

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

S-394

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

November 10, 1941



Dear Sir:

There is enclosed for your information a copy of a letter which the Board is sending today to Mr. Stradella, Vice President, General Motors Acceptance Corporation, New York City.

Very truly yours,

A handwritten signature in cursive script that reads "Chester Morrill".

Chester Morrill,  
Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

S-394-a

November 10, 1941

Mr. Charles G. Stradella, Vice President,  
General Motors Acceptance Corporation,  
Broadway at 57th Street,  
New York, New York.

Dear Mr. Stradella:

The Board has received a letter from the Federal Reserve Bank of San Francisco enclosing an inquiry received from the branch manager of your corporation asking for an interpretation of the provisions of section 3(a)(2)(B) of Regulation W. It is our understanding that several of your branch offices have requested an opinion on this question, and this letter is being written to you with the thought that your office can advise all your branches.

The question is whether or not it is necessary for the dealer's finance agency to have a more detailed statement of the transaction than that which was given to the purchaser. Section 3(a)(2)(B) provides that the Registrant may not receive any payment arising out of the obligation if, when the Registrant purchased or discounted the obligation, it "showed on its face" some failure to comply with the requirements of the Regulation or the Registrant "knew" any fact by reason of which the extension of credit failed to comply with such requirements.

Therefore contracts covering the purchase of automobiles may be purchased by your corporation without further investigation, if the contract does not show on its face some noncompliance and if at the time of purchase your corporation did not know any fact by reason of which the extension of credit under the contract failed to comply with the Regulation.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,  
Secretary