StarTribune

Inside Track: Banking family consolidates under Sunrise banner

Article by: NEAL ST. ANTHONY
Star Tribune
March 9, 2013 - 8:30 PM

David Reiling

,

Andrew Mason issued a memorable statement after he was fired as Groupon's CEO: "If you're wondering why … you haven't been paying attention."

M. Spencer Green • Associated Press 2009 ,

CEO David Reiling has acquired majority ownership of bank holding company Sunrise Community Banks from founder Bill Reiling and plans to merge its Franklin, Park Midway and University bank charters into a single legal entity in April. The banks will all operate under the Sunrise Banks retail banner.

Frank Fuller, president of Franklin Bank, will become president of the combined Sunrise Banks. The company boasts loans and other assets of more than $750 million, eight branches, 185 employees and shareholder equity of nearly $80 million.

Bill Reiling bought Franklin in 1984. His son David, 46, joined the company from a big California bank in 1995. They have since turned around separate banks, all of which were in financial and regulatory trouble at the time of their acquisitions.

Reiling, 80, spent his first career in the commercial real estate trade through his former Towle Real Estate, which he sold in 1995. In an interview, David Reiling said operating under one brand will magnify the company's marketing efforts and cut regulatory costs. Sunrise is a profitable urban lender that also sells products and services designed to attract working-class customers away from higher-cost check-cashing and payday lenders. That also serves to expand the bank's low-cost deposit base.

"Our goal is to attract 1 million 'unbanked' or 'underbanked' customers," David Reiling said.

Sunrise is one of the relatively few banks and nonprofit lenders certified as a Community Development Financial Institution by the U.S. Treasury, which gives it access to low-cost funds for certain inner-city projects. And it has received a number of local and national awards for its community-lending partnerships.

David Reiling said the consolidated banks posted record earnings of $12 million on record revenue in 2012.

"Credit quality has turned upward for us," he said. "We don't have to feed loan-loss reserves as we did [for a couple years] after the recession."

DORSEY defections

Last week was a less-than-premier one for the Dorsey & Whitney law firm. On Monday, in the Star Tribune, the oncelargest firm in the state was described as a firm in transition.

On Tuesday, that transition continued as Dorsey lost its four-person tax practice in London when those attorneys defected to a boutique United Kingdom firm specializing in commercial litigation.

On the same day, it was announced that longtime Dorsey labor and employment attorney Roy Ginsburg was taking his book of business to the Minneapolis office of Barnes & Thornburg.

Dorsey responded with a statement saying that lateral movement among lawyers between firms is common. “One of the distinguishing features of Dorsey over the years has been how infrequently we have lost partners, either to competition or clients. But we have occasionally lost individuals and small groups. This is happening more and more to other large law firms. It is unrealistic to think we will be spared the occasional departure of people we’d really like to keep.”

David Phelps

Ameriprise fined

Minneapolis-based Ameriprise Financial was fined $750,000 last week by the Financial Industry Regulatory Authority (FINRA), the securities industry cop, for being asleep at the switch.

In 2011, FINRA expelled former Ameriprise financial adviser Jennifer Guelinas for swiping $790,000 from two customers over a four-year period by forging their signatures on wire transfer requests and disbursing the funds to bank accounts she controlled.

FINRA found that Ameriprise and its securities-clearing unit failed to maintain and enforce supervisory systems designed to monitor the transmittal of funds from customer accounts to third-party accounts. Guelinas submitted three requests to wire funds from a customer’s account to a bank account that appeared to be under Guelinas’ control. Ameriprise processed these forged wire transfer requests and disbursed the funds without any inquiries.

Brad Bennett, FINRA’s chief of enforcement, said: “Ameriprise … missed numerous supervisory red flags, including the fact that two of the wire transfers went to accounts in Guelinas’ name. Firms must have robust supervisory systems to monitor and protect the movement of customer funds.”

Ameriprise, which repaid the two customers, had no comment on the matter.

Short takes

It’s quarterly earnings season, and news releases are full of industry jargon that’s often hard to discern. But here was the candid comment of the month from Groupon CEO Andrew Mason, who lost his job: “After four-and-a-half intense and wonderful years as CEO of Groupon, I’ve decided that I’d like to spend more time with my family. Just kidding. I was fired today. If you’re wondering why ... you haven’t been paying attention.”

The Washburn Center for Children was the winner of the nonprofit category as well as recipient of the “boldest of the bold” sweepstakes award last week at ceremonies sponsored by the Association for Corporate Growth Minnesota. Washburn was selected from among 15 candidates whose bold strategies “improved and transformed the quality of life in Minnesota.” Other candidates included Precioustatus, the Nerdery, Par Systems and Pentair. Washburn, which has doubled to 2,700 the number of children it serves annually in Minneapolis and several suburbs in recent years, expects to break ground this year on a new headquarters and clinic in north Minneapolis.