

Trust Company Oklahoma

INVESTMENT PERSPECTIVES

TrustOk.com

April 2024

REVISITING ARTIFICIAL INTELLIGENCE

Exploring AI's Ups and Downs as the New Tech Revolutionizes Society and Markets

I vividly remember getting my first laptop, a clunky Lenovo, for Christmas in 2008. I felt so high-tech, watching YouTube videos and browsing the web at my leisure. Although my computer probably weighed a couple of pounds and performed relatively poorly to today's standards, I was proud of my first taste of technology.

A few years later, I begged my parents for an iPhone, convincing them that they could keep tabs on me wherever I went using this neat thing called an "app" that you could download for free on the Apple App Store; that was an easy sell.

Fast forward to 2016, when I bought a fancy new Apple Watch with the money I saved working part-time in college. I was eager to display my smart watch at every opportunity, showing it off to my friends, family, or anyone else who might listen.

I didn't recognize then that my attempt to simply show off became an appreciation for how technology was becoming more personal. Most recently, I raced to purchase the AirPods because they seamlessly integrated into the Apple ecosystem and my life.



Garrett Guinn
CFA

Assistant Vice President

Computation Gets One Step Closer

Today, Apple isn't alone in developing wearable technology. Still, with Apple surpassing two billion active devices, it's my favorite example of how computing has evolved from mainframe to wearable.

In fact, in February, Apple officially began selling its latest wearable device, the Apple Vision Pro headset, for \$3,499. The headset competes head-to-head (pun intended) with Meta's Quest 3 headset in the "spatial computing" realm. If you haven't looked up the Vision Pro yet, I'd highly encourage you to do so — the advancement of this technology is incredible.

Analysts expect developers to launch artificial intelligence-specific apps in the coming months and years, sparking a new cycle of tech innovation similar to the smartphone.

While I'm not lining up to spend \$3,499 on a headset yet, I can't help but get excited about AI's possibilities as we further embrace technology in ways that were essentially science fiction only a few years ago.

However, like previous technological advances, AI will bring along the benefits of innovation and adverse side effects. Below are a few developments related to AI that are top-of-mind, as well as trends that we believe deserve to be highlighted right now.

The Upside to AI

Recently, Gmail offered to unsubscribe me from several email lists I had never signed up for or were no longer relevant because I hadn't read them. I know others share my frustration when random companies inundate our inboxes with useless promotions day after day. Without hesitation, I clicked "yes" to unsubscribe and went on with my afternoon, probably saving a few minutes.

I also can't help but mention how much easier it is to write this article in Google Docs, which points out my spelling mistakes (very few) and offers helpful suggestions to improve readability.

While these two examples might seem unremarkable at first glance, it's worth exploring how these and other adaptations of AI are making our lives increasingly frictionless. With Spotify's recommended playlists based on my tastes and AI-summarized company earnings calls, life is getting incrementally better, and I can do

MARKET RECAP

The U.S. economy stayed on course for a soft landing with economic growth remaining resilient. Inflation moderated, and the Fed continued to hold interest rates steady. The S&P 500 notched 22 new highs to close out the quarter at a record high.

	YTD	Past 6 Months	Past 12 Months
S&P 500	10.6%	23.5%	32.5%
EAFE (International)	5.7%	16.7%	17.2%

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Michael Hopper
CFP®

President & Chief
Executive Officer

As the warmth of spring breathes life into the plains here in Oklahoma, a parallel awakening is unfolding in the world of corporate governance and technological innovation. At the forefront of this awakening is the Corporate Transparency Act (CTA), a regulatory attempt at transparency and accountability in the corporate world. This act aims to root out nefarious activities and cultivate trust among stakeholders by mandating the disclosure of beneficial ownership information. However, implementing such a monumental act demands attention from business owners. Read Kathryn Sawyer's article to learn how this act might affect your business.

Although not new as a topic of discussion, the cognitive powerhouse that is artificial intelligence continues to reshape industries and revolutionize processes. Just as the changing seasons bring fresh perspectives, AI offers new insights into corporate data, enabling more efficient compliance with the CTA. Through advanced algorithms and machine learning, AI can sift through vast troves of information, identifying patterns and anomalies with unparalleled precision, as noted in Garrett Guinn's article.

Yet, as regulations and technology march onward, your roof is only getting older. Our real estate team's manager, Jim Bloomfield, offers you a spring-cleaning crossword checklist, providing the framework for your seasonal homeowner maintenance. You may not be aware that our real estate team maintains our trust-owned real property; our real property team is also continuously finding solutions for leaky roofs, clogged gutters, and aging appliances. If you have a problem, our real estate team has probably addressed it!

And while we are all contemplating the newness of the CTA, the changes that AI has brought to our world, and if the air conditioner is going to make it through this summer, we contemplate that spring is traditionally a season of hope. Audrey Hepburn once said, "To plant a garden is to believe in tomorrow." Our business here at Trust Company has always been built on helping our clients plant gardens to beautify endless tomorrows. It continues to be an honor to assist you in planting the seeds today and advising you on how the garden we plant together today works to help your families and charitable interests tomorrow.

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more with less.

It's also worth noting that many of AI's uses won't be directly observable in day-to-day life like the examples I provided; instead, businesses will likely implement AI behind the scenes to drive new insights and efficiencies.

Most recently, in the Journal of Clinical Oncology Clinical Cancer Informatics medical journal, GE HealthCare and Vanderbilt University Medical Center published promising data on AI models predicting patient responses to immunotherapy. These AI models could predict patient responses to immunotherapy with 70% to 80% accuracy. Thanks to the vast amount of input features, the models have the potential for wide deployment and adoption. GE HealthCare plans to commercialize the models, pending applicable regulatory authorization, focusing on pharmaceutical drug development and clinical support. In addition, the researchers claimed that there is long-term potential for use in other care areas, such as neurology and cardiology.

Another trend we're observing is the

... the researchers claimed that there is long-term potential for [AI] use in other care areas, such as neurology and cardiology.

rapid advancement in cybersecurity fueled by AI. Every week we hear about another company succumbing to cybercriminals, and millions of people are impacted by the increasingly digital world.

I was personally affected when Mr. Cooper Group Inc. (formerly Nationstar Mortgage Holdings Inc.), our mortgage servicer, had a data breach last year. In official filings with the SEC, the company admitted that hackers compromised the social security, birth date, and bank account numbers of nearly 15 million current and former customers and applicants.

Unfortunately, this story is nothing out of the ordinary and recurs all too often. The chart on the next page ("Cyber Crime Losses in the U.S. Over the Past Five

Years") shows the staggering exponential increase in reported scams in the U.S. since 2019.

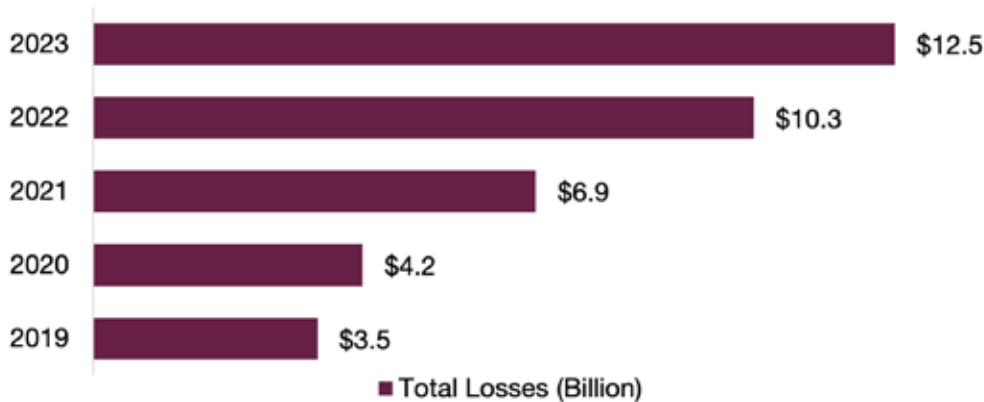
However, even though AI in this space is a double-edged sword (meaning criminals also have access to this technology), cybersecurity companies can leverage AI to thwart rising and sophisticated attacks.

According to CrowdStrike's 2024 Global Threat Report, "... the rise of generative AI has the potential to lower the barrier of entry for low-skilled adversaries, making it easier to launch attacks that are more sophisticated and state of the art." In response, companies like Microsoft, Palo Alto Networks, CrowdStrike, etc., are striking back with AI-enabled services to prevent, detect, and respond to cyber threats more efficiently.

We're encouraged to see more companies take proactive steps to safeguard data and invest in the requisite cybersecurity defenses. We view AI as a net positive for cybersecurity and expect companies to continue fortifying their defenses against cybercriminals.

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Cyber Security Losses in the U.S. Over the Past Five Years



Source: Internet Crime Complaint Center, FBI Internet Crime Report 2023

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The Downside of AI

At the outset, one of the fears of AI was that it would destroy jobs. Evidence points out that this is the case and that some jobs will likely be unnecessary now and in the future.

Last year's four-month SAG-AFTRA strike in Hollywood directly confronted the threat from AI; among other resolutions, actors received protections against the unfettered use of artificial intelligence in recreating performances.

Most recently, however, Klarna CEO Sebastian Siemiatkowski reported that an AI chatbot does the equivalent work of 700 customer service agents; what used to require about 3,000 agents now only needs a little over 2,000.

Siemiatkowski claims he was upfront about how this technology replaces jobs, hoping it would spur policymakers into action. It's becoming clear that what used to be a distant prediction is happening now. Society must start thinking about this fundamental shift in the workforce. An essential counterpoint to the threat of job loss, however, is that in the wake of technological disruption, there tend to be more jobs created than lost.

Another issue that is already causing problems around the world is deepfake content, essentially digitally manipulated, synthetic media that aims to mimic the voice and/or appearance of someone.

Since this is an election year in the U.S. and many other countries, billions of voters will have to contend with a deluge of fake content. A few months ago, news

broke that the New Hampshire attorney general's office was investigating reports of an apparent robocall that used AI to mimic President Joe Biden's voice to discourage voters from coming to the polls during the primary election.

While this is a more extreme example with significant political repercussions, deepfake videos of celebrities like Oprah Winfrey and Piers Morgan promoting controversial self-help courses have also circulated the internet.

Thanks to the proliferation of deepfake content, voters and consumers must be even more discerning between what's real and fake.

What Now?

Whether this rapid advancement of AI excites you or resurfaces chilling memories from "The Terminator," it's important not to get too carried away with whatever attention-grabbing headlines make the weekly rounds. Given the incredible speed and complexities involved, a more measured approach to the evolving technology is recommended.

At Trust Company of Oklahoma, we're focusing on how AI will influence our investment decisions and evaluating attractive opportunities as they arise. We recently added a semiconductor ETF to the approved list, seeing this as a strategic way to invest in a diversified group of companies powering the AI boom with the necessary semiconductor chips.

As always, we're committed to sound investing principles, investing in reliable companies, and maintaining a long-term approach. **T**

=JOIN US=

Senior Living Community Education Series

Continuum of care senior living communities offer a range of housing options and care levels to meet the changing needs of residents as they age. These communities provide a continuum of care services, typically including independent living, assisted living, and skilled nursing care, all within one campus or facility.

Oklahoma is lucky to have some exceptional communities that offer supportive and enriching environments. The decision to move into a senior living community is highly personal and depends on individual preferences, needs, and circumstances.

Trust Company of Oklahoma is partnering with several communities in Oklahoma to offer sessions to learn more about them.

Bring friends or loved ones and join us for one or all of the sessions. The series begins with Trinity Woods at 10 a.m. on Tuesday, May 21, at TCO's Tulsa office.

First Featured Community:
Trinity Woods

Location:
TCO Tulsa Office
6120 S. Yale Ave., Suite 1900

Space is limited.

Call (918) 744-0553 to RSVP,
or contact your TCO
representative for more
information.

NEW LAW REQUIRES MANY COMPANIES TO REGISTER OWNER INFORMATION

To combat the Vito Corleones of the world, Congress passed the Corporate Transparency Act (CTA) in 2021. The CTA will impact millions of current and future corporations and LLCs.

Most states do not require information on the beneficial owners of corporations and LLCs to be filed. Bad actors utilize this system to obfuscate their true identities and facilitate illegal activities such as financial fraud, money laundering, financing terrorism, major tax fraud, counterfeiting, drug and human trafficking, and more.

The CTA requires reporting companies to submit information on their beneficial owners to the Financial Crimes Enforcement Network (“FinCEN”), a bureau of the U.S. Department of the Treasury. Reporting companies include any entity either:

1. Created by the filing of a document with a secretary of state or a similar office under the law of a state or Native American tribe; or
2. Formed under the law of a foreign country and registered to do business in the United States by the filing of a document with a secretary of state or a similar office under the laws of a state or Native American tribe.

There are some entities exempt from this requirement to submit beneficial ownership information, including nonprofits, publicly traded companies, and large operating companies that meet specific criteria.

At this time, there is no application process to confirm with FinCEN that your entity qualifies under one of these exemptions; thus, it is the responsibility of each entity to determine if they qualify and whether they will continue to qualify in the future.

Each reporting company will need to report its:

- Legal name
- Trade names, “doing business as” names, or “trading as” names
- Current street address of its principal place of business if in the U.S. or the current address from which the company conducts business in the U.S. if its principal place of business is not the U.S.
- Jurisdiction of formation or registration
- Taxpayer Identification Number or a tax identification number issued by a



Kathryn Sawyer

Assistant Vice President

Beneficial owners of entities include any individual who either:

1. Directly or indirectly exercises substantial control over the entity; or
2. Owns or controls 25% or more of the ownership interests of the entity.

foreign jurisdiction and the name of the jurisdiction for foreign entities

Specific individuals are deemed to exercise substantial control if they are a senior officer, have the authority to appoint or remove certain officers or a majority of directors, are an important decision-maker for the reporting company, or have any other form of substantial control over the reporting company.

In addition to the information required about the reporting company, all such entities will need to report the following information on each beneficial owner:

- Name
- Date of birth
- Current residential address
- An identifying number from an acceptable identification document
- An image of the identification document used to obtain the identifying number

Individuals and reporting companies who want an added layer of privacy may apply online for a FinCEN identifier. FinCEN will issue this unique identifying number that can be used in lieu of the otherwise required personal information on a beneficial ownership report. Each individual and reporting company is responsible for updating the information

tied to their FinCEN identifier within 30 days of any changes.

Reporting companies created or registered on or after Jan. 1, 2024, must also report their company applicants. There will be a max of two company applicants per reporting company, which will consist of:

- The individual who directly files the document creating or registering the company
- If more than one person is involved in the filing, the individual primarily responsible for directing or controlling the filing

Each reporting company will be responsible for reporting the same information for company applicants as required of each beneficial owner.

Entities registered or created before Jan. 1, 2024, must report by Jan. 1, 2025. Entities created or registered in 2024 must report within 90 calendar days after receiving public or actual notice that the entity’s creation or registration is effective, whichever is earlier.

Entities created or registered on or after Jan. 1, 2025, must file within 30 calendar days after receiving public or actual notice that the entity’s creation or registration is effective.

Any changes to reported information must be reported within 30 days of the change.

The CTA provides that a person who willfully violates requirements may be subject to civil penalties of up to \$500 for each day the violation continues, criminal penalties of up to two years imprisonment, and a fine up to \$10,000.

In March 2024, the U.S. District Court for Northern Alabama held that the CTA was unconstitutional. In response, FinCEN issued a notice that it will enforce the CTA, narrowing the ruling to only the case plaintiffs. As this law evolves, requirements and reporting deadlines may change.

If you think the CTA might impact your entity, talk to your attorney to determine your reporting requirements. **TR**

Kathryn Sawyer joined TCO’s Trust Services department in December 2023.

*For more information on the CTA, find the full version of this article and others on our website: **TrustOk.com***

SOLVE A PUZZLE AND MAKE YOUR SPRING CLEANING MORE EFFECTIVE

Sprucing up your space doesn't have to be boring and overwhelming. Before you start your annual home maintenance, take our crossword challenge!



Jim Bloomfield
Vice President


Spring has sprung, and with it, the ever-anticipated "Spring Forward" time change! Congratulations to all of us for successfully navigating through this biannual adjustment!

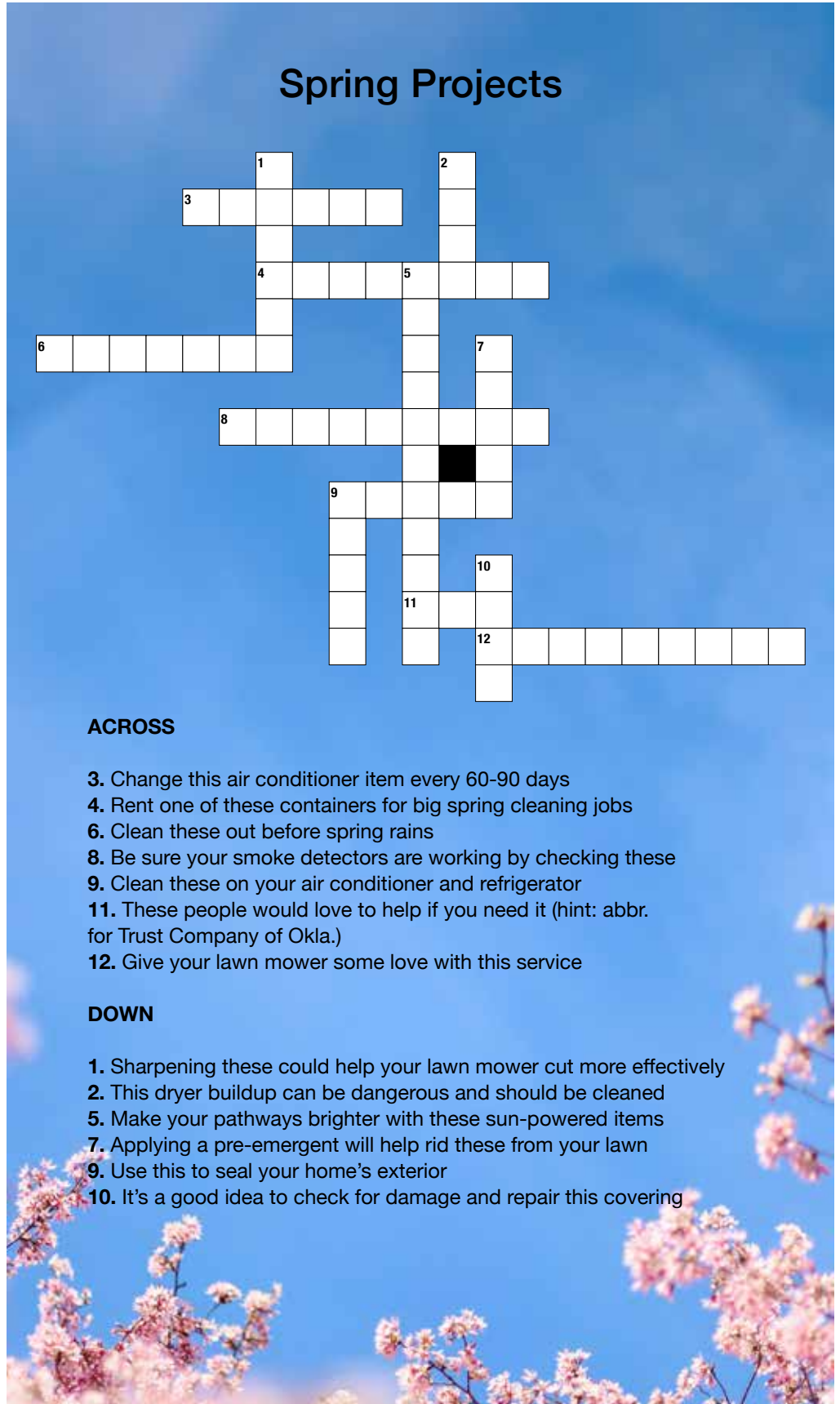
Spring holds a special place in my heart as it's my favorite season. With the vibrant yellow blooms of forsythia and the delicate pink and white dogwoods, Oklahoma truly shines during this time of year.

As we embrace the beauty of the season, it's also an opportune moment to turn our attention to preparing our homes for the challenges that lie ahead. We know that our unpredictable wicked weather — wind, rain, heat, and whatever else Mother Nature throws our way — can take its toll on our homes.

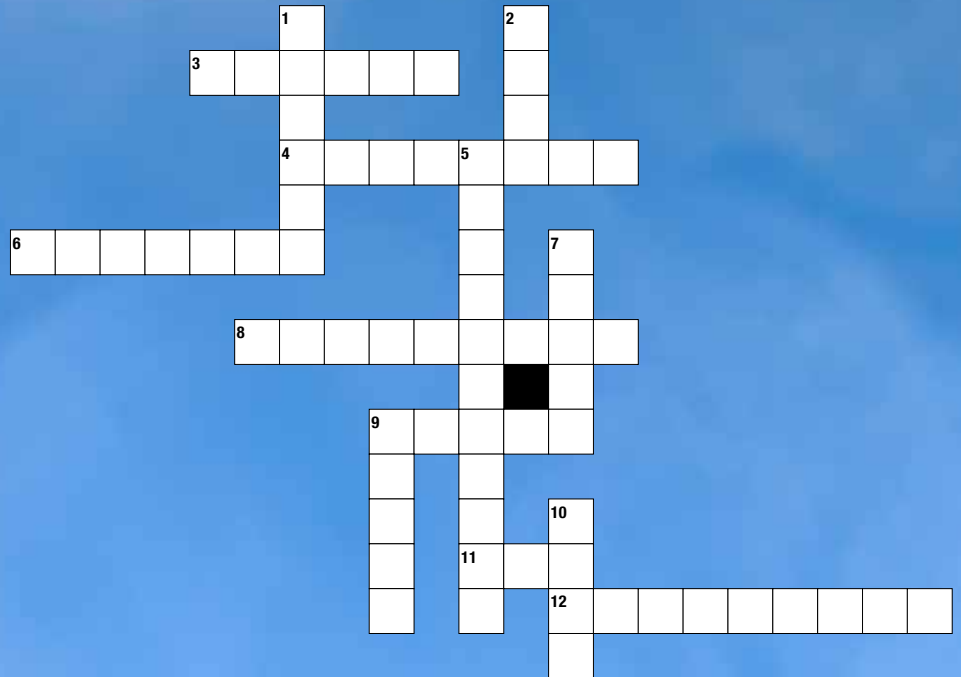
Recently, while juggling tasks (a familiar feat for those who know me), I found myself compiling a list of spring projects for my own home while simultaneously tackling a crossword puzzle. It struck me that our readers might enjoy a similar challenge. Thus, I've transformed my list into a compact crossword puzzle, hoping it will not only entertain you but also serve as a gentle reminder of tasks you might want to address in your abode.

If you relish the opportunity to tackle these home maintenance projects solo, that's fantastic! However, if you need guidance or recommendations for reliable contractors, remember that the real estate professionals at Trust Company of Oklahoma are here to assist you. Don't hesitate to reach out — we're happy to help!

So, without further ado, let's dive into the puzzle and let the spring sprucing begin! 



Spring Projects



ACROSS

3. Change this air conditioner item every 60-90 days
4. Rent one of these containers for big spring cleaning jobs
6. Clean these out before spring rains
8. Be sure your smoke detectors are working by checking these
9. Clean these on your air conditioner and refrigerator
11. These people would love to help if you need it (hint: abbr. for Trust Company of Okla.)
12. Give your lawn mower some love with this service

DOWN

1. Sharpening these could help your lawn mower cut more effectively
2. This dryer buildup can be dangerous and should be cleaned
5. Make your pathways brighter with these sun-powered items
7. Applying a pre-emergent will help rid these from your lawn
9. Use this to seal your home's exterior
10. It's a good idea to check for damage and repair this covering

Puzzle Answers

- | | | | |
|----------------|-------------|-----------------|----------|
| 1. Blades | 2. Lint | 5. Solar lights | 10. Roof |
| 3. Filter | 4. Dumpster | 6. Gutters | 7. Weeds |
| 9. Coils | 11. TCO | 8. Batteries | 9. Caulk |
| 12. Oil change | | | |



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FORWARDING SERVICE REQUESTED

Your future
depends on what
you do today.

Mahatma Gandhi

**CREATING A PLAN FOR YOUR ASSETS
STARTS WITH A CONVERSATION.**



PROTECTING YOUR ASSETS.
GROWING YOUR WEALTH.
ADVISING YOU FOR LIFE.

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