

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE TO
THE FEDERAL RESERVE BOARD

X-9188

April 26, 1935.

SUBJECT: Collection of Liquor Drafts in
Interstate Shipments.

Dear Sir:

The attention of the Federal Reserve Board has recently been called to the provisions of section 239 of the Criminal Code of the United States (U.S.C. Title 18, section 389) which makes it unlawful for a railroad company, express company, or other person, in connection with the transportation of intoxicating liquor in interstate commerce, to collect the purchase price thereof or act as the agent of the buyer or seller for the purpose of buying or selling or completing the sale thereof. The statute in question reads as follows:

"Sec. 389. (Criminal Code, section 239). Same; carrier collecting purchase price of interstate shipment. Any railroad company, express company, or other common carrier, or any other person who, in connection with the transportation of any spirituous, vinous, malted, fermented, or other intoxicating liquor of any kind, from one State, Territory, or District of the United States, or place noncontiguous to but subject to the jurisdiction thereof, into any other State, Territory, or District of the United States, or place noncontiguous to but subject to the jurisdiction thereof, or from any foreign country into any State, Territory, or District of the United States, or place noncontiguous to but subject to the jurisdiction thereof, shall collect the purchase price or any part thereof, before, on, or after

delivery, from the consignee, or from any other person, or shall in any manner act as the agent of the buyer or seller of any such liquor, for the purpose of buying or selling or completing the sale thereof, saving only in the actual transportation and delivery of the same, shall be fined not more than \$5,000. (Mar. 4, 1909, c. 321, sec. 239, 35 Stat. 1136.)

This statute was enacted in 1909 but appears to be still in force and effect. It was held in a decision of the Supreme Court of the United States in 1919 (Danciger v. Cooley, 248 U.S. 319) that this statute was applicable not only to railroad and express companies but to all persons committing the acts described therein. Accordingly, it would appear to be unlawful for banks, in connection with the transportation of liquor in interstate commerce, to "collect the purchase price" thereof or to "act as the agent of the buyer or seller" for the purpose of completing the sale of such liquor.

A bill, S. 11, has been introduced in Congress to repeal the statute above quoted but has not been enacted into law.

This matter is brought to your attention for the information and guidance of your bank in accepting for collection drafts covering the purchase price of liquor.

Very truly yours,

Chester Morrill

Chester Morrill,
Secretary.

TO THE GOVERNORS OF ALL FEDERAL RESERVE BANKS.