

INTERPRETATION OF LAW OR REGULATION

(Copies to be sent to all Federal reserve banks)

January 27, 1939

Mr. _____, Cashier,
_____ National Bank,
_____, _____.

Dear Sir:

Your letters of October 17, 1938, and December 2, 1938, addressed to the Comptroller of the Currency, inquiring whether a loan to the wife of an executive officer of your bank would be in violation of section 22(g) of the Federal Reserve Act have recently been referred to us for reply.

It is understood that the wife of a Vice President of your bank desires to obtain a loan from the bank the proceeds of which would be used by her husband. You state that she owns real estate in her own name and in addition has bonds and stocks in her own name all of which would justify a loan irrespective of the financial responsibility of her husband. It is assumed that her husband would not be liable, either directly or indirectly, on the obligation in connection with such loan.

Without attempting to prescribe any rule of general applicability with respect to the question whether loans to the wife of an executive officer of a member bank are permissible under section 22(g) of the Federal Reserve Act and the Board's Regulation O, in this particular case, in view of the fact that the wife of the executive officer has separate assets in her own name sufficient to justify the loan and upon the assumption that the officer will not be liable in any way in connection with the loan, the Board will offer no objection to the making of the proposed loan.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.