

Fed Letter



Kansas City Fed to purchase site for new headquarters

The Federal Reserve Bank of Kansas City has received all necessary approvals to acquire 15.7 acres to house the Bank's new regional headquarters. The site for the new building will be located near 29th Street and Main Street in Kansas City, Mo., less than two miles south of the Bank's current headquarters. The new facility will allow the Bank to house all of its operations in a 600,000-square-foot complex. Construction is expected to begin in late 2004, and the Federal Reserve Bank of Kansas City hopes to occupy the new building in mid-to-late 2007.

Holiday reminder

The Fed will be closed **Monday, Sept. 1** in observance of Labor Day. A listing of the holidays observed by the Federal Reserve System through 2005 is available at www.frbservices.org. In the left column, click "Holiday Schedules."

Manufacturing survey released

The monthly manufacturing survey for the Tenth Federal Reserve District was released July 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 June, manufacturing activity in the District strengthened somewhat after slowing in May. Expectations for future activity eased but were still high, and capital spending plans edged up further.

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

The role of community banks

Community banks play an important role in the nation's financial system by complementing the role of large banks. For example, they specialize in relationship banking; they provide credit to small business; and they serve customers in rural and small metro areas. The second quarter issue of *Economic Review* takes a closer look at community banks in an article titled "The Role of Community Banks in the U.S. Economy." Another article by Bank President Thomas Hoenig, "Community Banks and the Federal Reserve," gives his perspective on the role community banks play in key sectors of the economy and in the Federal Reserve's mission. The third article, "A Closer Look at Jobless Recoveries," examines jobless recoveries and finds that they have many common features that distinguish them from the typical recovery.

Economic Review is available on our Web site (www.kc.frb.org). Point to "Economic Research & Data," click "Research & Publications," then "Economic Review," and then the appropriate article under "Second Quarter 2003."

Thinking regionally, acting locally

Rural leaders across the United States are exploring initiatives that pool rural resources in pursuit of regional economic development goals. The May issue of *The Main Street Economist* examines the reasons behind this new approach, as it takes a closer look at four emerging rural regions.

Read the full report on our Web site (www.kc.frb.org). Point to "About the Fed," click "Center for the Study of Rural America," then "*The Main Street Economist*," and then "May 2003."

Greenspan delivers semiannual report to Congress

Alan Greenspan, Federal Reserve chairman, delivered the Federal Reserve Board's semiannual monetary policy report to Congress on July 15. In his presentation, Greenspan reviewed the state of the U.S. economy and monetary policy actions.

Greenspan's testimony is available on the Board of Governor's Web site (www.federalreserve.gov). Click "News and Events" in the left column, then "Testimony of Federal Reserve Officials," then "July 15, 2003 – Chairman Alan Greenspan."

FOMC 2004 meeting schedule

The Federal Open Market Committee (FOMC) has announced its tentative meeting schedule for 2004. Meetings are planned for Jan. 27-28, March 16, May 4, June 29-30, Aug. 10, Sept. 21, Nov. 10, and Dec. 14.

For more information about the FOMC, past meetings, and future meetings, visit the Board's Web site at www.federalreserve.gov. Click "Monetary Policy" in the left column, then "Federal Open Market Committee," then "Meeting calendar, statements, and minutes."

Welcome new member bank

The Kansas City Fed is pleased to welcome the following state member bank to the Federal Reserve System in the Tenth District:

Local Oklahoma Bank	Oklahoma City, Okla.	June 27, 2003
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Two publications now available in Spanish

The Federal Reserve Board has released Spanish-language versions of two popular consumer brochures in both print and electronic formats. "Consumer Handbook on Adjustable-Rate Mortgages" ("Guía para el consumidor sobre hipotecas a tasa ajustable") and "When Your Home is on the Line: What You Should Know about Home Equity Lines of Credit" ("Lo que usted debería saber sobre las líneas de crédito con garantía hipotecaria") are available on the Board's Web site at www.federalreserve.gov. Click "Publications and Education Resources" in the left column, then "Brochures," and then the appropriate brochure title.

Printed copies of both publications also may be ordered through the Federal Reserve Board's Publications Services, Mail Stop 127, Washington, D.C., 20551. The first 100 copies are free.

Regulatory developments Proposal on implementing New Basel Capital Accord in the United States

On July 11, the Federal Reserve Board issued an interagency advance notice of proposed rulemaking (ANPR), seeking public comment on the implementation of the New Basel Capital Accord in the United States. The Board also is seeking comment on draft interagency supervisory guidance on internal-ratings based systems for corporate credits and draft guidance on advanced measurement approaches (AMA) for assessing operational risk. The agencies anticipate that comments will be useful in shaping further refinements to the framework as the Basel Committee on Banking Supervision completes its work on the new accord and, after that, in developing a Notice of Proposed Rulemaking to implement the new accord in the United States.

Specifically, the ANPR provides that large, internationally active banking organizations that meet certain size or foreign-exposure thresholds would be required to meet rigorous supervisory standards and implement the advanced internal ratings-based (A-IRB) approach for credit risk and the AMA for operational risk. The ANPR describes the A-IRB approach to credit risk and its application to particular portfolios and also provides guidance and supervisory standards for the AMA for operational risk, including proposed approaches for supervisory review and disclosure (Pillars 2 and 3 in the new accord).

Comment on the ANPR and two interagency guidance pieces is requested by late October. Questions concerning the ANPR and guidance papers should be directed to Julapa Jagtiani in our Kansas City office at (800) 333-1010, extension 2963 (816-881-2963 locally) or by e-mail at Julapa.Jagtiani@kc.frb.org.

**New regulation
slipsheets available**

Slipsheets containing amendments to the Board's Regulations H (Membership in the Federal Reserve) and Z (Truth in Lending) are now available. The Regulation H slipsheet contains recent amendments concerning interstate branches, member bank securities, and Bank Secrecy Act compliance programs. The Regulation Z slipsheet contains amendments to the Official Staff Commentary concerning card fees, mortgage insurance, and the annual percentage rate test. To request copies of these slipsheets, contact our Omaha office at (800) 410-1691 or send an e-mail message to helgard.g.elliott@kc.frb.org.

**Fraudulent
Federal Reserve
note schemes**

The Board has issued Supervision and Regulation Letter SR 03-14 containing the latest advisory relating to bogus investment schemes involving phony "prime bank" notes, letters of credit, guarantees, and other financial instruments. The latest scheme concerns notes in face amounts of \$1 billion, \$100 million, or \$50 million or some other astronomically large amount and have "coupons" attached to them. People who commit this type of fraud often claim that the altered Federal Reserve Notes that they hold are special, are not known to the public because they are so secret, and can be taken to banks and other financial institutions to be used to collateralize loans or traded as part of an investment program. Such claims are bogus, and the notes are worthless. Individuals, banking organizations, and other entities who have been contacted regarding the phony Federal Reserve Notes should contact field offices of the Federal Bureau of Investigation, U.S. Secret Service, U.S. Bureau of Immigration and Enforcement, or the Internal Revenue Service's Criminal Investigation Division.

Questions pertaining to this matter should be directed to Rodney Jokerst at our Kansas City office at (800) 333-1010, extension 2903 (816-881-2903 locally), or by e-mail at rodney.a.jokerst@kc.frb.org.

Internet access

Regulatory developments like those above can be obtained from our Web site at 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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