

# Fed Letter



## Seizing high-skill services in rural America

Advances in technology and increased recreational demand are making service-producing industries (producer service, recreation, and consumer service industries) a vital part of the economy in many rural communities. Since it is difficult for rural communities to capture high-skill service jobs, many are focusing on quality of life amenities, enhancing labor force skills, and expanding the technological capabilities of rural firms. The August issue of *The Main Street Economist* explores the importance of service-producing industries to rural communities; the three reasons rural economies have become more service-oriented; whether rural areas are capturing high-skill, high-wage service activity; and how rural communities can attract high-skill industries.

Read the full report on our Web site ([www.kc.frb.org](http://www.kc.frb.org)). Point to “About the Fed,” click “Center for the Study of Rural America,” then “*The Main Street Economist*,” and then “August 2003.”

## KC Fed president discusses economic outlook

Tom Hoenig, president, Federal Reserve Bank of Kansas City, recently spoke at the Tenth District’s Tulsa Economic Forum in Tulsa, Okla. In his speech, Hoenig discussed the nation’s economic outlook and two important monetary policy issues – the stance of monetary policy and the importance of clear communications. His comments indicated that the economy is better positioned for significant improvement and growth; however, he acknowledged that we still face risks and challenges.

The speech is available on our Web site ([www.kc.frb.org](http://www.kc.frb.org)). Point to “News & Events,” and click “Speeches,” then under “Speeches by President Tom Hoenig and Bank Senior Management,” click “2003—The U.S. Economic Outlook and Monetary Policy (October 7, 2003).”

## Federal Reserve Board announces chairmen and deputy chairmen

The Federal Reserve Board has announced the appointment of chairmen and deputy chairmen of the 12 Federal Reserve Banks for 2004. Each Reserve Bank has a nine-member board of directors. The Board of Governors in Washington, D.C., appoints three of these directors and designates one of its appointees as chairman and a second as deputy chairman.

For the Federal Reserve Bank of Kansas City, Richard H. Bard, chief executive officer, Bard & Co., Inc. in Denver, was renamed chairman. Robert A. Funk, chairman and chief executive officer, Express Personnel Services International in Oklahoma City, was renamed deputy chairman.

To see the complete list of appointees for all Reserve Banks, visit the Board’s Web site ([www.federalreserve.gov](http://www.federalreserve.gov)), click “News and Events,” then “Other Announcements,” and then “October 10, 2003—Federal Reserve Bank chairmen and deputy chairmen appointed for 2004.”

## Holiday reminder

The Fed will be closed **Tuesday, Nov. 11**, in observance of Veterans Day, and **Thursday, Nov. 27**, in observance of Thanksgiving. A listing of the holidays observed by the Federal Reserve System through 2005 is available at [www.frb services.org](http://www.frb services.org). In the left column, click “Holiday Schedules.”

## **New president and CEO named for New York Fed**

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The Federal Reserve Bank of New York named Timothy F. Geithner to serve as the bank's new president and chief executive officer beginning mid-November. Geithner currently is the director of the Policy Development and Review Department in the International Monetary Fund of Washington, D.C. He succeeds William J. McDonough, who served as the bank's president from July 1993 until June of this year.

More information about Geithner is available on the Board of Governors' Web site ([www.federalreserve.gov](http://www.federalreserve.gov)). In the left column, click "News and Events," then "All Press Releases," and then "October 15, 2003 – Timothy F. Geithner named President and CEO of the Federal Reserve Bank of New York."

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## **Beige Book released**

The Beige Book was released Oct. 15. The Beige Book is a summary of current economic conditions in each Federal Reserve District. Nationwide, 10 of the 12 Federal Reserve Districts reported increased economic expansion since the last report. The local economy continued to expand in late August and early September with manufacturing strengthening, more firms reporting increased hiring and investment, retail sales increasing, housing activity remaining strong, and the farm and energy sectors improving. However, auto sales fell and commercial real estate remained weak.

For details about national and Tenth District economic activity, visit our Web site at [www.kc.frb.org](http://www.kc.frb.org). Point to "Publications & Education Resources," click "Economic Resources," and then "Current Economic Conditions."

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## **Manufacturing survey released**

The monthly manufacturing survey for the Tenth Federal Reserve District was released Oct. 14. The survey asks plant managers about a variety of manufacturing indicators. The information is compiled into a snapshot of manufacturing in the District. In September, manufacturing activity in the District continued to expand with increases over last year in production and new order indexes. Additionally, expectations for future activity remained high.

To view the current survey, visit our Web site ([www.kc.frb.org](http://www.kc.frb.org)) and point to "Economic Research & Data." Next, click "Regional Economic Information," then "Manufacturing Survey," and then "Current Survey (October 14, 2003)."

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## **Regulatory developments Consumer brochure on predatory lending**

The Federal Interagency Task Force on Fair Lending, which includes the Federal Reserve Board as well as other banking regulators and housing agencies, has published a new brochure that alerts consumers to potential borrowing pitfalls, including high-cost home loans, and provides tips for getting the best financing deal possible. The brochure, "Putting Your Home on the Loan Line is Risky Business," warns that, regardless of whether a home equity loan is for a home repair, bill consolidation, or some other purpose, it is important to shop around. The brochure notes that many consumers may have other options for meeting their financial needs besides taking out a home equity loan. Housing counseling and social service programs are available to assist people with financial problems. The brochure is available on the agencies' Web sites, including the Federal Reserve's ([www.federalreserve.gov](http://www.federalreserve.gov)). Click "Publications and Education Resources" in the left column, then "Brochures," and then "Putting Your Home Loan on the Line is Risky Business." The brochure also may be requested from Publications, Stop 127, Federal Reserve Board, 20<sup>th</sup> & C Streets, N.W., Washington, D.C. 20551; (202) 452-3245.

## **New Bank Secrecy Act examination procedures**

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The Board has issued Supervision and Regulation Letter (SR) 03-17 to communicate new Bank Secrecy Act (BSA) examination procedures relating to sections 313, 314, and 319 of the USA Patriot Act (Act). The Act established new and enhanced measures to prevent, detect, and prosecute money laundering and terrorism. For the most part, the measures directly affecting banking organizations are implemented through regulations issued by the U.S. Department of the Treasury and set forth as amendments to the BSA. The Federal Reserve and the other federal banking agencies have been working together to update their BSA examination procedures, following the Treasury's issuance of regulations to implement requirements specified in the Act. This SR letter notifies supervisory staff and banking organizations supervised by the Federal Reserve that the new BSA examination procedures related to these sections of the Act have been developed. The Federal Reserve is incorporating these new procedures into an update to its overall Bank Secrecy Act/Anti-Money Laundering examination procedures. For more information about SR 03-17, visit our Web site. Questions may be directed to Andrew Thompson in our Denver office at (800) 333-1020, extension 2535 (303-572-2535 locally) or by e-mail at [andrew.thompson@kc.frb.org](mailto:andrew.thompson@kc.frb.org).

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### **Internet access**

Regulatory developments like those above can be obtained from our Web site at [www.kc.frb.org](http://www.kc.frb.org). Point to "Banking Information" on the home page, then click "Regulations/Other Guidance," and select either of the first two categories, as appropriate.

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