

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

July 8, 1937.

SUBJECT: Reports of Violations of Criminal
Provisions of the Banking Laws of
the United States.

Dear Sir:

In its letters of April 4, 1923 (X-3683) and January 22, 1936 (X-9459), the Board requested that the Federal reserve agents report to the local United States Attorneys and to the Board for submission to the Department of Justice all cases of apparent violations of the criminal provisions of the banking laws of the United States coming to their attention in the performance of their duties, involving State member banks or Federal reserve banks.

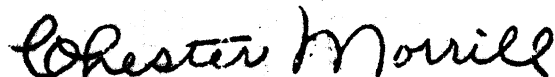
The Board has recently given careful reconsideration to its policy in regard to the reporting of misdemeanors and is of the view that a Federal reserve bank, in determining whether or not to report the facts of any such case to the local United States Attorney, should give consideration to the question whether the making of such report would be desirable or undesirable in the public interest or would serve any useful purpose in view of the importance of the case and all of its facts and circumstances. The bank should then report or not report the matter in the exercise of a sound discretion. In every case in which such a report is not made, a complete record of the facts and circumstances of the case should be preserved in the files of the Federal reserve bank for review by the Board's examiners.

The above applies only to misdemeanors and not to felonies, however, and the Federal reserve bank should report to the local United States Attorney every case in which facts come to the bank's attention from which it appears probable, even though it is not entirely clear, that a violation of the banking laws constituting a felony may have occurred. In this connection, it is suggested that counsel for the Federal reserve bank be consulted on doubtful questions which may arise from time to time, both in respect to the question whether the facts of a particular case may constitute a

felony or a misdemeanor and in regard to other aspects of the matter. In every case in which a report is made to the local United States Attorney, whether of a felony or of a misdemeanor, three copies of the report should be forwarded to the Board in order that the Board may transmit copies to the Attorney General of the United States.

This letter relates to the manner of reporting apparent violations of the criminal provisions of the Federal banking laws which involve Federal reserve banks or State member banks, as well as any other violations of such provisions which should appropriately be reported by the Federal reserve banks or the Board of Governors. However, the letter is not to be understood as affecting the reporting of apparent violations which involve national banks, as this is covered by the Board's letter of February 8, 1928 (X-5072), nor the reporting of bank robberies, as this is covered by the Board's letters of September 24, 1934 (X-8017) and March 15, 1935 (X-9147).

Very truly yours,



Chester Morrill,
Secretary.

TO THE PRESIDENTS OF ALL FEDERAL RESERVE BANKS