

IN THE SEVENTH DISTRICT



1971 annual report
Federal Reserve Bank of Chicago

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**To the member banks of the
Seventh Federal Reserve District:**

The economy resumed growth in 1971 after the decline in production and employment that marked the previous year. Monetary policy was cautiously stimulative—its purpose, to encourage economic growth while avoiding a resurgence of inflation. Although recovery was underway from the start of the year, the pace was disappointingly slow, and evidence of a deceleration in the rate of increase in prices was inconclusive. The dollar came under severe international pressure as our trade balance deteriorated.

In August, the President launched his new economic program—designed to deal in a comprehensive way with these interrelated problems. By year-end, the wage-price “freeze” had given way to a more flexible control mechanism, tax legislation was providing modest fiscal stimulation, and basic agreement had been reached on the realignment of major currencies.

The effectiveness of these actions will be measured by the performance of the economy in 1972. Greater stability in both domestic prices and international currency values can be expected to promote gains in employment and production. But the attainment of sustainable, balanced growth remains a challenge. The Federal Reserve System will provide the reserves to enable banks to finance the necessary expenditures but will resist demands in excess of the economy’s capacity to produce.

In my letter to you last year, I stressed that our bank is committed to finding sensible solutions to handling the flood of paper arising from the “normal” flow of financial transactions. I am happy to report that in 1971 we made real progress in building a base for an improved payments mechanism in the district. The details of this progress are summarized in the body of this report.

The financial statements of our bank reflect the direct and indirect effects of monetary policy actions. Assets totaled just under \$16 billion on December 31, 1971, up \$1.1 billion from a year earlier. Holdings of U. S. Treasury securities and federal agency obligations, which were purchased outright for the first time in 1971, increased \$1.6 billion. Total security holdings, which accounted for 71 percent of assets at year-end, reflect our bank’s participation in Federal Reserve open market operations that supply reserves to the banking system. Increases in outstanding Federal Reserve notes and member bank reserve accounts absorbed over three-fourths of the funds supplied through asset expansion for the year. Total earnings in 1971 were \$626 million, \$12 million less than 1970 earnings, reflecting lower interest rates. Earnings on securities accounted for over 98 percent of 1971 earnings. Earnings on loans to member banks declined \$6 million, reflecting lower average borrowings and reductions in the discount rate. Net earnings amounted to \$576 million, of which \$564 million were transferred to the U. S. Treasury.

Your cooperation with—and responsiveness to—our activities during the past year has been admirable. On behalf of our directors, officers, and staff, I thank you.

Sincerely,



Robert P. Mayo
President

December 31, 1971

Improving the District's Payments Mechanism



Money transfers in the United States are made largely by means of currency or check, with about 90 percent of all such payments by check. In 1970, about 22 billion checks, amounting to more than \$16 trillion, were written, and recent estimates indicate that the number of checks will double within ten years.

Faced with the prospect of a rapidly increasing number of checks, the Board of Governors of the Federal Reserve System issued a policy statement in June 1971 calling for renewed Reserve System efforts to improve the payments mechanism. The Board directed the presidents of the 12 Federal Reserve banks to make the current check payments mechanism more efficient by establishing regional check processing centers (RCPCs) throughout the United States, and to encourage member banks and their customers to make greater use of the Federal Reserve's telecommunications system for the electronic transfer of funds. The objectives are:

1. To present checks faster to paying banks.
2. To collect funds faster from paying banks.
3. To return dishonored items faster.
4. To reduce the number of handlings per check.
5. To reduce the distance checks travel in the clearing process.
6. To reduce commercial bank and Federal Reserve float.
7. To provide an interim step between the present payments mechanism and an ultimate electronic payments system.

To implement these objectives the Federal Reserve Bank of Chicago has established a new department headed by Senior Vice President Harry S. Schultz and has appointed a committee of officers to study and advise on means of improving the payments mechanism. Mr. Schultz and his staff are devoting their full efforts to improving the payments

mechanism in the Seventh District. In addition, Mr. Schultz is assisted on a part-time basis by Arthur M. Gustavson, former vice president in charge of Cash and Safekeeping at the Federal Reserve Bank of Chicago.

A time for change

The renewed emphasis on measures to improve the payments mechanism is not in response to any glaring weakness now evident. Rather, it is a move to take full advantage of transportation and communications capabilities already available, and to establish the capability of expeditiously handling the large growth in payments by check in prospect for the 1970s.

An ideal payments mechanism would accommodate simultaneous debit of payors and credit of payees. Payments made with currency do this because the transfer of purchasing power is instantaneous—one party gives up money as the other acquires it. But currency is not a practical or convenient means of making most payments. The costs and risks of loss and theft associated with storing and shipping large amounts of currency are obvious. Considerations of cost, convenience, and security require that the great majority of money payments be effected by some means other than transfers of currency. These factors account for the popularity of the check as a vehicle for payments.

Checks should be collected as rapidly as feasible in order to consummate payments quickly. Delays in the consummation of money transfers effected by checks arise because it is checking account balances, and not checks themselves, that are spendable money. When someone writes a check, this does not result in either an immediate debit to his checking account balance or an immediate credit to another's checking account balance. The check must move through the check collection process until it is presented to the issuer's bank. Only at

that point, when a debit is made to the issuer's account, is the payment consummated, often several days after the check was written and the payment process initiated.

Causes of delays

The time it takes for checks to reach banks for collection and for payment to be made is determined by the time that elapses before recipients of checks deposit them with banks and by the speed with which the checks, once in the hands of banks, can be processed and routed to the issuer's bank for payment. Currently, an average check passes through two or three processing points (usually banks) and is handled about ten times.

In addition, there are delays in payment associated with the proximity of paying banks to Federal Reserve banks or branches. Reflecting transportation and communication arrangements, banks located in Federal Reserve cities pay for checks presented to them by Federal Reserve offices on the day of presentment in immediately available funds, e.g., on Monday in funds available on Monday. In contrast, banks located outside the 37 cities where a Federal Reserve bank or branch is located (or a small number of areas where RCPCs have already been established) have been paying for checks presented to them through the Federal Reserve System on the day following receipt. For example, banks located outside Federal Reserve cities and not in an RCPC area normally pay in funds available on Tuesday for checks presented to them by Federal Reserve offices on Monday.

Expediting check collections

The lapse of time between the writing of checks and the payment of checks can, and should, be reduced. This would have a number of favorable results. It would provide earlier credit to holders of checks, reduce "float," reduce exposure to "kites" and other offensive practices, expedite return of "bad" checks, and further enhance the acceptability of checks as a means of payment.

As a first step, Federal Reserve banks are establishing regional check processing centers (RCPCs) in key cities across the country to serve banks in

areas as large as can be accommodated with present modes of transportation. The outstanding feature of RCPCs is that all intra-RCPC-area checks will be cleared in one day. This means that overnight, checking account balances of RCPC-area banks and their customers will be debited and credited for all checks drawn on other banks in the same RCPC area. This accelerated clearing will be accomplished through special handling of RCPC-area checks, utilization of improved transportation, later closing hours for receipt of deposits at RCPCs, and payment for checks in immediately available funds on day of presentment to payor banks.

RCPCs will have varying effects on banks, depending on their location. Illustration I compares the current day-to-day clearing process between two member country banks in the same Federal Reserve district with the RCPC clearing process between two country banks in the same RCPC area. Currently, for most checks, four days elapse from the time they are deposited with the first commercial bank to the time payment is obtained from the bank on which the check is drawn (if other than the bank of deposit). Typically, the check is deposited at the customer's (recipient's) bank on the first day. On the second day, the customer's bank deposits the check with the Federal Reserve. The Fed presents the check to the issuer's bank on the third day, and receipt of the payment by the Fed and the credit of funds to the reserve account of the depositing bank occur on the fourth day.

Under the RCPC arrangement, the first two events of the clearing process—the commercial bank customer's deposit and the commercial bank's deposit with the RCPC—occur on the same day. The steps in the clearing process that take place on days three and four under the current process—presentment of items to paying banks and receipt of payment by the Federal Reserve—are accomplished on the second day under the RCPC arrangement. RCPC-area banks pay for checks presented to them in immediately available funds on the day of presentment, and Federal Reserve banks pass credit to depositing banks on the day the credit is received. Therefore, an

Illustration I Comparison of Check Collection Systems for an Intra-district Country Member Bank Item

RCPC-area bank making deposits of RCPC checks on one day will receive credit to its reserve account or the reserve account of a designated member bank the next day. The net effect of the RCPC arrangement on country member banks in the same RCPC area is to reduce by two days the time required to clear RCPC-area checks.

The effect of the RCPC arrangement on clearing checks between two country member banks located in different Federal Reserve districts is shown in Illustration II. The RCPC arrangement cuts one day from the clearing time for checks originating in one Federal Reserve district but drawn on RCPC-area banks in other districts. With these checks, the improvement results largely from the payment by RCPC-area banks on day of presentment in immediately available funds. However, the Federal Reserve is attempting to speed up the inter-district movement of checks, also for the purpose of expediting the collection process.

Under the current arrangement, credit is passed by Federal Reserve banks to depositing banks according to a

RCPC arrangement	Current arrangement	Event
Day 1	Day 1	Bank A receives check drawn on Bank B.
	Day 2	Bank A deposits check with Federal Reserve Bank of Chicago.
Day 2	Day 3	Federal Reserve Bank of Chicago presents check to Bank B for payment.
	Day 4	Federal Reserve receives payment from Bank B and passes credit to Bank A.

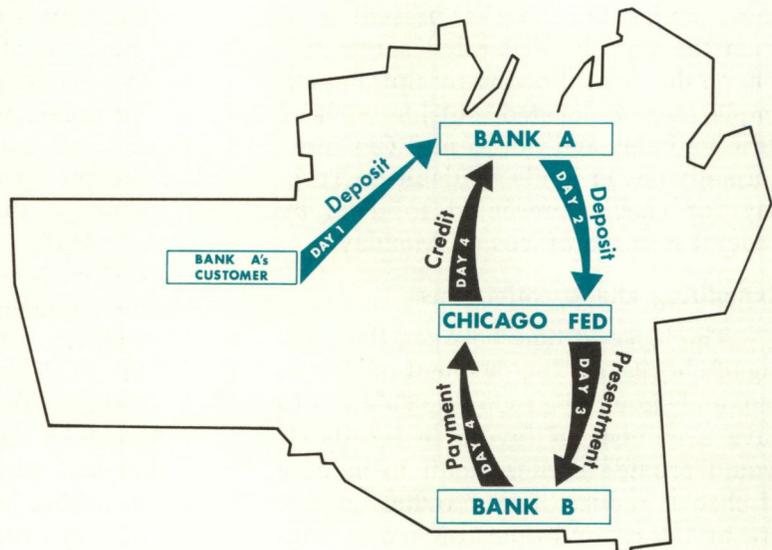
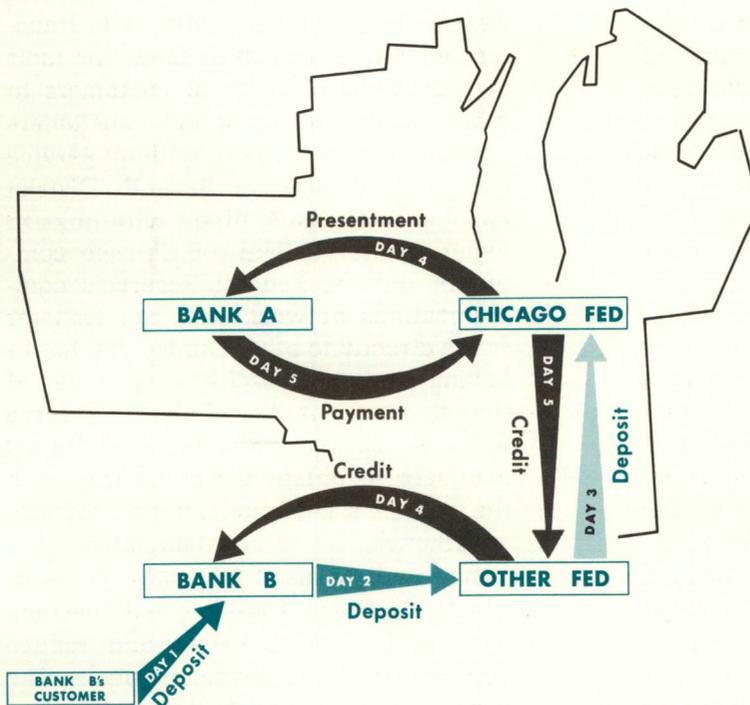


Illustration II Comparison of Check Collection Systems for an Inter-district Country Member Bank Item

RCPC arrangement	Current arrangement	Event
Day 1	Day 1	Bank B receives a check drawn on Bank A.
Day 2	Day 2	Bank B deposits check with its Federal Reserve office.
Day 3	Day 3	Bank B's Federal Reserve office sends it to Federal Reserve Bank of Chicago.
Day 4	Day 4	Federal Reserve Bank of Chicago presents check to Bank A for payment. Other Federal Reserve office credits Bank B.
	Day 5	Federal Reserve Bank of Chicago receives payment from Bank A and passes it to other Federal Reserve office.



definite time schedule with the maximum deferment of credit being two days from the day the deposit is received by the Federal Reserve. This time schedule means that credit is passed by the Federal Reserve for inter-district country items before payment is received. This occurs between days four and five in the current clearing process and is the operational factor that results in a large amount of Federal Reserve float. Under the RCPC arrangement, this type of Federal Reserve float is eliminated because credit is passed to the bank of initial deposit on the same day that credit is received from the payor bank.

Chicago Regional Check Processing Center

The Federal Reserve Bank of Chicago plans to implement the first RCPC in the Seventh Federal Reserve District early in 1972. This will be the Chicago Regional Check Processing Center (CRCPC), serving at the outset approximately 285 banks in ten counties around Chicago. It will include Illinois banks located in Cook (other than Chicago Clearing House Association banks), Du

Page, Grundy, Kane, Kankakee, Kendall, Lake, McHenry, and Will Counties, and in Indiana, the 13 banks in Lake County. The size of area served is limited by the capability to assemble, process, and present for payment on an overnight basis the checks drawn on and deposited by banks in the area. The CRCPC area will be expanded to include additional banks as transportation and check processing capabilities permit.

Banks affiliated with the Chicago Clearing House Association (CCHA) will continue to exchange checks as they do now. The association requires banks to pay for checks presented to them by other banks in the city on the day of presentment in immediately available funds. Thus, overnight clearings among CRCPC-area banks will complement the existing arrangement of CCHA banks.

All banks located in the CRCPC area may deposit with the CRCPC. Member banks may deposit all items currently eligible for deposit with the Federal Reserve Bank of Chicago. Nonmember banks may continue to deposit with correspondent banks or may deposit directly with the CRCPC items drawn on other CRCPC-area banks, as well as U. S. Government checks, food stamp coupons, and postal money orders. The CRCPC will accept deposits of CRCPC-area items until 12:30 a.m. for credit the same day. For example, deposits of CRCPC items received by 12:30 a.m. Tuesday will be credited on Tuesday. Deposits received after 12:30 a.m. Tuesday will be credited Wednesday.

In order to receive immediate credit on CRCPC items, banks must have their checks fully encoded in the manner prescribed by the American Bankers Association, must have checks amount-encoded, and must deposit checks in a separate cash letter. U. S. Government checks, postal money orders, and food stamp coupons must also be deposited in separately sorted cash letters for credit on day of receipt at the CRCPC.

Proceeds for cash letters deposited by CRCPC-area banks will be credited to their reserve accounts or to the reserve account of a designated member bank of the Federal Reserve Bank of Chicago. Payment for cash letters will be effected on day of presentment by a

debit to a member bank's reserve account or the reserve account of a designated member bank. Cash letters will be debited in full with subsequent adjustments for return items and errors.

Chicago correspondent banks are cooperating in establishing the CRCPC and will assist CRCPC-area banks with sorting and encoding requirements. Chicago correspondent banks will also aid in making arrangements for debits and credits to their own reserve accounts on behalf of CRCPC-area banks.

Des Moines Regional Check Processing Center

A second RCPC facility, to be located in Des Moines, will provide overnight clearing of checks for banks in most of Iowa. This facility is planned to be in operation in the third quarter of 1972. Other areas in the district are being studied to determine the opportunities for improving the check clearing process by establishing regional check processing centers or other means.

Wire transfers encouraged

In addition to establishing RCPCs, the Federal Reserve System is encouraging greater use of its capability to provide electronic transfers of funds. Member banks may use the Federal Reserve System's wire network to transfer amounts of \$1,000 or more for their own accounts or those of customers to other member banks or their customers anywhere in the country without service charge. A number of Seventh District member banks have direct wire links to Federal Reserve Bank of Chicago computers and the Federal Reserve's communications network, and can transfer funds directly to other commercial banks having similar capability. Expansion of the facilities at the Federal Reserve Bank of Chicago will enable additional members to obtain direct linkage with the System's communications network.

Although it is contemplated that checks will be used for many years to come, electronic transfers will become more and more prevalent and reduce dependence on conventional checks. The experience gained with electronic transfers will help to smooth the transition to an ultimate electronic payments system.

Statement of Operations

	Value		Number of items	
	1971	1970	1971	1970
	(millions)		(thousands)	
Clearing and collection				
Commercial bank checks	\$ 512,412	\$ 441,905	1,138,754	1,062,164
Government checks*	26,205	24,573	101,100	100,088
Other items	1,644	2,948	1,813	1,886
Currency and coin				
Currency received and counted	\$ 5,399	\$ 5,153	766,990	727,546
Coin received and counted	164	176	1,371,810	1,479,880
Unfit currency withdrawn from circulation	1,613	1,474	350,250	312,855
Safekeeping of securities				
Definitive securities**				
Securities received	\$ 5,249	\$ 5,217	517	345
Securities released	4,372	4,831	403	403
Coupons detached	254	194	3,014	2,924
In safekeeping on December 31	6,175	5,298	1,540	1,426
Book-entry Treasury securities**				
Securities deposited	\$ 15,934	\$ 8,992	14	10
Securities withdrawn	16,071	8,299	15	10
On deposit on December 31	4,800	4,937	—	—
Loans				
Total loans made during the year	\$ 37,521	\$ 43,949	—	—
Daily average outstanding	167	236	—	—
Number of banks accommodated	—	—	184†	287†
Investment				
Purchases and sales of securities for member banks	\$ 804	\$ 645	6	10
Transfer of funds				
Funds transferred	\$2,391,889	\$2,034,540	1,285	1,170
Services to the U.S. Treasury				
Marketable securities				
Issued:				
Bearer and registered	\$ 16,108	\$ 19,231	373	567
Book entry	6,824	3,638	8	5
Serviced:				
Bearer and registered	58,283	46,896	793	1,422
Book entry	19,577	12,654	14	11
Redeemed:				
Bearer and registered	22,482	22,985	804	1,443
Book entry	3,496	999	7	4
Savings bonds and savings notes				
Issued	\$ 1,480	\$ 1,261	27,826	26,157
Reissued and replaced	332	274	1,747	1,578
Redeemed	1,139	1,381	19,231	21,892
Federal tax deposit forms processed	\$ 24,580	\$ 23,671	5,123	4,535
Food stamps processed	\$ 387	\$ 224	247,904	166,474

*Includes postal money orders.

**Includes collateral custodies.

†Actual number.

Statement of Earnings and Expenses

	<u>1971</u>	<u>1970</u>
Current earnings:		
Advances and discounts	\$ 8,733,021	\$ 14,933,619
U. S. Government securities	600,673,056	614,380,420
Foreign currencies	395,960	7,276,478
All other	145,150	171,248
Total current earnings	<u>\$609,947,187</u>	<u>\$636,761,765</u>
Current expenses:		
Operating expenses	\$ 45,974,533	\$ 41,533,264
Federal Reserve currency	3,611,570	3,955,139
Assessment for expenses of Board of Governors	4,893,000	3,137,100
Total	<u>\$ 54,479,103</u>	<u>\$ 48,625,503</u>
Less reimbursement for certain fiscal agency and other expenses	5,076,056	5,319,490
Current net expenses	<u>\$ 49,403,047</u>	<u>\$ 43,306,013</u>
Current net earnings	<u>\$560,544,140</u>	<u>\$593,455,752</u>
Additions to current net earnings:		
Profit on sales of U. S. Government securities (net)	\$ 16,418,733	\$ 1,347,366
All other	30,344	532,001
Total additions	<u>\$ 16,449,077</u>	<u>\$ 1,879,367</u>
Deductions from current net earnings:		
Loss on sales of U. S. Government securities (net)	\$ —	\$ —
All other	1,306,592	27,210
Total deductions	<u>\$ 1,306,592</u>	<u>\$ 27,210</u>
Net deductions from (—) or additions to current net earnings	15,142,485	1,852,157
Net earnings before payments to U. S. Treasury	\$575,686,625	\$595,307,909
Dividends paid	\$ 6,485,409	\$ 6,065,780
Payments to U. S. Treasury (interest on Federal Reserve notes)	563,996,366	582,782,779
Transferred to surplus	<u>\$ 5,204,850</u>	<u>\$ 6,459,350</u>
Surplus account		
Surplus, January 1	\$105,455,600	\$ 98,996,250
Transferred to surplus—as above	5,204,850	6,459,350
Surplus, December 31	<u>\$110,660,450</u>	<u>\$105,455,600</u>

Statement of Condition

	<u>December 31, 1971</u>	<u>December 31, 1970</u>
Assets		
Gold certificate account	\$ 1,784,956,860	\$ 2,209,626,441
Special drawing rights certificate account	70,000,000	70,000,000
Federal Reserve notes of other banks	81,508,000	60,299,000
Other cash	28,404,018	31,942,741
Loans:		
Secured by U. S. Government securities	3,400,000	2,550,000
Other	—	224,375,000
Total loans	<u>\$ 3,400,000</u>	<u>\$ 226,925,000</u>
Federal agency obligations, bought outright	79,307,000	—
U. S. Government securities	11,281,893,000	9,785,675,000
Total loans and securities	<u>\$11,364,600,000</u>	<u>\$10,012,600,000</u>
Cash items in process of collection	2,498,129,973	2,327,046,039
Bank premises	16,475,936	16,887,444
Other assets	113,809,762	124,793,062
Total assets	<u><u>\$15,957,884,549</u></u>	<u><u>\$14,853,194,727</u></u>
Liabilities		
Federal Reserve notes	\$ 9,573,220,598	\$ 9,003,044,980
Deposits:		
Member bank reserves	3,749,985,300	3,429,976,085
U. S. Treasurer—general account	254,844,087	103,606,870
Foreign	42,000,000	18,500,000
Other	137,920,942	282,154,793
Total deposits	<u>\$ 4,184,750,329</u>	<u>\$ 3,834,237,748</u>
Deferred availability cash items	1,883,770,142	1,713,965,571
Other liabilities	94,822,580	91,035,228
Total liabilities	<u>\$15,736,563,649</u>	<u>\$14,642,283,527</u>
Capital accounts		
Capital paid in	\$ 110,660,450	\$ 105,455,600
Surplus	110,660,450	105,455,600
Total liabilities and capital accounts	<u><u>\$15,957,884,549</u></u>	<u><u>\$14,853,194,727</u></u>
Contingent liability on acceptances purchased for foreign correspondents	<u>\$ 38,235,000</u>	<u>\$ 37,014,800</u>

DIRECTORS

as of December 31, 1971



EMERSON G. HIGDON, President
The Maytag Company
Newton, Iowa
Chairman and Federal Reserve Agent

JOHN W. BAIRD, President
Baird & Warner, Inc.
Chicago, Illinois

WILLIAM H. DAVIDSON, President
Harley-Davidson Motor Co., Inc.
Milwaukee, Wisconsin

WILLIAM H. FRANKLIN, President
Caterpillar Tractor Company
Peoria, Illinois
Deputy Chairman

MELVIN C. LOCKARD, President
First National Bank, Mattoon, Illinois
Mattoon, Illinois

HOWARD M. PACKARD, Vice Chairman
S. C. Johnson & Son, Inc.
Racine, Wisconsin

EDWARD B. SMITH, Chairman of the Board
The Northern Trust Company
Chicago, Illinois

JOSEPH O. WAYMIRE, Vice President,
Finance (Retired)
Eli Lilly and Company
Indianapolis, Indiana

FLOYD F. WHITMORE, President
The Okey-Vernon National Bank of Corning
Corning, Iowa



Seated: W. H. Franklin, E. G. Higdon, and J. O. Waymire.
Standing: F. F. Whitmore, E. B. Smith, W. H. Davidson, J. W. Baird, H. M. Packard, and M. C. Lockard.

Detroit Branch

PETER B. CLARK, Chairman of the Board
and President
Evening News Association
Detroit, Michigan
Chairman

WILLIAM M. DEFOE, Chairman of the Board
Defoe Shipbuilding Company
Bay City, Michigan

ELLIS B. MERRY, Chairman of the Board
National Bank of Detroit
Detroit, Michigan

ROLAND A. MEWHORT, Chairman of the Board
Manufacturers National Bank of Detroit
Detroit, Michigan

L. WILLIAM SEIDMAN, General Partner
Seidman & Seidman, C.P.A.
Grand Rapids, Michigan

B. P. SHERWOOD, JR., President
Security First Bank & Trust Co.
Grand Haven, Michigan

GEORGE L. WHYEL, President
Genesee Merchants Bank & Trust Co.
Flint, Michigan



Seated: B. P. Sherwood, P. B. Clark, and G. L. Whyel.
Standing: R. A. Mewhort, L. W. Seidman, W. M. Defoe, and E. B. Merry.

Member of Federal Advisory Council

GAYLORD FREEMAN, Chairman of the Board
The First National Bank of Chicago
Chicago, Illinois





OFFICERS

ROBERT P. MAYO, President

CARL E. BIERBAUER, Senior Vice President
and Control Officer

DANIEL M. DOYLE, Senior Vice President

WARD J. LARSON, Senior Vice President,
General Counsel, and Secretary

GEORGE W. CLOOS, Vice President and Economist

LE ROY A. DAVIS, Vice President

FRED A. DONS, General Auditor

ELBERT O. FULTS, Vice President

VICTOR A. HANSEN, Vice President

EDWARD A. HEATH, Vice President

ARNOLD J. ANSCHUTZ, Assistant Vice President

BUDDIE J. BELFORD, Assistant Vice President

HARRIS C. BUELL, JR., Chief Examiner

CHARLES L. CARTER, Examining Officer

ROBERT P. CORNELISEN, Assistant Vice President

FREDERICK S. DOMINICK, Assistant General Auditor

FRANKLIN D. DREYER, Assistant Chief Examiner

RUDOLPH W. DYBECK, Assistant Vice President

WILLIAM H. GRAM, Assistant General Counsel
and Assistant Secretary

ROBERT JOHNSON, Assistant Vice President

DANIEL P. KINSELLA, Assistant Vice President

ERICH K. KROLL, Assistant Vice President

JOSEPH G. KVASNICKA, Assistant Vice President
and Economist

WILLIAM T. NEWPORT, Assistant Vice President

DOROTHY M. NICHOLS, Assistant Vice President
and Economist

ERNEST T. BAUGHMAN, First Vice President

JAMES R. MORRISON, Senior Vice President

HARRY S. SCHULTZ, Senior Vice President

BRUCE L. SMYTH, Senior Vice President

RICHARD A. MOFFATT, Vice President

RAYMOND M. SCHEIDER, Vice President

KARL A. SCHELD, Vice President and
Director of Research

LYNN A. STILES, Vice President and Economist

JACK P. THOMPSON, Vice President

ALLEN G. WOLKEY, Vice President

RICHARD H. RAMSDELL, Assistant Vice President

WILLIAM ROONEY, Assistant Vice President

CHARLOTTE H. SCOTT, Assistant Vice President

ROBY L. SLOAN, Assistant Vice President

ROBERT E. SORG, Assistant Vice President

DAVID R. STARIN, Assistant Vice President

ADOLPH J. STOJETZ, Assistant Vice President

ARTHUR G. STONE, Assistant Vice President

HILBERT G. SWANSON, Assistant Vice President

THOMAS C. TUCKER, Assistant Vice President

EUGENE J. WAGNER, Assistant Vice President

CARL C. WELKE, Assistant Vice President

ROBERT W. WELLHAUSEN, Assistant Vice President

PATRICIA W. WISHART, Assistant Vice President

THOMAS L. WOLFE, Examining Officer

Detroit Branch

DANIEL M. DOYLE, Senior Vice President

WILLIAM C. CONRAD, Vice President

RONALD L. ZILE, Vice President

LOUIS J. PUROL, Assistant Vice President

ROBERT W. COOK, Assistant Cashier

Appointments, Elections, Promotions, and Retirements



Federal Advisory Board

Gaylord Freeman, chairman of the board of The First National Bank of Chicago, was appointed Seventh Federal Reserve District representative on the Federal Advisory Council for 1971.

Directors

Emerson J. Higdon, president of the Maytag Company, Newton, Iowa, was reappointed chairman of the board and Federal Reserve Agent for a one-year term, and William H. Franklin, president, Caterpillar Tractor Company, Peoria, Illinois, was reappointed deputy chairman for a one-year term by the Board of Governors in Washington.

John W. Baird, president, Baird & Warner, Inc., Chicago, was appointed to a three-year term as a Class C director by the Board of Governors. Mr. Baird succeeded F. J. Lunding, chairman of the Finance Committee of Jewel Companies, Inc., Melrose Park, Illinois.

At the Detroit branch, Ellis B. Merry, chairman of the board, National Bank of Detroit, was appointed to a three-year term by the Board of Governors. The Board of Directors of the Detroit branch elected Peter B. Clark, chairman of the board and president, Evening News Association, chairman of the Detroit bank's Board of Directors.

Promotions

Victor A. Hansen was appointed vice president, Cash Department. Daniel P. Kinsella was promoted from administrative assistant to assistant vice president, Cash Department.

Richard H. Ramsdell, superintendent in the Building Department, was appointed assistant vice president.

At the Detroit branch, Robert W. Cook was appointed assistant cashier, and William C. Conrad and Ronald L. Zile were promoted from assistant vice president to vice president.

Retirements

Arthur M. Gustavson, vice president of the Cash Department, retired after more than 36 years with the Chicago Fed. Gordon W. Lamphere, vice president and assistant general counsel of the Detroit branch retired after more than 20 years. Joseph J. Srp, vice president, Building Department, chose early retirement after more than 44 years of service with the Federal Reserve System.

Retiring with more than 45 years service were William Murphy and Doris Reilly of the Chicago bank, and Thomas L. Ferguson and Elmer Knoch of the Detroit branch.

Employees who retired with more than 49 years of service were:

Henry G. Ahlers
Walter Brzezinski
Francis Cromey
Alfred Le Compte
Harvey J. Wishart

Retiring after more than 25 years of service were:

Mildred N. Becker
Erwin Keller
Anne Lasser
Emily Menke
Catherine E. Meuer
Ethel C. Milan
Katheryn Newberg
Helene R. Parro
Archie A. Sexton
Frank Subject
Helen W. Walls

