

# THE FEDERAL RESERVE BANK OF PHILADELPHIA

A N N U A L R E P O R T 1 9 9 0

AN  
ORAL  
HISTORY  
OF THE  
YEAR.



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## President's Letter

The Federal Reserve wears many hats. They represent the different spheres in which we operate and include monetary policy, cash, check and electronic payments, bank examination, regulation, consumer protection, and community affairs. The Federal Reserve also serves as the government's main bank, keeping its checking accounts and helping to handle its IOUs.

Thus the Federal Reserve Bank of Philadelphia is a multi-faceted organization. We have people with a wide variety of skills and experience—auditors and economists, managers and mechanics, clerks and carpenters, even doctors and lawyers.

We have a Board of Directors that includes bankers, business people, and community leaders. Our staff comes from all sorts of backgrounds—ethnic, geographical, and educational.

Some of our employees cook food, some teach while others keep books, conduct outside meetings or program computers. Most all of them bring a sense of determination and pride to their work.

State-of-the art automation supports our people in many areas enabling them to transfer money, clear checks or prepare payrolls at astounding speeds. Electronics link our staff to other institutions, large and small, around the District and around the world.

Many of the Bank's accomplishments were noteworthy in 1990. For this report, we selected people from a number of different areas and asked them to tell, in their own words, what happened during the year.

You will hear from many activities including our new contingency planning effort. It focuses on keeping the Bank's essential functions



running should some catastrophe occur to our building, computers or elsewhere. We've been through the planning and testing and the program now is operational.

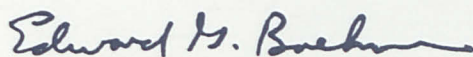
Quality is our operational watchword, and we have had special quality improvement programs for a number of years. In 1990, teams were set up in the Accounting and Treasury Direct Departments and good results were evident by year's end.

Banks and thrifts were required to make their Community Reinvestment Act ratings public for all examinations begun after July 1, 1990. This raised a number of questions, and we reached out with answers in a variety of ways. In addition, this Bank is producing a System movie to explain ratings and other CRA matters.

The national economy slowed during 1990 and by year end was generally acknowledged to be in a recession. In response, the Federal Reserve eased policy using all three of its major instruments.

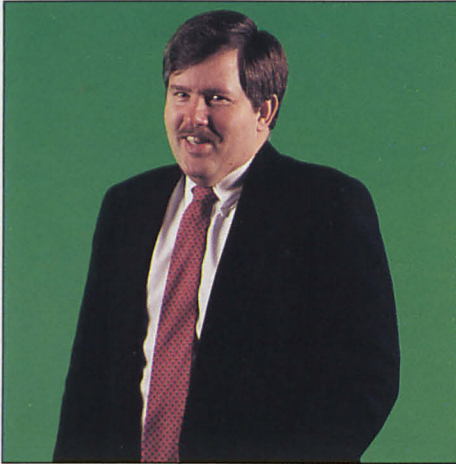
Through open market operations the key federal funds rate was reduced several times. Reserve requirements were lowered selectively and in December the discount rate was reduced.

Although these actions were designed to offset weakness in the economy, policymakers also had to look beyond the current need for ease. Monetary policy operates with a significant lag, and we must be concerned lest excessive stimulation created now lingers into the next recovery when it would serve to increase inflation.



Edward G. Boehne

# Introduction



William H. Stone, Jr.  
First Vice President

Most annual reports tell about the major events of the past year and so does this one. What's different here is that the words come from the people on the scene. Throughout the year, they achieved goals with uncompromising direction and will, preparing us for a more technologically complex and highly sophisticated era of banking.

As you turn the pages of our "oral history" you'll find stories and comments from the people who worked to meet those goals.

People from every level of our operations spoke frankly about what happened in their work places in 1990. The stories are frank, often serious and at times humorous.

Let's hear what they have to say...

# **T**he New Regional Delivery System

Spring, 1990 — A major change in the way U.S. Savings Bonds are handled took place in the Third District. Under the Treasury's new Regional Delivery System (RDS) program, financial institutions in Pennsylvania stopped issuing savings bonds.\* They can only accept orders and payments and submit them to the Fed for processing.

Consequently, our people in the Savings Bond Division had to adapt to a completely new way of doing business.

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**Annie Ward, Fiscal Officer**

*"Oh, yes. Our whole business changed. We really had to sit down and put together an operation. We had to write procedures, rewrite procedures. We had to control our work, and we did that very well considering problems that popped up. It was difficult at times, but we got through it."*

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**Mary Beth Butkus, Manager**

*"Our customers had to adapt to a fairly radical change — but thanks to the efforts of our customers and the cooperation of our staff, the transition went very smoothly."*

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**Tammie Kaminsky, Coordinator**

*"We definitely have an interesting situation around here during the holidays. Even Halloween! It's absolutely amazing how many people bought bonds for gifts around October 31. I imagine the same will happen this year. Whether it's Halloween, Labor Day, Veteran's Day or at Christmas — around the holidays, everybody needs a bond!"*

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**Jacquelyn James, Data Entry Clerk**

*"RDS really pulled us together as a team."*

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**Mary Davidson, Supervisor**

*"Flexibility was the thing that we needed most during the training, to be able to stop and start at any moment, to go from entering to verifying, to change direction. It's still the biggest need and virtue that an RDS data entry operator can have."*



Annie Ward consults with G. Marshall Gore, Customer Service Liaison Operator



Mary Davidson, Tammie Kaminsky, Jacquelyn James and Mary Beth Butkus discussing RDS features.

\*The states of New Jersey and Delaware are scheduled for conversion to RDS by the Spring of 1991.

# C Contingency Planning

One of the Bank's major commitments to its customers is to provide reliable, high-quality electronic payments services, without significant disruption. As a result, we must be fully prepared to deal with a crisis, such as a serious computer outage or loss of the building, and ensure a prompt recovery. In 1990 our contingency planning people concentrated on the many levels of testing for disaster readiness.

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**Alan Kiel**, Assistant Vice President and Contingency Planning Officer

*"Surprise! A surprise test that is. It was carried out on October 1, and required the mobilization of five critical applications,\* computer operations and technical support to our two recovery sites. It was a long night, but we were satisfied with the results. The operations were recovered to point of failure and this is absolutely crucial in a real disaster."*

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**Jack Kelly**, Manager (Securities Division)

*"It's a major accomplishment to be able to fully reconcile with our customers after a disaster. Our contingency testing covered all the bases, and in the event of the real thing, we'd come pretty close to a full recovery."*

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**Melita Saunders**, Fiscal Operations Assistant

*"The world can't stop for six hours; we've got to keep the securities moving and the business going."*

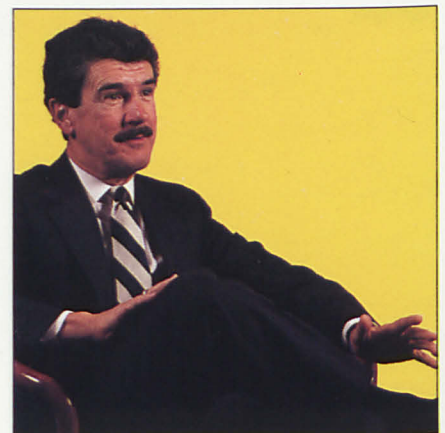
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**Ron Sheldon**, Assistant Vice President and Data Systems Officer

*"It won't come back to bite you... every time we have a surprise test, it gives us a chance to fix a glitch, and in the real disaster, we've got it covered."*



Melita Saunders, Ron Sheldon, Jack Kelly, Tom O'Malley, Emergency Operations Assistant, keeping one another posted on latest contingency plans.



Alan Kiel

\* (Funds, Securities, ACH, Treasury-Direct and Accounting IAS)

## Supervision and Regulation —The International Perspective

As the global marketplace changes and countries around the world become increasingly interdependent, our international S & R team also begins to face some major challenges. Among them were more banks to examine, more complex procedures and more time in lands far from home.



Elisabeth Videira-Dzeng



John Deibel, Steve Hoffman

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### **Steve Hoffman**, Vice President of International Examinations

*"While on a recent exam in Brazil, I really began to have an appreciation for the job the Federal Reserve System does in controlling inflation in our country. This really hit home when, while waiting for a flight back to the U.S., we decided to have a drink at the airport cafe. By the time we ordered a second round, the price had gone up! When that happens, you know it's definitely time to get out of the country."*

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### **Elisabeth Videira-Dzeng**, Assistant Examiner

*"In the international area of S&R we are primarily responsible for the examination of subsidiaries of Edge Corporations. We determine which ones to examine based on their size, how significant they are to the overall organization and whether they have problems. The team approach to these international exams is important to our function, and together we decide where the biggest problems are, and which areas of these subsidiaries need to be targeted. As the global scene changes, the problems these banks have change too."*

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### **John Deibel**, International Examinations Officer

*"In our area, many of us spend 25 percent of the year away from home - for three and four weeks at a time. That by itself can be a real challenge!"*

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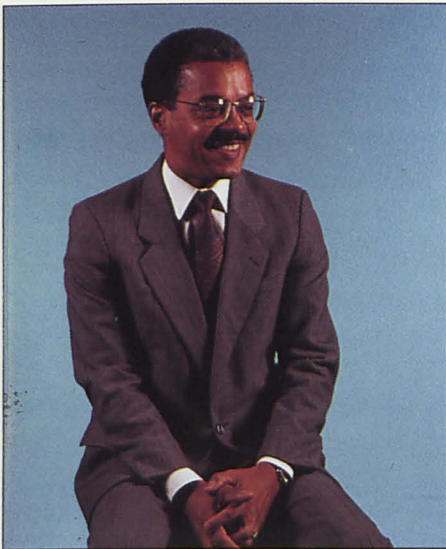
### **Tom Tweedale**, Supervising Examiner

*"All of us are recognizing that there's more and more attention being paid to the exposures of large banks that come by way of their international operations. Consequently, we've really needed to step up our international involvement. We've invested a lot more effort and human resources to ensure that the subsidiaries we are responsible for abroad are operating as soundly as the ones we examine here."*



# C Community Reinvestment Act

Banks and thrifts now must make their CRA ratings available to the public. This requirement applies to all examinations started after last July first and is one of several major changes in community reinvestment procedures made in 1990. They added up to a busy year for both our examiners and our Community Affairs Department.



John Fields

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**John Fields, Senior Examiner**

*"The new CRA legislation has caused many of the banks to take a close look at their internal practices. It's given them a chance to review their methods. In many cases it's really brought the communities and the banks together to coordinate efforts in determining the credit needs of those communities in which the banks operate."*

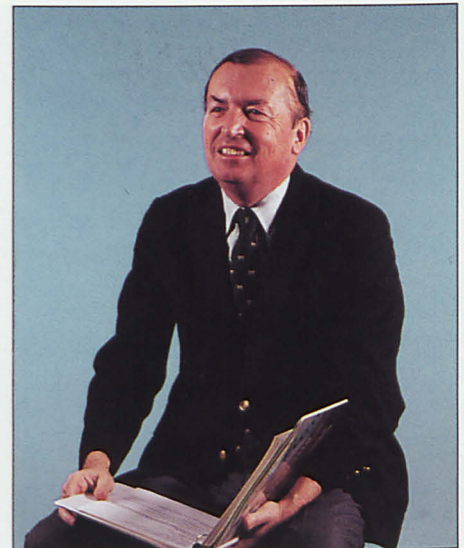


Bonita Jones

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**Bonita Jones, Supervising Examiner**

*"The basic purpose of the CRA legislation was to prohibit banks from redlining in certain urban areas, and to ensure that the credit needs of the respective communities were met. The public disclosure of the CRA rating simply enforces it better. The banks must now show definitive evidence of their performance. A lot of the banks need our help to interpret the rules, to just help them along in understanding CRA."*



Fred Manning

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**Fred Manning, Vice President and Community Affairs Officer**

*"I think the stage is being set for meaningful involvement in community revitalization by district banks. More people are paying attention to the subject of CRA, and the new legislation that went into effect last summer. There are a lot of questions that bankers need to have answered. We've been out there, giving speeches to many groups, answering their questions, and taking calls, close to 4,000 calls on CRA alone! We're the information link now as bankers learn what CRA legislation requires of them, and how they need to go about making changes."*

# Implementation of the Bank's New Check System

During 1990, this Bank continued work on a major new system which will improve every facet of check processing. The implementation will continue through '91 and '92. Some of the participants tell us about the effort behind the transition.



Ed Morrison and Arun Jain

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**Ed Morrison**, Systems Development Officer

*"One of the major reasons for replacing the current system is to improve our ability to offer improved quality and services to our customers."*

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**Arun Jain**, Check Planning Officer

*"It's new architecture — new technology that will position us to take advantage of future technology. We've designed something that will enhance every aspect of our check processing."*

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**John Hampton**, Section Head

*"We collaborated a lot of effort, and talent. I had input in the whole process and that made me feel great."*

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**Ron Lowicki**, Section Head

*"Any transition is always a concern. But, from what I've seen so far, the whole process is being handled impressively. Management involved people from every level of Check Operations in its discussion and planning — everybody essentially knows what's on the table, and more or less what to expect."*



John Hampton and Ron Lowicki

## Data Security

The Bank and the Federal Reserve System treat information collected and generated in the conduct of our business as an asset. We focus a high level of attention on the protection of the information assets used to support and operate our Bank. We want to eliminate the possibility of financial loss through fraud, malicious penetration or careless operation. We do this by implementing Data Security policies and procedures that are integrated into the day-to-day operations of the Bank.



Ed Vine and Alanna Kellon report some of their latest findings to Bill Evans (standing).

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**Bill Evans**, Vice President of Computer Services

*"The Bank continued to emphasize the importance of Data Security operations in 1990. Recognizing our role in the payments mechanism and the confidence placed in the Fed by the financial community, the Bank strives to achieve the highest levels of Data Security possible to protect our information assets. Our employees understand the value of protecting our information assets. The Bank has a Data Security Administration staff that met regularly with the Bank's departments and conducted security awareness programs. The challenge of the future will be maintaining our current high level of Data Security during rapid technological advances in computing capabilities."*

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**Alanna Kellon**, Data Security Administrator

*"Establishing the appropriate Data Security controls requires a great deal of meticulous attention. The operating areas and Data Security Administration put a lot of hard work into the Data Security program in 1990 and expect to continue this in the future."*

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**Ed Vine**, Manager, Data Security Administration

*"We had a long list of initiatives to achieve this past year. I'm happy with the way we carried out just about everything. One of the important aspects of our job is the participation we have in the technical projects at the Bank. We make sure that all of these efforts meet our requirements for the protection of information. Our development of the management guide for information security was a big plus for us. This manual contains the safeguards by which the Federal Reserve System protects its data assets."*

# E

## lectronic Funds Transfer Services

Every day, over \$50 billion passes through our Bank electronically, transferring payments among Federal Reserve Banks, depository institutions, and government agencies in a safe, efficient manner. In 1990, we improved the reliability of our systems and experienced impressive growth in our Electronic Funds Transfer services. Many customers use "Fedline," a Federal Reserve PC product to access a variety of services. Fedline was improved in 1990, and its service menu expanded. Our experience with the growth in service volumes in Fedline has given us a flavor of the trends EFT can expect in the coming years.



Annette Simms, Lead Clerk, Tom Lombardo, Cass Sheerer and Jeannine Butcavage collaborate on an EFT project.



Suzanne Rowling, associate specialist, EFT, consults with Bob Bucco.

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**Jeannine Butcavage**, Manager, Funds Transfer/Fedline Support

*"The systems that move billions of dollars each day need to be reliable. They must be able to recover from any sort of problem including fires and earthquakes. Last year we made a number of procedural and technical changes to improve our ability to restore service levels in the event of a problem."*

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**Tom Lombardo**, Manager, ACH

*"Many corporations are seeing that ACH provides an efficient alternative to paper-based payments, and as such, we've seen significant growth in our ACH business."*

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**Cass Sheerer**, Section Head

*"The speed at which transactions occur in our area is phenomenal. It's important that we keep alert and be prepared to handle all situations with little advanced notice."*

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**Bob Bucco**, Vice President, Electronic Funds Transfer Services

*"The year 1990 was one of growth and improvement. We are the smallest Fed geographically, but we are moving up quickly in terms of our Electronic Funds Transfer businesses. Our challenge was, and continues to be, providing high quality services. Our department is involved with many other areas of the Bank because of the Fedline product which we support. Through Fedline, we've assisted the Fiscal area with their 'Regional Delivery System' initiative that automated portions of the Savings Bonds process. Similarly, EFT worked closely with the Accounting Department to automate the delivery of accounting statements to our customers. We, in turn, receive invaluable support from many areas of the Bank, especially CSD."*

# Quality Assurance

In 1990, two departments, Treasury Direct and Accounting, formed official "quality improvement" teams. The goal was to encourage 100 percent participation of the work force in quality improvements.

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**Hank Kern, Operations Officer, Treasury Direct**

*"We wanted to get everybody involved, and make them feel that their contributions are important to us. Any suggestion the employees come up with, we take under consideration since these are the people who are closest to the work."*

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**Barbara Bagby, Secretary, Treasury Direct**

*"People tend to put forth a much better effort when they have input in determining what it takes to make their job more efficient. You're not just an isolated worker, you're an invaluable part of a team. This is essential for employee morale."*

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**Barry Pitts, Supervisor, Treasury Direct**

*"One of the functions in Treasury Direct is to process reinvestment request forms for securities. They can be rejected for any number of reasons, and then are sent back for resubmission. The problem is that some of the securities are close to maturity, but they would be mixed in with the other thousands of blue envelopes. So one day, a clerk suggested we get cherry colored envelopes for the exception items, so they'll stand out and get processed immediately. This was a real winner."*

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**Steven P. Cohen, Vice President and Controller, Accounting**

*"Our goal was to have full employee participation - working toward a common goal to improve the quality of work in their areas. I'm impressed with many of the ideas our people came up with, and they really do seem to enjoy what they do a lot more."*

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**Evelyn Ryant, General Accounting Clerk**

*"As a team leader, I really learned about what people need. We discuss problems and strive to meet reasonable goals. And most importantly, you never feel alone. Honesty is a major key to the success of this program."*

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**Denise Weist, Senior Report Analyst, Accounting**

*"It's important to meet regularly, to keep the momentum going — and to keep your team members posted with new ideas, developments and responses."*



Catherine M. Cracha, Secretary, Evelyn Ryant review Q&A teams' progress with Steven P. Cohen.



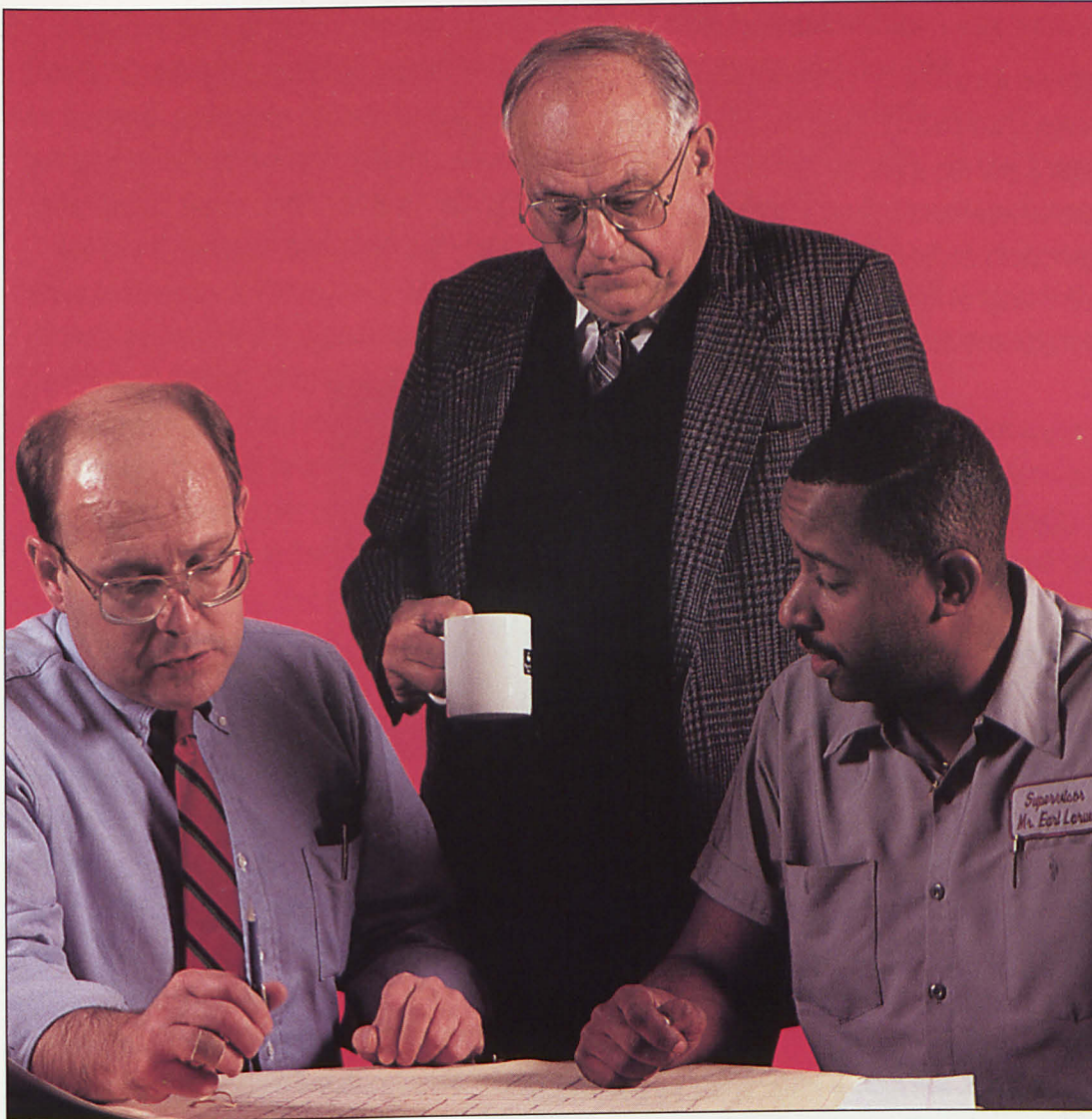
Denise Weist



Hank Kern briefing Barbara Bagby and Barry Pitts (standing) on recent initiatives.

## **R**enovation of the Check Administration Area

A major renovation of our Check Administration area was completed this year in order to better utilize space and provide a more efficient and pleasant work area for the employees.



Jerry Groff, Roy Moore and Earl LaRue getting phase one of renovations under way.

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### **Jerry Groff**, Facilities Space Planner

"One of our major accomplishments was moving the Automated Clearing House Department out of the administration area. It's now much more accessible since we relocated it closer to the building core. The entire area is much cleaner, nicer, and hopefully, more efficient. I think the employees feel they are more a part of the team than they did previously."

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### **Roy Moore**, Building Superintendent

"The renovations were necessary, but we sure do make a lot of noise. Trying to avoid that is a major feat. As a result, we had to do much of the work when the people aren't there. And that means weekends and after hours. It just goes with the territory."

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### **Earl LaRue**, Supervisor, Electrical Services

"There's a great deal of planning that goes into any major renovation like this. It starts with the architects and engineers, then I get it and make the necessary changes. We look at the big picture - not just that area that needs work. We have to make sure that we've got consistency and that it works in relation to other areas of the bank. And the biggest thing — we have to be considerate of the workers of those areas."

# **T**he Regional Economy

The Research Department of this Bank closely monitors the major sectors of the Third District economy, compiling and analyzing important regional data. One of the staff's senior economists discusses what 1990 brought to the Third District economy and what we can expect in this decade.

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## **Theodore M. Crone, Assistant Vice President and Economist**

*"As the year began, I thought we were headed for the eighth year of economic growth in the nation and in the Third District. I was not alone in this belief. We got off to a good start, but by year's end the economy had clearly stumbled.*

*Were there any early signs of weakness? Sure. Factory jobs had been declining for some time, and respondents to the Philadelphia Fed's survey of manufacturers had been reporting decreases in output. The construction industry was also weak; both commercial contracts and housing starts were running below 1989 levels.*

*The service-producing industries, which for the past seven years had kept the regional economy growing when the goods industries faltered, showed signs by mid-year that they would not be picking up the slack in 1990.*

*The final blow to the economy was a sharp drop in consumer confidence after Iraq's invasion of Kuwait. Retailers felt the brunt of the slowdown during the holiday season as sales fell below the previous year's levels.*

*In our District the economic slowdown had a major impact on state and local finances. Lagging tax revenues contributed to the City of Philadelphia's fiscal crisis. And lower-than-expected tax receipts in New Jersey and Pennsylvania have left those states with significant revenue shortfalls.*

*When will the economy turn up again? Most analysts anticipate a resumption of growth by mid-1991.*

*Changing demographics, however, will have a major effect on the pace of economic growth, and we can expect a different look for the economy in the next 10 years.*

*Because of the baby-boom era following World War II and the subsequent drop in the number of births between 1972 and 1978, the population and labor force will grow more slowly in the 1990s.*



Certain regions of the country will be affected more by the "birth-death" than others. Combined population growth in Pennsylvania, New Jersey, and Delaware, for example, will lag far behind the national rate. This area's labor force growth will also be slower than the nation's. Overall, annual labor force growth in the three District states combined is projected to be less than one percent.

We in the Research Department are repeatedly asked how these trends will affect businesses in the region. As the number of new entrants to the labor force shrinks, employers will experience particular difficulty in filling entry-level and part-time positions. With their larger part-time work forces, retailers especially will have to search hard for new employees.

Housing, too, will be affected. There will be less of a need for new homes in the 1990s because there will be fewer people in the age group 25 to 34, the years when most people buy their first home.

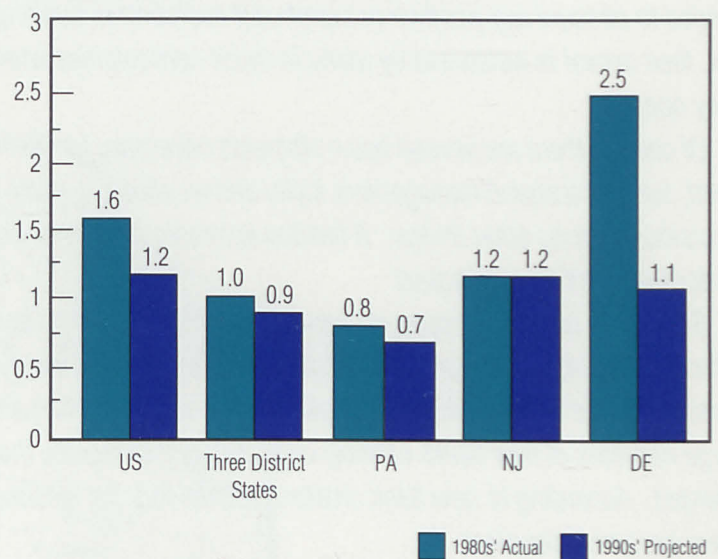
On a brighter note, the changing demographics of the 1990s will help some segments of the economy, such as autos. The fastest-growing group in the 1990s will be the 35-to-54-year-olds, typically the group that buys the most new cars.

Also, baby-boomers will be providing a large pool of mature, experienced workers between the ages of 45 and 54. Their work experience should help raise productivity.

How will these demographic changes of the 1990s affect the region's economic well-being?

Although job growth will be slower, unemployment rates are not expected to rise to the high levels of the early 1980s. The region's economy is expected to provide enough jobs to fully employ the slower-growing labor force. Increased productivity should also raise real incomes. By these measures, the Third District should do well in the 1990s."

Annual Growth Rate of the Labor Force





## **D**e Novo Banking In the Third District

With the number of bank mergers and closures in the last decade, it may be hard to believe that new banks continue to open. However, both here in the Third District and in the nation, the growth of “de novos,” the term used to describe banks less than five years old, has been impressively prolific.

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**Thomas K. Desch**, Senior Vice President,  
Supervision & Regulation

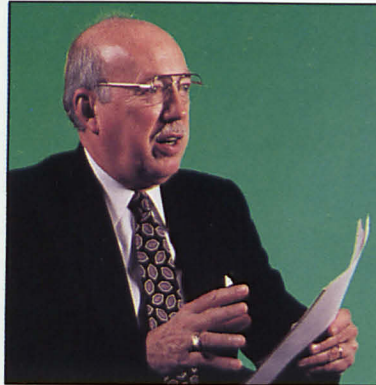
*“Since 1985, 74 new banks have been chartered in the Third District. In fact, this five-year total actually exceeds the number of de novos that opened in the previous 50-year period!”*

*Their performance isn’t bad either, considering that since 1985, only a single Third District de novo has failed. Not surprisingly, the crisis in the financial industry has often tended to obscure any positive or significant evolution in banking — and yet, their arrival is welcomed by many in those communities where they open.*

*Of course, there are several basic elements necessary for them to succeed, such as a sound management style, and an ability to make good credit decisions, among other things. A healthy economy is another important factor that can’t be overlooked.*

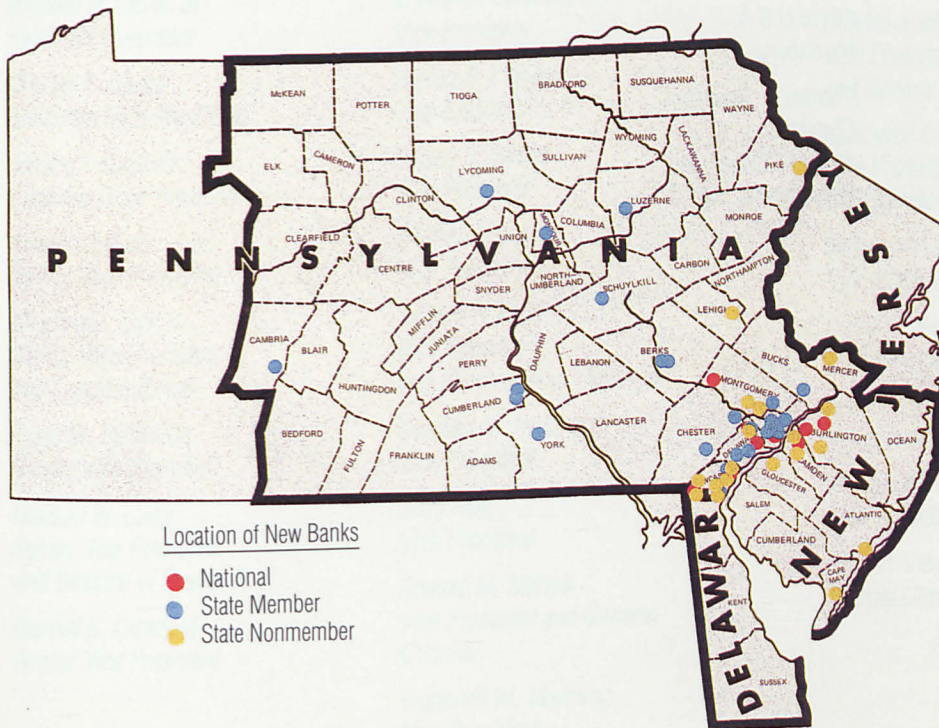
*So why do new banks open — especially in light of all the bank failures? When deregulation of financial institutions began, we all knew that a lot of consolidations would take place. However, we certainly didn’t anticipate large numbers of new banks coming into existence to replace those that merged. According to new bank charter applications, the reasons they open have become quite clear.*

*First of all, the larger existing local banks are perceived to have had a tendency to devote less and less attention to smaller customers’ needs, especially those of small businesses. In this case, they fill an ideal niche, and one that really benefits the community where they operate. Secondly, there are staff reductions at merged institutions that serve to provide a ready supply of available experienced bankers in the marketplace. Many of these bankers are senior lenders who have loyal clients following them to new sources of funds and customized services.*



Finally, the arrival of intrastate and interstate banking make it appear to investors that banks serve as valuable investment opportunities. As a result, since 1985, hundreds of millions of dollars of investor "seed" money has been made available to local entrepreneurs to start banks.

While new banks represent only a small percentage of total assets, they most definitely serve an important function in our communities. However, they do require special attention because they are especially prone to mistakes in the formative years. Thus, regulators must work to ensure that new institutions operate as soundly and safely as possible. In the Third District, there has been only one failure in the last five years. Hopefully, this exemplary record can be maintained."



## **B**oard of Directors

Peter A. Benoliel, chairman of Quaker Chemical Corp., was reappointed as chairman of the board of the Federal Reserve Bank of Philadelphia for 1990. In January David W. Huggins, president, R M S Technologies, Inc., took office as a Class B director, succeeding Carl E. Singley, Esquire, and Samuel A. McCullough, chairman and chief executive officer of Meridian Bank became a Class A director, succeeding George A. Butler, then chairman and chief executive officer of First Pennsylvania Bank, N.A.

Later in the year Deputy Chairman Gunnar E. Sarsten, chairman, president and chief executive officer of United Engineers & Constructors Inc. and Gary E. Burl, president, Delaware National Bank, resigned from the board. H. Bernard Lynch, president and chief executive officer of The First National Bank of Wyoming was elected a Class A director, succeeding Mr. Burl.

*Chairman*

*Peter A. Benoliel*

*Chairman*

*Quaker Chemical Corp.*

*Conshohocken, PA*

*Constantinos I. Costalas*

*Chairman, President and*

*Chief Executive Officer*

*Glendale National Bank of New Jersey*

*Voorhees, NJ*

*David W. Huggins*

*President*

*R M S Technologies, Inc.*

*Marlton, NJ*

*H. Bernard Lynch*

*President and Chief Executive Officer*

*The First National Bank of Wyoming*

*Wyoming, DE*

*Samuel A. McCullough*

*Chairman and Chief Executive Officer*

*Meridian Bank*

*Reading, PA*

*Jane G. Pepper*

*President*

*The Pennsylvania Horticultural Society*

*Philadelphia, PA*

*Nicholas Riso*

*Executive Vice President*

*Ahold U.S.A.*

*Harrisburg, PA*

*Charles F. Seymour*

*Chairman*

*Jackson-Cross Co.*

*Philadelphia, PA*

# Officers

In 1990, Edward J. Coia was named Senior Vice President with responsibility for Treasury Direct and the Fiscal Department and Peter M. DiPlacido was promoted to Senior Vice President of Check Operations. Robert J. Bucco moved up to Vice President of Electronic Funds Services; William Evans, Jr. became Vice President of Computer Services and Stephen M. Hoffman was appointed Vice President of International Examinations. Jerry Katz was promoted to Vice President of Human Resources; Frederick M. Manning was named Vice President of Community Affairs and Milissa M. Tadeo moved up to Vice President in the Cash Department. In other official changes, Gerard A. Callanan was promoted to Assistant Vice President of Budget and Planning; Shirley L. Coker was named Assistant Counsel; Michael E. Collins was promoted to Examination Review Officer; John J. Deibel became International Examinations Officer and Robert N. Downes, Jr. was appointed Assistant Vice President of Applications and Surveillance. Frank E. Eisel, Jr. was named Assistant Vice President in Check Operations; Arun Jain was appointed

Planning Officer in charge of the new Check System Project; Henry T. Kern was promoted to Operations Officer in the Treasury Direct Department; Camille M. Ochman was appointed Assistant Vice President in Check Operations; Patrick M. Regan was promoted to Assistant Vice President and Technical Services Officer; Sherrill Shaffer was appointed Assistant Vice President and Economist; Ronald R. Sheldon was named Assistant Vice President and Data Systems Officer; Herbert E. Taylor moved up to Assistant Vice President and Assistant Secretary; Sharon N. Tomlinson was promoted to Assistant Vice President of Human Resources and Richard A. Valente became Audit Officer. Annie R. Ward was appointed Fiscal Officer; Bernard M. Wennemer was appointed Assistant Vice President of Commercial Examinations and Anthony J. White was promoted to Financial Services Officer.

In changes of official assignment, Assistant Vice President Alan L. Kiel assumed responsibility for both Quality and Contingency Planning and Vice President John B. Shaffer returned to the General Administrative Services Department.

*Edward G. Boehne  
President*

*William H. Stone, Jr.  
First Vice President*

*Donald F. Doros  
Executive Vice President*

*James F. Gaylord  
Executive Vice President*

*Edward J. Coia  
Senior Vice President*

*Thomas K. Desch  
Senior Vice President  
and Lending Officer*

*Peter M. DiPlacido  
Senior Vice President*

*Richard W. Lang  
Senior Vice President  
and Director of Research*

*Ronald B. Lankford  
Senior Vice President*

*Robert J. Bucco  
Vice President*

*J. Warren Bowman, Jr.  
Vice President*

*Steven P. Cohen  
Vice President*

*Robert A. Dobie  
Vice President*

*William Evans, Jr.  
Vice President*

*Joanna H. Frodin  
Vice President  
and Check Product Manager*

*Stephen M. Hoffman  
Vice President*

*Jerry Katz  
Vice President*

*Edward M. Mahon  
Vice President and General  
Counsel*

*Frederick M. Manning  
Vice President  
and Community Affairs Officer*

*Stephen A. Meyer  
Vice President  
and Associate Director of Research*

*Donald J. McAneny  
Vice President  
and General Auditor*

*Lawrence C. Murdoch, Jr.  
Vice President  
and Secretary*

*Benjamin L. Nadola  
Vice President*

*Louis N. Sanfelice  
Vice President*

*John B. Shaffer  
Vice President*

*Milissa M. Tadeo  
Vice President*

*Vish P. Viswanathan  
Deputy Check Product Manager*

*Gerard A. Callanan  
Assistant Vice President  
and Planning Officer*

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Examination Review Officer*

*Theodore M. Crone  
Assistant Vice President  
and Economist*

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*Patrick L. Donahue  
Assistant Vice President*

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*Frank E. Eisel, Jr.  
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*Arun Jain  
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*Mary M. Labaree  
Assistant General Auditor*

*Thomas P. Lambinus  
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*Edward Morrison  
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*Camille M. Ochman  
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Assistant Vice President*

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Assistant Vice President  
and Economist*

*Richard A. Sheaffer  
Assistant Vice President*

*Ronald R. Sheldon  
Assistant Vice President*

*Herbert E. Taylor  
Assistant Vice President  
and Assistant Secretary*

*Marie Tkaczyk  
Assistant Vice President*

*Sharon N. Tomlinson  
Assistant Vice President*

*Annie R. Ward  
Fiscal Officer*

*Elizabeth S. Webb  
Assistant Counsel*

*Bernard M. Wennemer  
Assistant Vice President*

*Anthony J. White  
Financial Services Officer*

*Richard A. Valente  
Audit Officer*

# **A** Advisory Councils

The Bank's four advisory councils meet regularly with senior officers to exchange important information and discuss problems. The 1990 members of the advisory councils are listed below.

## **Credit Union Advisory Council**

*Chairwoman*  
Teresa C. Trudeau  
Southwest Germantown  
Federal Credit Union

*Deputy Chairwoman*  
Rita L. Masselle  
IMD  
Federal Credit Union

Elisa P. Alexeeve  
Trenton Auto Workers  
Federal Credit Union

Martin J. Banecker  
President  
Campbell Employees  
Federal Credit Union

William Comrey  
Pennsylvania Central  
Federal Credit Union

Robert W. Edmondson  
Atlantic Employees  
Federal Credit Union

Alice R. Gift  
Rohm & Haas Del-Val  
Credit Union

Marvin Jones  
Dow Jones Employees  
Federal Credit Union

John H. Marsh  
Jello Employees  
Federal Credit Union

Shirlee Nicolino  
Merck Sharp & Dohme  
Federal Credit Union

JoAnne Simpson  
Chryco Newark  
Federal Credit Union

Frank Wielga  
Pennsylvania State Employees  
Credit Union

## **Community Bank Advisory Council**

*Chairman*  
Dennis W. DiLazzero  
Minotola National Bank

*Deputy Chairman*  
Lawrence J. LaMaina, Jr.  
Farmers Bank and Trust  
Company of Hanover

Gerard M. Banmiller  
Community National Bank  
of New Jersey

Adolph F. Calovi  
Sun National Bank

William W. Carlough, Jr.  
The First National Bank of New  
Jersey/Salem

Robert E. Dickerson  
Baltimore Trust Company

Jane C. Diebert  
Schuylkill Haven Trust Co.

Agnes Jones  
The Grange National Bank of  
Susquehanna County

Frank Kaminski, Jr.  
Pennsylvania Independent Bank

H. Bernard Lynch  
The First National Bank of  
Wyoming

Robert Mazzei  
Constitution Bank

Melvin Pankuch  
Blue Ball National Bank

## **Small Business/ Agriculture Advisory Council**

*Chairman*  
Walter P. Lomax  
Lomax Health Systems

*Deputy Chairman*  
Gottfried Schweidler  
Woodrite, Inc.

Marilyn Ababio  
Paragon Uniforms

Charles C. Bylone  
Vineland Produce Auction

Donald Clark  
Clark Seed Company

William J. Gordy  
Gordy Farms

Thomas E. Holtzhauser  
Holtzhauser Farms

Cynthia Hudson  
Waterfront Corporation

Eleanor Marquisee  
Arden Films & Video

Harold Schuler  
Harold Schuler Farms

Larry R. Weaver  
Weaver Farm

Abram S. Zeiset  
Zeiset Farms

## **Thrift Institutions Advisory Council**

*Chairman*  
Virgil P. Moir, III  
Progress Federal Savings Bank,  
SLA

*Deputy Chairman*  
Stephen D. Miller  
First Home Savings Bank

Ronald W. Bevan  
Delaware Savings Bank, FBS

Pearl H. Brown  
Gloucester County Federal  
Savings Bank

Frank M. Calletta  
Empire Savings Bank, SLA

Ronald A. Goerner  
Doylestown Federal Savings  
and Loan Association

Carl F. Gregory  
Third Federal Savings and Loan  
Association

I. Maximilian Martin  
Berean Savings Association

James D. Potts  
Fidelity Savings and Loan  
Association  
of Bucks County

Jack W. Shader, Sr.  
Harris Savings Association

Gregory L. Walker  
Huntingdon Savings and Loan  
Association

# **S**atement of Condition

<b>ASSETS</b>	<b>DECEMBER 31, 1990</b>	<b>DECEMBER 31, 1989</b>
Gold certificate account	\$ 384,000,000	\$ 400,000,000
Special drawing rights certificates	319,000,000	247,000,000
Other cash - coin	30,928,799	33,396,947
Loans and securities:		
Discounts and advances	24,375,000	45,427,000
Federal agency obligations	184,681,067	188,280,688
U. S. government securities	6,846,363,252	6,544,053,928
Total loans and securities	<u>\$ 7,055,419,319</u>	<u>\$ 6,777,761,616</u>
Other assets:		
Cash items in process of collection	527,316,353	442,143,977
Bank premises-net	44,951,528	45,870,427
Operating equipment-net	15,521,947	10,354,006
All other	1,631,609,702	1,778,717,181
Interdistrict settlement account	(701,622,953)	862,235,410
Total assets	<u>\$ 9,307,124,695</u>	<u>\$10,597,479,564</u>
 <b>LIABILITIES AND CAPITAL ACCOUNTS</b>		
Note liabilities:		
Federal Reserve notes	\$ 7,077,839,408	\$ 7,703,029,054
Deposits:		
Reserve accounts of depository institutions	1,773,896,908	1,942,863,835
U.S. Treasury - general account	0	0
Foreign	6,750,000	7,350,000
All other	1,712,685	38,169,346
Total deposits	<u>\$ 1,782,359,593</u>	<u>\$ 1,988,383,181</u>
Other liabilities:		
Deferred availability cash items	132,244,127	619,328,657
All other	84,333,567	86,780,872
Total liabilities	<u>\$ 9,076,776,695</u>	<u>\$10,397,521,764</u>
Capital accounts:		
Capital paid in	115,174,000	99,978,900
Surplus	115,174,000	99,978,900
Total liabilities and capital	<u>\$ 9,307,124,695</u>	<u>\$10,597,479,564</u>

# Earnings and Expenses

	1990	1989
Current earnings:		
From U.S. government securities	\$ 577,158,997	\$ 572,880,876
From discounts, advances and miscellaneous sources	119,715,469	53,384,917
From services to depository institutions	34,801,129	33,690,691
Total current earnings	<u>\$ 731,675,595</u>	<u>\$ 659,956,484</u>
Net expenses:		
Operating expenses (after deducting reimbursable expenses)	71,613,230	60,132,759
Cost of earnings credits	12,304,551	10,190,699
Total net expenses	<u>\$ 83,917,781</u>	<u>\$ 70,323,458</u>
Current net earnings	\$ 647,757,814	\$ 589,633,026
Additions to current net earnings:		
Gain on sales of government securities	1,832,900	374,603
Gain on foreign currency transactions	96,272,600	62,602,870
Miscellaneous nonoperating income	3,128	3,555
Total additions	<u>\$ 98,108,628</u>	<u>\$ 62,981,028</u>
Deductions from current net earnings:		
Assessment by the Board of Governors:		
Board expenditures	4,531,200	4,339,100
Federal Reserve currency	6,150,167	5,051,423
Miscellaneous nonoperating expenses	14,620,193*	4,047,555*
Total deductions	<u>\$ 25,301,560</u>	<u>\$ 13,438,078</u>
Net additions/(deductions)	<u>\$ 72,807,068</u>	<u>\$ 49,542,950</u>
Net earnings before payment to U.S. Treasury	<u>\$ 720,564,882</u>	<u>\$ 639,175,976</u>
Distribution of earnings:		
Dividends paid	\$ 6,268,895	\$ 6,070,853
Paid to U.S. Treasury (interest on Federal Reserve notes)	699,100,887	635,905,173
Transferred to/(from) surplus	15,195,100	(2,800,050)
Net earnings	<u>\$ 720,564,882</u>	<u>\$ 639,175,976</u>

\* Includes nonreimbursed Treasury services



# Operating Statistics

	<b>1990</b>	<b>1989</b>
Millions of dollars		
Loans to depository institutions	\$ 4,172	\$ 6,265
Currency received and counted	12,448	13,182
Coin received and counted	179	176
Checks handled:		
U.S. government	29,205	28,191
All other	1,109,841	1,032,200
Issues, redemptions and exchanges of		
U.S. government securities	4,745,465	3,623,004
Transfers of funds	18,478,987	14,199,500
Food stamps redeemed	564	392
Thousands of items processed		
Loans to depository institutions	1,469*	1,965*
Currency received and counted	1,078,620	1,122,300
Coin received and counted	239	234
Checks handled:		
U.S. government	26,440	27,790
All other	1,053,180	985,360
Issues, redemptions and exchanges of		
U.S. government securities	16,986	18,370
Transfers of funds	5,045	4,900
Food stamps redeemed	114,788	78,200

\*Unrounded data

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