

entered in this proceeding, be, and the same hereby are, revoked and the said proceeding terminated.

By the Commission.

[SEAL]

FRANCIS P. BRASSOR, *Secretary*.

[F. R. Doc. 1920—Filed, August 25, 1936; 12:43 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 24th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE BRITISH-AMERICAN-McNABB PARK COMMUNITY FARM, FILED ON AUGUST 19, 1936, BY LOUIS BERNSTEIN, RESPONDENT

SUSPENSION ORDER, ORDER FOR HEARING (UNDER RULE 340 (A)), AND ORDER DESIGNATING TRIAL EXAMINER

The Securities and Exchange Commission, having reasonable grounds to believe, and therefore alleging, that the offering sheet described in the title hereof and filed by the respondent named therein is incomplete or inaccurate in the following material respects, to wit:

1. In that the first three paragraphs on Page 1, Division I, have not been given extra prominence over the balance of Division I as required;

2. In that Item 13, Division II, has not stated that the discovery well was plugged back and completed as a gas well in July 1931 and has not since produced oil;

3. In that in Item 13, Division II, the producing formations and the other fields, used for comparative purposes, are not named;

4. In that in Item 13, Division II, the statements made regarding gas volumes and attendant pressures apply to the older part of the field and nothing is said about the initial pressure in the north extension, in which the tract offered is located;

5. In that in Item 13, Division II, the ultimate recovery of oil per acre that is usual in most fields is not stated;

It is ordered, pursuant to Rule 340 (a) of the Commission's General Rules and Regulations under the Securities Act of 1933, as amended, that the effectiveness of the filing of said offering sheet be, and hereby is, suspended until the 23rd day of September 1936 that an opportunity for hearing be given to the said respondent for the purpose of determining the material completeness or accuracy of the said offering sheet in the respects in which it is herein alleged to be incomplete or inaccurate, and whether the said order of suspension shall be revoked or continued; and

It is further ordered, that Robert P. Reeder, an officer of the Commission be, and hereby is, designated as trial examiner to preside at such hearing, to continue or adjourn the said hearing from time to time, to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, consider any amendments to said offering sheet as may be filed prior to the conclusion of the hearing, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law; and

It is further ordered, that the taking of testimony in this proceeding commence on the 8th day of September 1936 at 11:00 o'clock in the forenoon, at the office of the Securities and Exchange Commission, 18th Street and Pennsylvania Avenue, Washington, D. C., and continue thereafter at such times and places as said examiner may designate.

Upon the completion of testimony in this matter the examiner is directed to close the hearing and make his report to the Commission.

By the Commission.

[SEAL]

FRANCIS P. BRASSOR, *Secretary*.

[F. R. Doc. 1918—Filed, August 25, 1936; 12:43 p. m.]

Thursday, August 27, 1936

No. 119

TREASURY DEPARTMENT.

Bureau of Customs.

[T. D. 48490]

CUSTOMS REGULATIONS AMENDED—DRAWBACK

ARTICLES 1020, 1021, AND 1022 (b), RELATING, RESPECTIVELY, TO IDENTIFICATION OF IMPORTED MERCHANDISE, USE OF SUBSTITUTED MATERIAL, AND APPLICATIONS FOR ALLOWANCE OF DRAWBACK ON VESSELS BUILT FOR FOREIGN ACCOUNT AND OWNERSHIP, AMENDED

To Collectors of Customs and Others Concerned:

Pursuant to the authority contained in Section 251, Revised Statutes (U. S. C., title 19, sec. 66); and Sections 313 (i) (U. S. C., title 19, sec. 1313 (i)) and 624 (U. S. C., title 19, sec. 1624) of the Tariff Act of 1930, Articles 1020, 1021, and 1022 (b) of the Customs Regulations of 1931 are hereby amended as follows:

Article 1020 is amended to read as follows:

ART. 1020. *Identification of imported merchandise and ascertainment of quantities entitled to drawback.*—(a) Each manufacturer or producer shall keep records which will establish as to all articles manufactured or produced for exportation with benefit of drawback, the date or inclusive dates of manufacture or production, the quantity and identity of the imported duty-paid merchandise or of articles manufactured or produced under drawback regulations (described hereafter in this article as drawback products) used, the quantity and description of the articles manufactured or produced, and the quantity of waste incurred. If claim for wastage is waived, the manufacturer or producer shall keep records which will establish the quantity and identity of the imported duty-paid merchandise or drawback products appearing in the articles manufactured or produced, in which case records need not be kept of either the quantity of waste incurred or of the quantity of imported duty-paid merchandise or drawback products used, unless such records are necessary to enable the manufacturer or producer to establish the quantity of imported duty-paid merchandise or drawback products appearing in the articles. When the waste has a value, and the manufacturer or producer has not limited its claims to the quantity of imported duty-paid merchandise or drawback products appearing in the articles, the records shall show the value of the imported duty-paid merchandise or drawback products used and the value of the waste, in order that in the liquidation of the drawback entry the quantity of imported duty-paid merchandise or drawback products used may be reduced by the quantity thereof which the value of the waste will replace. The records of the manufacturer or producer shall also show the quantity of duty-free or domestic merchandise used, if any, when such records are necessary to the determination of the quantity of imported duty-paid merchandise or drawback products used in the manufacture or production of the articles or appearing therein. A sworn abstract of the records kept by the manufacturer or producer shall be filed with the drawback entry.

(b) The imported duty-paid merchandise or drawback products shall be stored in a manner which will enable the manufacturer or producer to determine, in conjunction with its storage records, the import entry, certificate of delivery, or certificate of manufacture and delivery number or numbers under which received, and to establish the identity of the imported duty-paid merchandise or drawback products (with respect to such import entry, certificate of delivery, or certificate of manufacture and delivery number or numbers) used in the manufacture or production of the articles, and whether such articles have been exported (or shipped to the Philippine Islands) within three years after importation of the imported duty-paid merchandise.

(c) The articles manufactured or produced shall be stored or marked in a manner which will preserve the identification established by means of the storage records and the records of manufacture or production.

(d) When identification is made against several lots of imported merchandise of different dutiable values, or subject to different rates of duty, or drawback products subject to different allowances of drawback, the drawback shall be based first upon the lot or lots of the lowest dutiable value, rate of duty, or drawback allowance, as the case may be, then upon the lot or lots of the next higher dutiable value, rate of duty, or drawback allowance, and so on, from lower to higher, until all the lots concerned have been accounted for. The same principle shall apply in cases where the articles, after manufacture or production, are commingled in storage.

(e) Builders of vessels upon which drawback is to be claimed under Section 313 (g) shall keep the records provided for in this article, so far as applicable. A sworn abstract of such records shall be filed with the collector of customs at the headquarters port of

the collection district in which the vessel is built in ample time prior to clearance of the vessel for its foreign destination to enable that officer to have the abstract verified by examination of the vessel and the builder's records pertaining thereto.

(f) Each manufacturer or producer shall file a sworn statement in the Bureau of Customs, as provided in Article 1022 (f), describing the methods which it will follow and the records which it will keep for the purpose of establishing that the articles upon which drawback will be claimed have been manufactured or produced in the United States with the use of imported duty-paid merchandise within the meaning of Section 313 (a), and that the records of identification, manufacture or production, and storage prescribed by this article have been maintained. The sworn statement shall contain an agreement to follow the methods and keep the records therein described with respect to all articles manufactured or produced for exportation with benefit of drawback. If the sworn statement shows that the methods and records described therein enable the manufacturer or producer to comply with the law and regulations, the Commissioner of Customs will issue a rate of drawback authorizing the collector or collectors of customs at the port or ports named in the sworn statement to allow drawback, upon compliance with the law and regulations, on the articles described in the sworn statement. The same procedure will apply in the case of vessels built for foreign account and ownership, or for the government of any foreign country.

Article 1021 is amended by deleting paragraphs (b), (c), and (d) thereof and substituting the following:

(b) Articles manufactured or produced in accordance with Section 313 (b) with the use of sugar, nonferrous metal, or ore containing nonferrous metal, or with the use of articles manufactured or produced in the United States with the use of sugar, nonferrous metal, or ore containing nonferrous metal, will be subject to the provisions of this chapter, so far as applicable, and the records of the manufacturer or producer shall show—

(1) The quantity, identity, kind, and quality of the duty-paid sugar, nonferrous metal, or ore containing nonferrous metal, or of the articles manufactured or produced under drawback regulations with the use of sugar, nonferrous metal, or ore containing nonferrous metal (hereinafter described as designated merchandise) designated as the basis for the allowance of drawback on the exported articles;

(2) That such designated merchandise has been used by the manufacturer or producer of the exported articles within one year from the date on which it was received by such manufacturer or producer;

(3) That the exported articles upon which drawback is claimed were manufactured or produced with the use of sugar, nonferrous metal, or ore containing nonferrous metal, or domestic products thereof, as the case may be, of the same kind and quality as the merchandise designated as the basis for the allowance of drawback on such exported articles;

(4) That the exported articles were manufactured or produced within one year from the date the designated merchandise was received by the manufacturer or producer of the exported articles;

(5) That duty-free or domestic merchandise of the same kind and quality as the designated merchandise was used by the manufacturer or producer of the exported articles within one year from the date on which the designated merchandise was received by such manufacturer or producer; and

(6) The quantity of sugar, nonferrous metal, or ore containing nonferrous metal, or domestic products thereof, of the same kind and quality as the designated merchandise, used in the manufacture or production of the exported articles.

(c) When valuable wastes are incurred in manufacture or production, and the manufacturer or producer has not limited its claims to the quantity of sugar, nonferrous metal, or ore containing nonferrous metal, or domestic products thereof, appearing in the articles manufactured or produced for exportation with benefit of drawback, the records shall show the quantity and value of the merchandise used in the manufacture or production of the articles and the quantity and value of the waste incurred, in order that the deduction provided for in Article 1020 (a) may be made in liquidation.

(d) Duty-paid sugar, nonferrous metal, or ore containing nonferrous metal, or articles manufactured or produced under drawback regulations with the use of sugar, nonferrous metal, or ore containing nonferrous metal, which have been used at one plant of a given manufacturer or producer within one year from the date on which received by such manufacturer or producer, may be designated as the basis for the allowance of drawback on articles manufactured or produced in accordance with these regulations at other plants of the same manufacturer or producer.

(e) It is not necessary that the exported articles be of the same kind and quality as the articles which were manufactured or produced with the use of the merchandise designated as the basis for the allowance of drawback on the exported articles. However, the exported articles must have been manufactured or produced with the use of sugar, nonferrous metal, or ore containing nonferrous metal, or domestic products thereof, of the same kind and quality as the designated merchandise.

Article 1022 is amended by deleting paragraph (b) and substituting therefor the following:

(b) In the case of a vessel upon which drawback is to be claimed under Section 313 (g), the builder shall file the above application and the abstract provided for in Article 1020 (e) in ample time to permit verification of the abstract and inspection of the vessel prior to its clearance.

[SEAL]

FRANK DOW,
Acting Commissioner of Customs.

Approved, August 21, 1936.

WAYNE C. TAYLOR,
Acting Secretary of the Treasury.

[F. R. Doc. 1925—Filed, August 26, 1936; 11:20 a. m.]

Bureau of Internal Revenue.

[T. D. 4632]

DISTILLING OPERATION RECORDS

To District Supervisors and Others Concerned:

Sections 310 and 311 of the Liquor Tax Administration Act (Public, No. 815, 74th Congress) provide as follows:

Sec. 310. Section 3302 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1229) is amended to read as follows:

"Sec. 3302. The storekeeper-gauger assigned to any distillery shall, in addition to all other duties required to be performed by him, keep records of the receipt and use of substances brought into said distillery, or on said premises, to be used for the purpose of producing spirits, and of all spirits drawn off from the receiving cistern, and the time when the same were drawn off, in such form as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury shall, by regulations, prescribe."

Sec. 311. Section 3303 of the Revised Statutes (U. S. C., 1934 ed., title 26, sec. 1192 (a)), is amended to read as follows:

"Sec. 3303. Every person who makes or distills spirits, or owns any still, boiler, or other vessel used for the purpose of distilling spirits, or who has such still, boiler, or other vessel so used under his superintendence, either as agent or owner, or who uses any such still, boiler, or other vessel, shall keep a record, in the form and manner prescribed by the Commissioner of Internal Revenue, of the receipt on the distillery premises, and the use thereon, of materials intended for use in the distillation of spirits, and of the number of gallons of spirits distilled, the number of gallons placed in the warehouse, and the proof thereof, the number of gallons sold or removed, with the proof thereof, and the name, place of business, and residence of the person to whom sold."

Pursuant to the above-quoted sections of the statutes, the following regulations are prescribed:

1. Distillers will weigh, or measure (in the case of liquids), all materials received on the distillery premises intended for use in the production of distilled spirits, and all such materials used on the distillery premises, whether for the production of distilled spirits or for other purposes, recording such data on Forms 12 and 13. They will prepare weight or quantity slips for all materials received and used at the time of weighing or measuring, and furnish signed copies to the storekeeper-gauger. Distillers will be required to keep Book Form 25, "Distillers' Yeasting Book", recording therein the data indicated in the column headings.

2. Except in the case of fruit distilleries, no materials shall be received on the premises of any registered distillery, or used for the production of distilled spirits, or for any other purpose, except when the storekeeper-gauger is present on the distillery premises. Storekeeper-gaugers assigned to such distilleries, however, will not be required personally to weigh or measure materials received upon such premises or materials used for the production of distilled spirits. The storekeeper-gauger in charge will unlock the material room and hoppers at the commencement of each day's operations, and lock them at the close of business each day, giving employees of the distillery access to materials during the day under his general supervision.

3. Similarly, storekeeper-gaugers assigned to such distilleries will not be required to determine the temperature and gravity of the mash or beer in fermenting tubs, or ascertain the number of dry inches, or to record such items in Book Form 17, "Record of Storekeeper-Gaugers at Registered Distilleries", or Form 88, "Storekeeper-Gauger's Monthly Abstract." They will, however, make such spot tests of ma-

terials in fermenting tubs as may be necessary to determine the accuracy of the distiller's entries in Book Form 25.

4. The storekeeper-gauger in charge will see that distillers maintain and keep current the records referred to in Paragraph 1. He will make such inspections and tests of the distiller's records and operations as may be necessary to insure that they are complete and accurate. He will exercise general supervision over all operations and transactions conducted by the distiller and his employees.

5. Storekeeper-gaugers will record in Part 1 of Book Form 17 all materials received on the distillery premises intended for use in the production of distilled spirits, except data as to the conveyances by which such materials are delivered, and all such materials used on the distillery premises, whether for the production of distilled spirits or for other purposes. Information as to materials received will be obtained from the weight or quantity slips and compared with the distiller's commercial records and Book Form 12. Information as to materials used will be obtained from the weight or quantity slips and compared with the distiller's record, Book Form 13.

6. Storekeeper-gaugers will record in Part 2 of Book Form 17, Record of Yeasting, Gravity, Temperature, Dry Inches, and the Quantity of Mash or Beer in Fermenting Tubs in Distillery, the time when any fermenting tub is emptied of ripe mash or beer, and the number of each tub. These items will be entered in the columns designated "Number of Tub", "At Time Tubs are Emptied", "Date", and "Hour." No other entries in Part 2 will be required.

7. In monthly report on Form 88, storekeeper-gaugers will make the entries required on Page 1, except the columns under the heading, "Slop or Spent Beer." No entries will be made on Page 2 of this form. On Page 3 of the form, entries will be made of all data, except the summary statement of the Beer Account. All the data required on the last page of the form will be stated.

8. The following forms and records, and parts of forms and records, are hereby discontinued:

- (a) Form 28, Form of Distiller's Record of Workmen;
- (b) Columns headed "Fuel purchased for distillery", "Paid for ice and for water", and "Repairs on distillery and apparatus", in Form 12, Form of Distiller's Purchase and Repair Book;
- (c) The columns under the heading "Fuel used", of Part 1, and all of Part 2, Record No. 16, Record of Storekeeper at Registered Rum Distillery; and
- (d) Part 3 of Record 17, Record of Storekeeper-gauger at Registered Distillery.

[SEAL]

GUY T. HELVERING,
Commissioner of Internal Revenue.

Approved, August 21, 1936.

WAYNE C. TAYLOR,
Acting Secretary of the Treasury.

[F. R. Doc. 1926—Filed, August 26, 1936; 11:20 a. m.]

[T. D. 4683]

COLLECTION, AND DESTRUCTION OR REMOVAL FOR DENATURATION,
OF CERTAIN DISTILLATES SEPARATED IN COURSE OF DISTIL-
LATION

To District Supervisors, and Others Concerned:

Section 410 of the Liquor Tax Administration Act (Public, No. 815, 74th Congress), approved June 26, 1936, is as follows:

SEC. 410. Under rules and regulations to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, distillers may collect in locked tanks distillates containing one-half of 1 per centum or more of aldehydes or 1 per centum or more of fusel oil (heads and tails) removed in the course of distillation. Such distillates containing one-half of 1 per centum or more of aldehydes or more than 1 per centum of fusel oil so collected may be removed for denaturation, under regulations pre-

scribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury, or destroyed in the manner prescribed by the Commissioner of Internal Revenue, under the supervision of an internal revenue officer to be designated by the Commissioner, and when so denatured or destroyed shall not be subject to the tax imposed by law upon distilled spirits.

Pursuant to the above-quoted provision of law, the following regulations are prescribed:

PAR. 1. Distillates containing one-half of 1 per centum or more of aldehydes or more than 1 per centum of fusel oil, commonly known as "heads" and "tails", collected in locked tanks by any registered distiller in the course of distillation may, as hereinafter provided, be removed for denaturation to any qualified denaturing plant, or destroyed on the distillery premises under the immediate supervision of the storekeeper-gauger assigned to the distillery. When so denatured or destroyed, such distillates shall not be subject to the tax imposed upon distilled spirits.

HEADS AND TAILS TANKS

PAR. 2. Every distiller desiring to collect such distillates, separated in the course of distillation, now on hand or hereafter produced, must provide within the distillery one or more locked tanks for the purpose. Such tanks shall be constructed of substantial material, such as metal or wood, and be of uniform dimensions from top to bottom, and each such tank shall be equipped with a suitable glass gauge whereby the contents will at all times be correctly indicated in wine gallons. Each such tank shall be plainly and durably marked "Heads and Tails Tank", followed by a serial number and the capacity of the tank in wine gallons.

PAR. 3. Every heads and tails tank must be closed, any necessary openings therein being so constructed that they can be secured with Government locks. Every such tank must be so arranged that the distillate to be collected therein will pass from the first still in which the vapors rise, into the tank through continuous and securely closed pipes and vessels. All necessary openings in such pipes and vessels must be provided with attachments for Government locks. Valves must be provided and so arranged as to control the flow of distillate both into and out of each tank. The construction of valves must be such that they can be secured with Government locks.

PAR. 4. Pipes connecting heads and tails tanks with stills, vessels, or other apparatus shall be constructed of metal and so arranged as to be exposed to the view of Government officers. Pipe connections and valves must be so secured as to prevent disconnection without showing evidence of tampering.

PAR. 5. The keys to Government locks shall be at all times in the custody of the Government officer.

WEIGHING TANK

PAR. 6. Where it is proposed to remove such distillates in railroad tank cars for denaturation, or to destroy such distillates on the distillery premises without drawing the same into packages, the distiller must provide a suitable weighing tank, in which all such distillates to be so removed or destroyed must be proofed and weighed, unless the heads and tails tank is itself mounted on accurate scales.

DETERMINING CHARACTER AND QUANTITY OF DISTILLATE

PAR. 7. Whenever the distiller desires to remove any such distillate to a denaturing plant for denaturation, or to destroy the same, he shall file application in triplicate with the District Supervisor for permission so to do. The application shall be filed on Form 1578, if the distillate is to be removed for denaturation, or on Form 1577, if the distillate is to be destroyed. The application will in every case be filed through the Government officer assigned to the distillery, who will take a pint sample from each designated tank and, after assigning a serial number to each sample and properly labeling each sample for identification, forward the same to the Government chemist for analysis, accompanied by a transmittal letter in duplicate. The contents of each tank must

be thoroughly agitated before a sample thereof is taken. After forwarding the samples, the officer will note on each copy of the application the number of each sample, the number of the tank from which taken, and the date each was taken, and will then transmit all copies to the District Supervisor. The Government chemist will furnish the District Supervisor a report of his analysis in duplicate.

PAR. 8. If the report of the chemist shows that the distillate contains one-half of 1 per centum or more of aldehydes or more than 1 per centum of fusel oil, the District Supervisor will, if the distillate is to be removed for denaturation, execute Part 2 of Form 1578, directing the Government officer to gauge the distillate and supervise the removal thereof for shipment to the designated denaturing plant upon presentation of proper permit. If the distillate is to be destroyed, the District Supervisor will execute Part 2 of Form 1577, directing the Government officer to gauge the distillate and supervise destruction thereof. After executing Part 2 of either form, the District Supervisor will forward two copies thereof to the storekeeper-gauger, together with a copy of the chemist's report.

PAR. 9. If the report of the Government chemist shows that the distillate contains less than the required percentage of aldehydes or fusel oil, the District Supervisor will disapprove the application and return one copy to the distiller and one copy to the Government officer at the distillery, accompanied by a statement of the reasons for disapproval. The distillate may, for the purpose of further distillation, be returned from the heads and tails tank to the still through continuous, closed metal pipes, constructed as prescribed in Paragraph 4, and equipped with valves provided with attachments for Government locks.

PAR. 10. Any distillates containing one-half of 1 per centum or more of aldehydes or more than 1 per centum of fusel oil heretofore collected in the course of distillation and now on hand, may be transferred to heads and tails tanks under the immediate supervision of the Government officer assigned to the distillery, or destroyed or removed for denaturation under the procedure prescribed herein, directly from the locked receptacles in which such distillates are now stored.

PAR. 11. The distillate to be destroyed or removed for denaturation shall be proofed and weighed. The details of the gauge will be entered by the Government officer on Form 1520, if removal is to be made from a distillery producing spirits from materials other than fruits, or on Form 59½, if removal is to be made from a fruit distillery. The form will be prepared in triplicate if the distillate is to be destroyed; otherwise in quintuplicate.

DESTRUCTION OF DISTILLATE

PAR. 12. The distillate may be destroyed by running the same into the sewer or by other suitable means. The destruction must be carried out under the immediate supervision of the designated Government officer, who will render report thereof to the District Supervisor on Part 3 of Form 1577. The report will be accompanied by a copy of the gauge sheet, Form 1520, or Form 59½, as the case may be. The officer will retain one copy of the gauge sheet and Form 1577, and will deliver the remaining copy of the gauge sheet to the distiller.

REMOVAL TO DENATURING PLANT

PAR. 13. The proprietor of a denaturing plant desiring to procure from a distiller such distillates as are authorized hereunder to be removed free of tax for denaturation shall file application with the District Supervisor on Form 1463, in duplicate, properly modified, for a special permit to obtain, possess, and use the same for such purpose. A separate application shall be filed for each lot. The applicant shall also file with the District Supervisor a consent of surety (Form 1533), in triplicate, extending the terms of his permit bond to cover the receipt, possession, and denaturation of any such distillates transferred to his denaturing plant, and

the disposition of the denatured product. The consent of surety shall be given in blanket form to cover all such transfers. The District Supervisor will, upon approval of the application, issue a special permit on Form 1464, properly modified, provided that a proper consent of surety has been filed. The liability of the distiller to tax on such distillates removed for denaturation shall continue until the distillates have been deposited in the denaturing plant.

PAR. 14. Packages in which such distillates are removed from the distillery shall be marked and branded in the same manner as packages of other spirits are marked and branded upon removal, except that—

(a) The kind of spirits shall be designated by the words "Impure Spirits—For Denaturation", which shall be plainly and durably stenciled or marked on the head of the package in letters not less than three-fourths inch in height.

(b) The phrase "Contains ----- % aldehydes" or "Contains ----- % fusel oil", or "Contains ----- % aldehydes and ----- % fusel oil" shall be plainly and durably stenciled or marked on the head of the package following the name of the spirits;

(c) The proof at which the spirits were distilled need not be placed upon the package.

PAR. 15. Such distillates may be removed from the distillery in railroad tank cars to denaturing plants for denaturation in accordance with the procedure (insofar as applicable) and under the conditions governing the removal and transfer of other spirits in bond in such tank cars. (See Regulations 7, the Gauging Manual of 1934, and T. D. 4050.) The markings prescribed in Paragraph 12 (a) and (b) shall be added to the certificate the storekeeper-gauger is required to affix to such tank cars of spirits before they are released.

PAR. 16. When such distillates are released from the distillery for transportation to the denaturing plant, the Government officer will forward two copies of the gauge sheet, Form 1520, or Form 59½, to the Government officer at the denaturing plant, deliver one copy to the distiller, transmit one copy to the District Supervisor with a copy of report on Form 1578 attached, and will retain one copy of the gauge sheet and Form 1578 on file.

PAR. 17. The Government officer will not release the distillate until the distiller has exhibited to him a special permit issued on Form 1464, authorizing the denaturer to procure the same. The distillate must be transferred into shipping containers and removed from the distillery under the immediate supervision of the Government officer. The containers of such distillates shall be immediately removed from the distillery premises.

PAR. 18. Upon receipt of the distillate at the denaturing plant it shall be regauged by the proprietor under the supervision of the Government officer. The Government officer will deliver one copy of the gauge sheet, Form 1520, or Form 59½, to the proprietor, and will see that any difference is noted by him on such gauge sheet and also on the denaturer's monthly record, Form 1468A. The Government officer will note on the other copy of the gauge sheet the result of the regauge made by the proprietor of the denaturing plant, and will forward such gauge sheet to the District Supervisor. If the distillery and the denaturing plant are in different supervisory districts, the gauge sheet will be forwarded to the District Supervisor of the district in which the distillery is located, through the District Supervisor of the district in which the denaturing plant is located.

PAR. 19. No allowance can be made under Section 307 of the Liquor Tax Administration Act, or any other statute, for losses of such distillates by leakage or evaporation occurring during transportation to the denaturing plant or while stored in such plant prior to denaturation. Tax will be collected on all losses, unless the same are due to destruction by accidental fire or other casualty or to theft, and the tax is remitted under Section 3221, R. S. (U. S. C., 1934 ed., title 26, sec. 1275 (b)), or under Section 16 of the Liquor Law Repeal and Enforcement Act (Public, No. 347, 74th Congress), respectively.

DISTILLER'S RECORDS

PAR. 20. Whenever such distillates separated in the course of distillation at a distillery using materials other than fruits are destroyed or removed for denaturation, as herein provided, the distiller shall make appropriate entries in his distillation book, Form 13, and in his monthly account, Form 14. If the distillate is removed for denaturation, the distiller shall also make appropriate entries in Form 52C, and in the monthly transcript of such form.

PAR. 21. Whenever such distillates separated at a fruit distillery are destroyed or removed for denaturation, the distiller shall make appropriate entry thereof in his monthly return, Form 15.

PAR. 22. The required entries shall be made in Form 13, Form 15, and Form 52C on the dates the transactions occur.

DENATURER'S RECORDS

PAR. 23. The proprietor of each denaturing plant procuring such distillates from registered distillers, shall enter the receipt and use of the distillates and the production and disposition of the denatured product manufactured therefrom, in Forms 1466, 1467, 1468A, 1468D, and 1468E in the same manner as the receipt and use of alcohol and the production and disposition of denatured alcohol are entered in such records.

STOREKEEPER-GAUGER'S RECORDS

PAR. 24. The storekeeper-gauger at each distillery other than a fruit distillery will make appropriate entries in Record 17 (or Record 16, if a rum distillery) and in monthly report, Form 88, covering the collection and disposition of such distillates. The storekeeper-gauger at each distillery other than a fruit distillery will also make appropriate entries in his monthly cistern room return, Form 1513 Supplemental, covering the disposition of such distillates.

SUPERVISOR'S ACCOUNTS

PAR. 25. District Supervisors will make appropriate entries in the distillery cistern room bonded account, Form 1514 Supplemental, covering the disposition of such distillates collected at distilleries producing spirits from materials other than fruits; and in the schedule of returns, Form 412, covering the disposition of such distillates collected at fruit distilleries.

PRIOR AUTHORIZATIONS REVOKED

PAR. 26. All prior authorizations for the removal for denaturation of heads and tails separated at registered distilleries in the course of distillation are hereby revoked.

[SEAL]

GUY T. HELVERING,
Commissioner of Internal Revenue.

Approved, August 21, 1936.

WAYNE C. TAYLOR,
Acting Secretary of the Treasury.

[F. R. Doc. 1927—Filed, August 26, 1936; 11:20 a. m.]

[T. D. 4684]

USE OF TAX-FREE ALCOHOL BY CLINICS

To District Supervisors, and Others Concerned:

The third and fourth paragraphs of Section 11 of Title III of the National Prohibition Act (U. S. C., 1934 ed., title 27, sec. 81), as amended by Section 18 of the Liquor Law Repeal and Enforcement Act (Public, No. 347, 74th Congress), approved August 27, 1935, read as follows:

Alcohol may be withdrawn, under regulations, from any industrial plant or bonded warehouse tax free by the United States or any governmental agency thereof, or by the several States and Territories or any municipal subdivision thereof, or by the District of Columbia, or for the use of any scientific university or college

of learning, any laboratory for use exclusively in scientific research, or for use in any hospital or sanitarium.

But any person permitted to obtain alcohol tax free, except the United States and the several States and Territories and subdivision thereof, and the District of Columbia, shall first apply for and secure a permit to purchase the same and give the bonds prescribed under section 6 of the Liquor Law Repeal and Enforcement Act, but alcohol withdrawn for nonbeverage purposes for use of the United States and the several States, Territories and subdivisions thereof, and the District of Columbia may be purchased and withdrawn subject only to such regulations as may be prescribed.

Section 329 (b) of the Liquor Tax Administration Act (Public, No. 315, 74th Congress), approved June 26, 1936, reads as follows:

(b) The third paragraph of section 11 of Title III of the National Prohibition Act as amended and supplemented, is amended by inserting after the word "sanitarium" a comma and the following: "or for the use of any clinic operated for charity and not for profit, including use in the compounding of bona fide medicines for treatment outside of such clinics of patients thereof, but not for sale."

In view of such amendment of the third and fourth paragraphs of Section 11 of Title III of the National Prohibition Act, the provisions of Article 79, Article 80 as amended by T. D. 27, Articles 81, 82, and 83, and Article 87 as amended by T. D. 24, of Regulations 3, are hereby made applicable to clinics operated for charity and not for profit, to the same extent that they are applicable to hospitals or sanatoriums; and Articles 77, 78, and 86 are amended to read as follows:

ART. 77. Section 11 of Title III of the National Prohibition Act, as amended, provides as follows:

Alcohol may be withdrawn, under regulations, from any industrial plant or bonded warehouse tax free by the United States or any governmental agency thereof, or by the several States and Territories, or any municipal subdivision thereof, or by the District of Columbia, or for the use of any scientific university or college of learning, any laboratory for use exclusively in scientific research, or for use in any hospital or sanitarium, or for the use of any clinic operated for charity and not for profit, including use in the compounding of bona fide medicines for treatment outside of such clinics of patients thereof, but not for sale.

But any person permitted to obtain alcohol tax free, except the United States and the several States and Territories and subdivisions thereof, and the District of Columbia, shall first apply for and secure a permit to purchase the same and give the bonds prescribed under Section 6 of the Liquor Law Repeal and Enforcement Act, but alcohol withdrawn for nonbeverage purposes for use of the United States and the several States, Territories, and subdivisions thereof, and the District of Columbia, may be purchased and withdrawn subject only to such regulations as may be prescribed.

ART. 78. Under the provisions of law above referred to, the privilege of withdrawing alcohol in bond, free of tax, is held to apply to all scientific universities incorporated or organized under any Federal, State, or Territorial law, or any colleges of learning which have a recognized curriculum and confer degrees after specified periods of attendance at classes or research work, upon proper showing of the facts, any laboratory for use exclusively in scientific research, or to any permanently established hospital or sanitarium in good standing, whether operated for profit or not, or any bona fide clinic in good standing, operated for charity and not for profit.

Any other colleges of learning than those above referred to desiring to withdraw alcohol free of tax shall be permitted to do so only after the Commissioner is satisfied from evidence submitted to him that such institutions are entitled to the privilege under the law governing free withdrawals.

ART. 80. Tax-free alcohol withdrawn under the foregoing provisions of law and regulations for use of the United States must be used solely for nonbeverage purposes. Such alcohol, when withdrawn by States and Territories, or any municipal subdivision thereof, or the District of Columbia, must be used solely for mechanical and scientific purposes, or for hospitals or clinics as hereafter specified, and such use, or the use of any resulting product, must be confined to premises under the control of the State or Territory, or municipal subdivision thereof, or the District of Columbia, except that bona fide medicines compounded with such alcohol withdrawn for the use of clinics operated for charity and not for profit, may be used outside of such clinics for treatment of the patients thereof, but such medicines may not be sold.

Tax-free alcohol withdrawn by hospitals or sanatoriums, or by clinics operated for charity and not for profit, may be used only for medicinal, mechanical, and scientific purposes, and in the treatment of patients. Scientific universities or colleges of learning shall use such alcohol only for scientific, mechanical, and medicinal purposes, and any laboratory withdrawing alcohol free of tax must use the same exclusively in scientific research. The use of the alcohol and resulting products shall be confined strictly to the premises of the institution withdrawing the alcohol, except that bona fide medicines compounded with alcohol withdrawn by clinics operated for charity and not for profit, may be used outside of such clinics for treatment of the patients thereof, but such medicines may not be sold.

In no case shall alcohol withdrawn tax-free be used in the preparation of food products for use in any manner, and under no circumstances shall such alcohol be used for beverage purposes or in any product which may be so used.

[SEAL]

GUY T. HELVERING,
Commissioner of Internal Revenue.

Approved, August 21, 1936.

WAYNE C. TAYLOR,
Acting Secretary of the Treasury.

[F. R. Doc. 1928—Filed, August 26, 1936; 11:21 a. m.]

DEPARTMENT OF THE INTERIOR.

Office of Indian Affairs.

PROCLAMATION

FLANDREAU INDIAN RESERVATION, SOUTH DAKOTA

AUGUST 17, 1936.

By virtue of authority contained in Section 7 of the Act of June 18, 1934 (48 Stat. L., 984), the lands described below, acquired by purchase under the provisions of Section 5 of the Act of June 18, 1934, supra, for the use and benefit of the Flandreau Santee Sioux Tribe of Indians are hereby proclaimed to be an Indian reservation, to be known as the Flandreau Indian Reservation, South Dakota:

SE $\frac{1}{4}$ Sec. 9, SW $\frac{1}{4}$ Sec. 10, W $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 15, SW $\frac{1}{4}$ Sec. 28 (except any railroad right of way over and upon said premises), T. 107 N., R. 48 W. fifth principal meridian, Moody County, South Dakota, containing a total of 559 acres more or less.

HAROLD L. ICKES,
Secretary of the Interior.

[F. R. Doc. 1924—Filed, August 26, 1936; 9:41 a. m.]

DEPARTMENT OF AGRICULTURE.

Bureau of Agricultural Economics.

ORDER OF DESIGNATION OF TOBACCO MARKETS

North Carolina

Whereas, the Act of Congress approved August 23, 1935 (49 Stat. 731), entitled "The Tobacco Inspection Act" contains the following provisions:

Sec. 2. That transactions in tobacco involving the sale thereof at auction as commonly conducted at auction markets are affected with a public interest; that such transactions are carried on by tobacco producers generally and by persons engaged in the business of buying and selling tobacco in commerce; that the classification of tobacco according to type, grade, and other characteristics affects the prices received therefor by producers; that without uniform standards of classification and inspection the evaluation of tobacco is susceptible to speculation, manipulation, and control, and unreasonable fluctuations in prices and quality determination occur which are detrimental to producers and persons handling tobacco in commerce; that such fluctuations constitute a burden upon commerce and make the use of uniform standards of classification and inspection imperative for the protection of producers and others engaged in commerce and the public interest therein.

Sec. 5. That the Secretary is authorized to designate those auction markets where tobacco bought and sold thereon at auction, or the products customarily manufactured therefrom, moves in commerce. Before any market is designated by the Secretary under this section he shall determine by referendum the desire of tobacco growers who sold tobacco at auction on such market during the preceding marketing season. The Secretary may at his discretion hold one referendum for two or more markets or for all markets in a type area. No market or group of markets shall be designated by the Secretary unless two-thirds of the growers voting favor it. The Secretary shall have access to the tobacco records of the Collector of Internal Revenue and of the several collectors of internal revenue for the purpose of obtaining the names and addresses of growers who sold tobacco on any auction market, and the Secretary shall determine from said records the eligibility of such grower to vote in such referendum, and no grower shall be eligible to vote in more than

one referendum. After public notice of not less than thirty days that any auction market has been so designated by the Secretary, no tobacco shall be offered for sale at auction on such market until it shall have been inspected and certified by an authorized representative of the Secretary according to the standards established under this Act, except that the Secretary may temporarily suspend the requirement of inspection and certification at any designated market whenever he finds it impracticable to provide for such inspection and certification because competent inspectors are not obtainable or because the quantity of tobacco available for inspection is insufficient to justify the cost of such service: *Provided*, That, in the event competent inspectors are not available, or for other reasons, the Secretary is unable to provide for such inspection and certification at all auction markets within a type area, he shall first designate those auction markets where the greatest number of growers may be served with the facilities available to him. No fee or charge shall be imposed or collected for inspection or certification under this section at any designated auction market. Nothing contained in this Act shall be construed to prevent transactions in tobacco at markets not designated by the Secretary or at designated markets where the Secretary has suspended the requirement of inspection or to authorize the Secretary to close any market.

and

Whereas, pursuant to said Act a referendum has been held among growers of flue-cured tobacco in North Carolina, commonly referred to as Type 11 (b) tobacco, who sell tobacco on the auction market at Oxford, North Carolina, in which referendum said growers were given an opportunity to vote for or against the designation of said market, as provided in Section 5 of said Act; and

Whereas, more than two-thirds of the growers of tobacco voting in said referendum voted in favor of said designation, Now, therefore, by virtue of the authority conferred upon me by Section 5 of The Tobacco Inspection Act and the affirmative results of the referendum conducted thereunder, the city of Oxford, North Carolina, is designated as a market where the tobacco bought and sold thereon at auction, or the products customarily made therefrom, moves in commerce.

It is hereby ordered, That, effective 30 days from this date, no tobacco shall be offered for sale at auction on the above-named market until it shall have been inspected and certified by an authorized representative of the United States Department of Agriculture according to standards established under the Act: *Provided, however*, That the requirement of inspection and certification may be suspended at such times as it is found impracticable to provide inspectors or when the quantity of tobacco available for inspection is insufficient to justify the cost of such service. No fee or charge shall be imposed or collected for the inspection and certification of tobacco sold or offered for sale at auction on the market designated herein.

In testimony whereof, I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the City of Washington, this 26th day of August 1936.

[SEAL]

H. A. WALLACE,
Secretary of Agriculture.

[F. R. Doc. 1930—Filed, August 26, 1936; 11:58 a. m.]

FARM CREDIT ADMINISTRATION.

FCA 17.

AMENDATORY REGULATION NO. 4 OF THE REGULATIONS RELATIVE TO EMERGENCY CROP AND FEED LOANS IN THE CONTINENTAL UNITED STATES MADE PURSUANT TO THE EMERGENCY RELIEF APPROPRIATION ACT OF 1935, APPROVED APRIL 8, 1935, AND EXECUTIVE ORDER NO. 7305, DATED FEBRUARY 28, 1936

AUGUST 26, 1936.

Paragraph 1 of the Regulations dated March 7, 1936, is hereby amended to read as follows:

Loans for fallowing, for the production of crops, for planting, cultivating, and harvesting of crops, for supplies incident to and necessary for such production, planting, cultivating, and harvesting, and for growing and/or purchasing feed for livestock, or for any of such purposes, will be made during the year 1936 by the

Governor of the Farm Credit Administration to farmers in the continental United States.

Paragraph 3 of the Regulations dated March 7, 1936, is hereby amended to read as follows:

Such loans shall be secured by a first lien, or by an agreement to give a first lien, upon all crops of which the production, planting, cultivating, or harvesting is to be financed, in whole or in part, with the proceeds of such loan, or in case of any loan for the production and/or purchase of feed for livestock, a first lien upon the livestock to be fed.

Paragraph 7 of the Regulations dated March 7, 1936, as amended, is hereby amended to read as follows:

7a. No loan for the production of crops will be made in an amount greater than the immediate and actual cash needs in the particular case to plant the crop in a manner approved by the Extension Service of the Department of Agriculture. The immediate and actual cash needs in a particular case must not exceed the actual costs per acre in such case as determined by individual consideration of the various factors involved, e. g., whether it is necessary to purchase seed, fertilizer, spraying material, and/or fuel for tractors; the cost thereof; and any other incidental expenses currently incurred in that community in connection with the particular crop to be produced. In no event may loans for crop production purposes exceed the following maximum allowances per acre:

Maximum Allowances Per Acre

	(1) Without commercial fertilizer	(2) Where commercial fertilizer is used	(3) Where commercial fertilizer & spraying material, including dust are used ¹
Grain Crops.....	\$2.00	\$4.00	
Cotton.....	4.00	6.00	
Tobacco.....	4.00	12.00	\$13.00
Peanuts.....	3.00	4.00	
Irish potatoes (commercial).....	10.00	25.00	27.00
Truck (commercial).....	10.00	22.00	25.00
Miscellaneous crops.....	2.00	4.00	
Sugar Cane.....	12.00	12.00	
Sugar Beets.....	8.00	12.00	
Rice:			
When landlord furnishes water.....	8.00	8.00	
If landlord does not furnish water.....	13.00	13.00	
Citrus fruit trees (bearing).....	20.00	20.00	20.00
Other fruit trees (bearing).....	10.00	14.00	20.00

¹NOTE.—These figures include allowances for fuel, oil, and feed for workstock for crop production purposes and incidental expenses, for which no additional allowances will be made. Allowances for water charges (including maintenance, electric power, and fuel) for crops other than rice grown on irrigated land shall not exceed \$3.00 per acre.

²Where spray material, including dust, is used without commercial fertilizer, the allowance for such spray material and dust will be the difference, if any, between the allowances in column (2) and column (3).

³Of the grain allowances shown in the table not more than \$1.00 shall be used for summer fallowing.

Allowances for commercial fertilizer will be allowed only in areas where commercial fertilizer is customarily used.

Exceptions to the foregoing table of maximum allowances per acre are as follows:

1. The maximum allowance per acre in the States of Washington, Oregon, and Idaho for fertilizing, spraying, and dusting fruit trees of bearing age, other than citrus, shall be \$40 per acre.

2. The maximum allowance per acre to be loaned to tobacco growers in the States of Connecticut and Massachusetts shall be as follows:

Without commercial fertilizer.....	\$4.00
Where commercial fertilizer is used.....	24.00
Where spray material, including dust, is also used, add.....	1.00

3. The maximum allowance per acre for the purpose of producing and harvesting Irish potatoes in the State of Florida (where commercial fertilizer and spray material, including dust, are used) shall be \$40 per acre.

4. The maximum allowance per acre for the purpose of producing and harvesting Irish potatoes (where commercial fertilizer and spray material, including dust, are used) in that Section known as the Eastern Shore, which comprises the State of Delaware and the eastern shore of the States of Maryland and Virginia, shall be \$35 per acre.

7b. No loan for the purchase of feed for livestock will be made in an amount greater than is actually necessary for the purchase of feed sufficient to maintain such livestock until such time as pasturage and/or forage, or grain crops are available.

[SEAL]

W. I. MYERS,
Governor, Farm Credit Administration.

[F. R. Doc. 1939—Filed, August 26, 1936; 12:47 p. m.]

FEDERAL HOUSING ADMINISTRATION.

MUTUAL MORTGAGE INSURANCE

ADMINISTRATIVE RULES AND REGULATIONS UNDER TITLE II OF THE NATIONAL HOUSING ACT

[Except Operations Under Section 207—Low-Cost Housing Insurance]

Effective September 1, 1936

ADMINISTRATIVE RULES

SECTION I

Approval of Mortgagees

1. The following institutions are hereby approved as mortgagees under Section 203 (b) of the National Housing Act:

- (a) National Mortgage Associations,
- (b) Federal Reserve Banks,
- (c) Federal Home Loan Banks,
- (d) Reconstruction Finance Corporation,
- (e) RFC Mortgage Company, and
- (f) any other Federal, State or municipal governmental agency that is or may hereafter be empowered to hold mortgages insured under Title II of the National Housing Act as security or as collateral or for any other purpose.

2. Members of the Federal Reserve System, of the Federal Deposit Insurance Corporation, and of the Federal Home Loan Bank System will be approved as mortgagees upon application.

3. Any charitable or nonprofit organization which presents evidence that it is responsible, has permanent funds of not less than one hundred thousand dollars (\$100,000), and has experience in mortgage investment, may be approved upon application.

4. Any other institution not hereinbefore mentioned will be approved as a mortgagee upon application if it has the following qualifications and meets the following conditions to the satisfaction of the Administrator:

5. Any other institution not hereinbefore mentioned will be approved as a mortgagee upon application if it has the following qualifications and meets the following conditions to the satisfaction of the Administrator:

(a) it is a chartered institution or other permanent organization having succession;

(b) It is subject to the inspection and supervision of some governmental agency;

or in the alternative, if not subject to inspection and supervision by some governmental agency, it shall submit an independent detailed audit of its books made by a certified public accountant or other individual or firm holding a certificate conferred by some recognized examining or supervising board reflecting a condition satisfactory to the Administrator, and also, so long as its approval as a mortgagee continues, shall file with the Administrator similar audits at least once in each calendar year and submit at any time to such examination of its books and affairs as the Administrator may determine, and comply with any other conditions that the Administrator may impose;

(c) its principal activity is lending on or investing in mortgages, funds which are under its own control; and it has sound capital funds properly proportioned to its liabilities and to the character and extent of its operations, which funds shall be of a value of not less than one hundred thousand dollars (\$100,000); provided that this qualification and condition shall not apply to any institution or other permanent organization subject to the inspection and supervision of some governmental agency; and

(d) if it is not subject to the inspection and supervision of some governmental agency, it shall submit an agreement in writing: (1) that so long as it continues to be approved as a mortgagee, it will not issue any mortgage participating certificates on which it assumes personal liability, or issue any guaranty with respect to principal or interest of any mortgage, except that any such obligations outstanding on the date of the application of such institution may thereafter be renewed; and (2) that it will segregate from its

general assets and hold in trust all monthly payments under mortgages, insured by the Administrator, received by it on account of ground rents, taxes, assessments, and fire and other hazard insurance.

5. Approval as a mortgagee under this Section, of a banking institution or trust company which is subject to the inspection and supervision of some governmental agency, shall be deemed to constitute approval of such institution or company when lawfully acting in a fiduciary capacity in investing fiduciary funds which are under its individual or joint control. Any instrument creating such fiduciary relationship shall be irrevocable or shall provide that upon termination or distribution, any insured mortgages held in the fiduciary estate shall be disposed of to a mortgagee approved under this or the succeeding section.

6. Approval of an institution as a mortgagee may be withdrawn at any time by notice from the Administrator. Except in individual cases, approved by the Administrator, transfer of an insured mortgage to a mortgagee not approved to act under this or succeeding section will be a basis for withdrawal of approval. Withdrawal of approval will in no case affect the insurance on mortgages theretofore accepted for insurance.

SECTION II

Approval of Acceptable Assignees

1. The Administrator will upon application approve a chartered institution or other permanent organization as an acceptable assignee if such institution or organization meets the following conditions to the satisfaction of the Administrator:

- (a) it is a corporation or other permanent organization having succession;
- (b) it has sound capital funds of not less than \$100,000;
- (c) it is subject to the inspection and supervision of some governmental agency;
- (d) its investments in mortgage loans are intended for its own portfolio; and
- (e) its facilities are such that it will be able properly to service mortgages held by it.

2. Such an acceptable assignee shall be entitled to acquire insured mortgages from approved mortgagees by assignment after the execution and insurance of such mortgages, and to hold such mortgages without invalidating the insurance thereof, and to service them while so held. An acceptable assignee is not authorized to initiate insured mortgage loans originally or to apply for the insurance of mortgages under Section 203 (a) of the National Housing Act; but shall in all other respects be considered as included in the term "mortgagee" as used in these Administrative Rules and the Regulations of the Federal Housing Administrator.

3. Approval of an institution as an acceptable assignee may be withdrawn at any time by notice from the Administrator. Except in individual cases, approved by the Administrator, transfer of an insured mortgage to a mortgagee not approved to act under this or the preceding section will be a basis for withdrawal of approval. Withdrawal of approval will in no case affect the insurance on mortgages theretofore accepted for insurance.

SECTION III

Application for Insurance

1. Any approved mortgagee may submit an application for insurance of a mortgage about to be executed; or of a mortgage already executed, if offered for insurance within one year from the date of execution.

2. The application must be made upon a standard form prescribed by the Administrator.

3. The application must be accompanied by the mortgagee's check for a sum computed at a rate of three dollars (\$3) per thousand dollars (\$1,000) of the original principal amount of the mortgage loan to be insured, to cover the costs

of appraisal by the Administrator, but in no case shall such sum be less than ten dollars (\$10). If any application is refused without an appraisal being made by the Administrator, the fee will be returned to the applicant.

The Administrator may agree on fees different from those fixed in this subsection in cases where substantially all residential mortgages and real estate owned or held by an approved mortgagee are examined for mortgage insurance as one operation.

SECTION IV

Eligible Mortgages

To be eligible for insurance—

1. The mortgage must be executed upon a form approved by the Administrator for use in the jurisdiction in which the property covered by the mortgage is situated, by a mortgagor with the qualifications hereinafter set forth in Section V, and must be a first lien upon property that conforms with the property standards prescribed by the Administrator.

2. The mortgage should involve a principal obligation in an amount of one hundred (\$100) or multiples thereof but must not exceed sixteen thousand dollars (\$16,000) and must not exceed eighty per centum (80%) of the appraised value of the property as of the date the mortgage is insured.

3. The mortgage must have a maturity satisfactory to the Administrator, not to exceed twenty (20) years from the date of its execution as shown by the instrument, and should come due upon the first day of a month.

4. The mortgage may bear interest at such rate as may be agreed upon between the mortgagee and the mortgagor, but in no case shall such interest rate be in excess of five per centum (5%) per annum. Interest shall be payable in monthly installments on the principal then outstanding.

5. The mortgage must contain complete amortization provisions satisfactory to the Administrator, requiring monthly payments by the mortgagor not in excess of his reasonable ability to pay as determined by the Administrator. The sum of the principal and interest payments in each month shall be substantially the same. The period during which amortization payments are made should be an exact number of years, or nineteen (19) years and six (6) months.

6. The mortgage may require the mortgagor to pay to the mortgagee an annual service charge at such rate as may be agreed upon between the mortgagee and the mortgagor, but in no case shall such service charge exceed one-half of one per centum ($\frac{1}{2}\%$) per annum upon outstanding monthly balances. Any such service charge shall be payable in monthly installments.

7. The mortgage may provide for monthly payments by the mortgagor to the mortgagee of an amount equal to one-twelfth ($\frac{1}{12}$) of the annual mortgage insurance premium payable by the mortgagee to the Administrator. Such payments shall continue only so long as the contract of insurance shall remain in effect. The mortgage should provide that upon the payment of the mortgage before maturity, the mortgagor shall pay the premium charge referred to in Article III, section 2, of the Regulations.

In the case of building and loan associations in the Commonwealth of Pennsylvania the mortgage may provide for monthly payments by the mortgagor of an amount equal to one-twelfth ($\frac{1}{12}$) of three-fourths of one per centum ($\frac{3}{4}\%$) annually of the original mortgage obligation, in lieu of the service charge and the payments to put the mortgagee in funds to pay the mortgage insurance premium, provided for in subsection 6 and the first paragraph of this subsection.

8. The mortgage shall provide for such equal monthly payments by the mortgagor to the mortgagee as will amortize the ground rents, if any, and the estimated amount of all taxes, special assessments, if any, and fire and other hazard insurance premiums, within a period ending one month prior to the dates on which the same become delinquent. The mortgage shall further provide that such payments shall be held by the mortgagee in a manner satisfactory to the Ad-

ministrator, for the purpose of paying such ground rents, taxes, assessments, and insurance premiums, before the same become delinquent, for the benefit and account of the mortgagor. The mortgage must also make provision for adjustments in case the estimated amount of such taxes, assessments, and insurance premiums shall prove to be more, or less, than the actual amount thereof so paid by the mortgagor.

9. All monthly payments to be made by the mortgagor to the mortgagee as hereinabove provided, in subsections 4 to 8, inclusive, shall be added together and the aggregate amount thereof shall be paid by the mortgagor each month in a single payment. The mortgagee shall apply the same to the following items in the order set forth:

- (a) premium charges under the contract of insurance;
- (b) service charge, if any;
- (c) ground rents, taxes, special assessments, and fire and other hazard insurance premiums;
- (d) interest on the mortgage; and
- (e) amortization of the principal of the mortgage.

Any deficiency in the amount of any such aggregate monthly payment shall, unless made good by the mortgagor prior to the due date of the next such payment, constitute an event of default under the mortgage.

10. The mortgage may provide for a charge by the mortgagee of a "late charge", not to exceed two (2) cents for each dollar of each payment more than fifteen (15) days in arrears, to cover the extra expense involved in handling delinquent payments.

11. The mortgagor must pay to the mortgagee, upon the execution of the mortgage, a sum that will be sufficient to pay the ground rents, if any, and the estimated taxes, special assessments, and fire and other hazard insurance premiums for the period beginning on the date to which such ground rents, taxes, assessments, and insurance premiums were last paid and ending on the date of the first monthly payment under the mortgage and may be required to pay a further sum equal to one annual mortgage insurance premium, plus one-twelfth of such sum.

12. The mortgagee may charge the mortgagor the amount of the appraisal fee provided for in subsection 3, section 3, and an initial service charge to reimburse itself for the cost of closing the transaction. Such service charge shall not exceed one per centum (1%) of the original principal amount of a mortgage covering existing construction and shall not exceed two and one-half per centum (2½%) of the original principal amount of a mortgage covering property under construction or to be constructed; provided that the mortgagee may make a minimum charge of twenty dollars (\$20) in the case of mortgages covering existing construction and a minimum charge of fifty dollars (\$50) in the case of mortgages covering properties under construction or to be constructed.

13. In addition to the charges hereinbefore mentioned, the mortgagee shall collect from the mortgagor only recording fees and such appraisal fees and cost of title search as are approved by the Administrator. Nothing in this and the preceding subsection shall be construed as prohibiting the mortgagor from dealing through a broker, who does not represent the mortgagee, if he prefers to do so, and paying the broker such compensation as is satisfactory to the mortgagor.

14. The mortgage must be executed with respect to a project which the Administrator is satisfied is economically sound.

SECTION V

Eligible Mortgages

1. A mortgagor must establish that after the mortgage offered for insurance has been recorded, the mortgaged property will be free and clear of all liens other than that of such mortgage and that there will not be outstanding

any other unpaid obligation contracted in connection with the mortgaged property.

2. A mortgagor must establish that the periodic payments required in the mortgage submitted for insurance bear a proper relation to his present and anticipated income and expenses.

3. A mortgagor must have a general credit standing satisfactory to the Administrator.

4. A mortgagor is not restricted as to place of residence and need not be the occupant of the property covered by the mortgage.

SECTION VI

Eligible Properties

1. A mortgage to be eligible for insurance must be on real estate held in fee simple, or on leasehold under a lease for not less than ninety-nine (99) years which is renewable, or under a lease with a period of not less than fifty (50) years to run from the date the mortgage is executed.

2. At the time a mortgage is insured there must be located on the mortgaged property a dwelling unit designed principally for residential use for not more than four families. Such unit may be connected with other dwellings by a party wall or otherwise.

3. The buildings on the mortgaged property must conform with the standards prescribed by the Administrator.

4. The mortgaged property, if otherwise acceptable to the Administrator, may be located in any community where the housing standards meet the requirements of the Administrator.

SECTION VII

Effective Date

These Administrative Rules are effective as to all mortgages on which a commitment to insure shall be issued to an approved mortgagee on or after September 1, 1936.

Issued at Washington, D. C., August 15, 1936.

[SEAL]

STEWART McDONALD,
Federal Housing Administrator.

REGULATIONS

ARTICLE I

These Regulations may be cited and referred to as "Regulations of the Federal Housing Administrator for Mutual Mortgage Insurance, dated November 1, 1934, as amended September 1, 1936."

ARTICLE II

Definitions

As used in these Regulations—

1. The term "Administrator" means the Federal Housing Administrator.

2. The term "Act" means the National Housing Act.

3. The term "mortgage" means such a first lien upon real estate as is commonly given to secure advances on, or the unpaid purchase price of, real estate under the laws of the jurisdiction where the real estate is situated, together with the credit instruments, if any, secured thereby.

4. The term "insured mortgage" means a mortgage accepted by the Administrator for insurance.

5. The term "mortgagor" means the original borrower under a mortgage and his heirs, executors, administrators, and assigns.

6. The term "mortgagee" means the original lender under a mortgage and its successors and such of its assigns as are approved by the Administrator.

7. The term "contract of insurance" means the endorsement of the Administrator upon the credit instrument given in connection with an insured mortgage, incorporating by reference these Regulations.

ARTICLE III

Premiums

1. The mortgagee shall pay to the Administrator an annual mortgage insurance premium equal to one-half of one per centum (1/2%) of the original principal amount of the mortgage, the first such premium to be paid on the date on which such insurance becomes effective by endorsement. Until the mortgage is paid in full, or the mortgaged property is acquired by the Administrator, as hereinafter set forth, or until the contract of insurance is otherwise terminated, the next and each succeeding premium shall be paid thereafter on the same date in each year as that on which the mortgage, by its original terms, is to mature, and the amount of the premium payment for the second year will be adjusted so as to accord with such payment date.

2. In the event that the principal obligation of any mortgage accepted for insurance is paid in full prior to the maturity date specified in the mortgage, the mortgagee shall notify the Administrator and shall collect from the mortgagor and pay to the Administrator, a premium charge of one per centum (1%) of the original principal amount of the mortgage; provided that such payment shall not exceed the aggregate amount of premium charges which would have been payable if the mortgage had continued to be insured until such maturity date.

Such prepayment premium shall not be collected by the mortgagee, however, in the following cases:

(a) where the mortgage is paid in full within one year of the date it is accepted for insurance and a new insured mortgage for a similar or greater amount and for a similar or longer term is placed on the premises; or

(b) where the final maturity specified in the mortgage is accelerated solely by reason of partial prepayments made by the mortgagor which do not exceed in any one calendar year fifteen per centum (15%) of the original face amount of the mortgage.

Upon such payment the contract of insurance shall terminate.

3. In the event that the Administrator terminates, under section 3 of Article VI, the insurance as to the group to which the insured mortgage is assigned, the mortgagee shall pay to the Administrator an amount equal to that proportion of the annual insurance premium which would otherwise have been payable for the period between the date to which the premium has been paid and the maturity date of the mortgage.

ARTICLE IV

Acceptance for Insurance

1. Upon accepting a mortgage for insurance, the Administrator shall endorse the original credit instrument in form as follows:

No. -----
Insured under the
National Housing Act
And Regulations of the
Federal Housing Administrator
For Mutual Mortgage Insurance
Dated November 1, 1934
as amended -----

FEDERAL HOUSING ADMINISTRATOR

By -----

Authorized agent

Date -----

The mortgage shall be an insured mortgage from the date of such endorsement. The Administrator and the mortgagee shall thereafter be bound by these Regulations with the same force and to the same extent as if a separate contract had been executed relating to the insured mortgage, including the provisions of these Regulations and of the National Housing Act.

2. A number shall be inserted in each endorsement after the word "No."; and thereafter each contract of insurance may be referred to as "Contract of Insurance No. -----",

inserting in such blank the number that appears in the endorsement.

3. After the words "as amended" there shall be inserted the words "September 1, 1936."

ARTICLE V

Classification of Mortgages

1. Mortgages accepted for insurance shall be so classified in groups that the mortgages in any group shall involve substantially similar risk characteristics and have similar maturity dates.

2. Premium charges received for the insurance of any mortgage, the receipts derived from the property covered by the mortgage and claims assigned to the Administrator in connection therewith, and all earnings on the assets of the group account shall be credited to the account of the group to which the mortgage is assigned.

3. The principal of, and interest paid or to be paid on, debentures issued in exchange for any property, payments made or to be made to the mortgagee and mortgagor, and expenses incurred in the handling of the property covered by the mortgage and in collection of claims assigned to the Administrator in connection therewith, shall be charged to the account of the group to which such mortgage is assigned.

ARTICLE VI

Rights and Duties of an Approved Mortgagee Under the Contract of Insurance

1. Whenever the credit balance in the account of the group to which the insured mortgage has been assigned exceeds the remaining unpaid principal of the insured mortgage and all other outstanding insured mortgages assigned to the same group by an amount equal to ten per centum (10%) of the total premium payments which have theretofore been credited to such account, the Administrator shall pay to the mortgagee under the insured mortgage (whether such mortgage is in good standing or not) for the benefit and account of the mortgagor a sum equal to what the unpaid principal of the insured mortgage is, if in good standing, or would be if it were in good standing, as the case may be. Upon such payment by the Administrator the contract of insurance shall terminate.

2. The mortgagee shall accept such payment and apply it in satisfaction of the obligation of the mortgagor under the insured mortgage. If such insured mortgage is in good standing and such payment is sufficient to satisfy the obligation of the mortgagor under it in full, the mortgagee shall coincidentally deliver to the mortgagor any instrument or instruments necessary or proper to discharge the insured mortgage.

3. If the credit balance in the account of the group to which the insured mortgage is assigned fails to exceed, before the first day of the month one year prior to the maturity date of the insured mortgage, the remaining unpaid principal of the then outstanding insured mortgages assigned to such group by an amount equal to ten per centum (10%) of the total premium payments which have theretofore been credited to such account, the Administrator, on the first day of the month one year prior to the maturity date of the insured mortgage and after receipt from the mortgagee of the premium provided for in section 3 of Article III, if any, shall—

(a) transfer to the general reinsurance account, an amount equal to ten per centum (10%) of the total premium charges theretofore credited to such group account; and

(b) transfer to the mortgagee, for the benefit and account of the mortgagor, such proportion of the credit balance remaining in such group account as the outstanding face amount of the insured mortgage bears to the total outstanding face amount of all insured mortgages assigned to such group.

The contract of insurance covering such mortgage shall thereupon terminate, and the mortgagee shall apply such payment against the principal of the insured mortgage.

4. If the mortgagor pays the insured mortgage in full prior to its final maturity date, and pays to the mortgagee the premium charge provided for in section 2 of Article III, if any, the Administrator shall thereupon pay over to the mortgagor such share of the credit balance of the account of the group to which the insured mortgage has been assigned as the Administrator shall determine to be equitable and not inconsistent with the preservation of the solvency of such account and of the Mutual Mortgage Insurance Fund.

5. If the mortgagor fails to make any payment, or to perform any other covenant or obligation under the mortgage, and such failure continues for a period of thirty (30) days, the mortgage shall be considered in default, and the mortgagee shall, within thirty (30) days thereafter, give notice in writing to the Administrator of such default.

6. At any time within one year from the date of such default the mortgagee, at its election, shall either—

(a) with, and subject to, the consent of the Administrator, acquire by means other than foreclosure of the mortgage, possession of, and title to, the mortgaged property; or

(b) commence foreclosure of the mortgage; provided, that if the laws of the state in which the mortgaged property is situated do not permit the commencement of such foreclosure within such period of time, the mortgagee shall commence such foreclosure within thirty (30) days after the expiration of the time during which such foreclosure is prohibited by such laws.

The mortgagee shall promptly give notice in writing to the Administrator of the institution of foreclosure proceedings and shall exercise reasonable diligence in prosecuting such proceedings to completion.

If after default and prior to the completion of foreclosure proceedings, the mortgagor shall pay to the mortgagee all monthly payments in default and such expenses as the mortgagee shall have incurred in connection with the foreclosure proceedings, notice shall be given to the Administrator, and the insurance shall continue as if such default had not occurred.

7. If the default is not cured as aforesaid, and the mortgagee has otherwise complied with the provisions of section 6 of this Article, and at any time within thirty (30) days (or such further time as may be necessary to complete the title examination and perfect such title) after acquiring possession of the mortgaged property by foreclosure, or by other means in accordance with subsection (a) of section 6 of this Article, tenders to the Administrator possession of, and a deed containing a covenant which warrants against the acts of the mortgagee and all claiming by, through, or under it, conveying good merchantable title (evidenced as hereinafter provided in section 8 of this Article) to, such property undamaged by waste, fire, earthquake, flood, or tornado, and assigns (without recourse or warranty) any and all claims which it may have acquired in connection with the mortgage transaction, and as a result of the foreclosure proceedings or other means by which it acquired such property, the Administrator shall promptly accept conveyance of such property and such assignment and shall deliver to the mortgagee:

(a) Debentures of the Mutual Mortgage Insurance Fund as set forth in Section 204 (b) of the Act, bearing interest at the rate of three per centum (3%) per annum payable semi-annually on the first day of January and the first day of July of each year, and having a total face value equal to the unpaid amount of the principal of the mortgage, as defined in Section 204 (a) of the Act (including all taxes and premiums for insurance against fire and other hazard paid by the mortgagee during the period between the date of default and the date of such conveyance and assignment to the Administrator and interest on the unpaid principal from the date foreclosure pro-

ceedings were instituted, or the property was otherwise acquired as provided in section 6 of this Article, to the date of such delivery at the rate of three per centum (3%) per annum, less any amount received on account of interest accrued on such unpaid principal between such dates); and

(b) a Certificate of Claim in accordance with Section 204 (c) of the Act, which shall become payable, if at all, upon the sale of the property covered by the insured mortgage in accordance with Section 204 (d) of the Act. This certificate shall be for an amount which the Administrator shall determine to be sufficient to pay costs of foreclosure, or other such proceedings, including reasonable attorneys' fees, unpaid interest, cost of repairs to the property made by the mortgagee after default to remedy the waste mentioned in this section, and any other amounts due under the mortgage and not covered by the amount of the debentures. Each such Certificate of Claim shall provide that there shall accrue to the holder of such certificate with respect to the face amount of such certificate, an increment at the rate of three per centum (3%) per annum.

8. Title evidenced in the following manner will be satisfactory to the Administrator:

(a) a fee or owner's policy of title insurance, a guaranty or guarantee of title, or a certificate of title issued by a title company duly authorized by law and qualified by experience to issue such; or

(b) an abstract of title prepared by an abstract company or individual engaged in the business of preparing abstracts of title and accompanied by the legal opinion as to the quality of such title signed by an attorney at law experienced in examination of titles; or

(c) a Torrens or similar title certificate; or

(d) evidence of title conforming to the standards of a supervising branch of the government of the United States or of any state or territory thereof.

If the title and title evidence are such as to be acceptable to prudent lending institutions and leading attorneys generally in the community in which the property is situated, such title and title evidence will be satisfactory to the Administrator and will be considered by him as good and merchantable.

Such evidence of title shall be furnished without cost to the Administrator and shall be executed as of a date to include the recordation of the deed to the Administrator, and shall show that, according to the public records, there are not, at such date, any outstanding prior liens, including any past due and unpaid ground rents, general taxes, or special assessments.

The Administrator will not object to the title by reason of the following matters provided they are not such as to impair the value of the property for residence purposes or provided they have been brought to the attention of the insuring office for consideration in fixing the valuation:

(a) customary easements for public utilities, party walls, driveways, and other purposes; customary building or use restrictions for breach of which there is no reversion and which have not been violated to a material extent;

(b) such restrictions when coupled with a reversionary clause, provided there has been no violation prior to the date of the deed to the Administrator;

(c) slight encroachments by adjoining improvements;

(d) outstanding oil, water, or mineral rights, except those which include the right to sink wells or shafts on the subject property, withdraw the subjacent support, or otherwise impair the value of the property for residence purposes without payment of adequate damages.

9. In the event that the mortgagee fails to comply with the provisions of sections 6 and 7 of this Article, the con-

tract of insurance shall thereupon terminate, and the mortgagor shall be entitled to receive a share of the credit balance of the account of the group to which the mortgage has been assigned, in such amount as the Administrator shall determine to be equitable and not inconsistent with the preservation of the solvency of such account and of the Mutual Mortgage Insurance Fund.

ARTICLE VII

Assignments

1. When the insured mortgage is transferred to another approved mortgagee, such transferee shall notify the Administrator of the acquisition of such mortgage within thirty (30) days thereof, and shall thereupon succeed to all the rights and become bound by all the obligations of the transferor under the contract of insurance; but the transferor shall be released from its obligations under the contract of insurance only upon its giving notice to the Administrator of the transfer of the insured mortgage within thirty (30) days thereof.

Whenever the insured mortgage is transferred to another approved mortgagee for the purposes of collateral only, no notice need be given to the Administrator until such collateral is foreclosed, but the transferor shall remain subject to all the obligations of the contract of insurance.

2. The contract of insurance shall terminate upon the happening of either of the following events:

(a) the acquisition of the insured mortgage by, or the pledge thereof to, any person, firm, or corporation, public or private, other than an approved mortgagee, whether individually or in trust for another; provided, that this subsection (a) shall not be applicable to a mortgage acquired or held by an approved mortgagee, which is a banking institution or trust company inspected and supervised by some governmental agency, for a trust held or administered by it in a fiduciary capacity, as long as such fiduciary relationship shall remain in effect;

(b) the disposal by an approved mortgagee of any partial interest in an insured mortgage or group of insured mortgages (whether to another approved mortgagee or otherwise) by means of a declaration of trust, or by a participation or trust certificate, or by any other device.

Upon the termination of the insurance under this section, the mortgagor shall be entitled to receive a share of the credit balance of the account of the group to which the insured mortgage has been assigned, in such amount as the Administrator shall determine to be equitable and not inconsistent with the preservation of the solvency of such account and of the Mutual Mortgage Insurance Fund.

ARTICLE VIII

Vested Rights

Neither the mortgagee nor the mortgagor shall have any vested right in the Mutual Mortgage Insurance Fund, and the determination by the Administrator as to the amount payable out of such fund to, or for the benefit of, the mortgagee and mortgagor under any section or sections of these Regulations, shall be final and conclusive as to all parties.

ARTICLE IX

Amendments

These Regulations may be amended by the Administrator at any time and from time to time, in whole or in part, but such amendment shall not affect the contract of insurance on any mortgage already insured, or any mortgage or prospective mortgage on which the Administrator has made a commitment to insure.

ARTICLE X

Effective Date

These Regulations are effective as to all mortgages on which a commitment to insure shall be issued to an approved

mortgagee on or after September 1, 1936. Wherever a mortgagee so desires, the provisions of any or all of these Regulations shall become a part of any contract of insurance heretofore made, except that subsections (a) and (b) of section 7 of Article VI shall apply only to those mortgages insured on or after May 28, 1935.

Issued at Washington, D. C., August 15, 1936.

[SEAL]

STEWART McDONALD,
Federal Housing Administrator.

[F. R. Doc. 1940—Filed, August 26, 1936; 12:57 p. m.]

INTERSTATE COMMERCE COMMISSION.

[No. 10122]

STANDARD TIME ZONE INVESTIGATION

Submitted April 21, 1936. Decided August 14, 1936

1. Petition to modify orders defining limits of United States Standard Eastern and Central Time Zones, 51 I. C. C. 273, as subsequently modified and restated in 142 I. C. C. 279, so as to include Chicago, Ill., within Eastern zone, denied.

2. On further hearing, petition to include Michigan within Eastern zone, originally denied in 185 I. C. C. 266, granted in part. Previous orders modified so as to include lower Peninsula of Michigan within Eastern zone.

Barnet Hodes, Fred V. Maguire, Leo V. Roeder, and Otto F. Weiner for petitioner City of Chicago; *Edward A. Bilitske, David H. Crowley, C. E. Elerick, and John C. Graham* for petitioner State of Michigan and supporting cities and commercial associations.

Andrew R. McDonald, Philip H. Porter, Charles L. Hill, and J. E. Bryan for State of Wisconsin and commercial, farm, and labor organizations; *G. H. Shafer* for Illinois Commerce Commission.

Thomas L. Marshall, William G. Blood, James F. Haynes, H. R. Park, Olaf Olson, John F. Krause, Lee J. Quasey, Lewis Taylor, Max Raskin, Harry A. Lambert, Charles S. Thomas, Walter C. Newkirk, George R. Sweeney, and Edward J. Neville for certain Chicago interests, other municipalities, and civic, commercial, farm, and traffic associations.

J. Carter Fort, Richard Abram, W. W. McKirchey, and E. J. Sullivan for railroads and railroad labor organizations.

TWENTY-FIRST SUPPLEMENTAL REPORT OF THE COMMISSION

Division 2, Commissioners *Aitchison, McManamy, and Tate*

AITCHISON, Commissioner:

This proceeding is now before us upon two petitions for modifications of our previous orders herein with respect to the definition of the Western boundary of the Eastern standard time zone, one brought by the City of Chicago, Illinois, and the other by the State of Michigan.

Our functions in the definition of the limits of the several United States Standard time zones are conferred by the Standard Time Act of March 19, 1918, as amended (U. S. Code, title 15, secs. 261-265). The act was entitled "An act to save daylight and to provide standard time for the United States." It originally included requirements for what was commonly known as "daylight saving time" by providing that in each year and in each zone at 2 a. m. of the last Sunday in March the standard time, as based upon the mean astronomical time of the designated meridians governing the respective zones, should be advanced one hour, and at the same hour of the last Sunday in October the standard time should, by retarding of one hour, be returned to the mean astronomical time of the degree of longitude governing the zone.

By an act passed notwithstanding the veto of the President, August 20, 1919 (41 Stat. 280), section 3 of the Standard Time Act, which provided for daylight saving time, was repealed, effective on the last Sunday of October 1919. Since the latter date there has been no warrant under Federal law for the use of any time except that based upon the mean astronomi-

cal time of the governing time meridians. The use of local or State daylight saving time has been entirely a local or State matter, without the sanction of the Federal Government, although a State daylight saving law operating for limited purposes other than those named in the Standard Time Act was held by the Supreme Court not to conflict with the Federal act. *Massachusetts State Grange v. Benton*, 272 U. S. 525.

It is provided that the standard time of the first, or United States Standard Eastern Time zone, "shall be based upon the mean astronomical time of the seventy-fifth degree of longitude west from Greenwich"; and that of the second, or Central zone, on the ninetieth degree, and the remaining zones of continental United States other than Alaska, upon the one hundred and fifth and one hundred and twentieth degrees, respectively.

In our original report in this proceeding, *Standard Time Zone Investigation*, 51 I. C. C. 273, on October 24, 1918, we defined the boundary between the Eastern and Central zones, and also between the remaining zones provided by the act. The boundary as prescribed originally ran along the eastern limits of the State of Michigan, and approximately through Toledo, Monroeville, Mansfield, Marion, Columbus, and Gallipolis, Ohio, to the Ohio River, and then extended southerly to the Gulf of Mexico, but the latter portion of the boundary line is not now before us. Upon various petitions, and after hearings, supplemental orders were entered making various changes in the dividing line,¹ the effect of which was gradually to extend the Eastern zone until it now embraces Detroit, Mich., and Toledo, Lima, Piqua, Dayton, Hamilton, and Cincinnati, Ohio.

Effective September 18, 1931, the State of Michigan adopted Eastern standard time by an act of its legislature, in lieu of ninetieth meridian time, the equivalent of Central Standard Time, theretofore required by statute of that State. The attorney general of Michigan presented to this Commission a petition requesting the boundaries of the Eastern zone be defined so as to include that State therein. After hearing, the petition was denied, June 2, 1932, 185 I. C. C. 266. As stated in the supplemental report then issued, the mandate of the legislature of the State received no support or observance whatever in the Upper Peninsula of Michigan, and certain towns in the Lower Peninsula refused to adopt the Eastern standard prescribed by the legislature. Because the issues raised by the petition of the City of Chicago, Illinois, which will be described in the next succeeding paragraph, necessarily interlace with those raised by the Michigan petition, the proceeding has been reopened by us on our own motion for further hearing and consideration upon the petition of the State of Michigan.

The State of Illinois has no specific legislation concerning a standard of time, but has observed Central time standards since the general adoption of the four present standards of time late in 1883, as recited in our original report herein, 51 I. C. C., p. 278. Prior thereto, Chicago observed sun time. It is about 2 degrees east of the basing meridian for Central time, which is equivalent of nine minutes in time faster than the basic astronomical mean time for the ninetieth meridian. Conversely, it is about 51 minutes in time slower than the seventy-fifth meridian, which governs the Eastern time zone, and 21 minutes slower than the median line between the two zones. The use of Central time in Chicago has been continuous, except for the summer use of a time standard one hour faster, equivalent to Eastern Standard time, first under the provisions of the Federal Standard Time Act, and after the repeal by Congress of the provisions for daylight saving, by its own ordinances from 1921 until the present day, although the period for advanced time was modified by shortening it a month at the beginning and at the end, commencing in 1922. The daylight-saving ordinance has twice been upheld by popular vote upon referendum to the electors. On November 4, 1935, the City of Chicago passed an ordinance

establishing Eastern time as the official time for the transaction of all city business, effective at 2 a. m. March 1, 1936. As authorized by the City, the Corporation Counsel of the City of Chicago filed with us a petition which prayed for the extension of the Eastern zone, under the provisions of the Standard Time Act, so as to include Chicago therein. Acting upon that petition, we reopened the proceeding for hearing upon the question of the proper location of the limits of the Eastern and Central zones, and, as previously stated, upon the Michigan petition. Notice of the hearings was given generally to the public, to authorities of the States which might be affected, to common carriers by railroad therein, and to numerous individuals and public bodies deemed to be interested. A full hearing has been given to all, and the matter has been submitted upon briefs, oral argument being expressly waived.

In 1919 the Illinois State legislature memorialized Congress to repeal the Federal daylight savings act, and on February 18, 1936, the House of Representatives of the Illinois legislature by a resolution urged this Commission not to make the change in the zone boundary now sought by the City of Chicago. The States of Wisconsin, Indiana, Kentucky, Minnesota, and Alabama have statutes requiring the observance of Central time. The Indiana and Kentucky statutes are confined to large cities; that in Indiana is applicable only to Indianapolis. In 1931 a bill to adopt Eastern time was defeated in the Indiana State Senate.

As has been repeatedly pointed out in our reports in this proceeding, the fixation of standards of time can not be left to the individual States or to their subordinate municipal agencies, except at the cost of complete lack of uniformity, and the shifting about of time standards to suit the supposed needs of individual States or communities, either the year round or for the summer months, compels neighboring, less powerful, States to yield their equal rights of sovereignty and to concede to the powerful community the domination over time standards regardless of the effect upon neighboring communities or States with no respect for their desires, and heedless of the effect upon operations in interstate commerce or the laws of the United States governing interstate carriers and government officers. The present record makes it clear that the enormous population of Chicago—the second city in size in the nation—and the importance of its commerce have extended the effect of its municipal ordinances into many other communities in the State of Illinois, and in the neighboring States of Indiana and Wisconsin, against the statutes and counter to the expressed desires of the peoples of those States. We are now asked to bring about uniformity by the prescription of a single standard, and that the Eastern zone time.

At the outset we have to consider an objection that the Commission can not grant the prayer of the City without doing violence to the standards laid down by Congress in the Standard Time Act. It is pointed out that the Congress has related the zones it created to definite time meridians, and the close location of Chicago with relation to the governing meridian for the Central zone, previously set out, is such that to take it out of that zone and assign it to another zone, governed by a remote meridian, is to run counter to the standards laid down for us by Congress, and hence beyond our power.

The standards laid down by the Act are (1) the location of the meridians themselves, and the provision for zones which match them; and the intent to establish the standard time of the United States; and (2) the requirement that the limits of the zones shall be defined by us, having regard for the convenience of commerce and the existing junction points and division points of common carriers engaged in interstate or foreign commerce. While these legislative standards for our guidance in the administrative task of defining the limits of the several zones are general in language, from our original report shortly after the enactment of the law until the present time we have given them a continuous and consistent interpretation, which we have made clear in our reports in this proceeding and to the Congress, which have never been challenged and are not

¹Supplemental reports, 53 I. C. C. 208 (1919); 66 I. C. C. 508 (1922); 73 I. C. C. 78 (1922); 88 I. C. C. 135 (1924); 91 I. C. C. 688 (1924); 122 I. C. C. 122 (1927); consolidated and restated, 142 I. C. C. 279 (1928).

challenged upon this reopened proceeding, and which have twice been recognized by Congress in cases where a radical deviation from what was possible under our construction of the act was deemed advisable, and Congress therefore legislated directly to make exceptions which the Commission had not been able to see its way clear to make. Cf. Act of Mar. 4, 1921, 41 Stat. 1446 (U. S. Code, title 15, sec. 265); transferring certain territory in the Panhandle and Plains sections of Texas and Oklahoma by special act, after the report of the Commission herein, 57 I. C. C. 455; and Act of Mar. 3, 1923, 42 Stat. 1434 (U. S. Code, title 15, sec. 264), amending the Standard Time Act so as to provide for the location of certain territory in Idaho within the third (Mountain) zone, after the Commission had denied petitions to that effect, 59 I. C. C. 249. In each instance the declination of the Commission to do that which was afterwards done directly by Congress was because of the inconsistency of what was proposed with the construction placed by the Commission on the legislative standards given by Congress for its guidance.

The general principles thus established and followed should properly be applied here. The direction in the statute to have regard for the convenience of commerce is to be taken in its broadest sense, requiring such an adjustment as will most greatly facilitate vital national interests; state statutes and municipal ordinances for the maintenance of a given standard of time are to be observed, where possible; and to the extent possible, States should be left intact within a single zone. Commercial considerations which link one section or State with another are to be respected as far as possible, without special consideration of any particular occupations or trades. Convenience of commerce and the existing junction points and division points of common carriers are made of controlling importance as far as the Federal statute is concerned. The zone boundaries should be fixed as close to the median meridian, half way between the respective time meridians, as permissible, with time-breaking points somewhat west of the median meridian. To the extent possible, the zones are to be made compact and symmetrical, and time-breaking points are to be located in small rather than in large centers, or else in the more sparsely settled territory. Congress has repealed the daylight saving feature of the act, and the Commission lacks discretion to adjust the zone boundaries for the avowed purpose of providing fast or slow time for a particular community, either the year around or during particular months of the year. And, since the Supreme Court has held in *Massachusetts State Grange v. Benton*, *supra*, that regulations of time standards by authority of the States for local purposes may be met by the prescription of standards under local authority, with no necessary inconsistency between such acts and that under which we are proceeding, consideration of local convenience and needs may be left by us to the States, which are competent and able to act thereon. With these established principles recapitulated for convenience, we pass to the particular matters herein developed of record.

Much of the voluminous record, for and against the change suggested by the City of Chicago, relates to purely domestic matters, wholly disassociated from the convenience of commerce, or the junction and division points of common carriers, and not related to any of the tests previously outlined as proper for consideration in applying the Congressional standards. Such testimony we regard as of local concern under the existing state of the law.

Chicago has a population of about three and one-half millions, with another million in the surrounding communities of the metropolitan area. It is the industrial and banking capital of the Middle West, the World's third largest financial mart, a great center of transportation and communication, and the World's leading market for livestock and grain. The four States embracing and surrounding the Chicago area, Illinois, Wisconsin, Indiana, and Michigan, have a combined population of about twenty millions. There are five high-power radio stations in Chicago operating on

clear channels, which give intensive coverage to an area with a population of over eleven millions in Illinois, Wisconsin, Iowa, Indiana, and Michigan. The operation of these stations in interstate commerce being under a Federal statute and by authority of officers or a department of the United States, is clearly governed by the Standard Time Act of Congress.

The proponents of the time change stress the importance of the industrial, financial, and commercial connection between Chicago and the East, and the benefits which would result to Chicago interests from the inclusion of Chicago within the Eastern time zone. Our policy "having regard for the convenience of commerce" has been to respect, whenever possible, the commercial considerations which link one section with another so that the customary hours of business in closely allied sections may coincide. However, it is not here apparent that a parity of time with financial and industrial connections to the East of Chicago would be of any greater importance to the convenience of commerce, taken as a whole, than is the existing uniformity of time between Chicago and the agricultural and commercial sections in the Middle West.

It is the "convenience of commerce" in a broad sense for which we must have regard, since we are proceeding under an Act "to provide standard time for the United States." Confusion would result from the operation of the railroads into and out of Chicago on Central time, while Eastern time is observed locally in the City. Confusion does result every year when that city goes on a standard of time for several summer months which differs from the time observed in surrounding areas. The difficulties and inconveniences which are caused by the observance of two standards of time within the same community have been pointed out in prior reports herein. A conflicting local standard of time is the cause of much irritation and inconvenience, but that can not be avoided in the present state of the law. Under the arrangement in effect in Chicago prior to March 1936, under which local daylight saving time was observed during a portion of the year, two periods of serious confusion were experienced, the one at the beginning and the other immediately following the close of the daylight saving period. The elimination of this source of confusion is urged by the proponents of Eastern time as one of the benefits of the proposed change, providing a uniform standard of time throughout the year.

Despite the decisive vote (44 to 3) of the City Council adopting Eastern time for Chicago, there is considerable opposition by Chicago interests. Indeed, the City has requested us to defer action on its petition until its own ordinance can be tested on a referendum at the coming general election, if sufficient signatures can be obtained upon a referendum petition therefor. But as the action of the City can legally control only for a limited number of domestic purposes, while the Standard Time Act operates upon other purposes, and the city ordinance and Federal statute are to be kept out of opposition, whether the voters of Chicago approve or disapprove the action of the council of that city as to matters of exclusively local concern can not in any wise control the determination of what rule is to govern under the Federal Statute. The request of the City for us to defer decision would necessarily compel us to defer proper attention to the reopened Michigan petition. We therefore proceed to a determination of the matters presented under the submission.

The Chicago livestock and grain exchanges opposed the time change because of its adverse effect upon Chicago as a market for these commodities. The bulk of the livestock and grain shipments to Chicago originate in the Central zone. A difference of time between Chicago and the shippers of these agricultural products tends to make more difficult the satisfactory contact which leads the producer to ship to the Chicago market instead of its numerous western competitors. Such a time difference is a disturbing element in the distribution of market information, and interferes with the orderly handling of shipments both from the West and to the East on schedules which have been developed and

adjusted to give the most satisfactory service to the shippers and receivers. Any disarrangement of these schedules inconveniences and irritates the shipper and tends to cause him to use a competing market. Difficulties experienced under daylight saving time will be aggravated in the winter months under Eastern time because of the shorter period of daylight.

Many of the separate Illinois municipalities within the Chicago metropolitan area have adopted Eastern standard time, following the action of the City Council of Chicago. The suburban City of Harvey opposed the move, but changed its time to conform. Throughout Illinois outside the Chicago area there is no showing of public sentiment favorable to the change; in fact, opposition was quite general. Authorities of the cities of Rockford, Elgin, and Aurora appeared in opposition to the change. Resolutions or other statements in opposition to the time change were received from many other cities and towns, including East St. Louis, Rock Island, Danville, Moline, and Champaign. The House of Representatives of the Illinois Legislature opposes the contemplated change in railroad time and urges us to deny any petition for such a change. The State of Illinois extends from 2°30' east of the ninetieth (Central) meridian to 1°30' west of that line. It is approximately bisected by the meridian which governs the Central time zone, and no part of the State is more than ten minutes of time away from the astronomical mean time prescribed for the whole Central zone.

The State of Wisconsin is quite similarly located. Its interests are predominantly agricultural, and it has had no difficulty with the use of the normal, or Central, standard of time. Wisconsin by law has adopted Central time as the State standard, and forbids the use or display of any other time. In this proceeding it opposes any change in the zone boundary which will disturb its continued use of Central time. It does not even permit the departure from that standard during the summer months for daylight saving. Milwaukee was on daylight saving time from 1921 until 1923, but when the question was submitted to a referendum vote the arrangement was rejected. The Common Council of the City of Milwaukee on February 17, 1936, adopted a resolution opposing any change in the existing zone boundary. The State extends from about 87° to 93° west of Greenwich, and the ninetieth (Central) meridian passes within a few miles of its geographic center.

Representatives of local labor unions in Chicago and of the State federations of labor in Illinois and Wisconsin objected to the hardships, inconveniences, and dangers which would be imposed upon the workingmen and their families by an advance in time. The railroad labor unions stressed the danger to railroad employees which would be brought about by requiring a change of time to be made except at division points. Farmers and farm associations of Illinois, Wisconsin, and Indiana opposed an advance of time, as necessitating the performance of an increased proportion of farm work in the dark hours of the early morning, because of the advanced schedules of transportation agencies required to get the products to market in time. Milk producers would be particularly injuriously affected.

Interests at South Bend, Ind., do not favor the change to Eastern time, although that city observed Central daylight saving time during the period it was in effect in Chicago. Commercial and business organizations of Louisville, Ky., urge the extension to Louisville of whatever time standard is designated for Indiana points on the opposite bank of the Ohio River.

The proposed westward movement of the time zone boundary to a point beyond Chicago is objected to as being too radical a departure from solar time and too remote from the governing time meridian to come within the reasonable intendment of the Standard Time Act. The most westerly point in the Eastern zone lies on the east bank of the Apalachicola River, in Florida, about 41 minutes in time west of the Eastern time meridian. The Central zone now includes the entire State of Texas. The western tip is about

66 minutes in time west of the Central time meridian, and is even 6 minutes in time west of the time meridian which governs Mountain time. The Mountain zone now extends to the western border of southern Idaho, over 43 minutes in time west of the Mountain time meridian. Neither of these locations met the approval of the Commission. The lines in Texas and Oklahoma, and in Idaho, as originally defined, ran substantially east of the present boundaries, and as previously recited, we denied requests for westward relocations of both of these boundaries, because the results would be out of harmony with the standards set for us in the Act, whereupon Congress acted directly to effectuate these changes. They were not made by us under the general standards prescribed for our guidance, and form no precedent for radical deviation by us from the general scheme of the Standard Time Act. Our attention is directed to the change made by us in 1929, 159 I. C. C. 297, whereby the boundary of the Central zone in North Dakota was moved westward by our order to the western border of the State, more than 56 minutes from the Central time meridian. That change, however, was without opposition, and was made to eliminate a dangerous operating condition on the railroads serving western North Dakota, and was urged by State and local authorities as suited to the needs of that very sparsely settled agricultural area, and the slight disadvantages which attended relocation of the line were regarded as more than offset by the desirability of including practically all of the State of North Dakota in a single zone, particularly as numerous exceptions were made to the relocated zone boundary (159 I. C. C., p. 301) for common carriers which still continued to use the slower Mountain time. Obviously such a situation gives little guidance for dealing with the Chicago petition.

The Chicago district is the largest railroad terminal in the country. It comprises 400 square miles, is served by 22 trunk lines, 5 belt lines, and numerous industrial lines, with 5,717 miles of track, and includes about 3,500 industries with track connections, with more than 160 yards, 73 freight stations, and 6 major passenger stations. Approximately 500 road freight trains, 500 through passenger trains, and 1,000 commuter trains move in and out of Chicago daily. About 15,000 loaded cars arrive or depart daily at Chicago, 8,960 to and from the West and 6,100 to and from the East. There are over 800 joint facility arrangements, 150 of which involve the use by one road of another's tracks. There are more than 1,000 interlocking plants, where one railroad crosses another at grade.

From a railroad operating standpoint the placing of the zone boundary through or near this immense terminal would be fraught with incalculable and unavoidable difficulty and danger. Any attempt to draw a line through Chicago so as to require the eastern roads to operate on Eastern time and the western roads on Central time would be futile. In many cases the eastern lines operate on tracks of the western lines, or western lines on eastern tracks. In some instances the same belt railway line operates on tracks of both eastern and western roads, or eastern and western lines both use the same tracks of the belt road. The injection of two standards of time into such a complex situation must necessarily result in confusion and danger. The railroad representatives could offer no practicable solution of the operating difficulties which would be brought about by a time change at Chicago, and that offered by the technical experts of the City at the hearing is not regarded as economically feasible or as practical from the standpoint of operation. If Chicago is to be included in the Eastern zone, then the Mississippi River presents the only logical boundary line. Such a change would transfer Wisconsin to the Eastern zone over its vigorous protest, and would also involve serious operating difficulties in the terminals at Duluth and St. Paul, Minn., St. Louis, Mo., and other crossings. It would extend the Eastern time zone more than an hour and 10 minutes west of the Eastern time meridian. Such a definition of the zone would do violence to the standards set by Congress when it prescribed the use

of the ninetieth meridian to govern the Central zone. The repercussions on the commerce of the territory west of the Mississippi River would be serious.

The State of Michigan supports the petition of the City of Chicago so far as it may be considered as seeking the extension of the Eastern zone boundary to include the Lower Peninsula of Michigan. Since the denial of the original petition of Michigan in 1932, the communities of the State have experienced a number of years under Eastern standard time. The three towns in the Lower Peninsula which at the time of the 1931 Detroit hearing had refused to observe Eastern time, have since adopted that standard of time. The record discloses no opposition within the Lower Peninsula to the observance of Eastern standard time. With respect to the Upper Peninsula, the controlling commercial connections are with Wisconsin rather than with the East, and the State has modified its original petition in this proceeding by eliminating the request for the inclusion of any portion of the Upper Peninsula in the Eastern zone, unless Wisconsin is also included.

The inconvenience to commerce within the State of Michigan which has resulted from the different standards of time for State and Federal purposes was detailed in the prior report. The difficulties are aggravated by the close commercial relation between Detroit as the automobile center of the country and the surrounding cities of Michigan, which are engaged in the manufacture of automobile parts. Since the change of local time in Chicago, Michigan commercial interests have been in the confusing position between two great markets, Chicago to the west and Detroit to the east, both observing Eastern time while the railroads serving the Michigan points and these two markets operate on Central time. The universal use of Eastern time in the Lower Peninsula of Michigan is now past the experimental state: it is firmly grounded and the convenience of commerce will be met by its recognition for all purposes, if some practicable method can be found to include the Lower Peninsula of Michigan in the Eastern zone.

On this record we conclude that a westward relocation of the boundary of the Eastern zone to embrace the City of Chicago can not be made within the Congressional standards and consistently with the principles uniformly applied hitherto. We are, however, persuaded and now find that the convenience of commerce will be served by a modification of the boundary line of the Eastern zone to include the Lower Peninsula of the State of Michigan within that zone. Accordingly so much of the description of the present boundary line between the United States Eastern and Central zones prescribed in the original report and redefined in the sixteenth supplemental report, 142 I. C. C. 279, and orders based thereon, as defines the boundary line between such zones in Michigan, Indiana, and Ohio will be amended to be as follows:

Michigan.—Beginning on the boundary line between the United States and Canada at the point south of Drummond Island where the said boundary line turns in a northeasterly direction through False Detour Channel; thence westerly up Lake Huron through the middle of South Channel and the Straits of Mackinac to and along the north shore of the northernmost island in Charlevoix County; thence southwesterly to and along the west shore of Gull Island; thence by direct line to the western boundary of the State of Michigan at a point in the middle of Lake Michigan opposite the main channel of Green Bay; thence southerly along the western boundary of the State of Michigan to its juncture with the southern boundary thereof; thence easterly and southerly along said southern boundary to the northeast corner of the State of Indiana.

Indiana-Ohio.—From the northeast corner of the State of Indiana southerly along the eastern boundary of Indiana and the western boundary of the State of Ohio to the Ohio River, thence easterly along the thread of the Ohio River to the line of the Chesapeake & Ohio Railway between Cincinnati, Ohio, and Covington, Ky.; thence southerly and southeasterly immediately south of and parallel with the Chesapeake & Ohio Railway to Catlettsburg, Ky., and the

intersection with the boundary line between Kentucky and West Virginia.

With the relocation of the line along the western boundary of Ohio the present exceptions, listed at pages 281 and 282 of the sixteenth supplemental report, 142 I. C. C. 279, become in large part inconsistent with the modified boundary line. Accordingly these exceptions so far as they cover lines of railroad north of the Ohio River should be eliminated.

In response to a request from the presiding Commissioner at the hearing the carriers filed a list of operating exceptions which they deem necessary if the line is to coincide with the southern Michigan border and the western State line of Ohio. For the most part they appear reasonable. The Pere Marquette Railway seeks permission to operate on central time its mileage in the United States, although almost entirely located in Ohio and the Lower Peninsula of Michigan. The need for the operation of a railroad of that size on a single standard of time is not apparent on this record. Some inconvenience or slight additional expense to that road might result, but such considerations cannot be permitted to outweigh the great convenience of commerce which would follow the establishment of a single standard of time for the area embraced in the Lower Peninsula of Michigan. The operation of 1,680 miles of line of one railroad under a time standard which differs from that observed in the communities it serves is certainly not in the interest of the convenience of commerce.

The following list of exceptions covering railroads north of the Ohio River should be substituted for those eliminated. In event any of such exceptions are found to be in error, or impractical for any reason, the objections should be brought to our attention at once. These exceptions are tendered to the carriers named upon the understanding expressed in our original report, 51 I. C. C., at page 284, as to the showing by the rail carriers in time cards, advertisements, etc., of times of arrival and departure of trains with reference to the standard prescribed for general use in the various communities, where different from that authorized for operating purposes by the following exceptions.

Exceptions.—Those portions of the lines of railroad below named located east of the zone boundary line above described and north of the Ohio River shall, for operating purposes only, be excepted from United States Standard Eastern time Zone and included in United States Standard Central Time Zone, viz:

Railroad	From—	To—
Baltimore & Ohio.....	Ohio-Indiana State line (west of College Corner, Ohio).	Hamilton, Ohio.
Do.....	Ohio-Indiana State line (west of Columbia Park, Ohio).	Cincinnati, Ohio.
Chesapeake & Ohio.....	Ohio-Indiana State line (west of Newkirk, Ohio).	Chevoit, Ohio.
Cleveland, Cincinnati, Chicago & St. Louis.	Michigan-Indiana State line (north of Granger, Ind.).	Niles, Mich.
Do.....	Ohio-Indiana State line (west of Glen Karn, Ohio).	Cold Springs, Ohio.
Do.....	Ohio-Indiana State line (west of Harrison, Ohio).	Western boundary, City of Cincinnati.
Do.....	Ohio-Indiana State line (west of Elizabethtown, Ohio).	Do.
Erie.....	Ohio-Indiana State line.....	Marion, Ohio.
Grand Trunk Western....	Michigan-Indiana State line (north of Granger, Ind.)	Battle Creek, Mich.
Michigan Central.....	Michigan-Indiana State line (south of Grand Beach, Mich.)	Niles, Mich.
Do.....	Michigan-Indiana State line (south of Gallien, Mich.)	Benton Harbor, Mich.
Michigan Central.....	Michigan-Indiana State line (south of Bertrand, Mich.)	Do.
New York, Chicago & St. Louis.	Ohio-Indiana State line (west of Payne, Ohio).	Bellevue, Ohio.
Do.....	Ohio-Indiana State line (west of Willshire, Ohio).	Toledo, Ohio.
Do.....	Ohio-Indiana State line (west of Fort Recovery, Ohio).	Sandusky, Ohio.
Pennsylvania.....	Ohio-Indiana State line (east of Union City, Ind.)	Bradford, Ohio.
Pere Marquette.....	Michigan-Indiana State line (south of New Buffalo, Mich.)	Grand Rapids, Mich.
Wabash.....	Ohio-Indiana State line (west of Edon, Ohio).	Toledo, Ohio.
Do.....	Ohio-Indiana State line (west of Blakesley, Ohio).	Detroit, Mich.
Do.....	Ohio-Indiana State line (west of Antwerp, Ohio).	Toledo, Ohio.

The following railroad lines located west of the zone boundary line above described and north of the Ohio River shall, for operating purposes only, be included within the United States Standard Eastern Time Zone, viz:

Railroad	From—	To—
Baltimore & Ohio.....	Ohio-Indiana State line (west of Hicksville, Ohio).	Garrett, Ind.
Do.....	Ohio-Indiana State line.....	Union City, Ind.
Cleveland, Cincinnati, Chicago & St. Louis.	Ohio-Indiana State line (east of Union City, Ind.).	Indianapolis, Ind
New York Central.....	Michigan-Indiana State line (north of Vistula, Ind.).	Elkhart, Ind.
Do.....	Michigan-Indiana State line (south of Sturgis, Mich.).	Goshen, Ind.
Do.....	Michigan-Indiana State line (south of Montgomery, Mich.).	Fort Wayne, Ind.
Do.....	Ohio-Indiana State line (west of Edgerton, Ohio).	Elkhart, Ind.
Pennsylvania.....	Michigan-Indiana State line (south of Sturgis, Mich.).	Fort Wayne, Ind.
Do.....	Ohio-Indiana State line (at Dixon, Ohio).	Do.
Do.....	Ohio-Indiana State line (west of New Paris, Ohio).	Richmond, Ind.
Do.....	Ohio-Indiana State line (west of Campbelltown, Ohio).	Do.

An appropriate order will be entered, giving effect to these findings at 2 o'clock a. m., of September 27, 1936.

ORDER

At a session of the Interstate Commerce Commission, Division 2, held at its office in Washington, D. C., on the 14th day of August A. D. 1936.

[No. 10122]

STANDARD TIME ZONE INVESTIGATION

It appearing, That by report and order dated October 24, 1918, the Commission defined the limits of the various time zones throughout the United States created by the act of Congress entitled "An Act to Save Daylight and to Provide Standard Time", approved March 19, 1918, which limits, as subsequently amended from time to time, were restated and redefined in the sixteenth supplemental report and order in this investigation, dated May 19, 1928;

It further appearing, That a petition filed by the State of Michigan for modification of the orders entered herein was denied on June 2, 1932, in the nineteenth supplemental report in this proceeding;

It further appearing, That upon petition of the City of Chicago, Ill., for modification of the orders entered herein, the proceeding was reopened for further hearing, and in connection with such further hearing the petition of the State of Michigan was also reopened;

And it further appearing, That such further hearing has been held and full investigation of the matters and things involved has been made, and that the said division, on the date hereof, has made and filed the twenty-first supplemental report containing its findings of fact and conclusions thereon, which said twenty-first supplemental report is hereby referred to and made a part hereof:

It is ordered, That the orders entered on October 24, 1918, and May 19, 1928, be modified by making the changes shown in said twenty-first supplemental report in response to the said petition of the State of Michigan; and that this modification shall become effective at 2 o'clock ante meridian September 27, 1936.

And it is further ordered, That the said petition of the City of Chicago be, and it is hereby, denied.

By the Commission, division 2.

[SEAL]

GEORGE B. MCGINTY, Secretary.

[F. R. Doc. 1933—Filed, August 26, 1936; 12:40 p. m.]

[Fourth Section Application No. 16484]

TAR PRODUCTS TO GULF PORTS

AUGUST 26, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act,

Filed by: W. S. Curlett and Frank Van Ummerzen, Agents, pursuant to Fourth Section Order No. 9300.
Commodities involved: Tar products, viz: benzol (benzene), and toluol, in carloads.
From: Boston, Mass., and points within switching limits.
To: Baton Rouge, Good Hope, New Orleans, La., Mobile, Ala., Pensacola, Fla., and Gulfport, Miss., for export.
Grounds for relief: Carrier competition.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.

[SEAL]

GEORGE B. MCGINTY, Secretary.

[F. R. Doc. 1931—Filed, August 26, 1936; 12:40 p. m.]

[Fourth Section Application No. 16485]

GRAVEL TO ILLINOIS PORTS

AUGUST 26, 1936.

The Commission is in receipt of the above entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act,

Filed by: R. A. Sperry, Agent.
Commodities involved: Gravel, road surfacing, carloads.
From: La Grange and Reading, Mo.
To: Colmar and Plymouth, Ill.
Grounds for relief: Truck competition.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.

[SEAL]

GEORGE B. MCGINTY, Secretary.

[F. R. Doc. 1932—Filed, August 26, 1936; 12:40 p. m.]

SECURITIES AND EXCHANGE COMMISSION.

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 25th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE HUMBLE-ZAPPE FARM, FILED ON AUGUST 5, 1936, BY JOHNSTON COMPANY, INCORPORATED, RESPONDENT

ORDER FOR CONTINUANCE

The Securities and Exchange Commission, having been requested by its counsel for a continuance of the hearing in the above entitled matter, which was last set to be heard at 11:00 o'clock in the forenoon of the 25th day of August at the office of the Securities and Exchange Commission, 18th Street and Pennsylvania Avenue, Washington, D. C., and it appearing proper to grant the request;

It is ordered, pursuant to Rule VI of the Commission's Rules of Practice under the Securities Act of 1933, as amended, that

the said hearing be continued to 3:30 o'clock in the afternoon of the 9th day of September at the same place and before the same trial examiner.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary*.

[F. R. Doc. 1935—Filed, August 26, 1936; 12:45 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 25th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE SLICK-URSHEL-MCGREW FARM, FILED ON JULY 23, 1936, BY THOMAS H. ARDEN, RESPONDENT

ORDER TERMINATING PROCEEDING AFTER AMENDMENT

The Securities and Exchange Commission finding that the offering sheet filed with the Commission, which is the subject of this proceeding, has been amended, so far as necessary, in accordance with the Suspension Order previously entered in this proceeding;

It is ordered, pursuant to Rule 341 (d) of the Commission's General Rules and Regulations under the Securities Act of 1933, as amended, that the amendment received at the office of the Commission on August 21, 1936, be effective as of August 21, 1936; and

It is further ordered, That the Suspension Order, Order for Hearing and Order Designating a Trial Examiner, heretofore entered in this proceeding, be, and the same hereby are, revoked and the said proceeding terminated.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary*.

[F. R. Doc. 1937—Filed, August 26, 1936; 12:45 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 25th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE MID-CONTINENT-CAMPBELL FARM, FILED ON JULY 24, 1936, BY GENERAL INDUSTRIES CORP., LTD., RESPONDENT

ORDER TERMINATING PROCEEDING AFTER AMENDMENT

The Securities and Exchange Commission finding that the offering sheet filed with the Commission, which is the subject of this proceeding, has been amended, so far as necessary, in accordance with the Suspension Order previously entered in this proceeding:

It is ordered, pursuant to Rule 341 (d) of the Commission's General Rules and Regulations under the Securities Act of 1933, as amended, that the amendment received at the office of the Commission on August 21, 1936, be effective as of August 21, 1936; and

It is further ordered, that the Suspension Order, Order for Hearing and Order Designating a Trial Examiner, heretofore entered in this proceeding, be, and the same hereby are, revoked and the said proceeding terminated.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary*.

[F. R. Doc. 1936—Filed, August 26, 1936; 12:45 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 25th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE SUNRAY-PHILLIPS-CAPITOL-MANSION-STATE ET AL. FARM, FILED ON AUGUST 3, 1936, BY H. B. SEARS, RESPONDENT

ORDER TERMINATING PROCEEDING AFTER AMENDMENT

The Securities and Exchange Commission finding that the offering sheet filed with the Commission, which is the subject of this proceeding, has been amended, so far as necessary, in accordance with the Suspension Order previously entered in this proceeding;

It is ordered, pursuant to Rule 341 (d) of the Commission's General Rules and Regulations under the Securities Act of 1933, as amended, that the amendment received at the office of the Commission on August 22, 1936, be effective as of August 22, 1936; and

It is further ordered, that the Suspension Order, Order for Hearing and Order Designating a Trial Examiner, heretofore entered in this proceeding, be and the same hereby are revoked and the said proceeding terminated.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary*.

[F. R. Doc. 1938—Filed, August 26, 1936; 12:46 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission, held at its office in the City of Washington, D. C., on the 25th day of August A. D. 1936.

[File No. 2-1440]

IN THE MATTER OF AVOCALON EXTENSION SYNDICATE, LIMITED

STOP ORDER

This matter coming on to be heard by the Commission on the registration statement of Avocalon Extension Syndicate, Limited, 719 Dominion Bank Building, Toronto, Ontario, Canada, after confirmed telegraphic notice by the Commission to said registrant that it appears that said registration statement contains untrue statements of material facts and fails to state material facts required to be stated therein and fails to state material facts necessary to make the statements therein not misleading, and upon the evidence received upon the allegations made in the notice of hearing duly served by the Commission on said registrant, and the Commission having duly considered the matter, and finding that said registration statement contains untrue statements of material facts and omits to state material facts required to be stated and material facts necessary to make statements made not misleading, all as more fully set forth in the Commission's Findings of Fact and Opinion in this matter this day issued, and being now fully advised in the premises,

It is ordered, pursuant to Section 8 of the Securities Act of 1933, as amended, that the effectiveness of the registration statement filed by Avocalon Extension Syndicate, Limited, 719 Dominion Bank Building, Toronto, Ontario, Canada, be and the same hereby is suspended.

By direction of the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary*.

[F. R. Doc. 1934—Filed, August 26, 1936; 12:45 p. m.]

VETERANS' ADMINISTRATION.

REVISION OF REGULATIONS

HOSPITAL REDUCTIONS

R-2181. Reductions in service pension while a veteran is in a state soldiers' home, the U. S. Soldiers' Home, or

the U. S. Naval Home mentioned in R. & P., R-2108 and R-2112, will be continued during furloughs or other temporary absences for periods of less than thirty days (August 26, 1936) (Public, No. 299, 71st Congress, and Veterans' Regulation No. 6 Series).

SPECIAL ACTS

R-2188. *Special Acts.*—Pension payable under special acts is subject to reduction pursuant to Veterans' Regulation No. 6 (c) but if such pension is based on service during the Spanish-American War, including the Philippine Insurrection or the Boxer Rebellion, or prior thereto, reduction under Veterans' Regulation No. 6 (c) will be made only when the veteran is furnished hospital or domiciliary care by the Veterans' Administration (August 26, 1936).

APPORTIONMENT

R-2220. *Special Apportionment.*—Special apportionment may be made as to retired emergency officers' benefits and pension payable pursuant to Public, No. 2 and No. 141, 73d Congress, and Public, No. 788, 74th Congress, including pension payable under special acts if based on service subsequent to the Spanish-American War, including the Philippine Insurrection or the Boxer Rebellion, except as to apportionments under the provisions of Section 21(3) of the World War Veterans' Act, 1924, as amended by Public, No. 262, 74th Congress, but as to pension of any other class, only if the veteran is maintained by the Veterans' Administration (see also R. & P. R-1315) (August 26, 1936).

APPLICATION FOR DEATH BENEFITS

R-2500. A specific claim on the form prescribed by the Administrator of Veterans Affairs must be filed by the widow, child, or children and/or dependent mother or father applying for pension or compensation, or for accrued pension, compensation or emergency officers' retirement pay. (V. R. 2 (a), Part I, Par. VI.) The application must be executed before a notary public or other officer authorized to administer oaths for general purposes, or before an employee of the Veterans' Administration to whom authority to administer oaths has been delegated by the administrator. In the event the claimant's application is not complete at the time of original submission, the Veterans' Administration will notify the claimant of the evidence necessary to complete the application and if such evidence is not received within one year from the date of request therefor, pension or compensation may not be paid by virtue of that application (V. R. 2 (d), Part I, Par. I (a) (2)); *Provided*, That a claim for pension or compensation filed by a widow or by the next friend or guardian of a child will also be considered as a claim for any accrued amount due; *Provided further*, That a claim filed by a widow in which additional pension or compensation is claimed on account of a child or children in her custody, who herself does not have title, will be accepted as a valid claim on behalf of the child or children (August 26, 1936) (Public, No. 844, 74th Congress.)

[SEAL]

FRANK T. HINES,
Administrator of Veterans' Affairs.

[F. R. Doc. 1929—Filed, August 26, 1936; 11:46 a. m.]

Friday, August 28, 1936

No. 120

TREASURY DEPARTMENT.

Bureau of Customs.

[T. D. 48495]

CUSTOMS REGULATIONS AMENDED

ARTICLES 457 AND 461 OF THE CUSTOMS REGULATIONS OF 1931, RELATING TO VESSEL SUPPLIES, AMENDED

To Collectors of Customs and Others Concerned:

Pursuant to the authority contained in Section 309 (a) of the Tariff Act of 1930 (U. S. C. title 19, sec. 1309 (a)),

Section 630 of the Revenue Act of 1932, as amended, (U. S. C. title 26, Sec. 630 in note at end C. 20) (U. S. C. Sup. I, same), and Section 624 of the Tariff Act of 1930 (U. S. C. title 19, sec. 1624), Article 457 of the Customs Regulations of 1931 is amended by the addition of a new paragraph (b) to read as follows:

(b) When the merchandise is not to be laden at the port of withdrawal it must be withdrawn for transportation in bond to the port of lading. Three copies of manifest, Customs Form 7512, in addition to 6 copies of the withdrawal on Customs Form 7506 will be required. The procedure will be the same as that prescribed in Article 301 (b) (the 6 copies of Form 7506 taking the place of the entry copies of Form 7512), except that no shipper's export declaration, Customs Form 7525, will be required.

Paragraphs (b) and (c) of Article 457 are redesignated (c) and (d), respectively.

Article 461 of the Customs Regulations of 1931 is amended to read as follows:

The bond given on withdrawal of supplies shall be canceled upon the production within six months from the date of withdrawal of an affidavit of the master or other officer of the vessel having knowledge of the facts, showing that such supplies have been used on board the vessel and no portion thereof landed within the limits of the United States or any of its possessions. An extension of three months, and a further extension of three months may be granted upon written application to the Collector showing to his satisfaction that failure to produce the affidavit was not due to lack of diligence.

[SEAL]

FRANK DOW,
Acting Commissioner of Customs.

Approved, Aug. 21, 1936.

WAYNE C. TAYLOR,
Acting Secretary of the Treasury.

[F. R. Doc. 1963—Filed, August 27, 1936; 11:24 a. m.]

Bureau of Internal Revenue.

[T. D. 4695]

AFFIXING WINE STAMPS AND DESTROYING STAMPS, MARKS, AND BRANDS

To District Supervisors, Collectors of Internal Revenue, and Others Concerned:

Pursuant to Section 616 of the Revenue Act of 1918 (U. S. C., 1934 ed., title 26, sec. 1306), as amended by Section 338 of the Liquor Tax Administration Act (Public, No. 815, 74th Congress), and pursuant to Section 620, 1305, and 1309 of the Revenue Act of 1918 (U. S. C., 1934 ed., title 26, sections 1309, 1345, and 1350, respectively), the following regulations are hereby prescribed:

1. Winemakers and proprietors of bonded storerooms shall, prior to the removal for sale or consumption from their bonded premises, attach to each case, barrel, bottle, or other immediate container, or to each case or other shipping container (except tanks and tank cars) of wine, a stamp denoting the payment of internal revenue tax thereon. Where wine is shipped in tanks or tank cars, the winemaker or proprietor of the bonded storeroom shall attach to a copy of the bill of lading wine stamps in a value equal to the tax on the wine so shipped; shall cancel the stamps by indelibly writing or stamping thereon, or perforating, his name or initials and the date of cancellation; and shall send the copy of the bill of lading to which the canceled wine stamps are attached to the District Supervisor. He shall also affix to each tank or tank car a certificate of taxpayment, showing the name, registry number, and location (city or town and State) of the bonded premises from which shipped, the contents in wine gallons, the kind and alcoholic strength of the wines, and the date of taxpayment.

2. If the tax stamp is affixed to bottles of still wine, champagne, or other sparkling white and artificially carbonated wines, the winemaker or proprietor of the bonded storeroom shall stencil or mark on the case the following statement:

Tax paid by stamps affixed to bottles.

