
Before the
**BOARD OF GOVERNORS OF
THE FEDERAL RESERVE SYSTEM**

In Re: **MATTER OF REGULATION "W" AS IT AFFECTS
SALE OF USED CARS**

**PETITION FOR FORMAL HEARING
BY
NATIONAL USED CAR DEALERS ASSOCIATION**

FRANK CAIN, *General Counsel.*

Of Counsel:

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To the Honorable Board of Governors of the Federal Reserve System:

The National Used Car Dealers Association does hereby petition the Board of Governors of the Federal Reserve System that it be granted a full hearing before the Governor Members themselves with regard to the Board's Amendment Number One to Regulation "W" issued October 13, 1950, and for grounds would respectfully show:

I.

That the purpose of Regulation "W" is to (a) check inflation in defending the dollar value; and (b) save materials and labor otherwise needed for the defense effort. (Address by Honorable Thomas B. McCabe, Chairman of the Board of Governors of the Federal Reserve System,

Boston, Mass., September 21, 1950.) (Article by the Honorable Marriner S. Eccles, *Fortune Magazine*, November issue.)

II.

That the general and recognized meaning of inflation is the spiraling increase in price of property and services in proportion to available currency in the consuming public's possession. The innumerable causes and tangent accompaniments, as well as the vast number of methods of defense against this situation, are not a part of this Petition, but your Petitioner would conclusively show that the Board's Order of September 18, 1950, not only effectively checked any rise in price in the sale of used cars, but materially reduced the prices thereof. That the sale of used cars does not contribute to the second cause mentioned aforesaid, because the labor and material is already in the used car.

III.

Your Petitioner would conclusively show that this Honorable Board has acted on erroneous facts in concluding the necessity of additional restrictions relating to the installment sale of used cars as effected through Amendment Number One to Regulation "W". That the opportunity for the correct facts to be furnished the Board by your Petitioner was not given. While it may be granted that there might have been a psychological problem confronting the Board in having a prior hearing, yet no such problem now presents itself in granting this formal hearing before the Board.

IV.

Your Petitioner would show that the Amendment Number One to Regulation "W", insofar as it relates to the installment sale of used cars, has worked not only an unjustifiable hardship upon members of Petitioner, but **has acted as a confiscatory measure upon the general public**, and, in this connection, necessarily so upon those members of the public who can least afford to suffer the loss. Petitioner will prove unto the Board that the Amendment does not serve the purpose for which it was intended insofar as the sale of used cars is concerned, but, to the contrary, has become a purely punitive measure insofar as the general public is concerned, and a discriminatory measure insofar as the members of Petitioner are concerned.

V.

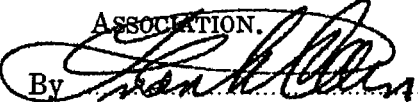
Petitioner cannot believe other than that it is the desire of the Board to administer the Consumer Credit Controls in an effective but fair manner in having each industry, as nearly as possible, assume its fair share of the burden, consistent with the public welfare in general. The wisdom of the regulations is not at all a matter of consideration for the Board, but the administration of these regulations is the problem of the Board. It is not the purpose of this Petition to be critical of the Board's action, but it is Petitioner's earnest desire to furnish facts and evidence to the Governor Members themselves in a sincere effort to be of assistance to the Board in arriving at proper and effective decisions, and not improper and ineffective decisions. Petitioner is mindful of the Board's most recent release on

results achieved, to-wit, November 24, 1950, but the facts set forth therein do not in any manner controvert the allegations of this petition or the evidence in support thereof.

WHEREFORE, your Petitioner respectfully requests that the Board of Governors grant this Petition and set a date certain for said hearing before the Governor Members themselves whereby Petitioner may be permitted to offer evidence, oral argument and written brief in support hereof.

Respectfully submitted,

NATIONAL USED CAR DEALERS
ASSOCIATION.

By .....
FRANK CAIN, *General Counsel.*

IRION, CAIN, BERGMAN AND HICKERSON,
Of Counsel.