

Focus

BANKING & FINANCE

pages 17-31

Moving Toward a Cashless Society

By Andrew Haley
The Enterprise

On a recent Tuesday, parked in downtown Salt Lake City, Oliver Lewis sat on a cooler inside his food truck, painted with the red and white Lewis Bros. logo, waiting for his next customer. Following a national trend for relatively gourmet, relatively low-cost street food served on the fly, Lewis, along with his brother Charlie, leased a 2005 Wyss catering truck and went into business earlier this summer. A hand-written sign in the window lists the day's offerings: prosciutto burgers, falafel sandwiches, crab beignets, and the Lewis Bros.' signature greens and fries.

The menu varies, as do prices: the burger, greens and fries, and falafel (also available as a salad) cost \$6; the crab beignets cost \$7. What sets the Lewis Bros. food truck apart from other restaurants is its mobility. During the weekday lunch rush, it is parked downtown close to offices, while weekend nights find the truck and its crew camped out near bars and nightclubs, where they are often the only open business selling food.

Though they are happy to take cash, the Lewis brothers use the Square Credit Card Reader, a small plastic gizmo that attaches to an iPhone, Android or other smartphone. Essentially a thumb drive with a credit card reader, the device allows hungry customers carrying only credit or debit cards to buy a crab beignet with kale-laden fries, even if they spent their last \$10 bill on a friend's CD. By offering potential customers the option of paying with plastic, Lewis said he drastically increased his potential sales volume without requiring overhead-intensive credit card machines and landlines.

"It works great. It's really easy to set up. Square is pretty attractive because you just go to a website, type in the name of your business, and they send you a free little reader," Lewis said.

Square charges 2.75 percent per swipe

for credit cards, including American Express. Manually entered cards cost 3.5 percent, plus a 15-cent charge, per transaction. There are no monthly fees or set-up costs, and the Square reader and its attendant software come free.

"For a business like mine, with lots of small transactions, it comes out in the wash, if not a little better. Not only is it more convenient, it's a better deal," Lewis said.

Six weeks after opening, the Lewis Bros. food truck is operating in the black, with plans afoot to purchase the \$40,000 Wyss catering truck as well as an iPad that will perform dual roles as bookkeeping ledger and cash register, Lewis said. In many ways, Square, whose app Lewis Bros. employees download to their personal smartphones, makes non-cash transactions easier than cash, for merchant as well as consumer. Lewis estimated 15 to 20 percent of current customers pay with either debit or credit cards, but noted that figure is artificially low because many people, assuming the truck only takes cash, self-select against using plastic.

"Some people get a little freaked out by the transactions. You sign my phone with your finger and get a receipt texted to you," he said.

Lewis is on the forefront of a technological paradigm shift that has many in the finance industry predicting the end of cash. The cover of *Fortune's* July 23 issue proclaimed "The Death of Cash" above an image of a \$100 bill disintegrating into pixels as it passes through a smartphone-cum-paper shredder. In the accompanying article, *Fortune* senior writer Miguel Helft wrote that once tech companies iron out the wrinkles and adopt common technology standards, "cash will find itself on the endangered-species list."

Driving the boom in mobile payments

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Top Banks in Utah

Ranked by Amount of Utah Assets as of 12/31/2011

Bank Name Address	Phone Fax Web	Utah Assests as of 12/31/2012	Utah Deposits as of 12/31/2012	Out of State Assets Out of State Deposits	# of Utah Branches # of Utah Employees	Year Established Type of Charter	Top Local Executive
Zions Bank 1 S Main St Salt Lake City	801-974-8800 DND zionsbank.com	\$16.1 billion	\$12.11 billion	\$1.43 billion \$2.8 billion	133 DND	1873 National	Scott Anderson
Bank of American Fork 33 E Main St American Fork	800-815-BANK 801-763-6664 bankaf.com	\$889.9 million	\$779.8 million	DND DND	12 285	1913 State	Richard T. Beard
TAB Bank 4185 S Harrison Blvd Ogden	801-624-4800 801-395-8096 tabbank.com	\$852.5 million	\$714.5 million	DND DND	1 237	DND Industrial	Trevor Morris
Bank of Utah 2605 Washington Blvd Ogden	801-409-5000 801-409-5151 bankofutah.com	\$745.8 million	\$600.9 million	DND DND	13 299	1953 State	Doug DeFries
Central Bank 75 N University Ave Provo	801-375-1000 801-818-0352 cbutah.com	\$662.8 million	\$508.4 million	DND DND	10 180	1891 State	Matt C. Packard
AmericanWest Bank 10757 S river Front Pkwy Ste 150 South Jordan	801-208-4090 DND awbank.net	\$314.7 million	\$314.5 million	\$1.984 billion \$1.587 billion	17 123	1974 FDIC/Federal	Mark Howell
First Utah Bank 3826 S 2300 E Salt Lake City	801-272-9454 801-272-9458 firstutahbank.com	\$247.86 million	\$207.15 million	\$5.5 million \$8.06 million	8 115	1978 State	David L. Brown
Brighton Bank 93 West 3300 S Salt Lake City	801-467-5411 801-467-5429 brightonbank.com	\$152.2 million	\$123.5 million	DND DND	5 63	1978 State	Robert Bowen
Continental Bank 15 W South Temple Ste 420 Salt Lake City	801-595-7000 801-595-7053 cbankus.com	\$113.7 million	\$84 million	DND DND	1 13	2003 State	Nathan Morgan
JPMorgan Chase 201 S Main St Salt Lake City	801-715-9204 801-715-7403 chase.com	DND	\$11.7 billion	\$29.73 million \$360.74 million	69 900+	1799 Federal	Craig Zollinger
KeyBank, N.A. 36 S State St Salt Lake City	801-297-5900 801-297-5710 key.com	DND	\$1.8 billion	\$88.7 billion \$61.9 billion	39 300	1825 National	Jill Taylor
U.S. Bank 170 S Main St Salt Lake City	DND 801-534-6008 usbank.com	DND	\$1.1 billion	\$341 billion \$234 billion	69 560	1896 National	Damon G. Miller
Washington Federal Inc. 505 E 200 S Salt Lake City	801-366-2265 801-533-9271 washingtonfederal.com	DND	DND	\$13.6 billion \$8.9 billion	10 45	1917 Federal	DND
Wells Fargo 299 S Main St Salt Lake City	801-246-5328 DND wellsfargo.com	DND	DND	\$1.3 trillion \$872.6 billion	126 4,000+	1852 National	Greg WInegardner

DND= Did Not Disclose N/A= Not Available
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New rules on mortgage lending could threaten banks' willingness to lend unless 'safe harbor' wording is added

By Andrew Haley

The Enterprise

New rules on mortgage lending drafted by the Consumer Financial Protection Bureau (CFPB) could threaten banks' willingness to lend unless it adopts so-called "safe harbor" provisions before the public comment period closes on Nov. 6.

The rules, mandated by the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), modify documents given to potential homebuyers and limit the kinds of mortgages lenders can make. The banking and mortgage industries, backed by numerous members of Congress, want language added that will shelter lenders from litigation if they meet the lending standards imposed by the new rules.

Debate over the new regulations has pitted representatives from the banking industry, who are calling for a "safe harbor," against consumer advocates asking for "rebuttable presumption." Rebuttable presumption would permit mortgage holders to

sue lenders even if they met the guidelines laid out by the new rules. Those include issuing mandatory new forms spelling out the details of lending agreements in simple terms, as well as restrictions limiting the majority of new residential loans to qualified mortgages (QMs), typically standard 30-year fixed rate loans.

"Obviously, there were a lot of abuses in that area," Branden Hansen, said senior vice president of residential lending for Bank of Utah.

Hansen said that in exchange for following the guidelines governing the issuance of the new forms, which must be issued to customers within three days of applying for and three days before closing on a loan, and agreeing to new restrictions on non-QMs, the industry wants safe harbor to hedge against costly lawsuits. He said that under the new rules, a QM eliminates the financial gimmicks that caused havoc in the housing industry, such as balloon payments and hidden fees.

"It's not a subprime or crazy loan



program. We've determined the borrower qualifies for the loan," he said.

Those calling for rebuttable presumption want to have their cake and eat it too, Hansen said. He characterized their position as, "just because the lender met the guidelines, we want to reserve the right to sue the lender."

According to Hansen, the risk of potential litigation could affect lending.

"At Bank of Utah, we're just a community bank, but if I have to worry about getting sued, it limits our options. Consumer advocates want to look out for the borrower, but in the end, they may end up hurting the lender." *see REGULATIONS page 23*

CASHLESS

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receive electronic statements and 90,000 specifically opted out of electronic statements and requested paper.

Rasmussen said MACU followed the same procedure it uses for all its new technologies when it released its mobile banking app in July 2011. As it did 14 years ago with online banking, the credit union did a soft launch, meaning it made its online mobile banking app available to customers who happened upon it, but didn't advertise it or push it on customers. Instead, customers found the app themselves or through word of mouth and adopted it if they wanted to — a strategy that allows MACU to assess customer interest in a potentially risky new technology without overly raising the stakes.

"You have to give consumers what they want, but you also have to position yourself to give them what they don't know they want," he said.

Its mobile banking app turned out to be something MACU's customers did want.

"Our first month, with just a 'find it and use it' soft launch, we had a few hundred thousand in deposits," Rasmussen said.

That has grown to \$30 million in deposits for the year, with \$6 million in July alone, up more than \$5 million year to date.

"I was wrong. I thought [our mobile banking app] would be used by a handful of users," Rasmussen said.

Driving use is MACU's free mobile check deposit feature, which allows users of its mobile banking app to photograph their checks and deposit them via smartphone. While MACU's members are writing fewer checks, the number of checks it clears continues to grow, Rasmussen said. He said convenience was the primary factor leading to increased use of its mobile banking app and mobile check deposit feature.

Though the credit union has offered remote deposit for years, allowing customers to deposit checks at its ATMs or to input a check's routing numbers and other information into MACU's website and mailing

the check, not until the release of its mobile banking app have such large numbers of its members embraced a remote deposit technology. Rasmussen said members find getting in the car to drive to the ATM as odious as going to the bank, something they are only interested in doing if applying for a loan or performing some other activity more grandiose than routine deposits and withdrawals. Even the relative simplicity of entering a check's transaction codes onto a website and licking a stamp put off the same customers who now bank almost exclusively with MACU's mobile banking app.

As for security, Rasmussen scoffed at those who think mobile banking puts customers at risk. Mobile banking is protected by redundant encoding features that secure a mobile transaction far more than what customers experience using a credit card or writing a check in a brick-and-mortar store, he said.

"You think about what you do when you give somebody a check. You give them your whole account number, your bank's routing number, your full name and often your phone number," he said.

Rasmussen gave Steve Jobs credit for taking something that should have been simple at face value — transmitting digitalized information — and giving it the user-friendliness that has ushered in the mass use of mobile banking. When it first launched its mobile banking service in 2006, MACU's mobile technology relied on Wireless Application Protocol (WAP) browsers that could operate on cell phones, but the credit union's technical support staff found it impossible to troubleshoot for multiple different browsers operating a variety of different cell phones. That they were solving their clients' monetary concerns only exacerbated the problem.

"Apple changed all that, especially the iPhone 3. The iPhone 3 changed everything," Rasmussen said.

With an app, instead of a WAP, MACU was able to standardize the mobile banking technology that its customers use. Its app's

convenience is as important to its members as it is to the credit union, not only making mobile banking easier, but enabling MACU to cost-effectively field tech support and to streamline product development, Rasmussen said. That Apple, and not MACU, solved the credit union's mobile banking bottleneck was a fact not lost on Rasmussen.

"I don't know if we've done a very good job of providing a good experience. [There's a feeling that] because we have trust we don't have to be innovative," he said.

In addition to the apps that make mobile banking possible, Rasmussen pointed to Square, PayPal and Amazon as other emerging technologies that are transforming and competing with traditional banking. Amazon.com has mutated from an online bookstore to an online retail emporium selling everything from motorcycle helmets to canned soup, and, with its Amazon Payments system, offers customers the means to transfer funds to and keep a balance on their Amazon accounts. Numerous retailers now issue prepaid cards and money orders usable for purchases at their stores, meaning Starbucks and Burger King are now not unlike the wildcat banks of the 19th century.

Rasmussen said banks and credit unions need to closely follow the innovations in retail technologies if they are going to remain competitive. While retailers and tech companies often benefit from innovative thinking, financial institutions, almost by definition, possess a surfeit of customer trust.

"The retail market is shaping financial services even more than financial institutions. What good financial institutions will do is participate in those emerging technologies. If people trust their financial institution, they will go to their financial institution first," Rasmussen said.

"The death of the check has been proclaimed for a long time. It sounds exciting, and even scary, but I think cash and checks are going to be around for a long time."

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REGULATIONS

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borrower. We do need to protect consumers, but if we get too punitive against lenders it hurts everybody," he said.

Key to CFPB's proposed regulations are new forms replacing those the industry has used for more than 30 years. The proposed loan estimate form replaces the Good Faith Estimate designed by the Department of Housing and Urban Development (HUD) under the 1974 Real Estate Settlement Procedures Act (RESPA) and the Truth in Lending disclosure designed by the Federal Reserve under the 1968 Truth in Lending Act (TILA), while the proposed closing disclosure form replaces the HUD-1 form, also designed under RESPA, and the revised Truth in Lending form designed by the Fed under TILA. According to the CFPB, the new forms aim to "lay out in plain terms the true costs of the loan" while fixing redundant and contradictory features of the existing forms and reducing them from seven to three pages and from nine to five

pages, respectively.

Hansen said banks like Bank of Utah are happy to embrace regulations that prevent a repeat of the housing crisis that led to the global financial meltdown, but the new rules, without a safe harbor provision, go too far. The majority of the problems that caused the housing crisis stemmed from non-banking institutions such as mortgage brokers, he said, and market forces have already led the banking industry to correct itself. He said banks are already issuing loans on terms more conservative than federal requirements, not because of regulations, but because of the corrective pressure of the free market.

"We like to think we do a good job putting people into good loans. We're the finance experts, but there's got to be some responsibility. We can't protect people from themselves. This is America," he said.

"I do support a lot of what the CFPB is trying to do. Let's get rid of the ruffraff in the industry. But if you go too far overboard, it's going to hurt more than it helps," he said.

Amy Moser, vice president of mort-

gage services at Mountain America Credit Union (MACU), said a bevy of new regulations other than those in the new CFPB rules have already changed the lending landscape and many in the industry are waiting to see the final details of the new CFPB rules before they pass judgment.

"A lot of the changes they've already made have required a whole lot of diligence," she said.

She echoed Hansen's comments that the market had already largely corrected itself. According to Moser, conventional loans are now more cost-effective than FHA loans. While conceding that there is a need for regulatory tightening, she said the institutions that engaged in responsible lending have weathered the brunt of the storm, with those that engaged in risky behavior are still struggling, though for all concerned paperwork is now more complicated and costly than she has seen in her 15 years on the job.

Moser said MACU has escaped the crisis without a large amount of foreclosures on its balance sheet. The majority of people who are struggling to get loans are

those customers who are upside down on existing loans. For those who aren't, she said MACU is actively lending.

"MACU still offers a first-time home buyer loan. People are lending. We sure are," she said.

For Hansen, the new regulatory landscape is only part of the problem. "The whole mortgage industry has changed so much in the last two years. It's become a lot more expensive and time consuming. You don't need Dodd-Frank to tell us not to do sub-prime mortgages," Hansen said. "I guess it's frustrating for me to get classified [with irresponsible lenders]. That wasn't me doing those loans. You kind of feel like you've got a target on your back, but you appreciate the frustration. A lot of people got hurt, but people need to be able to understand their own finances."

What is a CPA and why should I hire one?

When I tell someone that I work with CPAs (certified public accountants), they usually try to play it cool like they know what I'm talking about, but will eventually admit that they don't know what it is. "What is a CPA?" and "Is that like an accountant?" are questions I encounter frequently.

The short answer is, yes, a CPA is like an accountant. In fact, all CPAs are accountants, but not all accountants are CPAs. That is the in-a-nutshell explanation, which sometimes leads to detailed explanation about where the distinction between an accountant and a CPA is made.

Certified Public Accountants are licensed by the state. To become a CPA, candidates go through a rigorous course of qualifications known as the 4 Es:

1. Education. Candidates must complete required accounting courses and attain an advanced degree to become a CPA. Once an individual becomes a CPA, they maintain their status by continuing their education with 80 hours of approved continuing professional education in each two-year licensure period. These Continuing Professional Education (CPE) courses must be reported on official Department of Professional Licensing (DOPL) renewal forms.

2. Examination. The Uniform CPA Examination, set by the American Institute of Certified Public Accountants (AICPA) and administered by the National Association of State Boards of Accountancy, is created to protect the public interest by ensuring that only qualified candidates become licensed CPAs. The two-day exam tests the candidate on auditing and attestation, financial accounting and reporting, regulation and business environment and concepts.

3. Ethics. The CPA Ethics Exam is another requirement for getting a CPA license. The 11-hour self-study course gives multiple-choice questions about the AICPA Code of Conduct.

4. Experience. CPA candidates must have a minimum of one year of public accounting experience.

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Firm Name Address	Phone Fax Web	# of CPAs # of Partners	# of Non-Certified Accountants # of Employees	# of Locations Year Established	% of Revenue from: Auditing/ Accounting, Tax, Management Advisory, Other	Alliances: State, Regional, National, International	Specialties/ Major Areas of Practice	Managing Partner
Ernst & Young LLP 178 S Rio Grande St, Ste 400 Salt Lake City	801-350-3300 801-350-3459 ey.com	111 8	DND 152,000	DND 1948	DND DND DND DND	Yes Yes Yes Yes	Ernst and Young is a global leader in assurance, tax, transaction and advisory services	David Jolley
Tanner LLC 36 S State St, Ste 600 Salt Lake City	801-532-7444 801-532-4911 tannerco.com	48 9	20 76	1 1940	70% 26% 4% 0%	Yes Yes Yes Yes	Employee benefit plans, public companies, manufacturing, retail, technology	Jeffery G. Bickel
Wisn Smith Racker & Prescott, LLP 155 N 400 W, Ste 400 Salt Lake City	801-328-2011 801-328-2015 wsrp.com	40 7	13 61	2 1985	48% 42% 2% 8%	No No No Yes	Audit industry specialization: construction, manufacturing, distribution, technology, governmental, benefit plans; sophisticated tax planning and return preparation; business valuation services	Bruce R. Wisan
Hansen Barnett & Maxwell, P.C. 5 Triad Center, Ste 750 Salt Lake City	801-532-2200 801-532-7944 hbmcpas.com	30 6	12 48	1 1965	78% 20% 1% 1%	Yes Yes Yes Yes	Audits (registered with the PCAOB), reviews and compilations, tax preparation and small business accounting, payroll	Robert Bowen
Larson & Rosenberger, LLP 9065 S 1300 E Sandy	801-313-1900 801-313-1912 larsco.com	23 9	22 54	4 1993	54% 39% 6% 1%	Yes Yes Yes Yes	Insurance audit and tax, SEC audit and tax, government audit, middle and emerging market audit	Dennis Larson
CBIZ MHM, LLC 175 S West Temple Salt Lake City	801-364-9300 801-364-9301 cbiz.com	22 7	4 36	1 1986	46% 46% 2% 6%	No Yes Yes Yes	Automobile dealers, nor-for-profit, technology construction, real estate, manufacturing and distribution, professional services	Clair Rood
HJ Associates, LLC 50 W Broadway, Ste 600 Salt Lake City	801-328-4408 801-328-4461 hjcpafirm.com	17 5	6 26	1 2000	69% 25% 6% 0%	No No Yes Yes	Assurance and tax services	Robert Jensen
Huber Erickson & Bowman, LLC 375 S 300 W Salt Lake City	801-328-5000 801-328-5009 hebsolutions.com	15 4	23 38	2 1975	40% 50% 5% 5%	No No No No	Tax, audit, small business, consulting and litigation services, financial planning and 401K administration	Chesley Erickson
Mantyla McReynolds, LLC 178 S Rio Grande St, Ste 200 Salt Lake City	801-269-1818 801-266-3481 mmacpa.com	14 7	9 28	1 1989	55.38% 29.51% 15.11% 0%	Yes Yes Yes Yes	PCAOB registrant, mergers and acquisitions, forensic/fraud investigations, tax planning and preparation, entity structuring, business valuations	Kim G. McReynolds
Cook Martin Poulson, P.C. 632 N Main St Logan	435-750-5566 435-787-4321 cookmartin.com	11 5	10 30	3 1977	32% 60% 5% 3%	Yes No Yes No	Book keeping/payroll services, business consulting, business valuations, CFO outsourced solutions, cost segregation, estate/succession planning, financial statements audits and reviews, proactive income tax services, retirement plan design and administration	Richard K. Poulson
Pinnock Robbins Posey & Richins 136 E South Temple, Ste 2250 Salt Lake City	801-533-0409 801-533-0414 cpaandmore.com	11 5	4 16	1 1944	20% 80% 0% 0%	No No No No	Tax planning and compliance, assurance and auditing, business accounting and consulting, financial and estate planning	David T. Posey
Teuscher Ruf & Walpole, LLC 11650 S State St, Ste 200 Draper	801-619-1400 866-589-8871 trwllc.com	10 DND	DND 22	DND 1993	DND	DND	Construction, oil and gas, real estate, high net worth individuals, amusement, professional athletes	Harold B. Ruf

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America First Credit Union 1344 W 4675 S Riverdale	1-800-999-3961 DND americafirst.com	\$4.72 billion	\$4.04 billion	\$383.36 million \$563.67 million	98 579,620	1,915 Federal	DND
Mountain America Credit Union 7181 S Campus View Dr West Jordan	801-325-6228 801-325-6328 macu.com	\$2.6 billion	\$2.56 billion	\$368.1 million \$135.3 million	58 381,000	1,040 Federal	Sterling W. Nielsen
Utah Community Credit Union 188 W Riverpark Dr Provo	801-223-8228 801-223-7776 uccu.com	\$757.98 million	\$671.75 million	DND DND	18 109,458	300 Federal	Jeff Sermon
University Federal Credit Union 3450 Highland Dr Salt Lake City	801-481-8800 801-481-8877 ucreditu.com	\$587.47 million	\$496.38 million	DND \$34.47 million	15 78,243	197 Community	DND
Cyprus Credit Union 3876 Center View Way West Jordan	801-260-7600 801-260-7611 cypruscu.com	\$561.18 million	\$561.18 million	DND DND	16 71,724	263 Federal	Todd Adamson
Deseret First Credit Union 2480 S 3850 W Ste C Salt Lake City	801-456-7000 DND dfcu.com	\$420 million	DND	DND DND	10 53,000	150 Federal	Shane London
Granite Credit Union 3675 S 900 E Salt Lake City	801-288-3000 801-288-3051 granite.org	\$330.3 million	\$299.84 million	DND DND	8 30,447	93 Federal	Lynn R. Kuehne
Utah First Federal Credit Union 200 E Sout Temple Salt Lake City	800-234-0729 801-320-2660 utahfirst.com	\$238.84 million	\$216.57 million	DND DND	8 21,894	69 Federal	Darin B. Moody
Jordan Credit Union 9260 S 300 E Salt Lake City	801-566-4195 801-567-3333 jordan-cu.org	\$206 million	\$189 million	DND DND	7 25,600	70 Federal	Lindsey Merritt
Transwest Credit Union 37 W 1700 S Salt Lake City	801-487-1692 801-924-7561 transwestcu.com	\$108.2 million	\$101.6 million	DND DND	4 12,976	34 State	DND
Weber State Credit Union 4140 Harrison Blvd Ogden	801-399-9728 801-866-1051 weberstatecu.com	\$86.5 million	\$78.6 million	DND DND	4 9,477	37 Federal	Vickie van der Have

DND= Did Not Disclose N/A= Not Available
Please note that some firms chose not to respond, or failed to respond in time to our inquiries.
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CPAs
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Now that you have a better idea of what a CPA is and how they earn those three letters they proudly display behind their name, you might wonder what it is they do. With their in-depth knowledge and a commitment to the industry, they are an asset to important business decisions and documentation.

As you probably already know, a CPA can assist with tax preparation, especially if you have found it to be overly complicated on the do-it-yourself website TurboTax. These professionals can help in identifying tax deductions and aid in lowering your total tax bill.

A CPA may come in handy when you are worried about audits. In many business situations, a CPA can efficiently handle the task of wading through tax laws, ensuring that your finances are in good hands.

Many CPAs are sought out for their decision-making expertise. These folks are skilled as business consultants and by analyzing your financial data, a CPA can provide advice on the best ways to handle your spending.

Some CPAs are employed by corporations and hold upper-level positions such as the chief financial officer or chief executive officer in those companies. In addition to those positions, CPAs may be employed as estate planners and forensic accountants hired to prevent, detect and investigate financial fraud.

Credentialed CPAs are eligible to join the Utah Association of CPAs (UACPA), a

nonprofit individual membership association for members of the profession. The UACPA is comprised of more than 4,000 CPAs and affiliate members; most live throughout the Beehive State and serve in public accounting, business and management, government and education.

The state society offers its members continuing professional education at discounted prices and exclusive rates on business necessities. The organization ensures that members stay current on industry standards and technology through their quarterly magazine, monthly newsletters and social networking. UACPA members serve in various capacities by volunteering on committees and task forces that address topics such as tax issues, accounting issues, nonprofits and financial literacy. Other volunteers organize networking events such as the Business Valuation Conference, Business & Management Conference and the annual golf tournament, which will be held Aug. 22 at Wasatch Mountain Golf Course.

Members are encouraged to get involved in protecting the public and profession's interests through tracking and lobbying legislative issues that potentially affect state tax and financial planning.

The CPA profession is often misunderstood and comes stamped with stereotypes of calculator-carrying nerds; however it is a prestigious title recognized around the globe and held in high regard in the accounting industry.

Amy Spencer is the communications manager for the Utah Association of Certified Public Accountants.

Utah banks and credit unions adjusting to and benefiting from the 'new normal'

By Andrew Haley
The Enterprise

Utah banks and credit unions engaged in business lending have adjusted to, and are benefiting from, what many are calling the "new normal."

Ogden-based TAB Bank has seen an uptick in business from potential borrowers who have been dropped by national banks that are arbitrarily shedding customers from its balance sheets, said TAB's marketing director Eric Myers. Even though risk-averse big banks have let go of entire classes of their former customers, banks like TAB are busy issuing new business loans to qualified borrowers, he added.

"We're benefiting from the new normal. We get it more from a reactive standpoint. We're coming at it from a different direction," Myers said.

He dismissed the common belief that the economy is being held back by banks unwilling to lend. Instead, the problem is that fewer businesses are applying for loans "because there's nothing to invest in," he said. While numerous big banks are letting customers go, citing lender fatigue among the most common reasons, TAB has been busy approving new loans, albeit at a 3.5 debt to equity ratio instead of the debt to equity ratio of 5 frequently issued before the financial collapse.

David Doria, vice president and SBA

manager at Mountain America Credit Union (MACU), said the U.S. Small Business Administration had done a terrific job of adjusting to the new financial landscape, outperforming other federal regulatory agencies.

"The SBA has done a really good job tailoring itself to the new normality," he said. "The mission is to get capital in the hands of the customer. They've done a very nice job adjusting. The regulatory agencies are playing in the old arena, but SBA has done a very nice job."

According to Doria, SBA has run against stereotype, slashing arcane rules and letting qualified institutions engage in what he called "prudent lending."

"The SBA has done a wonderful job not tying the hands of the banks and credit unions. I hear of the 'new normal' but at the SBA it's business as usual, if not better," he said.

According to Doria, MACU is currently the No. SBA credit union lender in the country. The firm has put itself at the forefront of a 33 percent increase in SBA loans nationwide. While Doria acknowledged that some of that is due to now-expired provisions such as fee waivers in the Federal Stimulus Package, MACU continues to do brisk business now that those fees have returned.

see *NORMAL* next page



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NORMAL*from previous page*

"We're still going strong," he said.

Like Myers, Doria discounted assertions that the economy is being held in check by reluctant lenders sitting on cash, saying MACU continues to offer SBA loans to qualified borrowers. Nationwide, the majority of lending institutions with new prohibitions against lending were under punitive regulations brought about by lending abuses, Doria said. He said those institutions were typically ones that dabbled in SBA lending rather than making it a key part of their business.

"Customers don't always know that [banks are under regulatory restrictions], because banks don't advertise it. The new normal requires a little more research from the customer. Do a little research about who you are going to get your loans from. I would tell consumers to always find a preferred lender," he said.

Lenders may be nominated for or apply for the SBA's preferred lending program, but in order to qualify they must meet strict performance guidelines. Once they qualify as preferred lenders, those institutions agree to liquidate all assets in the event of a payment default before asking SBA to honor its preferred lender guarantees. MACU is an SBA preferred lender.

Doria said he had not witnessed changes to debt to equity ratios, which he called "the time-tested ratios of commercial lending."

"Good loans and good ratios are pretty much the same," he said.

But Doria did acknowledge that some things have changed.

"We see more customers with embattled credit. We see things on credit reports we never used to see before. Now we really like to investigate what happened. We look into the why instead of making blanket decisions," he said. "Everybody knows a family member with a short sale or a foreclosure. Fifteen years ago, we couldn't say that."

Myers said the current lending environment is likely the best that businesses are going to see for a long time. With interest rates at historic lows, qualified borrowers stand to benefit from new and restructured loans.

Enterprise banking columnist Dale Gunther recently wrote much the same.

According to Gunther, there are four instances when businesses benefit from taking on debt: when the return on investment is higher than interest; when debt is less expensive than equity; when businesses stand to capitalize on interest rates at historic lows, as they are now; and when businesses can deduct interest on debt from corporate taxes.

Fed lending rates likely to remain steady through 2013, local experts say

Federal Reserve lending rates are likely to remain at current levels at least through 2013, according to several banking industry officials.

While there was disagreement about when rates might go up, all of those polled in an informal survey said it was unlikely they would change anytime soon.

"I don't see those changing for two or three years. And even then I don't think it's going to be much of anything," said Branden Hansen, senior vice president of residential lending at Bank of Utah.

Hansen said an increase in rates might signal an overall financial recovery, but could come with its own dangers. With rates near zero, investors are steering clear of the bond market and instead investing with abnormal volume in the stock market. An increase in bond rates might lead to a massive sell-off of stocks, he said.

"It seems strange to me that the Dow is over 13,000. We're within 900 points of the highest the Dow has ever been? There's a lot of money in the stock market that shouldn't be there," Hansen said.

Amy Moser, vice president of mortgage services at Mountain America Credit Union, said rates will probably remain unchanged at least until November.

"We won't see them [go up] until after the first of the year, after the elections. Second quarter next year," she predicted.

Eric Myers, director of marketing at TAB Bank, said rates would remain where they are "for sure through the end of 2013. We need a recovery before that happens."

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