

# Calendar No. 1506

73D CONGRESS }  
2d Session }

SENATE

{ REPORT  
No. 1411

## REGULATION OF TRAFFIC IN CONTAINERS OF DISTILLED SPIRITS

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JUNE 6 (calendar day, JUNE 13), 1934.—Ordered to be printed

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Mr. BAILEY, from the Committee on Finance, submitted the following

### R E P O R T

[To accompany S.J.Res. 139]

The Committee on Finance, to whom was referred the resolution (S.J.Res. 139) to protect the revenue by regulation of the traffic in containers of distilled spirits, having considered the same, report favorably thereon to the Senate without amendment and recommend that the joint resolution do pass.

The joint resolution is designed to prevent illicit trade in the manufacture of liquor-ware bottles used by illicit manufacturers of and dealers in distilled spirits, that is not only resulting in large losses of revenue but is a means whereby criminal elements are enabled to secure funds for the furtherance of other criminal operations. The committee had before it a letter of the Secretary of the Treasury recommending the enactment of the joint resolution and explaining its purpose and effect. The Secretary of the Treasury also appeared before the committee and urgently requested the enactment of this resolution. He emphasized the fact that legitimate glassware manufacturers and duly qualified taxpayers who manufacture and distribute distilled spirits are heartily in accord with the proposed legislation.

The letter from the Secretary of the Treasury referred to above follows:

TREASURY DEPARTMENT,  
*Washington, June 11, 1934.*

Hon. JOHN N. GARNER,  
*President of the Senate, Washington, D.C.*

DEAR MR. PRESIDENT: I transmit with recommendation for its enactment the accompanying joint resolution (S.J.Res. 139) which is designed to give to the Secretary of the Treasury additional means of collecting the full amount of revenue to be derived from distilled spirits, in that it affords means whereby a surveillance may be had over the manufacture of bottles and other containers of distilled spirits and dealings therein.

## 2 REGULATE TRAFFIC IN CONTAINERS OF DISTILLED SPIRITS

Pursuant to the provisions of the Liquor Taxing Act of 1934 practically all of the taxable distilled spirits go to the consumer in glassware packages. There is at present a very large illicit trade in the manufacture of liquor-ware bottles used by illicit manufacturers and dealers in distilled spirits, accompanied by employment of imitation and counterfeit labels and stamps that is not only resulting in large loss of revenue, but is a means whereby important criminal elements are able to secure funds for the furtherance of other criminal operations. There are only about 40 establishments in the United States where liquor glassware is manufactured, and the manufacturing operation is obviously of such a character that it does not lend itself to concealment, as is the case with the imitation of labels and the counterfeiting of stamps. It is believed that an adequate control of these limited sources, to the end that the sale and distribution and possession of liquor bottles is limited to duly qualified distillers and rectifiers who may manufacture, taxpay, and bottle distilled spirits under the revenue laws, accompanied by supervision over the principal dealers and jobbers, both in new and used liquor-ware bottles, will deprive the illicit distillers of the principal means which they now employ of introducing untaxpaid distilled spirits into the regular lawful channels of commerce. The supervision of dealings in used bottles is of importance, as this traffic has reached large proportions and is a direct adjunct of the illicit trade in untaxpaid spirits.

The consumer who purchases bottled distilled spirits may be entirely unaware of the fact that untaxpaid illicit liquor of uncertain quality is in the bottle which he purchases, and consumers who purchase bottled liquor in good faith are entitled to adequate protection.

The legitimate glassware manufactures and the duly qualified taxpayers who manufacture and distribute distilled spirits are heartily in accord with this proposed legislation.

Very truly yours,

HENRY MORGENTHAU, Jr., *Secretary.*

