

# Federal Reserve Bank of Atlanta

## 1984 Annual Report

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"We acknowledge our public interest responsibilities and our national trust as part of the country's central banking system."

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For additional copies write to:

Information Center  
Federal Reserve Bank of Atlanta  
P. O. Box 1731  
Atlanta, Georgia 30301-1731

(404) 521-8788

## Our Corporate Philosophy

### Business Philosophy

The staff of the Sixth Federal Reserve District is committed to the highest standards of responsible and effective business management. We will be foresighted and prudent in our management of Bank resources, and fair and reasonable in the exercise of our authority. We will regard quality and responsive service as our most important business priorities and in carrying out our responsibilities we will regard people as more important than process. Our business decisions will be weighed against a comprehensive business plan that outlines our organizational goals and priorities, and these decisions always will be made with careful regard for the long-run health of the Bank and the constituencies we serve. We acknowledge our public interest responsibilities and our national trust as part of the country's central banking system. We intend to provide exemplary service to our government, the business community, and the general public.

### Management Philosophy

Since effective teamwork is the key to accomplishing our goals, the Bank's organizational structure and overall management style will reflect an open and participative approach. Bank managers will be people-oriented, visible, and accessible at all levels. Employees will be kept informed regarding plans, decisions, events and problems affecting them, and their suggestions will be actively encouraged.

### Employee Relations

We will strive to attract, train, motivate, and retain a staff of individuals who are highly effective in carrying out their responsibilities, who are committed to Bank goals, who have the highest standards of personal integrity, and who genuinely enjoy their careers at the Federal Reserve. The relationship between Bank management and other staff members will be characterized by mutual respect, fairness, and equal opportunity and treatment for every individual.

### Pride in Work

Excellence is our goal, and the staff members of the Federal Reserve Bank take pride in their professionalism and in providing the highest quality of service possible to the clients we serve. The Bank encourages continual innovation, creativity, and involvement to improve productivity and the quality of services we offer. Staff members are recognized and rewarded for their contributions to our success.

### Community Involvement

We take seriously the responsibilities of our corporate citizenship and actively encourage and support the civic and community involvement of our staff.

# From the Boardroom

With a new management team in place at the beginning of 1984, the Federal Reserve Bank of Atlanta adopted a corporate philosophy statement that identifies and articulates the Bank's mission and goals. That document commits us to be prudent and foresighted in managing Bank resources and fair and reasonable in exercising our authority as a unit of the nation's central bank.

As a key section of the statement summarizes: "We acknowledge our public interest responsibilities and our national trust as part of the country's central banking system. We intend to provide exemplary service to our government, the business community, and the general public."

In addition, we developed a strategic business plan for 1985-1987 to guide the implementation of our primary responsibilities with careful attention to the long-run health of the Bank and the constituencies it serves.

Perhaps the most visible of these responsibilities relates to helping formulate national monetary policy. In this regard, we have focused more intently on contributing to national goals through quality economic research. Atlanta Fed President Robert P. Forrestal participates on the policymaking Federal Open Market Committee (FOMC) with the seven governors of the Federal Reserve System and the 11 other Federal Reserve Bank presidents. He became a voting member of the FOMC in March 1985, as our Bank's president does every third year.

A second responsibility spelled out in the business plan involves our activities relating to supervision and regulation. We commit ourselves to providing highly professional supervision of financial institutions, emphasizing minimal interference consistent with safety and soundness, while standing ready as a lender of last resort to support supervisory and monetary policy objectives.

Our third responsibility, which actually requires most of our resources, is providing financial and central banking services to the public, depository institutions, the U.S. government, and the business community. We are dedicated to offering superior service in a way that



Atlanta Fed Chairman John H. Weitnauer, Jr., left, and President Robert P. Forrestal, right, in a discussion with Federal Reserve Board Chairman Paul A. Volcker during a meeting at the New Orleans Branch.

promotes the efficiency and integrity of the payments mechanism.

Our three corporate missions are distinct, yet we see them as being complementary and mutually supportive. By achieving our strategic goals, we can help encourage a strong, low-inflation economic environment, and contribute

to a stable, efficient financial services industry.

We are pleased with our accomplishments of last year, and this annual report details the operations and achievements of our various departments.

This annual report also will take a close look at the economy of the Sixth Federal Reserve District and how it relates to that of the nation. The District includes Alabama, Florida, and Georgia, as well as parts of Louisiana, Mississippi, and Tennessee. Despite lingering areas

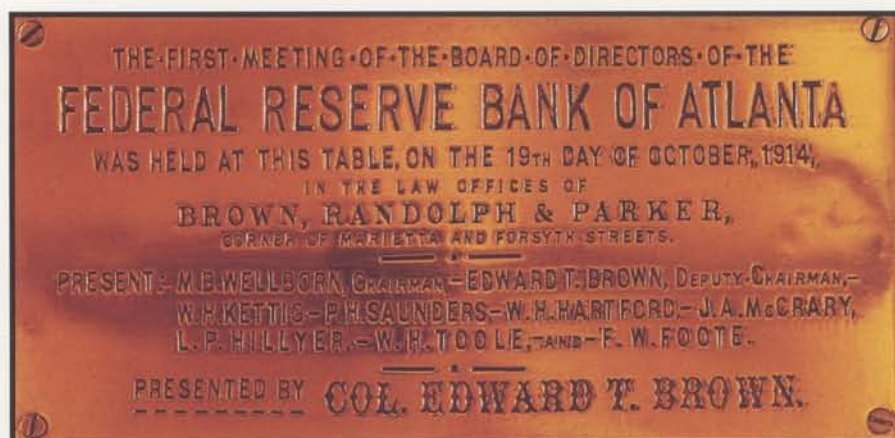
human relations through a comprehensive program to improve management's accessibility and responsiveness to employee concerns. Our efforts include a broadened District-wide program to enhance employee relations and an intensified dedication to the Bank's affirmative action program. We are committed to identifying individuals with promise and to helping them progress in their careers.

We also intend to sharpen the Bank's focus on community affairs. This report details programs that our offices have undertaken to improve their respective communities, particularly in the area of education. And it will spotlight some of the employees who have given their own time to help make their communities better places to live.

The Atlanta Fed will seek to improve ties with congressional, business, and community leaders in the District through such initiatives as the distinguished lecturer series that has brought leading speakers to address our directors and guests. Prominent economists, government officials, and bankers spoke during the Atlanta series last year. In addition, our directors heard Federal Reserve Board Chairman Paul Volcker address a joint meeting of our boards in New Orleans.

We want to thank our directors for their valuable counsel during the year, with a special thanks to Guy W. Botts, former board chairman of Barnett Banks of Florida. Mr. Botts stepped down from our head office board at year-end after completing six years on that body and three previously with the Jacksonville Branch board. We want to welcome E.B. Robinson, Jr., chairman and chief executive officer of Deposit Guaranty National Bank in Jackson, Mississippi, who recently joined our head office board.

And finally, we would like to say "thank you" to the 2,000 employees whose dedication and hard work helped us meet the challenges of a demanding year in 1984.



This brass plaque marks the table, still used for Atlanta Fed meetings, around which Bank directors first met on October 19, 1914.

of weakness and the increasing concern over the vast federal budget deficit, the regional economy and the national economy so important to its health remain generally strong. As you'll see, we consider the outlook encouraging for the months ahead.

We'll discuss the positive but sometimes traumatic evolution of the financial services industry. With depository institutions still feeling the pressures of a changing market, our role as a supervisor and regulator proved to be an active one during the year just past; it promises to be no less important in 1985.

Looking ahead, we are aware of our obligations not only to our constituents but to our employees as well. We plan to build upon past accomplishments in

# Economic Expansion Continues in the Southeast

The southeastern economy turned in a good performance in 1984, with considerable employment and output expansion and little upward pressure on prices. After a slowdown in the third quarter, the area's economy regained momentum toward year-end. We look for continued growth in 1985 at a moderate pace.

Naturally, the outlook for the region's economic health depends on developments in national and international markets in which many of the region's goods and services are sold. While weak energy prices and the strength of the dollar in foreign exchange markets are likely to dampen activity in some sectors, vigor in others—such as auto-related manufacturing, services industries, and defense contracting—should be more than sufficient to maintain growth for the regional economy in coming months. And some parts of the region, continuing to enjoy significant business and population immigration, again are likely to grow faster than the nation as a whole.

Thanks partly to the manufacturing expansion and growth in service-related employment, the region's total employment advanced at a rate averaging nearly 4 percent during 1984 compared with only 2 percent the previous year. The number of jobs increased by more than a half million, 200,000 more than were added during 1983. Although job growth continued through most of last year, the rate dropped in the fourth quarter, reflecting the more moderate expansion in the second half.

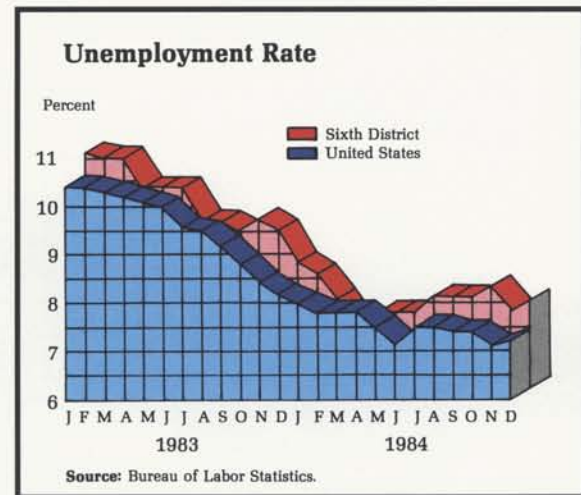
The region's unemployment similarly mirrored the year's generally positive developments. The rate dropped to 8 percent in February 1984, after averaging nearly 10 percent during 1983, and remained close to the 8 percent level in the months that followed. Average

unemployment rates for Georgia and Florida declined well below the national and regional levels, but in Mississippi and Alabama double-digit jobless rates persisted throughout 1984. The problems in those two states, plus weak growth in Louisiana, could make it difficult for the region to reduce its joblessness significantly this year. In fact, the region's anticipated economic strength in 1985 is likely to continue varying sharply among individual states and sectors.

The construction sector is expected to continue driving the Southeast's economy. Following a jump in the second quarter of 1984, interest rates declined substantially through the rest of the year and residential housing sales accelerated. Even though much of the pent-up demand for housing was satisfied by late 1984, the construction industry expects activity to remain reasonably strong during 1985. In multi-family housing, simply maintaining last year's pace—the strongest since 1973—would constitute an impressive performance.

Nonresidential construction also grew energetically in 1984. In this sector, too, activity reached a level not exceeded since the early 1970s. Accelerated depreciation write-offs and other tax laws favorable to investment contributed to this burst of activity. Some geographic markets have been saturated with new buildings and, in fact, may now be overbuilt. Although growth is unlikely to maintain its current pace through 1985, nonresidential construction may still achieve impressive levels if economic expansion proceeds as expected.

Consumer spending typically encour-



ters a lull after a period of rapid growth, such as the nation enjoyed through 1983 and into early 1984. Therefore, it isn't surprising that the nation's economy slowed last summer when residential housing sales and construction tapered off. As the summer progressed, consumer demand weakened for a broad array of products including furniture, appliances, and other household furnishings.

for those 11 months, while Louisiana lagged slightly behind.

The national pause in consumer spending proved to be only a temporary lull during another year of expansion, with a strong fourth quarter that provided a running start for 1985. With that renewed momentum, the Southeast's outlook for the remainder of 1985 is encouraging.

The flow of businesses and residents into the region should heighten demand

partly because of lackluster performance in the tourist sector. Many in the region's tourist industry look for improvement this year. Last year, the number of visitors to the region was curtailed by competition from the Los Angeles Olympics and the strong dollar, which encouraged U.S. citizens to travel abroad. The New Orleans World's Fair proved to be a disappointing money-loser for its sponsors although it clearly boosted tourism revenue in neighboring states.

Defense-related manufacturing, especially electrical and electronic machinery and equipment, should exhibit solid growth this year as will the region's substantial paper manufacturing industry. Unfortunately, not all the region's manufacturers will fare as well. Much of the apparel and textile manufacturing sector is suffering because of keen competition from imported products, their prices discounted in our outlets because of the dollar's strength in foreign exchange markets. Unless the dollar continues its early 1985 decline against other currencies, pressures on the domestic textile industry will mount. The displacement of textile workers will pose a lingering absorption problem for the southeastern labor market.

Virtually every industry heavily dependent on foreign sales has seen its market share shrink in recent years. The agricultural sector has been especially troubled by reduced foreign demand. Low prices for farm products, heavy debt service requirements, and declining land prices remain major hurdles for farmers.

The nation's economic expansion scarcely touched the Southeast's energy-producing sector in 1984 and the new year promises little improvement. The worldwide market for petroleum and natural gas is abundantly supplied, even though some producers have slashed output to shore up prices. Growth in foreign economies has been far less robust than ours and conservation efforts have restrained demand. Regional oil and gas production cannot rebound until global market conditions improve.



A customer secures cash from an automated teller machine affiliated with Georgia's new Avail network, which links over 70 financial institutions' ATMs.

Retail sales in the Southeast held up better than in the country as a whole at that time. The Sixth District states continued to outperform the national average, with Florida and Georgia leading the way. In the first 11 months of the year, for instance, Florida posted a 13.3 percent gain over the same months of 1983, compared with a 10.9 percent gain for the nation as a whole. Tennessee exceeded the national average slightly

for service industries, particularly in Florida and Georgia. Moreover, business and tourist travel to the region seems likely to advance during 1985. An expansion of convention facilities in several cities will accommodate an influx of business travelers, and new facilities apparently are being booked nearly as quickly as they become available.

The region's plane-passenger traffic grew more slowly in 1984 than in 1983,

Southeastern seaport facilities and businesses dependent on export marketing find themselves hurt by the declining exports. Rising imports have bolstered a number of seaports and trade-related businesses, but a realignment of the dollar with other world currencies appears to be a prerequisite to restoring the health of most of the Southeast's international trade sector.

In the financial services industry, a continuing evolution in 1984 laid the groundwork for additional changes in the new year. Geographic barriers to competition among banks and savings and loan associations eroded further during 1984, while loan losses hastened the failure of additional depository institutions.

In another development typifying the transition in financial services, Georgia consumers gained access to almost all of the state's automated teller machines late in the year through the creation of Avail, a statewide ATM system modeled after Florida's Honor system.

The barriers to interstate competition were reduced significantly in the Southeast by four states' approval of reciprocal regional interstate banking legislation, by the opening of the "nonbank bank" loophole, and by a large New York bank holding company's acquisition of a failing S&L in Florida.

A change with great potential for banking in the Southeast was the passage of regional reciprocal interstate banking legislation in Florida, Georgia, North Carolina, and South Carolina. These four legislatures voted to allow banking organizations in other southern states to acquire their institutions if the other states provide reciprocal privileges. All four state laws, which become effective in 1985 or 1986, prohibit banks outside the South from acquiring institutions in these states.

The constitutionality of regional interstate banking bills like those passed in the Southeast was challenged in New England early in 1984. The regional bills were upheld in the federal Court of

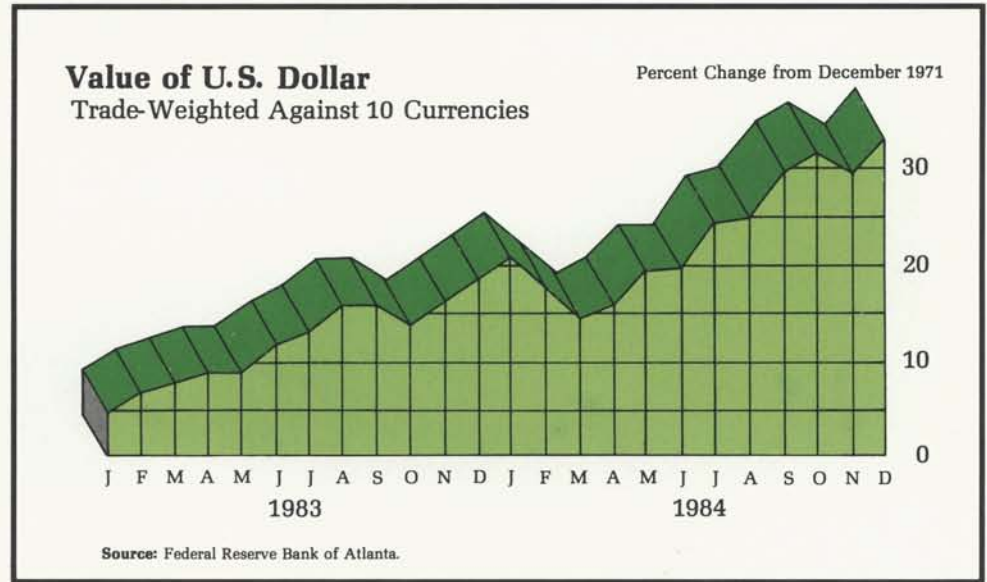
Appeals, but the Supreme Court has agreed to review the legislation.

The first merger proposed under the reciprocal laws would link Sun Banks of Florida, the second largest banking organization in the Sunshine State, and Atlanta-based Trust Company of Georgia, the third largest banking organization in that state.

Another major development in interstate banking came when the Federal Reserve Board approved U.S. Trust Corporation of New York's proposal to convert its trust company in Florida into a "nonbank bank." A nonbank, or limited-service bank, is insured and

Many proposed nonbank banks are expected to be opened in the Sixth District states if Congress and the courts permit holding companies to exploit the loophole aggressively. Ninety-five applications had been filed as of mid-January for the Sixth District states. Florida leads the list with 42 proposed nonbank banks, while 22 applications have been filed for Georgia. Both states' legislatures have voted to prohibit the nonbank institutions.

Still another banking development was Citicorp's acquisition of a financially troubled savings and loan association in Miami, approved by the Federal



regulated but, because it does not meet the definition of a bank in the Bank Holding Company Act, it is not subject to commercial banks' customary geographic restrictions.

In February 1985 a federal district court ordered the Comptroller of the Currency not to issue any final approvals for limited-service banks pending a final court decision. The comptroller had begun approving nonbank bank charters after Congress failed to revise the Bank Holding Company Act in 1984. He had imposed a moratorium earlier to give Congress time to revise that act.

Reserve Board early in 1984. Acquisition of the Florida S&L, arranged by the Federal Savings and Loan Insurance Corporation under provisions of the Garn-St Germain Act, gave the nation's largest banking organization an entry into one of the fastest-growing states.

Barriers to intrastate competition in Louisiana were lowered by the passage of a bill permitting multi-parish bank holding companies. The legislation could prompt the reorganization of many chain banking organizations into bank holding companies, as well as holding companies' purchase of some previously unrelated banks.



In the Bank's control room, guards monitor the closed-circuit television screens that enable our Protection Department to maintain surveillance essential to a central bank.



# Atlanta Fed Activities: A Commitment to Efficiency, Integrity, and Excellence

The evolving financial services environment has brought major changes not only to our priced-services operations but to more traditional Bank activities such as those involved with supervising, regulating, and lending to commercial banks. Other departments, including Accounting and Statistical Reports, also have been affected.

At the same time, developments in our national and regional economies pose new challenges for our specialists dedicated to researching economic trends and counseling President Robert P. Forrestal on monetary policy.

We have come to feel at home in the new operating environment that was thrust on us by "MCA-80"—the Monetary Control Act of 1980. The act required us to sell, at explicit prices, services that we had for years provided free to member banks—services such as check processing, securities and noncash collection, wire transfers, and net settlements. We were also to make those services available to nonmember banks, savings and loan associations, and credit unions.

Throughout 1984, our 2,000 employees continued the high operating efficiency that has kept us in the forefront of the 12-Bank Federal Reserve System. That efficiency helped us to comply with the congressional mandate, enunciated in MCA-80, that the Reserve Banks match operating costs with revenues.

Despite our efficiency, a growing workload continued to tax our physical facilities. In Jacksonville, one of the fastest-growing economies in the nation has prompted the construction of a new Branch building. The growing volume of business at the Jacksonville Branch has inundated our present building, which dates to 1952, with more work than its limited space can accommodate. The new 208,000-square-foot building, well suited to the electronic age, is rising just west of Jacksonville's business district.

On the following pages we comment briefly on our operations in 1984, noting

a few of our plans for further improvements in the years to come. Data on the volume of our operations appear on page 26.

## Financial Services

One of the Bank's most important missions is to serve the public interest by providing superior financial services. This meshes well with our dedication to promoting the efficiency and integrity of the payments mechanism—another major ongoing mission of this District and the Federal Reserve System.

Since enactment of MCA-80, we have sought to cover our costs of providing



Engineering's Guy Hitchcock, foreground, and Ted Reddy review plans for the new Jacksonville Branch building now under construction in that Florida city.

priced services by continuing the District's emphasis on low cost/high quality operations. In 1984 we covered costs, met our volume targets, and remained a leader in the Federal Reserve's measures of production costs.

Because the industry we serve is changing rapidly, we have concentrated our longer range planning on developing new services. From 1981 to



Assistant Vice President James L. Brown confers with Barbara Tyson on a securities services transfer between the Atlanta Fed and a District financial institution.



Department Manager Edwina Taylor responds to a call in Statistical Reports, which processes 1,705 detailed reports every week from Sixth District depository institutions.

1983, we received approval from the Board of Governors to offer 21 new or improved services; in 1984 we obtained approval for 19 more. The following sections highlight our 1984 accomplishments and preview some of our future plans.

### Check Collection

Check collection, a mature product line, generates 85 percent of the Atlanta Fed's revenue from financial services. The future seems to promise fewer checks to be processed and fewer check processors. This trend is likely because of consolidations among regional correspondent banks, a reduction in endpoints served due to mergers, and continued interest by financial institutions in direct local and regional exchanges. In 1984, the District processed 2.14 billion checks or 8 percent more than during 1983. This is the largest volume of any Federal Reserve District.

We continue to explore other needs in the marketplace. We hope to develop cooperative ventures in which we would provide specialized processing for other large processors, and to employ technology that can make our service more efficient. In 1984, we took further steps toward serving an increasingly electronic payments mechanism by providing microfilming services for commercial checks either for a depositor prior to check sorting or for a check receiver following sorting. In 1985 we will continue moving toward a less paper-dependent system by piloting a program for truncation of checks at the Federal Reserve. Truncated checks are held at a deposit point rather than being returned to the check-writer. This service could permit even greater savings for the payments process.

### Wire Transfer/ACH

As the nation's payments system evolves further toward electronic transfers, the Fed also will move in that direction, continuing to be a state-of-the-art payments processor. Electronic payment generally is recognized as the medium of the future, particularly as point-of-sale (POS), automated teller machine (ATM), automated clearing-house (ACH), and other electronic payment and settlement functions gain

popularity; therefore, we plan to use advanced technology to make wire transfer and ACH services broader and more cost-efficient through faster processing and improved data communications.

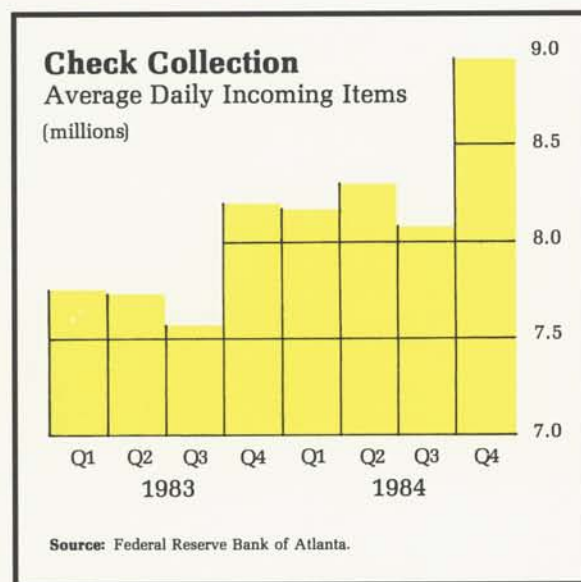
As a major step in this program, the Bank last year began employing the latest technology to implement an upgraded, on-line, multi-service electronic network to deliver Federal Reserve services to Sixth District financial institutions. As a further step, we expanded ACH night-cycle processing and offered new electronic delivery options. During the past year, the number of commercial ACH transactions processed at our six offices increased by about 44 percent while the dollar volume more than doubled.

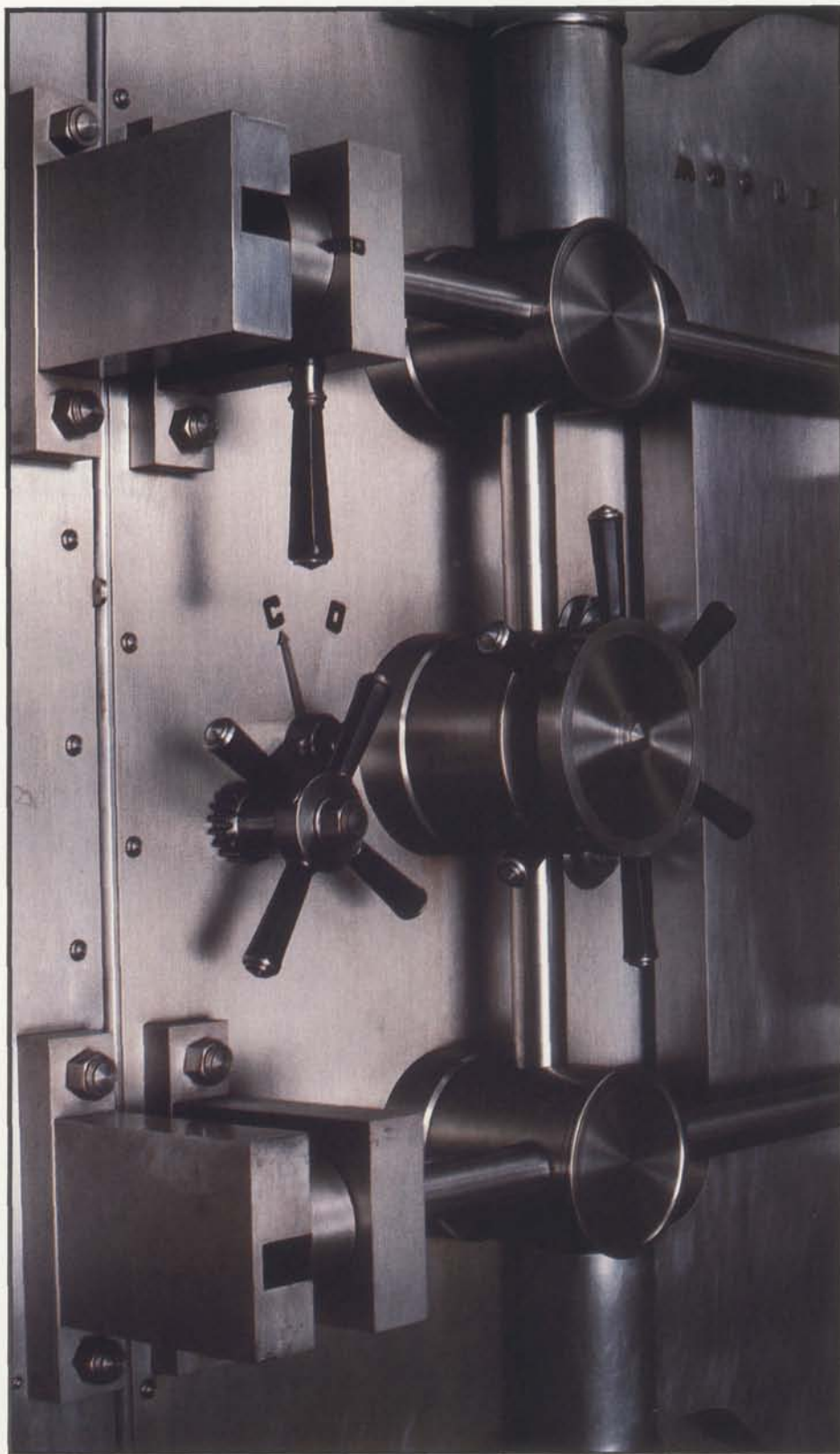
### Securities Services

With the new requirement that all securities be registered and the national trend toward book-entry of registered securities, our existing definitive safekeeping and coupon collection services have limited long-term potential. However, while adapting to long-run needs of the marketplace, we intend to pursue near-term service opportunities. As part of this strategy, a standard securities services software package using a new microcomputer network was implemented in December. It offers substantial improvements over our previous system, and allows on-line institutions to gain advantages for security transfers and safekeeping.

Our safekeeping pilot program for definitive securities—conventional paper documents—became a standard offering in 1984. The program employs volume discount pricing to meet better the needs of large depositors. We already have attracted one very large corporate customer for which we perform custodial services. Furthermore, the offering of a "nominee feature," which originated in our Jacksonville Branch in 1984, is expected to increase the attractiveness of our safekeeping services to current and potential depositors.

In noncash collection services, the mixed deposit/fine-sort pilot program





One of the Atlanta Fed's massive vault doors symbolizes the strength of the institution.

first introduced in mid-1983 was continued successfully last year, with the District handling more than one-fourth of total Systemwide noncash volume. This program appeals to financial institutions that prefer not to sort their noncash items but rather to deposit a mixture of items payable both locally and in other Federal Reserve Districts.

#### **Cash and Other Non-Priced Activities**

In addition to the innovations in priced services, the Sixth District continues to improve the efficiency of cash operations and to support the System's efforts to provide increasingly automated and higher quality services to the government. The District is working with the Treasury Department on new cash management services and on converting additional securities to book-entry form.

Over the past few years, new high-speed currency processing machines and standards have improved the quality of currency in circulation. A redesigned fitness sensor is now being installed on all existing equipment. We also are participating in the test of a second generation currency system, with the prototype to be installed in Atlanta during the second quarter of 1985.

#### **Economic Research and Public Information**

Our Research Department is committed to helping formulate and implement monetary policy and adding to our understanding of macroeconomic policy issues through high quality research. Top priorities are the evaluation of how monetary policy influences the regional, domestic, and international economies, and the development of policy alternatives. We continue our long-term interest in the impact of a changing financial structure on regulatory and monetary policies. Last year, the research effort was deepened through greater use of quantitative methods, including work with a structural model of the U.S. economy.

Meanwhile, the Bank is working to communicate to the public effectively through its publications, conferences, President Forrestal's regular newspaper column, and presentations delivered to civic and professional groups by senior officers and economists. We seek to foster public understanding of Bank and System responsibilities and objectives through the press as well as through our contacts with and publications for the academic and business communities.

The department's *Economic Review*, which won a national communications award in 1984, and our *Southeastern Economic Insight* newsletter have proved to be popular conduits for channeling such information to the public. Those publications analyze economic, financial, and business conditions nationally and in the region.

## Supervision and Regulation

Our activities in this segment of our business have been shaped by the continuing evolution of the nation's financial system and the rules governing it. Critical to this evolution is the continued restructuring of the system through the bank holding company form of organization, which the Federal Reserve alone has responsibility for regulating. In the Sixth District, bank holding company activity was at record levels last year. We processed 150 applications from institutions seeking to form new holding companies and 165 applications relating to other changes such as mergers and acquisitions of commercial banks or nonbank firms.

Twelve new state-chartered banks and one existing bank in the Sixth District were admitted to membership in the Federal Reserve System in 1984, with 13 applications still pending at year-end. Since MCA-80 diminished the reserve requirement disadvantages of membership, the number of state member banks in the Sixth District has risen to 98, the most in recent history.

On the international banking scene, foreign debt problems and a rising dollar brought a slowdown after several years of rapid growth. The number of Edge

Act banks and branches and agencies of foreign banks doing business in the Sixth District changed little during the year. At year-end there were 106 international banking institutions in the District, 24 of them in Atlanta and 79 in the Miami area.

## Discount and Credit

In addition to performing its normal function of supplying seasonal and short-term adjustment credit, the Discount and Credit Department worked in concert with other regulatory agencies during the year for the orderly resolution of problems at eight failing institutions. That was one more than the seven institutions assisted in 1983, when a number of related problems arose in



Veteran compositor Stella Gregory helps acquaint Cheryl Millwood with the sophisticated phototype machine recently installed in the Print Shop to provide wider variety while speeding the composition process.

eastern Tennessee. In the Sixth District, all such cases in recent years have been handled through what is generally called the "purchase and assumption" procedure, which provides virtually uninterrupted service to depositors.



Kathy Clements of Corporate Accounting shares a book with six-year-old Joey Bryan at Henrietta Egleston Hospital for Children in Atlanta, where Kathy pitches in as a volunteer on weekends.

# Corporate Citizenship: The Challenge of Getting Involved

We at the Atlanta Fed view ourselves as partners in various civic-minded corporate undertakings in the six southeastern cities where we have offices. In fact, our corporate philosophy statement notes, "We take seriously the responsibilities of our corporate citizenship and actively encourage and support the civic and community involvement of our staff."

While there are limitations on the role that a quasi-public entity can play, both social and business considerations support the concept of community involvement. The importance of corporate interest in community affairs has been heightened in recent years because private businesses and citizens have been called upon along with local governments to assume a large share of support previously provided through federal government expenditures.

Individual employees are free of the strictures that often limit an institution in its desire to "do good." Bank employees in Birmingham, Jacksonville, Miami, Nashville, and New Orleans, as well as Atlanta, have involved themselves in projects as diverse as performing volunteer work for a children's hospital, serving on emergency rescue units, helping feed the needy, counseling prison inmates, teaching illiterate adults to read, and coaching youth sports teams.

We feel that a clearly legitimate area for community involvement, both on the part of the Bank and its individual employees, is in the realm of education—encouraging and working to promote excellence among superior students as well as potential dropouts struggling with average classwork. Therefore, much of the Bank's community activity is directed toward this end.

Fostering excellence in educational systems can benefit everybody. Employers can gain a better qualified labor market to draw upon, and improved access to jobs through schooling may

even reduce crime. To date, the Bank has become involved in such programs as the Harper Magnet School for Financial Services, Inroads, Adopt-a-Student, and the Atlanta Chamber of Commerce Task Force on Education.

In the widely praised Harper Magnet School program, which the Atlanta Fed helped create in 1982, high school students with proven academic competence and a desire to enter the financial field are given special support by



Tour guide Monica Walker explains displays of rare coins and currency in the monetary museum, an Atlanta Fed exhibit tracing the history of money. All of the Bank's offices host public tours.

Atlanta's banking community. Young people selected from all over the city are brought together in this "school within a school" where they are given special financial services training by regular classroom teachers and bank staff members. Each student is offered an internship at one of eight sponsoring banks, as well as summer employment at a financial institution following graduation. The Atlanta Fed alone employed 12 graduates last summer.



Two students with the Inroads program, Melissa Brookins, left, and Andrea Adair, check a computer printout during their Atlanta Fed internship.



"Inroads" is a national organization that identifies, trains, and develops talented minority college students interested in corporate careers in business or engineering. The program's objectives are to provide experience and increase business opportunities for the youths, while giving corporations an opportunity to develop future employees. We employed two Inroads interns last summer. One student completed her third summer of internship at the Bank, while the other finished her first summer work experience and entered college in the fall.

The Bank also recruited volunteer employees qualified to work one-on-one with teenagers as part of the Adopt-a-Student program. In this program, high school seniors in the lowest quartile of their classes are "adopted" by individuals in business who encourage and help them after hours. The object is to motivate students to improve their grades, graduate from high school, and find employment. Ten Atlanta Fed employees made commitments to the program for the 1984-85 school year.

The Atlanta Fed also took part in an Education Task Force created by Atlanta's Chamber of Commerce. In one task force project, schoolteachers who lacked a computer background were given an eight-week course in the basics to help them more effectively instruct students who were already computer-knowledgeable.

One member of our staff lectures at workshops sponsored by the Georgia Council on Education and serves as a trustee of the council, which develops techniques and materials to help teachers give students an understanding of basic economics. And, during 1984, high school vocational and career counselors toured the Bank on Educators' Day, part of a program designed to encourage young people to continue their studies.

Not all of the Bank's community involvement energy is channeled into education. Our community affairs function was expanded during the past year through the activities of a community affairs officer who serves as liaison between the District's financial institutions and cities and various local organizations.

Our designated officer seeks to familiarize himself with economic and community development needs and programs within the District, and to inform financial institutions how they might involve themselves in relevant programs in their markets. He works with the District's 20 Neighborhood Housing Services corporations, partnerships of financial institutions, neighborhood residents, and city governments created to revitalize urban neighborhoods. He has helped several organizations by attending fund-raising events for the contributing financial institutions; one such affair was hosted by the



Jayne Fox-Bryan, director of community relations, offers some communications pointers to Harper Magnet School students and Inroads interns.

Miami Branch. A related initiative is publishing "Opportunities," a bimonthly newsletter designed to inform banks of opportunities for participation in local economic and community development programs.

Our offices support such respected programs as United Way campaigns and Red Cross blood drives. Again, the Bank's involvement must be limited, since our charter precludes making corporate gifts to charitable organizations. Yet for years the Bank has supported the United Way and the many community agencies under its umbrella.

Officers and other staff members in our various offices participate in the annual fund-raising campaign, serving as group and division managers. The Miami and New Orleans Branches both provided two "loaned executives" for the 1984 fund drive, and the Atlanta office contributed one for that city's drive. Bank officers serve on agency relations committees, overseeing the programs and expenditures of various organizations.

Bank employees contribute generously to the United Way in our six cities, establishing a level of giving that has



Miami Branch employees Jack Finch, left, and Francisco Padilla check out a work schedule with Zenaida Hernandez at the United Way of Dade County, where Finch and Padilla worked six weeks each as loaned executives.

captured many awards. More than 87 percent of our Atlanta office staff participates in the Charity Parity plan, a payroll deduction plan for charitable giving. Total 1984 pledges increased by 15 percent and fair share giving rose by 24 percent. Employees responded with similar enthusiasm in the Bank's other offices.

An officer of the Birmingham Branch served as chairman of the Alabama Youth Football State Championship, which involved 1,200 youngsters and raised funds for King's Ranch, which shelters mistreated children and unwed mothers.

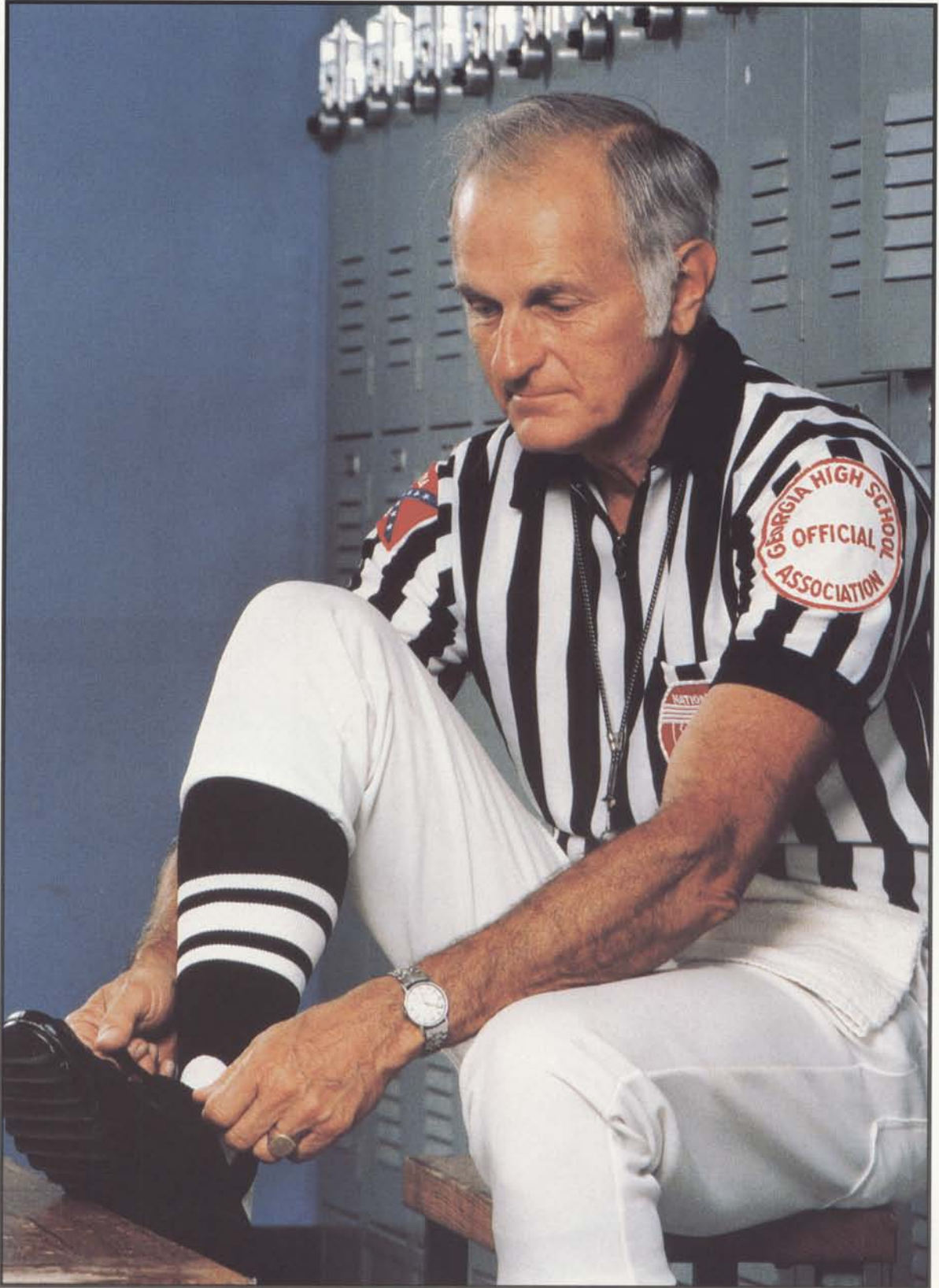
Individual employees in Jacksonville spend off-duty hours working with such organizations as the American Red Cross, the Boy Scouts of America, the Salvation Army, and the Special Olympics. Employees serve on volunteer fire departments and perform in community theater groups.

In Miami, employees enter into activities ranging from chairing the West Dade Chamber of Commerce—an organization with more than 100 participating businesses—to working as a Big Brother or Big Sister in a program that fosters a personal relationship between an adult and a one-parent child. Various employees give their time to such organizations as the Urban League of Greater Miami, the Inner City Children's Touring Dance Company, and the Sierra Club of South Florida.

The Nashville Branch has been honored as an outstanding employer of the deaf, employing several deaf men and women. To enhance communication with deaf employees, sign language classes are conducted periodically by interpreters from the League for the Hearing Impaired.

In New Orleans, Branch employees coordinate a child abuse and battered women's program, conduct fund-raising activities for a retarded children's special school, and counsel adolescents troubled by family problems or drug addiction. One employee serves with the Land, Air and Sea Emergency Rescue Unit, responding to disasters and emergency situations ranging from plane crashes to hostage negotiations.

Why do we encourage such off-hours activism by our employees? Community involvement's long-term benefits to an institution or a corporation often are uncertain in the beginning. Yet, some advantages are obvious. For example, involvement benefits the society in which we work and live. Community projects also help us identify talented, competent employees. Furthermore, if an institution and its employees can help raise educational standards, upgrade the lives of the underprivileged and afflicted, and contribute to the overall well-being of a locality's economy, everyone will benefit.



Robert E. Heck, an officer in Supervision and Regulation shown here in uniform to referee a high school football game, also coaches girls softball teams in his off hours.

# Directors and Senior Officers

## Board of Directors, 1984

**JOHN H. WEITNAUER, JR.**  
CHAIRMAN  
Chairman and Chief Executive Officer  
Richway  
Atlanta, Georgia

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

**DAN B. ANDREWS**  
President  
First National Bank  
Dickson, Tennessee

**HAROLD B. BLACH, JR.**  
President  
Blach's, Inc.  
Birmingham, Alabama

**GUY W. BOTTS**  
Senior Partner  
Culverhouse, Botts, Mills & Cone  
Jacksonville, Florida

**JANE C. COUSINS**  
President and Chief Executive Officer  
Merrill Lynch Realty/Cousins  
Miami, Florida

**BERNARD F. SLIGER**  
President  
Florida State University  
Tallahassee, Florida

**HORATIO C. THOMPSON**  
President  
Horatio Thompson Investment, Inc.  
Baton Rouge, Louisiana

**MARY W. WALKER**  
President  
The National Bank of Walton County  
Monroe, Georgia



1984 Directors: Seated are Currey, left, and Weitnauer. Standing, from left, are Blach, Federal Advisory Council member Searle, Cousins, Thompson, Walker, Andrews, Sliger, and Botts.

## New Director for 1985

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

## Federal Advisory Council

**PHILIP F. SEARLE**  
Chairman  
Sun Banks, Inc.  
Orlando, Florida

## Senior Officers

**ROBERT P. FORRESTAL**  
President

**JACK GUYNN**  
First Vice President

**B. H. HARGETT**  
Executive Vice President

**W. R. CALDWELL**  
Senior Vice President

**CHARLES D. EAST**  
Senior Vice President and  
Comptroller

**HARRY C. SCHIERING**  
General Auditor

**H. TERRY SMITH**  
Senior Vice President

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

**PATRICK K. BARRON**  
Vice President and  
Miami Branch Manager

**WARDLYN BASSLER**  
Vice President

**HENRY BOURGAUX**  
Vice President and  
New Orleans Branch Manager

**HARRY BRANDT**  
Corporate Secretary and  
Assistant to the President

**FRANK J. CRAVEN**  
Vice President

**W. M. DAVIS**  
Vice President

**DELMAR HARRISON**  
Vice President and  
Atlanta Branch Manager

**JAMES D. HAWKINS**  
Vice President and  
Jacksonville Branch Manager

**ROBERT E. HECK**  
Vice President

**FREDERICK R. HERR**  
Vice President and  
Birmingham Branch Manager

**JOHN R. KERR**  
Vice President

**B. FRANK KING**  
Vice President and  
Associate Director of Research

**ELY S. MATTERI**  
Vice President

**RICHARD R. OLIVER**  
Vice President

**JOHN M. WALLACE**  
Vice President

**JEFFREY J. WELLS**  
Vice President and  
Nashville Branch Manager

**EDMUND WILLINGHAM**  
Vice President and  
General Counsel

## Management Committee

**JACK GUYNN**  
First Vice President

**B. H. HARGETT**  
Executive Vice President

**W. R. CALDWELL**  
Senior Vice President

**CHARLES D. EAST**  
Senior Vice President and  
Comptroller

**HARRY C. SCHIERING**  
General Auditor

**H. TERRY SMITH**  
Senior Vice President

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



Management Committee: Seated, left to right, Tschinkel, Guynn, and Smith; standing, Schiering, Caldwell, East, and Hargett.

# Branch Directors, 1984

## Birmingham

MARTHA McINNIS  
CHAIRMAN  
President  
EnviroSouth, Inc.  
Montgomery, Alabama

G. MACK DOVE  
President  
AAA Cooper Transportation Company  
Dothan, Alabama

GRADY GILLAM  
Chairman  
AmSouth Bank, N.A.  
Gadsden, Alabama

SAMUEL RICHARDSON HILL, JR.  
President  
University of Alabama at Birmingham  
Birmingham, Alabama

CHARLES LEE PEERY  
Chairman  
The First National Bank of Florence  
Florence, Alabama

WILLIAM M. SCHROEDER  
Chairman and President  
Central State Bank  
Calera, Alabama

LOUIS J. WILLIE  
Executive Vice President  
Booker T. Washington Insurance Company  
Birmingham, Alabama

## New Directors for 1985

WILLARD L. HURLEY  
Chairman and Chief Executive Officer  
First Alabama Bancshares, Inc.  
Birmingham, Alabama

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

## Jacksonville

JEROME P. KEUPER  
CHAIRMAN  
President  
Florida Institute of Technology  
Melbourne, Florida

GEORGE C. BOONE, JR.  
President and Chief Executive Officer  
Security First Federal Savings  
and Loan Association  
Daytona Beach, Florida

LEWIS A. DOMAN  
President  
Citizens and Peoples National Bank  
Pensacola, Florida

E. F. KEEN, JR.  
Vice Chairman  
NCNB Bancorporation, Inc.  
Bradenton, Florida

E. WILLIAM NASH, JR.  
President  
South-Central Operations  
Prudential Life Insurance  
Company of America  
Jacksonville, Florida

JO ANN DOKE SMITH  
Co-Owner  
Smith Brothers  
Micanopy, Florida

JOHN D. UIBLE  
Chairman and Chief Executive Officer  
Florida National Banks of Florida, Inc.  
Jacksonville, Florida

## New Directors for 1985

ANDREW A. ROBINSON  
Dean, College of Education  
and Human Services  
University of North Florida  
Jacksonville, Florida

JOEL R. WELLS, JR.  
President and Chief Executive Officer  
Sun Banks, Inc.  
Orlando, Florida

## Miami

SUE McCOURT COBB  
CHAIRMAN  
Attorney  
Greenberg, Traurig, Askew, Hoffman,  
Lipoff, Rosen and Quentel, P.A.  
Miami, Florida

EUGENE E. COHEN  
Chief Financial Officer and Treasurer  
Howard Hughes Medical Institute  
Coconut Grove, Florida

D. S. HUDSON, JR.  
Chairman  
First National Bank and  
Trust Company of Stuart  
Stuart, Florida

ROBERT L. KESTER  
Vice Chairman  
Barnett Bank of South Florida, N.A.  
Pompano Beach, Florida

ROBERT D. RAPAPORT  
Principal  
The Rapaport Companies  
Palm Beach, Florida

ROY VANDEGRIFT, JR.  
President  
Roy Van, Inc.  
Pahokee, Florida

STEPHEN G. ZAHORIAN  
President  
Barnett Bank of Lee County, N.A.  
Fort Myers, Florida

## New Directors for 1985

ROBERT D. APELGREN  
President  
Apelgren Corporation  
Pahokee, Florida

JAMES P. HERMES  
President and Chief Executive Officer  
Bank of the Islands  
Sanibel, Florida

## Nashville

### C. WARREN NEEL CHAIRMAN

Dean  
College of Business Administration  
The University of Tennessee  
Knoxville, Tennessee

### CONDON S. BUSH

President  
Bush Brothers & Company  
Dandridge, Tennessee

### MICHAEL T. CHRISTIAN

President and Chief Executive Officer  
Commerce Union Bank  
Greeneville, Tennessee

### SAMUEL H. HOWARD

Vice President and Treasurer  
Hospital Corporation of America  
Nashville, Tennessee

### ROBERT W. JONES

Chairman and President  
First National Bank  
McMinnville, Tennessee

### OWEN G. SHELL, JR.

President and Chief Executive Officer  
First American National Bank of Nashville  
Nashville, Tennessee

### PATSY R. WILLIAMS

Partner  
Rhyne Lumber Company  
Newport, Tennessee

## New Director for 1985

### WILL A. HILDRETH

President and Chief Executive Officer  
First National Bank of Loudon County  
Lenoir City, Tennessee



In a scene repeated daily at our six Branch offices, an operator prepares money for processing on a high-speed currency machine that will verify the amount and screen out unfit bills and counterfeits.

## New Orleans

### SHARON A. PERLIS CHAIRMAN

Attorney  
Metairie, Louisiana

### JERRY W. BRENTS

President and Chief Executive Officer  
First Louisiana Holding Company  
Lafayette, Louisiana

### CARL E. JONES, JR.

Chairman, President, and  
Chief Executive Officer  
Merchants National Bank of Mobile  
Mobile, Alabama

### LESLIE B. LAMPTON

President  
Ergon, Inc.  
Jackson, Mississippi

### PHILIP K. LIVINGSTON

Vice Chairman, President, and  
Chief Executive Officer  
Citizens National Bank  
Hammond, Louisiana

### TOM B. SCOTT, JR.

President and Chief Executive Officer  
Unifirst Bank for Savings, F.A.  
Jackson, Mississippi

### ROOSEVELT STEPTOE

Professor of Economics  
Southern University  
Baton Rouge Campus  
Baton Rouge, Louisiana

## New Director for 1985

### JAMES G. BOYER

Chairman, President, and  
Chief Executive Officer  
Gulf National Bank at Lake Charles  
Lake Charles, Louisiana

# Statement of Condition

<u>Assets</u>	<u>December 31, 1983</u>	<u>December 31, 1984</u>
Gold Certificate Account	\$ 371,000,000	\$ 360,000,000
Special Drawing Rights Certificate Account	161,000,000	161,000,000
Coin	42,238,437	49,655,950
Loans and Securities	3,870,336,372	4,018,821,491
Cash Items in Process of Collection	1,209,887,887	541,108,045
Bank Premises	34,189,340	39,275,879
Other Assets	394,674,961	437,619,842
Interdistrict Settlement Account	35,376,273	2,276,686,836
Total Assets	<u>\$6,118,703,270</u>	<u>\$7,884,168,043</u>
<u>Liabilities</u>		
Federal Reserve Notes	\$3,155,985,661	\$5,216,469,381
Deposits*	1,578,055,351	1,756,695,061
Deferred Availability Cash Items	1,074,442,781	545,785,769
Other Liabilities	67,137,577	96,905,432
Interdistrict Settlement Account	0	0
Total Liabilities	<u>\$5,875,621,370</u>	<u>\$7,615,855,643</u>
<u>Capital Accounts</u>		
Capital Paid In	\$ 121,540,950	\$ 134,156,200
Surplus	121,540,950	134,156,200
Total Capital Accounts	\$ 243,081,900	\$ 268,312,400
Total Liabilities and Capital Accounts	<u>\$6,118,703,270</u>	<u>\$7,884,168,043</u>

\*Includes Depository Institution Accounts, Collected Funds Due to Other F.R. Banks, U.S. Treasurer - General Account.



# Statement of Earnings

Earnings and Expenses	1983	1984
Total Current Income	\$450,121,579	\$481,819,985
Operating Expenses	83,676,158	88,577,516
Cost of Earnings Credit (Deduct)	8,175,346	12,044,659
Current Net Income	\$358,270,075	\$381,197,810
Net Additions (+) Deductions (-)*	-36,075,852	-37,009,013
Assessment of Expenses of Board of Governors	5,772,600	6,826,100
F. R. Currency Cost	6,037,702	3,261,034
Net Income Before Payment to U.S. Treasury	<u>\$310,383,921</u>	<u>\$334,101,663</u>
<b>Distribution of Net Earnings</b>		
Dividends Paid	\$ 6,865,126	\$ 7,686,605
Payments to U.S. Treasury (Interest on F.R. Notes)	290,842,695	313,799,808
Transferred to Surplus Account		
Net Additions (+) Deductions (-)	<u>+12,676,100</u>	<u>+12,615,250</u>
Total Income Distributed	<u>\$310,383,921</u>	<u>\$334,101,663</u>
<b>Surplus Account</b>		
Surplus January 1	\$108,864,850	\$121,540,950
Transferred to Surplus—as above	<u>\$ 12,676,100</u>	<u>\$ 12,615,250</u>
Surplus December 31	<u>\$121,540,950</u>	<u>\$134,156,200</u>

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

# Summary of Operations

	1983		1984	
	\$ (millions)	items (thousands)	\$ (millions)	items (thousands)
<b>Services to Depository Institutions</b>				
Clearing and Collection Services				
Checks handled:				
U.S. Government checks	57,426	80,053	54,928	77,161
Postal money orders	1,195	17,978	1,004	15,088
All other	1,187,182	1,980,246	1,307,228	2,138,020
ACH payments processed	115,660	58,315	263,037	72,087
Wire transfers of funds	6,322,569	5,771	6,890,627	6,139
Cash Services				
Total cash receipts	20,473	4,819,283	23,995	5,821,102
Total cash payments	15,192	7,089,589	16,954	7,833,511
Currency processed	—	1,463,459	—	1,679,140
Coin processed	—	2,793,798	—	3,159,478
Loans to depository institutions daily average	34	—	44	—
Securities Services				
Wire transfer of securities	735,843	244	579,000	553
Noncash collection	986	858	1,431	1,282
<b>Services to U.S. Treasury</b>				
U.S. savings bonds issued, redeemed by Federal Reserve Bank	370	2,186	293	2,121
U.S. savings bonds issued and redeemed by qualified issuing and paying agents	897	10,035	964	9,866
Other Treasury securities issued, serviced and redeemed	106,855	228	28,609	198
Deposits to Treasury Tax and loan accounts	20,819	898	51,238	936
Food coupons destroyed	1,517	395,380	1,414	368,631

**Branches:**

**Atlanta Branch**  
104 Marietta St, N.W.  
Atlanta, Georgia 30303

**Birmingham Branch**  
1801 Fifth Avenue, North  
Birmingham, Alabama 35283

**Jacksonville Branch**  
515 Julia Street  
Jacksonville, Florida 32231

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

**Nashville Branch**  
301 Eighth Avenue, North  
Nashville, Tennessee 37203

**New Orleans Branch**  
525 St. Charles Avenue  
New Orleans, Louisiana 70161

**Photos:**

**Billy Grimes Photography Inc.,**  
Atlanta—pp. 4, 8, 9, 10, 12,  
13, 14, 15, 19, 20, 21, 23

**Bedgood and Associates,**  
Atlanta—pp. 16, 17, 27

**C. F. Weber Photography,**  
New Orleans—p. 3

**Hefner Productions,**  
Atlanta—p. 6

**Steve Fordice Photography,**  
Miami—p. 18

