

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON

S-480

ADDRESS OFFICIAL CORRESPONDENCE  
TO THE BOARD

May 15, 1942



Dear Sir:

Enclosed for your information and files is a copy of a letter addressed to a Federal Reserve Bank with reference to the application of section 4(d) of Regulation W, regarding the Statement of Transaction, to cases in which a "coupon book" is used.

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-480-a

May 15, 1942

Mr. \_\_\_\_\_,  
Assistant Vice President,  
Federal Reserve Bank of \_\_\_\_\_,  
\_\_\_\_\_.

Dear Mr. \_\_\_\_\_:

This refers to your letter of May 8, 1942 (Inquiry No. 17), suggesting the following procedure relative to the statement of transaction under section 4(d) of Regulation W where department stores sell coupon books or similar media of credit and obtain a one-third down payment thereon, and require that the balance thereof be paid in monthly instalments meeting the requirements of sections 4(b) and 4(c):

"In connection with the sale of a coupon book, or other similar medium of credit, the coupons or the booklet containing the coupons, or a statement furnished the purchaser concurrently, should contain the following information: (1) the amount of the purchaser's down payment in cash in respect of the coupon book; (2) the deferred balance; (3) the amount of insurance premiums (if any) and of any interest or finance charges, and (4) the terms of payment. At the time a coupon is used for the purchase of a listed article the purchaser should be furnished with a statement (presumably the customary sales check) setting forth (1) a brief description of the article purchased and (2) the cash price of the article."

The Board agrees with you that the foregoing procedure would constitute compliance with section 4(d) since, upon the use of the coupons in the purchase of a listed article, the purchaser would then come into possession of a completed statement of transaction.

This view is in accord with that part of W-84 stating that it is unnecessary for the statement of transaction to be included on a single sheet of paper, but, in effect, such view is an exception to that part of W-84 stating that copies of all parts of the statement of transaction be given to the obligor together.

The fact that department stores operating as outlined herein would be imposing terms in some cases more severe than those required by the Regulation is immaterial in the light of section 12(k).

Very truly yours,

(Signed) L. P. Bethea

L. P. Bethea,  
Assistant Secretary.