

INTERPRETATION OF LAW OR REGULATION

(Copies to Be Sent to All Federal Reserve Banks)

April 10, 1940

Mr. _____, President,
Federal Reserve Bank of _____,
_____, _____.

Dear Mr. _____:

This refers to your letter of March 25, 1940, and previous correspondence regarding the status of Mr. _____, Vice President and Director of The _____ National Bank, of _____, _____, under the Board's Regulation O.

The board of directors of the bank in July 1939 adopted a resolution to the effect that Mr. _____ is not authorized to participate in the operating management of the bank. A question was raised by the examiner concerning his status, however, because of the fact that he was also serving as a member of the discount committee, which, under the by-laws, consisted of the "President, Cashier, and three directors". It appears from your letter of March 25, quoting a letter received from the Cashier of the bank, that Mr. _____ has now resigned his position on the discount committee and is no longer a member of the committee. While it is understood that he is a member of the examining committee, it is assumed that the duties of this committee are not such that members thereof are to be considered as participating in the operating management of the bank by reason of such membership.

Since Mr. _____ is no longer a member of the discount committee, it is not necessary for the Board to express any opinion with regard to the question which was raised by reason of such membership. It is understood that under the resolution adopted by the board of directors Mr. _____ is not authorized to participate in the operating management of the bank and that he does not actually participate therein. In the circumstances, he is not an executive officer within the meaning of Regulation O.

While it appears that President _____, with respect to whom a like resolution was adopted by the board of directors, is a member of the discount committee, it is not understood that he is borrowing from the bank or that any question regarding his status has been raised at this time.

Very truly yours,
(Signed) L. P. Bethea
L. P. Bethea,
Assistant Secretary.