



The Liberty Bell

★ ★ ★ ★ We Are the Grassroots Covering Montana and Surrounding Areas ★ ★ ★ ★ ★ ★ ★ ★

Welcome [News](#) Fall 2024 Election Issue

Public Reports Suggest Bank of N. Dakota Corruptly Protecting State's Political Class with Hundreds of Millions in Sketchy Loans, Concealed Losses

October 22, 2024 by [LB](#)

by [Assistant Editor](#) Oct. 22, 2024 10:00 am

Search

Search

Recent Articles

[Public Reports Suggest Bank of N. Dakota Corruptly Protecting State's Political Class with Hundreds of](#)

North Dakota has the nation's only state-run bank, the Bank of North Dakota (BND). The bank has over \$10 billion in assets, and does not have to follow federal regulations, rules and laws. The bank is able to loan out billions with little to no oversight.

[Millions in Sketchy Loans,
Concealed Losses](#)

[The Liberty Bell Vol 1 Issue 2](#)

The oversight of the bank is limited to the state's Governor, the Attorney General, and the State Agriculture Commissioner.

Every state-level public entity is required to keep their deposits with the bank, creating a class of 'captive customers' from whose deposits loans can then be made.

Reading between the lines of a \$395,000 state taxpayer-funded report released midway through last month, according to the bank's hired consultant, the bank is taking the state's public entity deposits and delivering substandard returns, writing down approximately \$475 million in bad loans every year and providing sweetheart loans and investments to others in the state.

Multiple anonymous sources have confirmed that the bank buys bad loans from private financial institutions. Critics wonder whether the bank's ability to buy off bad private debt incentivize bad behavior by the state bank, or worse, force state taxpayers to foot the bill for bad loans to the politically-connected?

A businessman in North Dakota who asked to remain anonymous, said that the state's other banks are highly pressured to align with the state's financial institution. He has observed political pressure being applied to a bank, and said such pressure can be applied in a variety of ways. He suspects the

pressure can be used to further political motives and potentially subsidize loans from the bank to the politically-connected and those who follow orders.

“What appears to be going on here is that the bank is quietly supporting a large portfolio of bad investments. One banking executive said BND is buying bad loans off their books to keep them solvent. This raises a question as to the quality of the loans at BND, which politicians keep opaque. Whereas state entities with deposits should be getting a normal return in this market, they are likely getting negative returns through write-downs even though the bank is claiming it is turning a profit. Potentially, the bank loses several hundred million a year if it maintained its depositors' funds like any other financial institution. This situation continues because people are too afraid to speak up.”

Current North Dakota U.S. Senator John Hoeven is a former President of the Bank. Hoeven was President of the Bank of North Dakota from 1993-2000, when he used that position to then become the state's Governor from 2000-2010, and then has been one of the state's Senators in Washington ever since. Hoeven owns shares in First Western Bank and Trust, headquartered in Minot, North Dakota, and serves as a member of that bank's board. He has been accused by some watchdog groups of failing to avoid conflicts of interest relating federal legislation beneficial to his own bank.

Currently, Bank of North Dakota is exempt from public disclosure requirements that other governmental bodies operate under. In 2023, the bank's auditor issued an adverse opinion, stating the bank fails to adhere to U.S. Generally Accepted Accounting Principles (GAAP). This lack of public oversight may add risks to adequate transparency and accountability, North Dakota State Senator Kent Weston suggests.

Another source suggests this practice protects the North Dakota political class and allows for questionable loans free from any public, legislator, media, or regulator, oversight. The Bank of North Dakota also handles financial reporting for many of the state's smaller financial institutions, including FDIC insurance and compliance, as well as providing the back-end work for wire transfers and other IT services. Some private financial institutions in the state are using BND's SWIFT code and are executing wire transfers through BND, as an example.

The Bank's 2023 annual report makes some startling disclosures as to the quality of its multi-billion dollar loan portfolio. Almost \$2.5 billion in loans are rated at best as "exhibiting the earliest signs of potential problems" with "unproven" or "somewhat erratic" cash flow, all the way to a deteriorated rating where "collection or liquidation" is "highly questionable and improbable".

Critics wonder why the bank fails to 'risk rate' an additional \$1.5 billion in loans on its books. \$41 million out of \$399 million bank stock loans are "unproven" or "somewhat erratic" in cash flow. The bank recorded nearly a quarter billion loss on unrealized securities in 2022, and an "off-balance sheet" risk of over \$850 million in letters of credit and guarantees in 2023.

One source says BND has been in troubled financial straights before, and was bailed out with nearly a billion in ARPA money in 2021.

BND's annual report – some of the best insight available publicly – utilizes reporting methods which may conceal potentially enormous risk, losses, and irregularities. All of this begs the question as to whether BND is benefiting North Dakota taxpayers, and whether BND's willingness to accept billions in

riskier lending bets may give the Governor and Attorney General, specifically, major influence over those on the receiving end of such contracts.

At a time when North Dakota is embroiled in new scandals, critics both within and outside of the government wonder whether the Governor and Attorney General are the right people to be controlling over \$10 billion in unregulated banking assets and influencing billions of dollars in private sector loans and private bank subsidies.

Those recent scandals include the deletion of all emails from the office of the late Attorney General Wayne Stenehjem following his sudden death where no autopsy was performed, the recent sudden death of Stenehjem's former Deputy Attorney General Troy Seibel who was at the center of the deleted emails scandal and a key witness as to what evidence was destroyed. Seibel died aged 48 last month, and his cause and location of death are still being withheld.

There was also the recent state scandal involving a federal guilty plea of former State Senator Ray Holmberg (R) for traveling to Prague to have sex with young boys. The plea was in exchange for prosecutors dropping child pornography charges against Holmberg. Holmberg was charged after Governor Burgum announced his bid for President, and Burgum's current Attorney General Drew Wrigley then conveniently located some of Stenehjem's deleted emails and the accusation last year in North Dakota newspapers was that state officials participated in an activity that may jeopardize national security and flight safety. Federal prosecutors working for the Biden administration let former educator Holmberg back out with no bail and no bond, just a promise that he'd be good.

Trending: 31,000 Mail-In Ballots Requested At Ineligible Addresses – In One Swing State!

Reports that Holmberg has violated the terms of his release, and is regularly online, have gone ignored by the Biden Department of Justice. Holmberg had received awards for delivering major projects through the legislature for government jurisdictions in the state, transactions that were very likely facilitated by the Bank of North Dakota.

This consolidation of the Bank of North Dakota's power is concerning to North Dakota legislators who worry about the potential for its abuse and additional scandals.

According to Senator Weston, speaking exclusively to the Gateway Pundit, "The idea that our state entities would save \$9.5 billion over 20 years – if they moved their deposits out of Bank of North Dakota – raises some questions. If the recent report is accurate, those potential savings amount to roughly one annual state budget in savings, or put another way, we could potentially cut 5% from our annual budget. If the bank is writing down deposits below market or perhaps delivering negative returns to our State entities because of bona fide development projects, then let's talk about that, and about how it amounts to \$475 million annually, and maybe I'll support that with appropriate disclosures."

Sen. Weston continued, "Otherwise, there are some serious discussions that need to take place at the legislature as to whether those underperforming deposits are wasting close to 5% of our State's annual budget owing to ineptitude or something worse at BND. This would pay for one-third of our state's property tax revenues, which are up for vote this November on Measure 4 to be eliminated."

Senator Weston has observed instances of state officials with lending authority seeking to leverage a private investor, then retaliating against that investor. While this occurred outside of the bank, the Senator notes that the bank also failed to step in when it most likely ordinarily would have if the undertones were removed from that transaction. “We need to see the proper controls and separations so that all our citizens experience the ‘North Dakota nice’ that I grew up experiencing and believing in.”

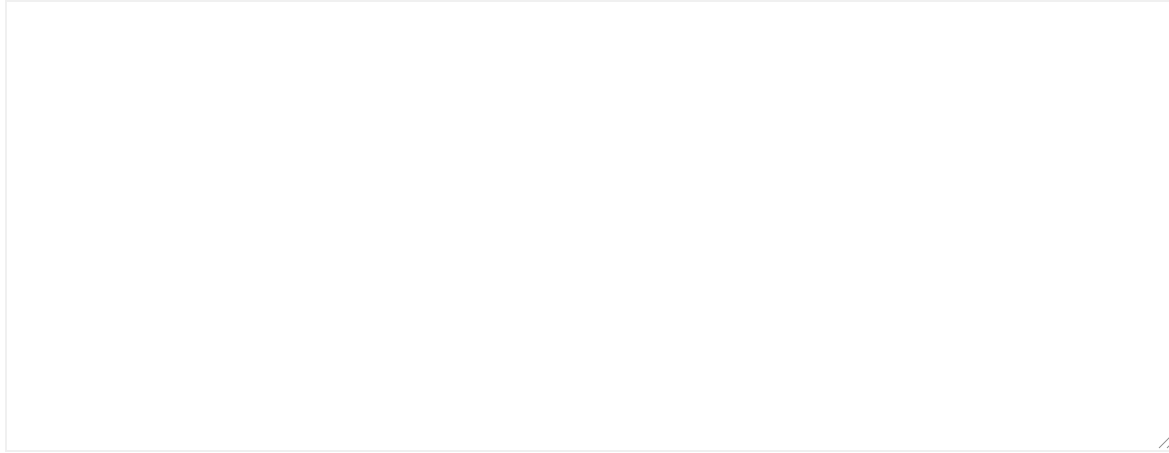
The Bank of North Dakota was asked to comment on this story, and refused to respond. Our inquiry was referred to the bank’s governing authority, the Industrial Commission controlled by the state’s Governor, Attorney General, and Agricultural Commissioner.

📁 [News](#)

< [The Liberty Bell Vol 1 Issue 2](#)

Leave a Comment

Logged in as LB. [Edit your profile](#). [Log out?](#) Required fields are marked *



Post Comment