

## Deal-savvy Frandsen targets its next billion

BY NICOLE GARRISON-SPRENGER  
STAFF WRITER

An entrepreneurial Twin Cities banking company that's quietly grown through acquisitions is working on making its second billion dollars.

Frandsen Financial Corp., an Arden Hills-based company with 31 offices in Minnesota, Wisconsin and North Dakota, crossed the \$1 billion mark late last year with the acquisition of Queen City Federal Bank in Virginia, Minn.

The bank's growth will stem from new business generated within existing branches as well as additional acquisitions.

"One of the things we're focusing on now is getting the infrastructure of the organization set so we can make the step from a \$1 billion organization to a \$2 billion organization," said Richard Hoban, president and chief operating officer.

To prepare for the next phase of growth, Frandsen hired Chuck Mausbach to be executive vice president and chief administrative officer. Mausbach came to the company from Community First Bankshares of North Dakota. Under his direction, the corporation is investing in upgraded technology.

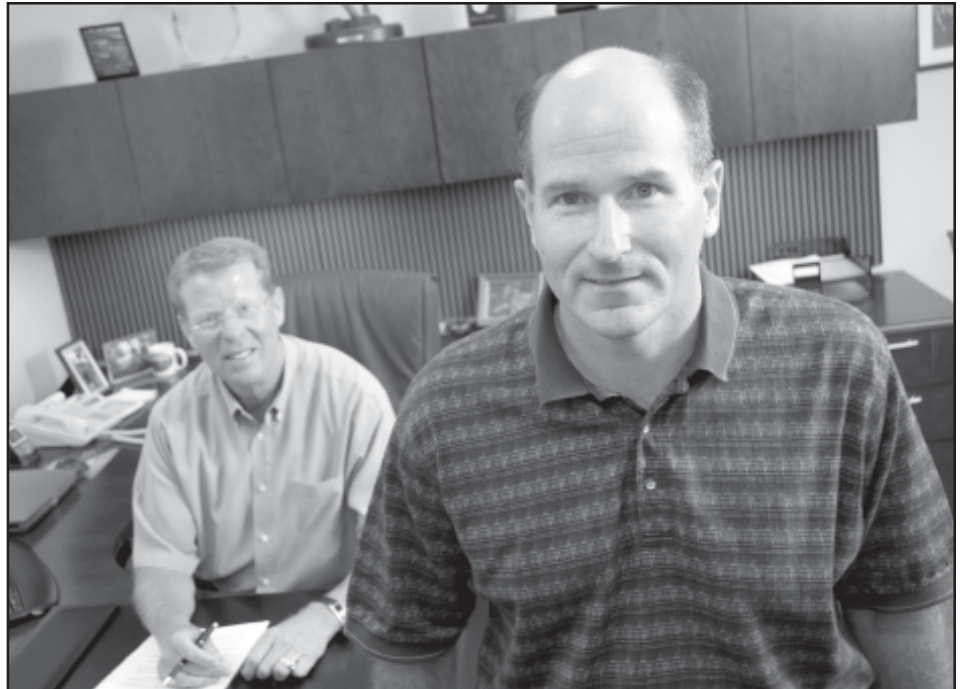
Frandsen also is merging some of its charters to gain efficiencies. The company now has eight charters, down from a high of 13, but plans to get down to six in the near future.

Only one of the charters bears the Frandsen name: Frandsen Bank & Trust in Lonsdale. That charter contains eight banks, including one in Forest Lake, which is only one of two Twin Cities offices that Frandsen has in its portfolio. The other metro location is a separate charter — Valley Bank Minnesota in Jordan.

Usually when Frandsen acquires a bank, it keeps that institution's name.

Frandsen is only the eighth \$1 billion-plus bank holding company based in the Twin Cities according to figures on file with the Federal Deposit Insurance Corp. as of March 31. That's up from six big banks in 2005 and four in 2004.

"That was a big landmark for us," Hoban said. Crossing the \$1 billion mark is a significant



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**Frandsen Financial Corp.'s Chuck Mausbach, foreground, and Richard Hoban.**

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Company: **Frandsen Financial Corp.**  
City: **Arden Hills**  
Founder: **Dennis Frandsen**  
President: **Richard Hoban**  
Business: **Bank holding company**  
Founded: **1982**  
Assets: **\$1.013 billion (as of March 31)**  
Employees: **400**  
Web site: **[www.frandsenfinancial.com](http://www.frandsenfinancial.com)**

step for any bank as it enables it to compete at another level.

"As you grow your assets, your ability to do larger deals grows," said Tom Van Pelt, president of Anchor Bank's Farmington charter. Wayzata-based Anchor Bancorp Inc. hit the \$1 billion mark a few years ago. "That gives you the ability to compete with the big banks and it gives you an advantage vs. a smaller hometown bank that

doesn't have that large of a legal lending limit."

Frandsen has generated growth almost entirely through acquisitions. Only one of its branches, in Forest Lake, was built from the ground up. That office opened about a year ago and has already reached \$6 million in deposits.

Given the success of that branch, it's possible that Frandsen will build more.

But the company's primary mode of growth will continue to be through buying other banks.

"You can make the case that either one costs you money," Mausbach said. "It's less fun to look at red numbers for two or three years [when you build a new bank] than it is to go out and make an acquisition and be making money from day one."

There are no acquisitions pending, but executives are open to looking at deals that come their way.

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