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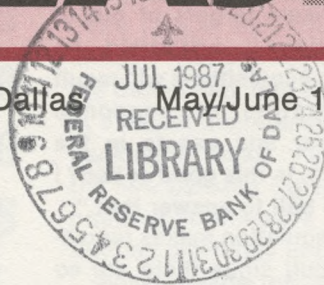
# DALLAS FED

ROUNDUP

Federal Reserve Bank of Dallas

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## Bankers discuss issues affecting financial industry

Interstate banking, branch banking, independent bankers, bank regulators and future issues affecting banking were topics of discussion at a recent conference co-sponsored by the Federal Reserve Bank of Dallas and Southern Methodist University. Speakers representing each of these areas addressed over 150 of their peers at the daylong forum.

James Gardner, group chairman at MCorp, summarized the day's activities by reminding participants that banking is the same business it has always been—regardless of current or proposed changes in legislation. Gardner called banking a cycle of “survive, prepare, sell and survive” and noted that surviving is the key.

“Most people think the way it is now is how it will always be, but it won't; it will change. And, you must survive for those changes to have meaning,” he said.

In addition, George Hempel, Corrigan Professor of Finance, School of Business, SMU, explained that the state's banking industry has endured previous periods of hardships resulting from economic declines. He commented that 1986 joined 1841, 1873, 1893, 1907, and 1932 as a banner year for bank failures in Texas. According to Hempel, current problems were primarily caused by too rapid growth and mismanagement.

Financing by Texas banks is essential to the state's economic recovery, Hempel said. He remarked that recent legislative changes should encourage an improvement in the overall net in-

come of the Texas banking industry, which was negative in 1986.

According to Hempel, state laws preventing branching and interstate banking had a negative effect on the banking community because they fostered non-economic banking attitudes. He added that multi-bank holding companies were not an efficient organizational structure, further contributing to current problems in the industry.

In financing the Texas boom, Texas banks became high return, high risk banks and concentrated their lending on energy, agriculture and real estate ventures, he said. Hempel jokingly commented that banks later decided to diversify by making loans to Mexico and Brazil.

Gardner advised banking officials to “pay attention” to liquidity, adding that “very few banks close if they have liquidity.” Previously, he said, five percent was considered adequate liquidity, but “today we say that a good number is anything more than what you have.”

Capital was also cited as an important factor in surviving recent changes

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## Bankers discuss issues (Cont.)

and current economic conditions. As Ken Littlefield, Texas banking commissioner, stated, "We have interstate banking in Texas because there is a shortage of capital due to the quality of the banks' assets."

According to Tom Frost, chairman of Cullen/Frost Bankers, Inc., of San Antonio, bank managements should consider capital a critical issue in their decision-making processes. "The future lies in those managements which can attract capital. Some of those institutions will be big and public while some will be small and private," he said.

**"Management must lie somewhere between efficient and effective. We can't operate like a French restaurant. We must be somewhere between a French restaurant and a McDonald's," he continued.**

Bankers and regulators showed differing views, however, on legislative changes allowing interstate banking in Texas. C.T. "Chuck" Doyle, chairman of Gulf National Bank of Texas City and president of the Independent Bankers Association of America, stated, "This is the wrong time and the wrong way to do interstate banking. You do not do this when you have the largest number of banks ever with poor earnings."

On the other hand, Littlefield noted the contributions of interstate banking. "We have already seen some of the effects of legislative changes and we will probably see more throughout the year. It provides Texas banks the opportunity to expand to new markets and to diversify while providing

shareholders with an increase in the value of their stocks," he said.

**"Banks with over \$1 billion in assets are the most likely targets of out of state acquisitions," Littlefield remarked. "These acquisitions will result in a concentration of economic resources, power and assets in the banking industry. Is this good or bad? I have no crystal ball to answer that."**

"Overall, deregulation makes regulation more difficult since there are so many different things going on and it's hard to keep up with everything," he continued.

According to Frost, branching is a more timely concern to the state's banking industry than interstate banking. "None of the banks in Texas will have an out of state merger unless they actively go out and sell themselves. Interstate banking is on down the road, but the reality of branching is right on top of us.

"The Interfirst/Republic merger will be felt immediately by customers, but it will be a long time before they feel the difference with TCB/Chemical. It will be awhile before the 'C' in Commerce is replaced with the 'C' in Chemical," he said.

**Gardner encouraged bankers to become more adept in marketing their services. "Pick out your niche and do it well. Learn to live with branching and interstate banking. Learn how to package and sell to convince people about what you have," he said.**

Other speakers agreed that providing customers with a variety of services and marketing those services will

become increasingly important. "What we can see coming for banks in Texas is increased emphasis on people, profits and quality of management," Dr. Alan Coleman, president of the Southwestern Graduate School of Banking and Caruth Professor of Financial Management, SMU, said.

Littlefield added, "Independent bankers can work harder to provide service and maintain that competitive advantage. Texans like to do business with Texans." In addition, Doyle predicted that consumers are unlikely to sever their traditional relationships within the banking community.

**Frost concluded that issues other than legislative changes will influence the future of the banking industry. "Private forces of self control are more important than government regulation. Regulators and legislators are responding to the marketplace instead of forcing changes in banking," he said.**

Paul Jones, executive vice president, Valley National Corporation, Phoenix, Ariz., agreed in his closing remarks. "The banking industry is badly fragmented. There are too many financial institutions.

"Federal legislation to encourage geographic and regional consolidation is an unlikely action at the state level. We will see it happening through the courts and aggressive financial institutions.

"Our customers and competitors can expand anywhere. We can't. Product limitations are also restrictive and senseless while the economics of geographic expansion are highly favorable," Jones said.



# New laws provide positive changes for Texas, Boykin says

"We need to recognize that recent changes in Texas banking laws only bring banking practice in the state more in line with that in most other states," Robert Boykin, president of the Dallas Fed, told a group of bankers at a recent conference on the future of banking in Texas. "I am confident that the new banking legislation provides a positive framework for banks to flourish profitably in our state."

Boykin made the remarks at a day-long banking seminar at the Edwin L. Cox School of Business at Southern Methodist University in Dallas. The conference, co-sponsored by the Dallas Fed and SMU, addressed changes in the state's banking legislation which permits interstate banking and limited branch banking.

According to Boykin, these changes will usher in a new era for state bankers. "The trend toward interstate banking has been with us for some time," he said.

Boykin noted that other changes can further impact the Texas banking community. "There are national proposals on the table...which are more far reaching in the implications than anything that has been envisioned at

the state level.

"We have already seen limited authority granted to some money center institutions to engage in underwriting of commercial paper. There are those proposing an even greater mixing of traditional investment banking functions with those performed by commercial banks," he continued.

In addition, Boykin commented, "Many argue that the distinctions between banks, thrifts and other financial institutions have broken down, and that we must accept this reality. Still others are prepared to go even further and permit the same firms to engage in both banking and commerce."

Boykin cited a difference, however, between these issues and recent legislative changes. "While I view myself as being somewhat progressive with regard to many banking issues, I particularly do not accept the desirability of breaking down the traditional barriers between banking and commerce."

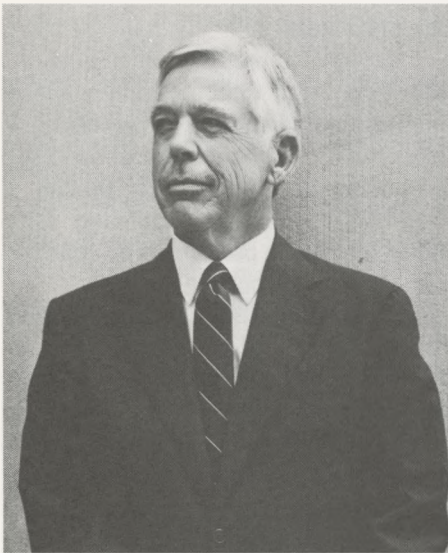
According to Boykin, the role of the regulator will be challenging during the next several years. "I believe that banking will continue to require greater

*(Continued on page 4)*

Enjoying a brief discussion with Robert Boykin, president of the Dallas Fed, (right) are Tom Frost (left) and Gerald Fronterhouse (center). Frost is chairman of the board of Cullen/Frost Bankers, Inc., San Antonio, and Fronterhouse is chairman of the board and CEO of First Republic Bank Corporation, Dallas. Each addressed attendees of the Texas banking conference at SMU.







Robert Boykin

**"I believe that banking will continue to require greater regulation and supervision than we consider necessary or desirable for business generally," he said.**

## Boykin (Cont.)

regulation and supervision than we consider necessary or desirable for business generally," he said.

Boykin added that regulators will continue to concentrate on the traditional elements of capital adequacy, liquidity, earnings, management and asset quality. He also commented that coordinated efforts between banks and bank supervisors contribute favorably to the safety and soundness of the nation's financial system. "The basics of sound banking have not really changed," he said.

Other comments Boykin made on interstate banking included:

► ...against the backdrop of the recent state legislation, the banking and financial system (in Texas) will continue to evolve nationally and internationally. In the long run, national and global factors will dominate state-based initiatives.

► To a large extent, interstate banking is already a reality in this country... competition from non-bank depository institutions, like thrifts and credit unions, as well as from non-depository financial and non-financial firms, such as Sears, General Motors and General Electric, made interstate banking a reality *long before* state legislatures legalized it for commercial banks. In this context, the change in the Texas banking statutes brings us into step with changes occurring in much of the rest of the country.

► From a public policy perspective, the major impact of interstate banking will be to increase competition in the state. Competition is promoted by opening our borders to new entrants.

► ...the move to interstate banking will offer opportunities for additional capital to be injected into our banking system. The added capital will make Texas banks more resilient to any future economic shocks in our region, and it will place them in a better position to emerge as major competitors in the developing national financial system.

► We (regulators) cannot permit banks to spread their existing capital base more thinly merely to become players in the currently fashionable merger and acquisition game.

► Interstate branching restrictions have hindered the ability of our nation's banks...to develop a fully-integrated, well diversified banking network.

► The overall impact of the move to interstate banking, here in Texas and throughout the rest of the country, is likely to be beneficial.

► If Texas is to remain a competitive force in the growing internationalization of the U.S. economy, as well as achieve the economic diversity it has been seeking, it will certainly need the financial infrastructure that interstate banking provides.

► The passage of interstate banking legislation opens up the Texas banking market to bids at any time. This is likely to raise the average bid on Texas banks. It is also likely to improve the stability of the state's banking system. In my own mind, the importance of this point is underscored by the fact that you cannot have a healthy, growing regional economy without a strong and viable regional banking system.

► Although there will be a substantial amount of consolidation, independent banks will continue to play an important role in Texas. Available evidence indicates that small independent banks...are able to compete effectively with the nation's largest banks.

► ...the liberalization of banking laws in Texas should prove beneficial to our banking industry, including small, medium, and large-sized banks. It is also likely to be beneficial to bank customers.

► Problems at individual banks can occur regardless of bank size, branching rules or holding company status. Consequently, the responsibility of exercising oversight of the banking industry will remain a primary function of the Federal Reserve.



# Fronterhouse addresses conference



Gerald Fronterhouse

Following are excerpts from the speech delivered by Gerald Fronterhouse at the interstate banking seminar co-sponsored by the Federal Reserve Bank of Dallas and Southern Methodist University in April. Fronterhouse is chairman of the board and chief executive officer of First RepublicBank Corporation and currently represents the Eleventh District on the Federal Advisory Council of the Federal Reserve System.

► I think we are fortunate in this state that our banking industry has performed as well as it has in a period of such tremendous change in our economic environment.

► It is important to note that when you add back the extremely heavy loan loss provisions, which will decline as our economy recovers, the basic earning power of the banks remains quite good. This reflects not only the financial and management strength of our large banks, but also the strengths of this great state in which we live.

► The Texas banking scene will become increasingly competitive as more and more people, bankers and nonbankers alike, implement their plans to expand in Texas.

► The (banking) industry needs to continue its efforts to achieve a level playing field in product and service powers, but it obviously is going to be a tough fight, especially in the current legislative environment in Washington.

► It is a fact that the low-cost producer has the competitive advantage. While improvements can always be made in cost structure, it is imperative that the quality of service to customers be maintained, while at the same time maintaining good controls over the business. It makes no sense to save money today at the expense of the future. The 'pay me now or pay me later' syndrome must be avoided, because usually the 'later' is much

more costly.

► We estimated we saved one-third of the overhead of one of our banks by combining it with a larger affiliate in the same city, and converting the smaller bank into a facility. The customer didn't know the difference except convenience was improved. This amount of savings is a bit unusual, but the savings are real, and it is why the conversion to branches is a trend that is expected to continue.

► The era of the 'super-regional' has arrived. Super-regionals are the new large-scale banks extending their services into contiguous states and exerting powerful influences on economic progress in their parts of the country.

► While Texas participation in this movement is going to be limited until earnings and market values rebound, we believe the benefits of the super-regional are afforded in the merger of RepublicBank with InterFirst...We think it is a marvelous opportunity for our customers, employees and our shareholders, an opportunity that would not have been possible a year or so ago.

► The past growth of the Texas banks has provided the financial resources to support the state's excellent historical growth, and vice versa. If Texas institutions lose out in this race for regional strength, our customers, and collectively our state, will not have Texas-based resources needed for growth and progress to the extent otherwise available.

► Nineteen eighty-seven will not be an easy year. But our state has faced tough economic tests in the past and have handled them well. Texas' strong resources, widely diversified economic base and its renowned 'can do' attitude should enable the state to expand even further this year, but more importantly to outpace the nation as a whole in the years beyond.



# Hollywood at the Fed

Guard Steve Miller sat at the Akard Street desk in the Dallas Fed's lobby and tried to look nonchalant as a camera lens zoomed toward his face like a giant fly coming in for a landing.

"Look natural," the director instructed, as the cameraman moved in for a closeup. "And don't look at the camera. Try to pretend we're not even here."

Once the scene was over, Miller relaxed his tense shoulders and joked, "To think I'm going to be in the movies and I didn't even have time to comb my hair."

Not exactly what you'd call "Hollywood at the Fed," but, for the employees of the Bank, it was close enough.

And the best part. Employees got to play themselves. There were no special parts to memorize, no makeup or wardrobe changes, no "Hollywood hype" you read about in *People* magazine.

In fact, Scott Sura of AVW Audio Visual, Inc., a film company in charge of the production, described "the shoot" as "highly professional."

"The people at the Fed were great," he said. "Everybody acted like pros. You'd never know that some of these people had never been involved in making a film before."

The documentary takes viewers on a "walking tour" of Dallas Fed operations, including the vault and cash/coin area, treasury securities, check processing, electronic funds transfer, protection, the lobby and other points of interest at the Bank.

Written and produced by the Bank's Public Affairs Department, the video is the first among the 12 Federal Reserve Banks based entirely on the tour concept, Drew Hogwood, assistant vice president of Public Affairs, said.

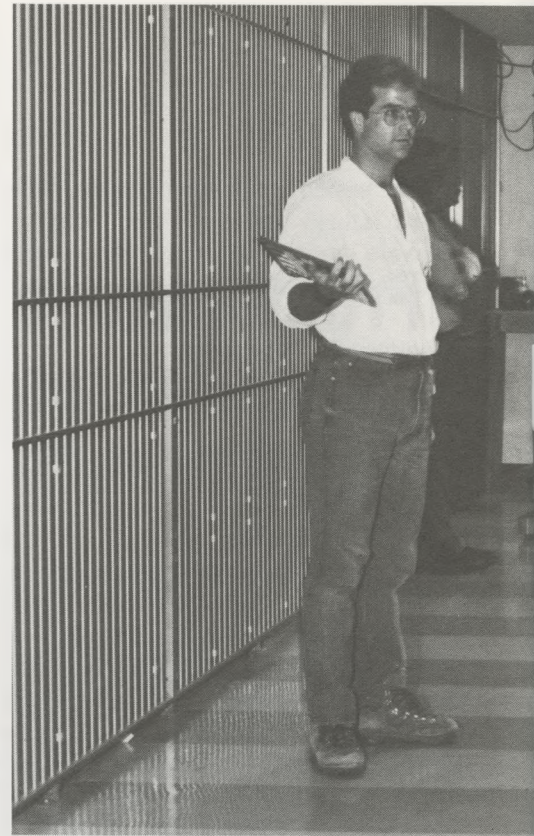
"Our tour program is a good way for us to be accessible to the public and, at the same time, show people a little of what the Federal Reserve Bank of Dallas is all about," he explained. "We wanted to produce this tour video so we could give people who may not be able to travel to the Bank or one of its branches for a personal tour an opportunity to see the Bank and learn about Fed operations."

**...the video gives the public a front row seat to the highly restricted areas...**

"Our district covers 350,000 square miles, which means there are many groups that cannot afford the time or expense of traveling to Dallas for an hour-and-a-half Bank tour. This video is designed to show them everything they would see on an actual walking tour—and more."

Unlike a personal tour, the video gives the public a "front row seat" to highly restricted areas, such as the Bank vault and high-speed currency counters, he added.

"Obviously, security prohibits us



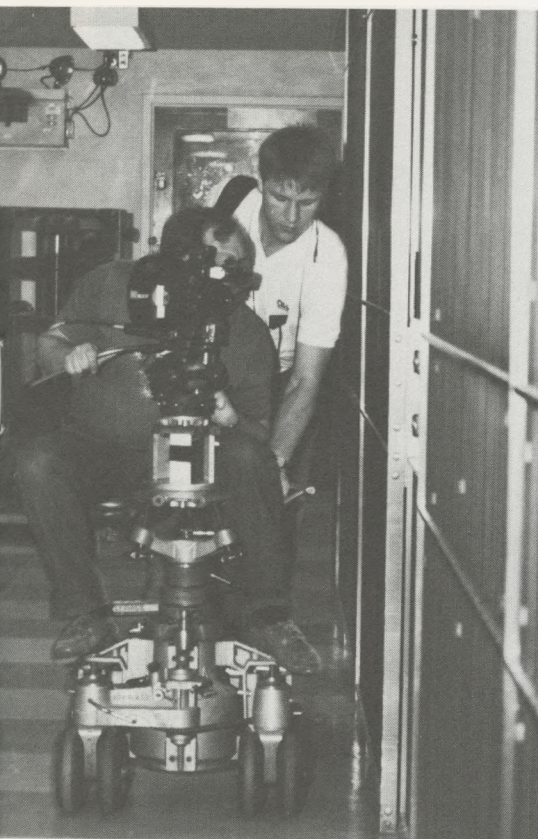
It's showtime! Or so it seemed during the week-long describing daily operations of the Dallas Fed. Shown are Scott Sura, Tom Popielski and Scogin Mayo of

from taking tour groups to some of the more interesting areas of the Bank," Hogwood said. "Through the video, they will see more than they would see if they were on an actual walking tour. They also will get a good overview of the history behind the Dallas Fed and how it operates."

Produced primarily for high school and college groups, the film offers students a chance to visit the Dallas Fed without leaving their classrooms—an important option in light of the demands being put on educational resources. In Texas, for example, recently legislated educational reforms mandate that economics, including a section on the Federal Reserve System, be taught in all secondary public schools.

"What this means," Sue Lynn Sasser, Dallas Fed economic education specialist, said, "is that teachers are now somewhat restricted in taking their students on trips outside of class,





filming of a new Bank video  
in the Bank's main vault  
VW Audio Visuals, Inc.

such as Bank tours. It also means that more educational materials on the Federal Reserve will be needed, since many teachers will be instructing students about the Fed for the very first time."

The film, approximately 25 minutes in length, will be available by fall. "We've already started getting requests for the film and it's not even available as of yet," she said. "This tells us that the film will be very much in demand—well worth the effort and time we put into making it."

Sasser is convinced the video will be a valuable educational resource for economics, government, business and consumer education courses at all levels.

"We think it's going to be a very helpful tool for all types of groups," she said, "especially for high school and college students who might never have the chance to see the Bank otherwise."—Kim Ernst

## Educational materials developed

The Federal Reserve Bank of Dallas is creating three new educational materials for use in District classrooms, both at the elementary and secondary levels. The materials include two new slide presentations and a video tour of the Bank. The slide presentations are now available for distribution, while the videotape will be ready for use next fall.

One of the slide presentations, entitled *History of Money in Texas*, explains the different types of monies that settlers used in the days prior to statehood. Included is a discussion of the six different flags which are prominent in Texas' development and their influence on the valuables used for trading. The slides show monies issued by the Republic of Texas as well as various gold and silver coins. The presentation, which consists of 30 slides and a script, provides a supplement to Texas history courses in either elementary or secondary classrooms. The presentation is also suitable for adult education groups.

At the request of educators throughout the Eleventh District, *Today's Fed*, a series of 22 slides describing the Federal Reserve System, is now available for classroom use. It details the purpose of the Fed, the functions of the System, and its role in setting monetary policy. Also included is a brief discussion of the Fed's historical background and enactment of the Federal Reserve Act.

*Today's Fed* is designed to meet the essential elements related to the Fed and monetary policy in the Free Enterprise course now required of all high school seniors. It can serve as a supplement to current textbooks or be

used in conjunction with other Fed materials.

In addition, a new videotaped tour of the Dallas Fed is planned for release this summer. The video will give viewers a "walking tour" of the Bank and introduce members of the senior management.

Tour stops include the Bank Lobby, the check processing operations, the high-speed currency counters, the Bank vault and other points of interest throughout the building. Highlights of the branch offices are also shown. Viewers will receive the same hospitality—but greater insight to the highly restricted cash areas—than "real" Bank visitors.

The video will be about 25 minutes in length. Plans are also underway to distribute the video on educational television stations and to produce a Spanish version.

Both the slide presentation and the videotape can be used with two Fed teaching packets: *The Fed: Our Central Bank* and *Money, Banking, and the Federal Reserve System*.

The slide presentations are available for free loan or may be purchased for \$10 each. These and other Fed materials can be obtained by contacting the Public Affairs Department, FRB-Dallas, Station K, Dallas, TX 75222. Requests for audiovisuals must be made in writing, along with the dates materials are needed and the day phone number and address of the requestor. A/V orders are filled on a "first-come, first-served" basis.

Persons desiring additional information on materials available from the Fed can write to the above address or call 214-698-4414.



## Community Affairs News

# Louisiana banks support community development

*(Editor's Note: In response to previous requests for news on community affairs activities throughout the District, we received the following report from Fred C. Dent, Commissioner of Financial Institutions, State of Louisiana. Other individuals with news on their community affairs activities are invited to write us at the following address: Community Affairs Office, Federal Reserve Bank of Dallas, Station K, Dallas, TX 75222.)*

While Louisiana is in the midst of an economic recession and many of its banks are struggling to survive, several institutions have responded to the crisis by realigning their resources and readjusting their priorities. Following are reports on three Louisiana banks which have contributed funds and staff to support development in their areas.

Rapides Bank and Trust Co., Alexandria, was the first bank in Louisiana to enter the mortgage lending field enabling the development of long-term real estate projects and residential construction. Rapides is also active in the Central Louisiana Chamber of Commerce and the Economic Development Board of Central Louisiana.

One of the bank's most notable projects was with the Alexandria Museum for Visual Art, which leased Rapides' old bank building for 25 years at \$1.00 per year. The old building, listed in the National Register of Historic Places, was donated to the museum before the lease expired.

Another Louisiana bank committed to economic development is Pioneer Bank and Trust of Shreveport. Pioneer Bank was one of four local banks that helped secure land for construction of a new General Motors plant in the Shreveport-Bossier City area. In addition,

it has cosponsored seminars on economic development with the local Chamber of Commerce.

Culturally, Pioneer Bank provided volunteer help and monetary support to organizations such as the Holiday in Dixie pageant, the Shreveport Regional Arts Council, the Boy Scouts, the local symphony, Junior Achievement, Art Beat, the Craft Alliance, the renovation of the Strand Theatre, Junior League, the Little Theatre, Mothers Against Drugs, two colleges and one medical center.

Louisiana Bank of West Monroe also assists the local economic and cultural activities in its area. The bank recently offered a financial package to the community for a water purification system to offset an unsanitary drinking water situation in East Ouachita Parish. In addition, Louisiana Bank has been instrumental in cultural activities ranging from the Twin City Civic Ballet to the President's Council on Physical Fitness.

One of the bank's most successful projects is the establishment of the 55 LTD Club, a program for senior citizens in the area. The club sponsors a variety of activities for senior citizens, including trips to Louisiana Downs for horse racing, Hodges Gardens and rides on the Twin City Queen steamboat.

Dent noted that his report cited only three Louisiana banks which have met the challenges in the communities by supporting special projects to promote growth and prosperity in their areas. He commented that financial institutions reflect the interests and concerns of their communities and provide a sense of security and stability in an ever-changing economic climate.



# BCF loans aid minority businesses

The Community Affairs Office of the FRB Dallas has learned of a program that hopes to afford new incentives for banks to make commercial credit available to minority business, according to Andrew W. Hogwood, Jr., community affairs officer.

The Business Consortium Fund (BCF) is a program of the National Minority Supplier Development Council (NMSDC) which encourages the involvement of traditional financial institutions with minority businesses.

**BCF loans help minority businesses obtain working capital at the prime rate or less. These loans aid minority-owned companies in financing transactions with NMSDC and major corporations.**

BCF is capitalized through grants and investments. In turn, BCF leverages these funds with a Certified Bank Lender (CBL) on a 75/25 percent ratio. That is, BCF puts up 75 percent of the loan proceeds while CBLs make up the remaining 25 percent.

**The most recent prime rate is the net resulting interest rate on a BCF loan. It blends a rate of up to 130 percent charged on the CBL's 25 percent share with one amounting to up to 90 percent charged on the BCF's 75 percent share.**

BCF certifies that the borrowers represent bona fide minority-owned and operated businesses. Minority vendors then obtain applications for BCF loans from CBLs. CBLs accept or reject the loans using their own credit underwriting criteria and establish their own repayment schedule.

In addition, normal collection procedures by CBLs are implemented on past due loans. Loan losses would be shared proportionately between BCFs and CBLs.

According to Alphonso Whitfield Jr., president of NMSDC, the first BCF loans were available in April, 1987, when the fund reached \$5 million.

**NMSDC is a nationwide non-profit minority organization designed to provide marketing opportunities for minority business by serving as a**

**liaison between major corporations and minority businesses. The New York-based council is funded by membership dues from major corporations and contributions from foundations.**

Persons desiring additional information on BCFs or NMSDC should contact Marcial Robiou at NMSDC, 1412 Broadway, 11th floor, New York, New York 10018, or call 212-944-2430.

## Anti-Drug Act Regs Modified

Regulatory changes requiring financial institutions to ensure compliance with the Bank Secrecy Act by developing written procedures became effective recently, according to David W. Dixon, attorney, FRB-Dallas.

**The changes, mandated by the Anti-Drug Abuse Act of 1986, require institutions to develop formal written procedures for handling currency transactions in excess of \$10,000. Written procedures should also specify which bank employee would monitor compliance with the institution's reporting requirements pertaining to large dollar transactions.**

Minimum requirements for installing a compliance program include:

- ▶ providing for a system of internal controls to ensure ongoing compliance of reporting requirements;
- ▶ providing for independent testing for compliance, conducted by either bank personnel or an outside party;
- ▶ designating an individual or individuals who are responsible for coordinating and monitoring day-to-day compliance; and
- ▶ providing training for appropriate personnel.

The Anti-Drug Abuse Act of 1986 is an attempt to deter money laundering practices. The Act requires financial regulatory agencies to draft regulatory provisions requiring financial institu-

Have you moved? Changed your name or your title? Or, perhaps you would like to receive one or more of the following Fed publications:

*Roundup*

*Economic Review*

*District Highlights*

*Energy Highlights*

*Agricultural Highlights.*

Then, you should contact Wanda Grogan in the Dallas Fed Public Affairs Department, at 214-698-4436— or drop her a note in care of Station K, Dallas, TX 75222.

tions to ensure compliance with the recordkeeping and reporting requirements of the Bank Secrecy Act.

**Currently, the Treasury Department requires financial institutions to report transactions for any amount over \$10,000, even if the transactions were made at different branches in smaller amounts totaling more than \$10,000. Treasury has proposed the reporting amount to be lowered to \$3,000.**

In addition, the Board of Governors amended Regulation H (Membership of State Banking Institutions in the Federal Reserve System) in concert with Treasury Department's announcement of tighter controls on large dollar transactions.

While the Federal Reserve system has been working on suggested procedures for state member banks, other financial regulatory agencies have been or will be developing similar guidelines for other financial institutions, Dixon said.

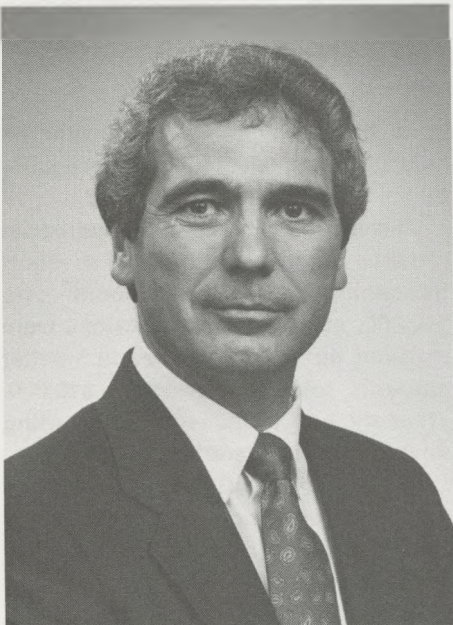
**Persons with general questions on the Act can call the Dallas Fed's Legal Department at 214-651-6228. Those individuals desiring more information on specific guidelines for state member banks should call Linda Myers or Gary Krumm at 214-651-6670 or 214-651-6671. Both Myers and Krumm are in the Supervision and Regulation Department of the Dallas Fed.**



# El Paso Reception Honors New VP in Charge



Sammie Clay



*Photos by Greg Garcia*



Local business and community leaders, members of the El Paso Branch Board of Directors and representatives from FRB-Dallas joined El Paso Bank employees last month at a gala reception to welcome Sammie Clay as the vice president in charge of that city's Fed. Clay moved to El Paso from the Houston Fed in January as successor to Joel Koonce, who transferred to Dallas.



Following is a listing of recent System speeches and statements, Eleventh District circulars, and pamphlets and brochures which currently are available from the Federal Reserve Bank of Dallas.

To place an order please circle the number of the item you wish to receive, fill out the address information at the bottom of the page, enclose a check or money order if applicable, and mail the entire page to:

NOW AVAILABLE  
Public Affairs Department  
Federal Reserve Bank of Dallas  
Station K  
Dallas, Texas 75222

## System Speeches and Statements

1. Statement by **Manuel H. Johnson, Jr.**, before the Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, D.C. May 21, 1987.
2. Remarks by **Martha R. Seger** before the 23rd Annual Conference on Bank Structure and Competition sponsored by the Federal Reserve Bank Chicago, Chicago, Illinois. May 7, 1987.
3. Statement by **Wayne D. Angell** before the Subcommittee on Domestic Monetary Policy of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, Washington, D.C. May 6, 1987.
4. Statement by **Martha R. Seger** before the Subcommittee on Financial Institutions Supervision, Regulation and Insurance of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives, Washington, D.C. May 6, 1987.
5. Statement by **Paul A. Volcker** before the Subcommittee on General Oversight and Investigations of the Committee on Banking, Finance and Urban Affairs, U.S. House of Representatives. April 30, 1987.
6. "Reflections on the Current International Debt Situation." Remarks by **Manuel H. Johnson** at the XXIV Meeting of Governors of Central Banks of the American Continent, Bridgetown, Barbados. April 27, 1987.
7. Statement by **Martha R. Seger** before the Subcommittee on Consumer Affairs of the Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, D.C. April 21, 1987.
8. "The Outlook for the U.S. Economy." Remarks by **H. Robert Heller** at the Chapman College Economic Forum, Orange, California. April 8, 1987.
9. Testimony by **Paul A. Volcker** before the Subcommittee on International Finance and Monetary Policy of the Committee on Banking, Housing and Urban Affairs, U.S. Senate, Washington, D.C. April 7, 1987.
10. "A Double Umbrella for the Banking System." Remarks by **H. Robert Heller** at the Bank and Financial Analysts Association's 17th Annual Conference on Banking, New York, New York. March 26, 1987.

## Eleventh District Circulars

11. The Dallas Fed distributed a revised listing of the firms owned or controlled by the South African government to replace the list originally distributed with Circular 87-32. 87-36. May 29, 1987.
12. The Board of Governors of the Federal Reserve System revised the list of over-the-counter (OTC) stocks that are subject to its margin requirement. 87-34. May 14, 1987.
13. The Board of Governors adopted a policy statement on the responsibility of bank holding companies to act as sources of financial and managerial strength to their subsidiary banks. 87-33. May 6, 1987.
14. The Office of Foreign Assets Control of the U.S. Department of the Treasury requested the assistance of the Federal Reserve in informing all member banks of the prohibition under the Comprehensive Anti-Apartheid Act of 1986. 87-32. May 1, 1987.
15. The Board of Governors adopted final changes to the official staff commentaries for Regulations B, E, and Z. 87-29. April 16, 1987.
16. The Dallas Fed announced the appointment of a new member to the Advisory Council of Financial Institutions. 87-25. March 26, 1987.
17. The Board of Governors published amendments to the Official Staff Commentary on Regulation E. 87-23. March 27, 1987.
18. The Board of Governors published amendments to the Staff Guidelines on Regulation AA, Subpart B. 87-22. March 24, 1987.
19. The Board of Governors adopted an amendment to Regulation H. 87-21. March 19, 1987.
20. The Dallas Fed announced a change in its official staff. 87-20. March 18, 1987.

## Pamphlets, Brochures and Reports

21. **Monetary Policy Objectives for 1987: Summary Report of the Federal Reserve Board.** Semiannual. February 19, 1987.
22. **Monetary Policy Objectives for 1987: Testimony of Paul A. Volcker, Chairman.** Semiannual. February 19, 1987.
23. **Selected Interest Rates.** 86/87 updates of weekly, monthly and annual interest rate histories of Treasury bill auctions, Treasury constant maturities, Fed funds, and prime.
24. **Energy and Southwest Economy.** Proceedings of the 1985 Conference on Energy and the Southwest Economy. 313 pp. \$10/book.
25. **Trade-Weighted Value of the Dollar.** Monthly statistical release of the X-131 Nominal Dollar Exchange Rate Index and the X-101 Real Dollar Index recently established by the Federal Reserve Bank of Dallas. The X-131 compares the value of the dollar to all 131 U.S. trading partners. The RX-101 compares the purchasing power of the dollar to the 101 U.S. trading partners who have consumer price indexes. \$48/annual subscription.
26. **Truth in Lending, Regulation Z, Annual Percentage Rate Tables and Factor Tables for Irregular Transactions.** \$4/Two-volume set.

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## News Briefs

### Kelley confirmed by Senate

Edward W. Kelley, Jr., of Houston has been named to fill an unexpired term on the Board of Governors. Kelley succeeds Emmett J. Rice, who resigned last year for health reasons. Kelley was recently nominated by President Reagan and confirmed by the Senate. His term expires in February, 1990.

Since 1971, Kelley has been chairman of the board for Investment Advisors Incorporated in Houston. In addition, he is currently chairman of the board of the Shoreline Companies, Inc., and director of Texas Industries, Inc. Previously, he was president and CEO of Kelley Industries, Inc. Kelley has served as a director of the following banks: Southern National Bank, 1961-1972; Westwood Commerce Bank, 1974-1982; and West Belt National Bank, 1982-1984.

Kelley graduated from Rice University with a BA in 1954 and from Harvard Business School with an MBA in 1959.

### Greenspan named

Alan Greenspan, a New York economist, has been named to succeed Paul Volcker as chairman on the Board of Governors. President Reagan made the selection after Volcker declined to serve a third, four-year term.

Reagan commented that he accepted Volcker's decision "with great reluctance and regret".

After Senate confirmation, Greenspan will assume the post on August 6 when Volcker's term expires. Greenspan said he accepted the position within "milliseconds" of the President's offer.

Greenspan was chairman of a presidential commission on the Social Security System and served on the President's Foreign Intelligence Advisory Board under Reagan. In addition, Greenspan was chairman of the Council of Economic Advisers in the Ford administration.

Volcker praised Greenspan as "a man with stature to carry on the Fed's policies of fighting inflation while protecting the recovery".



**Presenting Robert Boykin, Dallas Fed president, with an award for the Bank's participation in the 1986 Savings Bond program is Bill Bell of the U.S. Treasury Department.**

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Editor: Sue Lynn Sasser

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