

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

S-242  
Reg. 0-40

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

December 11, 1940



Dear Sir:

Some time ago the Board had occasion to consider the applicability of section 22(g) of the Federal Reserve Act, regarding loans to executive officers, to a vice president of a national bank who had authority to sign deeds, checks, drafts and other documents in the absence of the president. The letter which the Board wrote on the subject was not circulated to the Federal Reserve Banks at the time and, accordingly, for your information and records we are stating below the position which the Board took in the matter.

It appeared that the officer in question had been an inactive vice president of the bank for many years; that he had never been paid a salary as vice president, his only compensation being as a director and a member of the finance committee of the board of directors; and that except for his duties as a director his only official actions were the signing of documents in the absence of the president. The board of directors of the bank proposed to adopt a resolution giving the vice president in question authority to sign deeds, checks, drafts, and other documents in the absence of the president, but expressly denying him authority to make loans or to perform any of the other duties of an executive officer having control of matters of policy or direction of the activities of the bank.

On the basis of the above facts, the Board advised the Federal Reserve Bank which submitted the inquiry that it concurred in the Federal Reserve Bank's opinion that the duties to be performed by the officer in question require a participation "in the operating management of the bank" and, therefore, he would be an executive officer of the bank within the meaning of the Board's Regulation O, as amended July 1, 1939.

Very truly yours,

L. P. Bethea,  
Assistant Secretary.

TO THE PRESIDENTS OF ALL  
FEDERAL RESERVE BANKS