

FRAUD BY WIRE, RADIO, OR TELEVISION

JUNE 19, 1956.—Referred to the House Calendar and ordered to be printed

Mr. WILLIS, from the Committee on the Judiciary, submitted the following

R E P O R T

[To accompany S. 3674]

The Committee on the Judiciary, to whom was referred the bill (S. 3674) to amend section 1343 of title 18, United States Code, relating to fraud by wire, radio, or television, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

This bill is designed to close a loophole in the present law, which limits the prosecution of frauds involving wire, radio, and television communication to interstate transactions only. It would extend this coverage to foreign communications as well.

GENERAL STATEMENT

Section 1343 of title 18, which this bill amends, is that part of the so-called mail-fraud chapter which imposes penalties for schemes to defraud in interstate commerce through the use of wire, radio, and television communication. This legislation has been prompted by a recent case in which it was alleged that a fraudulent scheme was carried out by means of telephone communication from Mexico to Los Angeles. In that case, which was prosecuted in California, the defendant won dismissal of the charge by showing that he had transmitted the fraudulent message from Mexico over an international line, and that the transmission was therefore not in interstate commerce, but rather in foreign commerce. Accordingly, to meet this kind of defense, the present bill proposes to revise the section so as to make punishable any transmission "in interstate or foreign commerce."

This legislation was introduced at the request of the Department of Justice, whose executive communication is made a part of this report.

In addition there are reports from the Department of State and the Federal Communications Commission, which have no objection to this legislation.

MARCH 30, 1956.

The SPEAKER,
House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: Section 18 (a) of the Communications Act Amendments, 1952 (66 Stat. 711, 722) amended title 18 of the United States Code by adding a new section 1343 as follows:

"Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of [interstate] wire, radio or television communication, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined not more than \$1,000 or imprisoned not more than 5 years, or both."

Last year a case arose in which it was alleged that the subject in the execution of a scheme to defraud used the telephone, calling from a point in Mexico to Los Angeles, Calif. Because of the limitation in the statute to frauds involving "interstate" wire, radio, or television communication it was concluded that the telephone call from Mexico, being not an interstate communication but rather a foreign communication, was not covered by the section.

This case demonstrates the need for amending the statute so that it will reach not only interstate communications but foreign communications as well. If so amended, the statute will cover, for example, telephone calls from Canada made by fraudulent stock promoters to victims residing in the United States. Furthermore, the amendment would remove any doubt as to the applicability of the statute to a communication between a State and a Territory or between a State and the District of Columbia.

A draft of a bill to accomplish the suggested amendment is enclosed for your consideration and appropriate action.

The Bureau of the Budget has advised that there is no objection to the submission of this recommendation.

Sincerely,

_____, *Attorney General.*

DEPARTMENT OF STATE,
Washington, June 24, 1956.

HON. EMANUEL CELLER,
Chairman, Committee on the Judiciary,
House of Representatives.

DEAR MR. CELLER: Reference is made to your letter of April 17, 1956, and to the Department's interim reply of April 18, 1956, regarding H. R. 10418, to amend section 1343 of title 18, United States Code, relating to fraud by wire, radio, or television.

You are advised in response that the Department perceives no

objection to the enactment of the proposed amendment on the basis of international relations.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

ROBERT C. HILL,
Assistant Secretary
(For the Secretary of State).

COMMENTS OF THE FEDERAL COMMUNICATIONS COMMISSION CONCERNING H. R. 10418 AND S. 3674, BILLS TO AMEND SECTION 1343 OF TITLE 18, UNITED STATES CODE, RELATING TO FRAUD BY WIRE, RADIO, OR TELEVISION

H. R. 10418 and S. 3674 are bills to amend section 1343 of title 18, United States Code, which concerns fraud by wire, radio, or television. These bills would amend section 1343 to include communications in foreign commerce, in addition to the interstate communications presently covered by the statute.

The Commission has reviewed these proposals and has no objection to amending section 1343 in the manner proposed.

Adopted: April 25, 1956.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the House of Representatives, there is printed below in roman existing law in which no change is proposed, with matter proposed to be stricken out enclosed in black brackets, and new matter proposed to be added shown in italics:

(18 U. S. Code, § 1343)

§ 1343. Fraud by wire, radio, or television

Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of [~~interstate~~] wire, radio, or television communication *in interstate or foreign commerce*, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined not more than \$1,000 or imprisoned not more than five years, or both.



