

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

S-575

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

October 29, 1942.



Dear Sir:

For the information of your Bank in connection with guarantees pursuant to Executive Order No. 9112, there is enclosed a copy of a letter dated October 28, 1942, received by the Board from the Comptroller of the Currency with respect to the compliance of guaranteed loans with the requirements of exception (10) to section 5200, U.S.R.S. This matter was also the subject of the Comptroller's letter of June 18, 1942, a copy of which was transmitted to you with our letter of June 24, 1942.

Very truly yours,

A handwritten signature in dark ink, appearing to read "L. P. Bethea". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

L. P. Bethea,
Assistant Secretary.

Enclosure

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS.

FOR VICTORY



TREASURY DEPARTMENT
COMPTROLLER OF THE CURRENCY
WASHINGTON

October 28, 1942.

Board of Governors,
Federal Reserve System,
Washington, D. C.

Dear Sirs:

This is in reply to your letter dated October 23, presenting two inquiries with respect to loans covered by so-called guarantees executed pursuant to Executive Order No. 9112.

The first inquiry is whether the Guarantee Agreement constituting Exhibit D of the General Motors Corporation Credit Agreement dated October 15, 1942, complies with the requirements of exception 10 to section 5200 of Rev. Stat. of 1873, as amended (U.S.C. title 12, sec. 84). It is the opinion of this office that this Guarantee Agreement comes within the purview of exception 10 and the definition of the term "unconditional" as used therein.

The second inquiry is whether guarantee agreements in the standard form of May 14, 1942, to which have been added Conditions (A) to (O), inclusive, in the form accompanying the War Department's letter of October 9, 1942, a copy of which you enclosed, would comply with the requirements of exception 10 to section 5200. It is the opinion of this office that such guarantee agreements would come within the purview of exception 10 and the definition of the term "unconditional" as used therein.

Although this question is not presented in your letter, it is appropriate to mention that in any case in which a guarantee agreement required the proceeds of the loan to be used for one or more specified purposes, uncertainty would exist regarding the applicability of exception 10, unless the guarantee agreement also included Optional Condition (N) or a substantially equivalent provision.

Very truly yours,

(Signed) Preston Delano

Preston Delano,
Comptroller of the Currency.