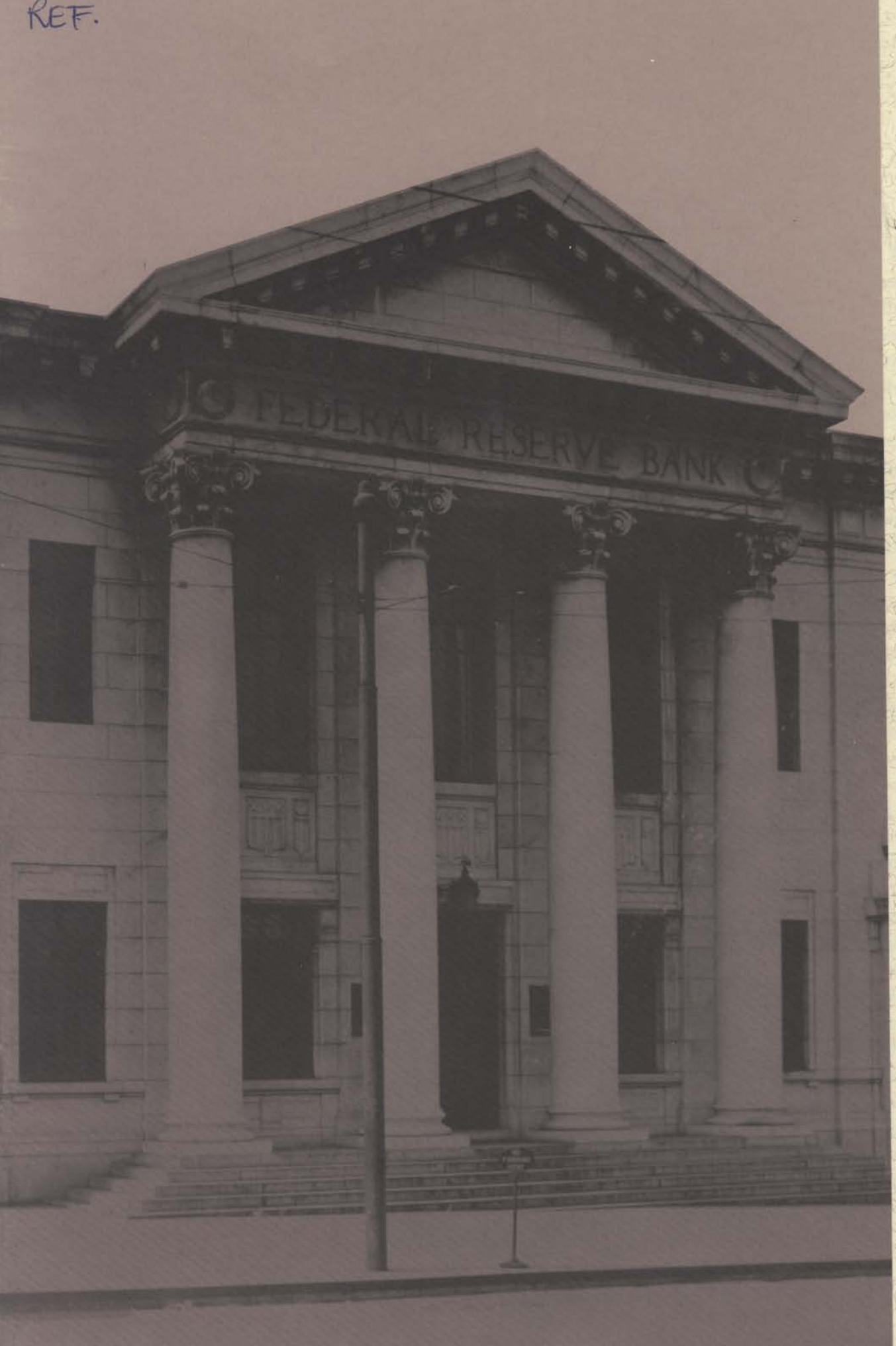
REF.



75 YEARS

1989 ANNUAL REPORT

FEDERAL RESERVE BANK OF ATLANTA

75 YEARS

Contents

Message from the President	**1**
75 Years: A Retrospective	**2**
Sixth District Highlights	**8**
Directors	**14**
Officers	**16**
Financial Statements	**18**

On the cover:
The first Federal Reserve Bank of Atlanta building, ca. 1918.

1989 ANNUAL REPORT

FEDERAL RESERVE BANK OF ATLANTA

75 YEARS

Message from the President

February 9, 1990

During 1989 the Federal Reserve System and the Federal Reserve Bank of Atlanta marked their 75th year of service to the nation and the region.

To observe that occasion we have changed the format of the Annual Report somewhat. In a retrospective focus, this year's report reviews the origins of this institution and the progress made by the Bank and the region it has served for three-quarters of a century.

The year 1989 was a very good one for the Bank as we pursued our quest for excellence at every level of the organization.

I would like to express my appreciation to all the directors of the Sixth District for their valuable counsel during the year. I want to thank retiring head office directors Paul W. Green and Mary W. Walker and the following Atlanta Fed branch directors whose terms of service to the Bank ended in 1989: Robert S. Gaddis, John H. Newman, Jr., James H. Robinson, A. Bronson Thayer, and Patsy R. Williams. I would also like to express the Bank's loss at the untimely death of A.F. Delchamps, Jr., who was serving a term as a New Orleans branch director.

Finally, my special thanks go to Bradley Currey, Jr., who retired at the end of 1989 after completing three years of service as chairman of the board of directors.

Robert P. Forrestal
President and Chief Executive Officer

1989 ANNUAL REPORT

FEDERAL RESERVE BANK OF ATLANTA

75 Years: A Retrospective

When the Federal Reserve Bank of Atlanta opened its doors in 1914, there was a great deal of controversy over whether the Southeast deserved to be a separate Reserve District at all. The industrial development and economic prosperity which occurred in much of the United States during the nineteenth century had largely bypassed the South. Banking, too, remained underdeveloped.

The choice of Atlanta as a Reserve Bank city was hotly disputed, especially by boosters of New Orleans, which was a more established banking center. However, the decision to designate Atlanta as the head office of a Federal Reserve District—serving Alabama, Florida, Georgia, and parts of Louisiana, Mississippi, and Tennessee—showed great foresight. What was 75 years ago a sleepy agricultural backwater would become one of the most dynamic economic regions of the United States. Atlanta has asserted itself as a financial center with extensive links to other parts of the Southeast, the nation, and the world.

The Federal Reserve Banks were established to provide the United States with central banking functions that had not been concentrated in one organization since the 1830s. Each of the 12 District Banks was given the responsibility of providing commercial banks in its region with sufficient currency for business needs. The regional Banks were also intended to help local institutions meet temporary liquidity shortages by extending loans in exchange for eligible collateral. Another responsibility was supervision and regulation of state member banks. In addition, the Fed became the first centrally organized nationwide check-clearing mechanism. The Atlanta Bank still performs all these duties, but their relative importance has changed over time, and new functions have been added.

Discounting: the First Priority

When the bank opened in rented space in downtown Atlanta's Hurt Building, the focus of operations was making loans to member banks, which included all national banks in the region and any state-chartered banks

Staff at work in the Bank's original quarters in Atlanta's Hurt Building.

Courtesy of The Times-Picayune, New Orleans.

A cartoon reflects New Orleans' disappointment in being passed over for a Federal Reserve Bank head office.

that chose to join. The Bank had 13 employees, and most of them were involved in the process known as discounting. When banks needed additional funds to meet reserve requirements or other obligations, they could bring short-term loans from their portfolio to the "discount window," a cashier's window where the loans could be used as collateral to obtain funds.

The Bank's operating expenses and profits were supposed to come from earnings on the spread between these purchased loans and the "discount rate." Business at first was disappointing, though. For a while the Bank was not able to pay the full 6 percent dividend to which member banks were entitled. One reason was that there were fewer national banks in the Southeast than in other regions. It was also difficult to recruit other member banks, in part because it took more capital to join the System than many regional banks could muster. Even when banks became members, they often continued to go to their correspondent banks in New York for funds.

Despite the Atlanta Bank's somewhat inauspicious beginning, New Orleans' bankers pressured the Bank's board to establish a branch there, in view of the volume of banking in their city and its distance from Atlanta. Approval was quickly granted, and the branch, the first in the System, opened in 1915. Branches in Birmingham, Jacksonville, and Nashville were added in the next few years as business for the Fed picked up around the District. Satellite agencies to handle currency were soon opened in Savannah and in Havana, Cuba, where U.S. dollars were the currency used at the time.

A major reason for the increase in Bank activity at that time was federal government financing needs in World War I, which finally put the Atlanta Bank and the rest of the System on a solid financial footing. Reserve Banks bought large amounts of the Treasury bonds used to pay wartime expenses, and interest earnings from those bonds put the Bank in the black for the first time.

Discounting activity improved after a few years but eventually declined in importance. Interest from government securities held in common with other Reserve Banks became a major source of income. The purchase and sale of

government securities on the open market became the System's primary means of influencing the aggregate level of banking system reserves on a day-to-day basis. Since the Monetary Control Act of 1980, a substantial portion of operating expenses has been covered by income from priced services. Such recoveries, though, have not supplanted interest earnings on government securities, most of which are returned to the Treasury at the end of each year.

The war years of 1914-18 created the first of many manpower crunches at the Atlanta Fed. At that time, the Bank was called upon to warehouse government bonds and take care of the paperwork involved in selling and redeeming them. By the 1960s the Fed's computerized bookentry system helped relieve much of the paperwork in securities services. Nonetheless, paper-based securities have not been eliminated, and staff in this function have been kept busy in recent decades with a much larger volume of government securities.

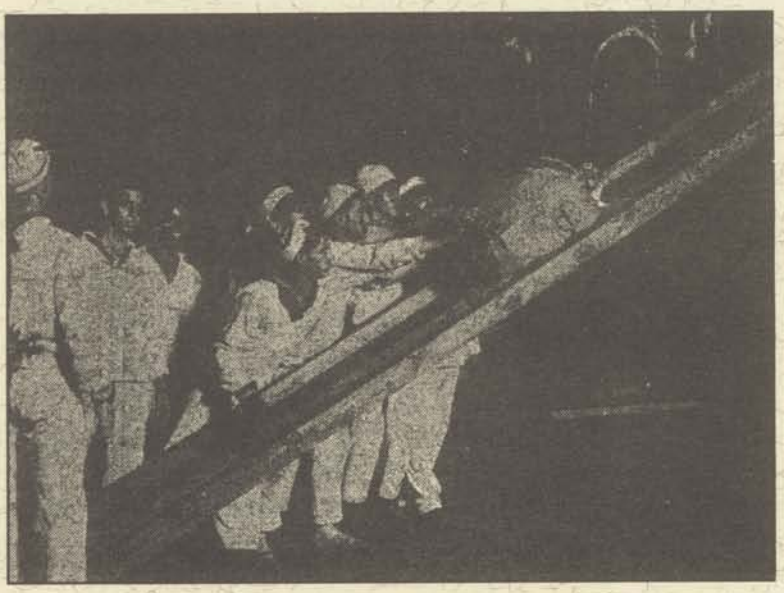
Immediately after World War I the Bank had to contend with its first serious economic problem. The region's main product at the time was cotton, and prices had soared during the war. The crash came in 1920, when the prices of cotton and other commodities plummeted, sending a wave of panic through the Southeast. The Atlanta Fed responded by easing lending requirements and importing large amounts of cash from other Federal Reserve Districts to cover its loans. In this way the Bank helped avert an economic disaster that could have set the region back for years.

The Great Depression was too profound for the Bank to put into effect the same kind of efforts to shore up commodity markets that had worked in 1920. The Bank's chief executive at the time was Eugene Black, who served as head of the Federal Reserve Board in Washington, D.C., during 1933 and 1934. During the Depression he spent a good part of his time on the road trying to work out ways to keep troubled banks solvent. Still, widespread bank failures occurred in the District, and the number of member banks dropped nearly 20 percent. Because the Bank handled liquidations for failed member banks, it ended up holding a variety of unusual assets. One ledger entry of the day records "loss, on account of death, of cow . . . book value, $1.00."

From Currency, Coin, and Checks to EFT

After discounting, issuing currency was the source of much of the Bank's

Currency from the Atlanta Fed is unloaded in Havana, Cuba, in 1926.



business in the early days. Atlanta was the second most active note generator in the System by 1915. Much of the demand for cash revolved around seasonal agricultural needs. In one of the more dramatic chapters in the Bank's history, the Atlanta Fed played a critical role in preventing a bank run from becoming a full-scale panic. Several of the Bank's officers rushed a large supply of cash by special train to Key West and then by gunboat to Havana.

Employees clearing checks by hand in the 1940s.

As opposed to the lively currency business, very little check processing was done at the Bank in its first few years. Besides its relatively low level of business activity and few member banks, the Bank also faced the problem of nonpar banking, which prevailed in the region. Nonpar banks took a small percentage of a deposited check's face value as their fee for handling it. The Fed would not clear checks from banks using this practice and was still trying to convince the region's bankers to abandon it in the 1950s and 1960s.

In the first year of operation, Atlanta Fed employees processed an average of only 440 checks per day. Today that many checks are cleared in a few seconds, and the largest share of personnel Districtwide is assigned to checks. Indeed, the Sixth District has become the highest volume—as well as the most efficient—check processor in the System, largely due to the Bank's early automation in the 1960s and 1970s.

Much of the impetus for efficient Bank operations came from Frank H. Neely, chairman of the Atlanta Fed's Board of Directors from 1938 to 1953. His demand for efficiency, productivity, and a progressive approach to operations had a long-lasting effect on the Bank's corporate culture. Indeed, out of Neely's influence grew the Atlanta Fed's position as leader in the electronic payments movement. As early as the 1960s, the Bank was underwriting a Georgia Institute of Technology study that laid the groundwork for today's electronic payments environment.

Supervision and Regulation

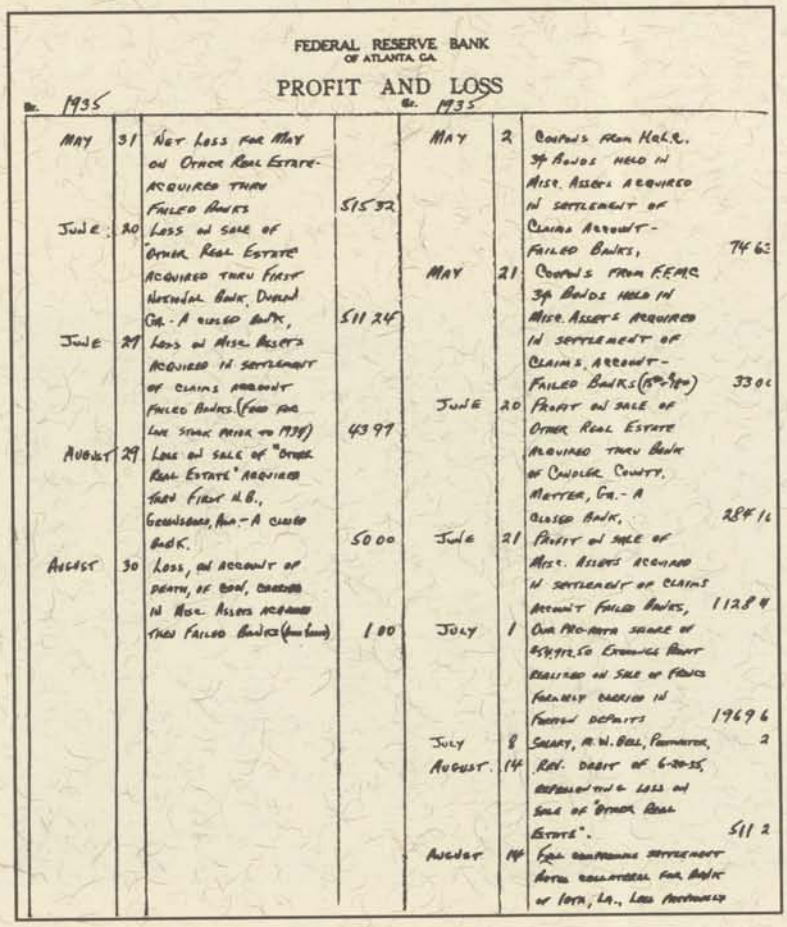
Another area of operations that has grown from an insignificant beginning is supervision and regulation. When the Bank opened, its mandate included examining the condition of state member banks. Because only one state bank joined the Sixth Federal Reserve District in the first year and two in the second, no full-time staff person was needed for this task. A good deal of attention was paid to the creditworthiness of banks approaching the discount window, though, and in

this way the Bank had a positive influence on the safety and soundness of regional banks.

After the number of state member banks began to grow, especially during the prosperity that came with World War I, an examination division was started in the early 1920s to keep up with the work of examining new member banks. Bank examinations did not become as rigorous as they are now until the 1930s, however. The early staffers would surely be amazed at the complexities examiners face today in keeping tabs on compliance with a wide variety of regulations.

Research and Monetary Policy

As the Bank's actions amid the depressed economic conditions in the Southeast during 1920 and 1921 illustrate, monetary policy then was rather indirectly carried out by individual Reserve Banks. By 1935, though, the nation's economy had become more interwoven and the major thrust of monetary policy formation was shifted to the Federal Open Market Committee, which is composed of five of the 12 District Bank presidents and the Board of Governors. This change meant that Bank presidents began to need more systematic information about the national economy as well as their own regions. Therefore, in 1938 the Atlanta Bank hired its first economist—Malcolm Bryan, who later became its president. A research library was instituted shortly thereafter as a support function. Today the research staff numbers 40, with seven officers. The department produces not only the input needed for participation in monetary policy deliberations but also specialized research that is published for a wide audience.



FEDERAL RESERVE BANK
OF ATLANTA GA.

PROFIT AND LOSS

Dr. 1935				Cr. 1935			
MAY	31	NET LOSS FOR MAY ON OTHER REAL ESTATE ACQUIRED THRU FAILED BANKS	515 32	MAY	2	COUPONS FROM H.O.L.C. 3% BONDS HELD IN MISC. ASSETS ACQUIRED IN SETTLEMENT OF CLAIMS ACCOUNT - FAILED BANKS,	74 63
JUNE	20	LOSS ON SALE OF "OTHER REAL ESTATE" ACQUIRED THRU FIRST NATIONAL BANK, DUBLIN GA. - A CLOSED BANK,	511 24	MAY	21	COUPONS FROM F.F.M.C. 3% BONDS HELD IN MISC. ASSETS ACQUIRED IN SETTLEMENT OF CLAIMS, ACCOUNT - FAILED BANKS (15th-18th)	33 00
JUNE	27	LOSS ON MISC. ASSETS ACQUIRED IN SETTLEMENT OF CLAIMS ACCOUNT FAILED BANKS. (FEED FOR LIVE STOCK PRIOR TO 1934)	43 97	JUNE	20	PROFIT ON SALE OF OTHER REAL ESTATE ACQUIRED THRU BANK OF CANDLER COUNTY, METTER, GA. - A CLOSED BANK,	284 16
AUGUST	29	LOSS ON SALE OF "OTHER REAL ESTATE" ACQUIRED THRU FIRST N.B., GREENSBORO, ALA. - A CLOSED BANK.	50 00	JUNE	21	PROFIT ON SALE OF MISC. ASSETS ACQUIRED IN SETTLEMENT OF CLAIMS ACCOUNT FAILED BANKS,	1128 4
AUGUST	30	LOSS, ON ACCOUNT OF DEATH, OF COW, CARRIED IN MISC. ASSETS ACQUIRED THRU FAILED BANKS (from [illegible])	1 00	JULY	1	OUR PRO-RATA SHARE OF $54,912.50 EXCHANGE PROFIT REALIZED ON SALE OF FRANCS FORMERLY CARRIED IN FOREIGN DEPOSITS	1969 6
				JULY	8	SALARY, M. W. BELL, PORTMASTER,	2
				AUGUST	14	REV. DEBIT OF 6-20-35, REPRESENTING LOSS ON SALE OF "OTHER REAL ESTATE".	511 2
				AUGUST	14	FULL COMPROMISE SETTLEMENT NOTES COLLATERAL FOR BANK OF IOTA, LA., LOSS PREVIOUSLY	

An Atlanta Fed ledger book from 1935 shows "Loss, on account of death, of cow . . . $1.00."

Corporate Support

Other departments have grown to devote full-time attention to jobs that did not exist when the Bank's doors first opened. The first staff lawyer was hired in 1930, for example, and the Human Resources Department was instituted in the 1950s. The Corporate Services Division can trace its origins to a single porter on the 1914 staff. The Bank's first computer, an IBM 1401, arrived in 1961, and that advance led

to numerous spinoffs like data processing and electronic payments. Even protection appears not to have been taken as seriously at first as it is today. An early employee at the Birmingham Branch reported that only one guard was assigned to each shift, and when he went to lunch there was no guard on the premises. The door at the entrance of the money department was apparently left unlocked.

From an original 13 employees, the Bank has grown to over 2,400 in the entire District today. This growth has necessitated physical expansion on numerous occasions. The property on which the Atlanta building stands was acquired in 1916, and the first building was finished in 1918, then added to in 1920 and 1923. The Bank was rebuilt completely from 1959 to 1964, as were the branches in Nashville and Jacksonville in the 1950s. The Birmingham office was substantially expanded at this time as well.

The Federal Reserve Bank of Atlanta building underwent expansion in the early 1920s.

The rapid growth of the Florida economy led to further geographic expansion in the District. Miami grew from a check and cash processing center, which opened in the early 1970s, to a full branch—the System's most recent—in 1975. A new facility was built in Jacksonville during the 1980s, and in 1988 additional space was added and bankwide renovations begun at the head office in Atlanta. As the decade ended, the expansion and increasing complexity of Bank operations called for renewed assessment of building needs around the District.

Conclusion

The Federal Reserve Bank of Atlanta and the Federal Reserve System have surmounted many challenges during the past 75 years. In the beginning the Atlanta Fed had to prove that a national central bank could provide valuable services to the Southeast. The Bank adapted to the region's unique conditions and quickly became an integral part of its economic structure. Over the years, service has been continually upgraded through the use of advanced technology, and major changes initiated by new legislation like the Monetary Control Act of 1980 have been met with determination and enthusiasm.

It is difficult to forecast what the Bank's primary business will be 75 or even 25 years from now, but the people of the Atlanta Fed will greet challenges with the same vigor and creativity that have made the Bank a dynamic part of the nation's central bank.

Financial Services

From its inception in 1914 the Federal Reserve Bank of Atlanta, like its 11 counterparts across the nation, has played a major economic role in the region and the nation by working to make the flow of payments among businesses, consumers, and depository institutions smooth and efficient.

In addition to its original duties of distributing cash and clearing checks, the Atlanta Fed has also pioneered the application of electronic payments while at the same time handling an expanding array of fiscal agency functions for the U.S. government. Today the Atlanta Fed's Financial Services Division, which includes the Bank's six branches and a Pricing/Product Development Department, is helping to ensure that the Southeast and the United States have a cost-efficient payments mechanism as well as one that keeps pace with financial, regulatory, and technological innovations.

Volume and Prices. During 1989 the Sixth District's volume of priced payments services posted another year of strong growth, while Sixth District prices for those services generally remained among the lowest in the Federal Reserve System. All but one area of financial services experienced significant volume increases in 1989. The volume of definitive safekeeping and noncash collection declined, reflecting the continuing slowdown of these paper-based services industry-wide.

The Sixth District processed approximately 2.5 billion checks in 1989—0.9 percent more than in 1988—far exceeding volumes processed by any other Reserve Bank. Electronic payments services maintained steady volume growth; basic transaction volume for funds transfers grew by about 5 percent over 1988, and automated clearinghouse (ACH) volume rose approximately 20 percent. In securities services, bookentry transfer volume jumped 36.4 percent (largely because of new types of bookentry-eligible issues), while noncash collection volume fell 3.6 percent and definitive securities safekeeping volume dropped 41.3 percent. The Sixth District fully recovered the $81.6 million costs of providing these services (plus the Private Sector Adjustment Factor) in 1989.

ACH Consolidation. During 1989 the Atlanta Fed began to centralize ACH processing for all six offices. The Bank has operated ACH services in a decentralized processing environment since their inception in the late 1970s. This centralization of ACH services is expected to result in more efficient ACH processing and easier implementation of future service enhancements.

Installation and parallel testing of the new hardware and software for the centralization were completed early in the fourth quarter, and the Atlanta branch was successfully converted as of late November. The remaining branches will be phased in to the centralized environment by the second quarter of 1990. Except for slight differences in billing and reserve account

During 1989 the Sixth District's volume of priced payments services posted another year of strong growth, while prices generally remained among the lowest in the Federal Reserve System.

statement codes, ACH customers should notice no changes.

Intelligent Terminal Conversion. In 1988 the Federal Reserve System began offering an intelligent terminal software system named "Fedline" to provide customers with improved on-line electronic access to a growing number of key Federal Reserve services, such as cash ordering and large-dollar return-item notification. Interest in the product has been very strong in the Sixth District, owing in large part to an aggressive marketing campaign carried out by all six Atlanta Fed offices. In response the Bank's automation staff has given a high priority to providing support to customers converting to the new software. Of the nearly 600 existing electronic connections in the District, approximately 75 percent have been switched over to Fedline.

A growing share of staff resources became involved in the review of bank holding companies' proposals to acquire failing and healthy thrifts.

Supervision and Regulation

Over the past 75 years the responsibilities of the Atlanta Fed in supervising and regulating banks have expanded greatly. In recent decades examinations have broadened to include such diverse activities as trust operations and electronic data processing operations. The types of institutions examined have also expanded. The Bank Holding Company Act in 1956 and its 1970 amendments accorded Reserve Bank examiners responsibility for supervising bank holding companies, whose numbers have grown rapidly. The International Banking Act of 1978 expanded Reserve Banks' authority over international banking operations to encompass U.S. offices of foreign-owned banking organizations. The Atlanta Fed Supervision and Regulation Division currently supervises over 900 institutions in the Sixth District.

Thrift Intervention Program. In February 1989 the various federal bank and thrift regulators—the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve System—organized the Thrift Intervention Program to exercise joint regulatory oversight over the troubled savings and loan industry while Congress was drafting a legislative reform package. Teams of examiners from these organizations were established and sent to problem savings and loan associations to minimize operating losses, limit growth, and ensure that operations were conducted in a safe and sound manner. The Federal Reserve Bank of Atlanta examined seven thrifts under this program.

Bank Holding Companies and International Banking Activities. The Financial Institutions Reform, Recovery, and Enforcement Act, enacted in August 1989, significantly broadened the scope of the Federal Reserve System's responsibility over banks' acquisition of thrifts. As a result, a growing share of staff resources became involved in the review of bank holding companies' proposals to acquire failing and healthy thrifts. At the same time, the Atlanta Fed has increased staff resources de-

voted to the supervision of southeastern bank holding companies and international organizations. Additionally, several extraordinary events occurred during 1989, including an examination of a foreign banking organization's Sixth District office. The exam was coordinated with a European central bank.

State Member Banks. Supervising state member banks presented more challenges during the year because softening markets and increased competition squeezed profit margins. To meet these challenges, the staff introduced a commercial examination report that resulted in timelier report processing and more comprehensive examinations.

Consumer Affairs. The Consumer Affairs section broadened its activities considerably in 1989. Staff held seminars explaining changes to the Truth in Lending Act and a new policy statement on the Community Reinvestment Act, which was issued jointly by the federal regulatory agencies. In addition, examiners initiated meetings with other agencies and offices to improve the detection of money laundering. Finally, a weekly consumer column was published in the Atlanta newspapers and picked up by a number of other southeastern newspapers.

Community Affairs. The Community Affairs staff engaged in an extensive outreach program for community groups and bankers in an effort to promote sound community development lending programs. To this end, examiners participated in numerous conferences with minority and small business development organizations.

Discount and Credit. In addition to performing its normal role as a supplier of short-term adjustment and seasonal credit, the Discount and Credit Department was extensively involved in a program to meet the liquidity needs of financially troubled thrifts placed in conservatorship when they did not have access to normal sources of funds. The Sixth District was one of only two Federal Reserve Districts that actually extended credit under a shared lending arrangement. Staff continuously monitored the funding situation of 55 insolvent thrifts that were potential borrowers from the Bank. The Federal Reserve's obligations to provide liquidity to thrifts under this special joint lending program ended when Congress enacted the Financial Institutions Reform, Recovery, and Enforcement Act.

The discount rate changed once in 1989, on February 24, when the Federal Reserve Board of Governors approved the recommendation of the directors of the Federal Reserve Bank of Atlanta to raise the rate from 6.5 percent to 7 percent.

The Community Affairs staff engaged in an extensive outreach program for community groups and bankers in an effort to promote sound community development lending programs.

Research and Statistics

From an early role limited to compiling statistics and information on southeastern economic conditions, the responsibilities of the research function have assumed a paramount place in the nation's 12 Federal Reserve Banks as monetary policy has become the most important function of the nation's central bank.

The Federal Reserve Bank of Atlanta now has a staff of some 15 Ph.D. economists, who conduct research in the areas of macroeconomics, international trade, finance, and regional economics. Their findings inform the Bank president and directors as they make policy decisions and recommendations.

Research. In 1989 the Research Division published significant new work on financial markets and the financial services industry. Economists looked at innovations such as the use of interest-rate caps, collars, and floors to guard against losses from interest-rate fluctuations and developed a new way of forecasting stock-market volatility based on index futures and options. Atlanta Fed researchers also wrote on topics with considerable implications for current policy issues, including a plan to reduce future deposit insurance losses and an assessment of interstate banking developments.

Staff economists looked at innovations to guard against losses from interest-rate fluctuations and developed a new way of forecasting stock-market volatility.

Work continued on a growing body of research dealing with banking operations. Among the topics studied were the factors important in bank mergers, the effects of large bank failures, production efficiencies, and the demand for labor at larger banks. Several research studies that could help link asset prices to underlying economic factors were also published.

Basic research into both the U.S. and international economies included a study exploring the feasibility of targeting currency exchange rates and an exposition on the potential viability of various money supply measures as intermediate monetary policy targets.

Other public-policy related research, such as a study into fiscal capacity and public finance in the Southeast, had a regional rather than a national focus. Methods of assessing the condition of the region's economy underwent significant changes during 1989. For example, the *Beigebook* report that is sent to Congress each month was substantially upgraded by developing a new survey panel of regional companies. Interest in regional matters took a longer-term approach too with a fall conference on financing community development in the Southeast.

The Atlanta Fed again sponsored jointly with Emory University a seminar for scholarly papers on money, banking, and finance as well as the Bank's own workshop series where new work is discussed. Staff economists also presented numerous papers at professional conferences, and several taught courses at local universities.

Public Information. The Public Information Department coordinated the Research Division's regional conference and talks given by staff around the District. It published a new pamphlet on electronic funds transfer, taking advantage of the Atlanta Fed's position as the System's EFT Product Office. Staff also developed a video presentation on Federal Reserve Bank activities for use by school groups unable to visit the Atlanta head office or one of its branches.

In addition, the Public Information Department spearheaded the Bank's 75th anniversary commemoration with a variety of activities, including exhibits of materials from Bank and System archives and the publication of *A History of the Federal Reserve Bank of Atlanta, 1914-1989.*

Statistical Reports. An important task undertaken by the Statistical Reports Department during 1989 was the collection of information on deposits and other financial data from thrift institutions in which regulatory agencies intervened early in the year. This information was essential to the System's efforts to monitor these insolvent institutions.

In 1989 the Statistical Reports Department also enhanced its ability to serve the Bank and the District by providing staff members with additional developmental and educational opportunities. Moreover, the department took advantage of its relocation within the head office building to increase data security.

Secretary's Office. The Bank's distinguished speaker series hosted several notable guests, including Fed Chairman Alan Greenspan and International Monetary Fund Director Michel Camdessus.

A joint meeting of the Boards of each Sixth District branch and the head office, held in Washington, included a roundtable discussion among the directors, Chairman Greenspan, and several of the governors.

Corporate Services

The Atlanta Fed's corporate services functions have expanded in response to the Bank's growth over its first 75 years. The departments that currently make up the Corporate Services Division are responsible for a diverse group of activities ranging from budgeting and automation to human resources and building maintenance.

Health Care Benefits. In 1989 managing health care costs continued to be a major challenge for the Federal Reserve as it did for other employers. The Atlanta Fed's philosophy has been to emphasize wellness and health education so as to ensure appropriate use of medical services. At the same time, the Bank has required employees and retirees to share costs of basic coverage though it has maintained financial protection for catastrophic situations. An Employee Assistance Program was implemented in 1989 to help employees with personal and work-related problems, and several new wellness features have been added to the Bank's health plan. In addition, management decided to institute a no-smoking policy for the head office, effective 1990.

Management Development. During 1989 the Atlanta Fed intensified its efforts in management training and development. For example, the Bank sponsored two District management conferences that brought together 94 middle managers from its six offices. In addition to various sessions on management issues, these meetings provided an opportunity for attendees to become better acquainted with each other and their respective activities and for senior management to share their perspectives on the Bank's corporate philosophy and core values.

During 1989 the Atlanta Fed intensified its efforts in management training and development.

Auditing. The Sixth District audit function chaired the Conference of General Auditors' Subcommittee on Audit Research and Development,

thereby leading the formulation of Federal Reserve System audit policies. A primary accomplishment was updating Reserve Banks' audit standards to incorporate major changes in professional audit practices. The District also continued to serve as the host site for the System Center for Auditor Development (SCAD), which develops Fed-specific auditing programs and negotiates contracts for external training services on behalf of the System audit community. SCAD's recent focus has been on the development of computer-based training as a medium for delivering educational materials for all System audit personnel.

Numerous Sixth District officers and senior staff held leadership positions on System subcommittees and work groups.

Harry C. Schiering retired on September 1 following 22 years as General Auditor, and John M. Wallace, a veteran of 21 years with the Bank, assumed that position.

Payments Risk. During the summer of 1989 the Bank's six offices provided local depository institutions with reports showing how the Federal Reserve's proposed modifications to its payments system risk reduction policy would affect individual institutions. During the fall the Bank held several seminars and informal discussions with bankers and regulators throughout the District to explain the proposed modifications and to assist depository institutions and regulators in formulating their comments to the Board of Governors.

System Leadership

Conference of Presidents. In 1989 President Robert Forrestal began a two-year term as Chairman of the Conference of Presidents of the Federal Reserve Banks. The Conference of Presidents is responsible for defining and deliberating on issues of strategic significance to the Federal Reserve, principally in the areas of monetary policy and research, bank supervision and regulation, planning and management, and personnel policies.

Conference of First Vice Presidents. First Vice President Jack Guynn served a one-year term as Chairman of the Conference of First Vice Presidents in 1989. The Conference of First Vice Presidents is responsible for defining and resolving issues related to Reserve Bank operations and support services. Mr. Guynn also served as the System's Electronic Payments Product Director, a position that carries responsibility for coordinating the implementation of policies related to Federal Reserve electronic payments services such as wire transfers and ACH.

Numerous other Sixth District officers and senior staff held leadership positions on System subcommittees and work groups.

Board of Directors

BRADLEY CURREY, JR.
CHAIRMAN
President
Rock-Tenn Company
Norcross, Georgia

LARRY L. PRINCE
DEPUTY CHAIRMAN
President and Chief Executive Officer
Genuine Parts Company
Atlanta, Georgia

GARY J. CHOUEST
President and Chief Executive Officer
Edison Chouest Offshore, Inc.
Galliano, Louisana

SAUNDRA H. GRAY
Co-Owner
Gemini Springs Farm
DeBary, Florida

PAUL W. GREEN
President and Chief Executive Officer
American Cast Iron Pipe Company
Birmingham, Alabama

EDWIN A. HUSTON
Senior Executive Vice President—Finance
Ryder System, Inc.
Miami, Florida

VIRGIL H. MOORE, JR.
Chairman and Chief Executive Officer
First Farmers and Merchants National Bank
Columbia, Tennessee

E.B. ROBINSON, JR.
Chairman and Chief Executive Officer
Deposit Guaranty National Bank
Jackson, Mississippi

MARY W. WALKER
Vice Chairman
The National Bank of Walton County
Monroe, Georgia

Member, Federal Advisory Council

KENNETH L. ROBERTS
Chairman and Chief Executive Officer
First American Corporation
Nashville, Tennessee

Branch Directors

Birmingham

NELDA P. STEPHENSON
CHAIRMAN
President
Nelda Stephenson Chevrolet, Inc.
Florence, Alabama

SHELTON E. ALLRED
Chairman, President, and Chief Executive Officer
Frit Industries, Inc.
Ozark, Alabama

HARRY B. BROCK, JR.
Chairman and Chief Executive Officer
Central Bank of the South
Birmingham, Alabama

WILLIAM F. CHILDRESS
President
First American Federal Savings
and Loan Association
Huntsville, Alabama

JOHN H. NEWMAN, JR.
President and Chief Executive Officer
The First National Bank of Scottsboro
Scottsboro, Alabama

ROY D. TERRY
President and Chief Executive Officer
Terry Manufacturing Company, Inc.
Roanoke, Alabama

A.G. TRAMMELL
President
Alabama Labor Council, AFL-CIO
Birmingham, Alabama

Jacksonville

HUGH M. BROWN
CHAIRMAN
President and Chief Executive Officer
BAMSI, Inc.
Titusville, Florida

WINNIE F. TAYLOR (resigned)
CHAIRMAN
Professor
University of Florida
College of Law
Gainesville, Florida

CHARLES K. CROSS, SR. (resigned)
Chairman, President, and Chief Executive Officer
Barnett Bank of Central Florida, N.A.
Orlando, Florida

PERRY M. DAWSON
President and Chief Executive Officer
Suncoast Schools Federal Credit Union
Tampa, Florida

HUGH H. JONES, JR.
Chairman and Chief Executive Officer
Barnett Bank of Jacksonville, N.A.
Jacksonville, Florida

LANA JANE LEWIS-BRENT
Vice Chairman, President,
and Chief Executive Officer
Sunshine-Jr. Stores, Inc.
Panama City, Florida

JOAN D. RUFFIER
Chairman
Florida Board of Regents
Orlando, Florida

A. BRONSON THAYER
Chairman and Chief Executive Officer
First Florida Banks, Inc.
Tampa, Florida

SAMUEL H. VICKERS
President and Chief Executive Officer
Design Containers, Inc.
Jacksonville, Florida

Miami

JOSE L. SAUMAT
CHAIRMAN
Chairman
Kaufman and Roberts, Inc.
Miami, Florida

ROBERT D. APELGREN
President
Apelgren Corporation
Pahokee, Florida

ROBERTO G. BLANCO
Vice Chairman and Chief Financial Officer
Republic National Bank of Miami
Miami, Florida

JAMES H. ROBINSON
President
Sun Bank/South Florida, N.A.
Fort Lauderdale, Florida

ROBERT M. TAYLOR
Chairman and Chief Executive Officer
The Mariner Group, Inc.
Fort Myers, Florida

FREDERICK A. TEED
President
Community Savings, F.A.
North Palm Beach, Florida

DOROTHY C. WEAVER
Executive Vice President
Intercap Investments, Inc.
Miami, Florida

Nashville

PATSY R. WILLIAMS
CHAIRMAN
Partner
Rhyne Lumber Company
Newport, Tennessee

VINCENT K. HICKAM
President and Chief Executive Officer
Executive Park National Bank
Kingsport, Tennessee

VICTORIA B. JACKSON
President
Diesel Sales and Service Co., Inc.
Nashville, Tennessee

WILLIAM BAXTER LEE III
Chairman and President
Southeast Services Corporation
Knoxville, Tennessee

EDWIN W. MOATS, JR.
Chairman and Chief Executive Officer
Metropolitan Federal Savings and
Loan Association
Nashville, Tennessee

JAMES A. RAINEY
Chairman
Sovran Financial Corporation/Central South
Nashville, Tennessee

LAWRENCE A. ROSEBERRY (resigned)
Chairman
First National Bank and Trust Co.
Athens, Tennessee

SHIRLEY A. ZEITLIN
President
Shirley Zeitlin & Co. Realtors
Nashville, Tennessee

New Orleans

JAMES A. HEFNER
CHAIRMAN
President
Jackson State University
Jackson, Mississippi

RONALD M. BOUDREAUX
President and Chief Executive Officer
First National Bank of St. Landry Parish
Opelousas, Louisiana

JOEL B. BULLARD, JR.
President
Joe Bullard Automotive Companies
Mobile, Alabama

A.F. DELCHAMPS, JR. (deceased)
Chairman and President
Delchamps, Inc.
Mobile, Alabama

ROBERT S. GADDIS
President and Chief Executive Officer
Trustmark National Bank
Laurel, Mississippi

ANDRE M. RUBENSTEIN
Chairman and Chief Executive Officer
Rubenstein Brothers, Inc.
New Orleans, Louisiana

STANLEY S. SCOTT
President
Crescent Distributing Company
Harahan, Louisiana

CAROLINE G. THEUS
President
Inglewood Land & Development Company
Alexandria, Louisiana

Officers

Head Office

ROBERT P. FORRESTAL
President and Chief Executive Officer

JACK GUYNN*
First Vice President
and Chief Operating Officer

W. RONNIE CALDWELL*
Executive Vice President

Senior Vice Presidents

PATRICK K. BARRON*
Senior Vice President

DELMAR HARRISON
Senior Vice President

RICHARD R. OLIVER
Senior Vice President and
System EFT Product Manager

HARRY C. SCHIERING**
Senior Vice President and General Auditor
(retired)

H. TERRY SMITH*
Senior Vice President

SHEILA L. TSCHINKEL*
Senior Vice President and Director of Research

JOHN M. WALLACE**
Senior Vice President and General Auditor

*Management Committee
**Advisor to Management Committee

Vice Presidents

HARRY BRANDT
Vice President and Corporate Secretary

FRANCIS J. CRAVEN, JR.
Vice President and
Director of Human Resources

ANNE M. DeBEER
Vice President

ROBERT E. HECK
Vice President

ZANE R. KELLEY
Vice President

JOHN R. KERR
Vice President

B. FRANK KING
Vice President and
Associate Director of Research

JOHN D. PELICK
Vice President

EDMUND WILLINGHAM
Vice President and General Counsel

RONALD N. ZIMMERMAN
Vice President

Assistant Vice Presidents

JOHN H. ATKINSON
Examining Officer

LOIS C. BERTHAUME
Examining Officer

JOHN R. BRANSCOMB
Assistant Vice President

CHRISTOPHER G. BROWN
Assistant Vice President

DAVID F. CARR
Assistant Vice President

WILLIAM B. ESTES III
Examining Officer

WILLIAM C. HUNTER
Research Officer

THOMAS J. KUEBBING
Assistant Vice President

ALBERT E. MARTIN III
Assistant General Counsel

BOBBIE H. McCRACKIN
Public Information Officer

NANCY R. McCRUMMEN
Assistant Vice President

RUTH W. MEDNIKOW
Assistant Vice President

ALVIN L. PILKINTON
Assistant General Auditor

TED G. REDDY III
Assistant Vice President

MARION P. RIVERS
Examining Officer

RONALD J. ROBINSON
Assistant Vice President

MARY S. ROSENBAUM
Research Officer

MELINDA J. RUSHING
Assistant Vice President

ROBERT T. SEXTON
Assistant Vice President

GENE D. SULLIVAN
Research Officer

LARRY D. WALL
Research Officer

JESSIE T. WATSON
Assistant Vice President

ADRIENNE M. WELLS
Assistant Vice President and
Assistant EFT Product Manager

DAVID D. WHITEHEAD
Research Officer

Branches

Atlanta

DONALD E. NELSON
Vice President and Branch Manager

WARDLYN M. BASSLER
Vice President and
Assistant Branch Manager

JAMES L. BROWN
Assistant Vice President

ERIC B. HINGST
Assistant Vice President (retired)

ROBERT A. LOVE
Assistant Vice President

ROBERT I. McKENZIE
Assistant Vice President

WILLIAM R. POWELL
Assistant Vice President

Birmingham

FREDERICK R. HERR
Senior Vice President and Branch Manager

ROBERT G. DOLE
Assistant Vice President and
Assistant Branch Manager

FREDRIC L. FULLERTON
Assistant Vice President

EDWARD B. HUGHES
Assistant Vice President

JAMES M. McKEE
Assistant Vice President

Jacksonville

JAMES D. HAWKINS
Senior Vice President and Branch Manager

ROBERT J. SLACK
Assistant Vice President and
Assistant Branch Manager

RICHARD L. BERRY
Assistant Vice President

LEE C. JONES
Assistant Vice President

JEFFREY L. WELTZIEN
Assistant Vice President

Miami

JAMES T. CURRY III
Vice President and Branch Manager

JUAN DEL BUSTO
Assistant Vice President and
Assistant Branch Manager

RAYMOND LAURENCE
Assistant Vice President and
Assistant Branch Manager (resigned)

FRED D. COX
Assistant Vice President

ROBERT A. DeZAYAS
Assistant Vice President

Nashville

MELVYN K. PURCELL
Vice President and Branch Manager

E. CHANNING WORKMAN, JR.
Assistant Vice President and
Assistant Branch Manager

WILLIAM W. DYKES
Assistant Vice President

MARGARET A. THOMAS
Assistant Vice President

JOEL E. WARREN
Assistant Vice President

New Orleans

ROBERT J. MUSSO
Vice President and Branch Manager

WILLIAM SMELT
Assistant Vice President and
Assistant Branch Manager

WAYMAN E. BARRETT
Assistant Vice President

AMY S. GOODMAN
Assistant Vice President

PATRICIA D. VAN de GRAAF
Assistant Vice President

Statement of Condition

Assets	December 31, 1988	December 31, 1989
Gold Certificate Account	$584,000,000	$508,000,000
Special Drawing Rights Certificate Account	203,000,000	330,000,000
Coin	36,499,786	45,558,035
Loans and Securities	11,255,581,095	10,682,310,531
Items in Process of Collection	720,847,558	747,057,245
Bank Premises	58,868,500	58,603,733
Other Assets	1,075,065,762	3,171,711,499
Interdistrict Settlement Account	359,790,852	(3,167,208,235)
Total Assets	$14,293,653,553	$12,376,032,808

Liabilities		
Federal Reserve Notes	$8,889,478,899	$7,315,186,411
Deposits*	4,207,101,245	3,860,606,249
Deferred Credit Items	656,916,245	630,218,937
Other Liabilities	148,621,864	132,376,711
Interdistrict Settlement Account	0	0
Total Liabilities	$13,902,118,253	$11,938,388,308

Capital Accounts		
Capital Paid In	$195,767,650	$218,822,250
Surplus	195,767,650	218,822,250
Total Capital Accounts	$391,535,300	$437,644,500
Total Liabilities and Capital Accounts	$14,293,653,553	$12,376,032,808

*Includes Depository Institution Accounts, Collected Funds Due to Other Federal Reserve Banks, U.S. Treasurer-General Account, Other and Miscellaneous Deposits.

Statement of Earnings and Expenses

Earnings and Expenses	December 31, 1988	December 31, 1989
Current Income	$934,103,034	$1,096,973,751
Current Expenses	109,311,775	118,688,181
Cost of Earnings Credits	12,188,134	14,584,037
Current Net Income	$812,603,125	$963,701,533
Net Additions (Deductions)*	(44,061,024)	121,078,687
Assessment for Expenses of Board of Governors	7,452,600	8,420,900
Federal Reserve Currency Cost	7,134,247	6,747,839
Cost of Unreimbursed Treasury Services	2,347,652	3,099,228
Net Income Before Payment to U.S. Treasury	$751,607,602	$1,066,512,253

Distribution of Net Earnings		
Dividends Paid	$11,283,631	$12,610,959
Payments to U.S. Treasury (Interest on Federal Reserve Notes)	725,345,821	1,030,846,694
Transferred to Surplus	14,978,150	23,054,600
Total Income Distributed	$751,607,602	$1,066,512,253

Surplus Account		
Surplus January 1	$180,789,500	$195,767,650
Surplus December 31	$195,767,650	$218,822,250

*Includes gains/losses on sales of U.S. Government securities and foreign exchange transactions.

Summary of Operations

Services to Depository Institutions	1988 Items (thousands)	1988 Percent Change From One Year Ago	1989 Items (thousands)	1989 Percent Change From One Year Ago
Check Clearing				
U.S. Government Checks Processed	74,003	-0.5	76,632	3.6
Commercial Checks Processed	2,460,728	3.2	2,482,172	0.9
Electronic Payments				
ACH Commercial and Government Payments Processed	163,471	19.9	196,823	20.4
Wire Transfers of Funds	8,106	8.7	8,499	4.8
Cash Services				
Currency Processed	6,641,973	4.0	6,869,518	3.4
Coin Processed	8,803,144	-16.8	8,179,393	-7.1
Loans to Depository Institutions				
Loans Processed *	1,994	16.6	1,781	-10.7
Securities Services				
On-line Bookentry Transfers	47	10.7	63	36.4
Noncash Items Processed	1,043	-4.1	1,005	-3.6
Definitive Safekeeping Receipts	312	-33.6	183	-41.3
Services to U.S. Treasury				
U.S. Savings Bonds Issued	7,178	-3.7	8,238	14.8
U.S. Savings Bonds Redeemed	260	5.7	267	2.7
Other Treasury Issues				
Issued	36	-2.7	95	163.9
Redeemed	34	-22.7	7	-79.4
Deposits to Treasury Tax and Loan Accounts	748	0.9	849	13.5
Food Coupons Destroyed	355,527	10.5	358,460	0.8

*Numbers shown are actual, not in thousands.

75th Anniversary History

As part of its commemoration of the Federal Reserve System's 75th anniversary, the Bank in 1989 published *A History of the Federal Reserve Bank of Atlanta, 1914-1989.* Written by financial journalist/editor Richard H. Gamble, the history draws extensively upon archival materials and reminiscences of Bank employees. From the race with New Orleans to be the headquarters for a Reserve Bank to the challenges of the 1980s, the 146-page, illustrated book recounts the Bank's evolution in response to developments in the Southeast, the nation, and the financial services industry.

Copies may be obtained for $4.50 through the Bank's Public Information Department, 104 Marietta Street, N.W., Atlanta, Georgia 30303-2713. Please remit a check or money order, payable to the Federal Reserve Bank of Atlanta.

Federal Reserve Bank of Atlanta

Head Office and Atlanta Branch
104 Marietta Street, N.W.
Atlanta, Georgia 30303-2713

Birmingham Branch
1801 Fifth Avenue, North
Birmingham, Alabama 35283-0447

Jacksonville Branch
800 Water Street
Jacksonville, Florida 32204-1616

Miami Branch
9100 N.W. 36th Street Extension
Miami, Florida 33178-2410

Nashville Branch
301 Eighth Avenue, North
Nashville, Tennessee 37203-4407

New Orleans Branch
525 St. Charles Avenue
New Orleans, Louisiana 70130-3480

For additional copies contact:
Public Information Department
Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303-2713
404/521-8788