FEDERAL RESERVE BANK OF ATLANTA

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Enclosure: Letter to U.S. Senate Banking Committee [anonymous], June 26, 1984.

FEDERAL RESERVE BANK
OF ATLANTA

ROBERT P. FORRESTAL
FIRST VICE PRESIDENT

December 8, 1983

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
1983 DEC 13 AM 9:15
RECEIVED
OFFICE OF THE CHAIRMAN

Mr. Paul Volcker
Chairman
Board of Governors of the
Federal Reserve System
Washington, D. C. 20551

Dear Mr. Chairman:

As a follow up to my telephone conversation with Mrs. Malardi, I want you to know how much I appreciate your vote of confidence, and that of the Board, in appointing me as President of the Federal Reserve Bank of Atlanta. I hope you know that I will do everything in my power to justify your faith in me.

If any of us here at the Atlanta Bank can be of assistance to you in any way, please do not hesitate to call on us.

With best regards.

Sincerely,

Bob

Robert P. Forrestal
President

March 18, 1983

Mr. William F. Ford
President
Federal Reserve Bank of
Atlanta
Atlanta, Georgia 30303

Dear Bill:

The Chairman showed me your recent letter about withholding at source. As you can imagine, we've been deluged with form letters from bankers from around the country on the subject. The attached is representive of the Chairman's replies.

Sincerely,

Neal M. Soss
Assistant to the Chairman

Enclosure

NS:dmg-b

cc: Miss Wolfe

March 15, 1983

Mr. Jack G. Leighton, II
[redacted]

Dear Mr. Leighton:

Thank you for your letter urging me to support repeal of the 10 percent withholding requirement on interest and dividend earnings. I can appreciate the concerns that prompted you and many others to write to me on this issue. There is always the concern that new requirements, such as withholding, will add to the administrative costs of paying institutions and I have discussed your concerns in this respect with Secretary Regan. As you know, considerations of taxpayer equity and the urgent need to take advantage of all opportunities to reduce our massive federal deficit lead the Congress to the conclusion that the new withholding program should be implemented. Taking all these considerations into account, and based upon the limited amount of information available to us on costs, I have found it difficult to inject myself into the dispute, particularly without some alternative to accomplish the same needed goals on the equity and revenue fronts.

Sincerely,

Read

3.

FEDERAL RESERVE BANK
OF ATLANTA
ATLANTA, GEORGIA 30303

OFFICE OF
PRESIDENT

March 2, 1983

Mr. Paul A. Volcker, Chairman
Board of Governors of the
Federal Reserve System
Washington, D. C. 20551

Dear Paul:

As you know, we are one of several Reserve Banks that have a Financial Institutions Advisory Committee. This group at its meeting today asked me to let you know that there is a strong sentiment among banks as well as thrift institutions against the withholding of interest and dividends. The Committee was unanimous in favoring the repeal of the new interest and dividend withholding law. It felt the law was burdensome on the private sector and, instead, favored IRS enforcement as a way to collect taxes on unreported income.

Anything you can do to be helpful would be appreciated by this Committee.

Sincerely,

Bill

William F. Ford

March 11, 1983

Mr. William F. Ford
President
Federal Reserve Bank of Atlanta
Atlanta, Georgia 30303

Dear Bill:

Thanks for the material on the supervisory questions. It makes good points.

Sincerely,

PAV:ccm
#3

Federal Reserve Bank
of Atlanta
Atlanta, Georgia 30303

Office of
President

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
1983 MAR 10 AM 9:40
RECEIVED
OFFICE OF THE CHAIRMAN

March 2, 1983

#413

Mr. Paul Volcker, Chairman
Board of Governors of the
Federal Reserve System
Washington, D. C. 20551

Dear Paul:

The enclosed paper sets forth the views of this Reserve Bank on the issues presented for comment by the Task Group on Regulation of Financial Services in its statement of February 3, 1983.

Please let us know if you have questions or comments.

Sincerely,

Bill

William F. Ford

Enclosure

Dear Bill,
Thanks for the material on the upcoming questions. It makes good points
Sincerely

Comments By The Federal Reserve Bank of Atlanta On Issues Presented For Consideration By The Task Group On Regulation of Financial Services

The following comments address the issues presented by the Task Group's statement dated February 3, 1983. Our comments are presented from the perspective of the System's unique position in the financial marketplace, and its responsibilities and capabilities as the nation's central bank. In the interest of brevity, not every question in the Task Group's statement is specifically referenced.

1. Goals of Financial Regulation

The Task Group lists five specific goals of financial regulation. In our view, these can be consolidated by saying that the Federal Reserve's principal goals are to promote stable, orderly financial markets in which monetary policy can be efficiently pursued, and to foster equity in the provision of financial services. In a dynamic marketplace, in which interest rate limitations, structural distinctions, and geographic restrictions are lessening, the System should pursue these goals in ways which minimize interference with the competitive efforts of individual providers of financial services. The System must protect the market from major disruptions, but should allow it to penalize the less efficient firms.

It may be argued that these goals could be more efficently pursued in a consolidated Federal financial regulatory scheme. In the past, the political process has judged the existing system to be preferable to trying untested alternatives. However, should events develop otherwise, the System must retain a role in supervision and regulation sufficient to carry out its responsibilities properly. The following sections set forth our recommendations on how best to do this.

2. Assessment of the Existing Structure

It may be argued that the present framework, though complicated and at times unwieldly, has served the financial system of this nation reasonably well over the years. Nevertheless, there are many inherent weaknesses in the existing structure that undermine the overall effectiveness of the Federal supervisors, create unnecessary burdens and delays for constituents and result in disparate treatment of individual institutions in similar circumstances.

There is some overlap in responsibilities among the Federal supervisors, and, consequently, duplication of effort. For example, while in many cases the banking laws administered by the various agencies are the same or substantially similar, each agency maintains a separate legal staff. In addition, each agency must consider applications for various purposes under virtually identical statutes. In the case of merger applications each agency must define the relevant geographical market for analytical purposes and maintain a data base of deposit, loan, and other information.

The result is a duplication of the research and data processing functions in addition to repetition of costly legal analysis. Duplication also occurs in the surveillance function, since each agency must concern itself with a consolidated organization due to the potential impact of weaknesses among various affiliates.

The agencies generally manage their shared responsibilities harmoniously and effectively. Usually, jurisdiction is delineated adequately by the applicable statute, and uncertainties are resolved amicably. The agencies have shared information and views, both voluntarily and when required by law. However, there are drawbacks. Perhaps the most serious are the occasional but significant informational gaps in the supervision area. For instance, examiners frequently lack information needed to understand a borrower's total relationship with a financial institution, or to detect the practice of shifting poor loans to organizations supervised by a different agency. Bank holding company applications analysts must rely on examination data from other agencies, with little opportunity to determine the ultimate resolution of deficiencies cited. In the past, differences in examination report format and scope have also complicated the applications analysis and resulted in unnecessary delays. As a lender of last resort, the Reserve Bank has been hampered by a lack of information and appropriate perspective in problem situations requiring early assessment of the facts and timely action to reach an optimal resolution.

The current structure also disadvantages financial organizations, and increases their operating costs. An organization, for example, with members subject to the jurisdiction of different supervisors must operate under multiple laws, policies and procedures. While the agencies generally are consistent in their dealings with their own constituents, policies and procedures may differ and even conflict among the various supervisors in identical situations. At times, the outcome in an individual case may depend largely on which agency has jurisdiction. The agencies have also held differing and often opposing views on many issues. Examples are accounting rules, capital definitions and requirements, and, recently, even the definition of a bank. The past has also witnessed disparities in the degree of emphasis the agencies place on enforcement, particularly in consumer affairs. In the mid-1970's, certain banks withdrawing from membership in the Federal Reserve System cited, in part, the Federal Reserve's more vigorous enforcement of the Truth in Lending Act as a contributing factor. The lack of emphasis on enforcement of the consumer laws at the outset suggests that those agencies without the rule-making responsibility may not have had a clear perspective on the purpose and importance of these laws. This lack of perspective may be another flaw in the existing structure. In any event, the impact has been uncertainty of result and differential treatment for institutions engaged in identical activities, such as when one agency takes a more permissive stance on industry practices or business expansion. Obviously, these differences tend to create unnecessary operating costs and increase business risks.

Regarding the burden of specific regulatory requirements, the banking industry has already adopted costly compliance procedures, and therefore the pace of deregulatory changes should be planned carefully to minimize additional compliance costs. A principal target of banker complaints recently has been the rules formulation process of the DIDC, which is seen as an irregular, costly, and unpredictable path toward deregulation.

This Reserve Bank sees several opportunities for lessening the regulatory burden through statutory reform. Although most current laws serve valid purposes in correcting abuses or establishing orderly rules in the financial marketplace, three that may not pass the cost/benefits test are the Home Mortgage Disclosure Act, the Right to Financial Privacy Act, and the Real Estate Settlement Procedures Act. The first two are candidates for repeal, and the third could be substantially pared and incorporated into Truth in Lending without significant loss of consumer protection. As another statutory measure, sunset provisions should be routinely included in financial legislation to insure periodic re-evaluation of the laws themselves. Initiatives such as the Federal Reserve Board's Regulatory Improvement Project are essential to monitor the continued need for specific regulatory requirements. A central consideration, however, is that piecemeal deregulation is often more costly and disruptive than maintenance of existing rules.

3. Reform Issues and Options

The System's response to the question of reorganization must recognize its role as the Central Bank of the United States. The responsibility for the orderly functioning of the nation's banking system rests with us, and the supervisory and regulatory structure must assure adequate System presence in the marketplace. It follows that influence must be maintained with large scale participants in the domestic and international arenas. Whether this influence can be maintained over time without direct supervision of these institutions has become a fundamental question. Experience suggests that in crises which require the intervention of the Central Bank, the present structure falls short of providing the proper framework.

The System, given this broad responsibility of maintaining an orderly financial marketplace, must assure that major dislocations, such as the failure of a large banking institution, are contained to prevent market-wide disruptions. This charge currently is carried out through direct supervision of a portion of the commercial banking institutions in the United States, all bank holding companies, foreign activities of domestic banks, and to some extent, domestic activities of foreign banks. Historically, Federal Reserve involvement in crises arising from institutions not directly supervised has been either through its function as lender of last resort or through its unique influence as informal coordinator of market response. Examples include the Franklin National failure, the Hunt silver crisis, and the recent Mexican debt restructuring. While these roles have been fulfilled successfully in general, the lack of jurisdiction during the formative stage of the crises has often led to informational inadequacies once the crisis developed.

While these roles enable the System to relieve such crises, in the case of a nondirectly supervised institution the resolution is often to accommodate an orderly failure. In short, the problem may be beyond resolution before the Federal Reserve is involved.

From this perspective, if the System is to resolve the type of crises described above, it should have direct supervision over the institutions involved. Conversely, there appears to be no compulsion for direct Central Bank involvement with financial institutions which do not exert a significant influence upon the banking system. In such cases, the failure of so small a presence would have no bearing upon an orderly market. In fact, a consolidated agency might endanger the efficiency and responsiveness of the financial system. Its substantial powers would be tempted toward conservative use; all goals but efficient intermediation would be likely to get priority. A single agency structure eliminates some of the useful checks and balances present in the current system.

Our opinion, then, is that the supervisory and regulatory structure should be designed to provide direct Federal Reserve supervision over those institutions which exert a major influence within the nation's financial system. This direct supervision should extend, at a minimum, to those institutions with $1 billion or more in total assets, those with significant foreign activities or exposure, and those with interstate operations, as well as foreign institutions operating in the United States. Because these institutions comprise the core of the marketplace, direct Central Bank involvement is necessary to assure appropriate communications and adequacy of information to respond forcefully when circumstances warrant.

In conclusion, it is apparent that a certain portion of the financial system exerts the dominant influence upon the marketplace. It is also apparent that the Federal Reserve, as the Central Bank of the United States, has been charged with the ultimate responsibility for an orderly market. Given the changes presently taking place, both in the domestic and international markets, it is unclear whether the present supervisory structure, which essentially assigns part of this Central Bank responsibility to other entities, allows the System sufficient flexibility to deal with major crises. It is our view, therefore, that proper discharge of the System's responsibilities requires, at a minimum, direct supervisory authority over the core of the marketplace.

March 2, 1983

Toss

2/26

#853

Referred by: WILLIAM F. FORD

To Paul Volcker

FYI, my people tell me that we are not prepared to operate the system account, if N.Y. goes down for any reason. They say the same goes for all the other F.R. ~~banks~~ outside of N.Y. Does this concern you? If not, just toss this. If so, please have someone tell us what to do...

Thanks

Bill

N/R Axilrod
Altmann to handle

OFFICE OF THE PRESIDENT
Federal Reserve Bank of Atlanta

P. O. Box 1731
Atlanta, GA 30301

Telephone
(404) 586-8501

Review with Forrestal

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D.C. 2055

February 17, 1982

TO: Federal Open Market Committee

FROM: Murray Altmann M.A.

In accordance with procedures approved by the Committee, the attached continuing authorizations are being called to the Committee's attention before the March organization meeting to give members an opportunity to raise any questions they have concerning them. The authorizations are identical with those of a year ago.

Please let me know by February 24 whether you would like to have any of the attached documents placed on the agenda for consideration by the Committee at its organization meeting on March 30, 1982.

Attachments:

1. Procedures for allocation of securities in the System Open Market Account

2. List of Treasury Department officials to whom weekly reports on open market operations may be sent

3. Authority for the Chairman to appoint a Federal Reserve Bank as agent to operate the System Account in case the New York Bank is unable to function

4. Resolutions providing for continued operation of the Committee and for certain actions by the Reserve Banks during an emergency

5. Resolution relating to examinations of the System Open Market Account

(Attachments continued:)

6. Guidelines for the conduct of System operations in Federal agency issues

7. Regulation relating to Open Market Operations of Federal Reserve Banks

8. Rules of Organization, Rules Regarding Availability of Information, and Rules of Procedure

FEDERAL RESERVE BANK
OF ATLANTA
ATLANTA, GEORGIA 30303

OFFICE OF
PRESIDENT

April 19, 1982

#1432

Mr. Paul A. Volcker, Chairman
Board of Governors of the Federal Reserve System
Washington, D.C. 20551

Dear Paul:

As you know, the Atlanta Reserve Bank and Emory University's Law and Economics Center sponsored a conference on "Supply-Side Economics in the 1980s" March 17-18 here in Atlanta. I thought you might be interested in some details of that meeting and the feedback we have had about it.

The initial press response is reflected by the enclosed packet of clippings we have received from around the country, with more still coming in. I'm also sending along a summary of our post-conference survey of participants and a sampling of the letters we have received.

Don Koch, our director of research, and Robert Keleher, research officer, coordinated the conference in conjunction with Henry Manne of Emory University. The concept of the conference was suggested by our Board of Directors' Research Committee-led by our chairman, Bill Fickling.

The conference drew 332, including speakers and nearly 40 business journalists. Almost half the participants (47 percent) represented financial institutions, with bank and thrift CEO's and/or presidents accounting for 22 percent and other executive officers making up 25 percent. Fortune 1000 corporate representatives comprised 14 percent of our attendance, while major Atlanta-based firms registered 12 percent and a variety of businesses from across the country contributed 21 percent. Academicians made up 7 percent of the total.

Of the paid attendees, 141 registered at the early fee of $475. Late registrants at $550 numbered 74. Gross revenues plus accounts outstanding added up to $112,746. From this we deducted $82,480 to cover expenses and other liabilities. That suggests we'll wind up with an anticipated profit of $30,266, which we agreed to share with Emory.

Overall, we believe the conference was quite successful in meeting its objectives. Our audience and the press clearly appreciated the opportunity to hear the diverse views on "Supply Side Economics" of some of America's top economists and policy makers. The Federal Reserve System and the Atlanta bank gained substantial recognition for being open and helpful in providing a forum for discussing an important economic issue of our day.

Sincerely,

Bill

William F. Ford

No response needed
JRC
4/30/82

March 10, 1982

Mr. William F. Ford
President
Federal Reserve Bank of Atlanta
Atlanta, Georgia 30303

Dear Bill:

The public info stuff you wrote to me about sounds very much on the mark. Just so long as it's not too fancy! (There goes my puritan ethic again.)

Sincerely,

PAV:ccm
#896

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
1982 MAR -5 AM 9:20
RECEIVED
OFFICE OF THE CHAIRMAN

FEDERAL RESERVE BANK
OF ATLANTA
ATLANTA, GEORGIA 30303

OFFICE OF
PRESIDENT

March 2, 1982

#896

Mr. Paul Volcker
Chairman
Board of Governors
20th & Constitution Avenue, N. W.
Washington, D. C. 20551

Dear Paul:

I am writing to update you on some public relations work we have been doing lately with significant elected officials in our District.

First, on February 18, we had a dinner at our Birmingham Branch with Senator Howell Heflin as the guest of honor. The enclosed pamphlet indicates who attended the dinner. As you can see, we had a good turn-out -- and our discussions with the Senator were most cordial. The Senator also had a good opportunity, his first, to tour a Federal Reserve Bank -- to see what we actually do besides making monetary policy. Although he may still attribute high interest rates and their harmful side effects to us, I feel confident he no longer sees us as an impersonal bureaucracy that is unconcerned about the impact of our policies on his constituents.

I have asked Don Winn to prepare an independent evaluation of the Heflin meeting to judge whether the benefits that flowed from it are likely to justify the costs involved in staging such affairs.

Second, on Tuesday night, February 23, we had Andrew Young in our Bank for a dinner with the leaders of Atlanta's financial community. He requested that we host this meeting through an emissary, Mr. Herman Russell, one of the leading black businessmen in our community. At that meeting, the Mayor was quite cordial and open with our financial leaders. We had a very good discussion with him about the city's future. Again, I felt this was a useful thing for us to do in our District.

If you are interested in knowing more about this program, or if you have any suggestions for expanding it to include other elected officials from our area, especially those that you have to deal with in Washington, please let us know. Thanks.

Sincerely,

Bill

William F. Ford

Dear Bill — The public info stuff you wrote to me about sounds very much on the mark. Just so long as it's not too fancy! (There [illegible] this again?). [illegible]

Enclosures

cc: Mr. Don Winn

Reception and dinner honoring

The Honorable Andrew Young

Mayor
City of Atlanta

Federal Reserve Bank of Atlanta
February 23, 1982

GUESTS

David W. Brooks
Chairman
Cotton States Life and Health Insurance Company
Atlanta, Georgia

Bennett A. Brown
Chairman of the Board
The Citizens and Southern National Bank
Atlanta, Georgia

Fletcher Coombs, Jr.
President
Mutual Federal Savings and Loan Association
Atlanta, Georgia

I. Owen Funderburg
President
Citizens Trust Bank
Atlanta, Georgia

William E. Green
President
GRP, Inc.
Atlanta, Georgia

Robert P. Guyton
President and Chief Executive Officer
Bank South Corporation
Atlanta, Georgia

Jesse Hill, Jr.
President and Chief Executive Officer
Atlanta Life Insurance Company
Atlanta, Georgia

Paul Hill
Executive Vice President and Chief Financial Officer
First National Bank of Atlanta
Atlanta, Georgia

Richard D. Jackson
President
First Georgia Bank
Atlanta, Georgia

R. C. Loudermilk
President
Aaron Rents, Inc.
Atlanta, Georgia

John J. McDonough, Jr.
Southeast Regional Director
Merrill Lynch, Pierce, Fenner & Smith, Inc.
Atlanta, Georgia

H. McKee Nunnally
Senior Vice President
Dean Witter Reynolds, Inc.
Atlanta, Georgia

Herman J. Russell
President
H. J. Russell and Company
Atlanta, Georgia

William J. Ruth, Jr.
President
LifeSurance Corporation
Atlanta, Georgia

Edward H. Schweers
President and Chief Operating Officer
Fulton Federal Savings and Loan Association
Atlanta, Georgia

Robert Strickland
Chairman of the Board
Trust Company of Georgia
Atlanta, Georgia

J. E. Varner, Jr.
President
Standard Federal Savings and Loan Association
Atlanta, Georgia

J. B. Zellars
President and Managing Officer
Georgia Federal Savings and Loan Association
Atlanta, Georgia

FEDERAL RESERVE BANK DIRECTOR

William A. Fickling, Jr., Chairman, and
Chairman and Chief Executive
Charter Medical Corporation
Macon, Georgia

FEDERAL RESERVE BANK OFFICERS

William F. Ford, President
Robert P. Forrestal, First Vice President
Donald L. Koch, Senior Vice President and Director of Research
Frank King, Research Officer

#896

Reception and dinner honoring

The Honorable Howell Heflin

United States Senate

Federal Reserve Bank of Atlanta
Birmingham Branch
February 18, 1982

PROGRAM

6:00 p.m.
Reception
Directors' Suite, 4th Floor

7:00 p.m.
Dinner
Cafeteria, 4th Floor

Welcoming Remarks:
Mr. William H. Martin, III
Chairman, Birmingham Branch
Board of Directors

Introduction of Head Table Guests
and Birmingham Branch Directors:
Mr. Hiram J. Honea,
Birmingham Branch Manager

Introduction of Senator Heflin:
Mr. William F. Ford, President
Federal Reserve Bank of Atlanta

8:00 p.m.
Guest Speaker:
The Honorable Howell Heflin
United States Senate

8:30 p.m.
Questions from the Audience:
Senator Howell Heflin
President William F. Ford

9:00 p.m.
Closing Remarks:
President William F. Ford

SPECIAL GUEST

The Honorable Howell Heflin
United States Senate

DISTINGUISHED GUESTS

Mr. C. E. Avinger
Executive Vice President
Alabama Bankers Association

Mr. Mike House
Administrative Assistant to
Senator Howell Heflin

Mr. Philip Jackson
Former Governor
Board of Governors of the Federal Reserve System

Mr. George LeMaistre
Professor of Economics, Finance &
Legal Studies

Mr. Clarence L. Turnipseed
President
Alabama Bankers Association

BOARD OF GOVERNORS

Mr. Donald J. Winn
Assistant to the Board

FEDERAL RESERVE BANK OF ATLANTA

Mr. William F. Ford
President

Mr. Robert P. Forrestal
First Vice President

Mr. Harry Brandt
Senior Vice President

Mr. Harold B. Blach, Jr.
Director

BIRMINGHAM BRANCH
BOARD OF DIRECTORS

Mr. William H. Martin, III (Chairman)
President and Chief Executive Officer
Martin Industries, Inc.
Florence, Alabama

Mr. Louis J. Willie
Executive Vice President and Director
Booker T. Washington Insurance Company
Birmingham, Alabama

Mr. C. Gordon Jones
President
First National Bank of Decatur
Decatur, Alabama

Mr. Henry A. Leslie
President
Union Bank & Trust Company
Montgomery, Alabama

Miss Martha McInnis
Executive Vice President
Alabama Environmental Quality Association
Montgomery, Alabama

Mr. William M. Schroeder
Chairman and President
Central State Bank
Calera, Alabama

BIRMINGHAM BRANCH
FEDERAL RESERVE BANK OF ATLANTA

Mr. Hiram J. Honea
Vice President and Branch Manager

Mr. R. G. Dole
Assistant Vice President

Mr. Melvyn K. Purcell
Assistant Vice President

Mr. John D. Swanson
Assistant Vice President

A BRIEF HISTORY OF THE BIRMINGHAM BRANCH
FEDERAL RESERVE BANK OF ATLANTA

The Birmingham Branch of the Federal Reserve Bank of Atlanta was authorized by the Federal Reserve Board (now the Board of Governors of the Federal Reserve System) and opened on August 1, 1918. Originally, only 12 persons were employed and operations (primarily check collection and cash services) were conducted from rented quarters in the Comer Building (renamed as the City Federal Building). In 1927 construction of the original Branch building was completed and it was occupied by 36 employees providing both check and cash processing services. During the World War II era, the Branch provided extensive services to the Commodity Credit Corporation and the Reconstruction Finance Corporation as well as services to the Treasury Department and other Government agencies. Economic growth in the Birmingham Zone and the expansion of Reserve Bank services to financial institutions during the 1950's necessitated the acquisition of additional staff and space, and in 1958 a new five-story structure was completed adjacent to the original building. In the late 1960's, advances in computer technology led to the automation of many Branch operations. During the 1970's computer equipment and automated applications were upgraded, refined, and expanded into virtually every area of operations. This process continues today and is largely responsible for the significant achievements of the Branch in providing efficient and effective services to the financial community.

FUNCTIONS OF THE BIRMINGHAM BRANCH
FEDERAL RESERVE BANK OF ATLANTA

The Birmingham Branch of the Federal Reserve Bank of Atlanta serves financial institutions as well as the public throughout the State of Alabama (excluding Baldwin and Mobile Counties). The Branch directly supports institutions in our area by clearing millions of checks, serving as a warehouse for currency and coin, and acting as a Fiscal Agent for the United States Treasury Department.

The Branch Check Collection Department facilitates the nation's payments mechanism by acting as a check clearing house. Twenty-four-hour operations exist to provide efficient as well as timely credit availability. The Cash Services Department serves financial institutions by accepting orders for and receiving deposits of currency and coin on a regular basis. Acting for the United States Treasury Department, the Branch Fiscal Agency Department issues, reissues, and redeems United States securities for the general public as well as the financial community. In addition, safekeeping services are provided by this department to financial institutions in the zone. The Branch also participates in the Federal Reserve Communications System which provides financial institutions with the capability to electronically transfer funds rapidly and safely to other institutions nationwide.

ROLE OF THE BOARD OF DIRECTORS
BIRMINGHAM BRANCH

The duties of Branch directors are essentially advisory and informational in nature. Their principal role is to provide information to the System authorities, through communication with the Board of Directors of the Federal Reserve Bank of Atlanta, and the Atlanta Reserve Bank's Research Department.

Branch directors have a significant part in contributing indirectly to the formulation of national credit policy. The "grass roots" information they provide on local business and economic conditions and their opinions on significant economic developments are extremely valuable. Their contribution also extends to evaluating what effects monetary policy is having in their community and particular industry.

Equally important is the role that Branch directors perform in providing an indispensable link between the System and the public by conveying to their associates an understanding of the functions of the System and its actions.

BIRMINGHAM BRANCH

FEDERAL RESERVE BANK OF ATLANTA

BIRMINGHAM, ALABAMA 35202

February 18, 1982

GUEST LIST

W. Gray Jones, Vice President
First Bank of Alabaster

B. J. Nolen, Chairman & President
Albertville National Bank

James E. Cameron, Jr., Vice President
Alexander City Bank

John R. Ray, President
First State Bank of Altoona

Ralph P. Bolt, Chairman
Bank of Anniston

P. C. Hudson, President
Auburn National Bank of Auburn

Guy H. Caffey, Jr., (Retired)
Birmingham Trust National Bank

Roy W. Gilbert, Jr., Chairman & CEO
Birmingham Trust National Bank

Harold B. Blach, Jr., President
Blach's, Inc., Birmingham

Harry B. Brock, Jr., Chairman & CEO
Central Bancshares of the South, Inc.
Birmingham

Philip C. Jackson, Jr., Chairman & CEO
Central Bank of the South, Birmingham

John Alexander, Jr., President
City National Bank of Birmingham

George L. Sherling, President
Exchange National Bank, Birmingham

Willard L. Hurley, President & CEO
First Alabama Bank of Birmingham

William D. Sellers, Chairman
First Alabama Bank of Birmingham

John Woods, Chairman
AmSouth, Birmingham

Dan L. Hendley, Chairman & CEO
The First National Bank of Birmingham

Robert H. Woodrow, Jr., Chairman -
Trust Committee
The First National Bank of Birmingham

James F. Beall, President
MetroBank, Birmingham

Wallace D. Malone, Jr., Chairman & CEO
SouthTrust, Birmingham

Bernard S. Steiner, Jr., Chairman &
President
Steiner Bank, Birmingham

Clarence L. Turnipseed, Chairman & CEO
First National Bank of Brewton

W. R. House, Chairman
First State Bank of Decatur

Charles L. Peery, Chairman
First National Bank of Florence

Edward F. Mauldin, Chairman
The Bank of Florence

Ollie W. Nabors, Chairman
First Ala. Bank of Gadsden, N.A.

Grady Gillam, President
The American National Bank, Gadsden

W. R. Collins, President
The Bank of Huntsville

David W. Pearson, Chairman &
President
Jacksonville State Bank

John T. Oliver, Jr., President
First National Bank of Jasper

Wallace H. Thompson, President
Bank of Lexington

Louis G. Odom, Jr.
Mobile

C. E. Avinger, Exec. Vice President
Ala. Bankers Association, Montgomery

Frank Plummer, Chairman
First Alabama Bancshares, Montgomery

J. H. Williams, President
Bank of Moulton

Harold King, Chairman
The Peoples Bank, Pell City

J. Robison Harper, President
Peterman State Bank

Marvin L. Barron, Chairman &
President
Rainsville Bank

John W. Gay, Chairman
First National Bank of Scottsboro

Richard P. Morthland, President
The Peoples Bank & Trust Co., Selma

Harry I. Brown, Chairman &
President
First National Bank of Sylacauga

George S. Shirley, President
First National Bank of Tuskaloosa

Gene Britton, Chairman
First National Bank in Tuscumbia

George LeMaistre, Professor of
Economics, Finance & Legal Studies
University of Ala., Tuscaloosa

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

1981 JUL 27 AM 9:29

RECEIVED
OFFICE OF THE CHAIRMAN

FEDERAL RESERVE BANK OF ATLANTA

ATLANTA, GEORGIA 30303

OFFICE OF
PRESIDENT

July 24, 1981

Paul—
If this works well we will do Sen. Sasser next. I'll keep you & Don informed, of course.
Bill

Senator Howell Heflin
United States Senate
3107 Dirksen Senate Office Building
Washington, D. C. 20510

Dear Senator:

I am writing to follow up on our recent conversation concerning arrangements for your visit to the Federal Reserve Bank, in Birmingham, on December 7, 1981.

After talking with Mike House about plans for your visit, we tentatively agreed that the following arrangements may be most appropriate. First, we would like you to come to the Bank late in the morning of December 7, around 11 o'clock. After introducing you to our senior officers, we should like to conduct a brief tour of the Bank in which our employees would have an opportunity to meet you and say hello. This would also give you an opportunity to review our operations.

After that, we propose a luncheon meeting in the Bank's dining room for our key employees and our Birmingham Branch directors. You might make some informal remarks after lunch, giving our own people your views on how the Administration's economic program is shaping up, your impressions of the Federal Reserve--or any other subject that you think would be of interest to the Fed family in Birmingham.

After lunch is over, around 1:30 or 2:00 p.m., Mike suggested that you might then want to make some local calls around the city during the afternoon.

We would reconvene at about 6:00 p.m. for cocktails and dinner in the Bank, or perhaps a major downtown hotel. The guests we contemplate inviting to the dinner would include our own directors (list attached); leaders of the banking community in Alabama; key business leaders in the Birmingham area; and, finally, any other special guests that you and Mike would like to include in the meeting. Over all, we would anticipate having a group of somewhere between 50 and 100 attendees.

Since this will be a different group than the luncheon guests, you might simply elaborate on the remarks that you made at lunch. We would expect to begin the dinner at around 7:00 p.m. and have you speak at about 8:00. It will be up to you, of course, to decide how long you would like to speak--with 20 to 40 minutes being a customary frame of reference for occasions like this.

Please let me know if these arrangements are satisfactory to you, so that our staffs can work out the necessary details. Also, please indicate whether or not you would like us to arrange for press coverage of your talk.

Let me close by thanking you, again, for your gracious acceptance of our invitation to appear at the Birmingham Office of the Federal Reserve.

Cordially,

Bill Ford

William F. Ford

cc: Mike House

Referred by: WILLIAM F. FORD

To Paul Volcker

Would you please take a look at this and let me know if I should go ahead with it. Based on my airport conversation with the Senator (a chance encounter), I think we could improve our standing with him by doing this. I'm told he and Senator Sasser, from Tennessee, were among the 37 Senators who backed the resolution vs. the Fed. If this works, we could do the same with Senator Sasser at the Nashville Branch.

Bill

W.F.F.

June 8, 1981

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

1981 JUN 10 AM 9: 11

RECEIVED OFFICE OF THE CHAIRMAN

Bill [illegible] [illegible] [illegible]

OFFICE OF THE PRESIDENT
Federal Reserve Bank of Atlanta

P. O. Box 1731
Atlanta, GA 30301

Telephone
(404) 586-8501

6/5

Draft
For review by
Chmn Volcker
& Don Winn

FEDERAL RESERVE BANK
OF ATLANTA
ATLANTA, GEORGIA 30303

OFFICE OF
PRESIDENT

The Honorable Howell Heflin
6327 Dirksen Senate Office Building
Washington, D. C. 20510

Dear Senator Heflin:

I am writing to let you know that I sincerely enjoyed meeting you a few days ago at the airport ~~last week~~ in Montgomery. Because I represent your state within the Federal Reserve System, I am particularly interested in learning more about your views on how the System operates and what we can do to improve it.

If you would be interested in pursuing this, I would like to invite you to meet with some of the key directors of our Bank and its Branches in Birmingham sometime later this year. Specifically, we could organize a luncheon or dinner meeting at our Branch in Birmingham when it would be convenient for you, ~~possibly~~ during a time you would normally be visiting your constituents in Alabama. Please let me know if you would be interested in doing this so that I can arrange to follow up with your staff, if you consider it appropriate.

On the chance that you may be interested in learning more about our operations in the Southeast, and in Alabama, I am enclosing some descriptive materials about the Sixth District and our Birmingham Branch.

Again, thanks very much for candidly sharing your thoughts with me.

Sincerely,

William F. Ford

William F. Ford

Enclosures: Annual Report, FRB Atlanta; Monthly review, Birmingham Branch

Copy to: Chairman Paul Volcker - Board of Governors
Governor Lyle Gramley - Board of Governors
Mr. Louis J. Willie - Chairman, Birmingham Branch Board
Mr. Hiram Honea - Birmingham Branch

July 22, 1981

Mr. William F. Ford
President
Federal Reserve Bank of Atlanta
Atlanta, Georgia 30303

Dear Bill:

I found your staff's study on the Small Bank Reporting Burden interesting, and appreciate your sending it along.

Ted Allison wrote you yesterday regarding our intent to have the Board consider soon the issues of small bank exemptions from reserve and reporting requirements with the other two cost-saving initiatives referred to the Board by the Conference of Presidents. Our planning now contemplates Board consideration of the other two initiatives in the next couple of weeks, and separate Board consideration of the small bank exemptions later on next month. We'll get these items to the Board as expeditiously as possible.

Sincerely,

(signed) Lyle

Lyle E. Gramley

bcc: Mr. Allison
Ms. Sharigan
Ms. Wolfe
Mr. Manies

MSKondo:rcw
Ref. #141

2078

July 20, 1981

Mr. William F. Ford, President
Federal Reserve Bank of Atlanta
Atlanta, Georgia 30303

Dear Bill:

Thanks for the copy of your letter of July 13 to Chairman Volcker on exempting more small institutions from reporting and reserve requirements. Let me take this opportunity, too, to acknowledge receipt of the letter on his behalf.

The Board will consider this issue, along with the other two initiatives referred to us by the Conference of Presidents, within the next couple of weeks. We'll report promptly on how the Board decides to handle them.

Sincerely,

(signed) Ted

Theodore E. Allison
Staff Director

TEA:red

bcc: Governor Gramley/Mrs. Sharigan
Mr. Axilrod
Ms. Wolfe
Mr. Manies

T

FEDERAL RESERVE BANK OF ATLANTA

ATLANTA, GEORGIA 30303

OFFICE OF PRESIDENT

July 13, 1981

Mr. Allison (FYI)
M Manies

#141

Chairman Paul A. Volcker
Board of Governors of the
Federal Reserve System
Washington, D. C. 20551

Dear Paul:

You may be interested in the attached short study that we have done on the subject of exempting a larger number of financial institutions from reporting deposits to us and holding reserves with us. As you can see, in our District, there is much to be gained and little to be lost by raising the minimum criteria for reporting to $10 million or $15 million, in asset size, rather than the current cutoff of $2 million.

I hope you will find this helpful in your work on this important subject.

Sincerely,

Bill

William F. Ford

Enclosure

cc: Vice Chairman Schultz
Governor Henry C. Wallich
Governor J. Charles Partee
Governor Nancy H. Teeters
Governor Emmett J. Rice
Governor Lyle E. Gramley

FEDERAL RESERVE BANK OF ATLANTA

ATLANTA, GEORGIA 30303

OFFICE OF PRESIDENT

July 13, 1981

#2078

Chairman Paul A. Volcker
Board of Governors of the
Federal Reserve System
Washington, D. C. 20551

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Sincerely,

Bill

William F. Ford

Enclosure

cc: Vice Chairman Schultz
Governor Henry C. Wallich
Governor J. Charles Partee
Governor Nancy H. Teeters
Governor Emmett J. Rice
Governor Lyle E. Gramley

MISC. 367 (2-80)

FEDERAL RESERVE BANK OF ATLANTA

OFFICE CORRESPONDENCE

Date July 8, 1981

To Mr. William Ford

Subject Small Bank Reporting Burden

From Wardlyn Bassler and Karen Ahrens

WB KA

As you requested at lunch the other day, we have pulled together, with help from the Accounting Department, reserve balance and total deposit data of financial institutions in this District.

There are 4,716 potential Report of Transaction Accounts, Other Deposits, and Vault Cash (FR 2900)1/ reporters in the District. Of this total, 1,948 are deferred,2/ 190 are "no reporters,"3/ and 2,578 are current reporters--1,798 weekly4/ and 7805/ quarterly. Of the 2,578 reporting institutions, only 635, or 25 percent, usually do not fully cover their reserve requirements with vault cash and, thus, are required to maintain reserves. Of the 635 that usually maintain reserves, 575 are weekly reporters and 60 are quarterly reporters, the majority of which are member banks. Therefore, only 9 percent of the small reporting institutions, i.e. quarterly reporters, maintain reserves. (As reserve requirements are phased-in over the next eight years, the number of institutions maintaining reserves can be expected to increase.)

For the week ending June 24, 1981, total reserves maintained in this District were about $1.9 billion. Large institutions or weekly reporters accounted for 99.5 percent of this dollar volume while small or quarterly institutions maintained only $9 million or .5 percent. This is not surprising because the large reporters account for approximately 95 percent of total deposits6/ in this District and small reporters, less than 5 percent.

1/ Report from which required reserves are calculated.

2/ Institutions with total deposits of less than $2,000,000 as of 12-31-79 that are scheduled to report beginning November 1981.

3/ Institutions that have deposits of $2,000,000 or greater but do not have transaction accounts or nonpersonal time deposits and, therefore, are not required to report.

4/ Among institutions with total deposits of $15,000,000 or greater as of 12-31-79, 56 eligible for quarterly reporting elected as of 1-1-81 to report weekly. In addition, 25 Edge Act and Agreement Corporations and 23 foreign agencies, regardless of size, are required to report weekly.

5/ Institutions with total deposits of $2,000,000 to $15,000,000, as of 12-31-79.

6/ As of 12-31-79.

If the deferral for those institutions with less than $2,000,000 in deposits is not permanently extended, there are potentially 1,948 more reporters in this District. However, many of them would not have transaction accounts or nonpersonal time deposits and, therefore, not qualify for reporting. Additionally, it is expected that none of these smaller institutions would actually have to maintain reserves. On the other hand, requiring these institutions to report would not have a significant impact on money supply data since they account for less than .5 percent of total District deposits. Thus, the benefits of requiring some of these institutions to report clearly do not outweigh the reporting burden on them as well as this Bank.

Turning to the question of whether the required reporting levels should be raised, we would favor such a move. Reducing the number of reporters would have no significant impact on maintained reserves in this District nor money supply data but would clearly reduce reporting burden of small institutions. While any number of reporting level combinations could be selected, we have chosen three conservative combinations at random to illustrate the point.

1. If the minimum criteria for reporting were raised from $2 million to $5 million, 188 institutions in the District would no longer be required to report. And if quarterly reporting criteria were raised from the present $2 million - $15 million to $5 million - $20 million, 328 institutions that currently report weekly would become quarterly reporters and this District would have 1,472 rather than 1,798 weekly reporters. Weekly reporting institutions would account for 93 percent of total District deposits, while quarterly reporters would account for a little more than 7 percent. Total reserves maintained in this District by all institutions would be reduced by less than .05 percent and, therefore, remain close to $1.9 billion.

2. If the minimum criteria for reporting were raised to $10 million, 540 institutions in the District would no longer be required to report. And if quarterly reporting criteria were raised to $10 million - $25 million, 552 institutions that currently report weekly would qualify to report quarterly, and this District would have 1,248 rather than 1,798 weekly reporters. Weekly reporting institutions would account for 89 percent of total District deposits, while quarterly reporters would account for a little more than 11 percent. Total reserves maintained in this District by all institutions would be reduced by less than .2 percent.

3. If the minimum criteria for reporting were raised to $15 million, 829 institutions in the District would no longer be required to report. And if quarterly reporting criteria were raised to $15 million - $30 million, 674 institutions that currently report weekly would qualify to report quarterly and this District would have 1,077 rather than 1,798 weekly reporters. Weekly reporting institutions would account for 87 percent of the total District deposits, while quarterly reporters would account for a little more than 13 percent of the total. Total reserves maintained in this District by all institutions would be reduced by less than .7 percent.

If you should like additional information or have any questions, please let us know.

FEDERAL RESERVE BANK
OF ATLANTA
ATLANTA, GEORGIA 30303

OFFICE OF
PRESIDENT

September 30, 1980

#2694

The Honorable Paul A. Volcker
Chairman, Board of Governors
of the Federal Reserve System
Washington, D. C. 20551

Dear Paul:

If we have time at October's FOMC meeting, I think it would be very helpful if the Board's staff could make a brief presentation on the contingency plans they have developed to estimate the monetary aggregates in case the new MCA data gathering system malfunctions. With our member banks using new forms, and thousands of thrifts reporting directly for the first time, there are bound to be problems. And with our credibility in hitting the first-year targets on the line, we may suffer considerable embarrassment unless we are well prepared to compensate for start-up errors in the new system.

On a related subject, I support in principle Dave Eastburn's suggestion that we move to contemporaneous reserve accounting. However, due consideration must be given to operational and accounting software development problems that financial institutions and the Reserve Banks will face in a contemporaneous reserve environment. As Dave points out in his September 22, 1980 letter to you, this effort should not be attempted until "MCA problems are out of the way." We should also recognize that this will require some considerable changes in bank reporting capabilities, especially in the banks with large branch networks. Therefore, I would recommend that we give the banks 3-6 months notice when a realistic internal date has been determined.

Sincerely,

Bill

William F. Ford

cc: Mr. David P. Eastburn

cc Mr Axilrod

Mr Volcker

FEDERAL RESERVE BANK OF ATLANTA

ATLANTA, GEORGIA 30303

OFFICE OF PRESIDENT

October 10, 1980

#2762

Mr. Paul A. Volcker
Chairman of the Board of Governors
of the Federal Reserve System
Washington, D. C. 20551

Dear Paul:

During the last few days I have been giving a lot of thought to your suggestion that we conduct a major review of our present Open Market operating procedures. I strongly support the idea of doing this. This review should include the policy perspectives of the various groups mentioned in Part II of the work plan attached to your letter.

In that connection, I think it is particularly important that we encourage the various District banks that specialize in different aspects of policy research to present papers on the topics mentioned in the memo. Specifically, it would seem most appropriate, to me, for the New York Bank to present the foreign desk's point of view on current procedures; while the St. Louis staff might best present the monetarist perspective; and the Minneapolis Bank might set forth the "rational expectations" viewpoint on monetary policy, and so on. It is, of course, also important to have Steve Axilrod's group play the important roles of coordinator and moderator of the conference, as well as presenting the Washington staff's views on current procedures.

After the members of the Open Market Committee have heard the best cases that can be made for each policy alternative before us, I think the members of the Committee should then discuss and decide which policy alternative would be best for us to pursue in the future.

Finally, as Dave Eastburn mentioned, I doubt that it will be either practical or possible to keep the fact that we are conducting such a review secret for long. Therefore, we do need to give careful consideration to the question of how we want to characterize the review to the public, while it is underway. Frankly, I have not come up with any brilliant insight into how this can best be handled--

though I am confident some of our colleagues on the Committee will have some good ideas to offer in this regard.

Sincerely,

Bill

William F. Ford

Copy to: All Presidents of the
Federal Reserve Banks
Mr. Stephen H. Axilrod

September 29, 1980

Mr. William Ford
President
Federal Reserve Bank of Atlanta
Atlanta, Georgia 30303

Dear Bill:

As you know, for some time the Board has been concerned about certain transactions designed solely to reduce reserve requirements by generating "cash item" and "due from" assets for the purpose of artifically lowering net demand deposits. Such practices create inequitable advantages for the institutions involved and also, by overstating deductions from gross demand deposits, have the potential for distorting measures of the monetary aggregates. This latter problem may become more acute if and as the intermediary role of U.S. agencies and branches of foreign banks changes once they become subject to reserve requirements and, as a result, our current method for avoiding distortions in money supply measures become less effective.

In early June, the Board proposed for public comment that reserve requirements be calculated on a business-days basis. The intent of this proposal was to eliminate the profitability of "weekend Eurodollar arbitrage" transactions. Comments on the proposal pointed out reserve avoidance transactions that would not be halted by its adoption. In particular, it was learned that some institutions engage in, and others are aware of, the practice of borrowing for very short periods in clearinghouse funds and repaying in federal funds. At the same time, the Board became concerned about the burden of requiring all reporting institutions to change reporting methods solely in order to discourage reserve avoidance practices currently employed by only a few banks. Consequently, the Board decided not to implement the business-days proposal, but to include in its announcement of the new Regulation D reference to Board expectations that depository institutions will not engage in these reserve avoidance practices in the future. It was further announced that individual institutions would be monitored with regard to such practices. Meanwhile, study of regulatory means of discouraging reserve avoidance is continuing.

I would like you to join me in a Systemwide effort to end these kinds of reserve avoidance activities. What I have in mind is for you to contact each of the large member banks in your district, reminding them of the Board's position and requesting their full cooperation. Later this year it may be desirable to contact some of the large nonmember institutions that will become subject to reserve requirements in order to point out this policy to them. A draft letter for possible use is enclosed.

I attach considerable importance to monitoring the response of banking institutions to this call for a cooperative effort to end reserve avoidance activities. The Board staff, in cooperation with Reserve Banks, will monitor Eurodollar activities of individual institutions on a monthly basis and provide the Board and you with their analysis. Based on the monitoring technique described in the enclosure, Board staff have prepared the enclosed list of institutions in seven districts that appear to have engaged in weekend Eurodollar reserve avoidance practices in the past. I ask that you appoint a member of your staff to assist in this effort. The name of your bank's staff contact, as well as amendments to the list of banks and any questions your staff may have concerning the technical aspects of this program, should be directed to either Allen Frankel, Division of International Finance, extension 3577, or Frederick Jensen, Division of Research and Statistics, extension 3361.

I am hopeful that we shall receive the full cooperation of the banks in this important matter. If you conclude, however, from a month or two of monitoring bank activity that reserve avoidance remains a problem in individual cases, I assume that you will bring the matter directly to the attention of that bank's senior management. I invite you to keep me informed as this effort goes forward.

Sincerely,

Paul A. Volcker

Enclosures.

ECEttin:kt

IDENTICAL LETTER TO ALL FEDERAL RESERVE BANK PRESIDENTS

FLORIDA NATIONAL BANK
OF MIAMI

TULLY F. DUNLAP
Chairman of the Board

BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
1980 SEP 15 AM 10: 23
RECEIVED
OFFICE OF THE CHAIRMAN

September 12, 1980

Honorable Paul A. Volker
Chairman of the Board of the
Federal Reserve System
Washington, D.C.

Dear Doctor Volker:

Thank you for taking the time to be with us for the dedication of our new building last week. All of us are grateful for the leadership that you are giving to our industry and our country during these challenging times.

Kindest regards.

Cordially,

Tully Dunlap

TFD:tm

P.O. BOX 010470 / 169 EAST FLAGLER STREET / MIAMI, FLORIDA 33101 / (305) 373-1171

1980 SEP 10 AM 9:51

PATTILLO CONSTRUCTION COMPANY, INC.

General Contractors

2053 MOUNTAIN INDUSTRIAL BOULEVARD
TUCKER, GEORGIA 30084

POST OFFICE BOX 818
DECATUR, GEORGIA 30031
404-938-6366

September 8, 1980

Mr. Paul A. Volcker
Chairman
Board of Governors
Federal Reserve System
20th St. & Constitution Ave.
Washington, D. C. 20551

Dear Mr. Volcker:

Thank you for coming to Miami.

The Atlanta District has worked hard to make this an example of controlled cost of construction and efficiency of operation.

Your remarks will make them try even harder.

Sincerely,

Pat

H. G. Pattillo

HGP/to

MIAMI BRANCH
FEDERAL RESERVE BANK OF ATLANTA
P. O. BOX 520847
MIAMI, FLORIDA 33152

BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
1980 SEP 11 AM 8:15
RECEIVED
OFFICE OF THE CHAIRMAN

Frank J. Craven, Jr.

September 8, 1980

Dear Mr. Chairman:

Again, many thanks for coming to our dedication ceremonies last week. I hope you received the impression that the bankers in South Florida and our directors give strong support to your leadership of the Federal Reserve System. Those of us at the Branch will do our best to operate in a way that will reflect the System's concern for productivity and efficiency. We all wish you good fortune in your efforts to return stability to our economy.

Sincerely,

Frank

Mr. Paul A. Volcker, Chairman
Board of Governors of the
Federal Reserve System
Washington, D.C. 20551

Removal Notice

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Citation Information

Document Type: Board of Governors

Number of Pages Removed: 7

Citations: Restricted: Materials related to Federal Reserve Bank of Atlanta Presidential Search and relocation reimbursement program, August 1980.

FEDERAL RESERVE BANK
OF ATLANTA
ATLANTA, GEORGIA 30303

OFFICE OF
FIRST VICE PRESIDENT

April 24, 1980

Mr. Paul A. Volcker
Chairman
Board of Governors of the
Federal Reserve System
Washington, D. C. 20551

Dear Mr. Chairman:

I very much regret that I was unable to attend the meeting of the Federal Open Market Committee on April 22. I had been in Miami to make a speech spreading the message about the special credit restraint program and apparently picked up some kind of bug along the way. In view of the fact that the doctor was unable to diagnose the problem, he strongly advised against my doing any traveling. I hope that Sixth District participation was not too badly missed.

In connection with my speech in Miami, I am happy to say that the bankers there, as well as elsewhere in the District, have shown a very cooperative spirit, and I am sure that we can continue to count on their support.

Sincerely,

Bob

Robert P. Forrestal

WILLIAM A. FICKLING, JR.
Chairman and Chief Executive

April 15, 1980

Honorable Paul A. Volcker
Chairman of the Board of Governors
of the Federal Reserve System
Constitution Avenue and 20th Street, NW
Washington, DC 20551

Dear Paul:

As we discussed yesterday, I will leave our consideration of a President in Atlanta with you until I return from my overseas trip.

If something comes up in the meantime, my secretary knows how to reach me. Otherwise, I will be in the office on Monday, April 28 and will call you at that time to see how you and Fred feel about our two prime prospects.

Yours truly,

Bill

William A. Fickling, Jr.

ml

cc: Gov. Frederick H. Schultz

CHARTER MEDICAL CORPORATION
P.O. BOX 209 • 577 MULBERRY STREET • MACON, GEORGIA 31202 • (912) 477-5050

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Citation Information

Document Type: Correspondence

Number of Pages Removed: 2

Citations: "Personal and Confidential" letter to Paul Volcker from William A. Fickling, Jr., April 15, 1980.

Enclosure: Letter to William A. Fickling, Jr. from James Meigs, April 10, 1980.

Removal Notice

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Citation Information

Document Type: Newsletter

Number of Pages Removed: 4

Citations: Claremont Economic Institute. *Newsletter*, Vol. 2, No. 5, March 26, 1980.

The New Federal Reserve Technical Procedures
for Controlling Money

As part of its anti-inflationary program announced on October 6, 1979, the Federal Reserve changed open market operating procedures to place more emphasis on controlling reserves directly so as to provide more assurance of attaining basic money supply objectives. Previously, the reserve supply had been more passively determined by what was needed to maintain, in any given short-run period, a level of short-term interest rates, in particular a level of the federal funds rate, that was considered consistent with longer-term money growth targets. Thus, the new procedures entail greater freedom for interest rates to change over the short-run in response to market forces. 1/

This note describes the new technical operating procedures and how the linkage between reserves and money involved in the procedures is influenced by the existing institutional framework and other factors. This linkage is relatively complicated and variable, particularly over the short-run, so that, for example, it does not necessarily follow that rapid expansion of reserves would be accompanied by, or would presage, rapid expansion of money. The exact relationship depends on the behavior of other factors besides money that absorb or release reserves, and consideration must also be given to timing problems in connection with lagged reserve accounting.

In setting reserve paths to control money under existing conditions account must be taken of: (i) the prevailing reserve requirement structure, with varying reserve requirements by type of deposit (some of which may not be included in targeted money measures) and by size of deposit; (ii) the public's demand for currency relative to deposits; (iii) availability of reserves at bank initiative from the discount window; (iv) lags in response

1/ Consistent with this, the federal funds rate range adopted by the Federal Open Market Committee for an intermeeting period has been greatly widened.

on the part of the public and banks to changes in reserve supply through open market operations; (v) the growing amount of money-supply type deposits at institutions not subject to reserve requirements set by the Federal Reserve; (vi) lagged reserve accounting. To help insure that operations are undertaken most effectively, the Federal Reserve has the new operating technique and related factors under continuous examination in light of experience gained. At present, studies are under way on such elements as lagged reserve accounting and the role of the discount window. Possible changes in other elements involved with the technique would require Congressional action--such as extending reserve requirements to nonmember institutions and certain aspects of simplifying reserve structure.

The principal steps in the new procedure are outlined below.

(1) The policy process first involves a decision by the Federal Open Market Committee on the rate of increase in money it wishes to achieve. For instance, at its October 6 meeting, taking account of its longer-run monetary targets and economic and financial conditions, the Committee agreed upon an annual rate of growth in M-1 over the 3-month period from September to December on the order of 4½ percent, and of M-2 of about 7½ percent, but also agreed that somewhat slower growth was acceptable.

(2) After the objective for money supply growth is set, reserve paths expected to achieve such growth are established for a family of reserve measures. These measures consist of total reserves, the monetary base (essentially total reserves of member banks plus currency in circulation), and nonborrowed reserves. Establishment of the paths involves projecting how much of the targeted money growth is likely to take the form of currency, of deposits at nonmember institutions, and of deposits at member institutions (taking account of differential reserve requirements by size of demand deposits and between the demand and time and savings deposit components of M-2).

Moreover, estimates are made of reserves likely to be absorbed by expansion in other bank liabilities subject to reserve requirements, such as large CD's, at a pace that appears consistent with money supply objectives and also takes account of tolerable changes in bank credit. Such estimates are necessary because reserves that banks use to support expansion of CD's, for example, would not be available to support expansion in M-1 and M-2. Thus, if the reserves required behind CD's were not provided for in the reserve path, expansion in M-1 and M-2 would be weaker than desired. The opposite would be the case if the reserve path were not reduced to reflect contraction of large CD's. For similar reasons, estimates are also made of the amount of excess reserves banks are likely to hold.

(3) The projected mix of currency and deposits, given the reserve requirements for deposits and banks' excess reserves, yields an estimate of the increase in total reserves and the monetary base consistent with FOMC monetary targets. The amount of nonborrowed reserves--that is total reserves less member bank borrowing--is obtained by initially assuming a level of borrowing near that prevailing in the most recent period. For instance, following the October 6 decision, a level of borrowing somewhat above that of September was initially assumed. Following subsequent meetings, the assumed level of borrowing for the nonborrowed path was always close to the level prevailing around the time of the FOMC meeting, though varying a little above and below that level.

(4) Initial paths established for the family of reserve measures over, say, a 3-month period are then translated into reserve levels covering shorter periods between meetings. These paths can be based on a constant seasonally adjusted rate of growth of the money targets on, say, a month-by-month basis, or can involve variable monthly growth rates within the 3-month period if that appears to facilitate achievement of the longer-run money targets.

(5) Total reserves provide the basis for deposits and thereby are more closely related to the aggregates than nonborrowed reserves. Thus total reserves represents the principal over-all reserve objective.[1/] However, only nonborrowed reserves are directly under control through open market operations, though they can be adjusted in response to changes in bank demand for reserves obtained through borrowing at the discount window.

(6) Because nonborrowed reserves are more closely under control of the System Account Manager for open market operations (though subject to a small range of error because of the behavior of non-controlled factors affecting reserves, such as float), he would initially aim at a nonborrowed reserve target (seasonally unadjusted for operating purposes) established for the operating period between meetings. To understand how this would lead to control of total reserves and money supply, suppose that the demand for money ran stronger than was being targeted--as it did in early October of last year. The increased demand for money and also for bank reserves to support the money would in the first instance be accompanied by more intensive efforts on the part of banks to obtain reserves in the federal funds market, thereby tending to bid up the federal funds rate, and by increased borrowing at the Federal Reserve discount window. As a result

---

1/ In the control process, the monetary base in practice is given less weight than total reserves. This is principally for a technical reason. If currency, the principal component of the base, is running stronger than anticipated, achievement of a base target would require a dollar-for-dollar weakening in member bank reserves. But, because of fractional reserve requirements, the weakening in reserves would have a multiple effect on the deposit components of the monetary aggregates (it could weaken the demand deposit component by about 6 times the decline in reserves). Achievement of a base target in the short run could therefore lead, in this example, to a much weaker money supply than targeted. If a total reserve target were achieved, the money supply would be stronger than targeted, but only by the amount by which currency is stronger than expected. Thus, the variation from a money supply target would be less under total reserves than under a monetary base guide. Of course, should currency persistently run stronger or weaker than expected, compensating adjustments could be made to either a total reserves or monetary base target.

of the latter, total reserves and the monetary base would for a while run stronger than targeted. Whether total reserves tend to remain above target for any sustained period depends in part on the nature of the bulge in reserve demand--whether or not it was transitory, for example--and in part on the degree to which emerging market conditions reflect or induce adjustments on the part of banks and the public. These responses on the part of banks, for example, could include sales of securities to the public (thereby extinguishing deposits) and changes in lending policies.

(7) Should total reserves be showing sustained strength, closer control over them could be obtained by lowering the nonborrowed reserve path (to attempt to offset the expansion in member bank borrowing) and/or by raising the discount rate. A rise in the discount rate would, for any given supply of nonborrowed reserves, initially tend to raise market interest rates, thereby working to speed up the adjustment process of the public and banks and encouraging a more prompt move back to the path for total reserves and the monetary base. Thus, whether adjustments are made in the nonborrowed path--the only path that can be controlled directly through open market operations--and/or in the discount rate depends in part on emerging behavior by banks and the public. Under present circumstances, however, both the timing of market response to a rise in money and reserve demand, and the ability to control total reserves in the short run within close tolerance

limits, are influenced by the two-week lag between bank deposits and required reserves behind these deposits.[1/]

(8) Other intermeeting adjustments can be made to the reserve paths as a family. These may be needed when it becomes clear that the multiplier relationship between reserves and money has varied from expectations. The relationship can vary when, for example, excess reserves and non-money reservable liabilities are clearly running higher or lower than anticipated. Since October 6 such adjustments during the intermeeting period have been made infrequently. Given the naturally large week-to-week fluctuations in factors affecting the reserve multiplier, deviation from expectations in one direction over a period of several weeks would be needed before it would be clear that a change in trend has taken place.

A variable relationship between expansion of reserves and of money is implicit in the description of procedures just given. This is illustrated by experience in the fourth quarter, as shown in the table on the next page. It can be seen from panel I that M-1 increased at only a 3.1 percent annual rate (seasonally adjusted) in that period and M-2 at a 6.8 percent rate. At the same time, as shown in panel II, nonborrowed reserves, total reserve and the monetary base rose at substantially more rapid rates--by annual rates of about 13, 13½, and 8 percent, respectively.

There were a number of reasons for the much more rapid growth in reserves and the base than in the monetary aggregates. Only about 1 percentage point of the 13½ percent annual rate of increase in total reserves

1/ Under lagged accounting, banks are not required to hold reserves against deposits until two weeks later. With required reserves fixed at that time, the Federal Reserve in its operations is limited in its ability to control total reserves within a given week (since the total of reserves is determined by required reserves and banks' excess reserves), but can more readily determine whether the banking system satisfies its reserve requirement through the availability of nonborrowed reserves, or is forced to turn to the discount window (or to reduce excess reserves, though most banks are usually close to minimal levels in that respect).

Changes in Reserve and Monetary Aggregates
September to December 1979
(Seasonally adjusted)

	Percent Annual Rate 1/	Change in Millions $
I. Changes in Monetary Aggregates:		
A. M-1	3.1	2845
1. Currency outside banks	5.3	1400
2. Member bank demand deposits	2.3	972
3. Nonmember bank demand deposits	2.1	473
B. M-2	6.8	15961
II. Changes in Reserves and Related Items:		1309
A. Nonborrowed reserves	12.9	
B. Borrowings	--	131
C. Total reserves (A + B)	13.8	1430
D. Currency 2/	5.9	1606
E. Monetary base (C + D)	8.1	3046

	Percentage Points Contributed Towards Growth of Total Reserves	Change in Millions $
III. Total Reserves Absorbed by:		
A. Private demand deposits	1.1	111
B. Interbank demand deposits	2.7	280
C. U.S. Government demand deposits	0.0	3
D. Large, negotiable CD's	3.6	378
E. M-2 time and savings deposits	4.5	466
F. Nondeposit items	0.0	-3
G. Excess reserves	2.0	205
Addendum:		
Impact of lagged reserve accounting on:		
1. Total reserves		287 3/
2. Reserves against private demand deposits		-64
3. Reserves against M-2 time and savings deposits		121
4. All other items subject to reserves		230

1/ Growth rates of reserves adjusted for discontinuities in series that result from changes in Regulations D and M.

2/ Includes vault cash of nonmember banks.

3/ Reflects change in total reserves during period attributable to fact that required reserves are based on deposits two weeks earlier, rather than on deposits contemporaneous with reserves. Thus, adjusted to a basis contemporaneous with deposit growth from September to December, total reserves would have expanded $287 million, or 2.8 percentage points, less than they actually did.

supported growth in the member bank demand deposit component of M-1 (as may be seen from line III.A of the table). An additional 4½ percentage points supported the member bank interest-bearing component of M-2 (line III.B). Thus less than half of the increase in reserves supported expansion in targeted monetary aggregates. More than half of the reserves supported expansion in interbank demand deposits, excess reserves, and large negotiable CD's. If these reserves had not been supplied, growth in M-1 and M-2 would have been much slower. In fact, actual growth in M-1 and M-2 was a bit slower than targeted, though not less than the Committee found acceptable.[1/]

As this example from recent experience helps demonstrate, the behavior of reserve measures in relation to money can be expected to vary with shifts in the currency and deposit mix, with changes in bank demands for excess reserves and borrowing, and with timing problems related to lagged reserve accounting. But even in evaluating money growth itself, which the Federal Open Market Committee sets as a target in the policy process, recognition has to be given to the likelihood that money growth can vary substantially on a month-to-month basis in view of inherently large and erratic money flows in so vast and complex an economy as ours.

1/ Moreover, the relatively rapid expansion in reserve measures was not associated with strength in bank credit, which in the fourth quarter grew at only about a 3 percent annual rate, well below its earlier pace. The slow expansion in bank credit during the fourth quarter reflected, on the liability side, a sharp reduction in the outstanding amount of borrowing by banks through Euro-dollars, federal funds, and repurchase agreements.

January 30, 1980

Removal Notice

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Citation Information

Document Type: Personnel information

Number of Pages Removed: 3

Citations: Confidential: Federal Reserve Bank of Atlanta Presidential Search, February 8, 1980.

March 5, 1980

Mr. William A. Fickling, Jr.
Chairman
Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

Dear Bill:

You are aware, I am sure, of the debt the Federal Reserve Bank of Atlanta owes to Monroe Kimbrel for twelve years of truly distinguished leadership. During those years, your Reserve Bank has been outstanding within the System, not only for its achievements, but also for the efficiency that has kept its operating costs enviably low.

It has been my privilege and pleasure, however, to see another dimension of "Bones," one that may be less visible to you and to his other associates. As a fellow member of the Conference of Federal Reserve Bank presidents for many years, I had abundant opportunities to observe the patient thoroughness with which he approached his tasks, and the genuine warmth and appreciation he showed for his associates, a quality that always kindled their enthusiastic cooperation. They could not help but return that warmth and appreciation, and will sorely miss his presence among them.

At the Federal Open Market Committee meetings, too, he earned the respect of his peers. His was always a quiet voice of reason reflecting deep understanding, and practical wisdom, conveying much information and obviously sound judgment. With that gift, he had no need to raise his voice.

On behalf of the Board of Governors, I want you and the Board of Directors of the Federal Reserve Bank of Atlanta to know the great esteem in which Monroe Kimbrel is held throughout the System.

Sincerely,

"Bones" brought a truly unique quality to the Fed family that transcended questions of monetary policy and administration -- a quality of human judgment and reliability that is really implacable.

JRC:tjf

JRC

PAV

CC: Messrs. Axilrod, Winn
Coyne, Corrigan

FEDERAL RESERVE BANK
OF ATLANTA
ATLANTA, GEORGIA 30303

OFFICE OF
PRESIDENT

January 24, 1980

#149

Mr. Paul A. Volcker, Chairman
Board of Governors of the
Federal Reserve System
Washington, D.C. 20551

Dear Chairman Volcker:

Enclosed are copies of correspondence from Jefferson National Bank at Sunny Isles, Miami Beach, Florida, and Jefferson National Bank at Kendall, Miami, Florida, indicating their intention to withdraw from membership in the Federal Reserve System.

Sincerely yours,

Monroe Kimbrel

Enclosures

n/r
cc sent to
above names

JEFFERSON NATIONAL BANK
AT KENDALL

BARTON S. GOLDBERG
VICE CHAIRMAN
OF THE BOARD

9600 NORTH KENDALL DRIVE
MIAMI, FLORIDA 33156 • TELEPHONE (305) 274-8382

CORRESPONDENCE
REVIEWED BY:
V.P. (1)
V.P. (2)
A.V.P. (1)
A.V.P. (2)
ADM. ASST.
FILES

January 18, 1980

Mr. Monroe Kimbrel, President
Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

Re: Proposed Conversion of the Jefferson National Bank at Kendall to a State Non-Member Bank

Dear Mr. Kimbrel:

We should like to take this opportunity to advise you of the fact that the Board of Directors of this Bank, on January 17, 1980, has adopted a Plan of Conversion.

The Plan of Conversion will be placed before the shareholders of the Bank at its annual meeting on February 21, 1980. If approved by at least two-thirds of the Bank's shareholders, a formal application will be made to the Comptroller of the State of Florida for the conversion of the Jefferson National Bank at Kendall from a National Banking Association to a State Non-Member Bank with Federal Deposit Insurance Corporation insurance of accounts.

If the Bank's application to the Comptroller of the State of Florida is approved, it is anticipated that this conversion would take place on or about July 1, 1980.

Please be asusred that we will continue to provide you with advice as to our progress in regard to this matter.

Sincerely yours,

Barton S. Goldberg

Barton S. Goldberg
President

RECEIVED
DEPT. SUPERVISION
JAN 22 1980

BSG/ap

JEFFERSON NATIONAL BANK
AT SUNNY ISLES
290 SUNNY ISLES BOULEVARD (IN MOTEL ROW)
MIAMI BEACH, FLORIDA 33160 · TELEPHONE (305) 949-2121

January 17, 1980

Mr. Monroe Kimbrel, President
Federal Reserve Bank of Atlanta
104 Marietta Street, N. W.
Atlanta, Georgia 30303

Re: Proposed Conversion of the Jefferson National Bank at Sunny Isles to a State Non-Member Bank

Dear Mr. Kimbrel:

We should like to take this opportunity to advise you of the fact that the Board of Directors of this Bank, on January 16, 1980, has adopted a Plan of Conversion.

The Plan of Conversion will be placed before the shareholders of the Bank at its annual meeting of February 20, 1980. If approved by at least two thirds of the Bank's shareholders, a formal application will be made to the Comptroller of the State of Florida for the conversion of the Jefferson National Bank at Sunny Isles from a National Banking Association to a State Non-Member Bank with Federal Deposit Insurance Corporation insurance of accounts.

If the Bank's application to the Comptroller of the State of Florida is approved it is anticipated that this conversion would take place on or about July 1, 1980.

Please be assured that we will continue to provide you with advice as to our progress in regard to this matter.

Sincerely,

Barton S. Goldberg
Senior Vice President

BSG/ap

A SUBSIDIARY OF JEFFERSON BANCORP, INC.

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Citation Information

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Citations: Confidential: Federal Reserve Bank of Atlanta Presidential Search, March 14, 1980.

Who should get copies?

#665
666

WINN
~~Axilrod~~
COYNE

Do they need replies?

NO

FEDERAL RESERVE BANK
OF ATLANTA
ATLANTA, GEORGIA 30303

1980 MAR 14 AM 10: 45

OFFICE OF
PRESIDENT

March 11, 1980

#665

Mr. Paul A. Volcker, Chairman
Board of Governors of the
Federal Reserve System
Washington, D.C. 20551

Dear Chairman Volcker:

Enclosed is a copy of a letter received from the Bank of Holiday, Holiday, Florida, notifying us of its intention to withdraw from membership in the Federal Reserve System.

Sincerely,

Monroe Kimbrel

Enclosure

March 3, 1980

Mr. Monroe Kimbrel, President
Federal Reserve Bank of Atlanta
Atlanta, Georgia 30302

Dear Mr. Kimbrel:

This letter is to advise you that at our bank's Board of Directors meeting held February 28, 1980 a motion was made, seconded and unanimously approved to instruct bank management to take whatever steps are necessary for this bank to withdraw from the Federal Reserve membership.

Please arrange for the sending of appropriate forms we will need, if any, to accomplish this per our Board's instructions.

Very truly yours,

Lynn A. Younger

Mr. Lynn A. Younger
Executive Vice President &
Cashier

LAY:cag

MAR 7 1980

Growing with a Growing Community

bank of holiday bh

telephone: [813] 937-5173 ☐ 5201 u.s. highway 19 north ☐ holiday, florida 33590
telephone [813] 847-5786 ☐ 6727 u.s. highway 19 north ☐ holiday mall ☐ holiday, florida 33590

FEDERAL RESERVE BANK
OF ATLANTA
ATLANTA, GEORGIA 30303

OFFICE OF
PRESIDENT

March 11, 1980

1980 MAR 14 PM 10: 44

#666

Mr. Paul A. Volcker, Chairman
Board of Governors of the
Federal Reserve System
Washington, D.C. 20551

Dear Mr. Volcker:

We have received notice that the Exchange National Bank of Lee County, Fort Myers, Florida, is converting to a state nonmember bank effective April 1, 1980. Copies of letters regarding the conversion are enclosed.

Sincerely yours,

Monroe Kimbrel

Monroe Kimbrel

Enclosures

CORRESPONDENCE
REVIEWED BY:
V.P. (1)
V.P. (2)
A.V.P. (1)
A.V.P. (2)
ASST.
FILES

911

MIAMI BRANCH
FEDERAL RESERVE BANK OF ATLANTA
P. O. BOX 520847
MIAMI, FLORIDA 33152

OFFICE OF
ASSISTANT VICE PRESIDENT

March 7, 1980

Mr. Robert E. Heck
Vice President
Federal Reserve Bank of Atlanta
Atlanta, Georgia 30303

Dear Bob:

Enclosed is a self-explanatory letter from Dean Castillo, Vice President and Cashier of the Exchange Bank of Lee County. I presume that you will take whatever action is necessary.

Sincerely,

Bob

Robert E. Lee

Enclosure

RECEIVED
DEPT. SUPERVISION
AND REGULATION
MAR 10 1980
FEDERAL RESERVE
BANK OF ATLANTA

Exchange Bank

March 4, 1980

Mr. Robert E. Lee
Assistant Vice President
Miami Branch of the
Federal Reserve Bank of Atlanta
P.O. Box 520847
Miami, Fl. 33152

Dear Bob:

This letter will serve as notification, by the Exchange National Bank of Lee County to your office, that it is the intention of our bank to convert to a State Bank effective April 1, 1980. This letter will initiate the necessary actions needed for us to complete our conversion to a non-member status in an orderly fashion. Please have the necessary departments contact either myself, or Elaine Mansell our Assistant Vice President & Comptroller with regards to those actions needed prior to conversion.

If you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

A. Dean Castillo
Vice President & Cashier

ADC/ma

Exchange Bank of Lee County
Post Office Box 2449, Ft. Myers, Florida 33902 Telephone (813) 936-8000

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Citation Information

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Number of Pages Removed: 3

Citations: Confidential: Federal Reserve Bank of Atlanta Presidential Search, March 3, 1980.

Mayflower Hotel

CC: Messrs. Axilrod, Winn, Coyne, Corrigan

FEDERAL RESERVE BANK
OF ATLANTA
ATLANTA, GEORGIA 30303

OFFICE OF
PRESIDENT

January 24, 1980

#149
no ans.

Mr. Paul A. Volcker, Chairman
Board of Governors of the
Federal Reserve System
Washington, D.C. 20551

Dear Chairman Volcker:

Enclosed are copies of correspondence from Jefferson National Bank at Sunny Isles, Miami Beach, Florida, and Jefferson National Bank at Kendall, Miami, Florida, indicating their intention to withdraw from membership in the Federal Reserve System.

Sincerely yours,

Monroe Kimbrel

Enclosures

JEFFERSON NATIONAL BANK
AT KENDALL

BARTON S. GOLDBERG
VICE CHAIRMAN
OF THE BOARD

9600 NORTH KENDALL DRIVE
MIAMI, FLORIDA 33156 • TELEPHONE (305) 274-8382

CORRESPONDENCE
REVIEWED BY:
V.P. (1) ________
V.P. (2) ________
A.V.P. (1) ________
A.V.P. (2) ________
ADM. ASST. ________
FILES ________

January 18, 1980

Mr. Monroe Kimbrel, President
Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

Re: Proposed Conversion of the Jefferson National Bank
at Kendall to a State Non-Member Bank

Dear Mr. Kimbrel:

We should like to take this opportunity to advise you of the fact that the Board of Directors of this Bank, on January 17, 1980, has adopted a Plan of Conversion.

The Plan of Conversion will be placed before the shareholders of the Bank at its annual meeting on February 21, 1980. If approved by at least two-thirds of the Bank's shareholders, a formal application will be made to the Comptroller of the State of Florida for the conversion of the Jefferson National Bank at Kendall from a National Banking Association to a State Non-Member Bank with Federal Deposit Insurance Corporation insurance of accounts.

If the Bank's application to the Comptroller of the State of Florida is approved, it is anticipated that this conversion would take place on or about July 1, 1980.

Please be asusred that we will continue to provide you with advice as to our progress in regard to this matter.

Sincerely yours,

Barton S. Goldberg

Barton S. Goldberg
President

RECEIVED
DEPT. SUPERVISION
AND REGULATION
JAN 22 1980
FEDERAL RESERVE
BANK OF ATLANTA

BSG/ap

A SUBSIDIARY OF JEFFERSON BANCORP, INC.

JEFFERSON NATIONAL BANK
AT SUNNY ISLES

290 SUNNY ISLES BOULEVARD (IN MOTEL ROW)
MIAMI BEACH, FLORIDA 33160 · TELEPHONE (305) 949-2121

January 17, 1980

Mr. Monroe Kimbrel, President
Federal Reserve Bank of Atlanta
104 Marietta Street, N. W.
Atlanta, Georgia 30303

Re: Proposed Conversion of the Jefferson National Bank at Sunny Isles to a State Non-Member Bank

Dear Mr. Kimbrel:

We should like to take this opportunity to advise you of the fact that the Board of Directors of this Bank, on January 16, 1980, has adopted a Plan of Conversion.

The Plan of Conversion will be placed before the shareholders of the Bank at its annual meeting of February 20, 1980. If approved by at least two thirds of the Bank's shareholders, a formal application will be made to the Comptroller of the State of Florida for the conversion of the Jefferson National Bank at Sunny Isles from a National Banking Association to a State Non-Member Bank with Federal Deposit Insurance Corporation insurance of accounts.

If the Bank's application to the Comptroller of the State of Florida is approved it is anticipated that this conversion would take place on or about July 1, 1980.

Please be assured that we will continue to provide you with advice as to our progress in regard to this matter.

Sincerely,

Barton S. Goldberg

Barton S. Goldberg
Senior Vice President

BSG/ap

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Citation Information

Document Type: Correspondence

Number of Pages Removed: 2

Citations: "Confidential" letter to Paul Volcker from William A. Fickling, Jr., January 29, 1980.

"Confidential" letter to Paul Volcker from William A. Fickling, Jr., January 16, 1980.

R 011880

A statement from the
FEDERAL RESERVE BANK OF ATLANTA

Birmingham • Jacksonville • Miami • Nashville • New Orleans

FOR RELEASE IMMEDIATELY

Monroe Kimbrel, President of the Federal Reserve Bank of Atlanta for more than twelve years, has announced his retirement effective March 31, 1980.

Mr. Kimbrel first became associated with the Atlanta Reserve Bank in 1960 when he was elected to the nine man Board of Directors. In 1965, the bank asked him to join its official staff as senior vice president. That same year, he was appointed to the second ranking position of first vice president, and in 1968 he was elevated to president of the Bank.

A native Georgian, Mr. Kimbrel received his B.S. degree with honors from the University of Georgia. He is also a graduate and former lecturer of the Stonier Graduate School of Banking at Rutgers University.

Prior to joining the Federal Reserve Bank, he served with the Farm Credit Administration in Columbia, South Carolina, and was Chairman of the Board of the First National Bank of Thomson and the Bank of Fort Valley, both in Georgia. He was elected president of the American Bankers Association in 1962. He served as national president of the University of Georgia Alumni Society from 1970 to 1973.

Mr. Kimbrel is currently a voting member of the Federal Reserve System's Federal Open Market Committee. This committee, composed of five Reserve Bank presidents and the seven members of the Board of Governors of the Federal Reserve System, meets monthly in Washington to direct this country's monetary policy.

He is active in various civic, community and educational endeavors and is president of his own company, the Thomson Oak Flooring Company in Thomson, Georgia.

Mr. Kimbrel will take up permanent residence in Thomson and devote considerable time to his business there. Traditionally, other men of Mr. Kimbrel's experience have tended to enter new activities, such as corporate directorships, upon retirement.

His twelve-year presidency has been marked by dramatic growth and changes in southeastern banking. Bank assets have more than doubled. Multibank holding companies have appeared in four of the six states. The number of international banking offices has grown from one to more than twenty-five. New federal legislation and the events of the times have produced an intensification of bank supervision activities. The whole practice of banking has become more sophisticated and more volatile.

The Federal Reserve Bank which he heads is one of twelve regional Reserve Banks and serves the southeastern banking community, which includes all of Alabama, Florida, and Georgia, the eastern two-thirds of Tennessee, and the southern halves of Louisiana and Mississippi. In addition to the Atlanta office, there are five branch offices located in Birmingham, Jacksonville, Miami, Nashville, and New Orleans employing a total of approximately 2300 people.

Under Mr. Kimbrel's leadership, the Bank has made significant advances. An operations improvement program begun in 1975 has resulted in a 20 percent staff reduction through automation and revised operating procedures. The substantial staff reductions were made in an environment of expanded responsibilities and increased volume of activity. This was accomplished by substantial improvements in efficiency and sizable productivity gains.

During his presidency, the Atlanta Reserve Bank played a leading role in the development of electronic fund transfer (EFT) and automated clearing house (ACH) services. It was the first Reserve Bank to provide its banking community with overnight collection of checks throughout the southeastern states served. It also participated significantly in the development of highspeed currency processing equipment, and the Atlanta office was the site chosen for installation of the first production model of such equipment. To improve service to banks in south Florida, a new branch office, the first in 40 years, was approved for Miami in 1975.

The Board of Directors has appointed a search committee to screen potential candidates. The Federal Reserve Act requires that the Board of Governors of the Federal Reserve System approve Mr. Kimbrel's successor.

Corrigan

December 27, 1979

Mr. Monroe Kimbrel
President
Federal Reserve Bank of Atlanta
Atlanta, Georgia 30303

Dear Monroe:

Thanks for your letter of December 18 informing us of the intention of City & County Bank of Anderson County, N.A., to withdraw from membership.

Sincerely yours,

(signed) Theodore E. Allison

Theodore E. Allison
Secretary

cc: Mrs. Mallardi (#3057)

CC Messrs Axilrod
Coyne
Winn
Corrigan

FEDERAL RESERVE BANK OF ATLANTA

ATLANTA, GEORGIA 30303

OFFICE OF
PRESIDENT

December 18, 1979

1979 DEC 21

#3057

Mr. Paul A. Volcker, Chairman
Board of Governors of the
Federal Reserve System
Washington, D.C. 20551

Dear Mr. Volcker:

We have received notice from the City & County Bank of Anderson County, N.A., Lake City, Tennessee, of its intention to withdraw from membership in the Federal Reserve System citing the reason as the cost of maintaining reserves.

Sincerely,

Monroe Kimbrel

December 12, 1979

Dear L. C.:

I have circulated the New Orleans Branch resolution to members of the FOMC, and on their behalf let me thank you again for going "on record" in this way.

You know we are countigg on you and your colleagues for your wisdom and leadership. Keep in touch.

Sincerely,

Mr. L. C. Montgomery, Jr.
Chairman of the Board
New Orleans Branch
Federal Reserve Bank of Atlanta
New Orleans, Louisiana

PAV:ccm

NEW ORLEANS BRANCH
FEDERAL RESERVE BANK OF ATLANTA
NEW ORLEANS, LA.

CHAIRMAN OF THE BOARD

December 3, 1979

Dear Chairman Volcker:

The Board of Directors of the New Orleans Branch, Federal Reserve Bank of Atlanta, has taken a stand in support of the strong monetary actions adopted by the Federal Open Market Committee on October 6, 1979. Following its regular discussion of economic conditions, the Board at its November 2, 1979, meeting turned its attention to the recent actions of the FOMC and voiced its approval in the form of a motion unanimously adopted by the Board. A copy of this motion in an official excerpt from the minutes of that meeting is attached.

As Chairman of the New Orleans Branch Board of Directors, I am pleased to communicate to you our Board's sentiments. It is our fervent hope that the Federal Reserve will not waiver in its determination to combat inflation; but, that it will continue to display strong, decisive, and responsible monetary leadership to restore health and respect to our nation's economy. To this end we pledge to you our full support.

Sincerely,

Lowell C Montgomery Jr

L. C. Montgomery, Jr.

Enclosure

Chairman Paul A. Volcker
Board of Governors of the
Federal Reserve System
Washington, D. C. 20551

Distributed to Members of Board
& FOMC members 12/12/79
am

A True Excerpt from the Minutes
of the November 2, 1979, Meeting
New Orleans Branch
Federal Reserve Bank of Atlanta

The Board unanimously adopted a motion made by Mr. Bolton and seconded by Mr. Miler that it go on record commending the Federal Open Market Committee for its monetary actions taken on October 6, 1979. The Federal Reserve actions designed to assure better control over the expansion of money and bank credit, curb speculative excesses in financial, foreign exchange and commodity markets, and dampen inflationary forces have met with widespread approval in financial and banking circles, not only in this nation, but around the world. The Board of Directors of the New Orleans Branch of the Federal Reserve Bank of Atlanta commends the Federal Open Market Committee for its strong and decisive actions and pledges its support as a member of the Federal Reserve family in this bold stance against inflation. The Board further expressed the desire that Chairman L. C. Montgomery, Jr., communicate its sentiments to Chairman Paul A. Volcker of the Federal Reserve Board and provide him with an excerpt of this motion from the minutes of the meeting of November 2, 1979.

C. V. Despaux

C. V. Despaux, Secretary to the Board