

INTERPRETATION OF LAW OR REGULATION

(Copies to be sent to all Federal Reserve banks)

November 13, 1937.

Mr. _____, Chief Examiner,
Federal Reserve Bank of _____,
_____, _____.

Dear Mr. _____:

This refers to your letter of June 11, 1937, and inclosures, presenting the question on behalf of the _____ Trust Company, _____, _____, whether funds of the local chapter of the Railroad Employees' National Pension Association may be classified as savings deposits under the definition in section 1(e) of Regulation Q.

It is understood from the copy of its Constitution and By-laws that the Association is a corporation organized without capital stock, not for profit, for the purpose of obtaining retirement and disability pensions for all members of railroad companies, express companies, and pullman companies under the regulatory power of Congress. The Constitution of the Association also provides that in the event a satisfactory retirement pension is achieved through an act of Congress the Association may be liquidated by a convention or, at the discretion of the delegates, the Association may be continued as a national legislative association for railroad employees.

As you know, the Board of Governors has recently taken the position that labor unions of the usual type may be considered as organizations operated primarily for religious, philanthropic, charitable, educational, fraternal or other similar purposes and that deposits of such organizations may be classified as savings deposits if the organizations are not operated for profit and if the deposits otherwise comply with the requirements of the definition. It appears that the Railroad Employees' National Pension Association has sufficient similarity to a labor union to cause it to fall within the scope of the Board's recent ruling and, accordingly, deposits of such Association may be classified by a member bank as savings deposits if they otherwise comply with the requirements of the definition.

Very truly yours,

(Signed) L. P. Bethea

L. P. Bethea,
Assistant Secretary.