

**FEDERAL RESERVE BANK
OF NEW YORK**

Fiscal Agent of the United States

Circular No. 2523, October 19, 1942
Previous circulars regarding "Foreign Funds Control" include
Circulars Nos. 2414, 2419, 2420, 2431, 2434, 2437, 2449, 2455,
2461, 2462, 2469, 2473, 2479, 2481, 2483, 2487, 2490, 2492, 2493,
2495, 2506 and 2507. Hereafter, reference will be made only
to the last two circulars on this subject.

FOREIGN FUNDS CONTROL

*To all Banking Institutions, and Others Concerned,
in the Second Federal Reserve District:*

For your information we quote below from a telegram received from the Treasury Department:

The following is text of Public Interpretation No. 7:

TREASURY DEPARTMENT
Foreign Funds Control
October 17, 1942

PUBLIC INTERPRETATION NO. 7
UNDER EXECUTIVE ORDER NO. 8389, APRIL 10, 1940, AS AMENDED, AND REGULATIONS
ISSUED PURSUANT THERETO, RELATING TO FOREIGN FUNDS CONTROL

SUBJECT: REMITTANCES UNDER GENERAL LICENSES NOS. 32 AND 33.

Inquiry has been made whether a remittance may be effected under General Licenses No. 32 or 33 to an individual for the necessary living expenses of a person not constituting part of the household of the recipient.

General Licenses Nos. 32 and 33 authorize remittances to individuals only for the purpose of defraying the expenses of such individuals and their households. A remittance to an individual for the purpose of defraying the expenses of a person not constituting part of his household is not authorized under such general licenses. The transmittal of any instructions to the recipient of remittances under General License No. 32 or 33 directing the transfer of funds to third persons or directing the use of such funds for the benefit of persons not forming part of the household of the recipient, requires a special license from the Treasury Department.

J. W. PEHLE,
Assistant to the Secretary.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,
President.

FEDERAL RESERVE BANK
OF NEW YORK

October 16, 1942

CONSUMER CREDIT

AMENDMENT NO. 9 TO REGULATION W OF THE BOARD OF
GOVERNORS OF THE FEDERAL RESERVE SYSTEM

To all Registered Dealers under Regulation W
and Others Concerned, in the Second Federal Reserve District:

The Board of Governors of the Federal Reserve System has adopted, effective October 26, 1942, the following amendment to Regulation W.

Amendment No. 9 to Regulation W

Effective October 26, 1942, Regulation W is hereby amended to read as follows:

1. By adding the following new subsection at the end of section 4:
 - (e) "Approvals", "Demonstrators", etc.—In case a listed article is delivered in anticipation of an instalment sale of that article or a similar article (such as a delivery "on approval", "on trial", or as a "demonstrator"), the registrant shall require, at or before the time of such delivery, a deposit equal to the down payment that would be required on such an instalment sale.

2. By striking out subsection (f) of section 5 and substituting the following:
 - (f) "Authorization" Of Small Items—In case a registrant makes a charge sale of a listed article the cash price of which is \$5.00 or less, he shall not be deemed to have violated section 5(b) if the person authorizing such sale on behalf of the registrant acts in good faith without knowledge that the customer's charge account is in default, provided the registrant, promptly upon discovery that such charge account is in default and in any event within 15 days from the date of sale, makes a request of the customer that he either return the article or else pay for it in full immediately.

3. By adding the following new subsections at the end of section 5:
 - (g) Small Defaults.—A charge account shall not be deemed to be "in default" within the meaning of sections 5(c) or 12(m) if the amount in default is less than \$2.00.
 - (h) "Approvals", "Demonstrators", etc.—When a charge account is in default, the registrant shall not deliver any listed article to the obligor in anticipation of a sale of that article or a similar article (such as a delivery "on approval", "on trial", or as a "demonstrator"). When a charge account is not in default and the registrant makes such a delivery of any article, the delivery (unless it is in anticipation of an instalment sale) shall be treated for the purposes of this regulation as a charge sale made on the date of the delivery.

Additional copies of this letter will be furnished upon request.

ALLAN SPROUL,
President.