

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

S-368

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 10, 1941



Dear Sir:

The Board has received a small amount of correspondence indicating possible violations of Regulation W and has no doubt that you have received a somewhat greater amount of such correspondence. Some of the Federal Reserve Banks have asked for advice as to the policy that should be followed in dealing with such matters.

It has been felt that the most important thing to do at first was to get the purposes and provisions of the executive order and of the regulation understood and at the same time to bring about the correction of defects in the regulation through amendment as soon as possible. It has been only a little over a month since the regulation became effective and the trade and financial organizations generally have shown their desire to cooperate with the Board and the Federal Reserve Banks to the best of their ability. It seems very likely, therefore, that most of the instances which appear to be violations have occurred through inadvertence or through ignorance and in the circumstances that they have been remarkably few.

With these considerations in mind and recognizing the fact that some at least of the Reserve Banks have been proceeding along these lines, the Board suggests that, when instances of apparent violations of Regulation W of sufficient importance to warrant attention are brought to the attention of a Reserve Bank, the matter be taken up with the person involved, either orally or by letter as may seem best, proceeding on the assumption that the apparent violation was the result of inadvertence or of misunderstanding as to the meaning of the provisions of the regulation. It seems probable that in most cases this will result in satisfactory assurances being received that there will be no repetition. If in any particular instance, however, after

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every reasonable effort along these lines has been made, this result should not come about, and the instance appears to warrant Board consideration, it will be appreciated if you will give the Board all the facts in detail with your suggestions, including the advice of your counsel, as to the course of procedure that would seem to be advisable.

In your acknowledgment of this letter, any comments that you may have to offer will be welcome.

Very truly yours,

Chester Morrill

Chester Morrill,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS