

TELEGRAM

June 5, 1942

(Addressed to the Presidents of all Federal Reserve Banks)

A pawn transaction in which the pawnor is not under any personal obligation to repay the pawnbroker is not a loan and is not subject to Regulation W. However, the mere fact that the transaction is called a pawn does not mean that it is not subject to Regulation W since there are many so-called pawn transactions which do in fact involve an obligation to repay.

(Signed) L. P. Bethea