

K-9331

INTERPRETATIONBANKING ACT OF 1935

(Copies to be sent to all Federal reserve banks)

September 25, 1935

Mr. _____,
Assistant Vice President,

_____.

Dear Sir:

This refers to your letter of September 18, 1935, in which you inquire whether, in view of the amendments to section 22 of the Federal Reserve Act by the Banking Act of 1935, your bank may lawfully renew a note of an examiner of the Federal Deposit Insurance Corporation.

The provisions of section 22(a) of the Federal Reserve Act, as amended by the Banking Act of 1935, prohibiting member banks and insured banks from making loans to any bank examiner or assistant examiner who examines or has authority to examine such banks, provide a penalty of fine or imprisonment for violations and the determination of whether a particular transaction is a violation is a matter entirely within the jurisdiction of the Department of Justice. The Board of Governors of the Federal Reserve System is not specifically authorized to prescribe regulations on this subject; and, in the circumstances, an expression of opinion by the Board that the renewal of a note, under the circumstances

described in your letter, would not be a loan within the meaning of such provision would not afford protection from criminal prosecution if the Department of Justice should take the position that the transaction was within the statute and should feel it necessary to prosecute for violation of this provision. Accordingly, the Board does not feel that it would be appropriate to undertake to express an opinion upon a question of this kind.

Very truly yours,

(Signed) L. P. Bethea

L. P. Bethea,
Assistant Secretary.