

C O P Y.

X-7485

June 29, 1933.

Calkins - San Francisco

Your letter of June 20 regarding sugar factors in Hawaii. As section 21 of Banking Act of 1933 does not become effective until expiration of one year after date of its enactment immediate determination of question raised in your letter does not seem to be necessary. You will observe however that this section provides a penalty of fine or imprisonment for violation of its provisions and in the circumstances if sugar factors referred to feel that their business is not subject to provisions of this section the question would appear to fall within jurisdiction of Department of Justice. Therefore an expression of opinion by Federal Reserve Board on question would not afford protection from criminal prosecution if Department of Justice upon consideration of the matter should take position that transactions involved were within statute and should feel it necessary to prosecute for violation of this section.

Morrill