

# FEDERAL RESERVE BOARD

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WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO  
THE FEDERAL RESERVE BOARD

X-5072

February 8, 1928.

SUBJECT: Report by Federal Reserve Agents of violations of  
criminal statutes.

Dear Sir:

Certain questions have recently been presented to the Federal Reserve Board regarding the reporting of violations of the criminal provisions of Section 22 of the Federal Reserve Act and Sections 5208 and 5209 of the Revised Statutes to the United States District Attorney and to the Federal Reserve Board in accordance with the Board's letter of April 4, 1923 (X-3683).

The question was raised whether it is the desire of the Federal Reserve Board that Federal reserve agents report alleged violations of the criminal statutes mentioned, in the case of national banks as well as in the case of State member banks. Such violations are, in case of national banks, brought to the attention of the Comptroller of the Currency by national bank examiners and the facts in the cases reported are customarily transmitted both to the United States District Attorney and the Department of Justice for appropriate action. If Federal reserve agents were instructed to report these violations in the case of national banks, ordinarily it would be merely a duplication of the work done by the Comptroller of the Currency and the national bank examiners. Accordingly there seems to be no necessity for Federal reserve agents making such reports in the case of national banks. In addition there are some cases in which the Comptroller of the Currency reports the matter to the Attorney General, but at the same time suggests that no immediate action be taken because to do so might cause a run on the bank involved. To have duplicate reports by Federal reserve agents in cases of this kind might lead to confusion and possibly injurious consequences to some of the national banks. However, in cases where information is received which might not otherwise come to the attention of the national bank examiner, such information should be promptly furnished him.

The question was also presented whether it is the Board's desire when a Federal reserve agent receives through press reports or other unofficial sources notice of possible violations of the law, he should follow up the matter to

ascertain the facts and make a report in the usual manner, or whether he should await the receipt of information through official sources. When the Federal reserve agent receives knowledge of possible violations of law in connection with his official duties, he should immediately follow the matter up. Where, however, he receives his information from rumors, the Board believes that he should be given a wide discretion as to what action he should take. In many cases it would seem unnecessary to take action until the matter has come to his attention through official channels. In exceptional cases, however, where the facts are widely known and the matter is an important one, the Federal reserve agent should use sound discretion, and if he deems it advisable or appropriate should undertake to ascertain the facts officially.

By order of the Federal Reserve Board.

Walter L. Eddy,  
Secretary.

TO ALL F. R. AGENTS.