

INTERPRETATION OF LAW OR REGULATION

(Copies to be sent to all Federal Reserve Banks)

February 15, 1941

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

Dear Mr. _____:

This refers to your letter of January 30, 1941, with enclosures, requesting the Board's views with respect to the question whether a deposit carried by the _____ State Bank of _____, _____, in the name of _____, Inc., may properly be classified as a savings deposit within the meaning of the Board's Regulation Q.

It is understood that _____, Inc., is a nonprofit organization and that its purpose apparently is to effect a reduction in the cost of electricity used by its members. It is noted also that according to the cashier of the _____ State Bank of _____ the organization has no capital stock; that it has received a direct loan from the Government the proceeds of which have been used to build lines for distribution of electric power; and that the organization's entire earnings are applied to expenses and to the retirement of this loan.

Regardless of the fact that _____, Inc., may not be operated for profit, it does not appear that the organization is operated primarily for "religious, philanthropic, charitable, educational, fraternal or other similar purposes" within the meaning of the definition of a "savings deposit" contained in Regulation Q. Accordingly, it is the view of the Board that a deposit of _____, Inc., may not properly be classified as a savings deposit under the Regulation.

Very truly yours,

(Signed) L. P. Bethea

L. P. Bethea,
Assistant Secretary.