BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

S-499

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 29, 1942

Dear Sir:

The following is the text of a telegram sent to a Federal Reserve Bank on May 27, 1942, with reference to charge accounts under Regulation W:

> "Mere fact that all or portion of charge account is considered bad debt and charged off or absorbed in reserve would not relax prohibition of section 5(b) of Regulation W if charge account is in default under section 5(c) and default has not been cured by one of methods in section 5(d). Charge off or absorption in reserve would not abolish 'indebtedness' referred to in section 2(g). However 'indebtedness' under 2(g) does not include indebtedness which is legally unenforceable."

Very truly yours,

L. P. Bethea,
Assistant Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS

FOR VICTORY BUY UNITED STATES WAR BONDS AND STAMPS

Digitized for FRASER
http://fraser.stlouisfed.org/
Federal Reserve Bank of St. Louis