

BANKING ACT OF 1935

(Copies to be sent to all Federal reserve banks)

April 10, 1936.

Mr. C. S. Young,  
Assistant Federal Reserve Agent,  
Federal Reserve Bank of Chicago,  
Chicago, Illinois.

Dear Mr. Young:

This refers to your telegram dated April 7, 1936, requesting a specific ruling by the Board upon the question whether a deposit of a labor union may be classified by a member bank as a savings deposit under the provisions of section 1(e) of Regulation Q.

As you know, this section provides that a deposit of a corporation, association, or other organization may not be classified as a savings deposit unless the organization is not operated for profit and, in addition, is operated primarily for religious, philanthropic, charitable, educational, fraternal or other similar purposes. Without regard to the question whether or not labor unions are operated for profit, it is the view of the Board that they may not properly be considered as organizations operated primarily for the above purposes within the meaning of section 1(e) of Regulation Q. Accordingly, deposits of labor unions may not be classified by member banks as savings deposits.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,  
Secretary.