. Heartland is involved in several oil and gas loans, so most recently, I have strived to broaden my knowledge of the oil and gas industry.*

Question: Who or What has been the greatest single influence in your career?

Miller: *I would have to say my sister, Katherine Mitchell, has been the greatest single influence in my career. She has been in banking for several years and helped me start my banking career. Over the years, Katherine has shown me that hard work doesn't go unnoticed.*

Question: What do you do to unwind, relax and have fun?

Miller: *I enjoy being surrounded by friends. I love traveling and trying new things. I have a "bucket list" of things to do before I turn 30, and I enjoy the challenge of seeing what I can mark off the list. Some items on the list include baking a cake from scratch, sky diving, riding in a hot air balloon, and vacationing in Hawaii.*

Question: What advice do you give others who are seeking professional, in-depth industry focused training?

Miller: *I would recommend RMA and Arkansas Banking Association classes to anyone who is looking for in-depth training to compliment their on-the-job training. When I accepted my position as Credit Analyst, I relied heavily on RMA and ABA classes to teach me the basics of credit analysis and loan documentation.*

Question: Who is your mentor and what role does he / she play in your career?

Miller: *I would have to say that I don't necessarily have one mentor, but it is more of a collaborative role of Heartland's management team. Each member has qualities, backgrounds, experience levels, and accomplishments that are unique to them, and a lot can be learned from all of them. I love that Heartland is small enough that all levels of employees work closely together, so it is not unusual for a less experienced employee to have the opportunity to seek and receive professional advice from a member of the executive management team.*

CONTINUED PAGE 18



QUESTION: WHAT IS YOUR FAVORITE RMA EVENT YOU HAVE ATTENDED?

MY FAVORITE EVENT WOULD HAVE TO BE AN RMA LUNCHEON WHERE TOM SAVAGE SPOKE.

"YOU BETTER LOSE YOURSELF TO THE MUSIC, THE MOMENT, YOU OWN IT, YOU BETTER NEVER LET IT GO. YOU ONLY GET ONE SHOT, DO NOT MISS YOUR CHANCE TO BLOW. THIS OPPORTUNITY COMES ONCE IN A LIFETIME."

LEFT: MILLER RELAXES WITH THE TWO MEN IN HER LIFE. RIGHT: MILLER COMPLETES HALF-MARATHON

PHOTOS PROVIDED BY MILLER



BOARD PROFILE: CHRISTINE MILLER

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Question: What is your favorite RMA Event you have attended?

Miller: *My favorite event would have to be an RMA luncheon where Tom Savage spoke. Tom Savage with Wells Fargo is a Professional Development, Accountability and Sales Specialist. The topic of the conversation was sales psychology and realizing your potential while being self driven and confident. Before every meeting he advised for you to tell yourself: "I like myself. I like myself. I like myself. I will get this deal because I am the best at what I do."*

Those who were in attendance most likely remember him as the man who rapped to Eminem's lyrics:

"You better lose yourself to the music, the moment, you own it, you better never let it go. You only get one shot, do not miss your chance to blow. This opportunity comes once in a lifetime."

This seminar benefited everyone because no matter what your position is in banking, you are in sales as well. I found his speech



LEFT: HALLOWEEN / ABOVE: DID SOMEBODY SAY SNOW?



very entertaining and informative as he addressed 7-8 key sales points.

Question: What is your favorite restaurant, TV show, musician and book?

Miller: *My favorites tend to change frequently. At this point, I would have to say my favorite restaurant would be a tie between Loca Luna and Copeland's. My favorite TV show is the 'Walking Dead.' Bruno Mars is by far my favorite musician, and my favorite book would have to be the collection of books in the Hunger Games series.*

Question: Who would be present at your Dream Dinner (current or past)?

Miller: *All of my friends*

Question: Where do you see yourself professionally in the next five years?

Miller: *I haven't narrowed down a particular career path yet, but I do see myself in banking long term.*

BOARD MEMBERS NEWS

Colbey Frisbee Centennial Bank

Colbey was recently promoted to Commercial Loan Officer II / Assistant Vice President. He has spent the past five years with Centennial and is currently based in the Jacksonville Market. Previously, he worked as a Consumer Loan Underwriter. Frisbee began his financial services career as an Insurance Sales Manager. Later he worked for US Bank in the Bryant Market where he started as a Universal Banker before being promoted to Assistant Branch Manager. Frisbee, a Heber Springs Native, is married to his wife Kayla, they have one child and live in Cabot.

Ryan Carrus Carrus Financial Management

Chapter Vice President Ryan Carrus has achieved the highly coveted recognition of CFP – Certified Financial Planner. This distinction is very noteworthy. It helps to separate the good financial advisors from the excellent financial advisors. Ryan is one of the excellent advisors and we are pleased to have him involved in our chapter board. Ryan devotes a great deal of his personal time to mentoring and teaching, most recently at Arkansas Baptist College in Little Rock.

“The CFP® marks identify those individuals who have met the rigorous experience and ethical requirements of the CFP Board, have successfully completed financial planning coursework and have passed the CFP® Certification Examination covering the following areas: the financial planning process, risk management, investments, tax planning and management, retirement and employee benefits, and estate planning. CFP® professionals also agree to meet ongoing continuing education requirements and to uphold CFP Board’s Code of Ethics and Professional Responsibility, Rules of Conduct and Financial Planning Practice Standards”

David Marks Arvest Bank

In 4Q2014 Marks was promoted to Commercial Loan Officer in the Business Banking Department. His duties include business development and providing financial solutions for a variety of small businesses. Marks most recently worked at Central Mortgage Company, an Arvest Company, in Mortgage Operations. He has over 20 years of experience in retail and commercial banking in the Pulaski and Saline County Markets. A Hot Springs Native, Marks has lived in North Little Rock since 1977. In 2014, he celebrated 20 years of marriage to his wife Angela who works for Arkansas Blue Cross and Blue Shield in Little Rock.



Phillip Partain Simmons First Bank

Phillip Partain celebrates 20/20: 20th Anniversary with Simmons First Bank this Quarter and his 20th Wedding Anniversary. A long time associate with the former Metropolitan National Bank, Phillip has worked in a variety of roles including retail management and commercial lending. He is married to his wife Jamie. They have two children, one daughter and one son. Both attend Bryant High School. Partain is also an acknowledged ‘Grill Master’ as any attendee of the chapter’s annual charity golf tournament will tell you.



Central Arkansas RMA Chapter Board Members & Officers

BOARD MEMBERS AS OF 1/28/2015

Jackson Balentine
Regions Bank

Ryan M Carrus, CAIA
Carrus Financial Management
Vice President
Social Media Co-Chair

David Coleman
Simmons First National Bank
Golf Committee Co-Chair

Karen Davidson
Commercial National Bank
Past President
Mid-South Regional Chapter Secretary

Gary Edwards CPA
BKD LLP
2015 CEO Summit Co-Chair

Robert Fiser
Arvest Bank
Golf Committee

Colbey Frisbee
Centennial Bank
Secretary and Golf Co-Chair

Marcus Guinn
Arvest Bank
2015 CEO Summit Co-Chair

David Marks
Arvest Bank
President

Christine Miller
Heartland Bank
Treasurer

Women in Banking Chair-Person

Gates Nieman
Regions Bank
Social Media Co-Chair

Phillip Partain
Simmons First National Bank
Education Coordinator

Amy Pierce
Sigma 3 Appraisals & Consulting

Robert Smith
Friday, Eldridge & Clark LLP

Matthew Snyder
Regions Bank

David Straessle
Relyance Bank
Golf Committee



Newest Board Member



DAVID STRAESSLE **RELYANCE BANK / PRESIDENT** **LITTLE ROCK REGION**

Noted banker David Straessle, President Little Rock Region for Relyance Bank, has joined the Central Arkansas RMA Chapter Board of Directors. He has over 20 years of banking experience in the Central Arkansas Area for several institutions including most recently with First Security Bank. Straessle is a Graduate of the ABA National Lending School. He holds a Bachelor of Arts in Real Estate Finance from the University of Arkansas at Little Rock. He is active in the community, currently serving as a Board Member for the Boys and Girls Club of Central Arkansas. Straessle was named an Arkansas Business '40 Under 40' in 2006 and is a graduate of Class XXI from the Leadership Greater Little Rock presented by the Little Rock Regional Chamber of Commerce. Straessle began his banking career with First Commercial in 1992, serving as a Proof Clerk and Teller.

Newest Institutional Members

RMA HQ & the Central Arkansas Chapter welcomed three new Institutional members in 4Q2014. **Relyance Bank** and **Malvern National Bank** were recruited by Gary Edwards / BKD LLP. **Bear State Financial / First Federal Bank** by David Marks / Arvest. We want to thank every member institution for your continued support through your membership renewal investment as we grow RMA in Arkansas.



MALVERN NATIONAL BANK



BEAR STATE
FINANCIAL

IS THE TIDE TURNING IN FAVOR OF BANKS IN DATA BREACH CASES?



CHRISTOPHER L TRAVIS / ATTORNEY AT LAW GILL RAGON OWEN

Christopher L. Travis is the head of the Gill Ragon Owen, P.A.'s Data Security & Risk Management Practice Group. Chris may be reached at (501) 376-3800 or by email at travis@gill-law.com.

The View from 30,000 Feet: News and Observations about Privacy Law and Business is the Official Blog of Mr. Travis's group. We recommend you check it out.

<http://gill-lawprivacy.blogspot.com/>

GILL
RAGON
OWEN
ATTORNEYS

By now, bankers know that data breaches mean huge losses—notifying customers, fielding angry customer calls, and replacing

debit and credit cards. Now, however, it appears merchants may owe banks a duty to maintain the security of the merchant's payment card data. Merchants that are negligent in their PCI compliance may have an obligation to reimburse banks for those massive costs and expenses.

It's a fact: Retail merchants suffer *large* data breaches. Historically, consumers launch the class-actions against the breached retailer. These lawsuits are usually dismissed because the consumers are unable to show any financial loss caused by the breach. But financial institutions *do* suffer losses from those same data breaches. Until recently, financial institutions have absorbed those losses as a cost of doing business. That trend is changing, however, and the law seems to support allowing banks some recovery. During November and December 2013, Target

suffered a major data breach. A nationwide class of banks and credit unions has sued Target. Because Target is headquartered in Minnesota, the banks seek compensation under Minnesota tort law for the losses they suffered as a result.

The Target lawsuit is based on the roles various entities play in the PCI system and common law duties that those parties owe one another. Generally, there are four players in any PCI system: (1) a retailer, who contracts with a (2) payment processor and (3) an acquiring bank, which acquires the customer's payment obligation that it, in turn, collects from (4) the customer's card-issuing bank. An acquiring bank has a contractual relationship with the retailer, but the card-issuing bank does not. Until now, the lack of a contractual relationship meant that card-issuing banks had no recourse against a breached retailer. The Target case argues that Target owes card-issuing banks a standard of care in operating Target's PCI system. Target moved to dismiss the banks' suit, arguing that Target did not owe the banks a duty to maintain the security of

its own PCI systems.

United States District Court Judge Paul A. Magnuson, in an Order dated December 2, 2014, denied Target's motion to dismiss. Last month, Judge Magnuson held that under Minnesota law Target did owe the banks a duty of care. Judge Magnuson's Order means the banks will be allowed to develop their case through discovery and potentially even a jury trial. This ruling means that your financial institution, if it suffered losses due to the Target data breach, is already a member of that proposed class. These lawsuits are frequently resolved through agreed settlements, so every bank that suffered losses due to the Target breach should request that its counsel monitor the proceedings in the Target lawsuit because the bank will have the opportunity to either object to or opt out of any settlement if the bank is not being compensated adequately.

The Target case is limited to Minnesota law and only the Target data breach. However, there are similar lawsuits pending against Home Depot in its home state of Georgia due to its recent data breach. On December 11, 2014, the Home Depot cases were consolidated in a multi-district litigation before Judge Thomas W. Thrash, Jr. in the US District Court in the Northern District of Georgia. On January 16, 2015, an Arkansas-based credit union filed a class action against Home Depot arguing this same theory under Arkansas law, which will be transferred to the existing multi-district litigation. As with the Target breach, every bank that suffered losses due to the Home Depot breach is a member of that proposed class. Home Depot will move to dismiss that lawsuit. Judge Thrash will decide how Georgia law applies to the banks' claims. As with the Target litigation, however, if it suffered losses in the Home Depot breach, every bank

should request that its counsel monitor the Home Depot litigation.

The Stakes are Enormous For Financial Institutions

Large scale data breaches cost banks and credit unions hundreds of millions of dollars. After every large-scale data breach, banks and credit unions often reissue their customers' debit cards and/or credit cards. These reissues occur in part from actual fraud or attempted fraud by the criminals in customers' accounts. But, in larger part, card reissues occur from the institutions' obligation to protect their customers' confidence in the institution and the security of the customers' funds held by the institution. Because data breaches occur randomly at different merchants, these card reissues can happen quite frequently, sometimes multiple times within the same year or even the same quarter. Until now, financial institutions had no way to seek compensation for these costs. And the uncompensated losses have been enormous in terms of both direct and indirect costs to banks.

The American Bankers Association in July 2014 released a survey of 535 banks impacted by the Target data breach. The survey revealed that the average reissue cost for a debit card was \$9.72 per debit card and \$8.11 per credit card, across all bank asset sizes. For banks with less than \$1B in assets, the average cost was \$11.02 per debit card and \$12.75 per credit card.

According to the ABA survey, the banks collectively reported reissuing 4.1 million debit cards and 2.7 million credit cards as a result of the Target breach. Using the average costs, the banks collectively spent \$39,852,000 replacing debit cards and \$21,897,000 replacing credit cards. That's a total of \$61,749,000 in uncompensated losses incurred by just 535 banks from

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DATA BREACH

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the Target data breach alone. Total cost to all banks from the Target breach has exceeded \$200 million, according to industry sources. And there has been at least one other large-scale breach since Target. And more data breaches occur every day.

The reported reissue costs include “hard costs” for mailing, card stock, and additional staff resources necessary to facilitate the reissuance. However, those costs did not include “soft costs” such as additional time bank employees had to spend responding to customer inquiries and concerns, or time spent on implementing heightened fraud strategies, fraud monitoring, and fraud claims processing. One bank outsourced its call center operations, and had to pay that vendor *by the minute* for handling the barrage of customer calls. Using the legal theories in the Target and Home Depot cases, all of these costs could be recoverable from merchants who suffer data breaches.

The survey also revealed that the Target breach impacted the banks’ ongoing revenue because customers either reduced their spending with debit cards and credit cards or did not activate their replacement cards due to fear of fraud.

The survey only discovered the tip of the iceberg in actual damages banks and credit unions suffer from a large-scale data breach such as the Target breach. The Target and Home Depot lawsuits, as well as future lawsuits from future data breaches, will flesh out the scope of damages and allow banks to more accurately assess the true costs associated with future data breaches.

The News is (perhaps) Less Good for Acquiring Banks

Acquiring banks also suffer millions in damages from a data breach, in part because credit card companies, like VISA and MasterCard, can levy enormous fines and penalties against them. Unlike card-issuing banks, however acquiring banks have written contracts with retailers. Therefore, they can exercise remedies under contractual indemnity provisions to pass losses to the breached retailer.

Those contracts, however, may not provide the broad relief one might expect. For example, in a case in Missouri, on January 15, 2015, a Federal district court judge ruled that pursuant to Schnuck Market’s Master Services Agreement with its payment processor, Schnuck’s liability to its payment processor and its acquiring bank was limited to \$500,000 under a boilerplate liability limitation. That ruling will probably be appealed, but, for now, Schnuck’s payment processor and its acquiring bank will have to bear the costs associated with Schnuck’s data breach.

So What Should a Bank Do?

There will be more data breaches. Every bank will be affected in some way. The ABA survey shows the financial impact could be in the millions of dollars for each breach.

The *Schnuck* decision teaches that acquiring banks should consider carefully their contractual relationships in the payment card processing system, including the impact of the Visa International Operating Regulations and the MasterCard Security Rules and Procedures. An acquiring bank’s remedies under those contracts may be more limited than it expects. An acquiring bank should conduct a thorough contract review and negotiation for every PCI system contract it executes.

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On the other hand, with the trend started by the Target litigation, card-issuing banks may be able to obtain compensation for those losses through tort-based litigation.

Whatever role played in the PCI system, financial institutions need to think offensively about recovering losses incurred due to data breaches. Whenever a data breach occurs, financial institutions should track and document all losses incurred with that data breach and quickly engage counsel skilled in the emerging field of data security and data breach law. Experienced counsel will assist the bank and its general counsel in investigating the causes and effects of the data breach and evaluating whether the bank should consider seeking compensation for its losses. The facts surrounding each breach will likely be complex. In addition, the law related to data breaches varies from state to state. Financial institutions need counsel to consider carefully those individual facts and the applicable law before the institution launches an offensive lawsuit to recover those damages.

Although acquiring banks had a setback in the *Schnuck* case, the good news for card-issuing banks is that the tide seems to be turning so that the inevitable card reissuance costs and expenses could be recoverable from negligent merchants. Financial institutions, whose reputation and profits lie in their ability to be good stewards of their customers' funds, may be able to recoup losses that, until now, have been borne by the card-issuing institutions.

FORMER BOARD MEMBERS NEWS**Itzel Meador
Regions Bank**

After 15 years with Arkansas Capital Corporation, former Chapter Board Member and Secretary Itzel Meador, has joined Regions Bank in Little Rock as Small Business Administration Specialist. She will be responsible for SBA Activity throughout Arkansas for Regions. Meador is an experienced leader in Central Arkansas SBA lending. She has assisted dozens of companies secure financing for their small business. Meador graduated with a Bachelor of Business Administration from the University of Texas at Dallas.

**Courtney Menefee
Regions Bank**

Former Board Member and Chapter Treasurer Courtney Menefee was recently promoted to Business Banking Sales Manager at Regions Bank in Little Rock. Menefee has a decade of experience in retail banking and commercial lending with both Regions and previously Centennial Bank. Menefee graduated with a degree in Finance from Arkansas State University in Jonesboro.

**Chance Tharp
Regions Bank**

Chance Tharp has rejoined Regions Bank as Vice President / Equipment Finance Relationship Manager. He was Director of Business Operations at Red Stone Construction Group in Little Rock for over one year. During his three plus year stint with Regions in 2010 - 2013 he started as a Commercial & Industrial Credit Underwriter III before being promoted to Business Banking Relationship Manager II. Tharp started his career at One Bank & Trust in 2008 where he served at Branch Manager of the Chenal Drive Location in West Little Rock.



Education Calendar

CENTRAL ARKANSAS

ASSET BASED LENDING FOR NON-ASSET BASED LENDERS

August, 2015

DETECTING PROBLEM LOANS

June, 2015

GLOBAL CASH FLOW I: FUNDAMENTALS IN GFC CONCEPTS

May, 2015

LENDING TO MEDICAL AND DENTAL PRACTICES

April, 2015

LENDING TO WEALTHY INDIVIDUALS

March, 2015

REAL ESTATE LENDING ACADEMY

July, 2015

NORTHWEST ARKANSAS

ANALYZING PERSONAL FINANCIAL STATEMENTS

April 28, 2015

ANALYZING BUSINESS TAX RETURNS & FINANCIAL STMTS

April 29, 2015

Specific Host Sites and Dates to be announced. Please Plan and Budget Now.

Education Inquires

Please contact our Education
Coordinator Phillip Partain

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