

X-9240

June 21, 1935.

SUBJECT: Collection of liquor drafts
in interstate shipments.

Dear Sir:

There is transmitted herewith for your information and that of your Counsel, a copy of a letter which the Board is addressing to the Chairman of the Governors' Conference, pointing out that copies of the Board's letter of June 7, 1935 on the above-mentioned subject were transmitted to the Governors of the Federal Reserve banks before the Board was advised of the action taken at the Governors' Conference held on May 27-28, 1935, and indicating that in view of such action consideration of the subject by the Standing Committee on Collections now appears to be unnecessary.

Very truly yours,



Chester Morrill,
Secretary.

Inclosure.

TO GOVERNORS OF ALL FEDERAL RESERVE BANKS.

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June 21, 1935

Mr. J. U. Calkins,
Chairman, Governors' Conference,
Federal Reserve Bank of San Francisco,
San Francisco, California.

Dear Mr. Calkins:

Under date of June 7, 1935, the Federal Reserve Board addressed a letter to you with regard to the provisions of section 239 of the Criminal Code of the United States which relate to the collection of drafts covering the purchase price of intoxicating liquor in interstate shipments. The letter stated that the subject appeared to be one which might well be referred to the Standing Committee on Collections of the Governors' Conference for consideration and report to the Conference as to whether a uniform practice with regard to the matter is desirable and, if so, what such practice should be. At the time its letter of June 7th was transmitted to you the Board had not been advised of the action of the Governors' Conference held on May 27-28, 1935, with regard to this subject. Copies of the minutes of the Governors' Conference have now been received, from which it appears that the subject was considered and that it was voted to be the sense of the Conference that until the provisions of section 239 of the Criminal Code are repealed or appropriately amended the Federal Reserve banks should decline to handle drafts with bills of lading attached covering interstate liquor shipments whenever the bill of lading attached is to be surrendered upon payment or accept-

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ance of the draft. In view of the action of the Governors' Conference, and upon the assumption that each Federal Reserve bank will conform to the action of the Conference on this subject, it would appear to be unnecessary to have consideration given to the matter by the Standing Committee on Collections as suggested in the Board's letter of June 7th.

In connection with this matter, it is appropriate to point out that the bill, S. 11, which was introduced in Congress to repeal section 239 of the Criminal Code, was amended in committee so that the section would not be repealed but would be inapplicable to shipments of liquor into any State, Territory, or District of the United States which does not prohibit the manufacture or sale of such liquor. In such form the bill was passed by the Senate on May 28, 1935, and has been referred to the Committee on the Judiciary in the House of Representatives.

Very truly yours,

(Signed) Chester Morrill

Chester Morrill,
Secretary.