

FEDERAL RESERVE BANK  
OF NEW YORK

[ Circular No. 3646 ]  
[ January 18, 1951 ]

REGULATION W  
CONSUMER CREDIT

---

Press Statement of the Board of Governors of the  
Federal Reserve System

*To all Persons Concerned with Regulation W  
in the Second Federal Reserve District:*

Following is the text of a press statement issued for immediate release by the Board of Governors of the Federal Reserve System:

The Board of Governors of the Federal Reserve System obtained a judgment today in the United States District Court at Columbus, Ohio, enjoining 5th Avenue Motors, Inc., its president, Harold F. Pritchard, and its secretary-treasurer, O. George Ezzo, from further violations of Regulation W and compelling compliance with said regulation. The defendants, through their attorneys, consented to the entry of the judgment.

The Board of Governors of the Federal Reserve System, having received reports from the Federal Reserve Bank of Cleveland that 5th Avenue Motors, Inc. appeared to be selling used cars on terms which violated Regulation W, ordered an investigation to determine what further steps it should take. This investigation, which is specifically authorized by the Defense Production Act of 1950, was conducted in Court Room No. 2 of the United States District Court at Columbus, Ohio, on January 12 and 13, 1951. About 35 witnesses were subpoenaed by the Board of Governors and examined under oath. In view of information obtained in the investigation and data furnished by the Federal Reserve Bank of Cleveland, the defendants consented to the entry of the judgment, violation of which would subject them to being cited and punished for contempt of court.

Regulation W, issued by the Board of Governors of the Federal Reserve System pursuant to the Defense Production Act of 1950, provides that a Registrant shall not extend any credit for the financing of certain listed articles including new and used passenger automobiles without obtaining a down payment in an amount prescribed in the regulation. In the case of automobiles the present terms of the regulation require a down payment of not less than one-third of the cash price of the car and the balance must be paid in 15 months.

Additional copies of this circular will be furnished upon request.

ALLAN SPROUL,  
*President.*