Federal Reserve Bank of Chicago

1980 ANNUAL REPORT

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Contents

Cover: *Original photo by Kee Chang, Chicago Association of Commerce & Industry.*

A message from the president

With each of the past ten annual reports I have taken the opportunity to review the major developments during the preceding year, focusing in particular on the challenges that confronted the Federal Reserve System and Federal Reserve Bank of Chicago. For 1980 the major areas of challenge come quickly to mind. One, quite obviously, was the condition of the nation's economy. Unfortunately, the rate of inflation has remained unusually high even though the nation made heavy sacrifices during the year in terms of jobs, incomes and production. Our experiences prove again that inflation is not a cyclical phenomenon. It is a problem that requires a long-range focus in our national economic policy as well as unwavering determination and patience on the part of the American public to solve it.

Robert P. Mayo, *President*

On a more positive note, the other area of major challenge to the Federal Reserve in 1980 was, of course, the landmark financial reform legislation passed this year—the Depository Institutions Deregulation and Monetary Control Act of 1980. This is a very complex piece of legislation, and I think it is fair to say no one considers it a perfect answer to the many problems it attempts to solve. Moreover, it will take considerable time and effort for the various participants in the financial system, including the Federal Reserve, to adjust to the new era that this Act has created. Nonetheless, the overall direction of this legislation is clearly positive, given its promise of enhanced competition, improved service to consumers, and greater equity among financial institutions.

But while 1980 has clearly been eventful, I tend this year, quite naturally I suppose, to take a

somewhat longer view. This spring, shortly after my sixty-fifth birthday, I will be leaving the post I have held at the Federal Reserve Bank of Chicago since 1970. Therefore, my natural instinct is to reflect on the developments I have had the opportunity to be involved in this past decade and witness from a rather special vantage point. As I look back I realize how fortunate I have been to be where I was when I was. It is difficult to imagine a more fascinating, stimulating and challenging period. The financial world in which the Federal Reserve Bank of Chicago operates today is very different than it was ten years ago. So many significant developments have occurred. Consider if you will:

The changing competitive environment in which financial institutions operate

The spread of U.S. banks internationally; the growing presence of foreign institutions in U.S. markets; the expansion of bank holding company operations; the weakening of state boundaries as effective competitive barriers; the intensified competition between institutions for funds and greater volatility in their cost—all these trends signify the dramatic change that has occurred during the past decade in the competitive, regulatory, and economic environment in which financial institutions operate.

The outgrowth of this changing environment has been innovation, both in the services that financial insitutions offer their customers and in the methods employed to manage financial positions. The past decade saw the emergence of automatic transfer services, the NOW account, the money market mutual fund, new corporate cash management services, to name but a few. Faced with greater uncertainty, and seeking means to reduce risk and swings in income, institutions developed new tools to manage risk, such as variable rate mortgages, floating rate notes, and formulas for determining the prime rate. The emphasis in banking shifted from asset management to liability management, then to asset/liability management. Today the fashion is to speak of spread management.

Chicago has provided a particularly interesting vantage point for viewing these types of developments as innovation and vitality have typified many aspects of the city's financial community. Chicago's worldwide stature as a financial center has clearly been enhanced by the entry of out-of-state and foreign banks as well as by the expansion of the city's major banks abroad. And while the city has long been the nation's foremost center for commodities futures trading, during this decade it has served as the birthplace for futures trading in precious metals, foreign currencies and financial instruments such as U.S. Treasury securities, as well as for stock options trading on an organized exchange.

The technological transformation of our financial system

Who could have imagined ten years ago what computers would be doing today? The capacity which they provide us to do research, to manipulate, evaluate, store, retrieve and communicate information, and to monitor and perform daily operations, from secretarial work to currency sorting—all with fantastic speed and precision—is incredible.

But perhaps one of the most interesting developments of the 1970s is that there is a sense in which computers are doing not more but actually less today than we might have predicted a decade ago. At one time the cashless, checkless society seemed imminent. The technology to perform all our daily transactions using only plastic cards, terminals and electronic impulses was emerging rapidly.

But the desire of consumers and suppliers to utilize this new technology has lagged behind its availability. So we are not today where many once predicted we would be. In fact, many now question whether the total payments system revolution once envisioned will ever materialize. Nonetheless, when one considers today's automated clearinghouse operations, the success of direct deposit programs, experiments with point-of-sale electronic payment systems, the beginnings of check truncation and so forth, it becomes clear that progress made in the electronic funds transfer area has been one of the most exciting developments of this past decade.

A heightened public awareness of economic and financial matters

Attitudes of the public toward financial institutions, as well as toward public institutions such as the Federal Reserve, also changed greatly during the decade of the seventies. The public became far more interested in financial developments plus far more knowledgeable and sophisticated as consumers of financial services. More intense scrutiny of financial institutions and the financial system generally, particularly in the media, led naturally enough to increased criticism and corrective action.

A fairly simple Truth-in-Lending Law was enacted toward the end of the 1960s. From this rather modest beginning, there was throughout the 1970s a continuous expansion in the scope and complexity of consumer legislation and regulations. Certain requirements and restrictions were adopted in the interest of assuring fair treatment of consumers, to protect them in their individual dealings with financial institutions and creditors. Other laws and rules were more concerned with adequate service to the community-at-large, including consideration of the particular credit needs of special groups. In addition to the rules themselves, an obvious manifestation of the pressures that have been brought to bear on financial institutions during the past decade is the emergence of new activities, with titles such as consumer affairs and community relations, to which substantial resources are devoted today.

As a regulator, these developments have had a significant impact on the Federal Reserve. Its regulatory responsibilities have increased and broadened in scope enormously compared to ten years ago when supervisory agencies were more or less exclusively concerned with financial soundness and the viability of depository institutions.

But more than the Fed's workload as a regulator has been affected during the past decade as the public has become more attuned to financial and economic matters. As the Federal Reserve has become more highly visible and subject to more intense public scrutiny, not to mention more frequent criticism, any vestige of the special mystique and reverence attributed to it for so many years has substantially diminished. While its past stature placed its officials in earlier days in a somewhat

protected position, the manner in which the Federal Reserve is regarded today is surely more appropriate in light of the System's responsibilities and the independence it has been granted to carry out its mission. This independence has, in fact, been strengthened during the decade through strong Congressional as well as Administration support.

The emergence of new policy approaches to U.S. economic problems

One could hardly reflect on the noteworthy trends of the past decade from the perspective of the Federal Reserve without considering the economic dilemmas of the 1970s. Whereas "fine-tuning" the economy had been seriously debated during earlier decades, the business cycle remains with us and will continue to do so. Yet in the 70s we have painfully learned that recession and inflation can be coincident problems and that efforts to stimulate recovery from recession may only accelerate inflation. Moreover, America's need to pay dearly for imported oil has had major ramifications on our economic outlook.

But while the problems appear to have become more complicated and more resistant to traditional solutions, there has been great vitality in the economic ideas put forth to deal with them. In addition to further debates of Monetarist versus Keynesian explanations and policy approaches, the economic literature of the decade is filled with expositions of new policy theories such as rational expectations, supply-side economics and tax-based incomes policies.

At the same time various theoretical approaches were being offered, new policy tools were being tried. There were experiments with price controls at the beginning of the period, for example, and with a credit restraint program at the end. Similarly, new techniques were employed in monetary policy during the period. First, greater emphasis was placed on the monetary aggregates in policy directives. Later, explicit monetary growth targets were specified and discussed with the Congress. Most recently, new operating procedures for implementing policy were adopted by the Federal Reserve in an effort to enhance its ability to meet its money supply goals.

These various theoretical and practical attempts to deal with our economic problems may seem to have achieved only limited success during the decade itself. Nonetheless, the fact that new policy ideas continue to be advanced, entertained and tested has been one of the most reassuring as well as stimulating developments of the 1970s. So long as Americans continue to approach their problems with vitality rather than inertia, we need not doubt our underlying health as a nation.

In fact, the total of my experience during the past ten years gives me cause for optimism about the future. The passage of financial reform legislation that culminated this period of change and innovation in the financial system was perhaps the hallmark, but only one of a number of significant accomplishments during the period. But most importantly, as I remember all the capable and dedicated people, both within and outside the Federal Reserve System, that I have worked with these past ten years, I can only believe that whatever has not yet been accomplished will be. To all of these people, I want to extend my thanks for the privilege of this association.

Robert C. Mayo

1980 financial statements

The financial statements of profit-seeking firms provide a basis for evaluating performance because they indicate current and future ability to generate earnings. But Federal Reserve Banks do not operate under a profit objective even though substantial earnings are incidental to their operations. Therefore, profitability is not the appropriate focus of a review of Reserve Bank financial statements.

Instead, changes in major asset, liability and income items on Reserve Bank statements essentially reflect developments in the economy and System monetary policy actions. Through purchases of securities and loans to depository institutions, the Federal Reserve increases reserve deposits in accord with the economy's real growth needs. These added reserves provide a base for monetary expansion since they can be either withdrawn as currency or used to support the public's deposits at financial institutions.

A Reserve Bank's income consists mainly of interest on its share of the System's portfolio of Treasury securities purchased for monetary policy purposes. Almost all of this considerable income is returned to the Treasury after expenses and statutory dividends to member banks are paid.

At the end of 1980, the amount of securities representing this bank's share of the System Open Market Account portfolio was $360 million higher than a year earlier. The net payout of currency (Federal Reserve notes), in response to public demands, exceeded the increase in total Reserve Bank credit. Reserve deposits declined given lower required reserves.

Increased interest income resulted mainly from higher market interest rates as well as the larger portfolio of loans and securities. Increases in operating expenses during 1980 in part reflected the bank's added responsibilities in implementing the credit restraint program last spring and provisions of the Monetary Control Act as well as improved services to financial institutions. The System realized profits on foreign exchange transactions conducted for currency stabilization purposes during the year, compared to foreign exchange losses in 1979. On net, the Chicago Fed's earnings rose by almost $370 million over 1979, increasing the annual payment to the U.S. Treasury to a record $1.85 billion.

Statement of condition

(in thousands of dollars)

	As of December 31	
	1980	1979
Assets		
Gold certificate account	1,722,000	1,591,089
Interdistrict settlement account	(966,737)	(769,417)
Special drawing rights certificate account	411,000	300,000
Coin	19,702	30,647
Loans and securities:		
Loans	186,220	151,035
Federal agency securities	1,373,212	1,303,778
U.S. government securities	18,745,536	18,454,852
Total loans and securities	20,304,968	19,909,665
Cash items in process of collection	1,729,911	2,113,866
Bank premises	16,469	15,998
Other assets	1,148,388	769,950
Total assets	**24,385,701**	**23,961,798**
Liabilities		
Federal Reserve notes	19,436,871	18,504,804
Deposits:		
Reserves[1]	3,495,116	3,689,067
U.S. Treasury—general account	0[2]	283,924
Foreign	51,976	45,149
Other	38,498	150,036
Total deposits	3,585,590	4,168,176
Deferred availability cash items	671,649	589,904
Other liabilities	337,953	363,118
Total liabilities	24,032,063	23,626,002
Capital accounts		
Capital paid in	176,819	167,898
Surplus	176,819	167,898
Total capital	353,638	335,796
Total liabilities and capital	**24,385,701**	**23,961,798**

[1]1979 figure includes reserves against managed liabilities of U.S. agencies and branches of foreign banks in addition to member bank reserves. 1980 figure includes reserves against deposits of U.S. agencies and branches of foreign banks as a result of the International Banking Act plus reserves and clearing balances of other nonmember institutions as a result of the Monetary Control Act of 1980.

[2]The zero balance reflects a change in U.S. Treasury cash management techniques during 1980. Treasury balances at the various Federal Reserve Banks are now frequently transferred at the end of the day for the purpose of aggregating them in a single account.

Statement of earnings

(in thousands of dollars)

	Year ending December 31	
	1980	1979
Current earnings:		
Interest on loans to depository institutions	26,838	24,529[r]
Surcharges on loans	218	—
Interest on government securities	1,952,245	1,586,820
Interest on investments of foreign currencies	17,549	10,374
All other	568	275[r]
Total current earnings	1,997,418	1,621,998
Current expenses:		
Operating expenses	98,848	85,932
Cost of Federal Reserve currency	8,549	9,667
Total current expenses	107,397	95,599
Less reimbursement for certain fiscal agency and other expenses	8,530	7,651
Current net expenses	98,867	87,948
Current net earnings	**1,898,551**	**1,534,050**
Additions to (or deductions from) current net earnings:		
Net profit (or loss) on sales of securities	(31,497)	(24,422)
Net profit (or loss) on foreign exchange transactions	14,033	(551)
Assessment for expenses of Board of Governors	(9,154)	(7,600)
All other—net	(1,606)	496
Net additions (or deductions)	(28,224)	(32,077)
Net earnings before payments to U.S. Treasury	**1,870,327**	**1,501,973**
Distribution of net earnings:		
Dividends paid	10,341	9,981
Payments to U.S. Treasury (as interest on Federal Reserve notes)	1,851,065	1,486,696
Transferred to surplus	8,921	5,296
	1,870,327	**1,501,973**

[r]Revised.

Summary of operations

	Dollar amount		Number	
	1980	1979	1980	1979
Clearing and collection operations				
Commercial bank checks, NOWs and share drafts collected	1.2 trillion	1.1 trillion	2.1 billion	2.1 billion
U.S. government checks and postal money orders collected	86.0 billion	80.0 billion	82.3 million	87.5 million[r]
Automated payments processed	20.3 billion	7.5 billion	27.6 million	19.5 million
Wire transfers of funds	11.5 trillion	9.5 trillion	5.9 million	5.0 million
Corporate and municipal bonds, coupons and other noncash items collected	13.3 billion	2.5 billion	986.3 thous.	659.5 thous.
Currency and related operations				
Currency received and counted	9.0 billion	8.1 billion	992.9 million	976.0 million
Unfit currency withdrawn	1.9 billion	1.6 billion	295.6 million	325.0 million
Coin received and counted	306.2 million	289.9 million	2.2 billion	2.2 billion
Food stamps received and processed	888.0 million	652.5 million	217.3 million	190.7 million
Loans to depository institutions				
Total loans made during year	34.9 billion	35.7 billion	8,577	7,588
Institutions accommodated	—	—	325	364
Services to U.S. Treasury				
Marketable government securities issued, serviced and redeemed:				
Definitive securities	3.6 billion	2.9 billion	358.9 thous.	259.1 thous.
Book entry securities	1,285.3 billion	975.4 billion	500.8 thous.	424.4 thous.
U.S. savings bonds issued, serviced and redeemed	4.3 billion	4.2 billion	53.0 million	66.2 million
Federal taxes processed	66.8 billion	64.3 billion	790.9 thous.	793.8 thous.
Other services to member banks				
Safekeeping of securities:				
Definitive, balance December 31	10.3 billion	8.7 billion	1.7 million	1.7 million
Book entry, balance December 31	60.1 billion	50.5 billion	—	—
Securities purchased and sold for member banks	1.9 billion	1.8 billion	34.4 thous.	34.7 thous.

[r]Revised.

Directors

Federal Reserve Bank directors, under the general supervision of the Board of Governors of the Federal Reserve System, supervise the operations of the bank and ensure that the affairs of the bank are administered fairly and impartially. Drawing on their broad experience and knowledge of regional conditions, the directors provide the president of the bank and the Board of Governors information for use in formulating monetary policy. At least once every 14 days, they establish the discount rate and related interest rates on loans from the Fed, subject to the review and determination of the Board of Governors. The directors are also responsible for selecting the district's representative to the Federal Advisory Council, which meets periodically with the Board of Governors to provide input and advice on economic policy matters. Through their association with the Federal Reserve, the directors contribute to better public understanding of the Federal Reserve System and its actions.

Each Federal Reserve Bank has nine directors serving three-year terms. Three Class A and three Class B directors are elected by member banks in the district. Three Class C directors are appointed by the Board of Governors. For the election of Class A and B directors, member banks are classified into three groups according to their capital size. Each group elects one Class A and one Class B director.

Class A directors are representative of the member banks. Class B and C directors represent the public; they cannot be officers, directors, employees, or, in the case of Class C directors, stockholders of a bank. These nonbanking directors are chosen with due but not exclusive consideration to the interests of agriculture, commerce, industry, services, labor, and consumers.

One Class C director is designated chairman of the board of directors and Federal Reserve agent by the Board of Governors. Another is appointed deputy chairman.

Branches of Federal Reserve Banks have either five or, as in the case of the Detroit Branch, seven directors. A majority of the branch directors are appointed by directors of the parent Federal Reserve Bank. They meet the same qualifications as Class A or B directors of the head office.

The other branch directors are appointed by the Board of Governors. Thus, they are similar to Class C head office directors, but they can be stockholders in banks.

The chairman of the branch is selected from directors appointed by the Board of Governors using a method prescribed by the parent Federal Reserve Bank. The directors of the Detroit Branch, for example, elect their chairman. The directors of the branch assist the bank's board of directors in overseeing the operations of the branch. In addition, just as with directors of the bank, they provide two-way communication between the Federal Reserve and the public, ensuring participation by regional representatives in the formulation of monetary policy.

Directors *(as of December 31, 1980)*

JOHN SAGAN, Chairman
Vice President-Treasurer
Ford Motor Company
Dearborn, Michigan

STANTON R. COOK, Deputy Chairman
President
Tribune Company
Chicago, Illinois

ROGER E. ANDERSON
Chairman of the Board
Continental Illinois National Bank
Chicago, Illinois

EDWARD F. BRABEC
Business Manager
Chicago Journeymen Plumbers, Local 130
Chicago, Illinois

ARTHUR J. DECIO
Chairman of the Board
Skyline Corporation
Elkhart, Indiana

MARY GARST
Manager—Cattle Division
The Garst Company
Coon Rapids, Iowa

DENNIS W. HUNT
President
Hunt Truck Lines, Inc.
Rockwell City, Iowa


Sagan


Cook Anderson Brabec Decio
Garst Hunt McNarny Spies

PATRICK E. MCNARNY
President
The First National Bank of Logansport
Logansport, Indiana

JOHN F. SPIES
President
Iowa Trust and Savings Bank
Emmetsburg, Iowa

Federal Advisory Council Member

ROBERT M. SURDAM
Chairman
National Bank of Detroit
Detroit, Michigan

Detroit Branch

HOWARD F. SIMS, Chairman
President
Sims-Varner & Associates, Inc.
Detroit, Michigan

HERBERT H. DOW
Secretary
The Dow Chemical Company
Midland, Michigan

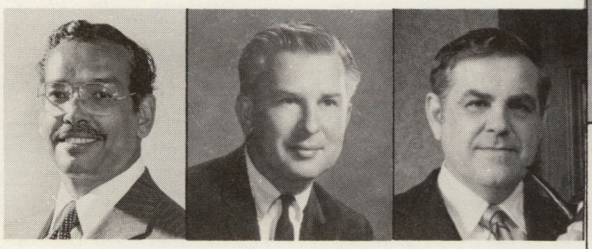
JAMES H. DUNCAN
Chairman
First American Bank Corporation
Kalamazoo, Michigan

LAWRENCE A. JOHNS
President
Isabella Bank and Trust
Mount Pleasant, Michigan

RUSSELL G. MAWBY
President and Trustee
W.K. Kellogg Foundation
Battle Creek, Michigan

CHARLES R. MONTGOMERY
President
Michigan Consolidated Gas Company
Detroit, Michigan

DEAN E. RICHARDSON
Chairman
Manufacturers National Bank of Detroit
Detroit, Michigan


Sims Dow Duncan


Johns Mawby
Montgomery Richardson

Board changes

Roger E. Anderson joined the board during 1980 as a result of a special election held to fill the vacancy created by the resignation of A. Robert Abboud as a Class A director of the Chicago Fed. The board of directors then appointed Robert M. Surdam to serve in place of Mr. Anderson as the district representative on the Federal Advisory Council for the remainder of 1980 as well as for 1981.

At year-end it was announced that John Sagan and Stanton R. Cook will continue in their roles as board chairman and deputy chairman for 1981. Mr. Sagan was also appointed to begin a second three-year term as a director.

Two new directors were elected to join the 1981 Chicago Fed board in place of directors whose terms expired at year-end. They are O. J. Tomson, president of Citizens National Bank of Charles City, Iowa, chosen by small member banks to take the Class A seat held for six years by John Spies, and Leon T. Kendall, president of Mortgage Guarantee Insurance Corporation, Milwaukee, Wisconsin, elected a Class B director by medium-sized member banks to replace Arthur Decio.

At the Detroit Branch a successor is to be named by the Board of Governors to replace Howard F. Sims, board chairman during 1980, who completed his term as a branch director at year-end. Lawrence A. Johns was reappointed a branch director by the Chicago Fed board.

Officers *(as of December 31, 1980)*

ROBERT P. MAYO, President

DANIEL M. DOYLE, First Vice President

JAMES R. MORRISON, Senior Vice President

KARL A. SCHELD, Senior Vice President and Director of Research

CARL E. VANDER WILT, Senior Vice President

RICHARD P. ANSTEE, Vice President

PAUL J. BETTINI, Vice President

HARRIS C. BUELL, JR., Vice President

GEORGE W. CLOOS, Economic Adviser and Vice President

FRANKLIN D. DREYER, Vice President

ROBERT M. FITZGERALD, Vice President

CHARLES W. FURBEE, Vice President

WILLIAM H. GRAM, Vice President, General Counsel and Secretary

RODERICK L. HOUSENGA, Chief Examiner

DANIEL P. KINSELLA, Vice President

JOSEPH G. KVASNICKA, Economic Adviser and Vice President

ROBERT A. LUDWIG, Vice President

WILLIAM T. NEWPORT, Vice President

DOROTHY M. NICHOLS, Economic Adviser and Vice President

WILLIAM ROONEY, Vice President

HARVEY ROSENBLUM, Economic Adviser and Vice President

RAYMOND M. SCHEIDER, Vice President

ROBY L. SLOAN, Vice President and Associate Director of Research

DAVID R. STARIN, Vice President

ADOLPH J. STOJETZ, Vice President

RUTH F. VILONA, Vice President

EUGENE J. WAGNER, Vice President

ROBERT W. WELLHAUSEN, Vice President

PATRICIA W. WISHART, Vice President and Assistant Director of Research

ALLEN G. WOLKEY, Vice President

NICHOLAS P. ALBAN, Assistant Vice President

GARY L. BENJAMIN, Senior Economist and Assistant Vice President

JAMES A. BLUEMLE, Assistant Vice President

OLIVER I. IRELAND, Assistant General Counsel

CAROL P. KASPAR, Assistant Vice President

ERICH K. KROLL, Assistant Vice President

ROSE M. KUBUSH, Assistant Vice President

LARRY R. MOTE, Senior Economist and Assistant Vice President

MARLENE M. O'SULLIVAN, Assistant Vice President

LAWRENCE J. POWAGA, Assistant Vice President

RICHARD H. RAMSDELL, Assistant Vice President

JAMES M. RUDNY, Assistant Vice President

WALTER A. SIENKO, Assistant Vice President

HILBERT G. SWANSON, Assistant Vice President

WARREN J. TAUBMAN, Assistant Vice President

PATRICK J. TRACY, Assistant Chief Examiner

JOHN D. VAN PELT, Assistant Vice President

CARL C. WELKE, Assistant Vice President

THOMAS L. WOLFE, Examining Officer

WILLIAM A. BONIFIELD, JR., Operations Officer

THEODORE E. DOWNING, JR., Operations Officer

NANCY M. GOODMAN, Information Services Officer

JACK S. LIGHT, Operations Officer

WARREN E. POTTS, Operations Officer

DELMAR W. ROBB, Operations Officer

WILLIAM D. STRATTON, Banking Services Officer

JEAN L. VALERIUS, Research Statistical Officer

FRCS-80 Program Management Office

M. BRIAN CAREY, Senior Vice President and Project Manager

GEORGE E. COE, Vice President

WILLIAM V. OTT, Vice President

ROBERT W. ROBERTS, Assistant Vice President

Detroit Branch

WILLIAM C. CONRAD, Senior Vice President and Manager

FREDERICK S. DOMINICK, Vice President

WAYNE R. BAXTER, Assistant Vice President

GLEN BROOKS, Assistant Vice President

RICHARD L. SIMMS, JR., Assistant Vice President

JOSEPH R. O'CONNOR, Operations Officer

Auditors *(reporting to bank's board of directors)*

RICHARD P. BUSH, General Auditor

ANDREW M. COOK, Assistant General Auditor

GEORGE W. STEFFEN, Assistant General Auditor

District Offices

LOUIS J. PUROL, Vice President, Indianapolis

THOMAS P. KILLEEN, Assistant Vice President, Des Moines

RUSSELL O. LANGAN, Assistant Vice President, Milwaukee

Official changes

During 1980 three senior vice presidents who provided many years of valuable service to the Federal Reserve Bank of Chicago retired—General Auditor Fred Dons, Legal Adviser and Secretary Ward Larson, and Harry Schultz, senior officer in charge of all Chicago Fed payments mechanism activities. Following these retirements, Vice President Robert Fitzgerald assumed responsibility for the payments area, Richard Bush was promoted from assistant general auditor to general auditor, and Vice President and General Counsel William Gram was named secretary to the bank's board of directors.

Other changes in the bank's official staff during the year included the promotion of three assistant vice presidents to vice president: David Starin became senior officer in the cash department; Harvey Rosenblum was named economic adviser and vice president in the research department; and Robert Wellhausen assumed responsibility for check processing operations at the Chicago office. Two additional officers were promoted during the year. Marlene O'Sullivan, formerly research automation officer in the research department, was named assistant vice president in the payments area, in charge of support staff for the Federal Reserve System's Subcommittee on Electronic Payments, which will be based at the Chicago Fed beginning in 1981. John Van Pelt, who had been operations officer at the Detroit Branch, was named assistant vice president at the Chicago office to serve as secretary to the Committee on Communications and Payments within the Federal Reserve System's Conference of First Vice Presidents. Van Pelt also assumed responsibility for the office of the bank secretariat during 1980.

New officers named during the year were: Assistant Vice President James Rudny (cash department); Operations Officers William Bonifield (check department), Theodore Downing (check adjustments department), and Joseph O'Connor (Detroit Branch); Information Services Officer Nancy Goodman; and Assistant General Auditors Andrew Cook and George Steffen. Also, three officers—Vice Presidents William Ott and George Coe and Assistant Vice President Robert Roberts—were named in the FRCS-80 program management office, the group based at the Chicago Fed that is developing the Federal Reserve System's new nationwide communications network.

A number of changes in vice presidential assignments, aimed at broadening management experience, were also announced during 1980. Daniel Kinsella, formerly in the cash department, assumed responsibility for fiscal agency activities; Eugene Wagner was named to oversee collection and wire transfer operations; Adolph Stojetz was placed in charge of computer operations; and William Rooney was named to head the new automation services support division. Roby Sloan, vice president and associate director of research, assumed added responsibilities as project manager for the bankwide implementation of the Monetary Control Act. Also, Assistant Vice President Richard Simms, formerly assigned to the Indianapolis Office, was transferred to the Detroit Branch, and Assistant Vice President Nicholas Alban moved to the bank holding company division from the office of the bank secretariat.

Finally, several official staff changes were announced at year-end, effective January 1, 1981. Gary Benjamin, senior economist and assistant vice president in the research department, was promoted to economic adviser and vice president. Two new assistant vice presidents were named in the automation services area: Charles Schultz and Janet Terry, formerly managers of computer operations and facilities support, respectively. Also, it was announced that Eugene Wagner, vice president in the payments area, would assume management responsibility for the Des Moines, Indianapolis, and Milwaukee check processing offices.

FEDERAL RESERVE BANK
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