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Washington, Thursday, January 10, 1952

TITLE 3—THE PRESIDENT PROCLAMATION 2960

MODIFICATION OF TRADE-AGREEMENT CONCESSION AND ADJUSTMENT IN THE RATE OF DUTY WITH RESPECT TO HATTERS' FUR

BY THE PRESIDENT OF THE UNITED STATES
OF AMERICA
A PROCLAMATION
Correction

In Proclamation 2960, appearing as Federal Register Document 52-369 at page 187 of the issue for Tuesday, January 8, 1952, the figure "47½%" in paragraph (a) should be changed to "47½¢" so that paragraph (a), as corrected, reads as follows:

(a) That the concession granted in the said General Agreement with respect to the products described in the said item 1520, shall be modified, effective after the close of business February 8, 1952, by changing the rate of duty specified in such item 1520 from "15% ad val." to "47½¢ per lb., but not less than 15% nor more than 35% ad val."; and

TITLE 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 6—EXCEPTIONS FROM THE COMPETITIVE SERVICE

MISCELLANEOUS AMENDMENTS

1. Effective upon publication in the FEDERAL REGISTER § 6.105 (b) (1) is amended to read as follows:

§ 6.105 *Department of the Army.*

(b) *Office of the Secretary.* (1) Two private secretaries or confidential assistants to each of the following: The Secretary of the Army and the Chief of Staff, United States Army. One private secretary or confidential assistant to the

Under Secretary of the Army and to each Assistant Secretary of the Army.

2. Effective upon publication in the FEDERAL REGISTER § 6.111 (1) (5) is amended to read as follows:

§ 6.111 *Department of Agriculture.*

(1) *Farmers Home Administration.*

(5) NC/PD. Employees appointed for not to exceed one year to engage exclusively in the making and servicing of loans required as a result of floods, freezes, storms, or other natural calamities: *Provided*, That an appointment may, with the prior approval of the Commission, be extended for additional periods of not to exceed one year each.

3. Effective upon publication in the FEDERAL REGISTER paragraphs (a) and (b) of § 6.208 are amended to read as follows:

§ 6.208 *State Department.* (a) NC/PD. Political, economic, financial, and other technical professional positions (not including information positions) in grade GS-9 and above, requiring specialized foreign relations knowledge, training, or experience with respect to a particular foreign area, foreign language or foreign affairs problem.

(b) NC/PD. Persons formerly employed abroad in the foreign service for a period of at least 4 years for service in executive and administrative positions, or employed abroad for at least 2 years for professional positions, in grade GS-9 and above.

(R. S. 1753, sec. 2, 22 Stat. 403; 5 U. S. C. 631, 633. E. O. 9330, Feb. 24, 1947, 12 F. R. 1259; 3 CFR, 1947 Supp. E. O. 8973, June 26, 1948, 13 F. R. 3600; 3 CFR, 1948 Supp.)

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] L. A. MOYER,
Executive Director.

[F. R. Doc. 52-334; Filed, Jan. 9, 1952; 8:49 a. m.]

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**PART 6—EXEMPTIONS FROM THE
COMPETITIVE SERVICE
MUTUAL SECURITY AGENCY**

Effective as of December 30, 1951, the head note of § 6.149 is changed from Economic Cooperation Administration to Mutual Security Agency. Paragraphs (c) and (d) are redesignated as paragraphs (b) and (c). Reference to the Administrator and Deputy Administrator have been changed to the Director and Deputy Director. As revised the section reads as follows:

§ 6.149 *Mutual Security Agency.* (a) Not to exceed 25 positions of a policy determining character as salaries in excess of \$10,000 but not in excess of \$15,000 per annum.

(b) Two private secretaries or confidential assistants to the Director, one to the Deputy Director, and one to each policy determining official receiving a salary of \$15,000 per annum.

(c) Not to exceed 30 positions at GS-12 or above when filled by persons who have served overseas with the Agency or its predecessor for not less than one year.

(R. S. 1753, sec. 2, 22 Stat. 463; 5 U. S. C. 631, 633. E. O. 9830, Feb. 24, 1947, 12 F. R. 1253; 3 CFR, 1947 Supp. E. O. 8973, June 28, 1948, 13 F. R. 3600; 3 CFR, 1948, Supp.)

UNITED STATES CIVIL SERV-
ICE COMMISSION,
[SEAL] ROBERT RAMSPECK,
Chairman.

[F. R. Doc. 52-266; Filed, Jan. 9, 1952;
8:46 a. m.]

**Chapter III—Foreign and Territorial
Compensation**

Subchapter B—The Secretary of State
[Dept. Reg. 103.146]

**PART 325—ADDITIONAL COMPENSATION IN
FOREIGN AREAS**

DESIGNATION OF DIFFERENTIAL POSTS

Section 325.11 *Designation of differ-
ential posts*, is amended as follows, effec-
tive on the dates indicated:

1. Effective as of the beginning of the first pay period following January 5, 1952, paragraph (b) is amended by the deletion of the following posts:

India, all posts except Calcutta, Delhi, New Delhi, and Madras.

2. Effective as of the beginning of the first pay period following September 1, 1951, paragraph (a) is amended by the addition of the following post:

Villahermosa, Mexico.

3. Effective as of the beginning of the first pay period following January 5, 1952, paragraph (a) is amended by the addition of the following posts:

Pucallpa, Peru.
Izatnagar, India.

4. Effective as of the beginning of the first pay period following December 22, 1951, paragraph (a) is amended by the addition of the following post:

Guanacaste Province, Costa Rica.

5. Effective as of the beginning of the first pay period following January 5, 1952, paragraph (b) is amended by the addition of the following posts:

India, all posts except Calcutta, Delhi, New Delhi, Izatnagar, and Madras.

(Sec. 102, E. O. 10000, Sept. 16, 1948, 13 F. R. 5463; 3 CFR, 1948 Sup.)

Issued: December 29, 1951.

For the Secretary of State.

W. K. SCOTT,
Acting Deputy Under Secretary.

[F. R. Doc. 52-306; Filed, Jan. 9, 1952;
8:48 a. m.]

TITLE 6—AGRICULTURAL CREDIT

Chapter III—Farmers Home Administration, Department of Agriculture

Subchapter A—Farm Housing Loans and Grants

PART 308—LOANS TO CONTRACT PURCHASERS ON COLUMBIA BASIN PROJECT

Subchapter A, Title 6, Code of Federal Regulations (14 F. R. 6544; 16 F. R. 112, 2821, 6713, 9297, 10305, 11795; 15 F. R. 6067, 9351, 1583) is amended to add Part 308 to read as follows:

Sec.

308.1 General.

308.2 Loan processing.

AUTHORITY: §§ 308.1 and 308.2 issued under sec. 510 (g), 63 Stat. 438; 42 U. S. C. 1480 (g). Interpret or apply secs. 501-504, 507-509, 63 Stat. 432-434, 436; 42 U. S. C. 1471-1474, 1477-1479.

§ 308.1 *General.* Farm Housing loans may be made to contract purchasers of land from the United States through the Bureau of Reclamation in the Columbia Basin Project in the State of Washington.

§ 308.2 *Loan processing.* Farm Housing loans to such contract purchasers will be made in accordance with Parts 301-305 of this chapter, except that:

(a) If requested to do so, the applicant will give written authorization to the Farmers Home Administration to obtain from the Bureau of Reclamation information submitted by him in support of his application to the Bureau of Reclamation for the purchase contract.

(b) Prior to or at the time of loan closing the purchase contract will be canceled and the applicant will receive a deed to the farm from the United States acting through the Bureau of Reclamation.

(c) If all of the development and residence requirements under the purchase contract will not be completed by the time of loan closing, the Farm Housing loan will be secured by a first mortgage on the farm, and the mortgage will contain development and residence requirements at least equivalent to those which have not been completed under the canceled purchase contract.

[SEAL] DILLARD B. LASSETER,
Administrator,
Farmers Home Administration.

DECEMBER 26, 1951.

Approved: January 5, 1952.

CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 52-304; Filed, Jan. 9, 1952;
8:48 a. m.]

TITLE 7—AGRICULTURE

Chapter VII—Production and Marketing Administration (Agricultural Adjustment), Department of Agriculture

[1061 (V. I. 52)—1, Supp. 2]

PART 703—AGRICULTURAL CONSERVATION PROGRAM; VIRGIN ISLANDS

SUBPART—1952

MISCELLANEOUS AMENDMENTS

Pursuant to the authority vested in the Secretary of Agriculture under sections 7-17 of the Soil Conservation and Domestic Allotment Act, as amended, the 1952 Agricultural Conservation Program; Virgin Islands, issued August 31, 1951 (16 F. R. 9023), as amended December 3, 1951 (16 F. R. 12307), is further amended as follows:

1. Section 703.117 (*Practice 7*) is amended by deleting the sentence immediately preceding "Maximum assistance," which reads "Payment will not be made on any acreage for which payment is made by the Virgin Islands Corporation," and inserting in lieu thereof the following: "Assistance will be limited to farms on which not more than 20 acres are being cleared under the program."

2. Section 703.121 (*Practice 11*) is deleted in its entirety.

3. Section 703.122 (*Practice 12*) is deleted in its entirety.

4. Section 703.123 (*Practice 13*) is deleted in its entirety.

(Sec. 4, 49 Stat. 164; 16 U. S. C. 590d. Interpret or apply secs. 7-17, 49 Stat. 1148, as amended; 16 U. S. C. 590g-590q)

Done at Washington, D. C., this 7th day of January 1952.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 52-395; Filed, Jan. 9, 1952;
8:51 a. m.]

PART 705—AGRICULTURAL CONSERVATION PROGRAM: HAWAII

SUBPART—1952

The United States Department of Agriculture offers every farmer in the Territory of Hawaii an opportunity to improve and conserve the fertility of his land through participation in the 1952 Agricultural Conservation Program.

Under this program, part of the costs of the conservation practices is defrayed by the Government and this represents the Nation's interest in what happens to its basic resources.

Payment will be made for performance of recommended practices at approved rates to the extent of the individual farm allowance and available funds. Developed under the provisions of the Soil Conservation and Domestic Allotment Act, the program is designed to meet local conservation needs.

Information contained herein outlines the general provisions of the 1952 Agricultural Conservation Program for Hawaii and specifications and rates of payment for practices.

CONTROL OF FUNDS

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705.101 Maximum farm payment.
705.102 Adjustments.
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APPROVAL OF CONSERVATION PRACTICES

705.106 Selection of practices.
705.107 Adaptation of practices and rates of assistance.
705.108 Pooling agreements.
705.109 Prior notice to State Office.

CONSERVATION PRACTICES AND MAXIMUM RATES OF ASSISTANCE

705.110 Conservation practices and maximum rates of assistance.
705.111 Practice 1: Constructing continuous terraces to control the flow of water on sloping farm land.
705.112 Practice 2: Constructing field diversion ditches or outlet channels for disposing of, diverting, or collecting water to control erosion or for impounding purposes.
705.113 Practice 3: Constructing individual terraces around coffee trees.
705.114 Practice 4: Establishing a protective sod lining in waterways.
705.115 Practice 5: Building erosion control dams or stone or vegetative barriers to prevent or heal the gully of farm land and reduce run-off of water.
705.116 Practice 6: Constructing permanent riprap or revetment of stone to control erosion of stream banks, gullies, dam faces, or water courses.
705.117 Practice 7: Contour farming of intertilled crops.
705.118 Practice 8: Listing or chiseling fallowed cropland on the contour or emergency listing at right angles to prevailing winds for control of wind erosion when not a part of the seeding operation.
705.119 Practice 9: Planting orchards on the contour.
705.120 Practice 10: Maintaining a permanent vegetative cover in nonterraced orchards to prevent erosion.
705.121 Practice 11: Planting leguminous crops for green manure or cover.
705.122 Practice 12: Planting adapted non-legumes for green manure, cover, or filter strip.

- Sec. 705.123 Practice 13: Small gains for green manure or cover.
- 705.124 Practice 14: Organic manuring of fields with farm compost or dehydrated peat moss.
- 705.125 Practice 15: Seeding or planting in prepared land adapted grasses, legumes, or other forage plants for establishing or improving permanent pastures.
- 705.126 Practice 16: Applying ground limestone or its equivalent on all islands in the Territory where soil analysis shows the need.
- 705.127 Practice 17: Applying potash or phosphate.
- 705.128 Practice 18: Minor elements.
- 705.129 Practice 19: Clearing suitable land to permit conservation of other land in the farm.
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- 705.131 Practice 21: Controlling weeds in established pasture or range land by grubbing out or poisoning of undesirable plants.
- 705.132 Practice 22: Applying sugarcane mill refuse to canefields harvested or started in fallow during the program year.
- 705.133 Practice 23: Retaining or applying a mulch of coarsely shredded or crushed pineapple plants on pineapple fields.
- 705.134 Practice 24: Applying coffee pulp and/or husks around coffee trees.
- 705.135 Practice 25: Applying organic mulch material to land in truck crops, fruit and nut trees or pineapples.
- 705.136 Practice 26: Deferred grazing.
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- 705.138 Practice 28: Establishing for seed production and harvesting an acreage of range and pasture grasses or legumes.
- 705.139 Practice 29: Construction of dams, pits, or ponds for livestock water, including the enlargement of inadequate structures.
- 705.140 Practice 30: Installation of pipelines for livestock water.
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- 705.142 Practice 32: Constructing water storage tanks for accumulation of water to be used solely for coffee pulping purposes for use as mulch.
- 705.143 Practice 33: Construction of permanent fences to obtain better distribution of grazing on range or pastureland, or to protect farm wood land from grazing.
- 705.144 Practice 34: Furrowing, chiseling, ripping, scarifying or listing non-crop grazing land to retard runoff and improve water penetration.
- 105.145 Practice 35: Constructing or enlarging dams, pits and ponds to impound surface water for irrigation.
- 705.146 Practice 36: Reorganizing farm irrigation systems to conserve water and prevent erosion.
- 705.147 Practice 37: Leveling land for more efficient use of irrigation water or to prevent erosion.
- 705.148 Practice 38: Construction or enlargement of open permanent farm drainage ditches.
- 705.149 Practice 39: Planting forest trees and shrubs on farm land for forestry purposes, windbreaks, and for erosion control.

- Sec. 705.150 Practice 40: Maintaining a stand of trees and shrubs in windbreaks, planted between January 1, 1947, and January 1, 1952.
- 705.151 Practice 41: Building temporary check dams of materials such as rock, wire, wood, or brush supplemented by vegetative cover of close-growing grasses or legumes.
- 705.152 Practice 42: Preventing cattle trail gullies.

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- 705.156 Division of payments.
- 705.157 Increase in small payments.
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- 705.177 Bulletins, instructions, and forms.

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- 705.186 Authority.
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- 705.188 Applicability.

AUTHORITY: §§ 705.1 to 705.88 issued under sec. 4, 49 Stat. 164; 16 U. S. C. 590d. Interpret or apply secs. 7-17, 49 Stat. 1148, as amended; 16 U. S. C. 590g-590q.

CONTROL OF FUNDS

§ 705.101 *Maximum farm payment.* The State Office will determine the amount of assistance for each farm, taking into consideration the needs of other farms in the State as well as the conservation needs of the farm requesting assistance.

§ 705.102 *Adjustments.* If the total estimated earnings under the program exceed the total funds available for payments the assistance in each case will be reduced equitably.

§ 705.103 *Allocation.* The amount of funds available for conservation practices under this program is \$179,000. This amount does not include the amount set aside for administrative expenses and the amount required for size-of-payment adjustments in § 705.157.

APPROVAL OF CONSERVATION PRACTICES

§ 705.106 *Selection of practices.* Practices included in the 1952 program are only those which by maintaining or increasing soil fertility, controlling and preventing soil erosion caused by wind or

water, encouraging conservation and better agricultural use of water, or conserving and increasing range and pasture forage, contribute to increased or sustained production of needed agricultural commodities. The practices included are those which will not be carried out in the desired volume on the basis of relative conservation needs unless assistance is given therefor.

§ 705.107 *Adaptation of practices and rates of assistance.* In order to encourage the performance of practices which are needed most, the State Office may designate from the practices listed in this subpart those practices which will be applicable on designated groups of farms.

§ 705.108 *Pooling agreements.* Producers in any local area may agree in writing, with approval of the State Office to perform designated amounts of practices which the State Office determines are necessary to conserve or improve the agricultural resources of the community. For purposes of payment, practices carried out under such an approved written agreement will be regarded as having been carried out on the farms of the producers who performed the practice.

§ 705.109 *Prior notice to State Office.* The State Office requires notification in advance, of the farmer's intentions to participate in the 1952 program and of his designation of practices to be used. Intentions may be filed on Form ACP-201-Hawaii (51), by letter to the Honolulu or Hilo office of the Production and Marketing Administration, or by telephone or personal contact with authorized PMA farm checkers, but must be submitted on or before September 30, 1952. Information should include a description of the practice(s) and extent of the performance anticipated.

CONSERVATION PRACTICES AND MAXIMUM RATES OF ASSISTANCE

§ 705.110 *Conservation practices and maximum rates of assistance.* (a) Payment will be made at the rates specified and within the limitations set forth in this subpart for carrying out during the period from January 1, 1952, to December 31, 1952, inclusive, the conservation practices included in §§ 705.111 to 705.152 which are approved for a farm, except that farmers who before December 31, 1951, (1) complete all practices for which they will make claim for payment under the 1951 program, or (2) have carried out practices to the maximum extent of their allowance under the 1951 program, may enroll and perform practices under the 1952 program any time after September 30, 1951. No payment will be made under the 1952 program for any part of a practice carried out for payment under the 1951 program.

(b) Of the permanent-type conservation practices authorized under this subpart, the Soil Conservation Service is responsible for the technical phases of the permanent-type practices contained in §§ 705.111, 705.112, 705.114, 705.115, 705.116, 705.139, 705.141, 705.142, 705.145, 705.146, 705.147, and 705.148. In addition the Soil Conservation Service is responsible for the technical phases of the

practices contained in §§ 705.117, 705.118, and 705.119 if guidelines must be established under the 1952 program. This responsibility shall include (1) a finding that the practice is needed and practical on the farm, (2) necessary site selection, other preliminary work, and lay-out work of the practice, (3) necessary supervision of the installation, and (4) certification of performance (or application of the practice to the land). Also, in areas where the State Office, the designated representative of the Soil Conservation Service in the area, and the Forest Service representative having jurisdiction of farm forestry in the area determine that there is a need for making a prior determination that land to be cleared under §§ 705.129 and 705.130 is suitable for clearing for the purposes of the practices, the Soil Conservation Service technician shall have the responsibility for such prior determination of suitability. The practices listed in this paragraph are not considered to be the only permanent-type practices in the program. However, it is hereby determined that they are the only practices in the 1952 program for which the Soil Conservation Service has been delegated responsibility for the technical phases under Secretary's Memorandum 1278.

(c) The Forest Service is responsible for the technical phases of the practices contained in §§ 705.149 and 705.150. This responsibility shall include (1) providing necessary specialized technical assistance, (2) development of specifications for forestry practices, and (3) working through the State Office, determining compliance in meeting these specifications.

§ 705.111 *Practice 1: Constructing continuous terraces to control the flow of water on sloping farm land.* Credit will be allowed, provided the terrace is properly laid out and constructed in accordance with detailed specifications to be provided by the State Office, adequately protected against siltation, overflowing, or washing, and supplied with outlets and waterways for the discharge of accumulated water. If the land terraced is planted to clean-tilled crops, the crop rows must follow contour lines on all slopes greater than 6 percent and, as nearly as practicable, on slopes of 6 percent or less. Only bench-type terraces will be recognized as effective on land of 20 percent or more slope. With soils of very light texture appropriate filter strips immediately above each terrace channel are required where slope conditions threaten heavy siltation during rain storms.

Maximum assistance. (a) \$2 per 100 linear feet in clear soil.

(b) \$4 per 100 linear feet in very rocky soil or exposed rocky substratum.

(c) \$8 per 100 linear feet for bench terraces.

§ 705.112 *Practice 2: Constructing field diversion ditches or outlet channels for disposing of, diverting, or collecting water to control erosion or for impounding purposes.* Channels exceeding 2 percent in grade must be protected against erosion damage by adequate sod or other lining. Outlets must be pro-

ected to discharge water without gully-ing. The amount of material moved in channel construction shall be that which is determined to lie in the terrace ridge or berm and above the normal ground level.

Maximum assistance. \$0.14 per cubic yard of material moved.

§ 705.113 *Practice 3: Constructing individual terraces around coffee trees.* Terrace ridge should be not less than 5 feet long and high enough to provide catchment capacity of not less than 3 cubic feet. Terrace ridge should be of firmly packed soil or rock set in soil.

Maximum assistance. \$5 per 100 terraces.

§ 705.114 *Practice 4: Establishing a protective sod lining in waterways.* This practice will be applicable to waterways built or reshaped in the program year and used for removing excess water from farm land that is contoured, terraced, and/or trash mulched. Satisfactory sod lining must be established before credit may be given for this practice.

Maximum assistance. (a) \$0.75 per 1,000 square feet of surface established by shaping and seeding or sodding.

§ 705.115 *Practice 5: Building erosion control dams or stone or vegetative barriers to prevent or heal the gullying of farm land and reduce run-off of water.* Receipts or invoices showing purchase of pipe and receipts or records showing payment for labor will be required by inspectors as evidence of accomplishment under (d) and (f).

Maximum assistance. (a) \$0.14 per cubic yard of earth moved in the construction of the dams, wings, and walls.

(b) \$12 per cubic yard of concrete used.

(c) \$7 per cubic yard of rubble masonry used.

(d) 50 percent of the average cost of pipe delivered to the farm.

(e) \$1.50 per cubic yard of rock used, for rock or rock and brush dams.

(f) 80 percent of the cost of constructing stone barriers for diverting and spreading surface run-off.

(g) \$0.25 per 100 linear feet for planting single line vegetative barriers to impede the flow of surface run-off.

(h) \$1.50 per 1,000 square feet for planting suitable permanent massed vegetative barriers.

§ 705.116 *Practice 6: Constructing permanent riprap or revetment of stone to control erosion of stream banks, gullies, dam faces, or water courses.*

Maximum assistance. (a) \$0.50 per square yard of exposed riprap surface, or

(b) \$2.00 per cubic yard of riprap material.

§ 705.117 *Practice 7: Contour farming of intertilled crops.* Credit will be given for farming intertilled crops planted during the program year on the contour on land of 2 percent or more slope. However no credit will be given if payment is authorized for the practice contained in § 705.119 on the same land in the same year. Credit will not be given for this practice on land under furrow irrigation or on land of 6 percent or more slope, unless adequate ditching or terracing protection is provided in accordance with specifications in this subpart covering such practices. If the land is not promptly put into another

crop, the crop residue must be left standing, a cover crop established, or protective tillage operations (contour plowing, harrowing, furrowing, or subsoiling) carried out on the land.

Maximum assistance. (a) \$3 per acre per year where all cultural operations (plowing, harrowing, planting, and cultivating) are on the contour or where cultivation space between contour planted rows is furrowed to a depth not less than 6 inches.

(b) \$2 per acre per year where only planting and cultivating are on the contour.

§ 705.118 *Practice 8: Listing or chiseling fallowed cropland on the contour or emergency listing at right angles to prevailing winds for control of wind erosion when not a part of the seeding operation.* Furrows must be not less than 8 inches deep and 12 inches across at the top and spaced not more than 10 feet apart. Fallowing must be for a period equal to that normally required to produce the customary crops for the area but need not exceed 12 months.

Maximum assistance. \$1 per acre.

§ 705.119 *Practice 9: Planting orchards on the contour.* Credit will be given for planting orchards on the contour on land having more than 2 percent slope. Trees must be lined up on the level or on a grade suitable for continuous terrace construction.

Maximum assistance. \$7.50 per acre.

§ 705.120 *Practice 10: Maintaining a permanent vegetative cover in nonterraced orchards to prevent erosion.* The cover must be mowed at least once during the year and residue left on the land, or grazed, but not to the extent of endangering the cover.

Maximum assistance. \$1 per acre.

§ 705.121 *Practice 11: Planting leguminous crops for green manure or cover.* In order to qualify, a good stand and a good growth of the leguminous crops must be grown and left on the land or turned under during the program year. Receipts or invoices showing purchase of seed, or records of collecting, will be required by inspectors as evidence of seed used. Minimum rates of seeding should be the same as shown in § 705.125 (Practice 15). Payments will not be made for seed used in excess of two times a prescribed minimum rate per acre. In case of mixed seeding with acceptable nonlegumes (see §§ 705.122 and 705.123—Practices 13 and 14), the ratio of one-third of the required poundage of legume seed for unmixed plantings to two-thirds of the required poundage of nonlegume seed for unmixed plantings shall provide the basis for determining eligibility and payment.

Maximum assistance:	Cents per pound
(a) Pigeon peas.....	15
(b) Velvetbeans.....	15
(c) Field beans.....	15
(d) Purple vetch.....	20
(e) Clover.....	35
(f) Kudzu.....	25
(g) <i>Crotalaria juncea</i>	25
(h) <i>Crotalaria spectabilis</i>	25

§ 705.122 *Practice 12: Planting adapted nonlegumes for green manure, cover, or filter strip.* Para grass (*Panicum purpurascens*), molasses grass,

Rhodes grass, feather fingergrass, and other nonlegumes determined by the State Office as suitable for this purpose, are eligible for payment. In order to qualify, a good stand and a good growth must be secured during the program year and be left on the land or turned under. Acreage harvested for seed or hay is not eligible for assistance. Receipts or invoices showing purchase of seed, or records of collecting, will be required by inspectors as evidence of seed used. In case of mixed seeding with acceptable legumes, see § 705.121 (Practice 11) for ratio specifications, and § 705.125 (Practice 15) for nonlegume seeding rates.

Maximum assistance. \$5 per acre of area actually planted.

§ 705.123 *Practice 13: Small grains for green manure or cover.* A good stand and good growth must be obtained and left on the land or turned under. Acres harvested for hay or grain are not eligible for assistance. Volunteer stands will not qualify for assistance. In case of mixed seeding with acceptable legumes, see § 705.121 (Practice 11) for ratio specifications. Minimum seeding rates per acre by varieties are: Barley (bearded), 75 pounds per acre; oats, 60 pounds per acre. Payment will not be made for seed used in excess of two times the prescribed minimum rate per acre. Receipts or invoices showing purchase of seed, or records of collecting, will be required by inspectors as evidence of seed used.

Maximum assistance. 50 percent of the cost of seed at the farm.

§ 705.124 *Practice 14: Organic manuring of field with farm compost or dehydrated peat moss.* Farm compost must consist of agricultural waste material properly mixed with lime, phosphate, and nitrogenous activators and protected against leaching. In order to qualify, compost volume must be determined by county agent or PMA farm checker prior to spreading. To qualify as "compost" organic material must be decomposed to the extent that (a) there is no readily detectable heat of oxidation in the compost pile, (b) no readily detectable odor of any of the original materials employed, (c) original nature of organic material used shall be indistinguishable. In order for dehydrated peat moss to qualify, the farmer must provide analysis of the product and receipted bills showing amounts purchased and price. Analysis must show not less than 75 percent organic matter on the dry basis and a water absorbing ratio of not less than 7:1.

Maximum assistance. (a) Farm compost—\$2 per cubic yard in the composting pit or pile.

(b) Dehydrated peat moss—50 percent of the cost at warehouse, but not in excess of \$25 per acre.

§ 705.125 *Practice 15: Seeding or planting in prepared land adapted grasses, legumes, or other forage plants for establishing or improving permanent pastures.* The seed must be well distributed over the area sown to insure a good stand at maturity. Receipts or invoices showing purchase of seed, or records of

collecting, will be required by inspectors as evidence of seed used. Any of the following protective crops or any other locally adapted crops approved by the State Office may be used but must be seeded at not less than the following minimum seeding rates per acre:

	Pounds
Crotalaria	10
Vetch	50
Lupines	30
Pigeon peas	30
Desmanthus	5
Canary grass	10
Carpet grass	10
Clovers	10
Guinea grass	10
Molasses grass	10
Paspalum dilatatum (Dallis)	10
Rhodes grass	10
Bromegrass	15
Australian blue grass	15
Orchard grass	15
Ryegrass	15
Mesquite grass	15
Kudzu	5
Fescue	10
African foxtail	10
Yellow Blue stem	10

In order to meet the minimum requirements, slips or stools of grasses may be planted in continuous rows not more than 5 feet apart, or at intervals of not more than 4 feet in each direction. Any of the following grasses may be planted as slips or stools at not less than the following minimum rates per acre:

	Pounds
Bermuda (fresh green weight)	250
Bermuda (glant) (fresh green weight)	250
Kikuyu grass (fresh green weight)	500
Napier (elephant) grass (fresh cut stalks)	1,000
Para grass (Panicum) (fresh green weight)	2,000
Guinea grass crowns (earth free, 9-inch tops)	600

Maximum assistance. For prepared land which is not used as cropland—\$5 per acre planted.

§ 705.126 *Practice 16: Applying ground limestone or its equivalent on all islands in the Territory where soil analysis shows the need.* Lime material must contain at least 80 percent calcium carbonate equivalent and be fine enough to pass through a 20-mesh screen and must be evenly applied to the land. Receipts or invoices showing the purchase of lime, properly dated and signed by the vendor, will be required as evidence by the farm inspector at the time of inspection.

Maximum assistance. 60 percent of the average cost delivered to the farm.

§ 705.127 *Practice 17: Applying potash or phosphate.* Payment will be made for applying potash or phosphate to grasses or legumes (excluding small grain, vegetable or truck crops for sale, all peanuts, Sudan grass, and sorghums), or to green manure or cover crops in orchards (excluding vegetable or truck crops for sale, all peanuts, Sudan grass, and sorghums). Payment will be made only for the application of phosphate (P₂O₅) and potash (K₂O) separately or in mixed form, and for not more than 100 pounds of each ingredient per acre. Application of phosphate or potash to the soil may be made to a growing crop or at the time of seeding a new crop.

Application must be made at a time so that the eligible crop will receive the principal benefit of the material. Receipts or invoices showing the purchase and analysis of the fertilizer used, properly dated and signed by the vendor, will be required as evidence by the farm inspector at the time of inspection.

Maximum assistance. (a) Potash—\$3.75 per 100 pounds of available K₂O.

(b) Superphosphate or Ammo-phos (16-20-0 analysis)—\$7.20 per 100 pounds of available P₂O₅.

(c) Ammo-phos (11-42-0 analysis)—\$6.55 per 100 pounds of available P₂O₅.

(d) Raw rock phosphate—\$4.33 per 100 pounds of P₂O₅ content.

§ 705.128 *Practice 18: Minor elements.* Restricted to use with perennial legumes or grasses. Materials used as insecticides are not eligible. In the case of mixtures, payments shall be calculated on the basis of the average cost of an equivalent quantity of the elements in a common commercial form. Receipts or invoices showing purchase and analysis of materials will be required by inspectors as evidence of compliance.

Maximum assistance. 60 percent of the average cost at dealer's warehouse.

§ 705.129 *Practice 19: Clearing suitable land to permit conservation of other land in the farm.* This practice is applicable only where clearing is necessary for the adoption, on not less than equal acreage, of a better soil conserving cropping system, reforestation, or retirement from cultivation of severely eroded lands. No payment will be made for clearing a stand of merchantable timber. Records of labor and equipment used in the clearing operation will be required as evidence of cost.

Maximum assistance. 50 percent of the cost of the clearing operation, but not in excess of \$10 per acre cleared.

§ 705.130 *Practice 20: Clearing suitable new land for permanent pasture.* This practice is applicable only to land which has undergone no clearing operation within the past 25 years while under control of the present operator; or within 10 years in the case of a recent change in ownership or tenancy, except where the State Office determines otherwise. This practice is applicable only where clearing is necessary for the establishment of perennial legumes and grasses. Eligible perennial legumes and grasses must be established as soon as practicable. No payment will be made for clearing a stand of merchantable timber. Records of labor and equipment used in the clearing operation will be required as evidence of cost.

Maximum assistance. 50 percent of the cost of the clearing operation, but not in excess of \$10 per acre cleared.

§ 705.131 *Practice 21: Controlling weeds in established pasture or range land by grubbing out or poisoning of undesirable plants.* Payment will be made only once for performing this practice on the same land during 1952 regardless of the number of times weeds are removed during the year. This practice must be carried out in combination with such seeding, liming, and fertilizing measures as are required for the development or

maintenance of a good pasture cover on the acreage treated. Receipts or invoices showing purchase and analysis of poisons used will be required by inspectors as evidence.

Maximum assistance. (a) \$0.50 per acre per year for grubbing.

(b) 50 percent of the average cost of State Office approved chemicals not to exceed \$1 per acre.

§ 705.132 *Practice 22: Applying sugarcane mill refuse to canefields harvested or started in fallow during the program year.* Eligible materials will include separately or in any combination, cane leaf trash, soil washings, bagasse, and filter cake. Records of volume transported and identity as well as areas of fields treated will be required by inspectors before determining payments.

Maximum assistance. 50 percent of the hauling expense, but not to exceed \$15 per acre treated.

§ 705.133 *Practice 23: Retaining or applying a mulch of coarsely shredded or crushed pineapple plants on pineapple fields.* The layer of shredded plants must be not less than 4 inches thick at the outset. Applicable only to fields in crop or in preparation for planting. Assistance for this practice on any field will be limited to once during the crop cycle.

Maximum assistance. (a) \$5 per acre for pineapple trash mulch in unbroken blanket.

(b) \$2.50 per acre for pineapple trash mulch in strips alternating with paper mulch.

§ 705.134 *Practice 24: Applying coffee pulp and/or husks around coffee trees.* When cherry coffee is pulped on the farm on which the pulp is used, sales slips or similar records of parchment coffee sold should be retained for presentation to the farm inspector at the time of inspection. Such sales slips or other records should contain the number of bags of parchment coffee sold, the date of sale, and the purchaser's signature.

Payment will be made for not more than 5 tons of pulp (unfermented weight) and/or husks applied per acre. (Off-farm coffee pulp and/or husks are acceptable on presentation of satisfactory evidence.)

Maximum assistance. (a) \$1 per ton for farm produced pulp. Applicable only to those farms not receiving pulp in the past 2 years.

(b) \$2 per ton for mill produced pulp requiring truck hauling.

§ 705.135 *Practice 25: Applying organic mulch material to land in truck crops, fruit and nut trees or pineapples.* Organic material must be of a fibrous nature and shredded chopped or crushed. Materials such as sugarcane bagasse, cane leaf trash, pineapple trash, tree fern stumps, coarse grasses, coffee husks, macadamia nut husks and shells will be eligible. The mulch must be thick enough to completely hide the surface of soil areas treated. Receipts or invoices showing purchase of materials and cost of transportation will be required by inspectors as evidence of compliance.

Maximum assistance. 50 percent of the cost of material at the farm but not in excess of \$15 per acre treated with materials secured from outside the farm or \$5 per acre treated with materials produced on the farm.

§ 705.136 *Practice 26: Deferred-grazing.* Payment will not be made on more than 25 percent of the grazing land in the unit, except that the State Office, with approval of the ACP Branch, may waive the percentage limitation for any local area where deferment of a larger area is necessary to conserve range resources, nor on any part of the deferred area which is cut for hay. For payment purposes, the deferment period may not be less than 12 months, credit being given for deferment time originating in the previous year for which payment was not made under the 1951 program. The following conditions must be observed in order to qualify for payment:

(a) The land on which the practice is carried out must be kept entirely free from grazing during the period.

(b) The range land in the farm must not be pastured to such extent as to injure the forage, tree growth, or watershed.

(c) This practice shall not be applicable to land which normally is not used for grazing during the period in which livestock is removed.

(d) Rested area must have a vegetative cover of forage crop acceptable to the State Office.

Maximum assistance. \$1 per acre for the acreage deferred.

§ 705.137 *Practice 27: Reseeding of depleted range land which is unprepared.* The seed must be well distributed over the area treated to insure a good stand at maturity. No assistance will be given if it is determined that the area seeded is overgrazed. Eligible seeding rates are those listed in § 705.125 (Practice 15). Receipts or invoices showing purchase of seed or records of collecting will be required by inspectors as evidence of seed cost.

Maximum assistance. 50 percent of the average cost at the farm of the seed, but not in excess of \$5 per acre.

§ 705.138 *Practice 28: Establishing for seed production and harvesting an acreage of range and pasture grasses or legumes.* Receipts or invoices showing purchase of seed and other materials used and records of production expenses will be required by inspectors as evidence of cost. The following species or others approved by the State Office will qualify for credit:

- Kalmi clover (*Desmodium canum*).
- Spanish clover (*Desmodium uncinatum*).
- Crotalaria juncea.
- Purple vetch.
- Pigeon peas.
- Canary grass.
- Clovers.
- Paspalum dilatatum.
- Tropical kudzu (*Pueraria phaseoloides*).
- Feather fingergrass (*Chloris virgata*).
- Rhodes grass.
- Bromegrass.
- Australian bluegrass.
- Orchard grass.
- Ryegrass.
- Mesquite grass.

Maximum assistance. 50 percent of the cost of production, but not in excess of \$25 per acre.

§ 705.139 *Practice 29: Construction of dams, pits, or pounds for livestock water, including the enlargement of inadequate structures.* The development must contribute to a better distribution of grazing or better pasture management. No assistance will be given if the area to be served by the development is overgrazed. No assistance will be given for cleaning or maintaining an existing structure. Receipts or invoices showing purchase of material used in construction will be required by inspectors as evidence of cost.

Maximum assistance. (a) \$0.14 per cubic yard of material moved.

(b) \$12 per cubic yard of concrete used.

(c) \$7 per cubic yard or rubble masonry used.

(d) 50 percent of the cost of fencing materials, pipe, and seeding or sodding the dam and filter strips.

§ 705.140 *Practice 30: Installation of pipelines for livestock water.* The project must contribute to a better distribution of grazing. No assistance will be given if the area to be served by the development is overgrazed. Receipts or invoices showing purchase of pipe used will be required to determine cost.

Maximum assistance. 50 percent of the average cost of pipe at the farm, except that the payment for pipe in excess of 2 inches in diameter may not exceed the payment which may be made for 2-inch pipe.

§ 705.141 *Practice 31: Construction of permanent artificial watersheds and/or storage tanks for accumulating livestock water.* The project must contribute to a better distribution of grazing. No assistance will be given if the area to be served by the development is overgrazed. No payment will be made if part of the water impounded or supplied is used for irrigation or domestic purposes. Receipts or invoices showing purchase of materials used will be required to determine cost.

Maximum assistance. (a) 50 percent of the cost of material used, other than concrete and rubble masonry.

(b) \$12 per cubic yard of concrete used.

(c) \$7 per cubic yard of rubble masonry used.

§ 705.142 *Practice 32: Constructing water storage tanks for accumulation of water to be used solely for coffee pulping purposes for use as mulch.* Payment will be limited to tank capacity to suit needs of average (3 previous years) coffee crop yield in each case. Receipts or invoices showing purchase of materials used will be required by inspectors as evidence of cost.

Maximum assistance. (a) 50 percent of cost of materials used, other than concrete or rubble masonry.

(b) \$12 per cubic yard of concrete used.

(c) \$7 per cubic yard of rubble masonry used.

§ 705.143 *Practice 33: Construction of permanent fences to obtain better distribution of grazing on range or pastureland, or to protect farm wood land from grazing.* No payment may be made for the maintenance of existing fences or

for construction of boundary fences. Receipts or invoices showing purchase of materials will be required to determine cost.

Maximum assistance. (a) 50 percent of the average cost at the farm of posts, wire, poles, lumber, staples, or other similar fencing materials used.

(b) 10 cents per linear foot of rock wall, minimum dimensions of which shall be: Height, 4 feet; base width, 36 inches; and top width, 24 inches.

§ 705.144 Practice 34: Furrowing, chiseling, ripping, scarifying or listing, noncrop grazing land to retard run-off and improve water penetration. The operations must be as nearly as practicable on the contour.

Maximum assistance. \$1 per acre for a minimum of 4,000 linear feet.

§ 705.145 Practice 35: Constructing or enlarging dams, pits and ponds to impound surface water for irrigation. No assistance will be given for material moved in cleaning or maintaining a reservoir. Receipts or invoices showing purchase of materials used will be required by inspectors as evidence of cost.

Maximum assistance. (a) \$0.14 per cubic yard of earth material moved.

(b) \$12 per cubic yard of concrete used.

(c) \$7 per cubic yard of rubble masonry used.

(d) 50 percent of the average cost of pipe and outlet gates.

(e) 50 percent of the average cost of seeding or sodding dams or filter strips.

§ 705.146 Practice 36: Reorganizing farm irrigation systems to conserve water and prevent erosion. The reorganization must be carried out in accordance with a written plan approved by the State Office. Receipts or invoices showing purchase of materials or equipment and records of labor employed will be required by inspectors as evidence of installation costs.

Maximum assistance. (a) \$0.14 per cubic yard of earth material moved in the construction or enlargement of permanent ditches, dikes, or laterals. No assistance will be given for cleaning a ditch.

(b) Lining ditches or reservoirs:

(1) 50 percent of the average cost of approved material used, other than concrete and rubble masonry.

(2) \$12 per cubic yard of concrete used.

(3) \$7 per cubic yard of rubble masonry used.

(c) Constructing or installing siphons, flumes, drop boxes or chutes, weirs, diversion gates, and pipe, other than concrete and rubble masonry. No assistance will be given for repairs or replacements of existing structures.

(1) 50 percent of the average cost of material used, other than concrete and rubble masonry.

(2) \$12 per cubic yard of concrete used.

(3) \$7 per cubic yard of rubble masonry used.

(d) 50 percent of the average cost of pipe used in the installation of permanently located main lines and standpipes for overhead irrigation. No assistance will be given for repairs or replacements of existing structures, or for the installation of laterals.

§ 705.147 Practice 37: Leveling land for more efficient use of irrigation water or to prevent erosion. No assistance will be given for "floating" or for carrying out this practice on land for which assistance for leveling was given under a pre-

vious program. Not applicable to land for which no irrigation water is available. Receipts or records showing expense of labor used will be required by inspectors as evidence of earth moving costs.

Maximum assistance. 50 percent of average cost of earth moving, but not to exceed \$10 per acre.

§ 705.148 Practice 38: Construction or enlargement of open permanent farm drainage ditches. No payment will be made for material moved in cleaning or maintaining a ditch. Receipts or invoices showing purchase of seed or materials and records of labor employed will be required by inspectors as evidence of construction costs.

Maximum assistance. (a) \$0.14 per cubic yard of material moved.

(b) \$12 per cubic yard for concrete.

(c) \$7 per cubic yard for rubble masonry.

(d) 80 percent of the average cost of seed or planting materials for establishing suitable cover for protection against erosion on ditch banks and right-of-way.

§ 705.149 Practice 39: Planting forest trees and shrubs on farm land for forestry purposes, windbreaks, and for erosion control. Plantings must be protected from fire and grazing.

Maximum assistance. \$2 per 100 trees or shrubs planted.

§ 705.150 Practice 40: Maintaining a stand of trees and shrubs in windbreaks, planted between January 1, 1947, and January 1, 1952. Trees and shrubs must be of types suited to windbreak purposes. Plants must be protected from fire and grazing.

Maximum assistance. \$2 per 100 trees or shrubs replanted.

§ 705.151 Practice 41: Building temporary check dams of materials such as rock, wire, wood, or brush, supplemented by vegetative cover of close-growing grasses or legumes.

Maximum assistance. \$0.05 per linear foot of dam crest.

§ 705.152 Practice 42: Preventing cattle trail gullies. Diversion of cattle from use of trails worn in pasture and/or range land at grades in excess of 6 percent must be effective so as to permit regrowth of vegetation in the old trails.

Maximum assistance. \$1 per 1000 linear feet of cattle trails so protected.

PAYMENTS

§ 705.156 Division of payments—(a) Conservation practice payments. The payment earned in carrying out practices shall be paid to the producer who carried out the practices. If more than one producer contributed to the carrying out of such practices, the payment shall be divided in the proportion that the State Office determines the producers contributed to the carrying out of the practices. In making this determination, the State Office shall take into consideration the value of the labor, equipment, or material contributed by each producer toward the carrying out of each practice on a particular acreage, assuming that each contributed equally, unless it is established to the satisfaction of the State Office that their respective contributions thereto were not in equal proportion. The furnishing of land will not

be considered as a contribution to the carrying out of any practice.

(b) *Death, incompetency, or disappearance of producer.* In the case of death, incompetency, or disappearance of any producer, his share of the payment shall be paid to his successor, determined in accordance with the provisions of Part 716 of this chapter (ACP-122).

§ 705.157 Increase in small payments. The payment computed for any person with respect to any farm shall be increased as follows:

(a) Any payment amounting to \$0.71 or less shall be increased to \$1.

(b) Any payment amounting to more than \$0.71 but less than \$1 shall be increased by 40 percent.

(c) Any payment amounting to \$1 or more shall be increased in accordance with the following schedule:

Amount of payment computed:	Increase in payment
\$1 to \$1.99	\$0.40
\$2 to \$2.99	.80
\$3 to \$3.99	1.20
\$4 to \$4.99	1.60
\$5 to \$5.99	2.00
\$6 to \$6.99	2.40
\$7 to \$7.99	2.80
\$8 to \$8.99	3.20
\$9 to \$9.99	3.60
\$10 to \$10.99	4.00
\$11 to \$11.99	4.40
\$12 to \$12.99	4.80
\$13 to \$13.99	5.20
\$14 to \$14.99	5.60
\$15 to \$15.99	6.00
\$16 to \$16.99	6.40
\$17 to \$17.99	6.80
\$18 to \$18.99	7.20
\$19 to \$19.99	7.60
\$20 to \$20.99	8.00
\$21 to \$21.99	8.20
\$22 to \$22.99	8.40
\$23 to \$23.99	8.60
\$24 to \$24.99	8.80
\$25 to \$25.99	9.00
\$26 to \$26.99	9.20
\$27 to \$27.99	9.40
\$28 to \$28.99	9.60
\$29 to \$29.99	9.80
\$30 to \$30.99	10.00
\$31 to \$31.99	10.20
\$32 to \$32.99	10.40
\$33 to \$33.99	10.60
\$34 to \$34.99	10.80
\$35 to \$35.99	11.00
\$36 to \$36.99	11.20
\$37 to \$37.99	11.40
\$38 to \$38.99	11.60
\$39 to \$39.99	11.80
\$40 to \$40.99	12.00
\$41 to \$41.99	12.10
\$42 to \$42.99	12.20
\$43 to \$43.99	12.30
\$44 to \$44.99	12.40
\$45 to \$45.99	12.50
\$46 to \$46.99	12.60
\$47 to \$47.99	12.70
\$48 to \$48.99	12.80
\$49 to \$49.99	12.90
\$50 to \$50.99	13.00
\$51 to \$51.99	13.10
\$52 to \$52.99	13.20
\$53 to \$53.99	13.30
\$54 to \$54.99	13.40
\$55 to \$55.99	13.50
\$56 to \$56.99	13.60
\$57 to \$57.99	13.70
\$58 to \$58.99	13.80
\$59 to \$59.99	13.90
\$60 to \$185.99	14.00
\$186 to \$189.99	(¹)
\$200 and over	(²)

¹ Increase to \$200.

² No increase.

§ 705.158 *Payments limited to \$2,500.* The total of all payments made in connection with the 1952 program to any person with respect to farms, ranching units, and turpentine places in the United States (including Alaska, Hawaii, Puerto Rico, and the Virgin Islands) shall not exceed the sum of \$2,500. All or any part of any payment which has been or otherwise would be made to any person under the 1952 program may be withheld, or required to be refunded, if he has adopted, or participated in adopting, any scheme or device including the dissolution, reorganization, revival, formation, or use of any corporation, partnership, estate, trust, or any other means, designed to evade, or which has the effect of evading, the provisions of this section.

GENERAL PROVISIONS RELATING TO PAYMENT

§ 705.161 *Failure to maintain practices under previous programs.* If the State Office determines that any conservation practice carried out under previous agricultural conservation programs is not maintained in accordance with good farming practices, or the effectiveness of any such practice is destroyed during the 1952 program year, a deduction shall be made for the extent of the practice destroyed or not maintained. The deduction rate shall be the 1952 practice rate or, if the practice is not offered in 1952, the practice rate in effect during the year the practice was performed. The deduction shall be made from the payment of the person responsible for destroying or not maintaining the practice after the payment has been increased in accordance with the provisions of § 705.157.

§ 705.162 *Practices defeating purposes of programs.* If the State Office finds that any producer has adopted or participated in any practice which tends to defeat the purpose of the 1952 or previous programs, it may withhold, or require to be refunded, all or any part of any payment which has been or would be computed for such person.

§ 705.163 *Depriving others of payment.* If the State Office finds that any person has employed any scheme or device (including coercion, fraud, or misrepresentation), the effect of which would be or has been to deprive any other person of any payment under the program, it may withhold, in whole or in part, from the person participating in or employing such a scheme or device, or require him to refund in whole or in part, the amount of any payment which has been or would otherwise be made to him in connection with the 1952 program.

§ 705.164 *Filing of false claims.* If the State Office finds that any producer has knowingly filed claim for payment under the program for practices not carried out, or for practices carried out in such a manner that they do not meet the required specifications therefor, such person shall not be eligible to receive any payment under the program and shall refund all payments that may have been made to him under the program. The withholding or refunding of pay-

ments will be in addition to and not in substitution of any other penalty or liability which might otherwise be imposed.

§ 705.165 *Payment computed and made without regard to claims.* Any payment or share of payment shall be computed and made without regard to questions of title under State law; without deduction of claims for advances (except as provided in § 705.166 and except for indebtedness to the United States subject to set-off under orders issued by the Secretary (Part 718 of this chapter); and without regard to any claim or lien against any crop, or proceeds thereof, in favor of the owner or any other creditor.

§ 705.166 *Assignments.* Any person who may be entitled to any payment in connection with the 1952 program may assign his payment, in whole or in part, as security for cash loaned or advances made for the purpose of financing the making of a crop in 1952. No assignment will be recognized unless it is made in writing on Form ACP-69 and in accordance with the instructions in ACP 70-Insular Region. These forms may be obtained from the State Office or from any office of the Agricultural Extension Service.

§ 705.167 *Practices carried out with State or Federal aid.* The assistance for any practice shall not be reduced because it is carried out with materials or services furnished by the ACP Branch or by any agency of a State to another agency of the same State, or with technical advisory services furnished by a State or Federal agency. In other cases of State or Federal aid, the total assistance for any practice performed shall be reduced for purposes of payment by the value of the aid, as determined by the State Office. Materials or services furnished or used by a State or Federal agency for the performance of practices on its land shall not be regarded as State or Federal aid for the purposes of this section.

§ 705.168 *Compliance with regulatory measures.* Producers who carry out conservation practices for assistance under the 1952 program shall be responsible for obtaining the authorities, rights, easements, or other approvals necessary to the performance of the practices in keeping with applicable laws and regulations. The producer who receives assistance for the practice shall be responsible to the Federal Government for any losses it may sustain because the producer infringes on the rights of others, or fails to comply with applicable laws.

APPLICATION FOR PAYMENT

§ 705.171 *Persons eligible to file applications.* An application for payment with respect to a farm may be made by any producer who is entitled to share in the payment determined for the farm.

§ 705.172 *Time and manner of filing applications and information required.* (a) Payment will be made only upon application submitted on the prescribed form to the State Office.—Payment may be withheld from any person who fails to

file any form or furnish any information required with respect to any farm which such person is operating or renting to another. Any application for payment may be rejected if it is not submitted to the State Office by May 1, 1953. At least 2 weeks' notice to the public shall be given of the expiration of any time limit established for filing other prescribed forms or required information, and any time limit fixed shall afford a full and fair opportunity to those eligible to file the form or information within the period prescribed. Such notice shall be given by making copies available to the press.

(b) Any farmer wishing to apply for payment who has not been contacted by the State Office should communicate with the Production and Marketing Administration, 303 Dillingham Building, Honolulu, T. H., 140 Federal Building, Hilo, Hawaii, T. H., or any office of the Agricultural Extension Service before May 1, 1953.

(c) If an application for a farm is filed within the time prescribed, any producer on the farm who did not sign the application may subsequently apply for his share of the payment, provided he does so on or before December 31, 1953.

APPEALS

§ 705.176 *Appeals.* Any producer may, within 15 days after notice thereof is forwarded to or made available to him, request the State Office in writing to reconsider its recommendation or determination in any matter affecting the right to or the amount of his payment with respect to the farm. The State Office shall notify him of its decision in writing within 30 days after receipt of written request for reconsideration. If the producer is dissatisfied with the decision of the State Office, he may, within 15 days after the decision is forwarded to or made available to him, request the Director, ACP Branch, to review the decision of the State Office. Written notice of any decision rendered under this section by the State Office shall also be issued to each other producer on the farm who may be adversely affected by the decision.

BULLETINS, INSTRUCTIONS, AND FORMS

§ 705.177 *Bulletins, instructions, and forms.* The ACP Branch is authorized to make determinations and to prepare and issue bulletins, instructions, and forms containing detailed information with respect to the 1952 program, and forms will be available in the State Office. Requests for information concerning the Agricultural Conservation Program, as well as inquiries of any other nature with respect to the program, may be directed to the Production and Marketing Administration, 303 Dillingham Building, Honolulu, T. H., or the Production and Marketing Administration, Room 140, Federal Building, Hilo, Hawaii, T. H.

DEFINITIONS

§ 705.181 *Definitions.* For the purpose of the 1952 program:

(a) "Secretary" means the Secretary of Agriculture of the United States.

(b) "Director" means the Director of the Agricultural Conservation Programs Branch, Production and Marketing Administration.

(c) "ACP Branch" means the Agricultural Conservation Programs Branch of the Production and Marketing Administration.

(d) "State" means the Territory of Hawaii.

(e) "State Office" means the office of the Production and Marketing Administration in Honolulu, Territory of Hawaii.

(f) "Person" means an individual, partnership, association, corporation, estate, or trust, or other business enterprise or other legal entity, and, wherever applicable, a State, Territory, or Possession, or a political subdivision or agency thereof.

(g) "Producer" means any person who, as landlord, tenant, or sharecropper, participates in the operation of a farm.

(h) "Farm" means all adjacent or nearby farm or range land under the same ownership which is operated by one person, including also: (1) Any other adjacent or nearby farm or range land which the State Office, in accordance with instructions issued by the ACP Branch, determines is operated by the same person as part of the same unit in producing range livestock or with respect to the rotation of crops, and with workstock, farm machinery, and labor substantially separate from that for any other land; and (2) any field-rented tract (whether operated by the same or another person) which, together with any other land included in the farm, constitutes a unit with respect to the rotation of crops.

(i) "Cropland" means farm land which in 1951 was tilled or was in regular crop rotation, excluding (1) bearing orchards and vineyards (except the acreage of cropland therein), (2) plowable noncrop open pasture, and (3) any land which constitutes or will constitute, if tillage is continued, a wind-erosion hazard to the community.

(j) "Orchard land" means the acreage in planted fruit trees, nut trees, coffee trees, papaya trees, banana plants, or vineyards.

(k) "Pasture land" means farm land, other than range land, on which the predominant growth is forage suitable for grazing and on which the spacing of any trees or shrubs is such that the land could not fairly be considered as woodland.

(l) "Range land" means any land which produces or can produce forage suitable for grazing by range livestock without cultivation or general irrigation.

AUTHORITY, AVAILABILITY OF FUNDS, AND APPLICABILITY

§ 705.186 *Authority.* The program is approved pursuant to the authority vested in the Secretary of Agriculture under sections 7-17 of the Soil Conservation and Domestic Allotment Act, as amended (49 Stat. 1148, 16 U. S. C. 590g-590q).

§ 705.187 *Availability of funds.* (a) The provisions of the 1952 program are

necessarily subject to such legislation as the Congress of the United States may hereafter enact; the making of payments herein provided is contingent upon such appropriation as the Congress may hereafter provide for such purpose; and the amounts of such payments will necessarily be within the limits finally determined by such appropriation.

(b) The funds provided for the 1952 program will not be available for the payment of applications filed in the State Office after December 31, 1953.

§ 705.188 *Applicability.* (a) The provisions of the 1952 program contained herein are not applicable to (1) any department or bureau of the United States Government or any corporation wholly owned by the United States; (2) grazing lands owned by the United States which were acquired or reserved for conservation purposes, or which are to be retained permanently under Government ownership, including, but not limited to, grazing lands administered by the Forest Service or the Soil Conservation Service of the United States Department of Agriculture, or by the Bureau of Land Management (including lands administered under the Taylor Grazing Act) or the Fish and Wildlife Service of the United States Department of the Interior; and (3) nonprivate persons for performance on any land owned by the United States or a corporation wholly owned by it.

(b) The program is applicable to (1) privately owned lands; (2) lands owned by the Territory of Hawaii or a political subdivision or agency thereof; (3) land owned by corporations which are partly owned by the United States, such as Federal land banks and production credit associations; (4) lands temporarily owned by the United States or a corporation wholly owned by it, which were not acquired or reserved for conservation purposes, including lands administered by the Farmers Home Administration, the Reconstruction Finance Corporation, the Federal Farm Mortgage Corporation, the departments comprising the National Military Establishment, or by any other Government agency designated by the ACP Branch; and (5) any cropland farmed by private persons which is owned by the United States or a corporation wholly owned by it.

Done at Washington, D. C., this 5th day of January 1952.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.
[F. R. Doc. 52-258; Filed, Jan. 9, 1952;
8:45 a. m.]

TITLE 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission [Docket 5883]

PART 3—DIGEST OF CEASE AND DESIST ORDERS

INTERNATIONAL CELLUCOTTON PRODUCTS CO.

Subpart—*Dealing on exclusive and tying basis:* § 3.670 *Dealing on exclusives*

and tying basis. In connection with the offer for sale, sale or distribution of sanitary products, commonly known under the brand or trade name of "Kotex" and "Kleenex," or by any other name or designation, and of related products, in commerce, granting or paying any promotional allowance, in the form of money or otherwise, in connection with any requirement for a promotional activity by any consignee, factor, del credere factor or agent, agent or purchaser of said products, or by an employee or representative of any of them, upon terms or conditions made by respondent, which cause or tend to cause such consignee, factor, del credere factor or agent, agent or purchaser, or an employee or representative of any of them, to refrain or abstain from accepting or using promotional activities or allowances offered or paid by a competitor of respondent; prohibited.

(Sec. 6, 38 Stat. 722; 15 U. S. C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U. S. C. 45). [Cease and desist order, International Cellucotton Products Company, Docket 5883, November 13, 1951]

This proceeding was heard by James A. Purcell, trial examiner, upon the complaint of the Commission and respondent's answer, in which it admitted all of the material allegations of facts set forth in said complaint, but denied that such facts as alleged were committed with the purpose or intended effect of preventing its customer del credere factors from promoting the sale by them of the products of respondent's competitors or that such acts had in fact resulted in such a culmination.

Said answer further denied that respondent's acts were to the prejudice of the public; or had a dangerous tendency to create a monopoly in respondent in the sale of its products; or had hindered or lessened competition in the sale and distribution of sanitary products within the meaning of the Act; or had a capacity or tendency to restrain unreasonably, or had restrained unreasonably, commerce in such products; or that such acts constituted unfair methods of competition within the intent and meaning of section 5 of the Federal Trade Commission Act.

While no hearings were held for the taking of testimony a formal pretrial hearing was had before said trial examiner, at which hearing certain evidence was received by stipulation and formal admissions made by counsel, all of which was necessary to clarify certain facts, circumstances and conditions at variance with the provable charges in the complaint and to supply or supplement certain deficiencies of the complaint, all of which were necessary to be of record to support the findings and conclusions set forth; and the proceedings had at said hearing, and the evidence received, were duly recorded and filed in the office of the Commission.

Thereafter the proceeding regularly came on for final consideration by said trial examiner, theretofore duly designated by the Commission, upon said complaint and answer thereto, the rec-

TITLE 15—COMMERCE AND FOREIGN TRADE

Chapter III—Bureau of Foreign and Domestic Commerce, Department of Commerce

Subchapter C—Office of International Trade
[5th Gen. Rev. of Export Regs., Amdt. 90¹]

PART 373—LICENSING POLICIES AND RELATED SPECIAL PROVISIONS

PART 380—AMENDMENTS, EXTENSIONS, TRANSFERS

MISCELLANEOUS AMENDMENTS

1. The effective date of Amendment No. 87 (16 F. R. 13123) regarding licensing policies and criteria for exports of tinplate, Schedule B, Numbers 601300, 604000, 604110, 604150, and 604170, is changed from December 28, 1951, to January 3, 1952.

2. Section 373.22 *Special provisions for exportations to Switzerland* is amended to read as follows:

§ 373.22 *Special provisions for exportations to Switzerland.* (a) License applications for export of commodities to Switzerland must be accompanied by the original blue import certificate issued by the Swiss importer by the Swiss Federal Department of Public Economy, Division of Commerce, Import and Export Control, covering the proposed exportation from the United States. Where the blue import certificate covers commodities for which more than one export license application must be submitted, the original of the certificate shall be attached to one application and a true copy of the certificate shall be attached to each additional application to which it is equally applicable. Any application to which the certificate or a true copy is attached shall contain a reference (OIT Case Number, if known, or applicant's reference number) to all other applications submitted at any time against the same certificate.

(b) Applicants submitting a license application for export of commodities to Switzerland must make one of the following certifications on the face of the license application:

I (we) certify that I (we) have submitted no other applications against the attached Swiss blue import certificate No. -----

I (we) certify that I (we) have not submitted applications against the attached Swiss blue import certificate No. ----- in excess of the total quantity authorized thereon.

NOTE: The Swiss blue import certificate provides that the Swiss importer has pledged himself directly to import the commodities into the Swiss customs territory and that any reexportation of these goods is prohibited. (See § 372.9 of this subchapter with respect to submission of true copies of documents to the Office of International Trade.)

This requirement for submission of Swiss Certificates does not alter the requirement for statements from the Swiss ultimate consignee (and purchaser, if different from the ultimate consignee) in accordance with § 372.3 of this subchapter. In addition, shipments to Switzerland remain subject to § 381.4 of this subchapter requiring a state-

¹This amendment was published in Current Export Bulletin No. 652, dated January 3, 1952.

ment on the shipper's export declaration, bill of lading, and commercial invoice, to the effect that the commodities are licensed by the United States for ultimate destination Switzerland and that diversion contrary to U. S. law is prohibited.

If the Swiss importer is unable to obtain the commodities covered by a blue import certificate, he is required by the Swiss Government to produce evidence of such inability. Therefore, the Office of International Trade, will return the certificate to the U. S. exporter (applicant), for forwarding to the Swiss importer, whenever an application for export of commodities to Switzerland is rejected or is approved in a reduced quantity. In such cases the U. S. exporter should forward the certificate to the Swiss importer as soon as he determines that the certificate will not be used with a new or resubmitted license application, or an appeal. Appropriate notation will be made on the certificate by the Office of International Trade indicating such facts.

This part of the amendment shall become effective as of January 3, 1952.

3. Section 380.2 *Amendments or alterations of licenses, paragraph (b) Where to file*, subparagraph (1) is amended by adding to the list of field offices the following office:

Baltimore.

This part of the amendment shall become effective as of January 3, 1952.

(Sec. 3, 63 Stat. 7; 50 U. S. C. App. Sup. 2023, E. O. 9630, Sept. 27, 1945, 10 F. R. 12245; 3 CFR, 1945 Supp.; E. O. 9919, Jan. 3, 1948, 13 F. R. 59; 3 CFR, 1948, Supp.)

LORING K. MACY,
Director,

Office of International Trade.

[F. R. Doc. 52-365; Filed, Jan. 9, 1952; 8:50 a. m.]

[5th Gen. Rev. of Export Regs.,
Amdt. P. L. 87¹]

PART 399—POSITIVE LIST OF COMMODITIES AND RELATED MATTERS

WIRE STRAND

In § 399.1 *Appendix A—Positive List of Commodities* the amendment P. L. 60 designating Positive List Commodity Wire strand, Schedule B Number 608750,² an RO commodity (17 F. R. 11) is amended in the following particulars:

The effective date is changed from 12:01 a. m., January 1, 1952 to 12:01 a. m., January 10, 1952. The dates set forth in the Saving Clause are changed from 12:01 a. m., January 8, 1952 to 12:01 a. m., January 10, 1952 and January 31, 1952 to February 2, 1952.

(Sec. 3, 63 Stat. 7; 50 U. S. C. App. Sup. 2023, E. O. 9630, Sept. 27, 1945, 10 F. R. 12245; 3 CFR, 1945 Supp.; E. O. 9919, Jan. 3, 1948, 13 F. R. 59; 3 CFR, 1948 Supp.)

This amendment shall become effective as of January 3, 1952.

LORING K. MACY,
Director, Office of International Trade.

[F. R. Doc. 52-366; Filed, Jan. 9, 1952; 8:50 a. m.]

¹This change was published in Current Export Bulletin No. 652, dated January 3, 1952.

²New Schedule B Number 619065 (1952 edition of Schedule B Numbers, Bureau of the Census).

ord of the proceedings as above set forth, and proposed findings and conclusions submitted by counsel for all parties, oral argument not having been requested, and said trial examiner, having duly considered the entire record in the matter, and having found that the proceeding was in the interest of the public, made his initial decision comprising certain findings as to the facts, conclusions drawn therefrom, and order to cease and desist.

No appeal having been filed from said initial decision of said trial examiner as provided for in Rule XXII, nor any other action taken as thereby provided to prevent said initial decision becoming the decision of the Commission thirty days from service thereof upon the parties, said initial decision, including said order to cease and desist, accordingly, under the provisions of said Rule XXII became the decision of the Commission on November 13, 1951.

The said order to cease and desist is as follows:

It is ordered, That respondent, International Cellulocotton Products Company, a corporation, its officers, representatives, agents and employees, directly or through any corporate or other device, in offering for sale, sale or distribution of sanitary products, now commonly known under the brand or trade names of "Kotex" and "Kleenex," or by any other name or designation, and of related products, in commerce, as "commerce" is defined by the Federal Trade Commission Act, do forthwith cease and desist: From granting or paying any promotional allowance, in the form of money or otherwise, in connection with any requirement for a promotional activity by any consignee, factor, del credere factor or agent, agent or purchaser of said products, or by an employee or representative of any of them, upon terms or conditions made by respondent, which cause or tend to cause such consignee, factor, del credere factor or agent, agent or purchaser, or an employee or representative of any of them, to refrain or abstain from accepting or using promotional activities or allowances offered or paid by a competitor of respondent.

By "Decision of the Commission and order to file report of Compliance", Docket 5883, November 13, 1951, which announced and decreed fruition of said initial decision, report of compliance with the said order was required as follows:

It is ordered, That the respondent herein shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with the order to cease and desist.

Issued: November 13, 1951.

By the Commission.

[SEAL] D. C. DANIEL,
Secretary.

[F. R. Doc. 52-267; Filed, Jan. 9, 1952; 8:46 a. m.]

TITLE 25—INDIANS

**Chapter I—Bureau of Indian Affairs,
Department of the Interior**

**Subchapter I—Irrigation Projects, Operation and
Maintenance**

**PART 130—OPERATION AND MAINTENANCE
CHARGES**

**FORT BELKNAP INDIAN IRRIGATION PROJECT,
MONTANA; CORRECTION NOTICE**

On April 25, 1951, there was published in the FEDERAL REGISTER, 16 F. R. 3532, amendment of 25 CFR 130.30. This publication did not set forth in full the provisions of 25 CFR 130.31 which continued in full force and effect until further order of the Secretary of the Interior. Title 25 CFR 130.31 reads as follows:

§ 130.31 *Payment.* (a) The annual charges fixed in § 130.30 shall become due on April 1 of each year, are payable on or before that date, and any assessment remaining unpaid after the due date shall stand as a first lien against the land. Any delinquent charges against land in non-Indian ownership and Indian lands under lease to non-Indians shall be subject to a penalty of one-half of 1 percent per month or fraction thereof from the due date until paid.

(b) The delivery of water shall be refused to all tracts of land for which the charges have not been paid when due, except where the lands are in Indian ownership, not under lease to non-Indians, and the Indian owners shall have made the necessary arrangements with the superintendent as hereafter provided. When any Indian owner of land not under lease to a non-Indian is financially unable to pay the operation and maintenance charges on the due date from cash on hand, the superintendent may make the necessary arrangements with such Indian owner as will permit him to perform labor on the irrigation project works, the proceeds derived therefrom to be applied in partial payment of such charges. The superintendent may also make necessary arrangements for such Indian owner to pay the operation and maintenance charges from the proceeds of the crops grown on the land when harvested and marketed within that calendar year, provided written statements to that effect are furnished the superintendent by the Indian owner on or before the due date.

(c) In any instance where the superintendent is convinced that an Indian landowner, whose land is not under lease to a non-Indian, is financially unable to pay his operation and maintenance charges from proceeds of labor performed on the project works, or from the proceeds of the crops being grown on the land, or from any other source, the delivery of water may be continued if a written certificate is issued by the superintendent stating that such Indian is not financially able to pay such charges and copies thereof forwarded to the Commissioner of Indian Affairs for approval or rejection. In such cases the unpaid charges shall be entered on the accounts and will stand as a first lien

against the land until paid but without penalty for delinquency.

PAUL L. FICKINGER,
Area Director.

[F. R. Doc. 52-310; Filed, Jan. 9, 1952;
8:48 a. m.]

**PART 130—OPERATION AND MAINTENANCE
CHARGES**

**BLACKFEET INDIAN IRRIGATION PROJECT,
MONTANA; CORRECTION NOTICE**

On May 1, 1951, there was published in the FEDERAL REGISTER, 16 F. R. 3695-3696, amendment of 25 CFR 130.130 and 130.131. This publication did not set forth in full the provisions of 25 CFR 130.132 which continued in full force and effect until further order of the Secretary of the Interior. Title 25 CFR 130.132 reads as follows:

§ 130.132 *Payment.* (a) The assessments fixed in §§ 130.130 and 130.131 shall be due and payable at the time of the filing of the application for water. Payment must be made to the disbursing officer through the project office, Browning, Montana, before water is delivered.

(b) Delinquent assessments which accrued prior to 1939 against land covered by an application for water shall not prevent the delivery of water for the calendar year 1939 and until further order.

(c) In the event an Indian water user is unable to pay the assessment in advance water may be furnished upon certification by the superintendent of the reservation that the assessment will be paid from the proceeds of the crops, or Indian water users who are financially unable to pay any of the assessment may be furnished water upon certification by the superintendent that such Indians are financially unable to pay. Under such condition where the Indian water users are unable to pay the assessment the same shall be charged on the accounts as a lien against the land, without penalty.

PAUL L. FICKINGER,
Area Director.

[F. R. Doc. 52-309; Filed, Jan. 9, 1952;
8:48 a. m.]

TITLE 32—NATIONAL DEFENSE

**Chapter XIV—The Renegotiation
Board**

**Subchapter E—Renegotiation Board Regulations
Under the 1951 Act**

**PART 1455—PERMISSIVE EXEMPTIONS FROM
RENEGOTIATION**

NOTE: Section 1455.2 (b) and (c) of this part supersede the regulations formerly contained in Subpart B of Part 1470; § 1455.6 (b) and (c) supersede the regulations formerly contained in Subpart A of Part 1470.

- Sec.
1455.1 Introduction.
1455.2 Prime contracts and subcontracts to be performed outside of the United States.
1455.3 Contracts under which profits can be determined at time contract price is established.

- Sec.
1455.4 Contracts when contractual provisions adequate to prevent excessive profits.
1455.5 Contracts and subcontracts of a secret nature.
1455.6 Subcontracts as to which it is not administratively feasible to segregate profits.
1455.7 Subcontracts related to exempt prime contracts and subcontracts.

AUTHORITY: §§ 1455.1 to 1455.7 issued under sec. 109, Pub. Law 9, 82d Cong. Interpret or apply sec. 108, Pub. Law 9, 82d Cong.

§ 1455.1 *Introduction.* Section 106 (d) of the act authorizes the Board in its discretion to exempt from some or all of the provisions of Title I of the act certain prime contracts and subcontracts described therein both individually and by general classes or types. This part sets forth the specific statutory authority to make such permissive exemptions and describes the prime contracts and subcontracts which have been exempted by the Board thereunder.

§ 1455.2 *Prime contracts and subcontracts to be performed outside of the United States—(a) Statutory authority.* Section 106 (d) (1) of the act authorizes the Board in its discretion to exempt from some or all of the provisions of Title I of the act the following:

(1) Any contract or subcontract to be performed outside the territorial limits of the continental United States or in Alaska;

(b) *Exemption.* The Board has exempted from the provisions of the act all prime contracts and subcontracts under which the aggregate amount involved does not exceed \$10,000, whenever (1) performance and delivery are to be effected outside the United States, its territories and possessions, and (2) the prime contractor or subcontractor is a foreign corporation or a foreign national, or is a partnership or joint venture, all the members of which are foreign corporations or foreign nationals.

(c) *Application of Exemption.* Prime contracts or subcontracts (including purchase orders) calling for payment of \$10,000 or less which are covered by this exemption are not required to contain the renegotiation clause. In arriving at "the aggregate amount involved", there must be included all materials and services which would properly be grouped together in a single transaction and which would be included in a single advertisement for bids if the procurement were being effected by formal advertisement. Purchases or contracts aggregating more than \$10,000 shall not be broken down into several purchases or contracts which are less than \$10,000 each, nor shall customary purchasing or contracting procedures be altered, merely for the purpose of avoiding renegotiation under this exemption.

(d) *Specific exemption of prime contracts and subcontracts.* The Board has exempted and will in the future exempt individual prime contracts or subcontracts, or the prime contracts or subcontracts related to a particular authorized procurement program, when such prime contracts or subcontracts are to be performed outside the territorial limits of

the continental United States or in Alaska, and when the Department responsible for procurement establishes to the satisfaction of the Board that (1) the prime contracts or subcontracts involved in the request are to be placed with foreign nationals or foreign corporations whom it is not practicable to subject to renegotiation; (2) the provisions of the prime contracts or subcontracts are otherwise sufficient to prevent excessive profits; (3) the program is of direct and immediate concern to the defense of the United States and refusal to grant the exemption would jeopardize the success of the program; or (4) the contract or group of contracts should be exempted for any combination of the foregoing reasons or for any other reason. Prime contractors or subcontractors who believe that their prime contracts or subcontracts should be exempted under this provision should address their requests to the Departments entering into the prime contracts involved. Action by the Board which is not retroactive in effect and which is limited to individual contracts or individual programs is believed to be properly of concern only to the Department responsible for procurement, which can notify affected contractors, and details accordingly will not be published in the regulations or in the FEDERAL REGISTER. However, any person who establishes that he is properly and directly concerned may obtain from the Board details with respect to such exemptions.

§ 1455.3 *Contracts under which profits can be determined at time contract price is established*—(a) *Statutory authority.* Section 106 (d) (2) of the act authorizes the Board in its discretion to exempt from some or all of the provisions of Title I of the act the following:

(2) Any contracts or subcontracts under which, in the opinion of the Board, the profits can be determined with reasonable certainty when the contract price is established, such as certain classes of (A) agreements for personal services or for the purchase of real property, perishable goods, or commodities the minimum price for the sale of which has been fixed by a public regulatory body, (B) leases and license agreements, and (C) agreements where the period of performance under such contract or subcontract will not be in excess of thirty days.

(b) *Exemptions.* In the opinion of the Board the profits from the following contracts can be determined with reasonable certainty when the contract price is established, and the Board has accordingly exempted such subcontracts from the provisions of the act:

(1) *Certain service contracts.* All prime contracts with natural persons (not partnerships, joint ventures or corporations) entered into under authority of any law, which call for the performance of services, whether personal or professional, by the individual contractor in person under the supervision of the Government, and which are paid for on a time basis.

(2) *Real estate contracts.* Contract for the sale or rental of any interest in existing real estate. (See § 1452.5 (a) pertaining to subcontracts.)

(i) *Application of exemption.* The exemption set forth in this subpara-

graph (2) extends only to contracts under which the price is a fixed or determinable amount at the time the contract is entered into, and does not apply to any contract under which the price, at the time the contract is entered into, is contingent upon a subsequent event or is thereafter to be determined by reference to a variable element (as, for example, the lessee's sales or profits).

(3) *Contracts for property used in trade or business of vendor.* Prime contracts and subcontracts for the sale or exchange of tangible property used in the trade or business of the vendor, with respect to which depreciation is allowable under section 23 (1) of the Internal Revenue Code (not including stock in trade of the vendor or other property which would properly be included in the inventory of the vendor if on hand at the close of its fiscal year, or property held by the vendor primarily for sale in its trade or business.)

(i) *Application of exemption.* The exemption set forth in this subparagraph (3) extends only to contracts under which the price is a fixed or determinable amount at the time the contract is entered into, and does not apply to any contract under which the price, at the time the contract is entered into, is contingent upon a subsequent event or is thereafter to be determined by reference to a variable element.

(4) *Perishable subsistence supplies.* Prime contracts and subcontracts for perishable subsistence supplies entered into before July 1, 1952.

NOTE: The Board intends to review this exemption and to make it applicable to prime contracts and subcontracts for particular perishable goods entered into on or after July 1, 1952 to the extent that it determines that such prime contracts and subcontracts will not result in excessive profits.

(5) *Contracts where period of performance is less than thirty days.* Any prime contract in which the aggregate amount involved does not exceed \$1,000 and the period of performance will not be in excess of thirty days.

(i) *Application of exemption.* Prime contracts calling for payment of \$1,000 or less are subject to this exemption if the period of performance will not exceed thirty days, and the renegotiation clause shall not be required in any such prime contract. In arriving at "the aggregate amount involved", there shall be included all supplies and services which would properly be grouped together in a single transaction and which would be included in a single advertisement for bids if the procurement were being effected by formal advertisement. Purchases or contracts aggregating more than \$1,000 shall not be broken down into several purchases or contracts which are less than \$1,000 each, nor shall customary purchasing or contracting procedures be altered, merely for the purpose of avoiding renegotiation under this exemption.

(6) *Subcontracts for architectural, design or engineering services.* Subcontracts described in section 103 (g) (3) (A) and (B) of the act for architectural, design or engineering services, no part of which services are or were related to the effecting or procuring of a contract

with a Department or a subcontract, if the aggregate amount received or accrued during a fiscal year by a subcontractor and all persons under control of or controlling or under common control with the subcontractor, is not more than \$250,000.

(c) *Exemption of individual prime contracts and subcontracts.* The Board will exempt an individual prime contract or subcontract, or performance thereunder during a specified period or periods if, in the opinion of the Board, the profits under such prime contract or subcontract can be determined with reasonable certainty when the contract price is established. The Board will make such an exemption only after it has received from the agency entering into the prime contract sought to be exempted, or the prime contract to which the subcontract sought to be exempted relates, a request for the exemption of such prime contract or subcontract and information which would support the conclusion that the profits thereunder can be determined with reasonable certainty when the contract price is established. Accordingly, prime contractors or subcontractors who believe that their prime contracts or subcontracts should be exempted under this provision should address requests to the agencies entering into the prime contracts involved.

§ 1455.4 *Contracts when contractual provisions adequate to prevent excessive profits*—(a) *Statutory authority.* Section 106 (d) (3) of the act authorizes the Board in its discretion to exempt from some or all of the provisions of the act the following:

(3) any contract or subcontract or performance thereunder during a specified period or periods if, in the opinion of the Board, the provisions of the contract are otherwise adequate to prevent excessive profits;

(b) *Exemption.* Pursuant to the foregoing authority, the Board has exempted from renegotiation all operating differential subsidy contracts of the Maritime Administration which are let under authority of 46 U. S. C. 1171, 1173, as amended, whenever such contracts contain or incorporate by reference or are subject to the redetermination and recapture provisions of 46 U. S. C. 1176.

(c) *Exemption of individual prime contracts and subcontracts.* The Board will exempt an individual prime contract or subcontract, or performance thereunder during a specified period or periods if, in the opinion of the Board, the provisions of the contract are otherwise adequate to prevent excessive profits. The Board will make such an exemption only after it has received from the agency entering into the prime contract sought to be exempted, or the prime contract to which the subcontract sought to be exempted relates, a request for the exemption of such prime contract or subcontract and information which would support the conclusion that the provisions of the prime contract or subcontract are otherwise adequate to prevent excessive profits. Accordingly, prime contractors or subcontractors who believe that their prime contracts or subcontracts should be exempted under this provision should address requests to

the agencies entering into the prime contracts involved.

§ 1455.5 *Contracts and subcontracts of a secret nature*—(a) *Statutory authority.* Section 106 (d) (4) of the act authorizes the Board in its discretion to exempt from some or all of the provisions of Title I of the act the following:

(4) any contract or subcontract the renegotiation of which would jeopardize secrecy required in the public interest;

(b) *Exemption of individual prime contracts and subcontracts.* The Board will exempt any prime contract or subcontract the renegotiation of which would jeopardize secrecy required in the public interest. Requests for exemption of individual contracts under this section will be entertained only if made by the agency entering into the prime contract sought to be exempted or the prime contract to which the subcontract sought to be exempted relates.

§ 1455.6 *Subcontracts as to which it is not administratively feasible to segregate profits*—(a) *Statutory authority.* Section 106 (d) (5) of the act authorizes the Board in its discretion to exempt from some or all of the provisions of Title I of the act the following:

(5) any subcontract or group of subcontracts not otherwise exempt from the provisions of this section, if, in the opinion of the Board, it is not administratively feasible in the case of such subcontract or in the case of such group of subcontracts to determine and segregate the profits attributable to such subcontract or group of subcontracts from the profits attributable to activities not subject to renegotiation.

(b) *"Stock item" exemption.* The Board has found that it is not administratively feasible to determine and segregate the profits attributable to activities subject to renegotiation from those not so subject in the case of the following and has, therefore, exempted from the provisions of the act, to the extent of amounts received or accrued prior to January 1, 1953, all subcontracts subject to the act which are for materials (including maintenance, repair and operating supplies) customarily purchased for stock in the normal course of the purchaser's business, except when such materials are specially purchased for use in performing one or more prime contracts or higher tier subcontracts subject to the act.

(c) *Application of exemption.* (1) When the purchaser customarily carries an article in stock and purchases a supply of it to be placed in stock, the purchase is not subject to renegotiation merely because the purchaser knows that some portion of the stock thus replenished will inevitably be used in the performance of renegotiable contracts or subcontracts then on hand, but when materials have been specially purchased for use in performing one or more renegotiable contracts or subcontracts, the subcontract for such a purchase is subject to renegotiation, notwithstanding that the article may be customarily carried in stock by the purchaser, and irrespective of the amount customarily carried. When items are specially pur-

chased for use in performing one or more renegotiable contracts or subcontracts, it is immaterial that the purchaser does not know at the time of purchase the specific contract or subcontract in the performance of which such articles or any portion of them will be used, or even that the contract or subcontract has not yet been let; the purchase is subject to renegotiation in its entirety.

(2) Any one or more of the following circumstances normally would indicate that the article was "specially purchased" and not exempt:

(i) That the specifications of the article were adapted to the purchaser's renegotiable business only.

(ii) That the article was segregated or earmarked, either in whole or in part, for the performance of renegotiable contracts or subcontracts.

(iii) That the purchaser represented to the supplier that the article was required for the performance of military or other renegotiable contracts or subcontracts, or extended to the supplier a preference rating or allotment symbol applicable only to such contracts or subcontracts.

(iv) That the amount of the purchase coincided substantially with the purchaser's requirements for performance of his renegotiable contracts or subcontracts, or those he expected to obtain and was abnormal to his usual requirements.

§ 1455.7 *Subcontracts related to exempt prime contracts and subcontracts.* The Board has exempted all subcontracts related to the prime contracts and subcontracts exempted pursuant to the authority of section 106 (d) of the act, except subcontracts related to prime contracts and subcontracts exempted in § 1455.2.

Dated: January 5, 1952.

JOHN T. KOEHLER,
Chairman,
The Renegotiation Board.

[F. R. Doc. 52-328; Filed, Jan. 9, 1952;
8:48 a. m.]

PART 1476—PERMISSIVE EXEMPTIONS

EDITORIAL NOTE: This part is hereby vacated. The regulations formerly contained in Subpart A of this part are superseded by § 1455.6 (b) and (c); the regulations formerly contained in Subpart B of this part are superseded by § 1455.2 (b) and (c). See Part 1455 of this subchapter, *supra*.

TITLE 32A—NATIONAL DEFENSE, APPENDIX

Chapter III—Office of Price Stabilization, Economic Stabilization Agency

[Ceiling Price Regulation 6, Amdt. 11]

CPR 6—FATS AND OILS

INEDIBLE TALLOWES AND GREASES

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161 (15 F. R. 6105), and Economic

Stabilization Agency General Order No. 2 (16 F. R. 738), this Amendment 11 to Ceiling Price Regulation 6 is hereby issued.

STATEMENT OF CONSIDERATIONS

This amendment fixes new ceiling prices for tallows and greases and supersedes the schedule of prices contained in Amendment 2 to CPR 6. It also revises the ceiling prices of shop fats in line with this new tallow level.

After the outbreak of the Korean War, tallow proved to be one of the most sensitive of raw materials. In June of 1950, fancy tallow was bringing about 5 cents a pound. In the next seven months, this price shot up to over 18 cents a pound. An amendment to CPR 6, which became effective in March of this year, rolled these peak prices back to 15 cents. But this price proved illusory and crumbled. Fancy tallow is today selling as low as 8 cents per pound. This means that this product whose volatile nature has been so well proven could rise under the present regulation almost 100 percent before price control intervened. Other things being equal, some more effective control seems necessary. This regulation is designed to meet that need by lowering the ceiling for fancy tallow from 15 to 10½ cents.

Tallow, like so many other raw materials, is important to a number of industries. Its 15-cent ceiling price was a basis for establishing other ceiling prices in other parts of the economy. Among such other commodities so dependent upon the price of tallow were soap and beef. This near-50-percent decline in the price of tallow has changed the cost picture in the soap industry and has necessitated changes in ceiling prices for beef.

The softness of tallow prices is not an isolated fact in our economy today. In this instance, however, it is felt that the ceilings established originally clearly reflected excessive and disproportionate increases. The policy of OFS in such situations is set out more completely in the Statement of Considerations to CPR 10, (Revision 1) which is being issued simultaneously with this regulation.

The new ceiling price for tallow fits the criteria of that policy. Fancy tallow prices are still 50 percent above the 5-cent price prevailing in June of 1950. The ceilings now being set are over 100 percent of that pre-Korean price.

FINDINGS OF THE DIRECTOR

The Director therefore determines that a rollback of tallow ceilings to the levels established in this regulation will be fair and equitable to the renderer, the soaper, and the meat packer. To prevent a squeeze on the renderer, shop fats, his raw materials, are being rolled back to a level which reflects a fancy tallow price of 10½ cents.

In establishing these ceiling prices the Director of Price Stabilization has consulted with the Industry Advisory Committee and other representatives of the industry concerned and has given full consideration to their recommendations. In his judgment, the provisions of this amendment are necessary to effectuate

RULES AND REGULATIONS

the purposes of Title IV of the Defense Production Act of 1950, as amended.

So far as practicable, the Director of Price Stabilization gave due consideration to the national effort to achieve maximum production in furtherance of the objectives of the Defense Production Act of 1950, as amended; to prices prevailing during the period from May 24,

1950 to June 24, 1950, inclusive; and to relevant factors of general applicability.

AMENDATORY PROVISIONS

Ceiling Price Regulation 6 is amended in the following respects:

1. Section 25 is amended by substituting for the table of ceiling prices of tallows and greases the following:

	(1) Titre min- imum	(2) F. F. A. max- imum	(3) M. I. U. basis	(4) F. A. C. maximum untreated and unbleached	(5) Cents per pound
TALLOW					
Edible.....	° C. 41.5	Percent 1	Percent 1	5	11 ³ / ₈
Industrial fancy and/or acidless tallow.....	42.0	3	1	5	10 ³ / ₈
Fancy.....	41.5	4	1	7	10 ³ / ₈
Bleachable fancy.....	41.5	4	1	See (b) below	10 ³ / ₈
Choice.....	41	5	1	9	10 ³ / ₈
Bleachable choice.....	41	4	1	See (b) below	10 ³ / ₈
Prime, renderers' prime, prime packers, or extra Special.....	40.5	6	1	13 or 11B	10 ³ / ₈
No. 1.....	40.5	10	1	19 or 11C	9 ³ / ₈
No. 3.....	40.5	15	2	33	9 ³ / ₈
No. 2.....	40	20	2	37	8 ³ / ₈
No. 2.....	40	35	2	No color	8
Naphtha extracted bone.....	40	50	3	do	7 ³ / ₈
GREASES					
Choice white.....	37	4	1	11	10 ³ / ₈
A, white.....	37	8	1	15	10 ³ / ₈
B, white.....	38	10	2	19 or 11C	9 ³ / ₈
Yellow.....	36	15	2	37	9 ³ / ₈
House.....	37.5	20	2	39	8 ³ / ₈
Brown.....	38	50	2	No color	7 ³ / ₈
Fleshing and/or glue grease No. 1.....	36	15	1	15	9 ³ / ₈
Fleshing and/or glue grease No. 2.....	36	40	2	21	8 ³ / ₈
No. 1 Pig skin and Pigsfoot.....	34	2	1	9	10 ³ / ₈
Garbage grease.....	34	60	3	No color	6 ³ / ₈
No. 1 Horse oil ¹	37	3	1	11B	10 ³ / ₈
No. 2 Horse oil ¹	37	15	2	37	8 ³ / ₈

¹ Iodine value shall not be less than 70.
² Maximum titre.

2. Section 25 (b) is amended to read as follows:

(b) Prices indicated for bleachable fancy and bleachable choice in the price schedule above may be paid for tallows meeting specifications in the following table after refining and bleaching in accordance with the official American Oil Chemists' Society method performed by the buyer after receipt of material pro-

viding in the case of bleachable fancy the original tallow has a minimum 41.5° C titre, maximum 4% free fatty acid, basis of 1% M. I. U. and maximum original color of 10.5 red thru a 1" Lovibond column; and in the case of bleachable choice the original tallow has a minimum 41° C titre, maximum 5% free fatty acid, basis 1% M. I. U. and maximum original color of 10.5 red thru a 1" Lovibond column.

Table B

	(1) Min- imum titre °C	(2) F. F. A. max. percent	(3) M. I. U. basis percent	(4) Max. original color thru 1" Lovibond column	(5) Max. color after bleach thru 5/8" Lovibond column	(6) Permissible settlement grade	Price cents per lb.
Original tallow.....	41.5	4	1	10.5R	2.0R	Bl. Fancy.....	10 ³ / ₈
Original tallow.....	41.0	5	1	10.5R	2.5R	Bl. Choice.....	10 ³ / ₈

3. Section 28 (a) is amended by changing the first sentence to read as follows:

(a) Ceiling prices for fat-bearing or oil-bearing animal waste materials are the highest prices at which such materials were delivered to a purchaser of the same class during the period from June 20 to July 20, 1951, inclusive.

4. Section 28 (b) is amended to read as follows:

(b) As an alternative to the method provided in paragraph (a) of this section, agencies of the United States Government, or any separate selling units of such agencies, who during the period from June 20 to July 20, 1951, inclusive,

sold any of the waste materials covered by this section on the basis of fixed term contracts entered into with buyers of such materials prior to June 20, 1951, may determine their ceiling prices for future sales by adopting those of their most closely competitive seller.

(Sec. 704, '64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

Effective date. This amendment shall become effective January 14, 1952.

EDWARD F. PHELPS, JR.,
Acting Director of Price Stabilization.

JANUARY 8, 1952.

[F. R. Doc. 52-431; Filed, Jan. 8, 1952; 4:12 p. m.]

[Ceiling Price Regulation 10, Revision 1]
CPR 10—SOAPS, CLEANSERS AND SYNTHETIC DETERGENTS

Pursuant to the Defense Production Act of 1950 (Pub. Law 774, 81st Cong.), as amended by Public Law 96 (82nd Cong.) Executive Order No. 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this Ceiling Price Regulation 10, Revision 1 is hereby issued.

STATEMENT OF CONSIDERATIONS

Ceiling Price Regulation 10, Revision 1, Soaps, Cleansers and Synthetic Detergents, incorporates and supersedes Ceiling Price Regulation 10, Household Soaps and Cleansers, and Amendment 1 thereto, and extends the coverage of that regulation to include the following:

(1) Soaps, cleansers and synthetic detergents sold for institutional, commercial, industrial and governmental use; and (2) liquid and paste soaps and cleaning specialties, including medicinal soaps and detergents. Amendment 1 of CPR 10 has been incorporated into this regulation as section 7.

Of equal and perhaps greater importance is the fact that the revised regulation makes substantial changes in the ceiling prices of soaps set last March by CPR 10. These changes are intended to reflect at once substantial changes in the selling prices of soaps, their raw materials and by-products, and related commodities, such as synthetic detergents. In short, one of the major purposes of this revision is to reduce soap ceilings which originally reflected excessive and disproportionate post-Korean price increases, induced in part by excessive raw material increases. In order, however, to create a price structure for soaps which will reflect equitable cost and price relationships within the industry as a whole, the action now being taken is integrated with revisions in the ceiling prices of glycerine, tallow, shop-fats, and synthetic detergents. Glycerine price ceilings have already been adjusted by CPR 99; those for soaps and cleansers, both industrial and household, and synthetic detergents are covered by this regulation; and those for tallow and shop-fats are covered by an amendment to CPR 6 issued simultaneously with the present regulation. This type of integrated treatment is plainly necessary to avoid distortions in cost-price relationships throughout the industry.

These related actions to revise ceiling prices cover commodities whose selling prices have declined substantially from the ceiling prices fixed in the early part of last year when inflationary pressures were high and before the effects of the price control program had begun to be felt.

The passage of time and closer examination have revealed that these ceilings permitted early in the price stabilization program reflected price increases which were excessive and out of proportion to other price movements. If such ceilings are not lowered, prices of these commodities which have fallen in recent months to more reasonable levels, could climb back excessively.

When selling prices fall below ceilings which represent more normal price levels and express reasonable relationships between costs and prices and between related commodities, a return of selling prices to those ceilings would not usually have an unstabilizing effect. On the other hand, the effect would be quite different if ceilings were to continue to mirror highly inflated and speculative prices.

Glycerine ceilings have been reduced and those for soaps, detergents and tallow are now being reduced. Prices for these commodities were among the leaders in the inflationary spiral which followed the invasion of Korea. For example, glycerine rose from 17 cents a pound to 50 cents a pound, and tallow went from 5 to 18 cents a pound. Now, with prices substantially below current ceilings (which were based on December 1950 prices), both household and industrial soaps are still selling from 15 to 20 per cent above June 1950 levels. The prices to which these commodities have now declined are not unduly depressed. What has happened is simply that the inflationary tide last year carried them further than others and they are now settling back into a more normal position in the economy. Nor are we here faced with a depressed industry. Available data indicate that earnings are high, and that, while the volume of current transactions may be somewhat reduced, that appears to be due to buyers' resistance to high prices.

On the basis of past experience, this whole field of soaps, detergents and related products is one of those which are most likely to respond violently to any new inflationary pressures. It is therefore one of the fields in which early action must be taken to erect a price structure able to withstand those pressures. The purpose of this and the related regulations is to erect such a structure.

The level of the ceilings established by this regulation is that of prevailing prices, more specifically, the prices for November 1951. This level is permitted by section 402 (d) (4) of the Defense Production Act. At the same time, it allows reasonable margins to soap manufacturers. Tallow, the most important single cost factor in soap, has fallen in terms of fancy tallow from the 15 cent price of December 1950, to which OPS had rolled it back, to a new level of about 8 cents a pound. The ceiling prices fixed by this regulation are, because of the legal limitations, prices which normally would result from a 10½ cent fancy tallow price. But after the reduction in ceiling prices, soap prices still range from 15 to 20 per cent above June 1950 levels. This price level permits a reasonable margin over 10½ cent tallow prices after full consideration of other cost increases since June of 1950. Another factor to be considered in this connection is that soap manufacturers have an increase in by-product credit represented by the crude glycerine price of 37 cents, established in CPR 99, as against a June 1950 price of 17 cents.

Although different considerations apply with regard to raw materials which go into the manufacture of synthetic de-

tergents as against those which go into making soaps, the ceiling prices for these products are here established at the same level as that for soaps. The raw materials used in the manufacture of synthetic detergents have not shown the price decline manifested by fats and oils prices, nor has it been possible under the limitations imposed by the Defense Production Act of 1950, as amended, to do more than stabilize prices of these basic commodities at relatively high levels. Nevertheless, synthetic detergents are to be priced at this time along with soaps because: (1) They are sold for the same purposes and in competition with soaps and, historically, their prices have moved in accord with those of soaps and soap products; and (2) since this regulation freezes current prices at levels voluntarily established, it seems fair to assume that the underlying cost-price relationships have been found by industry to be sound. There is nothing to indicate, at present, that they are not. However, the Office of Price Stabilization is currently conducting a cost study to determine the actual facts in this field.

SPECIFIC NATURE OF THE REGULATION

Subject to certain adjustment provisions, ceilings for the products covered are fixed by freezing them at their November 1951 prices. Actually, the average prices of commodities prevailing during that base period are the ceiling prices established in this regulation. For the few sellers who did not do business during the base period on any of their items, or for items not offered for sale during the base period, the technique of adopting the ceiling prices of the most closely competitive seller of the same or most closely similar product is carried over from CPR 10, Household Soaps and Cleansers, as amended.

The regulation makes provision for several types of adjustments to deal with situations of inequity that invariably arise out of freeze type regulations: (1) If the seller is a manufacturer of liquid or paste soaps or cleaning specialties, and uses certain enumerated oils or fatty acids derived from such oils, both of which are expressly exempt from price control, he may adjust his ceiling prices in proportion to the change in cost of these oils or fatty acids; (2) If the seller is a manufacturer of industrial soaps, he may, under certain circumstances, be permitted to adjust his ceiling prices in proportion to the change in the cost of tallow. The latter adjustment is limited to manufacturers of soaps and cleansers used in manufacturing processes and for other non-household, non-personal uses.

The price of household soaps at current levels reflects about a 10½ cent fancy tallow cost. These household soaps cannot be rolled back further and the Director of Price Stabilization is of the opinion that he would not be justified in moving tallow ceilings below this 10½ cent level. However, present industrial soap prices reflect more closely the current tallow price of 8 cents. If industrial soaps are frozen at their current levels, equity demands that they be held safe from a squeeze which would result if fancy tallow started to rise to-

ward 10½ cents. Accordingly, industrial soaps are being given a fallow pass-through up to the 10½ cent level.

Other changes and additions introduced by this revised regulation are: (1) The specific coverage, referred to above, of synthetic detergents, which were included in the original CPR 10 merely by reference; (2) a provision exempting from price control experimental or test runs of soaps or synthetic detergents produced for government agencies; and (3) a provision enabling manufacturers to apply for the establishment of ceiling prices on soaps, cleansers, and synthetic detergents not covered by any of the specific pricing sections of this regulation.

This regulation also fixes new ceiling prices for distributors. In establishing ceiling prices for distributors of soaps, cleansers or synthetic detergents, a procedure similar to that provided for manufacturers is adopted. Distributive ceiling prices are established at the highest price at which the product was sold to a purchaser of the same class during the month of November, 1951. Use of the average price technique adopted for manufacturers was deemed inappropriate for distributors since it would normally be a practical impossibility for most retailers and many wholesalers to determine an average of the prices at which they sold each product covered by this regulation over the period of one month. Moreover, it appears that generally the prices at which particular wholesalers and retailers sold these products during November, 1951 were relatively uniform and use of either the average or the highest price technique would in most instances result in the same ceiling price.

Since during November, 1951 distributors both bought and sold these soaps, cleansers or synthetic detergents at prices well below the then applicable ceilings, distributive margins for this period were freely obtained in a market closely approximating normal competitive conditions. These percentage margins should, therefore, be fairly representative of normal operations. The facts presently available to the Office of Price Stabilization indicate that the margins established by this regulation are not less than those required by section 402 (k) of the Defense Production Act of 1950, as amended. Because the data are not fully adequate, however, the Director of Price Stabilization intends to conduct a survey of the distributive margins in the industry to ascertain those actually in existence on a representative date. Should the survey show that the margins established by this regulation do not reflect to distributors a percentage margin as large as that obtained by them on that representative date, the Office of Price Stabilization will take immediate action to adjust the pricing procedure in this regulation to afford distributors their appropriate margins.

FINDINGS OF THE DIRECTOR

In establishing these ceiling prices the Director of Price Stabilization has consulted with the Industry Advisory Committee and other representatives of the industry concerned and has given full

consideration to their recommendations. In his judgment, the provisions of this regulation are generally fair and equitable and are necessary to effectuate the purposes of Title IV of the Defense Production Act of 1950, as amended.

So far as practicable, the Director of Price Stabilization gave due consideration to the national effort to achieve maximum production in furtherance of the objectives of the Defense Production Act of 1950, as amended, to prices prevailing during the period from May 24, 1950, to June 24, 1950, inclusive, and to relevant factors of general applicability.

REGULATORY PROVISIONS

Sec.

1. Coverage of this regulation.
2. Geographical applicability.
3. Ceiling prices for manufacturers of soaps, cleansers or synthetic detergents.
4. Liquid and paste soaps and cleaning specialties.
5. Adjustment of ceiling prices of manufacturers who purchase saponified or synthetic detergent products.
6. Tallow cost adjustment.
7. Introductory offers.
8. Exempted products.
9. Ceiling prices for retailers, wholesalers and other distributors of soaps, cleansers or synthetic detergents.
10. Conditions and terms of sale.
11. Evasions.
12. Prohibitions and penalties.
13. Records.
14. Definitions.

AUTHORITY: Sections 1 to 14 issued under sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154. Interpret or apply Title IV, 64 Stat. 803, as amended; 50 U. S. C. App. Sup. 2101-2110, E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 C. F. R., 1950 Supp.

SECTION 1. Coverage of this regulation. This regulation fixes ceiling prices of manufacturers and distributors, including retailers, for any soaps, cleansers or synthetic detergents sold to household, institutional, commercial, industrial or governmental purchasers. These ceiling prices supersede those established for soaps, cleansers, and synthetic detergents under CPR 10, Household Soaps and Cleansers, as amended; CPR 22, Manufacturers' General Ceiling Price Regulation, as amended; and the General Ceiling Price Regulation, as amended, insofar as these regulations are applicable to the soaps, cleansers and synthetic detergents, covered by this regulation.

Sec. 2. Geographical applicability. This regulation applies in the 48 states of the United States and in the District of Columbia.

Sec. 3. Ceiling prices for manufacturers of soaps, cleansers or synthetic detergents. If you are a manufacturer of soaps, cleansers, or synthetic detergents, your ceiling prices are fixed in accordance with the following provisions:

(a) Your ceiling price for any soap, cleanser, or synthetic detergent is the price set forth in your published price list for the same class of purchasers which was in effect during the base period (as defined in section 14 of this regulation) for delivery during that time. If you published more than one such price list during the base period for any item, your ceiling price for that item is the average price you published. To

figure the average, multiply each of the several prices published by the number of calendar days in the base period it was in effect, add the resulting amounts and divide their sum by the total number of calendar days on which the various prices were in effect during the base period.

(b) If you sold any soap, cleanser or synthetic detergent item during the base period at a price different from your published price list in effect on the day of the sale, or if you did not have a published price list for any item in effect during the base period for delivery during that time, your ceiling price for that item is the average price at which you delivered it during the base period to purchasers of the same class. To figure the average price, determine the total dollar volume of sales of the item delivered to the class of purchasers involved and divide that sum by the total number of physical units accounting for that dollar volume of sales.

(c) With respect to a sale made on a bid basis to either government or non-government purchasers, your ceiling price for any soap, cleanser or synthetic detergent is your unit direct cost (see section 14) for the particular item plus the average percentage markup on direct cost which you used on bid sales to the same class of purchasers in the period from July 1, 1951 to November 30, 1951. You must make available to the Office of Price Stabilization upon request the average markup you use for bid sales covered by this regulation and a statement of the method you used in computing it. If the Director finds that your resulting prices are in excess of the level of prices generally established under this regulation, he may reduce them accordingly.

(d) If you cannot determine your ceiling price under the provisions of paragraphs (a) through (c), your ceiling price for a given item shall be the same as the ceiling price of your most closely competitive seller of the same class selling the same item to the same class of purchasers.

(e) If you cannot determine your ceiling price for a given item under any of the provisions of this section, you may apply in writing to the Fats and Oils Branch, Office of Price Stabilization, Washington 25, D. C., for the establishment of a ceiling price. Your application must contain the following information: (1) An explanation of why you are unable to determine your ceiling price under any other provision of this regulation; (2) a complete description of the product (including such data as general composition, form, size, and net weight of package), and a description of the nature of your business; (3) your proposed ceiling price and the method used by you to determine it. You may not sell the product until the Office of Price Stabilization notifies you in writing of the ceiling price which has been approved for you.

Sec. 4. Liquid and paste soaps and cleaning specialties. (a) If you are a manufacturer of liquid or paste soaps or cleaning specialties (see section 14) and use any of the oils enumerated in subparagraph (5) below as ingredients

in your products, you may recalculate your ceiling price for any such product as fixed under section 3 of this regulation in order to take account of increases in the costs of the oils. To recalculate your ceiling price follow the procedure outlined below:

(1) You must, in the course of a calendar month preceding the date of your recalculation, have received a delivery, in a customary quantity and in a customary manner, of one or more of the oils enumerated.

(2) If you received such a delivery, determine the increase in cost to you of the oil as measured by the difference between the cost to you for that delivery and the highest price you paid or incurred for a delivery, in a customary quantity and in a customary manner, of the most nearly similar grade of that oil during the base period, or, if you did not receive such a delivery during the base period, on the nearest prior date. The figure thus determined represents your "actual cost increase" for the oil in question.

(3) Next, determine from "Fats and Oils Situation" (published by the U. S. Department of Agriculture) the amount by which the monthly average for that oil for the calendar month during which the delivery referred to in subparagraph (1) above was received exceeds the October 1951 average price enumerated in subparagraph (5) below for the same oil. The figure so obtained represents your "maximum adjustment" under this paragraph.

(4) You may increase your ceiling price (as otherwise determined under this regulation) by the dollars-and-cents "actual cost increase" per unit, but not to exceed the dollars-and-cents "maximum adjustment" per unit. The actual method of calculation to be employed is illustrated by the following examples:

Example 1: You are the manufacturer of XYZ Paste Soap, which during the base period sold at a price of \$4.90 per case. You use 2 pounds of coconut oil per case. During January 1952 you receive a customary delivery of coconut oil at 21.7 cents per pound. The January average for coconut oil as quoted in "Fats and Oils Situation" is 22.4 cents per pound. The October 1951 average, as quoted in subparagraph (5) below, was 13.8 cents per pound. Your "maximum adjustment" is 22.4 - 13.8 or 8.6 cents per pound. In referring to your base period invoices, you find that the highest price at which you received a customary delivery during the base period was 13.9 cents per pound. Your "actual cost increase", therefore, is 21.7 cents - 13.9 or 7.8 cents per pound. You may add 7.8 cents (or your "actual cost increase", since it does not exceed your "maximum adjustment") per pound of coconut oil used for each case of your product to the old ceiling price, that is, \$4.90 + (2 × 7.8) = \$5.056 per case, which is your new ceiling price.

Example 2: You are a manufacturer of "W" brand cleaning specialty which, during the base period, sold at \$4.80 per case. You use 4 pounds of palm oil per case. During January 1952 you receive a customary delivery of palm oil at 33.9 cents per pound. The January average for the grade of oil you use, as quoted in "Fats and Oils Situation", is 32.2 cents per pound. During the base period you did not buy palm oil and your last prior customary delivery, received in June 1951, was one of crude palm oil, i. o. b.

New York at 20.2 cents per pound. Your "actual cost increase" is 33.9 cents—20.2 or 13.7 cents per pound, but your "maximum adjustment" is only 32.2 cents—20.0 (October 1951 average for palm oil) or 12.2 cents per pound. You may use 12.2 cents per pound as your adjustment factor, and since you use 4 pounds of oil, per case, your new ceiling price is \$4.80 + (4 × 12.2) or \$5.288 per case.

(5) The following are October 1951 averages for the oils covered by this paragraph:

	Cents
Babassu oil, tanks, f. o. b. New York	17.9
Castor oil, No. 1, tanks, f. o. b. New York	32.8
Coconut oil, crude, tanks, f. o. b. Pacific Coast	13.8
Coconut oil, crude, tanks, f. o. b. New York	14.8
Olive oil:	
Edible, drums, f. o. b. New York	31.9
Sulphur, drums, carlots, f. o. b. New York	18.2
Palm oil, Congo, drums, f. o. b. New York	20.0
Sesame oil, refined, drums, f. o. b. New York	38.5
Rapeseed oil, refined, denatured, tanks, f. o. b. New York	24.0

(b) If you are a manufacturer of liquid or paste soaps or cleaning specialties and use as ingredients in your products fatty acids derived from any of the oils enumerated in paragraph (a) (5) of this section, you may recalculate your ceiling price for your product as determined under section 3 of this regulation in order to take account of increases in costs of fatty acids. To recalculate your ceiling price, follow the procedure outlined below:

(1) You must, in the course of a calendar month preceding the date of your recalculation, have received a delivery, in a customary quantity and in a customary manner, of one or more fatty acids.

(2) If you have received such a delivery, determine the increase in cost to you of the particular fatty acid as measured by the difference between the price you paid or incurred for that delivery and the highest price you paid or incurred for a delivery, in a customary quantity and in a customary manner, of the same or most nearly similar grade of that fatty acid during the base period, or, if you did not receive any delivery during the base period, on the nearest prior date.

(3) You may increase your ceiling price for the product involved by the dollars-and-cents increase per unit in the cost of the fatty acid used in that product as determined under subparagraph (2) above.

(c) If, in accordance with this section, you elect to raise your ceiling prices to include permissible increases resulting from increases in the costs of oils, or their fatty acids, you must first notify the Fats and Oils Branch, Office of Price Stabilization, Washington 25, D. C., by registered mail, return receipt requested, giving the following information:

(1) A description of the product (including such data as general composition, form, size, and net weight of package), your existing ceiling price, and your proposed adjusted ceiling price therefor.

(2) The highest price you paid or incurred for a customary delivery of the oils or their fatty acids during the base period, or on the nearest prior date.

(3) The current cost of the oils or fatty acids as determined by the price you paid or incurred for your most recent customary delivery thereof, the date of delivery and, in the case of the enumerated oils, the price average for the calendar month during which the delivery was received, as quoted in "Fats and Oils Situation".

(4) In the case of the enumerated oils, the figures and calculations you used in applying your actual cost increase to your ceiling price as otherwise determined by this regulation, resulting in your adjusted ceiling price, in accordance with the directions in paragraph (a) of this section, or, in the case of fatty acids, your new ceiling price, as determined under paragraph (b) of this section. This information may be filed on OPS Public Form No. 127.

(d) You must wait 15 days after the date of receipt by the Director of Price Stabilization of the report required in paragraph (c) of this section, as shown on your return receipt. At the end of that 15-day period, you may deliver your product at your adjusted ceiling price as determined under this section, unless and until notified by the Director of Price Stabilization to continue using your ceiling price otherwise established under this regulation, either because your ceiling price proposed under this section has been disapproved in whole or in part or because more information is required.

(e) If you elect to adjust your ceiling prices pursuant to paragraph (a) of this section, you must continue to do so by recalculating your ceiling prices to be effective within ten days from the publication of each issue of the "Fats and Oils Situation". In that case, if thereafter the current prices of oils, as listed in the current "Fats and Oils Situation", when applied in accordance with the provisions of paragraph (a) to your previously adjusted ceiling prices, produce lower ceiling prices, you must reduce your ceiling prices accordingly. However, as long as you elect to remain under the ceiling prices established by section 3 of this regulation, you are not required to reflect any changes (up or down) in the prices of oils.

(f) If you elect to adjust your ceiling prices pursuant to paragraph (b) of this section, you must continue to do so by recalculating your ceiling prices to be effective on the tenth day of each calendar month. In that case, you must apply the procedure outlined in paragraph (b) to your previously adjusted ceiling prices and if that produces lower ceiling prices, you must reduce your ceiling prices accordingly. However, as long as you elect to remain under the ceiling prices established by section 3 of this regulation, you are not required to reflect any changes (up or down) in the prices of fatty acids.

Sec. 5. Adjustment of ceiling prices of manufacturers who purchase saponified or synthetic detergent product. (a) If you are a manufacturer who, during the base period, did not make a soap, cleanser,

er, or a synthetic detergent, but purchased the saponified or synthetic detergent material for such a product from another manufacturer and he has increased the cost to you for a customary purchase of the material, you may increase your ceiling price for your soap, cleanser, or synthetic detergent, as determined under section 3 of this regulation, by the dollars-and-cents difference per unit between your supplier's price to you for your most recent customary purchase and the highest price you paid or incurred for a customary purchase of this material during the base period, or, if you made no such purchase during the base period, then on the nearest prior date. If you elect to adjust your ceiling prices pursuant to this section you must do so whenever the unit price for a customary purchase of such materials is different from the unit price of the preceding customary purchase and where your recalculation produces lower ceiling prices, you must within 10 days reduce your ceiling prices accordingly.

(b) If you wish to adjust your ceiling price upward under this section 5, you must notify in writing the Fats and Oils Branch, Office of Price Stabilization, Washington 25, D. C., by registered mail, return receipt requested. Your statement should include the following information:

(1) Your existing ceiling price and a description of your item.

(2) The highest price you paid or incurred for a customary purchase during the base period, or on the nearest prior date.

(3) The price you paid or incurred for your most recent customary purchase.

(4) Your new ceiling price.

(c) You must wait 15 days after the date of receipt by the Director of Price Stabilization of the report required in paragraph (b) of this section as shown on your return receipt. At the end of that 15-day period, you may deliver your product at your increased price as determined under this section, unless and until notified by the Director of Price Stabilization to continue using your ceiling price otherwise established under this regulation, either because your ceiling price proposed under this section has been disapproved in whole or in part or because more information is required.

Sec. 6. Tallow cost adjustment. (a) If you are a manufacturer of a soap, or a cleanser containing soap (including any liquid or paste soap or any cleaning specialty), made for industrial use (as defined in section 14), and if 95 percent of your dollar volume of sales of these products during the twelve months preceding November 30, 1951 consisted of sales to industrial users, you may recalculate your ceiling price for any item of that kind in order to take account of increases in costs of tallow or grease used in the manufacture of that item. To recalculate your ceiling price, follow the procedure outlined below:

(1) You must, in the course of a calendar month preceding the date of your recalculation, have made a purchase of tallow or grease in a customary quantity and in a customary manner.

(2) If you made such a purchase, determine from the "Fats and Oils Situa-

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tion", published by the U. S. Department of Agriculture, the amount by which the monthly average price for that calendar month of prime inedible tallow in carlots f. o. b. Chicago exceeds 8½ cents (provided it does not exceed 10½ cents). The figure thus obtained, when adjusted for your grade and quality of tallow or grease, represents your "maximum adjustment" under this subparagraph. Make your grade and quality adjustments in accordance with the price differentials set forth in section 25, CFR 6, as amended.

(3) Next, determine the increase in cost to you of your industrial soap, as measured by the difference between the price you paid or incurred for your purchase of tallow or grease referred to in paragraph (a) (1) and the highest price you paid or incurred for a purchase of tallow or grease, in a customary quantity and in a customary manner, during the base period established by this regulation, or, if you did not make any purchase during the base period on the nearest prior date. The figure thus determined represents your "actual cost increase" for the tallow or grease in question.

(4) You may apply so much of your "actual cost increase" as will not exceed your "maximum adjustment" as an adjustment factor per unit to your base period ceiling price as determined under section 3 of this regulation. The figure so determined is your adjusted ceiling price.

(b) If, in accordance with paragraph (a), you elect to raise your ceiling prices to include permissible increases resulting from increases in the cost of tallow or greases, you must first notify the Fats and Oils Branch, Office of Price Stabilization, Washington 25, D. C., by registered mail, return receipt requested, giving the following information:

(1) A description of your industrial soap (including such data as the grades of tallow or grease used, the tallow content per bar, per pound, and per case, and the size and net weight of package or bar), your existing ceiling price, and your proposed adjusted ceiling price;

(2) The highest price you paid or incurred for a customary purchase of these tallows or greases during the base period established by this regulation or on the nearest prior date;

(3) The current cost to you of these tallows or greases, as determined by the price you paid or incurred for your most recent customary purchase, thereof, the date of your purchase and the price average for the calendar month during which your purchase was made, as quoted in the "Fats and Oils Situation";

(4) The figures and calculations you used in applying your actual cost increase to your ceiling prices established pursuant to section 3 of this regulation, resulting in your adjusted ceiling price. This information may be filed on OPS Public Form No. 127.

(c) You must wait 15 days after the date of receipt by the Director of Price Stabilization of the report required in paragraph (c) of this section, as shown on your return receipt. At the end of that 15-day period, you may deliver your product at your increased ceiling price as

determined under this section unless and until notified by the Director of Price Stabilization to continue using your ceiling prices otherwise established under this regulation, either because your ceiling price proposed under this section has been disapproved in whole or in part or because more information is required.

(d) If you elect to adjust your ceiling prices pursuant to this section you must continue to do so by recalculating your ceiling prices to be effective within 10 days from the publication of each issue of the "Fats and Oils Situation". In that case, if thereafter the current price of tallows or greases, as listed in the current "Fats and Oils Situation", when applied in accordance with the provisions of paragraph (a) to your previously adjusted ceiling prices, produces lower ceiling prices, you must reduce your ceiling prices accordingly. However, as long as you elect to remain under the ceiling prices established by section 3 of this regulation, you are not required to reflect any changes (up or down) in the price of tallows or greases.

Example: You are the manufacturer of XYZ soap, which during the base period sold at a price of \$4.90 per case. You use an average of 15 pounds of prime tallow per case. During the month of January 1952 you make a customary purchase of tallow at 10 cents per pound. The January average for tallow as quoted in the "Fats and Oils Situation" is 10½ cents per pound. During the base period established by this regulation, your most similar purchase was made for a price of 9 cents. Your "actual cost increase" is one (1) cent per pound. You may add 1 cent (or your total "actual cost increase", since it does not exceed your "maximum adjustment") per pound of tallow used for each case of your product to the old ceiling price thereof, i. e., \$4.90 + (1 cent × 15 pounds) = \$5.05 per case, which is your adjusted ceiling price. If, in February of 1952, the "Fats and Oils Situation" showed the price of tallow to be down to 8 cents and you had made a customary purchase in that month for 8 cents, there would be a reduction in your costs of 2 cents per pound of tallow used for each case of your product. If you had previously elected to use this adjustment procedure, you would again have to adjust your ceiling prices and, in this instance, you would be required to reduce your ceiling price, that is, \$5.05 - (2 cents × 15 pounds) = \$4.75.

SEC. 7. Introductory offers. (a) If, during the base period, you were manufacturing soaps, cleansers, or synthetic detergents to be sold as part of an introductory offer, at a price which was below normal compared to that of items competitive to yours, you may determine your ceiling price by adopting the ceiling price of your most closely competitive seller of the same class, selling the same type of soaps, cleansers, or synthetic detergents to the same class of purchasers. The offer must have been announced in writing and have been intended to remain in effect for a limited time only. If you wish to redetermine your ceiling prices pursuant to this section, you must within three months of the effective date of this regulation, advise the Fats and Oils Branch, Office of Price Stabilization, Washington 25, D. C., and submit the following information:

(1) The ceiling prices you established while operating under this introductory offer;

(2) The name of your most closely competitive seller and his ceiling prices which you wish to adopt; and

(3) A description of the introductory offer which should include its terms, the class of purchasers affected, and such material as price lists, advertisements or announcements, as will demonstrate the nature of your offer.

(b) You may put your new ceiling price into effect as soon as you have filed your report in accordance with this section, but the price reported by you may be revised by the Director of Price Stabilization at any time. Whenever you increase your selling price as a result of the operation of this section, you must notify your purchasers for resale that you have done so pursuant to this section.

(c) If you are a distributor of any soap, cleanser, or synthetic detergent item for which your purchase price has increased by virtue of the operation of this section, you may increase your ceiling price for that item by the dollars-and-cents difference per unit between your supplier's price to you for your most recent customary purchase and the highest price you paid or incurred for a customary purchase of that item during the base period, or, if you made no such purchase during the base period, then on the nearest prior date. However, before increasing your selling price as a result of the operation of this section you must obtain from your supplier a statement in writing that his price to you has been increased pursuant to this section. Whenever you increase your selling price as a result of the operation of this section, you must notify your purchasers for resale that you have done so pursuant to this section.

SEC. 8. Exempted products. Sales of soaps, cleansers, and synthetic detergents to an agency of the United States Government made on an experimental basis are exempt from the provisions of this or any other price regulation, until the procuring agency issues specifications for production on a commercial scale of such product or products. You must, however, before making a sale under this section, forward to the Fats and Oils Branch, Office of Price Stabilization, Washington 25, D. C. a certification from the Government agency involved that the soap, cleansers or synthetic detergents you supplied that agency were for experimental purposes and that specifications for soaps, cleansers, or synthetic detergents have not as yet been issued. Upon issuance of any specifications, the ceiling prices applicable to production on a commercial scale of such product or products shall be determined under the applicable pricing sections of this regulation.

SEC. 9. Ceiling prices for retailers, wholesalers, and other distributors of soaps, cleansers, or synthetic detergents.

(a) If you are a distributor, as defined in section 14 of this regulation, of soaps, cleansers, or synthetic detergents, your ceiling price for any of these items is the highest price at which you delivered it during the base period to a purchaser of the same class.

(b) If you did not deliver a given soap, cleanser, or synthetic detergent item

during the base period but did deliver one or more similar items during that period, your ceiling price for that item shall be the ceiling price for your most nearly similar item which you delivered during the base period. A similar item is one which is used for the same purpose, is within 5 percent of the same size, and is put up in the same form, that is, liquid, powdered, solid, etc.

(c) If you cannot determine your ceiling price under the provisions of paragraphs (a) or (b) above, your ceiling price for a given item shall be the same as the ceiling price for that item or for the most nearly similar item of your most closely competitive seller to the same class of purchaser.

(d) If you cannot determine your ceiling price for a given item under any of the provisions of this section, you may apply in writing to the Fats and Oils Branch, Office of Price Stabilization, Washington 25, D. C., for the establishment of a ceiling price. Your application must contain the following information:

(1) An explanation of why you are unable to determine your ceiling price under any other provision of this regulation;

(2) A complete description of the product (including such data as general composition, form, size and net weight of package), and a description of the nature of your business;

(3) Your proposed ceiling price and the method used by you to determine it.

You may not sell the product until the Office of Price Stabilization notifies you in writing of the ceiling price which has been approved for you.

SEC. 10. Conditions and terms of sale. Your ceiling prices must reflect all customary delivery terms, discounts, allowances, guarantees, and other conditions of sale in effect during the base period, except that packaging specifications or delivery terms on sales to agencies of the United States Government may be changed upon request of the purchasing agency, provided that you do not charge for such changes more than the actual direct cost incurred by you as a result thereof.

SEC. 11. Evasion. Any practice which results in obtaining indirectly a higher price than is permitted by this regulation constitutes an evasion and is a violation of this regulation. Such practices include, but are not limited to, devices making use of commissions, services, cross sales, transportation arrangements, premiums, discounts, special privileges, tie-in agreements, and trade understandings.

SEC. 12. Prohibitions and penalties—
(a) **Prohibitions.** On or after the effective date of this regulation you shall not sell or deliver, or offer to sell or deliver, and you shall not buy or receive, or offer to buy or receive, in the regular course of business or trade at a price exceeding the ceiling prices established by this regulation, any soaps, cleansers, or synthetic detergents for which a ceiling price or a method of computing a

ceiling price is set forth in this regulation.

(b) **Penalties.** Persons violating any provisions of this regulation are subject to the criminal penalties, civil enforcement actions, and suits for treble damages provided for by the Defense Production Act of 1950, as amended.

SEC. 13. Records. (a) If you are a manufacturer of soaps, cleansers, or synthetic detergents for which ceiling prices are established by this regulation, you must preserve and keep available for examination by the Director of Price Stabilization for the life of the Defense Production Act of 1950, as amended, and for two years thereafter, those records in your possession showing the prices charged by you for the items which you delivered or offered to deliver during the base period. You must also preserve and keep available for a period of two years from the date of each sale accurate records of that sale. These records must include:

(1) The date of each sale;

(2) The name of the purchaser;

(3) The price paid or received;

(4) The brand number, if such number has standard specifications, or if there are no such standard specifications, the grade and quality of the items involved, and the amount sold.

(b) If you are a distributor of soaps, cleansers, or synthetic detergents for which ceiling prices are established by this regulation, you must preserve and keep available for examination by the Director of Price Stabilization for the life of the Defense Production Act of 1950, as amended, and for two years thereafter, those records in your possession showing the prices charged by you for the items which you delivered during the base period and also sufficient records to establish the latest net cost paid or incurred by you prior to the end of the base period in purchasing items covered by this regulation. You must also preserve and keep available for a period of two years from the date of each purchase your purchase invoices and record thereon your selling prices for all items listed on the invoices.

SEC. 14. Definitions. (a) The terms used in this regulation shall, unless defined herein, or unless the context requires a different meaning, have the same meaning as when used in the General Ceiling Price Regulation, as amended, and in CPR 10, Household Soaps and Cleansers, as amended.

(b) For the purpose of this regulation the terms set forth below are defined as follows:

(1) "Soaps" are water-soluble products formed by the saponification or neutralization of fats, oils, waxes, resins, or their fatty acids, with organic or inorganic bases. This term includes any product consisting in whole or in part of "soaps" as herein defined, except that shampoos, dentifrices, and shaving preparations are excluded. Dry cleaning soaps, although not water-soluble, are also included.

(2) "Liquid and paste soaps and cleaning specialties" means soft soaps, such as but not limited to potash soaps, and soap specialties, including medic-

nal soaps and detergents which are made usually from vegetable or animal fats and oils or their fatty acids by the addition of special ingredients. This term is included in the scope of the term "soaps, cleansers, and synthetic detergents," unless otherwise specified.

(3) "Cleansers," sometimes also referred to as scouring powders, are compounds containing abrasive materials and an alkaline builder, either with or without soaps or synthetic detergents.

(4) "Synthetic detergents" are compositions which contain one or more surface-active organic chemicals as components, and which are designed or intended for sale or resale to household, institutional, commercial, industrial, or governmental purchasers, for the same or comparable ultimate purposes as soaps, cleansers, or the products thereof. The term "synthetic detergents" does not include bubble baths, or dentifrices or shampoos containing synthetic detergents.

The above four terms cover these products in all forms (such as liquid, paste, or solid; bars, chips, flakes, beads, or powders), packed in any type of container (such as bottles, barrels, drums or cases).

(5) A "manufacturer" is a person who:

(i) Produces a soap, cleanser, or synthetic detergent for sale or resale to household, institutional, commercial, industrial, or governmental purchasers; or

(ii) Is a subsidiary of a manufacturer engaged in the sale and distribution of the latter's products; or

(iii) Cuts or stamps into bar or cake form, or puts into packages or other containers any soaps, cleansers, or synthetic detergents, for sale under his own or another's brand name; or

(iv) Owns the brand name of a soap, cleanser, or synthetic detergent; or

(v) Uses soaps, cleansers, or synthetic detergents made by others as a raw material, and by addition of other materials makes a finished product which is sold for soil-removing uses.

(6) A "distributor" is a person, other than a manufacturer, (but including a wholesaler and a retailer) who buys and sells soaps, cleansers or synthetic detergents without substantially changing their form.

(7) "Industrial use" means use of soaps, cleansers, or synthetic detergents in a manufacturing process or for a non-household, non-personal cleaning purpose.

(8) "Base period" means the month of November 1951.

(9) "Unit direct cost" means labor and materials costs (including packaging costs) which enter directly into the product. It does not include factory overhead, indirect manufacturing, administrative, general or selling expenses.

(10) "Purchasers of your largest buying class" means the "class of purchasers" which bought from you the largest dollar amount of a given commodity during your base period. It does not, however, include the United States or any agency thereof, any foreign purchaser, or any person to whom the only sales made during your base period were made under a written contract of at least 6 months' duration entered into prior to the base period, unless the United States

or any agency thereof, any foreign purchaser or such contract purchaser was your only class of purchaser.

(11) "Item" means a kind, brand, size, variety, grade, or container type or size of a soap, cleanser, or synthetic detergent.

Effective date. This regulation shall become effective January 14, 1952.

Note: All record keeping and reporting requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

EDWARD F. PHELPS, Jr.,
Acting Director of Price Stabilization.

JANUARY 8, 1952.

[F. R. Doc. 52-432; Filed, Jan. 8, 1952;
4:12 p. m.]

[Ceiling Price Regulation 20, Amdt. 2]

CPR-20—FUTURES TRADING ON WOOL
EXCHANGE

REVISED CEILING PRICES

Pursuant to the Defense Production Act of 1950, as amended, (Pub. Law 774, 81st Cong., Pub. Law 96, 82nd Cong.), Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this Amendment 2 to Ceiling Price Regulation 20 is hereby issued.

STATEMENT OF CONSIDERATIONS

Ceiling Price Regulation 20, issued April 6, 1951, established dollars-and-cents ceiling prices for wool and wool top traded on the Wool Associates of the New York Cotton Exchange. On May 9, 1951, Ceiling Price Regulation 35 was issued establishing dollars-and-cents ceiling prices for commercial sales of wool and related fibres. Inasmuch as the ceiling prices established by Ceiling Price Regulation 35 were well below the ceiling prices previously fixed for trading on the Exchange, Amendment 1 to Ceiling Price Regulation 20 was issued reducing futures ceiling prices to a level in line with ceiling prices for commercial sales.

On January 9, 1952, Ceiling Price Regulation 35, Revision 1, was issued, establishing a new level of ceiling prices for commercial sales of wool and wool top and making necessary a corresponding reduction in ceiling prices for wool and wool top traded on the Exchange. This reduction is necessary in order to avoid the possibility that significant quantities of wool and wool top may enter into purely speculative trading on the Exchange where ceiling prices higher than those fixed for commercial sales could be obtained.

This amendment establishes ceiling prices for futures trading at the same level established for commercial sales by Ceiling Price Regulation 35, Revision 1. The differentials between futures and commercial ceiling prices for wool and wool top which were established by Amendment 1 to Ceiling Price Regulation 20 have not been maintained by this amendment. In conforming to the provision of the Defense Production Act of 1950, as amended, that no ceiling shall

be established for an agricultural commodity below 90 percent of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture, these differentials have been eliminated.

This amendment becomes effective simultaneously with Ceiling Price Regulation 35, Revision 1, on April 8, 1952. During the interim period the level of futures prices should not rise above the level established in this amendment, inasmuch as contracts made at such higher prices could not be completed at those prices after this amendment becomes effective.

The prices established in this amendment are not below the most recently determined parity price, the highest price received by producers during the period from May 24, 1950 to June 24, 1950, inclusive, or 90 percent of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture.

In the judgment of the Director of Price Stabilization this amendment is generally fair and equitable and will effectuate the purposes of Title IV of the Defense Production Act of 1950, as amended.

In the formulation of this amendment, there has been consultation with industry representatives and consideration has been given to their recommendations.

AMENDATORY PROVISIONS

Ceiling Price Regulation 20, as amended, is further amended in the following respects:

1. Section 2 is amended by substituting the price \$2.660 for \$3.220, and \$3.370 for \$3.895, so that section 2 reads as follows:

SEC. 2. *Wool and wool top futures contracts.* The ceiling price at which Exchange Standard wool and wool top covered by futures contracts may be traded on the Wool Associates of the New York Cotton Exchange is \$2.660 per pound for wool futures, and \$3.370 per pound for wool top futures.

2. Section 3 is amended by substituting the price \$2.660 for \$3.220, and \$3.370 for \$3.895, so that section 3 reads as follows:

SEC. 3. *Deliveries of wool and wool top on futures contracts.* If you deliver Exchange Standard wool or wool top pursuant to a futures contract on the Wool Associates of the New York Cotton Exchange, your ceiling price is \$2.660 per pound for wool and \$3.370 per pound for wool top. For computing the ceiling price for deliveries of other than Exchange Standard wool or wool top pursuant to futures contracts on the Exchange apply the differentials established under the by-laws and rules of the Wool Associates of the New York Cotton Exchange in effect on January 24, 1951. (Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

Effective date. This Amendment 2 to Ceiling Price Regulation 20 is effective April 8, 1952.

MICHAEL V. DiSALLE,
Director of Price Stabilization.

JANUARY 9, 1952.

[F. R. Doc. 52-445; Filed, Jan. 9, 1952;
4:00 p. m.]

[Ceiling Price Regulation 30, Supplementary Regulation 6]

CPR 30—MACHINERY AND RELATED
MANUFACTURED GOODS

SR 6—LEAD ACID STORAGE BATTERIES

Pursuant to the Defense Production Act of 1950, as amended (Pub. Law 774, 81st Cong., Public Law 96, 82nd Cong.), Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this supplementary regulation to Ceiling Price Regulation 30 is hereby issued.

STATEMENT OF CONSIDERATIONS

This supplementary regulation permits manufacturers of lead acid storage batteries and parts to reflect increases in costs to them of primary lead, secondary lead, the lead content of antimonial lead, lead scrap, lead oxide, and battery parts made of such materials.

Supplementary Regulation 70 to the General Ceiling Price Regulation, issued and effective October 2, 1951, increased the ceiling prices for primary lead by two cents a pound. Commensurate increases were granted for other lead derivatives and products by Supplementary Regulation 76 to the General Ceiling Price Regulation, issued and effective October 24, 1951. Increases were not authorized for all products containing lead or lead components because general data available to the office indicated that these increases could be absorbed by most industries without bringing their earnings below their excess profits tax base.

Manufacturers of lead acid storage batteries petitioned for permission to add the lead increase to their ceiling prices. Consequently, an informal survey was made of the earnings of companies accounting for 65 percent of the industry's production, using both published data and company profit and loss statements. The data revealed that the increase in lead costs has reduced the earnings of the industry below the minimum industry earnings standard prescribed by the Economic Stabilization Administrator on April 21, 1951.

This supplementary regulation, therefore, allows lead acid storage battery manufacturers to increase their prices by the amount of increases in their costs for lead or lead parts. This should be sufficient to restore their earnings to the level required by the so-called Johnston standard.

The necessity for prompt action in this case led the Director to take this action on the basis of incomplete data. Upon request of the battery industry, the Office of Price Stabilization is willing to make a more thorough study of the need for price relief under the industry earnings standard. If it then appears that the level of ceiling prices, established by Ceiling Price Regulation 30, as modified by this supplementary regulation, is not generally fair and equitable for the industry, immediate action will be taken to establish a level of ceiling prices which is generally fair and equitable.

In the opinion of the Director of Price Stabilization, the provisions of this supplementary regulation are generally fair and equitable, and are necessary to ef-

fectuate the purposes of Title IV of the Defense Production Act of 1950, as amended.

Special circumstances involved in the promulgation of this amendment made it impracticable for the Director to consult formally with industry representatives. However, affected individuals were consulted informally and consideration was given to their recommendations.

Every effort has been made to conform this supplementary regulation to existing business practices, cost practices or methods, or means or aids to distribution. Insofar as any of its provisions may operate to compel changes in the business practices, cost practices or methods or means or aids to distribution, such provisions are found by the Director Price Stabilization to be necessary to prevent circumvention or evasion of the regulation.

REGULATORY PROVISIONS

Sec. 1

1. What this supplementary regulation does.
2. How to adjust CPR 30 ceiling prices.
3. Individual commodity method.
4. Product line method.
5. Reports.
6. Records.
7. Applicability of provisions of CPR 30.
8. Definitions.

AUTHORITY: Sections 1 to 8 issued under sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154, Interpret or apply Title IV, 64 Stat. 803, as amended; 50 U. S. C. App. Sup. 2101-2110. E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CPR, 1950 Supp.

SECTION 1. What this supplementary regulation does. (a) This supplementary regulation permits you, if you are a manufacturer of lead acid storage batteries and parts, to add to your ceiling prices for such batteries and parts, your cost increases for primary lead, for secondary lead, and for the lead content of antimonial lead, lead scrap, lead oxides and battery parts made of such materials. The term "commodity" as used in this supplementary regulation means any lead acid storage battery or part.

(b) This section is intended only as a general description to aid in understanding this supplementary regulation; the following sections are controlling.

Sec. 2. How to adjust your CPR 30 ceiling prices. You adjust your CPR 30 ceiling prices to your largest buying class of purchaser by the methods provided in this supplementary regulation. You then determine your ceiling prices to your other classes of purchaser in accordance with section 3 (c) of CPR 30. Section 3 tells you how to determine your adjusted ceiling price for an individual commodity; section 4 tell you how to determine your adjusted ceiling prices on the basis of a product line. Section 6 tells you when you may put the adjusted ceiling price into effect.

Sec. 3. Individual commodity method. You do the following to adjust your ceiling price for an individual commodity:

(a) Find the quantity of each manufacturing material specified in section 1 which enters into one unit of the commodity to be priced.

(b) Determine the dollars and cents amount by which those quantities of each material has increased in cost to

you from March 15, 1951, to December 15, 1951. The result is your "dollars and cents adjustment". This determination is subject to the limitations with respect to departures from normal buying practices set forth in CPR 30, and more particularly in section 22 thereof.

(c) Add the amount determined under (b) to your CPR 30 ceiling price for the sale of that commodity to your largest buying class of purchaser. The result is your adjusted ceiling price for the sale of the commodity to your largest buying class of purchaser.

(d) You may not use this section for any commodity in a product line for which you compute your adjustment under section 4.

Sec. 4. Product line method. You do the following to adjust your ceiling price for a product line.

(a) Select and identify the product line for which you wish to make the calculations. The term "product line" is defined in section 19 (a) (1) of CPR 30. You must use the same product line classification you used in computing prices under CPR 30.

(b) Using the best selling commodity in the product line, find the CPR 30 ceiling price to your largest buying class of purchaser and calculate the dollars and cents ceiling price adjustment in accordance with section 3 of this supplementary regulation. The term "best selling commodity" is defined in section 19 (a) (2) of CPR 30.

(c) Divide the dollars and cents ceiling price adjustment for this commodity by its ceiling price. This will give you the percentage adjustment.

(d) Apply your percentage adjustment to the ceiling price of each commodity in the product line. The resulting figure is the "ceiling price adjustment factor" to be added to the ceiling price of that commodity.

(e) If you use this section it must be used for each commodity in the product line for which you have made your calculations.

(f) If you believe that you cannot practically use the method for calculating a "ceiling price adjustment factor" set forth in paragraphs (a) through (d), you may propose a substitute method in accordance with the provisions of section 20a of CPR 30.

Sec. 5. Reports. Before you can put into effect an adjusted ceiling price determined under this supplementary regulation, you must file a report, by registered mail, return receipt requested, with the Industrial Materials and Manufactured Goods Division, Office of Price Stabilization, Washington 25, D. C. Immediately upon the filing of this report, as evidenced by your return postal receipt, you may put into effect your adjusted ceiling price determined under this supplementary regulation. However, the Director of Price Stabilization may at any time, by written order, disapprove or modify your adjusted ceiling price determined under this supplementary regulation. This disapproval or modification will not apply to deliveries made prior to the effective date of the order. If you use the individual commodity method to determine your ad-

justed ceiling price, the report must contain the information required by paragraph (a). If you use the product line method to determine your adjusted ceiling prices, the report must contain the information required by paragraph (b).

(a) *Report for individual commodity method.* Where you determine your adjusted ceiling price by use of the individual commodity method, your report must contain the following information:

- (1) Your name and address, and the date of the report.
- (2) The commodity for which you are determining your adjusted ceiling price.
- (3) The number of pounds of the manufacturing material specified in section 1, which you use in one unit of the commodity.

(4) Your CPR 30 ceiling price for the commodity.

(5) The dollars and cents adjustment for the commodity determined under this supplementary regulation.

(6) Your adjusted ceiling price for the commodity.

(b) *Report for product line method.* If you use the product line method, your report must contain the following information:

(1) Your name and address, and the date of the report.

(2) The product line covered by your report.

(3) The best selling commodity in the product line covered by your report.

(4) The number of pounds of the manufacturing material specified in section 1, which you use in one unit of that commodity.

(5) Your CPR 30 price for that commodity.

(6) The dollars and cents adjustment for that commodity determined under this supplementary regulation.

(7) Your adjusted ceiling price for that commodity.

(8) Your ceiling price adjustment factor determined under this supplementary regulation for the product line.

Sec. 6. Records. Section 44 (a) (2) of CPR 30 requires that the records to be preserved must include appropriate worksheets. In addition to the worksheets referred to therein, you must also preserve the additional worksheets required for your calculations under this supplementary regulation. The worksheets to be preserved may be in any convenient form so long as they include all dates and calculations required to determine your ceiling price adjustments under this supplementary regulation.

Sec. 7. Applicability of CPR 30 and supplementary regulation to CPR 30—

(a) *CPR 30.* Except to the extent expressly modified or supplemented by this supplementary regulation, all provisions of CPR 30 which are not inconsistent with this supplementary regulation remain applicable to you.

(b) *Supplementary regulations to CPR 30.* Supplementary Regulation 1 to CPR 30 applies to you. However, no other supplementary regulation to CPR 30 (including Supplementary Regulation 2, Revision 1, Supplementary Regulation 4 or Supplementary Regulation 5) is applicable to your calculations or to your ceiling prices determined under this sup-

plementary regulation. Furthermore, if you elect to use Supplementary Regulation 4 or Supplementary Regulation 5 to Ceiling Price Regulation 30 (adjustments under Section 402 (d) (4) of the Defense Production Act of 1950, as amended) with respect to a unit of your business, you may not use this supplementary regulation with respect to that unit of your business.

SEC. 8. Definitions. Unless the context otherwise requires or a different definition is given, all terms used in this supplementary regulation have the same meaning as in CPR 30.

Effective date. This supplementary regulation is effective January 14, 1952.

NOTE: The record keeping and reporting provisions of this supplementary regulation have been approved by the Bureau of the Budget in accordance with the Federal Report Act of 1942.

MICHAEL V. DISALLE,
Director of Price Stabilization.

JANUARY 9, 1952.

[F. R. Doc. 52-449; Filed, Jan. 9, 1952;
4:00 p. m.]

[Ceiling Price Regulation 34, Amdt. 2]

CPR 34—SERVICES

ADJUSTMENTS OF CEILING PRICES

Pursuant to the Defense Production Act of 1950 (Pub. Law 774, 81st Cong.), as amended, Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this Amendment 2 to Ceiling Price Regulation 34 is hereby issued.

STATEMENT OF CONSIDERATIONS

This amendment states the basis for granting individual adjustments in ceiling prices to those engaged in the service trades subject to Ceiling Price Regulation 34, including, particularly, the adjustments required by section 402 (d) (4) of the Defense Production Act of 1950, as amended. It also provides that henceforth such applications (with certain exceptions) are to be filed in the District Office of OPS rather than in the National Office of OPS as was previously the case. The field offices are being authorized to act upon such applications which will pertain primarily to the furnishing of local services to non-industrial consumers.

Applications for adjustment in certain cases will continue to be filed in the National Office of OPS. Such applications will include those made by persons engaged in the service trades whose business activities cross the boundaries of OPS regions or whose business activities may involve OPS regulatory policies embodied in regulations other than Ceiling Price Regulation 34. Perhaps the most important category of applications required to be filed in the National Office of OPS are applications pertaining to services supplied or sold in direct connection with industrial, manufacturing or agricultural activities.

OPS experience with the service trades under this regulation and with numerous service establishments seeking re-

lief, highlights the unusual cost accounting difficulties peculiar to the service trades governed by CPR 34. Typical service establishments covered by Ceiling Price Regulation 34 are laundries, cleaning and dyeing plants, garment repair shops, radio and television repair services, automobile repair shops and home electrical and appliance repair shops. It would be extremely difficult for most of these service establishments to make the computations of cost increases or decreases in the manner prescribed by the so-called Capehart Amendment, i. e., section 402 (d) (4) of the Defense Production Act of 1950, as amended. After careful evaluation, it is the opinion of the Director of Price Stabilization that the provisions of section 20 (a) of this regulation, as amended, generally afford so-called Capehart relief to the fullest practicable extent. This amendment provides, nevertheless, that if someone in a service trade covered by CPR 34 believes that he can show that he is entitled to a further increase in ceiling prices under the so-called Capehart Amendment, he is to inform OPS fully of all the circumstances and make a full showing so that appropriate study may be given the matter by OPS.

The general standard in this amendment provides for an adjustment where the ceiling prices established by the regulation impair the applicant's normal representative pre-Korean earnings to such an extent that the effective operation of his service business is threatened. The implementation of this general standard requires an analysis of the particular industry and service establishment involved. The OPS will consider such significant facts as the nature of the industry and the size and characteristics of typical service establishments in the industry, as well as of the applicant's establishment. OPS will consider also whether the applicant is engaged solely in rendering the services for which he seeks an adjustment, or whether he also sells commodities or other services. Likewise, the OPS will consider whether the industry, of which the applicant's establishment is a part, is a relatively self-contained industry or is closely related to a larger industry where the service is, for example, part of the production or the preparation for market of a commodity.

In many service trades, particularly those who supply services to nonindustrial consumers, many persons operate with very modest, if any, financial reserves and employ relatively few employees. These important facts also will be taken into account. In addition, this amendment takes into account the special problems of very small businesses, including the sketchiness of their records.

The technical nature of the provisions of this amendment made it impracticable to consult formally with industry representatives, although various representatives from the service trades were informally consulted and consideration was given to their recommendations.

AMENDATORY PROVISIONS

Section 20 (a) of Ceiling Price Regulation 34 is amended to read as follows:

(a) *Adjustments in general.* OPS will adjust your ceiling price upon a showing that your ceiling prices impair your normal earnings, in a representative pre-Korean period, to such an extent that the effective operation of your service business is threatened.

In considering applications for adjustment under this section, and the extent, if any, to which relief should be granted, OPS will, so far as pertinent, take into account, among other things: Your post-Korean increases and decreases in cost; the earnings of your services business as well as the earnings of your entire business operation; the extent to which the impairment of your pre-Korean earnings results from non-recurring factors such as flood, fire, strike; change in sales volume; the nature and size of your firm or company and of the service trade of which it is a part; whether the services supplied or sold by you are a necessary part of the production of a commodity or of the preparation of a raw material for marketing; whether your ceiling price is established by a regulation supplementary to Ceiling Price Regulation 34; and whether the records upon which you rely to support your showing of impairment of earnings are reasonable and adequate for a business of your size in your service trade.

If you prove to the satisfaction of the OPS that you are entitled to relief under this adjustment provision, but, because of the extremely small volume of your business, you cannot establish clearly the extent of the impairment of your pre-Korean earnings, OPS may take into account the ceiling prices and underlying costs for substantially the same services sold or supplied by others in your area.

(1) Except under the circumstances listed or described in subparagraph (2) of this paragraph, you must file your application, in duplicate, on OPS Public Form Pub43, Revised, with the OPS District Office for the district in which your place of business is located. In addition to the information required of you by OPS Public Form Pub43, Revised, OPS may request such other information as may be found necessary in considering your application. The authority to act upon your application is being delegated to the OPS Regional Offices, with power to redelegate this authority to the OPS District Offices.

(2) You must file your application on OPS Public Form Pub43, Revised, in duplicate, with the Office of Price Stabilization, Washington 25, D. C., if you sell or supply any services, subject to Ceiling Price Regulation 34, which are listed or described below:

(i) Any services supplied by a person whose business (services, and other business) normally is carried on in more than one OPS region.

(ii) Any services rendered to manufacturing or industrial establishments which are either a necessary part in the production of a commodity or are useful or necessary in the preparation of a raw material for marketing.

(iii) Any services rendered on food or agricultural commodities.

(iv) Royalty arrangements of any kind.

(v) Services of selling agents, brokers or auctioneers.

(vi) Real property management services.

(vii) Banking services.

(viii) Admissions to athletic and sporting events.

(ix) Non-exempt services performed or supplied by public utility and common carrier corporations, their lessees, concessionaires or assigns (such as parking facilities, locker facilities, installation of gas and electric ranges).

(x) Warehouse facilities.

(xi) Dock and terminal facilities.

If some of the services you sell or supply are listed or described in this subparagraph and some of the services you sell or supply are not so listed or described, you must file your application for adjustment for all of the services which you sell or supply with the Office of Price Stabilization, Washington 25, D. C.

In addition to the information required of you by OPS Public Form Pub43, Revised, OPS may request such additional information as may be found necessary in considering your application.

(3) Because of inherent cost accounting problems peculiar to the various service trades, exact determination of cost increases or decreases under section 402 (d) (4) of the Defense Production Act of 1950, as amended, would impose an insuperable difficulty upon the service trades. Generally, the provisions of this section, other than this subparagraph, will afford, to the fullest practicable extent, the relief permitted by section 402 (d) (4) of the Defense Production Act of 1950, as amended. If, however, you believe that such other provisions of this section do not afford you an adjustment which permits as much of a ceiling price increase as you are entitled to under section 402 (d) (4) of the Defense Production Act of 1950, as amended, you may write and make a full showing to the Office of Price Stabilization, Washington 25, D. C., stating the relief to which you believe you are entitled and the reasons for your belief. You should also state the relief you have previously received under this section and the reasons why you believe that such relief is not sufficient; whether you have an application pending before OPS for relief under any other provision of this section, and if so, the date of filing and the address of the OPS office with which you filed the application. You should also supply all of the reports required by General Overriding Regulation 20 or General Overriding Regulation 21, whichever by its terms would be applicable to your business if services covered by Ceiling Price Regulation 34 were not exempt from those regulations.

(4) Any application filed prior to January 14, 1952 will be given due consideration in accordance with the standards provided in this section, as amended. Accordingly, you need not revise such application. If supplementary information is necessary you will be advised by OPS in due course.

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

No. 7—4

Effective date. This Amendment 2 to Ceiling Price Regulation 34, is effective January 14, 1952.

Note: The record-keeping and reporting requirements of this amendment have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

MICHAEL V. DeSALLE,
Director of Price Stabilization.

JANUARY 9, 1952.

[F. R. Doc. 52-448; Filed, Jan. 9, 1952; 4:00 p. m.]

[Ceiling Price Regulation 35, Revision 1]
CPR 35—CEILING PRICES FOR WOOL AND RELATED FIBRES

Pursuant to the Defense Production Act of 1950, as amended (Pub. Law 774, 81st Cong., Pub. Law 96, 82nd Cong.), Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this Revised Ceiling Price Regulation 35, Revision 1, is hereby issued.

STATEMENT OF CONSIDERATIONS

Ceiling Price Regulation 35, issued May 9, 1951, established dollar and cents ceiling prices on apparel wool and certain other related fibres, and on the top and noils combed from these fibres. At the same time it eliminated the price distortions among sellers which the General Ceiling Price Regulation had introduced into the market. The level of ceiling prices thus established, although lower than the peaks reached in February and March of this year was, nevertheless, above any previously experienced.

Shortly after the outbreak of hostilities in Korea, both domestic and foreign wool prices advanced sharply and substantially. Although foreign prices increased somewhat less, percentage-wise, domestic wool prices, in comparison with June 1950, rose about 90 percent by January 1951 and about 120 percent by April 1951. According to Bureau of Labor Statistics figures on 28 basic commodities, the average price increase in raw materials was about 44 percent between June 1950 and January 1951. Thus, the advance in wool prices was about twice that of the average price increase for raw materials during that period.

Although the ceiling prices established in Ceiling Price Regulation 35 represented a rollback of 9 percent to 12 percent from the highest sales made during the base period of the General Ceiling Price Regulation, they corresponded to the levels of early January. It was stated in the Statement of Considerations of Ceiling Price Regulation 35 that "they are not intended to provide a level to be maintained for the indefinite future. Actually, the establishment of such prices is dictated by the necessity of freeing the movement of wool to mills threatened with suspension of operation due to lack of raw materials."

Shortly after Ceiling Price Regulation 35 was issued, there was a virtual suspension of large scale military contracting and a correspondingly sharp decline in civilian demand. As a consequence, wool

prices fell well below the ceiling price levels established. The opening of the Australian auctions for the 1951-52 season on August 27 of this year was marked by prices 45 percent to 50 percent below the then existing ceiling prices. Domestic wool prices reflected this market weakness. Price declines continued for almost a month, during which time prices gradually fell an additional 12 percent to 14 percent, a low point being reached about September 24. During the week of September 24, however, apparel wool prices reversed their decline and registered a 10 percent advance. Prices continued to increase and by October 8 prices in Australia were 25 percent to 35 percent higher than in the previous week. Domestic wool prices advanced at a considerably more moderate rate. Both Australian and domestic prices were still well below the ceiling prices established in Ceiling Price Regulation 35 and in most cases below the minimum prices which the Defense Production Act of 1950, as amended, permits the Director of Price Stabilization to establish. Wool prices have receded in the last month from the high point of October 8, but are maintaining a level some 15 percent to 20 percent above the lows reached in September.

The Office of Price Stabilization has had under consideration the need for a reduction in wool ceiling prices to bring them into line with other commodities, to provide a brake against another inflationary spiral and to produce, so far as possible, greater stability not only in the price of raw wool but also in prices of commodities made from wool. Congress, in amending the Defense Production Act of 1950, fixed the level to which wool prices could be reduced at "90 per centum of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture." The Secretary of Agriculture has determined the permissible level of ceiling prices, under the Act, as amended, and the Director of Price Stabilization has determined that present ceiling prices should be reduced so as to bring them into line with that level.

This revised regulation reduces by slightly over 20 percent the average price levels established by Ceiling Price Regulation 35. The Defense Production Act of 1950, as amended, in effect permits an average reduction of 25 percent from Ceiling Price Regulation 35 levels. The establishment of ceiling prices for all grades at the minimum permitted by the Act would cause distortions in inter-grade relations because a few important grades were selling above the average on May 19. Consequently, to avoid these distortions the ceiling prices of the majority of grades are established slightly higher than the legal minimum. Notwithstanding this reduction of Ceiling Price Regulation 35 prices, the raw wool prices listed in this revised regulation are equivalent to more than 150 percent of the parity price for wool as most recently determined by the Secretary of Agriculture. The level of prices established is, moreover, substantially above the current market for the wool and related fibres affected.

Appropriate reductions are made in the ceiling prices of wool top and noils

to bring them into line with the new level of raw wool prices. Data available to the Office of Price Stabilization as to the cost of combing wool top indicate that the reductions in wool top prices are consistent with the ceiling prices established for wool.

In keeping with the provision of the Act respecting agricultural commodities, a determination of original bag mohair prices was also made by the Secretary of Agriculture. New schedules for this fibre, and for top and noils combed therefrom, are included on the basis of these figures, relating them in the same manner as previously done in Ceiling Price Regulation 35.

Ceiling prices for alpaca have been lowered by approximately 20 percent to establish them in the same relative position which they occupied with regard to wool and mohair under Ceiling Price Regulation 35.

In addition to the price reductions established in this revised regulation, there has been a revision of the order of the sections and tables to provide for easier use, and several technical changes have been made in order to conform more closely to the historic trade practices of the industry. Provision has been made for the establishment of ceiling prices on light and heavy paint wool, and also for foreign wool which has been carbonized, neutralized and dusted abroad. There have been several additions to the section covering wool noils, increasing the types of choice and processed noils as well as inferior noils which may be priced thereunder. Certain changes have been made in listing the deductions for other inferior noils in order to clarify this section of the regulation. Prices for scoured mohair matchings have been added to the schedule of ceiling prices for mohair. The section covering terms of sale has been reworded for clarification. These technical changes were made after informal consultation with members of the industry and are based upon their recommendations.

In establishing a price level for wool, mohair, alpaca, and their top and noils, more nearly in line with the legal minimum determined by the Secretary of Agriculture, it is expected that the ceiling prices for fabrics, blankets and other textile products made wholly or in substantial part from these fibres will be reduced. A major objective of price stabilization is to prevent, insofar as possible, a rise in the cost of living. Since raw wool constitutes a large part of the cost of wool fabrics, unwarranted price increases in this raw material could affect the cost of living. The reduction of wool ceiling prices, implemented by a program to reflect such reductions in the ceiling prices of wool fabrics and clothing, will constitute an important step in holding the line of living costs.

Post-Korean history indicates that heavy American buying at uncontrolled prices was largely responsible for the rapid and substantial rise in world wool prices occurring subsequent to June 1950. This revised regulation, although applicable only to sales within the United States of America, should prevent a recurrence of such market conditions and

consequently should provide a strong deterrent to sharp price increases in foreign markets.

This revised regulation becomes effective ninety days after issuance. The level of wool prices during the interim period should be controlled effectively by a general reluctance of buyers to purchase wool at prices higher than those established by this regulation. To do so would involve the accumulation of high-priced inventories which would be subject to automatic devaluation in ninety days. The same considerations indicate that dealers in foreign and domestic wool will be reluctant to enter into new contracts to buy or sell wool at higher prices with the knowledge that such contracts would be invalidated upon the effective date of this revised regulation. Postponement of the effective date will also enable this Agency to complete and issue new regulations covering wool waste, wool yarns and fabrics and futures trading on the wool exchange.

Although this ninety day period should afford an opportunity for the orderly completion of most existing contracts made at the higher price levels previously established in Ceiling Price Regulation 35, it is possible that there are outstanding contracts made prior to the issuance date of this revised regulation which call for delivery after its effective date. Provision is made to permit those contracts to be carried out, provided the contract prices do not exceed the ceiling prices fixed in Ceiling Price Regulation 35. Notice of the existence of such contracts must be filed with the Office of Price Stabilization within 30 days after issuance of this revised regulation.

The prices established in this Ceiling Price Regulation 35, Revision 1, are not below the most recently determined parity prices, the highest price received by producers during the period from May 24, 1950 to June 24, 1950, inclusive, or 90 percent of the price received (by grade) by producers on May 19, 1951, as determined by the Secretary of Agriculture.

In the judgment of the Director of Price Stabilization this revision is generally fair and equitable and will effectuate the purposes of Title IV of the Defense Production Act of 1950, as amended.

In the formulation of this revised regulation, there has been both formal and informal consultation with industry representatives. At meetings held with Industry Advisory Committees representing the various segments of the industry opposition was expressed to any reduction in the ceiling prices of wool. The reasons given for such opposition have been carefully considered by the Director. In his judgment the benefits to be obtained by this action outweigh the objections which have been presented.

REGULATORY PROVISIONS

Sec.

1. What this revised regulation does.
2. Ceiling prices for sales of wool.
3. Ceiling prices for sales of wool top.
4. Ceiling prices for sales of wool noils.
5. Ceiling prices for sales of original bag greasy mohair, mohair matchings and mohair top and noils.
6. Ceiling prices for sales of alpaca fleece, and alpaca top and noils.

Sec.

7. Terms of sale.
8. Existing contracts.
9. Petitions for amendment.
10. Records.
11. Prohibitions.
12. Interpretations.
13. Evasions.
14. Definitions.

AUTHORITY: Sections 1 to 14 issued under sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154. Interpret or apply Title IV, 64 Stat. 803, as amended; 50 U. S. C. App. Sup. 2101-2110. E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.

SECTION 1. What this revised regulation does. This revised regulation fixes dollars-and-cents ceiling prices for sales, by sellers other than the growers, of greasy wool, original bag mohair, and mohair matchings, and for all sales of scoured wool, wool top, wool noils, mohair top, mohair noils, alpaca fleece, alpaca top, and alpaca noils. It applies in the 48 states and the District of Columbia.

This revised regulation does not apply to sales or deliveries under a military contract or subcontract exempt by Supplementary Regulation 1, as amended, to the General Ceiling Price Regulation, or to sales or deliveries covered by Ceiling Price Regulation 20.

Sec. 2. Ceiling prices for sales of wool.—(a) *Greasy shorn and greasy pulled wool.* Your ceiling price for greasy shorn and greasy pulled wool, regardless of country of origin, is the price listed in Schedule A of this section. This is the price for delivery ex-dock port of entry or at the seller's warehouse. It includes all commissions, duties and other charges. If the wool is of foreign origin, the grease price per pound shall be computed on the basis of American yield. If the wool is of inferior quality, apply the differentials in accordance with the instructions in paragraph (b) of this section.

SCHEDULE A—GREASY SHORN AND GREASY PULLED WOOLS

Grade and length	Clean basis price (per pound)
Apparel wool:	
70s warp.....	\$2.92
70s average.....	2.77
70s French.....	2.71
70s and above, 1½ inches and under.....	2.68
64s warp.....	2.79
64s average.....	2.66
64s French.....	2.60
64s short, 1½ inches and under.....	2.50
62s warp.....	2.66
62s average.....	2.61
60s warp.....	2.66
60s average.....	2.56
60s 1½ inches and under.....	2.29
58s warp.....	2.46
58s average.....	2.41
58s 2 inches and under.....	2.18
56s warp.....	2.29
56s knitting.....	2.20
56s 2 inches and under.....	2.09
50s warp.....	2.20
50s knitting.....	2.18
50s 2 inches and under.....	1.92
46s average.....	1.90
46s and below, 2 inches and under.....	1.83
British.....	1.80
44s average.....	1.79
44s 2d.....	
40s average.....	
40s 2d.....	1.72
36/40s average.....	
36/40s 2d.....	

SCHEDULE B—Wool. Top—Continued

Grade and length—Con.	Price per pound
46s	\$2.44
48s	2.19
44s average	2.03
44s 2d clip	2.03
40s average and 36/40s warp	1.87
40s 2d clip and 36/40s 2d clip	1.87

(b) *Blended top.* If you wish to sell wool top containing a blend of different grades and lengths of wool, find the percentage of each type of wool in that top. Multiply the percentage of each type by its ceiling price per pound under this regulation and add the results to obtain your ceiling price per pound of the top you wish to sell.

Sec. 4. *Ceiling prices for sales of wool nolls.*—(a) *Wool nolls.* Your ceiling price for wool nolls, regardless of country of origin, is the price listed in Schedule C of this section. This is the price for delivery at the combing plant or at the seller's warehouse for nolls combed in the United States of America, and for delivery ex-dock port of entry or at the seller's warehouse for nolls which are imported. This price includes all commissions, duties, and other charges.

SCHEDULE C—Wool. Nolls

[First combing white nolls of average quality, the price of the following types of combs, price per pound]

	Noble	Lister	French	Belgium, Berger
70s	\$1.70	\$1.53	\$1.53	\$1.01
68s	1.73	1.77	1.53	1.47
66s	1.75	1.62	1.53	1.54
64s	1.74	1.43	1.53	1.59
62s	1.73	1.40	1.19	1.18
60s	1.82	1.53	1.62	1.10
58s	1.73	1.27	.95	1.03
56s	1.10	1.10	1.01	1.03
54s	1.00	1.01	1.01	1.03

(b) *Choice and processed nolls.* You may apply the following premiums, if you wish to sell choice or processed nolls, to the prices listed in Schedule C of this section.

- (1) Nolls of choice character. Add 5 cents.
- (2) Processed nolls. After adjusting, if applicable, by (1) above, add 5 cents plus all costs actually paid for bagging, processing, and shrinkage. After adjusting, if applicable, by (1) and (2) above, add 35 cents.
- (3) Recombed white nolls. Add 20 cents.
- (4) Foreign nolls carbonized abroad, noble or French combing. Add 35 cents.
- (5) Foreign nolls deplitched abroad, noble or French combing. Add 35 cents.

(e) *Mixed grades and lengths.* If you wish to sell wools in an original package or lot containing different grades or lengths, find the percentage of each grade and length contained in that package or lot by grading a sample portion of the lot or package, or by making an estimate in accordance with established trade practice. Multiply the percentage of each grade or length contained in the package or lot by the applicable ceiling price per pound under this revised regulation for such grade or length, and add the results to obtain your ceiling price per pound for the quantity you wish to sell.

Sec. 3. *Ceiling prices for sales of wool top.*—(a) *Wool top.* Your ceiling price for top processed from wool, regardless of country of origin, is the price listed in Schedule B of this section. This is the price for delivery of imported top ex-dock port of entry, or at the seller's warehouse and for delivery of top made in the United States of America at the combing plant or at the seller's warehouse. These prices are based on 15 percent regain and 3 1/4 percent oil or natural fat, except where noted "dry." They include all commissions, duties and other charges. Deduct 6 percent from these prices for grey or black top.

SCHEDULE B—Wool. Top

Grade and length	Price per pound
80s and average	\$9.02
70s warp	3.62
70s average	3.55
70s short dry	3.55
64s warp	3.45
64s average	3.37
64s short dry	3.33
62s warp	3.27
62s average	3.25
60s warp	3.31
60s average	3.18
60s QM standard	3.18
56s warp	3.07
56s average	2.84
56s knitting	2.69
56s warp	2.69
50s knitting	2.69

- (1) Nolls of choice character. Add 5 cents.
- (2) Processed nolls. After adjusting, if applicable, by (1) above, add 5 cents plus all costs actually paid for bagging, processing, and shrinkage. After adjusting, if applicable, by (1) and (2) above, add 35 cents.
- (3) Recombed white nolls. Add 20 cents.
- (4) Foreign nolls carbonized abroad, noble or French combing. Add 35 cents.
- (5) Foreign nolls deplitched abroad, noble or French combing. Add 35 cents.

(b) *Inferior shorn and pulled apparel wools.* For sales of inferior shorn and pulled apparel wools you shall apply the following discounts to the prices listed in Schedule A of this section, wherever applicable:

- (1) Slightly stained wools. Deduct 2 percent.
- (2) Yellow or heavily stained wools. Deduct 5 percent.
- (3) Seedy or burry wools which in accordance with established trade practice do not require carbonizing. After adjustment for color, where necessary, in accordance with (1) and (2) above, deduct 3 percent.
- (4) Seedy or burry wools which in accordance with established trade practice require carbonizing. After adjustment for color, where necessary, in accordance with (1) and (2) above, deduct 10 percent. *Provided,* that where such wools are sold in a carbonized state, the actual carbonizing charges plus an allowance for actual shrinkage may be added to the ceiling price so long as such charges and shrinkage allowance are separately set forth in the invoice or similar document delivered to the purchaser.

- (5) Black or grey wools. Deduct 20 percent.
- (6) Dead wools. Deduct 25 percent.
- (7) Karakul wools. Deduct 40 percent.
- (8) Wools, tied with sisal or loose-spun jute twine. Deduct 10 percent.
- (9) Improved Navajo wool. Deduct 5 percent.
- (10) Unimproved Navajo wool. Deduct 10 percent.
- (11) Pulled shank wool. Deduct 33 percent.
- (12) Light paint wool. Deduct 7 percent.
- (13) Heavy paint wool. Deduct 20 percent.

(c) *Scoured wools.* If you wish to sell scoured wools, you may apply the following premiums to the prices listed in Schedule A of this section, as adjusted in paragraph (b):

- (1) Pulled wools scoured in the U. S. A. Add 8 cents.
- (2) Pulled wools scoured abroad. Add 3 cents.
- (3) Domestic shorn wools scoured in the U. S. A. Add 15 cents.
- (4) Foreign shorn wools scoured in the U. S. A. Add 10 cents.
- (5) Foreign shorn wools scoured abroad. Add 3 cents.
- (6) Foreign wools, shorn or pulled, carbonized and dusted abroad. Add 10 cents.

(d) *Unlisted wools.* If you wish to price a lot, which you purchased, of wool of a grade style or character (including necks, bellies, pieces, broken, tags, etc.) other than those listed in Schedule A of this section, your ceiling price for each pound of that lot shall be determined as follows:

- (1) Find the ceiling price of a wool listed in Schedule A of this section having a style and character most nearly like that of the wool you want to price.
- (2) Find the dollars-and-cents difference in cost between the most nearly like wool and the wool you are pricing,

(3) Apply this dollars-and-cents difference in cost to the ceiling price for the most nearly like wool. The result is your ceiling price for each pound of that lot which you are pricing. Note that once you determine your ceiling price per pound of a lot of that wool, that is your ceiling price for every pound of that lot.

Example of computations under paragraph (d) of this section.

- (1) Assume you have purchased and wish to sell a lot of Australian Type 76.
- (2) The nearest comparable grade and style to Type 76, listed in Schedule A is 64s average. 64s average is the same as Australian Type 93.
- (3) Ceiling price of 64s average (Type 93) as listed in Schedule A. \$3.00
- (4) Latest Australian auction sales: Type 76 (American yield duty paid) 2.45
- Type 93 (American yield duty paid) 2.40
- Difference in cost. .05
- Ceiling price for each pound of this particular lot of Type 76. 2.71

(1) Assume you have purchased and wish to sell a lot of Australian Type 76.

(2) The nearest comparable grade and style to Type 76, listed in Schedule A is 64s average. 64s average is the same as Australian Type 93.

(3) Ceiling price of 64s average (Type 93) as listed in Schedule A. \$3.00

(4) Latest Australian auction sales: Type 76 (American yield duty paid) 2.45

Type 93 (American yield duty paid) 2.40

Difference in cost. .05

Ceiling price for each pound of this particular lot of Type 76. 2.71

(1) Assume you have purchased and wish to sell a lot of Australian Type 76.

(2) The nearest comparable grade and style to Type 76, listed in Schedule A is 64s average. 64s average is the same as Australian Type 93.

(3) Ceiling price of 64s average (Type 93) as listed in Schedule A. \$3.00

(4) Latest Australian auction sales: Type 76 (American yield duty paid) 2.45

Type 93 (American yield duty paid) 2.40

Difference in cost. .05

Ceiling price for each pound of this particular lot of Type 76. 2.71

(1) Assume you have purchased and wish to sell a lot of Australian Type 76.

(2) The nearest comparable grade and style to Type 76, listed in Schedule A is 64s average. 64s average is the same as Australian Type 93.

(3) Ceiling price of 64s average (Type 93) as listed in Schedule A. \$3.00

(4) Latest Australian auction sales: Type 76 (American yield duty paid) 2.45

Type 93 (American yield duty paid) 2.40

Difference in cost. .05

Ceiling price for each pound of this particular lot of Type 76. 2.71

(1) Assume you have purchased and wish to sell a lot of Australian Type 76.

(2) The nearest comparable grade and style to Type 76, listed in Schedule A is 64s average. 64s average is the same as Australian Type 93.

(3) Ceiling price of 64s average (Type 93) as listed in Schedule A. \$3.00

(4) Latest Australian auction sales: Type 76 (American yield duty paid) 2.45

Type 93 (American yield duty paid) 2.40

Difference in cost. .05

Ceiling price for each pound of this particular lot of Type 76. 2.71

(c) *Inferior noils.* For sales of inferior noils you shall apply the following discounts to the prices listed in Schedule C of this section, as adjusted where necessary in paragraph (b) of this section.

- (1) Recombed colored noils of pastel shades..... Deduct 28 cents from the price found in section 4 (b) (3).
- (2) Recombed colored noils of medium and dark shades..... Deduct 52 cents from the price found in section 4 (b) (3).
- (3) Recombed colored noils of solid shades..... Deduct 40 cents from the price found in section 4 (b) (3).
- (4) Natural gray noils, both noble and French..... Deduct 12 cents.
- (5) Noils containing heavy defect, but not requiring carbonizing before spinning..... Deduct 8 cents.
- (6) Single combed colored noils, pastel shades both noble and French..... Deduct 24 cents.
- (7) Single combed colored noils, medium and dark shades, both noble and French..... Deduct 48 cents.

(d) *Blended noils.* If you wish to sell noils containing a blend of different grades and comb types, find the percentage of each grade and type of noil in that blend. Multiply the percentage of each grade and type by the applicable ceiling price per pound under this revised regulation for unblended noils, and add the results to obtain your ceiling price per pound for the noils you wish to sell.

Sec. 5. Ceiling prices for sales of original bag greasy mohair, mohair matchings and mohair top and noils—
 (a) *Original bag greasy mohair, mohair matchings, and mohair top and noils.* Your ceiling price for original bag greasy mohair, mohair matchings and mohair top and noils, regardless of country of origin, is the price listed in Schedule D of this section. This is the price for delivery of original bags or matchings, ex-dock port of entry or at the seller's warehouse and for delivery of top and noils at the combing plant or at the seller's warehouse. It includes all commissions, duties and other charges.

SCHEDULE D—ORIGINAL BAG GREASY MOHAIR, MOHAIR MATCHINGS, AND MOHAIR TOP AND NOILS
 [Original bag kid: \$1.78 per pound. Original bag adult: \$1.35 per pound]

	Matchings		Top, per pound	Noils, per pound
	Per greasy pound	Per scoured pound		
KID				
40s.....	\$2.48	\$3.33	\$3.38	\$1.82
36s.....	2.11	2.87	2.93	1.74
32s.....	1.89	2.60	2.67	1.67
28s.....	1.67	2.34	2.41	1.41
Stained.....	1.12	1.93	2.30	1.41
Fine offs (including burry).....	1.12		2.46	1.12
Low offs (including burry).....	.55		1.83	.67
ADULT				
80s.....	1.70	2.35	2.43	1.52
72s.....	1.63	2.28	2.36	1.38
64s.....	1.52	2.03	2.11	1.30
56s.....	1.45	1.92	2.00	1.20
48s.....	1.34	1.79	1.89	1.09
Low.....	1.20	1.68	1.74	.95
Stained.....	.91	1.46	2.02	.95
Fine offs (including burry).....	.91		2.20	.91
Low offs (including burry).....	.54		1.76	.66

(b) *Unlisted mohair matchings.* If you wish to sell mohair matchings of a grade, style or character other than those listed in Schedule D of this section, your ceiling prices for such matchings shall be determined by the method prescribed in section 2 (d) of this revised regulation.

(c) *Mixed grades and lengths.* If you wish to sell mohair matchings or noils in a lot containing different grades or lengths, find the percentage of each grade or length contained in that lot by grading a sample portion of the lot, or by making an estimate in accordance with established trade practice. Multiply the percentage of each grade or length contained in the lot by the applicable ceiling price per pound under this revised regulation for such grade or length and add the results to obtain your ceiling price per pound for the quantity you wish to sell.

(d) *Blended top.* If you wish to sell mohair top containing a blend of different grades and lengths of mohair, find the percentage of each type of mohair in that top. Multiply the percentage of each type by its ceiling price per pound under this revised regulation, and add the results to obtain your ceiling price per pound of the top you wish to sell.

Sec. 6. Ceiling prices for sales of alpaca fleece, and alpaca top and noils.—

(a) *Greasy alpaca fleece, alpaca top and noils.* Your ceiling price for greasy alpaca fleece, and alpaca top and noils, regardless of country of origin, is the price listed in Schedule E of this section. This is the price for delivery ex-dock port of entry or at the seller's warehouse, it includes all commissions, duties, and other charges.

SCHEDULE E—GREASY ALPACA FLEECE, ALPACA TOP, ALPACA NOILS, PRICE PER POUND

Type	White	Light fawn	Light grey, light brown, piebald	Other colors
No. 1 arequipa alpaca (including skin).....	\$2.23	\$1.90	\$1.67	\$1.52
No. 1 alpaca (other than arequipa).....	2.13	1.75	1.52	1.41
No. 2 alpaca (including marizo, llama, coarse, and seconds).....	1.75	1.55	1.37	1.37
No. 3 alpaca (including locks, pieces, callao seconds).....	1.52	1.33	1.22	1.14
Top.....	3.04	2.53	2.47	2.36
Noils.....	1.75	1.56	1.26	1.00

(b) *Unlisted alpaca fleece.* If you wish to sell alpaca fleece of a grade, style or character other than those listed in Schedule E of this section, your ceiling prices for such fleece shall be determined by the method prescribed in section 2(d) of this revised regulation.

(c) *Mixed types and colors.* If you wish to sell alpaca fleece in a lot containing different types or colors, find the

percentage of each type and color contained in that lot by grading a sample portion of the lot or by making an estimate in accordance with established trade practice. Multiply the percentage of each type and color contained in the lot by the applicable ceiling price per pound under this revised regulation for such type and color and add the results to obtain your ceiling price per pound for the quantity you wish to sell.

Sec. 7. Terms of sale. If you sell scoured wools, pulled or shorn, wool or mohair top or noils, alpaca fleece, alpaca top or noils, your terms of sale shall be cash, less 1 percent for payment up to 10 days, or 60 days net.

Sec. 8. Existing contracts. (a) If, prior to the issuance date of this revised regulation, you entered into a bona fide contract at a firm price for delivery, after the effective date of this revised regulation, of a commodity for which your ceiling price under this revised regulation is lower than the contract price, you may deliver at the contract price: *Provided,* (1) That the contract price does not exceed the ceiling price for the commodity under Ceiling Price Regulation 35 prior to this revision and (2) that you file the report required by this section with the Consumer Soft Goods Division, Office of Price Stabilization, Washington 25, D. C., by registered mail, return receipt requested, within 30 days after the issuance date of this revised regulation.

(b) Your report shall contain a copy of the contract, together with a statement signed by the principal owner of your business or a responsible officer of your company stating the date the contract was entered into and that the copy enclosed is a true copy.

Sec. 9. Petitions for amendment. If you wish to have this revised regulation amended, you may file a petition for amendment in accordance with the provisions of Price Procedural Regulation 1, Revised (16 F. R. 4974).

Sec. 10. Records. (a) You must keep and make available for examination by the Office of Price Stabilization for a period of two years:

(1) A record of every purchase, sale or exchange of commodities covered by this revised regulation, including the names and addresses of the persons involved, the date of the purchase or sale or exchange, the price, the quality and the grade, length, type and other identifying characteristics of the commodity so purchased, sold or exchanged;

(2) A record of all computations made pursuant to sections 2 (d), 5 (b) and 6 (b) of this revised regulation. This record shall include the name and address of the customary source of supply whose price quotation you used and the date of such quotation;

(3) A record of all computations made pursuant to sections 2 (e), 5 (c) and 6 (c) of this revised regulation. This record shall include a complete description of the method you used to find the grades, lengths, types or colors of wool, mohair matchings, mohair noils, or alpaca fleece, as the case may be, contained in the particular package or lot;

(4) A record of all computations made pursuant to sections 3 (b), 4 (d) and 5 (d) of this revised regulation.

(b) You must also keep and make available for examination by the Office of Price Stabilization for a period of two years the records required to be preserved by section 8 of CFR 35 prior to this revision for sales between May 9, 1951 and the effective date of this revised regulation.²

(c) With respect to any commodity covered by this revised regulation the provisions of section 16 of the General Ceiling Price Regulation are hereby continued in effect insofar as they apply to the preparation and preservation of "base period records" and such "current records" as have been made as a result of sales between January 26, 1951, and the effective date of this revised regulation.²

² The portions of Ceiling-Price Regulation 35 here referred to are as follows:

Sec. 8. Records. (a) You must preserve and keep available for examination by the Director of Price Stabilization for the life of the Defense Production Act of 1950 and for a period of two years thereafter:

(1) A complete and accurate record of every purchase, sale or exchange of commodities covered by this regulation, including the names and addresses of the persons involved, the date of the purchase or sale or exchange, the price, the quality and the grade, length, type and other identifying characteristics of the commodity so purchased, sold or exchanged;

(2) A complete and accurate record of all computations made pursuant to sections 2 (d), 3 (b) and 4 (b) of this regulation. This record shall include the name and address of the customary source of supply whose price quotation you used and the date of such quotation;

(3) A complete and accurate record of all computations made pursuant to sections 2 (e), 3 (c), and 4 (c) of this regulation. This record shall include a complete description of the method you used to find the grades, lengths, types, or colors of wool, mohair matchings, mohair nolls, or alpaca fleece, as the case may be, contained in the particular package or lot;

(4) A complete and accurate record of all computations made pursuant to sections 3 (d), 5 (b), and 6-(d) of this regulation.

² The portions of the General Ceiling Price Regulation here referred to are as follows:

Sec. 16. (a) Base period records. (1) You must preserve and keep available for examination by the Director of Price Stabilization those records in your possession showing the prices charged by you for the commodities or services which you delivered or offered to deliver during the base period. * * *

(2) In addition, on or before March 22, 1951, you must prepare and preserve a statement showing the categories of commodities in which you made deliveries and offers for delivery during the base period. * * *

(3) On or before March 22, 1951, you must also prepare and preserve a ceiling price list, showing the commodities in each category (listing each model, type, style, and kind), or the services, delivered or offered for delivery by you during the base period together with a description or identification of each such commodity or service and a statement of the ceiling price. Your ceiling price list may refer to an attached price list or catalog. * * *

(4) You must also prepare and preserve a statement of your customary price differentials for terms and conditions of sale and classes of purchasers, which you had in effect during the base period. * * *

Sec. 11. Prohibitions. You shall not do any act prohibited or omit to do any act required by this revised regulation, nor shall you offer, solicit, attempt, or agree to do or omit to do any such acts. Specifically (but not in limitation of the above), you shall not, regardless of any contract or other obligation, except as provided in sections 1 and 8 of this revised regulation, sell, and no person in the regular course of trade or business shall buy from you at a price higher than the ceiling price established by this revised regulation, and you shall keep, make and preserve true and accurate records and reports, required by this revised regulation. If you violate any provisions of this revised regulation, you are subject to criminal penalties, enforcement action, and action for damages.

Sec. 12. Interpretations. If you have any doubt as to the meaning of this regulation, you should write to the District Counsel of the proper OPS District Office for an interpretation. Any action taken by you in reliance upon and in conformity with a written official interpretation will constitute action in good faith pursuant to this regulation. Further information on obtaining official interpretations is contained in Price Procedural Regulation 1.

Sec. 13. Evasions. Any means or device which results in obtaining indirectly a higher price than is permitted by this revised regulation or in concealing or falsely representing information as to which this revised regulation requires records to be kept is a violation of this revised regulation. This prohibition includes, but is not limited to, means or devices making use of commissions, services, cross sales, transportation arrangements, premiums, discounts, special privileges, up-grading, tie-in agreements and trade understandings, as well as the omission from records of true data and the inclusion in records of false data.

Sec. 14 Definitions—(a) Apparel wool. The term "apparel wool" means all wool fibres not used in the manufacture of soft surface floor coverings.

(b) **Records.** "Records" means books or accounts, sales lists, sales slips, orders, vouchers, contracts, receipts, invoices, bills of lading, and other papers and documents.

(c) **Person.** "Person" means an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representatives of any of the foregoing, and

(b) **Current records.** If you sell commodities or services covered by this regulation you must prepare and keep available for examination by the Director of Price Stabilization for a period of two years, records of the kind which you customarily keep showing the prices which you charge for the commodities or services. In addition, you must prepare and preserve records indicating clearly the basis upon which you have determined the ceiling price for any commodities or services not delivered by you or offered for delivery during the base period. * * *

"Base period" as used in section 16 of the General Ceiling Price Regulation means December 19, 1950, to January 25, 1951.

includes the United States or any other government and their political subdivisions or agencies.

(d) **Sell.** "Sell" includes sell, supply, dispose, barter, exchange, lease, transfer and deliver and contracts and offers to do any of the foregoing. The terms "sale," "selling," "sold," "seller," "buy," "purchase," and "purchaser", shall be construed accordingly.

(e) **You.** The pronoun "you" as used in this regulation indicates the person subject to the regulation.

(f) **Trade terms.** All other trade terms used in this regulation have the meanings generally accepted in the trade, unless excluded by the context or otherwise indicated by special definition.

Effective date. This revised regulation shall become effective on April 8, 1952.

Note: The record-keeping and reporting requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

MICHAEL V. DiSALLE,
Director of Price Stabilization.

JANUARY 9, 1952.

[F. R. Doc. 52-446; Filed, Jan. 9, 1952; 4:00 p. m.]

Chapter VI—National Production Authority, Department of Commerce

[NPA Regulation 2, Direction 3 as Amended January 8, 1952]

REG. 2—BASIC RULES OF THE PRIORITIES SYSTEM

DIR. 3—RESTRICTIONS UPON USE OF RATINGS

This amended direction under NPA Reg. 2 is found necessary and appropriate to promote the national defense and is issued pursuant to the authority granted by section 101 of the Defense Production Act of 1950, as amended. In the formulation of this direction as amended, consultation with industry representatives, including trade association representatives, has been rendered impracticable by the fact that this direction applies to all trades and industries.

SECTION 1. (a) No rating shall be applied or extended to obtain any of the materials or products listed in any numbered item of Appendix A of this direction on or after the date set forth opposite such numbered item, unless the rating bears a program identification consisting of the letters A, B, C, or E, and one digit, or the program identifications Z-1 or Z-2.

(b) These restrictions shall not affect the status of ratings applied or extended to obtain any item listed in Appendix A of this direction prior to the date set forth opposite each such numbered item. (Sec. 702, 64 Stat. 816, Pub. Law 96, 82d Cong.; 50 U. S. C. App. Sup. 2152)

This direction as amended, shall, except as otherwise provided herein, take effect January 8, 1952.

NATIONAL PRODUCTION AUTHORITY,
By JOHN B. OLVERSON,
Recording Secretary.

APPENDIX A OF DIRECTION 8 TO NPA REG. 2

- | <i>Material or product</i> | <i>Effective date</i> |
|---|-----------------------|
| 1. Any basic, organic, or inorganic chemicals, their intermediates and derivatives, other than compounded end products not customarily sold as chemicals. | Sept. 25, 1951. |
| 2. Any primary paper or paperboard (this does not include paper or paperboard processed beyond the primary or base stock stage). | Jan. 15, 1952. |

[F. R. Doc. 52-420; Filed, Jan. 8, 1952; 2:24 p. m.]

Chapter XXI—Office of Rent Stabilization, Economic Stabilization Agency

[Rent Regulation 1, Amdt. 6 to Schedule A]

[Rent Regulation 2, Amdt. 4 to Schedule A]

RR 1—HOUSING

RR 2—ROOMS IN ROOMING HOUSES AND OTHER ESTABLISHMENTS

SCHEDULE A—DEFENSE RENTAL AREAS

ILLINOIS, MICHIGAN, MINNESOTA AND NEW JERSEY

Amendment 6 to Schedule A of Rent Regulation 1—Housing and Amendment 4 to Schedule A of Rent Regulation 2—Rooms in Rooming Houses and Other Establishments. Said regulations are amended in the following respects:

1. Schedule A, Item 83, is amended to describe the counties in the defense-rental area as follows:

Cook County, except the Cities of Berwyn, Blue Island, Calumet City, Chicago Heights, Des Plaines, Harvey, Park Ridge, and that portion of the City of Elgin located therein; and the Villages of Arlington Heights, Bartlett, Brookfield, Burnham, Dolton, East Hazelcrest, Flossmoor, Franklin Park, Glen-coe, Glenview, Hazelcrest, Homewood, Kenilworth, La Grange, La Grange Park, Lansing, Lyons, Markham, Matteson, Mt. Prospect, Northfield, Oak Forest, Orland Park, Palatine, Phoenix, Riverdale, River Forest, Riverside, South Holland, Tinley Park, Westchester, Western Springs, Wheeling, Wilmette, Winnetka, and those portions of the Villages of Barrington, Hinsdale and Steger located therein; Du Page County, except the Cities of Elmhurst, West Chicago and Wheaton, and the Villages of Bensenville, Glen Ellyn, Itasca, Roselle, Villa Park and Winfield, and that portion of the Village of Hinsdale located therein; Kane County, except that portion of the City of Elgin located therein, the Cities of Batavia, Geneva, and St. Charles, and the villages of East Dundee, South Elgin and West Dundee; and Lake County, except the City of Lake Forest, the Villages of Deerfield and Grayslake, and that portion of the Village of Barrington located therein.

This decontrols the Villages of East Hazelcrest and Hazelcrest in Cook County, Illinois, and the Village of Winfield and the City of Elmhurst in Du Page County, Illinois, portions of the Chicago, Illinois, Defense-Rental Area.

2. Schedule A, Item 87, is amended to describe the counties in the defense-rental area as follows:

Kankakee County, except the Villages of Bonfield and Manteno.

This decontrols the Village of Manteno in Kankakee County, Illinois, a portion of the Kankakee, Illinois, Defense-Rental Area.

3. Schedule A, Item 150, is amended to describe the counties in the defense-rental area as follows:

Muskegon County, except the Cities of Montague, Muskegon, Roosevelt Park and Whitehall, the Villages of Fruitport and Ravenna, and the Townships of Laketon, Muskegon and Ravenna.

This decontrols the Village of Fruitport in Muskegon County, Michigan, a portion of the Grand Rapids-Muskegon, Michigan, Defense-Rental Area.

4. Schedule A, Item 152, is amended to describe the counties in the defense-rental area as follows:

Calhoun County, except the City of Battle Creek and the Township of Battle Creek.

In Kalamazoo County, the Townships of Charleston and Rose, and the Cities of Augusta and Galesburg.

This decontrols the City of Parchment and the Township of Portage in Kalamazoo County, Michigan, portions of the Kalamazoo-Battle Creek, Michigan, Defense-Rental Area.

5. Schedule A, Item 160, is amended to describe the counties in the defense-rental area as follows:

Anoka, Dakota, and Hennepin Counties; Ramsey County, except the City of White Bear Lake; and Washington County, except the City of Stillwater, and the Village of Bayport.

This decontrols the Village of Bayport in Washington County, Minnesota, a portion of the Minneapolis-St. Paul, Minnesota, Defense-Rental Area.

6. Schedule A, Item 190, is amended to describe the counties in the defense-rental area as follows:

Bergen County, except the Boroughs of Allendale and Ramsey, the Village of Ridgewood, and the Township of Mahwah; Morris County, except the Township of Jefferson; and the Counties of Essex, Hudson, Middlesex, Monmouth, Passaic, Somerset and Union.

This decontrols the Township of Mahwah in Bergen County, New Jersey, a portion of the Northeastern New Jersey Defense-Rental Area.

7. Schedule A of Rent Regulation 1—Housing, Item 190a, is amended to describe the counties in the defense-rental area as follows:

Burlington County, except the Townships of Bass River, Medford, Tabernacle, Shamong, Woodland and Washington, and the Borough of Medford Lakes in Medford Township.

In Ocean County, the Townships of Berkeley, Brick, Dover, Jackson, Lakewood, Manchester and Plumsted, and the Boroughs of Beachwood, Island Heights, Lakehurst, Ocean Gate, Pine Beach and South Toms River.

Burlington County, except the Townships of Bass River, Medford, Tabernacle, Shamong, Woodland and Washington, and the Borough of Medford Lakes in Medford Township; and in Ocean County, the Townships of Berkeley,

Brick, Dover, Jackson, Lakewood, Manchester and Plumsted, and the Boroughs of Beachwood, Island Heights, Lakehurst, Ocean Gate, Pine Beach and South Toms River.

In Burlington County, the Borough of Medford Lakes in Medford Township.

This decontrols from Rent Regulation 1—Housing, the Township of Medford in Burlington County, New Jersey, a portion of the Mount Holly-Lakehurst Defense-Rental Area.

8. Schedule A of Rent Regulation 2—Rooms in Rooming Houses and Other Establishments, Item 190a is amended to describe the counties in the defense-rental area as follows:

Burlington County, except the Townships of Bass River, Medford, Tabernacle, Shamong, Woodland and Washington, and the Borough of Medford Lakes in Medford Township

Ditto.
In Burlington County, the Borough of Medford Lakes in Medford Township; and in Ocean County, the Townships of Berkeley, Brick, Dover, Jackson, Lakewood, Manchester and Plumsted, and the Boroughs of Beachwood, Island Heights, Lakehurst, Ocean Gate, Pine Beach and South Toms River.

This decontrols from Rent Regulation 2—Rooms in Rooming Houses and Other Establishments, the Township of Medford in Burlington County, New Jersey, a portion of the Mount Holly-Lakehurst Defense-Rental Area.

All decontrols effected by these amendments are based on resolutions submitted in accordance with section 204 (j) (3) of the Housing and Rent Act of 1947, as amended.

(Sec. 204, 61 Stat. 197, as amended; 50 U. S. C. App. Sup. 1894)

These amendments shall be effective January 10, 1952.

Issued this 5th day of January 1952.

TICHE E. WOODS,
Director of Rent Stabilization.

[F. R. Doc. 52-275; Filed, Jan. 9, 1952; 8:48 a. m.]

[Rent Regulation 3, Amdt. 25 to Schedule A]

RR 3—HOTELS

SCHEDULE A—DEFENSE RENTAL AREA

NEW JERSEY

Amendment 25 to Schedule A of Rent Regulation 3—Hotels. Said regulation is amended in the following respect:

Schedule A, Item 190a, is amended to describe the counties in the defense-rental area as follows:

Burlington County, except the Townships of Bass River, Medford, Tabernacle, Shamong, Woodland and Washington; and in Ocean County, the Townships of Berkeley, Brick, Dover, Jackson, Lakewood, Manchester and Plumsted, and the Boroughs of Beachwood, Island Heights, Lakehurst, Ocean Gate, Pine Beach and South Toms River.

This decontrols the Township of Medford in Burlington County, New Jersey, a portion of the Mount Holly-Lakehurst Defense-Rental Area, based on a resolu-

tion submitted in accordance with section 204 (j) (3) of the Housing and Rent Act of 1947, as amended.

(Sec. 204, 61 Stat. 197, as amended; 50 U. S. C. App. Sup. 1894)

This amendment shall be effective January 10, 1952.

Issued this 5th day of January 1952.

TIGHE E. WOODS,
Director of Rent Stabilization.

[F. R. Doc. 52-274; Filed, Jan. 9, 1952; 8:48 a. m.]

State and name of defense-rental area	Class	County or counties in defense-rental areas under regulation	Maximum rent date	Effective date of regulation
New Jersey (190a) Mount Holly-Lakehurst.	B	Burlington County, except the townships of Bass River, Tabernacle, Shamong, Woodland, and Washington, and the borough of Medford Lakes in Medford township.	Mar. 1, 1942	July 1, 1942
	O A	do. In Burlington County, the borough of Medford Lakes in Medford township; and in Ocean County, the townships of Berkeley, Brick, Dover, Jackson, Lakewood, Manchester and Plumsted, and the boroughs of Beachwood, Island Heights, Lakehurst, Ocean Gate, Pine Beach and South Toms River.	Aug. 1, 1929do.....	Nov. 7, 1931 Do.

(Sec. 204, 61 Stat. 197, as amended; 50 U. S. C. App. Sup. 1894.)

This correction shall be effective as of November 7, 1951.

Issued this 5th day of January 1952.

TIGHE E. WOODS,
Director of Rent Stabilization.

[F. R. Doc. 52-276; Filed, Jan. 9, 1952; 8:48 a. m.]

TITLE 46—SHIPPING

Chapter II—Federal Maritime Board, Maritime Administration, Department of Commerce

Subchapter B—Regulations Affecting Maritime Carriers and Related Activities

[Gen. Order 61, Rev., Amdt. 1]

PART 221—DOCUMENTATION, TRANSFER OR CHARTER OF VESSELS

CITIZENSHIP OATHS BY OWNERS OR MORTGAGEES OF VESSELS

General Order 61, Revised (§ 221.11 *Citizenship oaths by owners or mortgagees of vessels of the United States as required by section 40 of the Shipping Act, 1916, as amended*) published in the FEDERAL REGISTER issue of December 27, 1951 (16 F. R. 12997), is amended by adding a new paragraph at the bottom thereof to read as follows:

(c) The United States Maritime Commission's Form No. 4557 (Rev. Mar. 29, 1945), Form No. 4557-A (Rev. Mar. 29, 1945), Form No. 4558 (Rev. Mar. 29, 1945) and Form No. 4559 (Rev. Mar. 29, 1945) fully set forth and described in General Order 61 published in the FEDERAL REGISTER issue of May 2, 1946 (11 F. R. 4804) shall continue to be used as available.

(Sec. 204, 49 Stat. 1987, as amended; 46 U. S. C. 1114)

RR 2—ROOMS IN ROOMING HOUSES AND OTHER ESTABLISHMENTS

[Rent Regulation 2]

NEW JERSEY

Correction of Amendment 412 to the Rent Regulation for Controlled Rooms in Rooming Houses and Other Establishments with respect to item 190a of Schedule A (published in the FEDERAL REGISTER under Title 24, Chapter VIII, Part 825).

That portion of said amendment pertaining to item 190a of Schedule A is corrected to read as follows:

Effective date. This Amendment 1 shall be effective on the date of publication in the FEDERAL REGISTER.

Dated: January 4, 1952.

[SEAL] E. L. COCHRANE,
Maritime Administrator.

[F. R. Doc. 52-263; Filed, Jan. 9, 1952; 8:46 a. m.]

TITLE 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

[Docket No. 10087]

PART 1—PRACTICE AND PROCEDURE

MISCELLANEOUS AMENDMENTS

In the matter of amendment of Monthly Report of Revenues, Expenses, and Other Items, Form 901, applicable to Class A Telephone Companies; Docket No. 10087.

At a session of the Federal Communications Commission, held at its offices in Washington, D. C., on the 3d day of January 1952;

The Commission, having under consideration its proposal to amend Form 901, Monthly Report of Revenues, Expenses, and Other Items, applicable to Class A telephone companies; and

It appearing, that in accordance with the requirements of the Administrative Procedure Act, a Notice of Proposed Rule Making in this regard was duly published in the FEDERAL REGISTER on November 30, 1951 (16 F. R. 12102) and that the period in which interested persons were afforded an opportunity to submit comments expired on December 12, 1951;

It further appearing, that no comments with respect to this matter were received by that date; and

It further appearing, that authority for the issuance of this amendment is

contained in sections 4 (d), and 219 (b) of the Communications Act of 1934, as amended, and

It further appearing, that the additional items for which separate reporting will be required by this amendment to Form 901 are needed by the Commission on a monthly basis and are readily available from the books of the companies;

It is ordered, That effective with the monthly report for January, 1952, Form 901 (Revision of 1952), Monthly Report of Revenues, Expenses and Other Items—Class A Telephone Companies, is amended as set forth in the attachment to the aforementioned notice of proposed rule making with the following minor clarifying changes: The word "selected" has been deleted from the parenthetical annotation at the bottom of page 1 and a space for address has been provided in the certification on page 2, and

It is further ordered, That each Class A Telephone Company subject to the provisions of section 219 of the Communications Act of 1934, as amended, shall prepare and file its monthly report to the Commission for the month ended January 31, 1952, and for each month thereafter until further order of the Commission, in the form and manner prescribed in Form 901 (Revision of 1952).

(Sec. 4, 48 Stat. 1066, as amended; 47 U. S. C. 154. Interprets or applies sec. 219, 48 Stat. 1077; 47 U. S. C. 219)

Released: January 4, 1951.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-263; Filed, Jan. 9, 1952; 8:47 a. m.]

[Docket No. 9233]

PART 11—INDUSTRIAL RADIO SERVICES

MISCELLANEOUS AMENDMENTS

Correction

In F. R. Doc. 51-15336, appearing at page 13096 of the issue for Friday, December 28, 1951, § 11.612 *Land radiopositioning station*, and § 11.613 *Mobile radiopositioning station* should have been designated paragraphs (v) and (w) respectively, of § 11.3.

These paragraphs constitute definitions added to § 11.3.

PART 12—AMATEUR RADIO SERVICE

MISCELLANEOUS AMENDMENTS

In the matter of amendment of §§ 12.44 (b), 12.45 (b), 12.91 (a), and 12.93 (b) of Part 12, Amateur Radio Service.

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 3d day of January 1952;

RULES AND REGULATIONS

The Commission having under consideration certain restrictions and obligations imposed in the above-entitled sections of Part 12 on conditional class amateur radio operators and upon licensees desiring to operate amateur radio stations, temporarily, at locations other than those stated in the station licenses;

It appearing, that it would be desirable to amend §§ 12.44 (b), 12.45 (b), 12.91 (a), and 12.93 (b) of Part 12, Amateur Radio Service, to exempt any holder of a conditional class amateur operator license from the requirement of reporting for re-examination upon change of residence and station site to within a regular examining area; to eliminate the requirement for the filing of an application for modification of license in the case of a person residing, temporarily, at a location other than that stated in the station license, and to provide certain other minor editorial and procedural changes;

It further appearing, that adoption of such amendments would eliminate a large amount of administrative and clerical work on the part of licensees and of the Commission's personnel;

It further appearing, that the proposed amendments are interpretative and procedural only and therefore compliance with the public notice and procedure set forth in section 4 (a) and (b) of the Administrative Procedure Act is unnecessary and impracticable;

It further appearing, that, since the amendments herein ordered relieve certain restrictions which otherwise would be applicable, this order may be made effective immediately;

It further appearing, that authority for the proposed amendments is contained in sections 4 (i) and 303 (r) of the Communications Act of 1934, as amended;

It is ordered, That, effective immediately, Part 12, Amateur Radio Service, be amended as set forth below.

(Sec. 4, 48 Stat. 1066, as amended; 47 U. S. C. 154. Interprets or applies sec. 303, 48 Stat. 1082, as amended; 47 U. S. C. 303)

Released: January 4, 1952.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

Part 12, Amateur Radio Service, is amended in the following particulars:

1. Amend § 12.44 (b) to read as follows:

(b) A holder of a conditional, technician, or novice class license obtained on the basis of an examination under the provisions of paragraph (c) of this section is not required to be re-examined when changing residence and station location to within a regular examination area, nor when a new examination location is established within 125 miles of such licensee's residence and station location.

2. Amend § 12.45 (b) to read as follows:

(b) Whenever the holder of a conditional class amateur operator license is required by the Commission to restrict the operation of his amateur station, in accordance with the provisions of §§ 12.152, 12.153 and 12.154, the necessity for those restrictions shall be considered sufficient grounds to require the holder of the conditional class license to appear for the general class examination.

3. Amend § 12.91 (a) by substituting the following for the last two sentences thereof: "Additional advanced written notice shall also be given, in accordance with the foregoing, whenever such operation away from the fixed station location designated in the station license exceeds one month, and for each additional month of such operation."

4. Amend § 12.93 (b) to read as follows:

(b) The licensee of an amateur station who changes residence temporarily, but retains a permanent residence associated with the fixed station location designated in the station license, and moves his amateur station to a temporary location associated with his temporary residence, or the licensee-trustee for an amateur radio society which changes the normal location of its amateur station to a different and temporary location, may use the station at such temporary location under the following conditions:

(1) Advance notice in writing shall be given by the amateur station licensee or licensee-trustee to the Commission in Washington, D. C., and, for each month of such operation, to the Engineer in Charge of the radio inspection district in which the station is to be temporarily operated.

(2) Similar notice shall be given for each change in such temporary location, for the return of the station to the former permanent location, or for the establishment of a new permanent location; *Provided*, That additional monthly notices to the Engineer in Charge shall not be required when such operation takes place at the fixed station location designated in the station license held by the licensee.

(3) The notice of operation at a temporary location, as required under the preceding provisions of this paragraph, shall clearly identify the station call-sign and licensee or licensee-trustee, shall indicate both the permanent and the temporary station locations, shall indicate the address at which the licensee or licensee-trustee can be readily reached during such temporary operation, and shall show the reason why operation at that location is considered temporary rather than a change of permanent location.

[F. R. Doc. 52-268; Filed, Jan. 9, 1952; 8:47 a. m.]

PROPOSED RULE MAKING

FEDERAL COMMUNICATIONS
COMMISSION

[47 CFR Part 25]

[Docket No. 10090]

ANNUAL PATENT REPORTS

EXTENSION OF TIME FOR FILING COMMENTS

In the matter of promulgation of rule governing the preparation and filing of annual patent reports; Docket No. 10090.

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 3d day of January, 1952:

The Commission having under consideration telegrams from a large number of companies and individuals requesting extension of time from January 5 to January 31, 1952, for filing comments to

the Commission's notice in the above proceeding for the promulgation of rules governing the preparation and filing annually of information respecting unexpired U. S. patents being used in one or more electrical communication services regulated by the Commission;

It is hereby ordered, That the time for filing comments in the Commission's notice in the above rule making proceeding be, and it is hereby extended to January 31, 1952.

Released: January 3, 1952.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-270; Filed, Jan. 9, 1952; 8:47 a. m.]

RENEGOTIATION BOARD

[32 CFR Part XIV]

RENEGOTIATION BOARD REGULATIONS
UNDER THE 1951 ACT

NOTICE OF PROPOSED RULE MAKING

The Renegotiation Board pursuant to section 109 of the Renegotiation Act of 1951, Public Law No. 9, 82d Congress, proposes to issue the following regulations not less than thirty days after the date of this publication in the FEDERAL REGISTER. The Board intends to make such changes in these proposed regulations as it considers appropriate in the light both of recommendations made by interested persons for changes and improvements therein and of its own further study.

Interested persons are hereby notified that, in order for recommendations for changes and improvements in the proposed regulations to be considered, they must be presented, in writing, to The Renegotiation Board, Washington 25, D. C., within twenty days from the date of this publication in the FEDERAL REGISTER.

Notwithstanding the intent of the Board to issue further regulations from time to time, interpreting and applying the provisions of the Renegotiation Act of 1951, the Board is publishing at this time the proposed regulations set forth below in order to give contractors an opportunity to begin immediately the collection and preparation of the financial data which they will be required to file with the Board. It is contemplated that all pertinent regulations will have been issued prior to the conclusion of any renegotiation proceeding under the Renegotiation Act of 1951.

Dated: January 5, 1952.

JOHN T. KOEHLER,
Chairman,
The Renegotiation Board.

Subchapter B—Renegotiation Board Regulations Under the 1951 Act

PART 1451—DEFINITIONS APPLICABLE TO THE RENEGOTIATION BOARD REGULATIONS UNDER THE RENEGOTIATION ACT OF 1951

- Sec.
- 1451.1 "The 1951 act" and "the act".
- 1451.2 "The 1948 act".
- 1451.3 "Board".
- 1451.4 "Department".
- 1451.5 "Secretary".
- 1451.6 "Excessive profits".
- 1451.7 "Profits derived from contracts with the Departments and subcontracts".
- 1451.8 "Subcontract".
- 1451.9 "Fiscal year".
- 1451.10 "Received or accrued" and "paid or incurred".
- 1451.11 "Person".
- 1451.12 "Materials".
- 1451.13 "Agency of the Government".
- 1451.14 "Subject prime contracts and subcontracts" and "renegotiable prime contracts and subcontracts".
- 1451.15 "Subject contracts".
- 1451.16 "Contract".
- 1451.17 "Contractor".
- 1451.18 "Renegotiable business" and "renegotiable sales".
- 1451.19 "These regulations" and "the regulations".
- 1451.20 "Procurement".
- 1451.21 "Renegotiation clause".
- 1451.22 "Related contractors".

§ 1451.1 "The 1951 act" and "the act". The terms "the 1951 act" and "the act" mean the Renegotiation Act of 1951.

§ 1451.2 "The 1948 act". The term "the 1948 act" means the Renegotiation Act of 1948.

§ 1451.3 "Board". The term "Board" means The Renegotiation Board created by section 107 (a) of the act.

§ 1451.4 "Department". The term "Department" means the Department of Defense, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, the General Services

Administration, the Atomic Energy Commission, the Reconstruction Finance Corporation, the Canal Zone Government, the Panama Canal Company, the Housing and Home Finance Agency, the Federal Civil Defense Administration, the National Advisory Committee for Aeronautics, the Tennessee Valley Authority, the United States Coast Guard, the Defense Materials Procurement Agency, the Bureau of Mines, the (United States) Geological Survey, the Bonneville Power Administration, and such other agencies of the Government exercising functions having a direct and immediate connection with the national defense as the President shall designate.

§ 1451.5 "Secretary". The term "Secretary" means the Secretary of Defense, the Secretary of the Army, the Secretary of the Navy, the Secretary of the Air Force, the Secretary of Commerce, the Administrator of General Services, the Atomic Energy Commission, the Board of Directors of the Reconstruction Finance Corporation, the Governor of the Canal Zone, the President of the Panama Canal Company, the Housing and Home Finance Administrator, the Administrator of Federal Civil Defense, the Chairman of the National Advisory Committee for Aeronautics, the Chairman of the Board of Directors of the Tennessee Valley Authority, the Commandant of the United States Coast Guard, the Administrator of the Defense Materials Procurement Agency, the Director of the Bureau of Mines, the Director of the (United States) Geological Survey, the Administrator of Bonneville Power, and the head of any other agency of the Government which the President shall designate pursuant to section 103 (a) of the act.

§ 1451.6 "Excessive profits". The term "excessive profits" means the portion of the profits derived from contracts with the Departments and subcontracts which is determined in accordance with Title I of the act to be excessive.

§ 1451.7 "Profits derived from contracts with the Departments and subcontracts". The term "profits derived from contracts with the Departments and subcontracts" means the excess of the amount received or accrued under such contracts and subcontracts over the costs paid or incurred with respect thereto and determined to be allocable thereto.

§ 1451.8 "Subcontract". The term "subcontract" means:

(a) Any purchase order or agreement (including purchase orders or agreements antedating the related prime contract or higher tier subcontract) to perform all or any part of the work, or to make or furnish any materials, required for the performance of any other contract or subcontract, but such term does not include any purchase order or agreement to furnish office supplies;

(b) Any contract or arrangement covering the right to use any patented or secret method, formula, or device for the performance of a contract or subcontract; and

(c) Any contract or arrangement (other than a contract or arrangement

between two contracting parties, one of whom is found by the Board to be a bona fide executive officer, partner, or full-time employee of the other contracting party) under which:

(1) Any amount payable is contingent upon the procurement of a contract or contracts with a Department or of a subcontract or subcontracts; or

(2) Any amount payable is determined with reference to the amount of a contract or contracts with a Department or of a subcontract or subcontracts; or

(3) Any part of the services performed or to be performed consists of the soliciting, attempting to procure, or procuring a contract or contracts with a Department or a subcontract or subcontracts.

§ 1451.9 "Fiscal year". The term "fiscal year" means the taxable year of the contractor or subcontractor under chapter 1 of the Internal Revenue Code, except that where any readjustment of interests occurs in a partnership as defined in section 3797 (a) (2) of such code, the fiscal year of the partnership or partnerships involved in such readjustment shall be determined in accordance with the provisions of § 1457.7 of this subchapter.

§ 1451.10 "Received or accrued" and "paid or incurred". The terms "received or accrued" and "paid or incurred" shall be construed according to the method of accounting employed by the contractor or subcontractor in keeping his records, but if no such method of accounting has been employed, or if the method so employed does not, in the opinion of the Board, or, upon redetermination, in the opinion of The Tax Court of the United States, properly reflect his receipts or accruals or payments or obligations, such receipts or accruals or such payments or obligations shall be determined in accordance with such method as in the opinion of the Board, or, upon redetermination, in the opinion of The Tax Court of the United States, does properly reflect such receipts or accruals or such payments or obligations.

§ 1451.11 "Person". The term "person" includes an individual, firm, corporation, association, partnership, and any organized group of persons whether or not incorporated.

§ 1451.12 "Materials". The term "materials" includes raw materials, articles, commodities, parts, assemblies, products, machinery, equipment, supplies, components, technical data, processes, and other personal property.

§ 1451.13 "Agency of the Government". The term "agency of the Government" means any part of the executive branch of the Government or any independent establishment of the Government or part thereof, including any department (whether or not a Department as defined in § 1451.4), any corporation wholly or partly owned by the United States which is an instrumentality of the United States, or any board, bureau, division, service, office, officer, employee, authority, administration, or other establishment of the Government which is not a part of the legislative or judicial branches.

§ 1451.14 "Subject prime contracts and subcontracts" and "renegotiable prime contracts and subcontracts". The terms "subject prime contracts and subcontracts" and "renegotiable prime contracts and subcontracts" mean contracts and subcontracts to which the provisions of the act are applicable.

§ 1451.15 "Subject contracts". The term "subject contracts" includes subject subcontracts, except when the context clearly indicates otherwise.

§ 1451.16 "Contract". The term "contract" includes subcontract, except when the context clearly indicates otherwise.

§ 1451.17 "Contractor". The term "contractor" includes subcontractor, except when the context clearly indicates otherwise.

§ 1451.18 "Renegotiable business" and "renegotiable sales". The terms "renegotiable business" and "renegotiable sales" mean the aggregate business of a contractor or subcontractor under subject prime contracts and subcontracts which are not exempt. The term "non-renegotiable business" means any business of a contractor or subcontractor other than renegotiable business.

§ 1451.19 "These regulations" and "the regulations". The terms "these regulations" and "the regulations" mean the Renegotiation Board Regulations promulgated under the act.

§ 1451.20 "Procurement". The term "procurement" means the purchasing, renting, leasing or otherwise obtaining or acquiring of any property, thing or service, or any combination thereof.

§ 1451.21 "Renegotiation clause". The term "renegotiation clause" means any provision in a prime contract or subcontract which states or incorporates by reference the substance of section 104 of the act.

§ 1451.22 "Related contractors". The term "related contractors" means all persons under control of or controlling or under common control with the contractor.

PART 1452—PRIME CONTRACTS AND SUBCONTRACTS WITHIN THE SCOPE OF THE ACT

Sec.	
1452.1	General coverage of the act.
1452.2	Application of the act to prime contracts.
1452.3	Application of the act to subcontracts.
1452.4	Subcontracts to perform work or furnish materials.
1452.5	Real property.
1452.6	Patent licenses.
1452.7	Brokers, manufacturers' agents and dealers.

§ 1452.1 *General coverage of the act*—(a) *Statutory provisions*. (1) Section 102 (a) of the act provides as follows:

In general. The provisions of this title shall be applicable (1) to all contracts with the Departments specifically named in section 103 (a), and related subcontracts, to the extent of the amounts received or accrued by a contractor or subcontractor on or after the first day of January 1951,

whether such contracts or subcontracts were made on, before, or after such first day, and (2) to all contracts with the Departments designated by the President under section 103 (a), and related subcontracts, to the extent of the amounts received or accrued by a contractor or subcontractor on or after the first day of the first month beginning after the date of such designation, whether such contracts or subcontracts were made on, before, or after such first day; but the provisions of this title shall not be applicable to receipts or accruals attributable to performance, under contracts or subcontracts, after December 31, 1953.

(2) Section 103 (a) of the act provides as follows:

Department. The term "Department" means the Department of Defense, the Department of the Army, the Department of the Navy, the Department of the Air Force, the Department of Commerce, the General Services Administration, the Atomic Energy Commission, the Reconstruction Finance Corporation, the Canal Zone Government, the Panama Canal Company, the Housing and Home Finance Agency, and such other agencies of the Government exercising functions having a direct and immediate connection with the national defense as the President shall designate.

(b) *Executive orders*. (1) On June 27, 1951, the President issued the following Executive Order 10260 (FEDERAL REGISTER, June 29, 1951):

By virtue of the authority vested in me by the Renegotiation Act of 1951 (Public Law 9, 82nd Congress), hereinafter referred to as the Act, and as President of the United States, it is ordered as follows:

1. The Federal Civil Defense Administration, the National Advisory Committee for Aeronautics, the Tennessee Valley Authority, and the United States Coast Guard, each of which exercises functions having a direct and immediate connection with the national defense, are hereby designated, pursuant to section 103 (a) of the Act, as agencies of the Government included within the definition of the term "Department" for the purposes of Title I of the Act.

2. In accordance with section 102 of the Act, the provisions of Title I of the Act shall be applicable to all contracts with each agency designated in paragraph 1 of this order, and related subcontracts, to the extent of the amounts received or accrued by a contractor or subcontractor on or after the first day of July 1951, whether such contracts or subcontracts were made on, before, or after that date.

(2) On September 28, 1951, the President issued the following Executive Order 10294 (FEDERAL REGISTER, September 29, 1951):

By virtue of the authority vested in me by the Renegotiation Act of 1951 (Public Law 9, 82nd Congress), hereinafter referred to as the Act, and as President of the United States, it is ordered as follows:

1. The Defense Materials Procurement Agency, the Bureau of Mines, and the (United States) Geological Survey, each of which exercises functions having a direct and immediate connection with the national defense, are hereby designated, pursuant to section 103 (a) of the Act, as agencies of the Government included within the definition of the term "Department" for the purposes of Title I of the Act.

2. In accordance with section 102 of the Act, the provisions of Title I of the Act shall be applicable to all contracts with the Defense Materials Procurement Agency, the Bureau of Mines, and the (United States) Geological Survey, respectively, and related subcontracts, to the extent of the amounts

received or accrued by a contractor or subcontractor on or after the first day of October 1951, whether such contracts or subcontracts were made on, before, or after that date.

(3) On October 31, 1951, the President issued the following Executive Order 10299 (FEDERAL REGISTER, November 2, 1951):

By virtue of the authority vested in me by the Renegotiation Act of 1951 (Public Law 9, 82nd Congress), hereinafter referred to as the Act, and as President of the United States, it is ordered as follows:

1. The Bonneville Power Administration, which exercises functions having a direct and immediate connection with the national defense is hereby designated, pursuant to subsection (a) of section 103 of the Act, as an agency coming within the definition of the term "Department" for the purposes of Title I of the Act.

2. In accordance with section 102 of the Act, the provisions of Title I of the Act shall be applicable to all contracts with the Bonneville Power Administration and related subcontracts, to the extent of the amounts received or accrued on or after the first day of November 1951, whether such contracts or subcontracts were made on, before, or after that date.

§ 1452.2 *Application of the act to prime contracts*. Excepting those contracts which are exempted from renegotiation pursuant to section 106 of the act (see Parts 1453 and 1455 of this subchapter), and except as set forth in § 1457.3 of this subchapter, all contracts with the following Departments are subject to renegotiation under the act to the extent of amounts received or accrued on or after the indicated dates:

January 1, 1951:

Department of Defense.
Department of the Army.
Department of the Navy.
Department of the Air Force.
Department of Commerce.
General Services Administration.
Atomic Energy Commission.
Reconstruction Finance Corporation.
Canal Zone Government.
Panama Canal Company.
Housing and Home Finance Agency.

July 1, 1951:

Federal Civil Defense Administration.
National Advisory Committee for Aeronautics.
Tennessee Valley Authority.
United States Coast Guard.

October 1, 1951:

Defense Materials Procurement Agency.
Bureau of Mines.
(United States) Geological Survey.

November 1, 1951:

Bonneville Power Administration.

§ 1452.3 *Application of the act to subcontracts*. Sections 1452.4 to 1452.7 state when contracts, agreements or purchase orders constitute "subcontracts" within the meaning of section 103 (g) of the act. Excepting those subcontracts which are exempted from renegotiation pursuant to section 106 of the act (see Parts 1453, 1454 and 1455 of this subchapter), and except as set forth in § 1457.3 of this subchapter, all subcontracts within the meaning of section 103 (g) of the act are subject to renegotiation under the act to the extent of amounts received or accrued on or after the date applicable to the prime contract to which the subcontract relates.

§ 1452.4 *Subcontracts to perform work or furnish materials*—(a) *Statutory provision.* Section 103 (g) of the act provides in part as follows:

The term "subcontract" means—

(1) any purchase order or agreement (including purchase orders or agreements antedating the related prime contract or higher tier subcontract) to perform all or any part of the work, or to make or furnish any materials, required for the performance of any other contract or subcontract, but such term does not include any purchase order or agreement to furnish office supplies; * * *

(b) *Work or materials "required for performance"*. Materials or work are required for the performance of a prime contract or subcontract if such prime contract or subcontract is:

(1) For the sale or processing of an end product or of materials incorporated therein;

(2) For the sale, furnishing, or installation of machinery, equipment, or other materials used in the processing of an end product or of materials incorporated therein;

(3) For the sale, furnishing, or installation of machinery used in the processing of other machinery to be used in the processing of an end product or of materials incorporated therein;

(4) For the sale, furnishing, or installation of materials for machinery included in subparagraph (3) of this paragraph and machinery, equipment, and other materials included in subparagraph (2) of this paragraph; or

(5) For the performance of services directly required for the performance of contracts included in subparagraphs (1), (2), (3), or (4) of this paragraph.

(c) *When materials "used in processing"*. Under this interpretation, materials will be deemed to be used in the processing of an end product or of materials incorporated in an end product in all cases when such materials are used:

(1) To produce or otherwise operate directly on an end product or materials incorporated in an end product by chemical, physical, or mechanical methods; such, for example as shaping, cutting, constructing, combining, refining, assembling, testing, inspecting or (in the case of end products) packaging;

(2) To transport within the contractor's plant an end product or materials incorporated in an end product or other materials used in connection with the production thereof;

(3) In connection with the repair, maintenance, equipping or operation in the contractor's plant of materials used in the production of an end product or of materials incorporated in an end product.

(d) *General effect of interpretation.*

(1) In general it is intended to include as subject to renegotiation the sale of all materials which contribute directly to the actual production of an end item or materials incorporated therein, in connection with the physical handling of the item from the time of the entry of the component materials to the departure of the item from the plant in question. Packaging materials and containers are regarded as component parts of the end product when they are used

to package or contain the end product and are delivered with the end product to the Government; on the other hand, sales of packaging materials and containers which are not ultimately delivered to the Government are excluded from renegotiation.

(2) It is intended to exclude the sale of materials which contribute only indirectly to the actual manufacturing process, such as products used for general plant maintenance, including fuel and equipment to produce light, heat and general power requirements, and such as equipment needed for general office maintenance, including all types of office machinery and supplies, and such as safety equipment and clothing.

(3) It is not intended to exclude from renegotiation any materials sold to a contractor when the materials are ultimately to be resold to a Department either as end products or as component parts thereof. However, subcontracts to furnish office supplies are specifically excluded from the statutory definition of subcontract. Therefore, subcontracts for office supplies, although such office supplies are ultimately sold to a Department, are not subject to renegotiation. Office supplies are interpreted to include paper, ink, typewriter ribbons, binders, covers, blotters, paper clips, staples, and other items of consumable character, as well as related items of relatively short life and minor cost, such as pens, pen holders, pencils, blotter pads and calendars; they do not include office furniture, machinery and equipment, such as desks, chairs, lamps, rugs, waste baskets, filing cases, typewriters and calculating, recording, reproducing and dictating machines.

§ 1452.5 *Real property*—(a) *Existing real property.* The term "subcontract" does not include contracts for the purchase or rental of any interest in existing real estate by prime contractors and subcontractors since the term refers to the making or furnishing of "materials", the definition of which term is limited to personal property. (See § 1451.8 of this subchapter.) The term "subcontract" does include contracts for fixtures or for improvements to or construction of real property. Those contracts are discussed in § 1452.5 (b).

(b) *Fixtures, construction and improvements on real property.* (1) If a contract is for work or materials which become real property in the course of its performance, as distinguished from existing real property, the principles stated in this paragraph govern.

(2) If a contract to sell, furnish or install materials would otherwise constitute a renegotiable contract or subcontract, the fact that such property is to be installed in a building or otherwise affixed to real estate and will be treated as real property for some purposes does not exclude the contract from renegotiation.

(3) If a contract for the construction of a building or improvements on or to real property is entered into by a Department, such contract is subject to renegotiation unless exempted. If a contract for the construction of a building or improvements on or to real property is entered into by someone other than a Department, such contract is neverthe-

less subject to renegotiation if, at the time such contract was made, the Government pursuant to a contract entered into by a Department is to obtain title to such building or improvements either immediately or ultimately. Likewise, all subcontracts under such a renegotiable contract, for furnishing services, or materials such as building materials and structural steel, which are personal property when furnished but which become real property during the course of construction, are renegotiable unless exempted, and so are subcontracts for furnishing any machinery or equipment installed in the building.

(4) If a contract is for the construction of a building or improvement on or to real property for a contractor or subcontractor for the purpose of performing a renegotiable contract or subcontract, and if the Government is not to acquire title to such building or improvements, either immediately or ultimately, pursuant to a contract entered into by a Department, then except as provided in subparagraph (2) of this paragraph, such contract and subcontracts thereunder are not subject to renegotiation.

§ 1452.6 *Patent licenses*—(a) *Statutory provision.* Section 103 (g) of the act provides in part as follows:

The term "subcontract" means—

(1) * * *

(2) any contract or arrangement covering the right to use any patented or secret method, formula, or device for the performance of a contract or subcontract; and * * *

(b) *Interpretation.* Any contract or arrangement covering the right to use any patented or secret method, formula, or device for the performance of a renegotiable prime contract or subcontract is a subcontract within the meaning of section 103 (g) (2) of the act. It is not a subcontract within the meaning of section 103 (g) (3) of the act. (See § 1452.7.) In any case where a license and an agreement by the licensor to furnish any technical or other services to the licensee are embraced within a single contract, the agreement to furnish technical or other services may be a subcontract under section 103 (g) (3) of the act. In any such case, the license may be severed from the agreement to furnish technical or other services, and an appropriate finding made as to that portion of the consideration payable under the contract which is payable on account of the license and that portion of the consideration which is payable on account of the services.

(c) *Royalty Adjustment Act agreements or orders.* If the rates or amounts of the royalties received or accrued for the period involved in the renegotiation have been fixed as fair and just in a Royalty Adjustment Act order or agreement applicable to such period or any part thereof, the Board will ordinarily find that no excessive profits have been derived from that part of the royalties covered by such order or agreement. Rates or amounts of royalties fixed as fair and just in a Royalty Adjustment Act order or agreement will not be controlling with respect to the reasonableness of any royalties not covered by such order or agreement.

§ 1452.7 *Brokers, manufacturers' agents and dealers*—(a) *Statutory provision*. Section 103 (g) of the act provides in part as follows:

The term "subcontract" means—

- (1) * * *
- (2) * * *
- (3) any contract or arrangement (other than a contract or arrangement between two contracting parties, one of whom is found by the Board to be a bona fide executive officer, partner, or full-time employee of the other contracting party) under which—
 - (A) any amount payable is contingent upon the procurement of a contract or contracts with a Department or of a subcontract or subcontracts; or
 - (B) any amount payable is determined with reference to the amount of a contract or contracts with a Department or of a subcontract or subcontracts; or
 - (C) any part of the services performed or to be performed consists of the soliciting, attempting to procure, or procuring a contract or contracts with a Department or a subcontract or subcontracts.

PART 1453—MANDATORY EXEMPTIONS FROM RENEGOTIATION

- Sec. 1453.1 Contracts with other governmental agencies.
- 1453.2 Contracts and subcontracts for certain agricultural commodities and raw materials.
- 1453.3 Exemption of common carriers and public utilities.
- 1453.4 Contracts or subcontracts with tax-exempt charitable, religious and educational institutions.
- 1453.5 Contracts that do not have a direct and immediate connection with the national defense.
- 1453.6 Subcontracts under exempt contracts and subcontracts.

§ 1453.1 *Contracts with other governmental agencies*—(a) *Statutory provision*. Section 106 (a) (1) of the act exempts the following:

(1) any contract by a Department with any Territory, possession, or State, or any agency or political subdivision thereof, or with any foreign government or any agency thereof;

(b) *Interpretation and application of exemption*. This provision is construed to exclude from renegotiation any contract by a Department with any Territory, possession or State or any agency or political subdivision thereof or with any foreign government or any agency thereof. A municipal corporation, whether acting in a proprietary or governmental capacity, is a political subdivision of a State for the purposes of this exemption.

§ 1453.2 *Contracts and subcontracts for certain agricultural commodities and raw materials*—(a) *Agricultural commodities*—(1) *Statutory provision*. Section 106 (a) (2) of the act exempts the following:

(2) any contract or subcontract for an agricultural commodity in its raw or natural state, or if the commodity is not customarily sold or has not an established market in its raw or natural state, in the first form or state, beyond the raw or natural state, in which it is customarily sold or in which it has an established market. The term "agricultural commodity" as used herein shall include but shall not be limited to—

(A) commodities resulting from the cultivation of the soil such as grains of all kinds,

fruits, nuts, vegetables, hay, straw, cotton, tobacco, sugarcane, and sugar beets;

(B) natural resins, saps, and gums of trees;

(C) animals, such as cattle, hogs, poultry, and sheep, fish and other marine life, and the produce of live animals, such as wool, eggs, milk and cream;

(2) *Interpretation of exemption*. The purpose of this provision is to exempt from renegotiation farmers, fruit growers, livestock raisers, fishermen and other basic producers of agricultural commodities and those who trade in such products or handle or transport them without processing them; it is not intended to exempt canners, processors, manufacturers, and others who acquire such products and process them to a higher form or state. In order to qualify for exemption the product contracted for must be an agricultural commodity in its raw or natural state, or if such a commodity is not customarily sold or does not have an established market in its raw or natural state, in the first form or state beyond the raw or natural state in which it is customarily sold or in which it has an established market.

(3) *Application of exemption*. A commodity will be deemed to be an agricultural commodity in its raw or natural state only so long as it has not undergone some process of treatment or fabrication. In the case of fruits, vegetables and other like products this state does not ordinarily extend beyond the state in which such products are harvested. In the case of livestock, it terminates at the time the animal is slaughtered. When an agricultural commodity is not customarily sold or does not have an established market in its raw or natural state as above defined and is no longer in such state, the exempt status of such commodity will terminate with the state in which the commodity is first customarily sold or has an established market,

and, with the exception of the produce of live animals which are specifically exempted, the exemption will not apply to any derivative products which are derived from such commodity in the state in which it is first sold, whether as a result of division, separation or further treatment or processing. For the purposes of determining whether an agricultural commodity is customarily sold or has an established market, regard will be given to the entire field in which such commodity is produced or marketed rather than to sectional or local practices; and varieties, types or classes of the commodity will be disregarded. Profits or losses from sales of agricultural commodities in their exempt form or state, including sales of "futures" in such commodities, are excluded from consideration in renegotiation.

(4) *Tentative list of exempt agricultural commodities*. The Board has tentatively determined that the form or state indicated in the following list is the last form or state to which the exemption set forth in section 106 (a) (2) of the act applies. This list is being promulgated as a guide to contractors in completing the Standard Form of Contractor's Report prescribed in § 1470.3 (a) of this subchapter. The Board intends to review the list and revise it if errors are found in it before concluding the renegotiation proceeding of any contractor under the act in which it is claimed that the act does not apply to certain prime contracts or subcontracts of the contractor by virtue of section 106 (a) (2) of the act and in which such claim would affect the determination of excessive profits or the absence thereof. Therefore, even though an item appears on the following list, a contractor may be required to substantiate its claim that such item is exempt from renegotiation.

AGRICULTURAL COMMODITIES EXEMPTION LIST

Agricultural commodity	Last form or state at which exemption is to apply
Beans and peas, dry	Threshed.
Beeswax	Crude or "country run".
Berries, edible	Fresh.
Chinchona bark	As bark (unprocessed).
Cocoa Bean	Fermented and dried.
Coffee	Beans (green).
Corn	As grain (shelled).
Cotton	Ginned (in the bale).
Cottonseed	Unprocessed (as they come from the gin).
Cream, fluid	As sold from farms (not pasteurized).
Drugs (botanical)	Crude (unground, unprocessed, unstandardized, unpurified) as customarily sold by the basic producer.
Eggs	In the shell (raw).
Flax fiber	In bales.
Flaxseed (linseed)	As seed (unprocessed).
Fruits, edible	Fresh.
Gum opium	As gum in its natural state.
Hay	Baled or unbaled.
Hemp fiber	In bales.
Honey	In the comb, or in bulk (not packed).
Jute and sisal fiber	In bales.
Latex (base for chewing gum)	Crude, not processed beyond coagulation or dehydration for handling and shipping.
Livestock	On the hoof.
Milk, raw fluid	As sold from farms (not pasteurized).
Peanuts	In the shell (raw).
Pine gum	Crude, not distilled.
Poultry	Alive.
Rice	Rough, unpolished (as it comes from the thresher).
Sugar beets	As beets.
Sugar cane	As cane.

AGRICULTURAL COMMODITIES EXEMPTION LIST—Continued

Agricultural commodity	Last form or state at which exemption is to apply
Tobacco	Not processed beyond the form or state at which farmers ordinarily sell it.
Tree nuts, edible	In the shell (raw).
Vegetables	Fresh.
Vegetable seeds	Not processed beyond the form or state at which they may be used as seeds.
Wheat, rye, oats, and barley	As threshed grain.
Wool	In the grease (as clipped from live animals).

(b) *Raw materials*—(1) *Statutory provision.* Section 106 (a) (3) of the act exempts the following:

(3) any contracts or subcontract for the product of a mine, oil or gas well, or other mineral or natural deposit, or timber, which has not been processed, refined, or treated beyond the first form or state suitable for industrial use;

(2) *Interpretation and application of exemption.* In determining whether or not a particular product is an "exempted product" under the foregoing exemption, the following principles will govern:

(i) *Exempted products.* The phrase "other mineral or natural deposit" will be interpreted to include only mineral or natural deposits of a wasting or depletable character similar to products "of a mine, oil or gas well." Accordingly, water, sea water and air, and products derived therefrom, are not considered to be other mineral or natural deposits within the meaning of the act, and prime contracts and subcontracts therefor, or for products derived therefrom, are subject to renegotiation.

(ii) *State at which exemption terminates.* In general, a product will be considered to be an exempted product until it has arrived at its dispersal point, i. e., the point at which a substantial proportion of the product is used by the ultimate consumer, or by industries other than the industry of origin. The industry of origin includes not only the primary industry of extraction or severance, but also any processing, refining or treatment directly supplementing its extraction or severance or to produce one or more of the chemical elements or compounds present in it in the state in which it may be found in abundance in nature; but excludes other processing, refining or treatment to produce various end products for the ultimate consumer, or a substantial variety of products which vary materially in size, shape or content from the original product.

(iii) *Combination of several materials.* When substantial quantities of two or more materials or ingredients are combined to produce a product for industrial use, the product resulting from such combination is considered to be non-exempt, unless the other material or materials are used as a catalyst or carrying agent or in some other subordinate capacity in connection with the processing, refining or treatment of the principal product which is in the course of preparation for its first industrial use.

(iv) *Different processes.* When a product is made in substantial quantities by two or more different processes, one of which would result in the exemption of the product under the above tests and the other would result in its inclusion,

such a product will be considered to be renegotiable only when made by a process which would result in its inclusion.

(v) *Byproducts.* When a process for making a product or material subject to renegotiation under the above tests also produces byproducts, such byproducts will be treated as subject to renegotiation since any benefits resulting from the use or sale of such byproducts operate in substance to reduce the cost of the principal product. The principle of the preceding sentence is inapplicable to byproducts which would otherwise be exempt under this paragraph. In the case of byproducts resulting from processes principally designed to produce an "exempted product" under the above tests, such byproducts will be treated as "exempted products" if they are not further processed, refined or treated. If further processing, refining or treatment of such byproducts takes place, the status of the ultimate product resulting will be determined in accordance with the general principles set forth above.

(3) *Tentative list of exempt raw materials.* (i) The Board has tentatively determined that the following products are exempt under section 106 (a) (3) of the Act and subparagraph (2) of this paragraph when they represent products of a mine, oil or gas well, or other mineral or natural deposit, or timber, which have not been processed, refined or treated beyond the first form or state suitable for industrial use, and are not exempt if manufactured from raw materials which do not fall within the above description or which have at some prior stage been processed, refined or treated beyond such first form or state suitable for industrial use. For example, magnesium products derived from sea water, products manufactured from the atmosphere, secondary aluminum pigs and ingots, and other similar products are not considered exempted products.

(ii) This list is being promulgated as a guide to contractors in completing the Standard Form of Contractor's Report prescribed in § 1470.3 (a) of this subchapter. The Board intends to review the list and revise it if errors are found in it before concluding the renegotiation proceeding of any contractor under the act in which it is claimed that the act does not apply to certain prime contracts or subcontracts of the contractor by virtue of section 106 (a) (3) of the act and in which such claim would affect the determination of excessive profits or the absence thereof. Therefore, even though an item appears on the following list, a contractor may be required to substantiate its claim that such item is exempt from renegotiation.

RAW MATERIALS EXEMPTION LIST

- Aggregates including such items as washed or screened sand, gravel or crushed stone.
- Alumina; aluminum sulfate; aluminum ingots and pigs.
- Asphalt, natural.
- Antimony ore, crude; antimony ore, concentrated; antimony metal; antimony oxide; antimony sulfide.
- Arsenic, crude; arsenic powder; arsenious oxide (white arsenic).
- Asbestos rock; asbestos fibre.
- Barytes, crude crushed.
- Bauxite crude; calcined or dried bauxite; bauxite abrasive grains.
- Bentonite, dried, crushed, granulated and pulverized.
- Beryl ore and concentrates; beryllium oxide; beryllium metal; beryllium master alloys.
- Bismuth metal.
- Borax.
- Cadmium fine dust; cadmium oxide; cadmium balls and slabs.
- China clay; kaolin; fire clay; brick and tile made from clays other than kaolin, china and fire clay.
- Chlorine and hydrogen produced directly by electrolysis of salt brine.
- Chromium ore and ferrochrome; chromite not processed beyond the form or state suitable for use as a refractory; bichromates.
- Coal, prepared; run-of-mine coal.
- Cobalt oxide; cobalt anodes, shot and rondelles.
- Columbium ore and concentrates; columbium oxide; ferrocolumbium.
- Copper ore, crude; copper ore, concentrated; copper matte; blister copper; copper billets, cathodes, cakes, ingots, ingot bars, powder, slabs and wirebars.
- Corundum ore and concentrates; corundum grain.
- Cryolite ore and concentrates.
- Diaspore; diaspore brick.
- Diatomaceous silica, lump, block, brick and powder.
- Dolomite; crushed dolomite.
- Feldspar, crude and ground.
- Ferrosilicon.
- Fluorspar ore; fluorspar fluxing gravel; lump ceramic ground fluorspar; acid grades of fluorspar.
- Fuller's earth.
- Gas, natural, not processed or treated further than the processing or treating customarily occurring at or near the well.
- Graphite ore and concentrates; flake graphite; graphite fines, lump and chip; graphite powder.
- Gypsum, crude; calcined gypsum.
- Indium metal.
- Industrial diamonds.
- Iridium metal, including ingot and powder.
- Iron ore, crude; pig iron.
- Kyanite ore and concentrates; kyanite brick.
- Lead ore; refined lead bars, ingots and pigs; antimonial lead bars, ingots and pigs.
- Limestone; crushed limestone.
- Lithium bearing ores and concentrates; lithium carbonate; lithium hydroxide; lithium chloride.
- Magnesite; dead burned magnesite.
- Magnesium-bearing minerals, including brucite; magnesium oxide; magnesium chloride; metallic magnesium, pigs and ingots.
- Mercury ore; mercury metal.
- Manganese ore; ferromanganese, including speielegan; silicomanganese.
- Mecothorium.
- Mica, crude, hand-cobbed; block mica; sheet mica, including splittings; wet or dry ground mica.
- Molybdenum ore and concentrates; molybdenum oxide; calcium molybdate; ferromolybdenum.
- Monel ore; monel matte; monel ingots, pigs, and shot, produced from monel matte.
- Natural gasoline; casinghead gasoline; residue gas.

RAW MATERIALS EXEMPTION LIST—Continued

Nickel ore and concentrates; nickel matte; nickel oxide; nickel ingots, cathodes and shot.

Oil, crude, not processed or treated further than the processing or treating customarily occurring at or near the well.

Osmium metal, including ingot and powder.

Palladium metal, including ingot and powder.

Phosphate rock; elemental phosphorus; ferrophosphorus; phosphorus pentoxide and phosphoric acid derived directly by treatment of phosphate rock; superphosphate.

Platinum ore and concentrates; platinum metal, including ingot and powder.

Pumice, lump.

Quartz crystal, raw.

Radium bromide; radium sulfate; radium gas.

Rare earth products; didymium (neodymium) carbonate; lanthamm oxide; neodymium oxalate, rare earth chloride, technical; rare earth nitrate.

Rhodium metal, including ingot and powder.

Ruthenium metal, including ingot and powder.

Salt, rock; evaporated salt; soda ash, ammonia and electrolytic caustic soda and bicarbonate of soda when derived directly by treatment of brine.

Sea shells; oyster shells; clam and reef shells.

Selenium metal.

Silver, refined, including bars, shot, powder and grains.

Sodium aluminate.

Stone, rough dimension.

Sulfur, crude.

Sulfuric acid; oleum (other than sulfuric acid or oleum produced from crude sulfur or any other product having an industrial use).

Standing timber, logs, logs sawed into length, and logs with or without bark.

Talc, crude, ground and sawed.

Tantalum ore and concentrates; tantalum double fluoride.

Tellurium metal.

Thorium nitrate.

Tin ore and concentrates; refined pig tin.

Titanium-bearing ores and concentrates, including ilmenite and rutile; titanium oxide; ferrotitanium; ferro carbon titanium; titanium potassium oxalate.

Tungsten ore and concentrates; sodium tungstate; ferrotungsten; tungsten metal, including powder; tungstic oxide; tungstic acid.

Uranium ores and concentrates; uranium oxide.

Vanadium ores and concentrates; sodium vanadate; vanadium pentoxide; ferrovandium.

Vermiculite ore, crude, crushed and expanded.

Whiting; chalk lump.

Zeolites derived from Glauconite.

Zinc ores and concentrates; zinc anodes, bars, oxide, powder and slabs.

Zirconium ores and concentrates.

(c) *Cost allowance for agricultural commodities and raw materials in the case of integrated producers*—(1) *Statutory provision.* Section 106 (b) of the act provides in part as follows:

In the case of a contractor or subcontractor who produces or acquires the product of a mine, oil or gas well, or other mineral or natural deposit, or timber, and processes, refines, or treats such a product to and beyond the first form or state suitable for industrial use, or who produces or acquires an agricultural product and processes, refines, or treats such a product to and beyond the first form or state in which it is customarily sold or in which it has an established market, the Board shall prescribe such regulations as may be necessary to give such contractor or subcontractor a cost allowance substan-

tially equivalent to the amount which would have been realized by such contractor or subcontractor if he had sold such product at such first form or state.

(2) *Interpretation and application.* If a contractor (i) produces or acquires an agricultural product and processes, refines or treats such agricultural product to and beyond the first form or state in which it is customarily sold or in which it has an established market, or (ii) processes, refines, or treats a product of a mine, oil or gas well, or other mineral or natural deposit, or timber, to the first form or state suitable for industrial use, and further refines, processes or treats such product beyond the first form or state suitable for industrial use in order to perform its contract, then in such cases for the purposes of renegotiation the value of the product at its last exempt state will be treated as an item of cost of the performance of such contract in such amount as, in the opinion of the Board, fairly represents a properly applicable allowance. In determining the proper allowance, due consideration will be given to the established sale or market price when there is a representative market for the product in the exempt state, and to such other factors as may be necessary to reflect the purpose and intent of the exemption. In general, it is the purpose and intent of this provision to allow to the contractor engaged in an integrated process of the type described, an item of cost substantially equivalent to the amount excluded from renegotiation by the statute in the case of others who sell an exempt product, namely, what the contractor could have realized if it had sold the exempt product at the intermediate state.

(d) *Profits from increment in value of excess inventory*—(1) *Statutory provision.* Section 106 (b) of the act provides in part as follows:

Notwithstanding any other provisions of this title, there shall be excluded from consideration in determining whether or not a contractor or subcontractor has received or accrued excessive profits that portion of the profits, derived from receipts and accruals subject to the provisions of this title, attributable to the increment in value of the excess inventory. For the purposes of this subsection the term "excess inventory" means inventory of products, hereinbefore described in this subsection, acquired by the contractor or subcontractor in the form or at the state in which contracts for such products on hand or on contract would be exempted from this title by subsection (a) (2) or (3) of this section, which is in excess of the inventory reasonably necessary to fulfill existing contracts or orders. That portion of the profits, derived from receipts and accruals subject to the provisions of this title, attributable to the increment in value of the excess inventory, and the method of excluding such portion of profits from consideration in determining whether or not the contractor or subcontractor has received or accrued excessive profits, shall be determined in accordance with regulations prescribed by the Board.

(2) *Procedure.* A contractor who claims that a portion of its profits attributable to the increment in value of excess inventory should be excluded from consideration in determining whether or not it has received excessive

profits shall give notice to the Board of such claim at the time such contractor files the Standard Form of Contractor's Report prescribed in § 1470.3 (a) of this subchapter and shall submit details of its claim. The Board will not conclude the renegotiation proceedings of such contractor until after the Board has prescribed regulations concerning the method of determining the portion of profits attributable to the increment in value of excess inventory and the method of excluding such portion of profits from consideration in renegotiation.

§ 1453.3 *Exemption of common carriers and public utilities*—(a) *Statutory provision.* Section 106 (a) (4) of the act exempts the following:

(4) any contract or subcontract with a common carrier for transportation, or with a public utility for gas, electric energy, water, communications, or transportation, when made in either case at rates not in excess of published rates or charges filed with, fixed, approved, or regulated by a public regulatory body, State, Federal, or local, or at rates not in excess of unregulated rates of such a public utility which are substantially as favorable to users and consumers as are regulated rates. In the case of the furnishing or sale of transportation by common carrier by water, this paragraph shall apply only to such furnishing or sale which is subject to the jurisdiction of the Interstate Commerce Commission under Part III of the Interstate Commerce Act or subject to the jurisdiction of the Federal Maritime Board under the Intercoastal Shipping Act, 1933;

(b) *Application of exemption.* A prime contract or subcontract is exempt under the provisions of section 106 (a) (4) of the act if the following conditions are met: (1) The prime contractor or subcontractor is a common carrier or public utility (see paragraph (c) of this section); (2) in the case of a prime contract or subcontract for transportation by common carrier by water, the furnishing or sale of such transportation is subject to the jurisdiction of certain agencies of the Government (see paragraph (d) of this section); (3) the rates charged under the particular prime contract or subcontract qualify under the rules set forth in paragraph (e) of this section.

(c) *Common carrier or public utility.* In order to qualify under the exemption, the prime contractor or subcontractor must be a common carrier or public utility upon entering into the particular prime contract or subcontract in question, and the prime contract or subcontract must be to perform services generally similar to those performed by the prime contractor or subcontractor as a common carrier or public utility. A contract which meets the tests prescribed herein qualifies for the exemption even though it is a contract by a common carrier for private carriage or is a contract by a public utility on terms not offered to the general public.

(d) *Common carriers by water.* A contract with a common carrier for transportation by water is exempt only if the sale or furnishing of such transportation is subject to the jurisdiction of the Interstate Commerce Commission under Part III of the Interstate Commerce Act or subject to the jurisdiction

of the Federal Maritime Board under the Intercoastal Shipping Act, 1933. Rates for passenger or cargo transportation to foreign ports are not fixed by these agencies and thus contracts for such transportation are not within the exemption.

(e) *Exempt rates: Regulated and unregulated.* Section 106 (a) (4) of the act exempts prime contracts and subcontracts of a public utility or a common carrier only if the rates charged thereunder fall into one of the three following types: (i) Rates filed with, fixed, approved or regulated by a public regulatory body; (ii) unregulated rates charged for services which are the same as services for which published rates are filed with, fixed, approved or regulated by a public regulatory body and which unregulated rates are not in excess of such regulated rates; and (iii) unregulated rates which are not in excess of unregulated rates offered generally by such a public utility which are substantially as favorable to users and consumers as are comparable regulated rates.

(1) *Published rates.* If a common carrier or public utility enters into a prime contract or subcontract to be performed at rates published or filed with, fixed, approved or regulated by a public regulatory body, State, Federal, or local, such prime contract or subcontract is exempt. Example: A prime contract entered into by a railroad for transporting Government personnel at rates not in excess of the tariff rates available to the general public is exempt from renegotiation under this section.

(2) *Unregulated rates not in excess of regulated rates.* (i) If a common carrier or public utility enters into a contract for the furnishing of services which are the same as those for which a rate has been published or filed with, fixed, approved, or regulated by a public regulatory body and the rate provided by the transaction for such services is not in excess of such regulated rate, the contract is exempt from renegotiation under this section even though the services in question are not subject to regulation. For example, a prime contract entered into by a railroad for freight carriage at a rate negotiated under section 22 of the Interstate Commerce Commission Act is exempt since section 22 permits a railroad to negotiate contracts with the Government at special rates which are below the public rates.

(ii) However, in order for a contract at unregulated rates to qualify for an exemption under this section the services must be the same as those for which the rate is regulated. The following is an example of a contract which is not exempt under this section: An airline agrees to carry freight or personnel at charges no higher than scheduled rates for carrying similar loads for like distances. The agreement provides that the airline may utilize Government bases, facilities and ground personnel, and thus the airline is not required to furnish services necessarily incident to the transportation for which the tariff rates were established. Therefore, the contract is not for transportation at or below regulated rates and does not fall within the exemption.

(3) *Unregulated rates substantially as favorable as regulated rates.* If a public utility furnishes services to Departments and to other consumers at rates which are unregulated but which are substantially as favorable as regulated rates for comparable services, a contract for the furnishing of such services is exempt under this section. For example, a gas company delivers gas to a Department in a state where gas sales are unregulated. The rates charged under the contract are the same as or lower than the rates offered by the contractor to the public generally and such public rates are substantially as favorable to consumers as comparable regulated rates in comparable areas. The contract with the Department is exempt from renegotiation under this section.

§ 1453.4 *Contracts or subcontracts with tax-exempt charitable, religious and educational institutions—(a) Statutory provision.* Section 106 (a) (5) of the act exempts the following:

(5) any contract or subcontract with an organization exempt from taxation under section 101 (6) of the Internal Revenue Code, but only if the income from such contract or subcontract is not includible under section 422 of such code in computing the unrelated business net income of such organization;

§ 1453.5 *Contracts that do not have a direct and immediate connection with the national defense—(a) Statutory provision.* Subsection 106 (a) (6) of the act exempts the following:

(6) any contract which the Board determines does not have a direct and immediate connection with the national defense. The Board shall prescribe regulations designating those classes and types of contracts which shall be exempt under this paragraph; and the Board shall, in accordance with regulations prescribed by it, exempt any individual contract not falling within any such class or type if it determines that such contract does not have a direct and immediate connection with the national defense. Notwithstanding section 108 of this title, regulations prescribed by the Board under this paragraph, and any determination of the Board that a contract is or is not exempt under this paragraph, shall not be reviewed or redetermined by the Tax Court or by any other court or agency;

(b) *Exemptions.* The Board has determined that the following classes and types of contracts do not have a direct and immediate connection with the national defense:

(1) Contracts for maintenance and repair of buildings and structures. This exemption does not apply to contracts for the renovation or reactivation of standby or newly acquired facilities;

(2) All contracts of the Office of Technical Services, Department of Commerce;

(3) All contracts of the National Archives and Records Service, General Services Administration;

(4) Contracts of the Inland Waterways Corporation, Department of Commerce, for stevedoring, for operation of terminals, and for repair of barges and vessels;

(5) All construction contracts entered into before July 1, 1950, except those entered into by the Department of Defense, Department of the Army, Depart-

ment of the Navy, Department of the Air Force, Coast Guard, and Atomic Energy Commission;

(6) Contracts of the General Services Administration, to the extent that materials are delivered directly to any agency of the Government not named or designated as a "Department" within the meaning of section 103 of the act;

(7) Contracts obligating funds appropriated to and allotted by an agency of the Government other than a named or designated "Department" within the meaning of section 103 of the act;

Note: It is the responsibility of any Department administering a contract which is exempt under this provision to so notify the contractor, and contractors must assume that Departments employ funds appropriated to them, except when contractors are informed otherwise.

(8) Contracts for the purchase of materials to be resold through commissaries, military exchanges, ships' service stores, sloop chests, post restaurants, and any other contracts for the purchase of materials for authorized resale;

(9) All contracts of the Housing and Home Finance Agency, except construction contracts entered into after June 30, 1950;

(10) All contracts obligating funds appropriated for the civil functions of the Corps of Engineers, Department of the Army, entered into before July 1, 1950;

(11) All contracts of the Bonneville Power Administration and the Tennessee Valley Authority, entered into before July 1, 1950;

(12) Contracts for the removal of waste materials;

(13) Contracts for laundry, cleaning and pressing services.

(c) *Interpretation of exemptions.* As used in this section, the term "construction" includes only construction of buildings, structures and other improvements to or on real estate. Amendments entered into after June 30, 1950 to contracts which are exempt under this section because they were entered into before July 1, 1950, are not exempt under this section if they are for new or additional procurement.

(d) *Procedure for exemption of contracts relating to floods, fires and other natural disasters.* Upon the occurrence of a major flood, conflagration, earthquake, epidemic, or other natural disaster, the Board will entertain requests from authorized procurement officers of any Department, and in appropriate cases will determine that any contracts let by such procurement officers for emergency procurement of relief supplies, for emergency repairs, or for other related purposes are not subject to renegotiation under the act. The request shall be transmitted through regular channels in the Department involved unless the emergency necessitates an immediately telegraphic answer, in which case it may be addressed directly to the Board.

Note: The Board intends to keep the subject of contracts which do not have a direct and immediate connection with the national defense under continuing study with a view to ascertaining administratively feasible methods by which Departments and contractors can identify and segregate such

contracts in order that they can be eliminated from renegotiation proceedings. The Board finds it necessary to avoid any attempt to designate such contracts in a loose or too general manner which might hamper and delay the progress of renegotiation by uncertainty as to the segregation of a contractor's sales. The study will be conducted in full cooperation with the responsible Departments. Additional contracts and classes of contracts will be exempted as soon as the pertinent facts can be clearly established. Any individual contractor who believes that its contract is not directly and immediately connected with the national defense may submit its recommendation that the contract be excluded from renegotiation under subsection 106 (a) (6), through the Department with which it has contracted.

§ 1453.6 *Subcontracts under exempt contracts and subcontracts*—(a) *Statutory provision.* Section 106 (a) (7) of the act exempts the following:

(7) any subcontract directly or indirectly under a contract or subcontract to which this title does not apply by reason of this subsection.

(b) *Interpretation and application.*
(1) The foregoing exemption applies only when the subcontract is under a prime contract or subcontract mandatorily exempted by reason of the provisions of section 106 (a) of the act. It does not apply to contracts or subcontracts which are exempted by the Board pursuant to section 106 (d) of the act or to subcontracts for new durable productive equipment partially exempted pursuant to section 106 (c) of the act.

(2) Subcontracts for the furnishing of packaging materials and containers in which there are delivered materials or products pursuant to prime contracts or subcontracts which are exempt under section 106 (a) (2) or (3) of the act are subcontracts under exempt contracts and are exempt from renegotiation.

PART 1454—PARTIAL MANDATORY EXEMPTION OF SUBCONTRACTS FOR NEW DURABLE PRODUCTIVE EQUIPMENT

Sec.	
1454.1	Statutory provision.
1454.2	Application of act to subcontracts for new durable productive equipment.
1454.3	Basis and purpose of exemption.
1454.4	What constitutes subcontract for new durable productive equipment
1454.5	Components of new durable productive equipment.
1454.6	Equipment purchased for account of Government.
1454.7	Pool orders or similar commitments.
1454.8	Subcontracts related to subcontracts for new durable productive equipment.

§ 1454.1 *Statutory provision.* Section 106 (c) of the act provides as follows:

(1) *In general.* The provisions of this title shall not apply to receipts or accruals (other than rents) from subcontracts for new durable productive equipment, except to that part of such receipts or accruals which bears the same ratio to the total of such receipts or accruals as five years bears to the average useful life of such equipment as set forth in Bulletin F of the Bureau of Internal Revenue (1942 edition) or, if an average useful life is not so set forth, then as estimated by the Board.

(2) *Definitions.* For the purpose of this subsection—

(A) the term "durable productive equipment" means machinery, tools, or other equipment which does not become a part of an end product acquired by any agency of the Government under a contract with a department, or of an article incorporated therein, and which has an average useful life of more than five years; and

(B) the term "subcontracts for new durable productive equipment" does not include subcontracts where the purchaser of such durable productive equipment has acquired such equipment for the account of the Government, but includes pool orders and similar commitments placed in the first instance by a Department or other agency of the Government when title to the equipment is transferred on delivery thereof or within one year thereafter to a contractor or subcontractor.

§ 1454.2 *Application of act to subcontracts for new durable productive equipment.* The foregoing exemption has the effect of making the act applicable to subcontracts for new durable productive equipment only to the extent of that part of the amounts received or accrued after the effective date applicable to the related prime contract (see § 1452.2 of this subchapter) which bears the same ratio to the total of such amounts received or accrued as five years bears to the average useful life of such equipment as set forth in Bulletin F of the Bureau of Internal Revenue (1942 edition) or, if an average useful life is not so set forth, then as estimated by the Board. A description of the methods of determining the amount of renegotiable business under subcontracts for new durable productive equipment is set forth in § 1456.4 (b) of this subchapter.

§ 1454.3 *Basis and purpose of exemption.* The basis and purpose of this exemption were stated as follows by the Senate Committee on Finance in its report on the act:

The cost of long-lived equipment which does not become property of the Government is ordinarily reimbursed to the owner over a period of years in the form of the depreciation charge for the use of the equipment on Government work. Reimbursement is completed, therefore only when the entire service life of the equipment is exhausted in such work. Where only a fraction of the life is so consumed, reimbursement through ordinary means is also partial. It is therefore considered proper that renegotiation should apply only to that portion of the profit which corresponds to the portion of the service life of the equipment that is exhausted in the performance of renegotiable contracts and subcontracts.

The method adopted in your committee bill to effectuate this principle is to invoke an arbitrary assumption calculated to work substantial over-all justice and at the same time to provide a workable rule. The assumption made is that the first 5 years of the service life of equipment originally acquired for defense production will be devoted entirely to such work, and that the remainder of the service life will be devoted to ordinary commercial work. Proceeding upon this assumption, the renegotiable portion of the sales of such equipment by suppliers is stated to be the proportion which 5 years is of its normal service life. Thus, for 10-year equipment, one-half of the receipts, or accruals would be subject to renegotiation, for 15-year equipment, one-third; for 20-year equipment, one-quarter; and so forth. To apply

this rule, Bulletin F issued by the Bureau of Internal Revenue is designated as the measure of normal service life of durable equipment. Where Bulletin F does not specify such life for particular equipment, the Board is to estimate the same.

§ 1454.4 *What constitutes subcontract for new durable productive equipment; in general.* A purchase order or agreement for new durable productive equipment is a subcontract subject to the act if such equipment is required for the performance of a prime contract or subcontract subject to the act (see § 1452.4 of this subchapter).

§ 1454.5 *Components of new durable productive equipment.* In order for a subcontract to qualify as a subcontract for new durable productive equipment, it is immaterial whether the equipment is used directly in the processing of an end product or of an article incorporated therein, or is incorporated in another item of such equipment.

§ 1454.6 *Equipment purchased for account of Government.* There is excluded from the definition of "subcontracts for new durable productive equipment" subcontracts under which the purchaser has acquired such equipment for the account of the Government. A purchaser is considered to have acquired equipment for the account of the Government if he has acquired it pursuant to an arrangement between the Government and the purchaser whereby title to such equipment will, or may, at the option of the Government, vest in the Government.

§ 1454.7 *Pool orders or similar commitments.* Prime contracts for new durable productive equipment are not exempt from renegotiation since the exemption relates only to subcontracts. However, a pool order or similar commitment placed in the first instance by an agency of the Government is included within the definition of "subcontracts for new durable productive equipment" when title to the equipment is transferred on delivery thereof or within one year thereafter to a prime contractor or subcontractor.

§ 1454.8 *Subcontracts related to subcontracts for new durable productive equipment.* The extent to which the act applies to receipts or accruals from subcontracts for new durable productive equipment which is incorporated in or is used in the processing of another item of such equipment will be determined by reference to the average useful life of the equipment in question and not by reference to the life of the equipment which it processes or of which it becomes a part. Subcontracts for equipment or other materials which are not new durable productive equipment are not covered by the exemption set forth in this part even though the equipment or other materials are incorporated in new durable productive equipment. If such equipment or other materials are used in the manufacture or assembly of new durable productive equipment, or are incorporated therein, the act applies to all amounts received or accrued under subcontracts for such equipment or other materials, and the formula for determin-

ing renegotiable receipts and accruals from the sale of new durable productive equipment will not be applied to the receipts and accruals from such subcontracts.

PART 1456—METHODS OF SEGREGATING RENEGOTIABLE AND NON-RENEGOTIABLE SALES

NOTE: This part supersedes the interim regulations formerly contained in Part 1475.

Sec.

1456.1 Introduction.

1456.2 Responsibility for segregation.

1456.3 How to determine receipts or accruals subject to renegotiation; generally.

1456.4 How to determine receipts or accruals subject to renegotiation; new durable productive equipment.

§ 1456.1 *Introduction.* Part 1452 of this subchapter states the extent to which prime contracts and subcontracts are subject to renegotiation. In practice, the difficulty of tracing and identifying all sales with exactness, especially under lower tier subcontracts, often necessitates the use of general methods of segregating renegotiable and non-renegotiable business. This part deals with such methods of segregation.

§ 1456.2 *Responsibility for segregation.* The contractor has the primary responsibility for determining its sales which are subject to renegotiation. The Standard Form of Contractor's Report required to be filed by the contractor (see § 1470.3 of this subchapter) calls for a statement by the contractor regarding the amount of its renegotiable sales and for an explanation of the methods used in determining such amount. The segregation of sales must be satisfactory to the Board.

§ 1456.3 *How to determine receipts or accruals subject to renegotiation; generally.* (a) The contractor shall first determine the total receipts or accruals during its fiscal year, on and after the dates specified, from its prime contracts with the "Departments" listed in § 1452.2 of this subchapter, other than those exempted pursuant to section 106 (a) and (d) of the act (see Parts 1453 and 1455 of this subchapter). Prime contracts with the Department may be readily identified by reference to the prime contracts themselves.

(b) The contractor shall then determine the total receipts or accruals during the applicable period from its subcontracts. The following methods will be acceptable to the Board for identifying subcontracts which are renegotiable:

(1) In many cases the subcontractor will be able to obtain sufficient information for purposes of renegotiation if it inquires from its customers regarding the use to which supplies or services furnished by such subcontractor have been put, or, in the case of machinery or equipment other than new durable productive equipment, the use to which the articles produced thereby have been put. This information may show that the customer has employed the articles delivered to it in producing other articles of which a specified percentage has been delivered

to fulfill orders from "Departments". The percentage may be stated in terms of dollars, units, or merely percentage. For example, a subcontractor who delivers brakes of a special design to a truck manufacturer may learn that of all of that manufacturer's trucks employing this design of brake, 30 percent were delivered to fulfill military orders and 70 percent were delivered to the ordinary civilian market. This subcontractor would be justified in assuming for purposes of renegotiation that 30 percent of its sales of these brakes were renegotiable. Such information should of course be applied in the light of any differences between the subcontractor's fiscal year and that of its customer, and any other relevant details that may support or call into question a segregation based on the customer's sales ratio as described in this subparagraph.

(2) In certain cases, when the subcontractor has numerous customers in the same industry for a single product, and it would be reasonable to assume that the proportion of renegotiable business to total business of these customers as a group will conform roughly to the proportion of the industry as a whole, the subcontractor may use governmental, trade association or other reports indicating the proportion of renegotiable business to total business in the industry as a whole.

(3) If the methods suggested in subparagraphs (1) and (2) of this paragraph cannot be employed with reasonably accurate results, it will be necessary to identify the renegotiable subcontracts one by one. The first indication that a subcontract is renegotiable is, of course, that it contains a renegotiation clause or a notation stating that it is subject to renegotiation. However, the absence of a clause or statement cannot be relied on as indicating that the subcontract is non-renegotiable; and the clause or notation is in some cases erroneously added, or the subcontract is exempted only after it is made. Some prime contractors make a practice of including a renegotiation clause in all subcontracts, even those manifestly not subject to the act. A renegotiable subcontract may be identified if it contains a reference to a Government contract number and if the number indicates that the subcontract relates to a prime contract with one of the "Departments" listed in § 1452.2 of this subchapter. Similarly, the subcontract may contain a reference to a CMP allotment number or a DO rating which can be identified from the symbols used as having been issued by any of the "Departments" listed in § 1452.2 of this subchapter.

(4) The subcontractor may wish to adopt some method of obtaining information or making estimates of the probable end use of components supplied by it which, although not included in any of the methods in subparagraphs (1) to (3) of this paragraph, will enable a segregation to be made sufficiently accurate for the purposes of renegotiation. The Board will not disapprove any method if it is satisfied that such method, under all the circumstances, affords the best basis for reasonably precise determination.

(5) If the subcontractor is unable to determine to its satisfaction the extent of its renegotiable business by the methods in subparagraphs (1) to (4) of this paragraph, or any others, such subcontractor should report this fact to the Board.

(c) It is the duty of the subcontractor to request information from its customer to enable it to determine the segregation of renegotiable business, and it is the duty of the customer to supply such information. However, with respect to requests to be made of customers for information, the subcontractor is not expected to do more than a reasonable business man would do under the circumstances. Specifically, the subcontractor is not required to make inquiries of any one customer with whom it did business aggregating less than \$2500 during the fiscal year of such subcontractor; nor is the subcontractor required to make inquiries of customers the nature of whose business is such that it would be unreasonable to expect them to be engaged in supplying materials to the "Departments" directly or under subcontracts.

§ 1456.4 *How to determine receipts or accruals subject to renegotiation; new durable productive equipment—(a) Prime contracts.* Receipts and accruals under prime contracts for new durable productive equipment shall be determined in the same manner as receipts or accruals under all other prime contracts (see § 1456.3 (a)).

(b) *Subcontracts.* Reasonable overall methods for segregating renegotiable receipts or accruals under subcontracts for new durable productive equipment will be accepted. However, techniques of segregation different from those set forth in § 1456.3 (b) and (c) must be employed in respect of subcontracts for new durable productive equipment, since the extent to which such receipts or accruals are renegotiable is determined by a statutory formula (see § 1454.2 of this subchapter and not by reference to the use to which the equipment is put by the purchaser.

(1) Sellers of new durable productive equipment shall first classify such equipment according to the average useful life thereof. Average useful life of new durable productive equipment shall be determined by reference to Bulletin F of the Bureau of Internal Revenue (1942 edition). If the average useful life of equipment of a particular type is not set forth in Bulletin F and if the Board has not yet made an estimate of the average useful life of equipment of such type, the seller shall estimate the average useful life of the equipment in question, taking into consideration the average useful life of comparable equipment as set forth in Bulletin F. It should be noted that equipment having an average useful life of five years or less is not covered by the partial mandatory exemption of subcontracts for new durable productive equipment.

(2) The seller shall next determine its total receipts or accruals from the sale of new durable productive equipment having the same average useful life to purchasers who use such equip-

FORMS

Sec.
1457.9 Agreement for combined renegotiation pursuant to section 102 (c) of the act.

§ 1457.1 *Fiscal year basis for renegotiation*—(a) *Statutory provision.* Section 105 (a) of the act provides in part as follows:

The Board shall exercise its powers with respect to the aggregate of the amounts received or accrued during the fiscal year (or such other period as may be fixed by mutual agreement) by a contractor or subcontractor under contracts with the Departments and subcontracts, and not separately with respect to amounts received or accrued under separate contracts with the Departments or subcontracts, except that the Board may exercise such powers separately with respects to amounts received or accrued by the contractor or subcontractor under any one or more separate contracts with the Departments or subcontracts at the request of the contractor or subcontractor.

(b) *Application of statutory provision.*—This provision requires the Board to renegotiate on a fiscal year basis (or such other period as may be fixed by mutual agreement). It also requires that renegotiation be conducted on an over-all basis unless the contractor and the Board agree that renegotiation be conducted with respect to its contracts separately or as two or more groups. Generally, renegotiation will be conducted on the basis of the amounts received or accrued by a contractor from its renegotiable prime contracts and subcontracts for a fiscal year. Under this method, excessive profits are determined by examining the contractor's financial position and the profits from such prime contracts and subcontracts taken as a whole for a particular fiscal year rather than on an individual contract basis. This avoids problems of allocation of costs and profits to each prime contract and subcontract, allows the contractor to offset the results of one contract against the results of another, and simplifies administration. Any other procedure may be employed only if authorized by the Board pursuant to these regulations.

§ 1457.2 *Fiscal years beginning in 1950 and ending in 1951.* (a) In the case of a fiscal year beginning in 1950 and ending in 1951, as in the case of any other fiscal year, renegotiation will generally be conducted on the fiscal year basis (see § 1457.1), but in the absence of an agreement for combined renegotiation pursuant to section 102 (c) of the act, the proceeding will not include any amounts received or accrued by the contractor before January 1, 1951 from its renegotiable prime contracts and subcontracts.

(b) Section 102 (c) of the act provides in part as follows:

In the case of a fiscal year beginning in 1950 and ending in 1951, if a contractor or subcontractor has receipts or accruals prior to January 1, 1951, from contracts or subcontracts subject to the Renegotiation Act of 1948, and also has receipts or accruals after December 31, 1950, to which the provisions of this title are applicable, the provisions of this title shall, notwithstanding subsection (a), apply to such receipts and accruals prior to January 1, 1951, if the Board and such

contractor or subcontractor agree to such application of this title; and in the case of such an agreement the provisions of the Renegotiation Act of 1948 shall not apply to any of the receipts or accruals for such fiscal year.

(c) Upon request of any contractor, the Board will enter into an agreement for combined renegotiation pursuant to section 102 (c) of the act in any case of a fiscal year beginning in 1950 and ending in 1951 when such contractor has receipts or accruals before January 1, 1951 from prime contracts and subcontracts subject to the Renegotiation Act of 1948 and also has receipts or accruals after December 31, 1950 subject to the Renegotiation Act of 1951, but only when, if no such agreement were made, a contractor would be renegotiated under one or both of such acts. A letter form of agreement for this purpose is set forth in § 1457.90. Any contractor desiring to enter into such an agreement shall address a request in such form to the Board.

(d) For the purposes of an agreement for combined renegotiation pursuant to section 102 (c) of the act, the receipts or accruals before January 1, 1951, to which Title I of the 1951 act will apply will be determined under the provisions of the 1948 act and the Military Renegotiation Regulations issued pursuant thereto, and the contractor will be entitled to the benefit of applicable mandatory and permissive exemptions from renegotiation under the 1948 act in the same manner and to the same extent as if such agreement were not made. The contractor will not be entitled, however, to the benefit of any mandatory (partial or complete) or permissive exemptions from renegotiation under the 1951 act with respect to any amounts received or accrued before January 1, 1951. The renegotiable receipts or accruals of the contractor after December 31, 1950 will be determined under the provisions of the 1951 act and the regulations in this subchapter.

(e) As a condition to the making of an agreement for combined renegotiation pursuant to section 102 (c) of the act and as a part thereof, the contractor shall agree that the periods of limitation for the commencement and completion of renegotiation proceedings for the fiscal year covered by the agreement shall be as prescribed in section 105 (c) of the 1951 act and that the periods of limitation for the commencement and completion of renegotiation proceedings set forth in section 202 of the 1951 act shall have no application to such year.

(f) In the event of an agreement for combined renegotiation pursuant to section 102 (c) of the act, the limitation and "floor" applicable to the fiscal year covered by the agreement shall be \$250,000 or \$25,000, as the case may be. Such limitation and "floor" shall be determined by reference to the aggregate of the amounts received or accrued during such fiscal year by the contractor and all persons under control of or controlling or under common control with the contractor (see §§ 1458.2 and 1458.3 of this subchapter).

(i) If the purchaser advises the seller that the equipment will be used entirely in the manufacture of combat cars, the seller's renegotiable accruals amount to 5/10ths of \$500,000, or \$250,000.

(ii) If the purchaser advises the seller that the equipment will be used entirely in the manufacture of trucks for civilian use, the seller's renegotiable accruals are nil since its contract of sale with the purchaser did not constitute a subcontract within the meaning of section 103 (g) of the act even though for new durable productive equipment.

(iii) If, at the time of the delivery, the purchaser does not know the use to which the equipment will be put, but subsequently advises the seller that half of the equipment has been used exclusively in the manufacture of combat cars and half exclusively in the manufacture of trucks for civilian use, the seller's renegotiable accruals are 5/10ths of 50 percent of \$500,000, or \$125,000.

(iv) If the purchaser advises the seller that the entire equipment will be used 50 percent of the time in the manufacture of combat cars and 50 percent of the time in the manufacture of trucks for civilian use, the seller's renegotiable accruals are 5/10ths of \$500,000, or \$250,000. The fact that the equipment was used in the performance of non-renegotiable contracts as well as renegotiable contracts does not affect the renegotiability of the sales thereof.

PART 1457—FISCAL YEAR BASIS FOR RENEGOTIATION AND EXCEPTIONS

Sec.

1457.1 Fiscal year basis for renegotiation.

1457.2 Fiscal years beginning in 1950 and ending in 1951.

1457.3 Performance prior to July 1, 1950.

1457.4 Joint venture contracts.

1457.5 Treatment of contracts with price adjustment provisions.

1457.6 Treatment of receipts or accruals under termination claims.

1457.7 Fiscal year of partnerships.

1457.8 Profit or loss in other years.

§ 1457.3 *Performance prior to July 1, 1950—(a) Statutory provision.* Section 102 (b) of the act provides as follows:

Notwithstanding the provisions of subsection (a), the provisions of this title shall not apply to contracts with the Departments, or related subcontracts, to the extent of the amounts received or accrued by a contractor or subcontractor on or after the 1st day of January 1951, which are attributable to performance, under such contracts or subcontracts, prior to July 1, 1950. This subsection shall have no application in the case of contracts, or related subcontracts, which, but for subsection (c), would be subject to the Renegotiation Act of 1948.

(b) *Interpretation and application.*

(1) The act does not apply to amounts received or accrued on or after January 1, 1951 which are attributable to performance before July 1, 1950 under contracts not subject to the 1948 act. The purpose of this section is to state the circumstances under which amounts received or accrued on or after January 1, 1951 from such contracts will be considered to be attributable to performance before July 1, 1950. It is immaterial to the application of this section whether an agreement for combined renegotiation has been entered into pursuant to section 102 (c) of the act.

(2) If a contractor has employed for the year under review a completed contract method of accounting for Federal income tax purposes, there will be considered as attributable to performance before July 1, 1950 under a contract an amount of receipts or accruals which bears the same relationship to the total income to be derived from the contract as the amount of work performed under the contract before July 1, 1950 bears to the total amount of work to be performed under the contract.

(3) If a contractor has employed for the year under review a cash receipts and disbursements method of accounting for Federal income tax purposes, those amounts which are received in respect of deliveries made before July 1, 1950 will be considered to be attributable to performance before July 1, 1950.

(4) If a contractor has employed for the year under review a method of accounting for Federal income tax purposes other than one of the methods described in subparagraphs (2) and (3) of this paragraph, only those amounts of income accrued before July 1, 1950 on the basis of such accounting method will be considered to be attributable to performance before July 1, 1950. However, in an unusual case where adherence to this rule would result in the application of the act to amounts which the Board considers under all the circumstances to be properly attributable to performance before July 1, 1950, the Board will not renegotiate such amounts.

(5) Costs will not be allowed in renegotiation to the extent that they are paid or incurred in respect of receipts or accruals to which the act does not apply by virtue of section 102 (b) thereof and this section.

§ 1457.4 *Joint venture contracts.* If two or more parties enter into an arrangement for the performance jointly of one or more prime contracts or subcontracts, the combination resulting

from such arrangement is commonly referred to as a "joint venture". Such a joint venture is regarded as an entity which, with respect to its prime contracts or subcontracts within the scope of the act, is a prime contractor or subcontractor within the meaning of the act.

§ 1457.5 *Treatment of contracts with price adjustment provisions—(a) Subject to renegotiation.* Certain contracts contain incentive provisions or provide for escalation, redetermination or other revision of the contract price during the life of the contract. These contracts are subject to renegotiation unless otherwise exempted, but their provisions necessitate special treatment. The method of handling certain situations arising in connection with such contracts is discussed in § 1457.5 (b).

(b) *Method of renegotiation.* Upon over-all renegotiation involving contracts with price adjustment provisions, if the price for the period under review is expected to be retroactively reduced under any such contract after the completion of the renegotiation proceedings and if excessive profits are determined by agreement, then in determining excessive profits the contractor may be permitted to set up a reasonable reserve to cover the estimated refund under the contract for the period under review. Similarly, if the contract clause is expected to result in a retroactive upward revision of the price for the period under review, adjustment therefor may be made on the basis of reasonable estimates and included in the renegotiable income of the contractor.

§ 1457.6 *Treatment of receipts or accruals under termination claims—(a) Subject to renegotiation.* Termination compensation received or accrued under a subject prime contract or subcontract is renegotiable unless (1) received or accrued with respect to a terminated prime contract or subcontract which is exempt or has been exempted from renegotiation or (2) the termination settlement is exempted from renegotiation.

(b) *When received or accrued.* For purposes of renegotiation, amounts payable to a prime contractor or subcontractor on account of any termination claim under a prime contract or a subcontract will be deemed to have been received or accrued to the extent, and in the fiscal year for which, such amounts are estimated, upon the basis of the circumstances existing at the time of renegotiation, to be includible in the computation of taxable income. Renegotiation will not be postponed or delayed pending the settlement of a termination claim, whether by a "no-cost" waiver or otherwise.

(c) *Separate consideration.* Any contractor may, and in any case in which the aggregate of the amounts received or accrued under prime contracts and subcontracts includes any substantial amount on account of termination claims the contractor shall be required to, reflect in the financial and other data upon which the renegotiation is based the receipts or accruals on account of termination claims separately from other receipts or accruals subject to renegotia-

tion. Such segregation may be required to be made in such general or such detailed manner as the Board may deem necessary.

§ 1457.7 *Fiscal year of partnerships—(a) Statutory provision.* Section 103 (h) of the act provides as follows:

The term "fiscal year" means the taxable year of the contractor or subcontractor under chapter 1 of the Internal Revenue Code, except that where any readjustment of interests occurs in a partnership as defined in section 3797 (a) (2) of such code, the fiscal year of the partnership or partnerships involved in such readjustment shall be determined in accordance with regulations prescribed by the Board.

(b) *Application of statutory provision.* When a partnership completes an entire fiscal year without any change in membership or other readjustment of interests, its fiscal year is, as in the case of any other contractor or subcontractor, its taxable year under chapter 1 of the Internal Revenue Code. When, however, the composition of a partnership changes before the completion of a full fiscal year by reason of the death, withdrawal, or addition of a partner, or other cause, the Board is empowered to determine, for purposes of renegotiation, the fiscal year of the partnership or partnerships involved.

(c) *Partnership having a readjustment of interests.* When the composition of a partnership changes before the completion of a full fiscal year by reason of the death, withdrawal, or addition of a partner, or other cause, such event, for purposes of renegotiation, shall terminate the fiscal year of said partnership as of the date such readjustment of interests occurs, and shall commence a new fiscal year if the business continues. However, if a partnership having a readjustment of interests, or persons authorized to act on its behalf, have filed data with the Board claiming a fiscal year different from that herein prescribed, such claimed fiscal year may, at the option of the Board, be the fiscal year of the partnership.

§ 1457.8 *Profit or loss in other years—(a) Statutory provision.* Section 103 (f) of the act provides in part as follows:

All items estimated to be allowed as deductions and exclusions under chapter 1 of the Internal Revenue Code (excluding taxes measured by income) shall, to the extent allocable to such contracts and subcontracts, be allowed as items of cost, except that no amount shall be allowed as an item of cost by reason of the application of a carry-over or carry-back. Notwithstanding any other provision of this section, there shall be allowed as an item of cost in any fiscal year, subject to regulations of the Board, an amount equal to the excess, if any, of costs (computed without the application of this sentence) paid or incurred in the preceding fiscal year with respect to receipts or accruals subject to the provisions of this title over the amount of receipts or accruals subject to the provisions of this title which were received or accrued in such preceding fiscal year, but only to the extent that such excess did not result from gross inefficiency of the contractor or subcontractor. For the purposes of the preceding sentence, the term "preceding fiscal year" does not include any fiscal year ending prior to January 1, 1951.

(b) *Application of statutory provision.* Except as provided in this section, a contractor's profit or loss on renegotiable business in years other than the one under review shall not be used as an offset or adjustment in the determination of excessive profits for the year under review. An over-all loss sustained by a contractor in the performance of contracts and subcontracts subject to the act in the fiscal year of such contractor immediately preceding the year under review will be allowed as a cost in the year under review to the extent that such loss did not result from the gross inefficiency of the contractor, and if such loss was sustained in a fiscal year ending on or after January 1, 1951. In computing a loss in a preceding fiscal year, no amount of a loss sustained in a year before such preceding fiscal year may be considered. If a loss was sustained in a preceding fiscal year ended before January 1, 1951, in the performance of contracts renegotiable under any law, such loss is a factor which may be considered in determining the reasonableness of profits in the year under review. Any prime contractor claiming allowance or consideration for a loss suffered in a preceding fiscal year must show that it has reasonably pursued all remedies afforded by any agency of the Government for obtaining relief from such loss.

FORMS

§ 1457.90 *Agreement for combined renegotiation pursuant to section 102 (c), of the act.*

THE RENEGOTIATION BOARD
Washington 25, D. C.

GENTLEMEN: The undersigned company has a fiscal year beginning on _____, 1950 and ended on _____, 1951. During such year, it had receipts or accruals from prime contracts and/or subcontracts subject to the Renegotiation Act of 1948 and also had receipts or accruals from prime contracts and/or subcontracts subject to the Renegotiation Act of 1951.

It is hereby requested that you agree, pursuant to section 102 (c) of the Renegotiation Act of 1951, to the application of Title I of such act to amounts which were received or accrued by the undersigned company before January 1, 1951.

It is the understanding of the undersigned company that the receipts or accruals before January 1, 1951, to which Title I of the Renegotiation Act of 1951 will apply, in the event of your approval of this request, will be determined under the provisions of the 1948 Act and the Military Renegotiation Regulations issued pursuant thereto, and that this company will be entitled to the benefit of applicable mandatory and permissive exemptions from renegotiation under the 1948 Act in the same manner and to the same extent as if this agreement had not been made. The undersigned company understands, however, that it will not be entitled to the benefit of any mandatory (partial or complete) or permissive exemptions from renegotiation under the 1951 Act insofar as receipts or accruals before January 1, 1951 are concerned. The renegotiable receipts or accruals of this company after December 31, 1950 will be determined, of course, under the provisions of the Renegotiation Act of 1951. It is also understood, in accordance with section 105 (f) (3) of the 1951 Act, that the limitation and "floor" applicable to the fiscal year covered by this agreement shall be \$250,000.

It is further understood and agreed that the periods of limitation for the commencement and completion of renegotiation proceedings for the fiscal year of this company covered by this agreement shall be as prescribed in section 105 (c) of the Renegotiation Act of 1951 and that the periods of limitation for the commencement and completion of renegotiation proceedings set forth in section 202 of the Renegotiation Act of 1951 shall have no application to such year.

Yours very truly,

(Name of company)

By _____

(Title of officer)

Dated, Washington, D. C., _____ 1951.

Agreed:

UNITED STATES OF AMERICA,

By _____

(The Renegotiation Board)

PART 1458—RECEIPTS OR ACCRUALS UNDER STATUTORY MINIMUM

- Sec.
- 1458.1 Statutory provision.
- 1458.2 Computation of aggregate receipts and accruals.
- 1458.3 No reduction by refund below statutory minimum.
- 1458.4 Proration of statutory minimum.
- 1458.5 Statutory minimum not an exemption.
- 1458.6 Tests of "control".

§ 1458.1 *Statutory provision.* Section 105 (f) of the act provides as follows:

(1) *In general.* If the aggregate of the amounts received or accrued during a fiscal year (and on or after the applicable effective date specified in section 102 (a)) by a contractor or subcontractor, and all persons under control of or controlling or under common control with the contractor or subcontractor, under contracts with the Departments and subcontracts described in section 103 (g) (1) and (2), is not more than \$250,000, the receipts or accruals from such contracts and subcontracts shall not, for such fiscal year, be renegotiated under this title. If the aggregate of such amounts received or accrued during the fiscal year under such contracts and subcontracts is more than \$250,000, no determination of excessive profits to be eliminated for such year with respect to such contracts and subcontracts shall be in an amount greater than the amount by which such aggregate exceeds \$250,000.

(2) *Subcontracts described in section 103 (g) (3).* If the aggregate of the amounts received or accrued during a fiscal year (and on or after the applicable effective date specified in section 102 (a)) by a subcontractor, and all persons under control of or controlling or under common control with the subcontractor, under subcontracts described in section 103 (g) (3) is not more than \$25,000, the receipts or accruals from such subcontracts shall not, for such fiscal year, be renegotiated under this title. If the aggregate of such amounts received or accrued during the fiscal year under such subcontracts is more than \$25,000, no determination of excessive profits to be eliminated for such year with respect to such subcontracts shall be in an amount greater than the amount by which such aggregate exceeds \$25,000.

(3) *Computation.* In computing the aggregate of the amounts received or accrued during any fiscal year for the purposes of paragraphs (1) and (2) of this subsection, there shall be eliminated all amounts received or accrued by a contractor or subcontractor

from all persons under control of or controlling or under common control with the contractor or subcontractor and all amounts received or accrued by each such person from such contractor or subcontractor and from each other such person. If the fiscal year is a fractional part of twelve months, the \$250,000 amount and the \$25,000 amount shall be reduced to the same fractional part thereof for the purposes of paragraphs (1) and (2). In the case of a fiscal year beginning in 1950 and ending in 1951, the \$250,000 amount and the \$25,000 amount shall be reduced to an amount which bears the same ratio to \$250,000 or \$25,000, as the case may be, as the number of days in such fiscal year after December 31, 1950, bears to 365, but this sentence shall have no application if the contractor or subcontractor has made an agreement with the Board pursuant to section 102 (c) for the application of the provisions of this title to receipts or accruals prior to January 1, 1951, during such fiscal year.

§ 1458.2 *Computation of aggregate receipts and accruals.* (a) Paragraphs (1) and (2) of section 105 (f) of the act, quoted in § 1458.1, are not mutually exclusive. That is, every contractor having receipts or accruals subject to the act will be renegotiated thereunder unless such contractor meets both of the following conditions:

(1) The aggregate renegotiable receipts or accruals of the contractor and any related contractors for the fiscal year of the contractor under contracts with the Departments and subcontracts described in section 103 (g) (1) and (2) of the act do not exceed \$250,000; and

(2) The aggregate renegotiable receipts or accruals of the contractor and any related contractors for the fiscal year of the contractor under subcontracts described in section 103 (g) (3) of the act do not exceed \$25,000.

If the contractor meets one of the above conditions but not the other, renegotiation will be conducted only with respect to the receipts or accruals as to which the condition is not met.

(b) The aggregate receipts or accruals of the contractor and related contractors under subject prime contracts and subcontracts shall be determined in accordance with the method of accounting used for purposes of renegotiation. Total receipts or total billings under cost-plus-a-fixed-fee contracts shall be included in computing such aggregate receipts or accruals. There shall be excluded from such computation (1) all receipts or accruals of the contractor and related contractors under prime contracts and subcontracts which are exempt from renegotiation under section 106 (a) or (d) of the act (see Parts 1453 and 1455 of this subchapter), and (2) that part of the receipts or accruals of the contractor and related contractors under subcontracts for new durable productive equipment which is exempt from renegotiation under section 106 (c) of the act (see Part 1454 of this subchapter). There shall also be excluded from such computation all "inter-company sales"—i. e., all amounts received or accrued by the contractor from related contractors and all amounts received or accrued by each such related contractor from the contractor and from each other such related contractor.

(c) When the fiscal years of the contractor and any of the related contractors differ, the test will be whether, during the twelve-month period (or fraction thereof) which is the fiscal year of the contractor, the aggregate receipts or accruals of the contractor and related contractors were in excess of the statutory minimum.

§ 1458.3 *No reduction by refund below statutory minimum.* (a) No determination of excessive profits to be eliminated from the aggregate amount of receipts or accruals of the contractor and related contractors for the period of time which is the fiscal year of the contractor, under contracts with the Departments and subcontracts described in section 103 (g) (1) and (2) of the act (see §§ 1452.4 to 1452.6 of this subchapter), shall be in an amount greater than the amount by which such aggregate exceeds \$250,000.

(b) No determination of excessive profits to be eliminated from the aggregate amount of receipts or accruals of the contractor and related contractors for the period of time which is the fiscal year of the contractor, under subcontracts described in section 103 (g) (3) of the act (see § 1452.7 of this subchapter), shall be in an amount greater than the amount by which such aggregate exceeds \$25,000.

§ 1458.4 *Proration of statutory minimum.* For the purpose of making the computation described in § 1458.2:

(a) In the case of a fiscal year which is a fractional part of twelve months, the \$250,000 amount specified in section 105 (f) (1) of the act and the \$25,000 amount specified in section 105 (f) (2) thereof will be reduced to the same fractional part thereof.

(b) In the case of a fiscal year beginning in 1950 and ending in 1951, the \$250,000 amount and the \$25,000 amount will be reduced to an amount which bears the same ratio to \$250,000 or \$25,000, as the case may be, as the number of days in such fiscal year after December 31, 1950, bears to 365. This provision will not be applicable if the contractor and the Board enter into an agreement with respect to said fiscal year for combined renegotiation pursuant to section 102 (c) of the act.

(c) In the case of a fiscal year beginning in 1950 and ending in 1951 and which is a fractional part of twelve months, the \$250,000 amount and the \$25,000 amount will be reduced to the same fractional part thereof if the contractor and the Board enter into an agreement with respect to said fiscal year for combined renegotiation pursuant to section 102 (c) of the act.

§ 1458.5 *Statutory minimum not an exemption.* (a) The minimum amounts specified in section 105 (f) (1) and (2) of the act are not exemptions. Such provisions are not to be construed to mean that receipts or accruals in the amount of \$250,000 or \$25,000, as the case may be, are wholly excluded from consideration when the aggregate receipts or accruals of the contractor exceed such amounts for its fiscal year. When the aggregate receipts or accruals

of the contractor do not exceed \$250,000 or \$25,000, as the case may be, section 102 (f) of the act provides that the contractor shall not be renegotiated for such year; but when the applicable minimum amount is exceeded and the contractor is renegotiated for its fiscal year, it is renegotiated on the basis of all of its renegotiable receipts or accruals for such year, including such \$250,000 or \$25,000, as the case may be.

(b) Subcontracts are not exempted merely because the receipts or accruals of the prime contractor or any higher tier subcontractor do not exceed \$250,000 or \$25,000, as the case may be.

§ 1458.6 *Tests of "control".* For the purposes of section 105 (f) of the act, in determining whether the contractor controls or is controlled by or under common control with another person, the following principles will be followed:

(a) *Corporate control:* A parent corporation which owns more than 50 percent of the voting stock of another corporation controls such other corporation and also controls all corporations controlled by such other corporation.

(b) *Individual control:* An individual who owns more than 50 percent of the voting stock of a corporation controls the corporation and also controls all corporations controlled by the corporation.

(c) *Partnership control:* A general partner who is entitled to more than 50 percent of the profits of the partnership controls the partnership.

(d) *Joint venture control:* A joint venturer who is entitled to more than 50 percent of the profits of a joint venture controls the joint venture.

(e) *Other cases:* Actual control is a question of fact. Even though the foregoing conditions do not exist, the Board may determine that actual control exists.

PART 1459—COSTS ALLOCABLE TO AND ALLOWABLE AGAINST RENEGOTIABLE BUSINESS

- Sec.
 1459.1 Statutory provisions and general regulations.
 1459.2 Salaries, wages and other compensation.
 1459.3 Amortization and depreciation.
 1459.4 Conversion to renegotiable production.
 1459.5 Losses
 1459.6 Interest
 1459.7 Selling and advertising expenses.
 1459.8 Other costs, expenses and reserves.
 1459.9 Taxes measured by income ("state income taxes").

§ 1459.1 *Statutory provisions and general regulations—(a) Determination of costs.* Section 103 (f) of the act provides as follows:

The term "profits derived from contracts with the Departments and subcontracts" means the excess of the amount received or accrued under such contracts and subcontracts over the costs paid or incurred with respect thereto and determined to be allocable thereto. All items estimated to be allowed as deductions and exclusions under chapter 1 of the Internal Revenue Code (excluding taxes measured by income) shall, to the extent allocable to such contracts and subcontracts, be allowed as items of cost, except that no amount shall be allowed as an item of cost by reason of the application of

a carry-over or carry-back. Notwithstanding any other provision of this section, there shall be allowed as an item of cost in any fiscal year, subject to regulations of the Board, an amount equal to the excess, if any, of costs (computed without the application of this sentence) paid or incurred in the preceding fiscal year with respect to receipts or accruals subject to the provisions of this title over the amount of receipts or accruals subject to the provisions of this title which were received or accrued in such preceding fiscal year, but only to the extent that such excess did not result from gross inefficiency of the contractor or subcontractor. For the purposes of the preceding sentence, the term "preceding fiscal year" does not include any fiscal year ending prior to January 1, 1951. Costs shall be determined in accordance with the method of accounting regularly employed by the contractor or subcontractor in keeping his records, but, if no such method of accounting has been employed, or if the method so employed does not, in the opinion of the Board, or, upon redetermination, in the opinion of The Tax Court of the United States, properly reflect such costs, such costs shall be determined in accordance with such method as in the opinion of the Board, or, upon redetermination, in the opinion of The Tax Court of the United States, does properly reflect such costs. In determining the amount of excessive profits to be eliminated, proper adjustment shall be made on account of the taxes measured by income, other than Federal taxes, which are attributable to the portion of the profits which are not excessive.

(b) *Profit, cost allocation and allowance; general—(1) Accounting methods.* In connection with renegotiation on an over-all fiscal year basis, income received or accrued and costs paid or incurred will be considered as having been received or accrued or paid or incurred in the fiscal year to which such items are to be attributed in accordance with the method of accounting employed by the contractor in determining net income for Federal income tax purposes or in accordance with such other method of accounting as the contractor and the Board may agree upon pursuant to the provisions of subparagraph (2) of this paragraph.

(2) *Differing accounting methods.* (1) The Board will permit a contractor to adopt for renegotiation purposes a method of accounting other than that used by the contractor for Federal income tax purposes, provided that:

(a) The Board finds that the method of accounting employed by the contractor for Federal income tax purposes is manifestly unsuitable for the purposes of renegotiation because it does not clearly reflect the profits attributable to the contractor's performance of renegotiable contracts for the fiscal year under review, and the method of accounting to be adopted does clearly reflect such profits; and

(b) The contractor enters into a written agreement with the Board before the conclusion of the renegotiation proceedings for the year under review, providing among other things substantially as follows:

(1) That the contractor will employ such different method of accounting for the purposes of the renegotiation proceedings for the year under review and all subsequent years, whether such proceedings are concluded by agreement or order;

(2) That no cost or expense recognized in the renegotiation proceedings for the first year covered by the agreement will be recognized in any subsequent renegotiation proceeding; and

(3) That the computation of losses, if any, in preceding fiscal years (see § 1457.8 of this subchapter) will be made on the basis of such different method of accounting.

(i) Under this section, a contractor may adopt a different method of accounting for the purpose of determining all amounts received or accrued and costs paid or incurred in a fiscal year, as in the case of a change from a cash receipts and disbursements method of accounting to an accrual method of accounting; or it may adopt a different method of accounting for a particular item of cost or for a particular class of items of cost which would result in recognizing such item or items in one fiscal year rather than another.

(iii) Subject to the foregoing conditions, the Board will also permit a contractor to adopt for renegotiation purposes the completed contract method of accounting for contracts to be performed over a period of more than one fiscal year, which, because of circumstances of performance and allocation of income and costs which could result in material distortion in accounting on an interim basis prior to completion. Such contracts may include contracts for construction of major facilities or major units (such as a vessel or group of vessels) when the profits can best be determined upon completion.

(iv) If a contractor employs, for the purposes of a renegotiation proceeding relating to the year under review, a method of accounting different from that which it employed for the purposes of a renegotiation proceeding relating to the preceding fiscal year, whether pursuant to this section or otherwise, it will be required to employ such different method of accounting for the purposes of all subsequent renegotiation proceedings, and the amounts received or accrued and costs paid or incurred which have been recognized in prior renegotiation proceedings will not be recognized in the proceedings relating to the year under review.

(3) *Allocation of costs.* In general, the costs paid or incurred with respect to renegotiable contracts will be those costs allocated thereto by the contractor's established cost accounting method if that method reflects recognized accounting principles and practices. If in the opinion of the Board there is no adequate or effective cost accounting method in use, or if the method employed does not properly reflect such costs because there are unjustified or improper allocations of items of cost in the accounting records or in the reports or statements filed for the purpose of renegotiation, costs will be allocated in accordance with such method as in the opinion of the Board does properly reflect such costs. The fact that all receipts and accruals during a fiscal year are classifiable as renegotiable does not necessarily mean that all items of cost estimated to be deducti-

ble in that year are allocable to renegotiable business.

(4) *Tax deductions.* Costs allocable to renegotiable business will be determined in accordance with the principles set forth in this paragraph (b). When the full amount of an item of cost is allocable to renegotiable business, it will be allowed in the amount estimated by the Board to be allowable as a deduction or exclusion under chapter 1 of the Internal Revenue Code. No such item of cost will be allowed in an amount less than or in excess of that estimated to be deductible or excludable from income under the Internal Revenue Code, and all items of cost will be attributed to the fiscal year in which they are allowable in the determination of taxable income under said Code, except as provided in subparagraph (2) of this paragraph. When only a portion of an item of cost is allocable to renegotiable business, the Board will estimate the total amount allowable to the contractor as a deduction or exclusion under chapter 1 of the Internal Revenue Code, and the portion of this estimated amount which is allocable to renegotiable business in accordance with the principles set forth above will be allowed as a cost of renegotiable business. When it is clear that a contractor's deductions and exclusions under the Internal Revenue Code result in allowable costs of renegotiable business which are in the aggregate either high or low on a comparative basis, this circumstance will be considered in connection with the factor of the "reasonableness of costs" of the contractor and the determination of the amount of any profit adjustment to be required of the contractor. The Board will allow as items of cost, to the extent allocable to renegotiable contracts, all items estimated to be allowable as deductions and exclusions under chapter 1 of the Internal Revenue Code. In making any such estimate due consideration will be given to any pertinent action by the Bureau of Internal Revenue. Published rulings of the Bureau on matters of general application will be adhered to in estimating the deductibility or excludability of items under the Internal Revenue Code. However, the allowance of items as costs is not required merely because they have been or are expected to be allowed for tax purposes by particular revenue agents or other representatives of the Bureau of Internal Revenue. Occasionally cases may be encountered in which revenue agents will have allowed salaries or other items as deductions for tax purposes which the Board concludes are not properly allowable under the Internal Revenue Code or are properly allowable in a different amount. In such cases the action of the revenue agents is not regarded as conclusive. The Board will and should exercise independent judgment as to whether and to what extent the items are allowable as deductions or exclusions under the Internal Revenue Code. Such judgment will be based upon an estimate of what the courts would do if the deductibility or excludability of the items were the subject of litigation.

(5) *Effect of cost principles promulgated by other agencies.* Agreements for the allowance or disallowance of costs

entered into by a contractor with another agency of the Government, either by specific contractual provision or by acceptance (expressed or implied) of Government regulations or policies, are not controlling with respect to recognition of such costs for renegotiation purposes. Thus, a cost properly disallowed in accordance with the Armed Services Procurement Regulation, in connection with a contract to which such Regulation is applicable, will nevertheless be recognized for renegotiation purposes if such cost is a proper Federal income tax deduction. Similarly, an item allowable as a "cost" by such Regulation or by specific contractual agreement will not be allowed unless it is a proper Federal income tax deduction. Furthermore, a specific agreement that additional proper costs incurred in performing a contract will not be claimed as an addition to the contract price, will not result in the non-recognition of such cost for renegotiation purposes.

(6) *Conditional allowance of cost.* If an occasion should arise in which the Board is unable to make a reasonable estimate of whether or the extent to which a particular item is allowable as a deduction or exclusion under the Internal Revenue Code for the year under review and the item is material in relation to the excessive profits to be eliminated, the Board may allow the item as a cost in renegotiation, provided that the contractor agrees to refund as additional excessive profits the amount so allowed to the extent that such amount may finally be determined to be not allowable as a deduction or exclusion under the Internal Revenue Code for the year under review.

(7) *Costs previously allowed in renegotiation.* No item of cost will be deemed allocable to renegotiable business to the extent that such item has, in a previous renegotiation under the act or under any other renegotiation law, been allocated to renegotiable business in determining excessive profits, notwithstanding that such item may be a deduction or exclusion under chapter 1 of the Internal Revenue Code in computing taxable net income for the taxable period corresponding to the fiscal period covered by the current renegotiation.

(8) *Replacement of inventory involuntarily liquidated.* Under section 22 (d) (6) of the Internal Revenue Code, a taxpayer using the last in, first out inventory method may, for any year in which it involuntarily liquidated any part of its base stock inventory, elect to adjust retroactively its net income for tax purposes for such year by reference to the costs of replacing in a subsequent year the inventory so involuntarily liquidated. The excess of such replacement costs over base stock costs being neither an exclusion nor a deduction under the Internal Revenue Code but merely a retroactive adjustment of net income, no part thereof will be allowed as a cost in determining profits under renegotiable contracts. Similarly, no adjustment is required in renegotiation on account of any excess of base stock costs over replacement costs. However, for the purposes of determining to what extent a contractor's profits are excessive, low

production costs resulting from the use of low-priced base stock inventory will be taken into consideration under the provisions of § 1460.10 of this subchapter. Such consideration will be given in appraising the reasonableness of the contractor's costs whether or not the use of the low-priced base stock inventory constitutes involuntary liquidation under the provisions of the Internal Revenue Code.

(c) *Costs allocable to uncompleted portions of terminated contracts and subcontracts*—(1) *Allowed in renegotiation.* Costs allocable to the uncompleted portion of any terminated contract or subcontract which is subject to renegotiation will be allowed as costs in renegotiation. (See § 1457.6 (a) of this subchapter.) Such costs will be allowed however, only to the extent that, and for the fiscal year for which, they are estimated to be deductible in the computation of taxable income under the Internal Revenue Code (see § 29.42-1 of Bureau of Internal Revenue Regulations (29 CFR 29.42-1) and see also Bureau of Internal Revenue Mimeograph No. 5897) and will not be allowed to the extent theretofore allowed as items of cost in any previous renegotiation under the act or under any other renegotiation law.

(2) *Segregation of costs allocable to uncompleted portions of terminated contracts and subcontracts.* Costs allocable to the uncompleted portions of terminated contracts and subcontracts shall be segregated from other costs pertaining to renegotiable business, unless the costs allocable to such uncompleted portions of contracts and subcontracts do not constitute a material portion of the contractor's total renegotiable costs. Such segregation may be required to be made in such general or such detailed manner as the Board may deem necessary.

(3) *Effect of waiver of termination claims.* The principles stated in subparagraphs (1) and (2) of this paragraph with respect to the allowance of costs allocable to the uncompleted portions of terminated contracts and subcontracts and the segregation of such costs are equally applicable whether or not the contractor has waived all or any part of the compensation to which it might be entitled.

§ 1459.2 *Salaries, wages and other compensation.*—(a) *Allocation.* Salaries, wages and other compensation which are estimated to be deductible for Federal income tax purposes will be allocated between renegotiable and non-renegotiable business according to the principles established in § 1459.1 (b).

(b) *Allowances.* Under section 23 (a) of the Internal Revenue Code, salaries or other compensation for personal services are allowed to the extent found "reasonable". In determining whether any salaries or other compensation paid by a contractor to its officers or employees are reasonable, consideration will be given to the nature of the work, extent of responsibility, experience and effectiveness of the officer or employee, and recent compensation record. Comparison will be made when possible with the compensation of officers or employees in sim-

ilar positions in other companies within the particular industry. Reasonableness of compensation may be determined only within broad limits, and weight will be given to the determination by the contractor of the worth of the services of an officer or employee. Whether or not the profit and loss statement of a partnership or individual proprietorship includes salaries or drawing accounts for the partners or the individual proprietor as an expense, in determining the amount of excessive profits to be eliminated a so-called "salary allowance" will be made for reasonable salaries for such partners as are active in the business or for the individual proprietor if he is active in the business.

(c) *Brokers' commissions.* Commissions paid or payable to brokers or agents, if estimated to be deductible under the Internal Revenue Code, will be allowed as a cost in renegotiation to the extent allocable to renegotiable business. In estimating whether a commission is deductible under the Internal Revenue Code, consideration will be given to whether the commission was paid pursuant to a legally binding arrangement made in good faith in the ordinary course of business, and to the reasonableness of the commission arrangement at the time it was agreed upon. If the arrangement was reasonable when made but the commissions payable thereunder have become excessive through change in circumstances, consideration will be given to whether the contractor has taken advantage of any opportunity afforded to terminate or modify the arrangement. In no event will a commission paid or payable by a prime contractor be allowed in renegotiation if the payment thereof contravenes a provision of a contract with a Department which prohibits the payment of such commission.

(d) *Pension, annuity, stock bonus and profit sharing plans.* Payments on account of plans for pensions, annuities, stock bonuses, or profit sharing, estimated to be deductible under the Internal Revenue Code, will be allowed as items of cost of renegotiable business to the extent allocable thereto under the principles set forth in § 1459.1 (b). If the amount of the item of cost is material and the compensation plan is in controversy with or under review by the Bureau of Internal Revenue, the Board may make a conditional allowance of the item (see § 1459.1 (b) (6) if it is unable to estimate the amount properly deductible under the Internal Revenue Code.

§ 1459.3 *Amortization and depreciation.*—(a) *Allocation.* General depreciation, maintenance and other such charges will be allocated between renegotiable and non-renegotiable business according to the principles established in § 1459.1 (b). Where stand-by facilities are customary or necessary to a particular product or service, or type of business, the depreciation, maintenance, etc., of such facilities as are being maintained in idle status will be allocated between renegotiable and non-renegotiable business according to the principles established in § 1459.1 (b). Depre-

ciation and maintenance charges on properties which are not in use but which are being maintained in an idle status pursuant to written request by or on behalf of an authorized official of a Department may be allocated as a charge against renegotiable business.

(b) *Depreciation.* Facilities representing permanent capital additions for the manufacture of renegotiable products or materials are depreciable for the purposes of renegotiation at the rates estimated to be deductible under the Internal Revenue Code.

(c) *Emergency facilities.* Amortization of emergency facilities with respect to which a Necessity Certificate has been issued and which is deductible for Federal income tax purposes under section 124A of the Internal Revenue Code, will be allocated between renegotiable and non-renegotiable business according to the principles established in § 1459.1 (b).

§ 1459.4 *Conversion to renegotiable production.*—(a) *Cost of conversion of facilities.* The cost of converting facilities to production for renegotiable business, which does not represent a capital expenditure, will be allowed in renegotiation for the year in which it is incurred to the extent estimated to be deductible under the Internal Revenue Code.

§ 1459.5 *Losses.*—(a) *Losses in prior or subsequent years.* Section 122 of the Internal Revenue Code authorizes a taxpayer, under certain prescribed rules, to take a deduction for a taxable year by a "carry-over" or "carry-back" of net operating losses for certain preceding or subsequent taxable years. No such deduction is allowable in renegotiation as an item of cost or as a deduction or exclusion from excessive profits. Under certain circumstances, however, a loss sustained on renegotiable business in the preceding fiscal year will be allowed as a cost in renegotiation (see § 1457.8 of this subchapter).

§ 1459.6 *Interest.*—(a) *Allowance.* Interest on borrowed capital is deductible under the Internal Revenue Code and will, therefore, be allowed in renegotiation to the extent allocable to renegotiable business.

(b) *Allocation.* (1) Interest on borrowed funds will be allocated to renegotiable business according to the general principles set forth in § 1459.1 (b).

(2) However, if a contractor has an amount of unrestricted current funds, or marketable securities obviously in excess of the reasonable working capital needs of its business, or if there is a significant amount of assets not directly related to those operations of the contractor which result in renegotiable business, consideration will be given to these circumstances in the allocation of interest expense to renegotiable business.

(3) Premium or discount reflected in taxable income as the result of redemption or retirement of debt obligations will be reflected in interest expense for allocation purposes if such redemption or retirement is part of a normal program of debt reduction provided by the debt agreement or in accordance with a debt reduction program previously followed by the contractor. However, pre-

mium or discount on extraordinary debt retirement, or loss on purchase of debt obligations at a premium beyond the normal past practice of the contractor, will not be allowed as a cost of renegotiable business.

(c) *Interest on tax deficiencies.* Interest on deficiencies in taxes measured by income (including Federal income and excess profits taxes) is not deemed allocable in any part to renegotiable business. Accordingly, such interest is not allowable as a cost of renegotiable business, notwithstanding that such interest is deductible in the computation of taxable income under the Internal Revenue Code.

§ 1459.7 *Selling and advertising expenses—(a) Selling.* (1) Selling expense will not be allocated to renegotiable business except to the extent that (i) it relates in major part to technical, consulting and other services performed in connection with the application and adaptation of products comprising the renegotiable business to the uses and requirements of the Government or other contractors; or (ii) it relates to the maintenance of offices or agencies engaged in the servicing of products comprising the renegotiable business; or (iii) it relates to the sale of products or services comprising the renegotiable business which are of the type ordinarily sold or rendered by the contractor and which are sold or rendered through the distribution system normally used by the contractor; or (iv) it is a commission of the type allowed in § 1459.2 (c).

(2) The allocation of selling expenses to renegotiable business will be in accordance with the method of accounting found by the Board to be acceptable under § 1459.1 (b).

(b) *Advertising.* (1) Items of advertising expense comprising "help wanted" advertising, advertising in trade publications for the purpose of supporting such publications which are primarily directed to the dissemination of technical information within the contractor's industry, catalogues and technical pamphlets designed to aid users of the contractor's products, and house organs and other publications directed to labor and personnel management and relations, are recognized as costs allocable to renegotiable business. The aggregate of such costs will be allocated in accordance with the method of accounting found by the Board to be acceptable under § 1459.1 (b).

(2) Other advertising expense is allocable to renegotiable business as follows:

(i) In the case of renegotiable business performed under subcontracts, advertising expense will be allocated thereto provided that the products sold under such subcontracts are substantially the same as those sold in such subcontractor's normal commercial business. In the allocation of such advertising expense consideration will be given to (a) the volume of nonrenegotiable business in the year under review as contrasted with the subcontractor's normal volume of commercial business, and (b) the total amount of such advertising expense in the year

under review as contrasted with the subcontractor's normal advertising expense.

(ii) In cases in which it can be demonstrated that a prime contractor or subcontractor engaged in renegotiable business to the detriment of its normal commercial business in the year under review, and thereby incurred the risk of loss of its competitive position in the industry concerned, the Board will allocate to renegotiable business that portion of the prime contractor's or subcontractor's normal advertising expense which the Board deems properly attributable to the effort by the prime contractor or subcontractor to forestall such loss of competitive position.

§ 1459.8 *Other costs, expenses and reserves—(a) Patent royalties.* (1) When, in renegotiation, a contractor has included substantial amounts in costs for royalties paid or payable under patent rights, the Board will determine whether any action has been taken, or is pending or contemplated under the Royalty Adjustment Act, and will be guided by the principles set out below.

(2) An order under the Royalty Adjustment Act fixing the rates and amounts of royalties to be paid under a license agreement has no legal effect retroactively. The order applies only to royalties, irrespective of when payable, which are unpaid to the licensor on the effective date of the notice under the statute, whether accruing before or after the effective date of the notice, and does not and cannot require the refund of any royalties which have been paid to the licensor before said effective date.

(3) In determining excessive profits of a licensee in renegotiation for a period in which royalty accruals are covered by an order or agreement under the Royalty Adjustment Act, the Board will give full effect to the rates or amounts of royalties fixed in the Royalty Adjustment Act order or agreement as fair and just. No allowance will be made in renegotiation for royalties paid or accruing during that period in excess of the amounts permitted or provided to be paid under such order or agreement. With respect to renegotiation with a licensor, see § 1452.6 of this subchapter.

(4) Rates or amounts of royalties fixed as fair and just in a Royalty Adjustment Act order or agreement which does not cover all or some part of the period involved in the renegotiation will not be controlling with respect to the reasonableness of the royalties paid or accrued by the licensee for such period or such part thereof as is not covered by the order or agreement. In such a case as well as in one in which no action under the Royalty Adjustment Act is involved, the Board will estimate the amount of the royalties deductible for Federal income tax purposes. Ordinarily the licensee will be allowed to include in its costs royalties properly allocable to renegotiable business provided they are actually paid to the licensor before the service of a notice in any royalty adjustment proceedings. However, an amount paid pursuant to an arrangement entered into not at arm's length or without a full disclosure of interest, or in bad faith, will be disallowed as an item of cost if it is not an "ordinary and necessary" busi-

ness expense within the meaning of section 23 (a) of the Internal Revenue Code. Particular attention will be given to any relationship or affiliation to the licensor; for example, where the licensor was a partner, officer, director or substantial stockholder of the licensee; or where any partner, officer, director or substantial stockholder of the licensee participated in the royalties paid to the licensor.

(5) No royalties paid or incurred by a licensee and no amortization or development expense charged by a licensor will be allocated as a cost in determining excessive profits under the act, even though deductible under the Internal Revenue Code, unless such payments or charges are allocable to the sales made under contracts subject to renegotiation. In deciding this question with respect to any particular patent, the Board will consider the extent to which the products sold involve the use of the invention or inventions covered by the patent, and as a general rule it should appear that the patent has not expired, that no final adjudication has been made by a court of competent jurisdiction holding the patent invalid, and that it is not in fact the property of the licensee.

(b) *Charitable and other contributions.* (1) Contributions will, to the extent allocable thereto, be allowed as a cost of renegotiable business if such contributions are estimated to be deductible in the fiscal year under review for Federal income tax purposes under section 23 (o) and (q) of the Internal Revenue Code.

(2) The primary consideration in determining the extent to which such contributions are allocable to renegotiable business is whether they are reasonably necessary for the conduct of such business. In this connection weight will be given to the practice of the contractor before July 1, 1950, with respect to charitable contributions.

(c) *Cost allowance in connection with raw materials.* Reference is made to § 1453.2 (c) of this subchapter for a discussion of the allowance of a fair cost of exempt agricultural commodities and raw materials processed by an integrated producer.

(d) *Inventories.* (1) If inventory valuation is a significant element in determining profits, a determination of excessive profits or of no excessive profits will not be made unless the Board is satisfied with respect to the value of the inventory.

(2) A physical inventory at the close of the period involved in the renegotiation is the most satisfactory basis for an inventory valuation; however, a physical inventory taken within a reasonable time (ordinarily not in excess of three months) after the close of the period and reconciled to the close of the period may be acceptable.

(3) In the absence of a physical inventory at or within a reasonable time after the close of the period involved in the renegotiation, the contractor's book records will not be accepted as an appropriate basis for an inventory valuation as of the close of such period unless the Board is satisfied (i) after spot checks or other tests, that the recorded inven-

tory properly reflected the actual inventory on hand, or (ii) that the method of determining inventory is such as to assure reasonable agreement between the recorded inventory and the actual inventory on hand.

(4) If necessary in order to arrive at a satisfactory valuation of inventory at the close of the period involved in the renegotiation, the Board may either (i), cause a physical inventory to be taken by or on behalf of the Government as near as possible to the close of the period involved in the renegotiation, or (ii) if such a physical inventory is not feasible, estimate the inventory valuation as at the close of the period involved in the renegotiation, making such adjustments in the book inventory as, on the basis of the information then available, will protect the interests of the Government and minimize the likelihood of an understatement of profits for the period involved in the renegotiation.

(5) If the data submitted by a contractor include financial statements certified by independent public accountants, and if such accountants have not qualified their opinion of the correctness of the accounts because of inventory practices which in their opinion are inadequate, the Board will not ordinarily require a physical inventory to be taken by or on behalf of the Government.

§ 1459.9 *Taxes measured by income ("state income taxes")*.—(a) *In general.* Under section 103 (f) of the act, taxes measured by income cannot be allowed as items of cost for purposes of renegotiation. However, said section provides specifically that in determining the amount of excessive profits to be eliminated, proper adjustment shall be made on account of the taxes measured by income (other than Federal taxes) so excluded, which are attributable to non-excessive renegotiable profits. The amount of any such adjustment will in no case exceed that part of such taxes actually payable which is payable because of the inclusion in income of the non-excessive renegotiable profits. The term "taxes measured by income" is interpreted to mean taxes which vary in accordance with the amount of net income of the taxpayer. Such term does not include taxes imposed upon or measured by gross income, gross receipts or sales. Such taxes measured by net income are herein referred to generally as "state income taxes" although they may not be designated as "income taxes" in the legislation imposing such taxes, and although they may be imposed by political subdivisions other than a state. For the effect of the "floor" provision limiting refunds of excessive profits, see § 1458.3 of this subchapter.

(b) *Adjustment for State tax imposed at a "flat rate"*.—(1) The amount of unadjusted excessive profits, without consideration of any state income tax, is first determined. This amount is then deducted from the renegotiable profits to obtain the amount of non-excessive renegotiable profits. The state income tax attributable to such non-excessive renegotiable profits is then computed and this amount is deducted from the unadjusted excessive profits. The re-

mainder constitutes the excessive profits to be eliminated, subject of course to any Federal tax credit to which the contractor may be entitled under section 3806 of the Internal Revenue Code. (See Part 1462 of this subchapter.) If the contractor has a loss on non-renegotiable business, the unadjusted excessive profits will be deducted from the total profits (including renegotiable and non-renegotiable business) to obtain the tentative retained profits. The tax attributable to the non-excessive renegotiable profits will then be the amount of tax computed on such tentative retained profits.

(2) The following example illustrates the method of calculation of the adjustment for State taxes:

The contractor's total profits during the fiscal year under review are \$1,000,000, of which \$500,000 is derived from renegotiable business. The Board determines that \$100,000 of these renegotiable profits is excessive. This is the amount of unadjusted excessive profits. The amount of non-excessive renegotiable profits is the difference between the total renegotiable profits and the unadjusted excessive profits, or \$400,000. The state income tax, based on an assumed flat rate of 3 percent attributable to such non-excessive renegotiable profits, is \$12,000. The difference between the amount of unadjusted excessive profits and the state income tax attributable to the non-excessive renegotiable profits is \$88,000, which is the amount of excessive profits to be eliminated.

(3) The amount of unadjusted excessive profits (i. e., before the adjustment for state income tax) will be a "rounded" figure, but after the tax attributable to the non-excessive renegotiable profits has been ascertained, there will be no "rounding off" in deducting such amount from the unadjusted excessive profits to obtain the final amount of excessive profits to be eliminated.

(c) *Adjustment for graduated State tax.* If the State income tax is imposed at graduated rates as distinguished from a "flat rate", the adjustment is to be made as follows:

(1) The contractor's total profits subject to the state tax, including non-renegotiable and renegotiable profits, is determined. The unadjusted excessive profits are deducted from such total profits to obtain the contractor's tentative retained profits. The unadjusted excessive profits are also deducted from the renegotiable profits to obtain the non-excessive renegotiable profits.

(2) The state tax on the tentative retained profits is computed as though such profits were the only profits of the contractor.

(3) The tax attributable to the non-excessive renegotiable profits will then be the amount which bears the same ratio to the tax computed in subparagraph (2) of this paragraph as the amount of non-excessive renegotiable profits bears to the tentative retained profits.

(4) The tax attributable to the non-excessive renegotiable profits computed in subparagraph (3) of this paragraph is deducted from the unadjusted excessive profits to obtain the amount of excessive profits to be eliminated.

(5) If the contractor has a loss on non-renegotiable business, the tax attributable to the non-excessive renegotiable profits will be the amount of tax computed on the tentative retained profits determined as provided in subparagraph (1) of this paragraph.

(d) *Multiple State income taxes.* A contractor doing business in more than one State may be subject to more than one income tax. In such event, the adjustment will be made by an accurate determination of the tax attributable to the non-excessive renegotiable profits imposed by each state, if such a computation is feasible. If an exact computation is not feasible, the adjustment will be made upon the best estimate of the Board and the contractor, made in good faith and with reasonable care. This estimate may take the form of a pro rata application to each state of the non-excessive renegotiable profits based upon the profits before renegotiation attributable to each state, if no more accurate method is available. If all such taxes are imposed at flat rates, a composite rate may be obtained by dividing total state income taxes by total profits, and this composite rate may be applied to the non-excessive renegotiable profits.

(e) *State income tax measured by income for preceding year.* In some States, the tax is measured by the income for the year subject to renegotiation but is a liability of the contractor not for such year but for the next succeeding year. In this event, the adjustment for such tax will be made as though such tax measured by the income subject to renegotiation were in fact a liability for the year subject to renegotiation.

(f) *Adjustment for State income tax of contractor operating as a partnership or sole proprietorship.* (1) A contractor doing business as a partnership or sole proprietorship is entitled to an adjustment for State income tax based upon the tax liability of the individual partners or of the proprietor. In general, the same procedure will be followed as stated above. Thus, in the case of a partnership, adjustment will be made for the aggregate of the State taxes attributable to each partner's share of non-excessive renegotiable profits.

(2) Normally, a State income tax is imposed upon individuals on a graduated basis. Reference is therefore made to § 1459.9 (c).

(3) If the contractor is a partnership or sole proprietorship and is subjected to an unincorporated business tax measured by income, adjustment will be made therefor as well as for the State income taxes of the partners or the proprietor.

(4) If a so-called "salary allowance" is made in renegotiation for the services of partners or proprietors, the amount of such "salary" allowed to each partner or to the proprietor will be deducted from the partner's or proprietor's share of non-excessive renegotiable profits before calculation of the State income tax attributable to such non-excessive renegotiable profits. Such "salary allowance" will also be deducted before calculating any such unincorporated business tax adjustment.

PART 1460—PRINCIPLES AND FACTORS IN DETERMINING EXCESSIVE PROFITS

Sec.	
1460.1	General considerations.
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§ 1460.1 *General considerations.* In making determinations in renegotiation, the Board will proceed generally as follows:

(a) All the information necessary to a sound determination will be obtained.

(b) The contractor will be given an opportunity to develop and present whatever information is available to it which the contractor may consider pertinent to the determination.

(c) Requests for additional information and the number of meetings held with the contractor or its representatives will be kept to a minimum.

(d) Financial and factual information will be reviewed with the contractor and its agreement to the accuracy of such information will be obtained.

(e) The contractor will be given every reasonable assistance and all necessary information with respect to the technical requirements of renegotiation, the act, and the regulations in this subchapter.

(f) The facts and conclusions with respect to the contractor's business will be fully developed.

§ 1460.2 *Specific considerations—(a) Profits before taxes.* In renegotiation the amount of excessive profits is determined before provision for Federal taxes on income. In determining the existence or amount of excessive profits, the effect of Federal income taxes on the retained profits will not be considered.

(b) *Separate consideration of certain types of contracts.* While renegotiation will be conducted with respect to the aggregate of the contractor's renegotiable business for the fiscal year, separate consideration will be given to cost-plus-a-fixed-fee contracts and to contracts, whether fixed price or cost-plus-a-fixed-fee, which contain incentive provisions or provide for escalation, redetermination, or other revision of the contract price during the life of the contract.

(c) *Comparisons.* In evaluating the contractor's performance, comparisons will be made with the prices, costs and profits of other contractors engaged in the production of the same or similar products or using the same or similar processes.

(d) *Significance of settlements or profits or losses in prior years.* Renegotiation settlements for prior years are not controlling precedents. No consideration will be given to profits or losses in prior years except to the extent provided in § 1457.8 of this subchapter and

in § 1460.10. Subject to such exception, determinations of excessive profits will be predicated on the facts and circumstances of the year under review.

(e) *Reserves for possible renegotiation refunds?* It is recognized that sound accounting principles may make it desirable for contractors to establish reserves for possible renegotiation refunds and that the amount of such reserves established in individual situations will vary widely depending upon the policy of the particular contractor concerned. Neither the existence nor the amount of such reserves is to be considered directly or indirectly in connection with the determination of excessive profits. The Board recognizes that conservative practice may result in setting up such reserves in excess of the anticipated liability and will not permit such a practice to prejudice the contractor in any way.

§ 1460.3 *Adjustment of sales.* The amount of excessive profits is always deducted from the renegotiable receipts or accruals, as well as from the profit thereon, for the purposes of determining the relation of retained profits to sales.

§ 1460.4 *Overextended contractors.* A contractor's lack of adequate working capital will not be taken into consideration in determining excessive profits to be eliminated.

§ 1460.5 *Minimum refund.* No refund shall, in the absence of unusual circumstances, be required if excessive profits amount to less than \$10,000. The provisions of this section shall not apply, however, to subcontracts under section 103 (g) (3) of the act, or to cases where the provisions of § 1458.3 of this subchapter operate to limit the amount of the refund.

§ 1460.7 *Uncompleted portions of terminated contracts—(a) Separate consideration.* When a segregation of the items allocable to the uncompleted portions of terminated prime contracts and subcontracts is made in accordance with the principles set forth in §§ 1457.6 and 1459.1 (c) of this subchapter, separate consideration will be given to such items in the light of the applicable factors in determining excessive profits. The evaluation of the contractor's performance with respect to the uncompleted portions of terminated prime contracts and subcontracts will be considered in connection with the evaluation of the contractor's performance of the completed portions of such prime contracts and subcontracts and with that of other prime contracts and subcontracts in determining the excessive profits, if any, for the period involved in the renegotiation.

(b) *Evaluation of performance.* The evaluation of the contractor's performance with respect to the uncompleted portions of terminated prime contracts and subcontracts will be measured by the nature and extent thereof. The more nearly the nature and extent of such performance approximate the nature and extent of the contractor's performance of completed contracts and subcontracts of the same type, the more nearly the evaluation of such performance

will approach that given to the contractor's performance of the completed prime contracts and subcontracts. On the other hand, if the contractor's performance under the uncompleted portions of terminated prime contracts and subcontracts has consisted largely of the acquisition of inventory which it has processed only slightly or not at all, then the value placed upon such performance must be expected to be substantially less than the value of the contractor's performance in processing such inventory into finished articles delivered under completed prime contracts and subcontracts. The problem is essentially no different from that involved in evaluating the contractor's performance under prime contracts or subcontracts the performance of which has been affected by cutbacks, changed requirements, etc., resulting in inventory losses or writedowns allocable to renegotiable business but with respect to which the contractor had no termination claim or other right to reimbursement.

(c) *Effect of waivers of termination claims.* The evaluation of the contractor's performance with respect to the uncompleted portions of terminated contracts and subcontracts is not affected by whether the contractor has or has not waived all or any part of its rights to compensation under termination claims. Appropriate effect will be given to the evaluation of such performance in determining the excessive profits, if any, which are included in the contractor's aggregate receipts or accruals subject to renegotiation, whether or not such receipts or accruals include any amounts received or accrued under termination claims (see § 1457.6 of this subchapter).

§ 1460.8 *Application of statutory factors; general policy.* Reasonable profits will be determined in every case by over-all evaluation of the particular factors present and not by the application of any fixed formula with respect to rate of profit, or otherwise. Renegotiation proceedings will not result in a profit based on the principle of a percentage of cost. Contractors who sell at lower prices and produce at lower costs through good management, including conservation of manpower, facilities and materials, improved methods of production, close control of expenditures, and careful purchasing will receive a more favorable determination than those who do not. Such favorable or unfavorable determination will be reflected in the profits allowed to be retained by the contractor or subcontractor as nonexcessive. Claims of a contractor for favorable consideration must be supported by established facts, analyses, and appropriate comparisons.

§ 1460.9 *Efficiency of contractor—(a) Statutory provision.* Section 103 (e) of the act provides that in determining excessive profits, favorable recognition must be given to:

the efficiency of the contractor or subcontractor, with particular regard to attainment of quantity and quality production, reduction of costs, and economy in the use of materials, facilities, and manpower;

(b) *Comment.* Favorable recognition must be given to the contractor's effi-

ciency in operations, with particular attention to the following:

(1) Quantity of production; for example, in relation to available physical facilities; meeting of production schedules; expansion of facilities; maximum use of available production facilities.

(2) Quality of production; for example, maintenance of standards of quality; rejection record; reported mechanical or other difficulties in the use or installation of the product.

(3) Reduction of costs; for example, a decrease in costs per unit of production or per unit of sales as between fiscal years and as compared with other contractors producing the same or similar products when the operations are reasonably comparable; a decrease in administrative, selling, or other general and controllable expenses; a decrease in prices paid vendors for purchased materials and subcontracted items or units. (See § 1460.10 (b).)

(4) Economy in the use of materials, facilities, and manpower; for example, a decrease in quantity of materials used in relation to production and the number of employees in relation to production; reduction of waste.

§ 1460.10 *Reasonableness of costs and profits*—(a) *Statutory provision.* Section 103 (e) of the act provides that in determining excessive profits there shall be taken into consideration the following factor:

(1) Reasonableness of costs and profits, with particular regard to volume of production, normal earnings, and comparison of war and peacetime products;

(b) *Comment.* (1) Consideration will be given to the reasonableness or the excessiveness of costs and profits of the contractor. Comparisons will be made with the contractor's own costs and profits in previous years and with current costs and profits of other contractors, if such information is available. In comparisons, uncontrollable variations in labor, material, or other costs will be taken into account. Particular attention will be given to relative changes in controllable costs such as selling and general administrative expense. Low costs with relation to other contractors, when clearly established and shown to be the result of efficiency in management, are especially significant and must receive favorable consideration.

(2) Consideration for comparative purposes will be given to profits of the contractor, and of the industry, on products and services not subject to renegotiation, especially in cases in which the renegotiable business involves products or services substantially similar to those not subject to renegotiation. In making comparisons for fiscal periods before those subject to the act, profits during World War II years will not be regarded as determinative. If the renegotiable business is not fundamentally different from the nonrenegotiable business and if the product is sold and distributed by the contractor's normal channels and methods, the profit margin on nonrenegotiable business is significant in renegotiation.

(3) Consideration will be given to the effect of volume on costs and profits.

Increased volume usually serves to reduce average unit costs and to increase profits. When such volume has been created by Government purchasing under renegotiable prime contracts and subcontracts, it is considered that the Government should receive the principal benefit from the decreased costs. In general, the margin of profit on expanded renegotiable sales should be adjusted in reasonable relationship to the expanded volume.

(4) When the contractor is engaged in more than one class or type of business, the varied characteristics of the several classes of business will be taken into consideration.

§ 1460.11 *Capital employed*—(a) *Statutory provision.* Section 103 (e) of the act provides that in determining excessive profits there shall be taken into consideration the following factor:

(2) The net worth, with particular regard to the amount and source of public and private capital employed;

(b) *Comment.* (1) The amount of net worth employed, as well as the amount and source of capital employed, will, as a general rule, be that existing at the beginning of the fiscal year. However, if significant changes, in either capital or net worth, occur during the year, they will be reflected in the determination of the amount employed during such year.

(2) The amount of net worth employed in renegotiable business will be estimated and considered whenever a reasonable estimate of that amount is possible.

(3) Capital employed is the total of net worth, debt, and any assets furnished by the Government or customers not contained in the contractor's records. The source of capital will be established in order that a determination may be made of the extent to which capital employed in renegotiable business came from public sources or from customers, or was furnished by the contractor.

(4) The relationship of profit realized on renegotiable business to the capital and net worth employed in renegotiable business will be used as one of the considerations in the final determination of what constitutes excessive profits. A contractor who is not dependent upon Government or customer financing of any type is entitled to more favorable consideration than a contractor who is largely dependent upon these sources of capital. When a large part of the capital employed is supplied by the Government or by customers, the contractor's contribution tends to become one of management only and the profit will be considered accordingly.

§ 1460.12 *Extent of risk assumed*—(a) *Statutory provision.* Section 103 (e) of the act provides that in determining excessive profits there shall be taken into consideration the following factor:

(3) Extent of risk assumed, including the risk incident to reasonable pricing policies;

(b) *Comment.* (1) Consideration will be given to the extent of risk assumed by the contractor; for example, possible increase in the cost of materials and labor; delays from inability to obtain materials; cutbacks in quantities; guarantees

of quality and performance of the product; and such other risks as may be clearly determined.

(2) The risk assumed by the contractor as a result of its pricing policy will be given particular consideration. A contractor, having initial prices calculated to yield a reasonable profit, who revises such initial prices downward periodically when circumstances warrant, will be given more favorable treatment under this factor than a contractor who does not follow such policy. In order that proper consideration may be given, it is suggested that contractors, when making such periodic price revisions, notify the Board of the action taken in this respect.

(3) Consideration of the pricing policy of the contractor frequently involves the question of refunds made before renegotiation under the act. As stated in Part 1462, such refunds may be made as an integral part of the repricing policy of the contractor or as prepayments of excessive profits. In either event, the effect upon the risk assumed by the particular contractor depends entirely upon the facts of each case, including the manner in which the refund is made. For example, a contractor who executes a legally binding agreement to pay the Government a rebate on articles delivered during a particular period of time, has incurred a greater risk than a contractor who gives the Government a nonbinding "statement of intention" or "statement of policy" indicating that it will make refunds, even though the final profit position of the two contractors at the end of the fiscal year is the same. On the other hand, a contractor who makes a refund pursuant to such a "statement of intention" or "statement of policy" may have incurred a greater risk than one who simply makes a refund. Similarly, a contractor who makes a refund near the beginning of its current fiscal year has incurred a greater risk than one who makes a refund near the end of its fiscal year. The effect of the refund must, therefore, be weighed in the light of all pertinent facts.

§ 1460.13 *Contribution to the defense effort*—(a) *Statutory provision.* Section 103 (e) of the act provides that in determining excessive profits there shall be taken into consideration the following factor:

(4) Nature and extent of contribution to the defense effort, including inventive and development contribution and cooperation with the Government and other contractors in supplying technical assistance.

(b) *Comment.* This factor applies with continued force to contributions to the defense effort by prime contractors and subcontractors through their business subject to the act. Consideration will be given to the nature and extent of the contractor's contribution. Favorable consideration for unusual contributions will be possible only when the contribution is exceptional. Experimental and developmental work of high value to the defense effort and new inventions, techniques, and processes of unusual merit are examples of special contributions. The extent to which a contractor cooperates with the Government and

with other contractors in developing and supplying technical assistance to alternative or competitive sources of supply is a factor which will be given favorable consideration and the effect of such sharing of knowledge on such contractor's future business will also be taken into account.

§ 1460.14 *Character of business*—(a) *Statutory provision.* Section 103 (e) of the act provides that in determining excessive profits there shall be taken into consideration the following factor:

(5) Character of business, including source and nature of materials, complexity of manufacturing technique, character and extent of subcontracting, and rate of turnover,

(b) *Comment.* (1) Consideration will be given to the character of the business of the contractor. The manufacturing contribution will vary with the nature of the product and the degree of skill and precision required in the work performed by the contractor. The relative complexity of the manufacturing technique and the relative integration of the manufacturing process are the basic considerations in evaluating this factor.

(2) A contractor who uses customer-furnished materials generally is not entitled to as large a dollar profit as the dollar profit to which such contractor would have been entitled had it furnished the materials itself. In the latter case, the contractor would have expended effort in finding or acquiring the materials, would have invested capital in the materials and would have assumed the risks of obsolescence, spoilage, or other loss inherent in owning such materials. Although the aggregate dollar profit allowed the contractor in the former case should not be as great as it would be if such contractor furnished its own materials, nevertheless the dollar profit allowed will usually result in a larger percentage of sales than the dollar profit which would have been allowed if the materials had been purchased by the contractor and, therefore, included in its sales and costs.

(3) In the renegotiation of a contractor, consideration will be given to the extent to which such contractor, by subcontracting, utilizes, in the defense effort, facilities and services which otherwise might have been overlooked or passed by. On the other hand, to the extent that the subcontractor's facilities and production skill contribute to successful performance, it is, of course, such subcontractor who is entitled to consideration therefor in renegotiation. The portion of the renegotiable business which is subcontracted will be a part of the total sales, and special consideration must be given in applying to this portion the factors of risk assumed, capital employed, and reasonableness of costs and profits. The performance of the prime contractor or upper tier subcontractor will be judged in part by the reasonableness of prices negotiated with subcontractors, in view of the character of the components which they produce, and other factors. Recognition will be given to situations in which the subcontractor's work is performed under the direction and control of the subcontractor's

customer who may render difficult technical services, as contrasted with cases in which the subcontractor is employed because of its accepted skill and ability to perform the required work without assistance or guidance.

(4) The rate of turnover will indicate the use of plant, materials, and net worth. A low rate of turnover may indicate more complete integration in production or may be related to the type of the product and the nature of the manufacturing process. A high rate of turnover may indicate a relatively smaller manufacturing contribution or, by comparison with other manufacturers of similar products, a relatively greater efficiency.

§ 1460.15 *Additional factors*—(a) *Statutory provision.* Section 103 (e) of the act provides that in determining excessive profits there shall be taken into consideration the following:

(6) Such other factors the consideration of which the public interest and fair and equitable dealing may require, which factors shall be published in the regulations of the Board from time to time as adopted.

(b) *Factors adopted by the Board.* No additional factors have been adopted by the Board to the date of the publication of the regulations in this part.

PART 1461—RECOVERY OF EXCESSIVE PROFITS AFTER DETERMINATION

Sec.	
1461.1	Collection authority.
1461.2	Recovery of refund pursuant to agreement.
1461.3	Withholding as a method of recovery.
1461.4	Recovery of refund pursuant to order.
1461.5	Administration of determinations by agreement or order.

§ 1461.1 *Collection authority.* Section 105 (b) of the act provides in part as follows:

(1) *In general.* Upon the making of an agreement, or the entry of an order, * * * determining excessive profits, the Board shall forthwith authorize and direct the Secretaries or any of them to eliminate such excessive profits—

(A) by reductions in the amounts otherwise payable to the contractor under contracts with the Departments, or by other revision of their terms;

(B) by withholding from amounts otherwise due to the contractor any amount of such excessive profits;

(C) by directing any person having a contract with any agency of the Government, or any subcontractor thereunder, to withhold for the account of the United States from any amounts otherwise due from such person or such subcontractor to a contractor, or subcontractor, having excessive profits to be eliminated, and every such person or subcontractor receiving such direction shall withhold and pay over to the United States the amounts so required to be withheld;

(D) by recovery from the contractor or subcontractor, or from any person or subcontractor directed under subparagraph (C) to withhold for the account of the United States, through payment, repayment, credit, or suit any amount of such excessive profits realized by the contractor or subcontractor or directed under subparagraph (C) to be withheld for the account of the United States; or

(E) by any combination of these methods, as is deemed desirable.

§ 1461.2 *Recovery of refund pursuant to agreement*—(a) *In general.* The elimination of excessive profits ordinarily will be effected pursuant to an agreement providing for a refund in renegotiation proceedings with respect to a completed fiscal period. Such refund may be made by the contractor in a single payment or in installments as the agreement may provide.

(b) *Relation to income tax payments.* In any case in which excessive profits have been or may be excluded from income for Federal income tax purposes for the year to which the renegotiation relates, and are to be repaid in installments, the installments must be sufficient, with respect to both amount and time, in order that they will, at no time, be less than the tax payments which would have been required if the excessive profits had been reported as income.

(c) *Interest.* (1) No renegotiation agreement when originally made will require the payment of interest on installments of the refund which are not in default thereunder and which are provided to be payable within a 2-year period after the close of the fiscal period to which the renegotiation relates. A renegotiation agreement providing for the payment of a refund or portion thereof beyond 2 years after the close of the fiscal period to which the renegotiation relates will require the payment of interest at the rate of 4 per centum per annum from and after the date which is 2 years after the last day of the fiscal period to which the renegotiation relates or 30 days after execution and delivery of the agreement, whichever is later.

(2) In cases of default, section 105 (b) (2) of the act provides that interest at the rate of 4 per centum per annum shall accrue and be paid from the date fixed for repayment by the agreement to the date of repayment. Such interest shall accrue and be paid whether or not the agreement contains a provision for the payment of interest.

§ 1461.3 *Withholding as a method of recovery.* (a) Excessive profits may be eliminated by withholding the amount thereof from amounts otherwise due to a prime contractor or by directing any person having a contract with any agency of the Government, or any subcontractor thereunder, to withhold for the account of the United States amounts otherwise due from such person or such subcontractor to a prime contractor, or subcontractor, having excessive profits to be eliminated. Excessive profits to be eliminated by such direction shall include the interest thereon, if any, as provided by § 1461.2 (c).

(b) Withholding by any person having a contract with any agency of the Government, or by any subcontractor thereunder, will be effected by such person or such subcontractor upon a direction issued by a Secretary of a Department or pursuant to his authority. No amounts shall be withheld, in accordance with the provisions of this section, by any such person or any such subcontractor other than by authority of a direction issued by, or pursuant to the authority of, a Secretary of a Department. Any amount so withheld by any person or any such subcontractor shall be held by

him for the account of the United States and shall be paid only upon a direction issued by or pursuant to the authority of a Secretary of a Department. The act indemnifies each person against all claims on account of amounts so withheld and paid over to the United States.

(c) Action to withhold under prime contracts and subcontracts may be taken upon default in the elimination of excessive profits determined by agreement as well as in cases of determinations of excessive profits made by unilateral order.

§ 1461.4 *Recovery of refund pursuant to order.* The elimination of excessive profits determined by unilateral order is further dealt with in a new Part 1475 to be issued in the future.

§ 1461.5 *Administration of determinations by agreement or order.* Upon the making of an agreement or the entry of an order determining excessive profits, the Board will direct the Secretary of one of the Departments to effect the collection of such excessive profits and secure the performance by the contractor of any other provisions which may be included in the agreement or order.

PART 1462—RENEGOTIATION AND TAXES

Sec.	
1462.1	Scope of part.
1462.2	Statutory provisions.
1462.3	Renegotiation after filing of Federal tax returns.
1462.4	Determination of Federal tax credit for partnerships and joint ventures.
1462.5	Determination of Federal tax credit for sole proprietor, partnership and joint venture in community property states.
1462.6	Determination of Federal tax credit in the case of a joint return by husband and wife.
1462.7	Renegotiation before filing of Federal tax returns.
1462.8	Special allocations of excessive profits elimination required for Federal tax purposes.

§ 1462.1 *Scope of part.* This part deals with the effect of renegotiation upon a contractor's Federal income tax.

§ 1462.2 *Statutory provisions.* (a) Section 105 (b) (8) of the act provides as follows:

In eliminating excessive profits, the Secretary shall allow the contractor or subcontractor credit for Federal income and excess profits taxes as provided in Section 3806 of the Internal Revenue Code.

(b) *Section 3806 of the Internal Revenue Code.* Section 3806 of the Internal Revenue Code requires, as a general rule, that the amount of a contractor's Federal income tax, which has been assessed for the taxable year under renegotiation in respect of excessive profits realized in such year, be allowed as a credit against the total excessive profits to be eliminated.

§ 1462.3 *Renegotiation after filing of Federal tax returns—(a) Allowance of credit for Federal taxes.* (1) The allowance of a credit for Federal taxes is provided by section 3806 of the Internal Revenue Code for the purpose of relieving contractors from double payments of excessive profits to the United States,

once in the form of taxes and again as excessive profits, and to avoid the necessity for tax refunds by the Treasury.

(2) When excessive profits are determined for a taxable year for which complete Federal income tax returns, as distinguished from tentative returns, have been filed, the difference between the amount of Federal income tax assessed in respect of the contractor's income for the period (including the excessive profits) and the amount of Federal income tax which would have been assessed if the excessive profits had been excluded from the returns, is allowed as a credit against the excessive profits determined.

(3) The amount of the credit is based upon the amount of taxes assessed before the credit computation. If the assessment based upon the return filed has not been revised by the Bureau of Internal Revenue, the credit is computed upon the basis of such assessment. If such assessment has been revised, the credit is computed upon the basis of the revised assessment.

(4) Adjustments of a contractor's returns to reflect the reduction of taxable gross and net income and the amount of tax are made by the Bureau of Internal Revenue after tax credits have been allowed. Any subsequent changes in the contractor's net income or tax liabilities are based upon these adjusted figures. Amended returns are not to be filed.

(5) The effect of this credit provision is to require precisely the same aggregate amount of payments to the Government (as taxes and excessive profits) when renegotiation occurs after the filing of Federal tax returns, as would have been required if the gross amount of the excessive profits had been repaid to the Government before the filing of the Federal tax returns and no Federal taxes had been assessed.

(b) *Computation of credit for Federal taxes.* (1) The Bureau of Internal Revenue computes the credit allowable under section 3806 of the Internal Revenue Code for Federal income tax assessed for a prior taxable year. The contractor shall submit written requests for such determinations directly to the Internal Revenue Agent in Charge of the Division of the Bureau of Internal Revenue where the contractor filed its tax return for the fiscal year involved. Such requests should not be sent to the Collector of Internal Revenue.

(2) When the original returns have been filed so recently that they are not available to the office of the Internal Revenue Agent in Charge, he will compute the amount of tax credit from the Contractor's retained copies of the returns. In such cases, photostat or certified copies of the returns shall accompany the request to the Internal Revenue Agent in Charge. It usually requires at least 6 months after filing for a return to reach the office of the Internal Revenue Agent in Charge.

(3) A copy of the contractor's request to the Internal Revenue Agent in Charge shall be mailed to the Board.

§ 1462.4 *Determination of Federal tax credit for partnerships and joint ventures.* (a) Since a partnership files only

an information return and the Federal tax is imposed on the individual income of the partners, the tax credit to which a partnership is entitled under section 3806 for the taxable year under renegotiation is the aggregate amount of the separate credits to which the individual partners are entitled, because their shares of the partnership's income are reduced by the elimination of the excessive partnership profit. A request for a credit computation shall be made for each partner.

(b) For example, if A and B are partners with 60 percent and 40 percent interests, respectively, and the partnership has realized excessive profits of \$1,000,000 for a prior taxable year, the elimination of \$1,000,000 excessive profits of the partnership will reduce the taxable income of A for the year by \$600,000 and that of B by \$400,000. Upon request for a determination of credit under section 3806, the Internal Revenue Agent in Charge will determine the amount by which the elimination of those excessive profits would reduce the individual income taxes of A and B for the year. The aggregate amount of such reductions in the individual Federal income taxes of A and B will represent the credit to be allowed, under section 3806, against the partnership's obligation to refund excessive profits of \$1,000,000.

§ 1462.5 *Determination of Federal tax credit for sole proprietor, partnership and joint venture in community property States.* If a portion of the excessive profits received or accrued by a sole proprietor, partner, or joint venturer in any taxable year was included in the Federal income tax return of his or her spouse, by virtue of the community property laws of the State in which they were domiciled during such year, the tax credit allowed under section 3806 will include the amount, as determined by the Internal Revenue Agent in Charge, by which the tax of the spouse is decreased by the elimination of the excessive profits. In such cases, both the husband and the wife shall submit to the Internal Revenue Agent in Charge a written request for a determination of tax credit.

§ 1462.6 *Determination of Federal tax credit in the case of a joint return by husband and wife.* If all or a portion of the excessive profits received or accrued by a sole proprietor, partner, or joint venturer was included in a Federal income tax return made jointly with his or her spouse and the tax is computed with respect thereto under section 12 (d) of the Internal Revenue Code, the tax credit allowed under section 3806 will be the amount, as determined by the Internal Revenue Agent in Charge, by which the tax of the spouses under the joint return is reduced by reason of the elimination of the excessive profits. In such cases, both spouses shall submit to the Internal Revenue Agent in Charge a written request for a determination of tax credit.

§ 1462.7 *Renegotiation before filing of Federal tax returns—(a) Exclusion of excessive profits from returns.* (1) When, as a result of renegotiation, the amount of excessive profits is determined for a period for which Federal income

tax returns have not yet been filed, such amount of excessive profits may be excluded from the contractor's income tax returns for the period.

(2) The amount of excessive profits eliminated for a particular taxable year may not be deducted or excluded from taxable income for any other taxable year.

(3) For the tax effect of renegotiation for periods for which Federal income tax returns have not been filed, see IT 3577, IT 3611 and IT 3671.

(b) *Effect of tentative tax return.* When a contractor has filed a tentative return for the year involved and has been granted an extension of time for filing its completed return, the provisions of IT 3577, IT 3611 and IT 3671 as noted in paragraph (a) (3) of this section will apply if the renegotiation takes place before the filing of the complete return.

§ 1462.8 *Special allocations of excessive profits elimination required for Federal tax purposes.* (a) When the contractor has reported earnings for Federal tax purposes on a basis different from the basis upon which renegotiation is conducted, the excessive profits to be eliminated will, for purposes of computing the allowable tax credit under section 3806 of the Internal Revenue Code, be allocated to the contractor's taxable year or years in which the Board determines that such excessive profits were reported as income in the tax returns. This procedure is applicable, for example, when renegotiation has been conducted on a completed contract basis although the contractor has used some other method of accounting for Federal tax purposes in reporting income from some or all of the contracts covered by the renegotiation.

(b) When renegotiation is conducted on a consolidated basis, excessive profits to be eliminated will be allocated between the entities so consolidated (see § 1464.8 of this subchapter).

(c) The allocation of excessive profits will be made by the Board and not by the contractor. The contractor may, however, furnish or be required to furnish such supplementary information in explanation of the sources of taxable income reported for any year as may be pertinent to such allocation.

(d) Allocations of excessive profits to be eliminated under paragraphs (a) and (b) of this section will be set forth in the renegotiation agreement or in the unilateral order determining excessive profits and shall also be set forth in any request to an Internal Revenue Agent in Charge for tax credit computation.

PART 1463—INTERIM PREPAYMENT OF EXCESSIVE PROFITS

Sec.

1463.1 Introduction.

1463.2 What constitutes interim prepayment of excessive profits.

1463.3 Procedure for acceptance of interim prepayment of excessive profits.

1463.4 Treatment of interim prepayment for Federal income tax purposes.

FORMS

1463.90 Letter agreement transmitting interim prepayment of excessive profits before close of fiscal year.

1463.91 Letter agreement providing for prepayment of excessive profits after close of fiscal year.

§ 1463.1 *Introduction.* Excessive profits are determined under the act only pursuant to a renegotiation proceeding commenced and conducted in the manner prescribed by these Regulations. Profits refunded before renegotiation will be deemed to be excessive profits determined within the meaning of the act only if such refund is made in the manner prescribed in § 1463.3 as an interim prepayment of excessive profits to be determined by the Board in a subsequent renegotiation and only to the extent that the amount of such prepayment is determined in such renegotiation to constitute excessive profits within the meaning of the act. It is the purpose of this part to set forth: (a) The circumstances under which the Board will agree that such prepayments will be accepted as interim prepayments of excessive profits; and (b) the method by which such interim prepayments may be made. Reference is made to § 1460.12 (b) (3) of this subchapter for a discussion of the effect of refunds made before renegotiation upon the statutory factor of risk.

§ 1463.2 *What constitutes interim prepayment of excessive profits—(a) Repricing of specific contracts.* In any case in which a specific prime contract or subcontract is amended to reduce the price charged, no refund paid as a result of such amendment will be treated as a payment or prepayment of excessive profits.

(b) *Voluntary refunds.* A prime contractor or subcontractor may wish to refund a portion of its profits to the Government before renegotiation without making any prior binding agreement or prior non-binding statement of policy to make such refunds. Such a refund will, subject to the conditions set forth in § 1463.3 be accepted as an interim prepayment of excessive profits.

§ 1463.3 *Procedure for acceptance of interim prepayment of excessive profits.* A refund made under the circumstances set forth in § 1463.2 (b) will be accepted subject to the following conditions:

(a) Each prepayment shall be made pursuant to a letter agreement in the form prescribed as follows:

(1) If the refund is made before the close of the fiscal year to which it relates, a letter agreement in the form set forth in § 1463.90 shall be used.

(2) If the refund is made after the close of the fiscal year to which it relates, but before the Federal tax return for such year has been filed, a letter agreement in the form set forth in § 1463.90 shall be used, except that the word "ending" appearing in the first sentence of such form shall be changed to "ended".

(3) If the refund is made after the Federal tax return has been filed for the fiscal year to which the refund relates, a letter agreement in the form set forth in § 1463.91 shall be used. In this latter case, it will be necessary for the contractor to request a tax credit under section 3806 of the Internal Revenue Code.

(b) If the contractor who makes a prepayment is thereafter renegotiated for the particular fiscal year and excessive profits are determined, the prepayment will be included in the negotiable receipts or accruals; excessive profits, if any, will be determined upon such basis,

and the prepayment will be applied in elimination of the excessive profits so determined.

(c) If the contractor, for any reason, is not renegotiated for the particular fiscal year, the prepayment will not be refunded to the contractor, but such prepayment will not be deemed to be excessive profits determined within the meaning of the act.

(d) If the contractor is renegotiated for the particular fiscal year but if the amount of excessive profits determined is less than the prepayment, such prepayment will be applied in elimination of the excessive profits determined, but the excess of such prepayment over the amount of excessive profits determined will not be deemed to be excessive profits determined within the meaning of the act. However, such excess will not be refunded to the contractor.

§ 1463.4 *Treatment of interim prepayment for Federal income tax purposes.* Any prepayment, if made pursuant to the letter agreement set forth in § 1463.90, is intended to constitute an elimination of excessive profits within the meaning of section 3806 of the Internal Revenue Code, and is to be treated as a reduction of taxable income for the year to which the prepayment relates. This is true whether or not, under § 1463.3, the prepayment is ultimately deemed to be excessive profits determined within the meaning of the act.

FORMS

§ 1463.90 *Letter agreement transmitting interim prepayment of excessive profits before close of fiscal year.*

(Date)

THE RENEGOTIATION BOARD,
Washington 25, D. C.

GENTLEMEN: There is herewith (or has been) transmitted to you a check, payable to the Treasurer of the United States, in the amount of \$-----, representing profits received or accrued in our fiscal year ending ----- (hereinafter referred to as "such fiscal year") derived from prime contracts and/or subcontracts subject to the provisions of the Renegotiation Act of 1951.

This prepayment is made on the understanding (1) that such amount shall be deemed to be a payment in elimination of "excessive profits" within the meaning of such term as defined in section 3806 of the Internal Revenue Code; and (2) that such amount will not be included in income in the computation of taxable income for such fiscal year under the Internal Revenue Code and, accordingly, no tax credit is allowable against such amount. The undersigned represents that this payment is not made in satisfaction or discharge, in whole or in part, of any legally binding obligation heretofore existing.

It is agreed that acceptance of this prepayment does not constitute a commencement of renegotiation pursuant to the Renegotiation Act of 1951 and that, except as provided herein, renegotiation may be conducted in all respects as though this prepayment had not been made. It is further agreed that if renegotiation pursuant to the Renegotiation Act of 1951 shall hereafter be concluded with respect to such fiscal year, (1) the amount of this prepayment will, for the purpose of such renegotiation, be included in negotiable receipts or accruals, (2) upon such basis, excessive profits, if any, will be determined under the Renegotiation Act of 1951 and the regulations promulgated

thereunder and (3) upon such determination of excessive profits, the prepayment will be applied in elimination of the excessive profits so determined, and, to the extent so applied, this prepayment will be deemed to be excessive profits determined within the meaning of the Renegotiation Act of 1951. It is intended that, if any amount of excessive profits so determined is less than the amount of this prepayment, or if for any reason renegotiation pursuant to the Renegotiation Act of 1951 shall not be concluded with respect to such fiscal year, then the excess of the prepayment, or the full amount thereof, as the case may be, shall constitute a payment in elimination of "excessive profits" as such term is defined in section 3806 of the Internal Revenue Code even though not constituting an elimination of excessive profits determined within the meaning of the Renegotiation Act of 1951.

It is further agreed that no part of this prepayment shall be refunded to the undersigned, provided, however, that if this prepayment, or a portion thereof, shall be deemed to be excessive profits determined within the meaning of the Renegotiation Act of 1951, nothing herein contained shall prejudice any right which the undersigned may have to receive any refund or rebate which may be provided by law with respect to the excessive profits so determined.

If this prepayment is acceptable on the foregoing terms, please so indicate by indorsement of one of the three (3) copies inclosed and return such copy to us.

Yours very truly,

(Name of contractor)

By _____

(Title)

Attest: _____

(Secretary)

(If a corporation, add corporate seal.)

Accepted: _____

UNITED STATES OF AMERICA,

By _____

(The Renegotiation Board)

§ 1463.91 Letter agreement providing for prepayment of excessive profits after close of fiscal year.

(Date)

THE RENEGOTIATION BOARD,

Washington 25, D. C.

GENTLEMEN: Of the profits received or accrued in our fiscal year ended _____ (hereinafter referred to as "such fiscal year") derived from prime contracts and/or subcontracts subject to the provisions of the Renegotiation Act of 1951, we intend to pay to you as a prepayment of excessive profits, the sum \$ _____ (hereinafter referred to as the "gross prepayment").

This prepayment is to be made on the understanding (1) that the gross prepayment shall be deemed to be a payment in elimination of "excessive profits" within the meaning of such terms as defined in section 3806 of the Internal Revenue Code; (2) that the gross prepayment has been included in the Federal income and excess profits tax returns filed by the undersigned for such fiscal year; (3) that the undersigned will promptly apply for a computation by the Bureau of Internal Revenue based upon the assessments made to the date of such computation, of the amount by which the taxes of the undersigned for such fiscal year payable under the Internal Revenue Code, will be decreased by reason of the elimination from income of the gross prepayment pursuant to section 3806 of the Internal Revenue Code; and (4) that the undersigned will, upon receiving such computation, pay to the Government the gross prepayment, less the

amount of the tax credit, if any, so computed by the Bureau of Internal Revenue. The undersigned represents that this prepayment is not made in satisfaction or discharge, in whole or in part, of any legally binding obligation heretofore existing.

It is agreed that neither acceptance of this letter nor acceptance of the prepayment to be made hereunder constitutes a commencement of renegotiation pursuant to the Renegotiation Act of 1951 and that, except as provided herein, renegotiation may be conducted in all respects as though this prepayment had not been made. It is further agreed that if renegotiation pursuant to the Renegotiation Act of 1951 shall hereafter be concluded with respect to such fiscal year, (1) the amount of the gross prepayment will, for the purpose of such renegotiation, be included in renegotiable receipts or accruals; (2) upon such basis, excessive profits, if any, will be determined under the Renegotiation Act of 1951 and the regulations promulgated thereunder, and (3) upon such determination of excessive profits, the amount of gross prepayment will be applied in elimination of the excessive profits so determined, and, to the extent so applied, the gross prepayment will be deemed to be excessive profits determined within the meaning of the Renegotiation Act of 1951. It is intended that, if the amount of excessive profits so determined is less than the amount of the gross prepayment, or if for any reason renegotiation pursuant to the Renegotiation Act of 1951 shall not be concluded with respect to such fiscal year, then the excess of this gross prepayment, or the full amount thereof, as the case may be, shall constitute a payment in elimination of "excessive profits" as such term is defined in section 3806 of the Internal Revenue Code, even though not constituting an elimination of excessive profits determined within the meaning of the Renegotiation Act of 1951.

It is further agreed that no part of this prepayment shall be refunded to the undersigned, provided, however, that if this gross prepayment, or a portion thereof, shall be deemed to be excessive profits determined within the meaning of the Renegotiation Act of 1951, nothing herein contained shall prejudice any right which the undersigned may have to receive any refund or rebate which may be provided by law with respect to the excessive profits so determined. The undersigned further agrees that if this gross prepayment, or a portion thereof, shall be deemed to be excessive profits determined within the meaning of the Renegotiation Act of 1951, the undersigned shall not be entitled to any tax credit with respect to the gross prepayment, or portion thereof, as the case may be, other than the tax credit computed as provided in the second paragraph of this agreement, and that the undersigned will so inform the Bureau of Internal Revenue at the time it applies for a computation of tax credit with respect to the excessive profits determined pursuant to the Renegotiation Act of 1951.

If this prepayment is acceptable on the foregoing terms, please so indicate by indorsement of one of the three (3) copies inclosed and return such copy to us.

Yours very truly,

(Name of contractor)

By _____

(Title)

Attest: _____

(Secretary)

(If a corporation, add corporate seal.)

Accepted: _____

UNITED STATES OF AMERICA,

By _____

(The Renegotiation Board)

PART 1464—CONSOLIDATED RENEGOTIATION OF AFFILIATED GROUPS AND RELATED GROUPS

Sec.

- 1464.1 Consolidated renegotiation of affiliated group.
- 1464.2 Renegotiation of an affiliated group.
- 1464.3 Consolidated renegotiation of a related group.
- 1464.4 When request for consolidated renegotiation of related group granted.
- 1464.5 Consolidated renegotiation: Exceptions to requirement of a common fiscal year.
- 1464.6 Effect of consolidation.
- 1464.7 Miscellaneous provisions applicable to consolidated renegotiation.
- 1464.8 Allocation of excessive profits.
- 1464.9 Liability of members of affiliated or related group.
- 1464.10 When consolidated basis not used.

FORMS

- 1464.90 Letter form of request for renegotiation on consolidated basis (Affiliated Group).
- 1464.91 Letter form of request for renegotiation on consolidated basis (Related Group).

§ 1464.1 Consolidated renegotiation of affiliated group—(a) Statutory provision. Section 105 (a) of the act provides in part as follows:

Renegotiation shall be conducted on a consolidated basis with a parent and its subsidiary corporations which constitute an affiliated group under Section 141 (d) of the Internal Revenue Code if all of the corporations included in such affiliated group request renegotiation on such a basis and consent to such regulations as the Board shall prescribe with respect to (1) the determination and elimination of excessive profits of such affiliated group, and (2) the determination of the amount of the excessive profits of such affiliated group allocable, for the purposes of Section 3806 of the Internal Revenue Code, to each corporation included in such affiliated group.

(b) Definition of "affiliated group". Section 141 (d) of the Internal Revenue Code provides as follows:

(d) Definition of "affiliated group". As used in this section, an "affiliated group" means one or more chains of includible corporations connected through stock ownership with a common parent corporation which is an includible corporation if—

(1) Stock possessing at least 95 per centum of the voting power of all classes of stock and at least 95 per centum of each class of the non-voting stock of each of the includible corporations (except the common parent corporation) is owned directly by one or more of the other includible corporations; and

(2) The common parent corporation owns directly stock possessing at least 95 per centum of the voting power of all classes of stock and at least 95 per centum of each class of the nonvoting stock of at least one of the other includible corporations.

As used in this subsection, the term "stock" does not include nonvoting stock which is limited and preferred as to dividends.

The term "affiliated group" as used hereafter means a group of corporations which qualify under the above-quoted definition of section 141 (d). A corporation cannot be a member of an affiliated group unless it is an "includible corporation", as defined in subsections (e), (f), (g) and (j) of section 141 of the Internal Revenue Code.

§ 1464.2 *Renegotiation of an affiliated group.* (a) If an affiliated group has not filed consolidated Federal income and excess profits tax returns before filing the request for consolidated renegotiation, renegotiation will be conducted on a consolidated basis as follows:

(1) The fiscal year of the group for the purposes of such consolidation will be the fiscal year of the common parent corporation.

(2) Except as hereafter provided in § 1464.5, no member of the affiliated group will be included in the consolidated proceeding unless (i) it has been a member of the affiliated group during the entire fiscal year of the common parent corporation, and (ii) its fiscal year for Federal income tax purposes ends on the same date as the fiscal year of the common parent corporation.

(b) If an affiliated group has filed consolidated Federal income and excess profits tax returns before filing the request for consolidated renegotiation, renegotiation will be conducted on a consolidated basis as follows:

(1) The fiscal year of the group for the purposes of such consolidation will be the same as the fiscal year for which the group has filed consolidated tax returns.

(2) Except as hereafter provided in § 1464.5, no member of the affiliated group will be included in the consolidated proceeding unless it has been a member of the affiliated group during the entire fiscal year for which the group has filed consolidated tax returns.

(c) The application for consolidated renegotiation shall be made by all members of the affiliated group who qualify for renegotiation on such basis.

(d) When any member of an affiliated group fails to qualify for consolidated renegotiation with the other members of such group because of the fiscal year limitations in paragraph (a) (2) or (b) (2) of this section, those members of the group who do so qualify will be regarded as all the members of an affiliated group for purposes of renegotiation.

§ 1464.3 *Consolidated renegotiation of a related group.*—(a) *Statutory provision.* Section 105 (a) of the act provides in part as follows:

By agreement with any contractor or subcontractor, and pursuant to regulations promulgated by it, the Board may in its discretion conduct renegotiation on a consolidated basis in order properly to reflect excessive profits of two or more related contractors or subcontractors.

(b) *Definition of "related group".* A "related group" means two or more persons, not an affiliated group as defined in § 1464.1 (b), one of whom controls the other or others, or who are under common control, and who request renegotiation on a consolidated basis. The group may consist of persons including corporations, partnerships, joint ventures, associations, sole proprietorships, or a combination of some or all of these.

§ 1464.4 *When request for consolidated renegotiation of related group granted.* The Board may, in its discretion, grant a request for a consolidated proceeding with respect to a related

group, if all of the following conditions exist:

(a) Except as hereafter provided in § 1464.5, all members of the related group had the same fiscal year for Federal income tax purposes, and were members of such group during the entire fiscal year.

(b) All outside minority interests in any member of the group consent to the consolidation, except that such consent shall not be required of any such interests not exceeding 5 percent in any member of the group.

NOTE: For the purposes of this section, an outside minority interest is a person or persons who own minority shares or rights to participate in the profits of one or more members of the group without having corresponding shares or rights in all members of the group, so that consolidation might have different consequences with respect to such person or persons than it would with respect to the majority or controlling interests.

(c) The renegotiable business done by the members of the group was related in such a way that consolidation will facilitate conduct of the proceeding.

NOTE: Consolidated renegotiation of contractors in wholly different and unrelated lines of business might hamper the Board in applying the factors prescribed in the statute for determining what profits are excessive. Relationship justifying consolidation may be found either in the similarity of supplies or services furnished, in the connection of the members of the group as supplier and customer, or possibly in other circumstances.

§ 1464.5 *Consolidated renegotiation: Exceptions to requirement of a common fiscal year.* For the purposes of renegotiation, an affiliated group must, and a related group may, include a member whose fiscal year did not begin and end on the same dates as that of the other members of the group, under the following circumstances:

(a) If the fiscal period of a member of the group ended on the same date as the fiscal year of the other member or members but began on a later date because the member was incorporated or organized during such fiscal year, and if such member during its entire first fiscal period was a member of the group.

(b) If the fiscal period of a member of the group began on the same date as the fiscal year of the other member or members but ended on an earlier date because it was dissolved during such fiscal year (or, in the case of a sole proprietorship which was a member of a related group, because the sole proprietor died during such fiscal year), and if such member during its (or his) entire fiscal period was a member of the group.

§ 1464.6 *Effect of consolidation.* Once the Board has granted a request for renegotiation of an affiliated group or related group on a consolidated basis, then, except as otherwise provided herein, the proceeding will remain consolidated for all purposes, regardless of whether a clearance issues or excessive profits are determined by agreement or order. However, on request of any member of the group or on its own motion, the Board may discontinue the consolidated proceeding and convert it to

separate renegotiation proceedings or consolidate a different group, if satisfied that the consolidation was improperly effected pursuant to the regulations in this subchapter.

§ 1464.7 *Miscellaneous provisions applicable to consolidated renegotiation.* A request for consolidated renegotiation proceedings shall conform to the following requirements:

(a) A request made by an affiliated group shall be made in the form prescribed by § 1464.90. A request made by a related group shall be made in the form prescribed by § 1464.91. A request by either group shall constitute a consent by each member of such group to the application of the regulations governing consolidated renegotiation. The request shall be duly executed by each eligible member of the affiliated group or by each member of the related group. If there are any outside minority interests exceeding 5 percent in any member or members of a related group, the request of the group shall disclose such fact and shall state that all such minority interests have consented to renegotiation on a consolidated basis. The request shall be filed with the Board at the time and as a part of the filing of the Standard Form of Contractor's Report required by section 105 (e) of the act and by § 1470.3 (a) of this subchapter.

(b) A request filed by the members of an affiliated group shall designate the common parent corporation as agent of the group and shall authorize such parent corporation to represent all members of the group in all respects in connection with the consolidated proceedings. A request filed by the members of a related group shall designate one member of the group as agent of the group and shall authorize such member to represent all members of the group in all respects in connection with the consolidated proceeding. Such authorization in either case shall be irrevocable as long as renegotiation is conducted on a consolidated basis, and shall apply to all phases of the proceeding including commencement of renegotiation, submission of data, the making and execution of renegotiation agreements, administrative review, and petition to the Tax Court.

(c) The Board will commence renegotiation with an affiliated group on a consolidated basis by sending a registered letter to the common parent corporation of such group, and such letter will constitute an acknowledgment by the Board that the group has complied with the regulations of the Board with respect to (1) the determination and elimination of excessive profits of such affiliated group, and (2) the determination of the amount of excessive profits of such affiliated group allocable, for the purposes of section 2906 of the Internal Revenue Code, to each member of such affiliated group. The Board will commence renegotiation with a related group on a consolidated basis by sending a registered letter to the member of such group designated as agent pursuant to paragraph (b) of this section, and such letter will constitute the granting by the Board of the request of such related

group for renegotiation on a consolidated basis.

§ 1464.8 Allocation of excessive profits.

(a) Excessive profits, whether determined by agreement or order, will be allocated among the members of the consolidated group in an equitable manner, and the agreement or order will disclose the allocation. The excessive profits will be so allocated even though some or all of the members of the consolidated group participate in filing a consolidated Federal tax return. If excessive profits have been realized and if the renegotiation agreement or order were to impose liability generally on the entire consolidated group for the profits found to be excessive, without fixing the separate allocations, the members of the group might not be allowed appropriate deductions for Federal income and excess profits tax purposes under section 3806 of the Internal Revenue Code.

(b) For the foregoing reason, in any consolidated renegotiation, each of the members of the consolidated group having renegotiable business during the year under review shall, upon request of the Board, submit a completed Standard Form of Contractor's Report in addition to the consolidated report and such additional financial and other information as may be required to enable the Board to allocate the excessive profits to members of the group.

§ 1464.9 Liability of members of affiliated or related group. Although excessive profits to be eliminated will be allocated to members of an affiliated or related group, each member of the affiliated or related group shall be jointly and severally liable for the total amount of excessive profits, if any, to be eliminated as determined in the consolidated proceeding.

§ 1464.10 When consolidated basis not used. Whenever the members of an affiliated group or a related group are renegotiated separately, renegotiations with the individual members of such group will if practicable be conducted concurrently.

FORMS

§ 1464.90 Letter form of request for renegotiation on consolidated basis (Affiliated Group). The following letter is prescribed for requesting consolidated renegotiation of an affiliated group:

THE RENEGOTIATION BOARD,
Washington 25, D. C.

GENTLEMEN: 1. Pursuant to the provisions of section 105 (a) of the Renegotiation Act of 1951 and Part 1464 of the Renegotiation Board Regulations, the undersigned corporations hereby request renegotiation on a consolidated basis for the fiscal year ended _____.

2. (Delete 2 (a) or 2 (b), whichever is not applicable.)

(a) The undersigned represent that they constitute all the members of an "affiliated group" as that term is defined in section 141 (d) of the Internal Revenue Code.

(b) The undersigned represent that they are all members of an "affiliated group" as that term is defined in section 141 (d) of the Internal Revenue Code, and that each of the following corporations is also a member of such affiliated group:

Name of corporation	Principal office	Fiscal year end
-----	-----	-----
-----	-----	-----

The corporation or corporations listed above have not joined in this request because (1) each such corporation was not a member of such affiliated group during the entire fiscal year of the common parent corporation, or its fiscal year for Federal income tax purposes did not end on the same date as the fiscal year of the common parent corporation, and (2) it does not qualify for consolidated renegotiation with the undersigned within the exceptions described in § 1464.5 of said Regulations as set forth in Schedule A attached hereto.

3. Each of the undersigned hereby consents, for said fiscal year, to the Renegotiation Board Regulations with respect to (a) the determination and elimination of excessive profits of the undersigned affiliated group and (b) the determination of the amount of the excessive profits of the undersigned affiliated group allocable, for the purposes of section 3806 of the Internal Revenue Code, to each of the undersigned.

4. _____ (the common parent corporation of the undersigned affiliated group) is hereby designated as agent of the undersigned affiliated group and is hereby authorized to represent all members of the group in all respects in connection with the consolidated renegotiation proceeding requested herein for said fiscal year.

5. The undersigned represent that they (have) (have not) (delete inapplicable language) filed consolidated Federal income and excess profits tax returns for said fiscal year; that each of the undersigned was a member of the affiliated group during the entire fiscal year of the undersigned common parent corporation; and that the fiscal year of each of the other undersigned for Federal income tax purposes ended on the same date as the fiscal year of such common parent corporation, except as indicated in Schedule A attached hereto.

6. The undersigned are aware that under section 105 (e) (1) of the Renegotiation Act of 1951, criminal penalties may be incurred by any person who knowingly furnishes any statement, information, records or data required under said section 105 (e) (1), containing information which is false or misleading in any material respect.

In Witness Whereof, the undersigned corporations have executed this request as of the _____ day of _____ 19____, by their duly authorized representatives.

By _____
(Contractor)

By _____
(Authorized representative)

(Title of authorized representative)

Attest: _____
(Secretary)

By _____
(Contractor)

By _____
(Authorized representative)

(Title of authorized representative)

Attest: _____
(Secretary)

A duly certified copy of the resolution of the Board of Directors of each corporation authorizing execution and delivery of this request shall be attached to the request.

SCHEDULE A—EXCEPTIONS TO COMMON FISCAL YEAR

(a) The fiscal period of each of the following members of the applicant affiliated group ended on the same date as the fiscal year of the other members but began on a later date because such member was incor-

porated during such fiscal year, and such member during its entire first fiscal period was a member of such affiliated group (if none, write "None"):

Name of corporation	Principal office	Fiscal period Began	Ended
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-----	-----	-----	-----

(b) The fiscal period of each of the following members of the applicant affiliated group began on the same date as the fiscal year of the other members but ended on an earlier date because it was dissolved during such fiscal year, and such member during its entire fiscal period was a member of such affiliated group (if none, write "None"):

Name of corporation	Principal office	Fiscal period Began	Ended
-----	-----	-----	-----
-----	-----	-----	-----

(Note: For each corporation listed above, state applicable date of incorporation or dissolution and such other information as will clearly demonstrate that such corporation is entitled to be included in the consolidated proceeding. See § 1464.5.)

§ 1464.91 Letter form of request for renegotiation on consolidated basis (Related Group). The following letter form is prescribed for requesting consolidated renegotiation of a related group:

THE RENEGOTIATION BOARD,
Washington 25, D. C.

GENTLEMEN: 1. Pursuant to the provisions of section 105 (a) of the Renegotiation Act of 1951 and Part 1464 of the Renegotiation Board Regulations, the undersigned contractors hereby request renegotiation on a consolidated basis for the fiscal year ended _____.

2. The undersigned represent that they constitute a "related group" as that term is defined in § 1464.3 (b) of the Renegotiation Board Regulations.

3. Each of the undersigned hereby consents, for said fiscal year, to the Renegotiation Board Regulations with respect to (a) the determination and elimination of excessive profits of the undersigned related group and (b) the determination of the amount of the excessive profits of the undersigned related group allocable, for the purposes of section 3806 of the Internal Revenue Code, to each of the undersigned.

4. _____ (one of the undersigned) is hereby designated as agent of the undersigned related group and is hereby authorized to represent all members of the group in all respects in connection with the consolidated renegotiation proceeding requested herein for said fiscal year.

5. The undersigned represent that all of the undersigned had the same fiscal year for Federal income tax purposes, except as indicated in Schedule A attached hereto, and that each was a member of the undersigned related group during such entire fiscal year.

6. (Delete clause (a) or (b), whichever is not applicable.) The undersigned are familiar with the definition of the term "outside minority interests" contained in § 1464.4 (b) of the Renegotiation Board Regulations and represent (a) that there are no such interests exceeding 5 percent in any member of the undersigned related group, (b) that there are such interests exceeding 5 percent in one or more members of the undersigned related group, and that all such interests have consented to renegotiation on a consolidated basis for said fiscal year.

7. The undersigned represent that the renegotiable business done by them was related in the following way (see § 1464.4 (c)):

8. The undersigned are aware that under section 105 (e) (1) of the Renegotiation

Act of 1951, criminal penalties may be incurred by any person who knowingly furnishes any statement, information, records or data required under said section 105 (e) (1), containing information which is false or misleading in any material respect.

In witness whereof, the undersigned contractors have executed this request as of the _____ day of _____, 19____ in their proper persons or by their duly authorized representatives.

 (Contractor)
 By -----
 (Authorized representative)

 (Title of authorized representative)

Attest: -----
 (Secretary)

 (Contractor)
 By -----
 (Authorized representative)

 (Title of authorized representative)

Attest: -----
 (Secretary)

In the case of a corporation, a duly certified copy of the resolution of the Board of Directors of the corporation authorizing execution and delivery of this request shall be attached to the request. In the case of a partnership, all general partners shall execute the request.

SCHEDULE A—EXCEPTIONS TO COMMON FISCAL YEAR

(a) The fiscal period of each of the following members of the applicant related group ended on the same date as the fiscal year of the other members but began on a later date because such member was incorporated or organized during such fiscal year, and such member during its entire first fiscal period was a member of such related group (if none, write "None"):

Name of corporation	Principal office	Fiscal period Began	Ended
-----	-----	-----	-----
-----	-----	-----	-----

(b) The fiscal period of each of the following members of the applicant related group began on the same date as the fiscal year of the other members but ended on an earlier date because it was dissolved during such fiscal year (or, in the case of a sole proprietorship which was a member of the group, because the sole proprietor died during such fiscal year), and such member during its (or his) entire fiscal period was a member of such related group (if none, write "None"):

Name of corporation	Principal office	Fiscal period Began	Ended
-----	-----	-----	-----
-----	-----	-----	-----

(NOTE: For each member listed above, state applicable date of incorporation, organization, dissolution or death and such information as will clearly demonstrate that such member is entitled to be included in the consolidated proceeding. See § 1464.5).

PART 1465—LIMITATIONS ON COMMENCEMENT AND COMPLETION OF RENEGOTIATION

- Sec. 1465.1 Statutory provision.
- 1465.2 Commencement of renegotiation proceedings.

§ 1465.1 *Statutory provision.* Section 105 (c) of the act provides as follows:

Periods of limitations. No proceeding to determine the amount of excessive profits for any fiscal year shall be commenced more than one year after the statement required under subsection (e) (1)¹ of this section is filed with the Board with respect to such year, and, if such proceeding is not commenced prior to the expiration of one year following the date upon which such statement is so filed, all liabilities of the contractor or subcontractor for excessive profits received or accrued during such fiscal year shall thereupon be discharged. If an agreement or order determining the amount of excessive profits is not made within two years following the commencement of the renegotiation proceeding, then upon the expiration of such two years all liabilities of the contractor or subcontractor for excessive profits with respect to which such proceeding was commenced shall thereupon be discharged, except that (1) if an order is made within such two years pursuant to a delegation of authority under subsection (d) of section 107, such two-year limitation shall not apply to review of such order by the Board and (2) such two-year period may be extended by mutual agreement.

§ 1465.2 *Commencement of renegotiation proceedings.* (a) Under section 105 (a) of the act, renegotiation proceedings are commenced by the mailing of a notice to that effect, by registered mail, to the contractor or subcontractor. Unless renegotiation proceedings are commenced within one year after the financial statement required under section 105 (e) (1) of the act is filed with the Board with respect to any fiscal year, the liability of the contractor or subcontractor for excessive profits received or accrued during such fiscal year is discharged. For the purposes of this section, the filing of that portion of the Standard Form of Contractor's Report entitled RB 1 is considered to be the filing of the financial statement required under section 105 (e) (1) of the act see § 1470.3 (d) of this subchapter.

(b) The financial statement prescribed in section 105 (e) (1) of the act provides the information upon the basis of which it is determined whether the contractor or subcontractor will or will not be renegotiable under the act. If the purported financial statement filed by any contractor or subcontractor for any fiscal year contains a false statement of a material fact, either fraudulently or negligently made, the filing of such purported statement will not be regarded as a filing of the financial statement prescribed in section 105 (e) (1) of the act, sufficient to start the one-year period of limitations running as prescribed in section 105 (c) of the act, and even if renegotiation is not commenced by the Board within one year after the filing thereof, the liability of the contractor or subcontractor for excessive profits received or accrued during the fiscal year involved is not discharged.

PART 1470—PRELIMINARY INFORMATION REQUIRED OF CONTRACTORS

- Sec. 1470.1 Scope of part.
- 1470.2 Statutory provision.
- 1470.3 Filing of financial statement.

§ 1470.1 *Scope of part.* This part deals with the filing of financial state-

¹Quoted in § 1470.2.

ments required of contractors, and other preliminary information.

§ 1470.2 *Statutory provision.* Section 105 (e) (1) of the act provides as follows:

Furnishing of financial statements, etc. Every person who holds contracts or subcontracts, to which the provisions of this title are applicable, shall, in such form and detail as the Board may by regulations prescribe, file with the Board, on or before the first day of the fourth calendar month following the close of his fiscal year, a financial statement setting forth such information as the Board may by regulations prescribe as necessary to carry out this title. In addition to the statement required under the preceding sentence, every such person shall, at such time or times and in such form and detail as the Board may by regulations prescribe, furnish the Board any information, records, or data which are determined by the Board to be necessary to carry out this title. Any person who willfully fails or refuses to furnish any statement, information, records, or data required of him under this subsection, or who knowingly furnishes any such statement, information, records, or data containing information which is false or misleading in any material respect, shall, upon conviction thereof, be punished by a fine of not more than \$10,000 or imprisonment for not more than one year, or both.

§ 1470.3 *Filing of financial statement—(a) Form.* In accordance with the requirements of the first sentence of section 105 (e) (1) of the act, the "Standard Form of Contractor's Report" is hereby prescribed as the form of financial statement required to be filed by prime contractors and subcontractors, including sales agents and others whose principal business falls within the definition of subcontracts as set forth in section 103 (g) (3) of the act. The Standard Form of Contractor's Report is composed of two parts (RB 1 and RB 1B). No special form is prescribed for construction contractors, architects and engineers. Such contractors shall adapt the Standard Form of Contractor's Report to their particular needs.

(b) *By whom filed.* In accordance with section 105 (e) (1) of the act, every person who holds prime contracts or subcontracts which are subject to the act is required to file the Standard Form of Contractor's Report. The fact that a prime contractor or subcontractor did not receive or accrue any amount during its fiscal year from such prime contracts or subcontracts, or that its aggregate receipts or accruals therefrom did not exceed \$250,000 (or \$25,000, in the case of subcontracts described in section 103 (g) (3) of the act), does not relieve such prime contractor or subcontractor from the obligation to file a Standard Form of Contractor's Report for such year.

(c) *Sufficiency of contents.* The Standard Form of Contractor's Report is required to be prepared in accordance with the instructions contained therein. However, if any of the information called for by the Standard Form of Contractor's Report for a fiscal year has been furnished previously by the contractor to the Board, the contractor may complete the Standard Form of Contractor's Report by incorporating therein, by reference, the information so furnished and making a specific statement of the time and place of such filing.

(d) *Time for filing.* The Standard Form of Contractor's Report shall be filed on or before the first day of the fourth calendar month following the close of the fiscal year of the contractor, whether or not any specific request for filing has been made, *Provided, however,* That the filing of the portion of the Standard Form of Contractor's Report entitled RB 1B may be deferred until not later than the first day of the sixth calendar month following the close of the fiscal year of the contractor. The filing of RB Form 1 will be considered to be the filing of the statement required under section 105 (e) (1) of the act for the purposes of § 1465.2.

(e) *Place for filing.* The Standard Form of Contractor's Report shall be filed in duplicate with The Renegotiation Board, Washington 25, D. C.

(f) *Availability of forms.* Copies of the Standard Form of Contractor's Report may be obtained from The Renegotiation Board, Washington 25, D. C.

(g) *Effect of filing.* The filing of a Standard Form of Contractor's Report in accordance with the provisions of this section will not relieve any prime contractor or subcontractor of the duty

to furnish such other information, records, or data which are determined by the Board to be necessary to carry out its responsibilities under the act.

(h) *Filing on a consolidated basis.* (1) Parent and subsidiary corporations which constitute an "affiliated group" as defined in section 141 (d) of the Internal Revenue Code and which qualify for renegotiation on a consolidated basis (see § 1464.2 of this subchapter) may satisfy the requirements for the filing of the financial statement prescribed by the first sentence of section 105 (e) (1) of the act by filing a Standard Form of Contractor's Report on a consolidated basis. When such a consolidated form of Standard Form of Contractor's Report is filed, each subsidiary corporation shall also file a separate Standard Form of Contractor's Report, except as hereafter provided in this subparagraph. A separate Standard Form of Contractor's Report filed by a member of an affiliated group need not contain the detailed information specified in such form but may be completed by a statement that a consolidated report has been filed by the parent corporation. However, as set forth in § 1464.8 (b) of this subchapter,

a standard form with fuller information will be required later of each member of the group having renegotiable business if excessive profits are to be allocated between members of the group. When any such subsidiary corporation has not received or accrued during the applicable period any amount whatever under renegotiable prime contracts or subcontracts, it need not file a separate report. The filing of a consolidated Standard Form of Contractor's Report does not necessarily commit the members of the group to renegotiation on a consolidated basis, nor does the acceptance of such a filing commit the Government to this course.

(2) Each of two or more related contractors not constituting an "affiliated group" shall file a Standard Form of Contractor's Report even though such related contractors intend to file a request for renegotiation on a consolidated basis (see § 1464.4 of this subchapter). In the event the Board approves such request for consolidation, such related contractors will be required to file thereafter a consolidated Standard Form of Contractor's Report.

[F. R. Doc. 52-327; Filed, Jan. 9, 1952; 8:48 a. m.]

NOTICES

DEPARTMENT OF DEFENSE

Office of the Secretary

TEMPORARY APPROVAL OF PROCEDURES SET UP IN CONNECTION WITH CORRECTION OF MILITARY OR NAVAL RECORDS

Except as otherwise provided herein the procedures set up by the Secretaries of the Army, Navy, and Air Force pursuant to section 207 of the act of August 2, 1946, prior to amendment of that act by Public Law 220, 82d Congress, are approved as of October 25, 1951, for the period of time required to develop new procedures, but in no event shall this approval extend beyond June 30, 1952.

The provisions of present regulations authorizing rejection of an application for correction of a military record on the ground there has been undue delay in filing such applications are not approved, and no application shall be rejected on this ground alone.

WILLIAM C. FOSTER,
Acting Secretary.

[F. R. Doc. 52-307; Filed, Jan. 9, 1952; 8:48 a. m.]

RELEASE OF INFORMATION FROM MEDICAL RECORDS OF MEMBERS AND FORMER MEMBERS OF THE ARMED FORCES

This policy governs the release of medical information, only under confidential classification, by those bureaus and offices which may be designated by the Secretaries of the Army, Navy, and Air Force, respectively.

Complete transcript of medical records on request:

1. Department of the Army.
2. Department of the Navy.
3. Department of the Air Force.
4. Department of the Treasury (Coast Guard).
5. Department of Commerce (Coast and Geodetic Survey).
6. Federal Security Agency (Public Health Service).
7. The Veterans Administration.
8. Selective Service.
9. Federal or State hospitals or penal institutions when the member or former member is a patient or inmate therein.
10. Registered civilian physicians, upon request of the individual or his legal representative, when required in connection with the treatment of the member or former member of the above services.
11. The member or former member himself upon request, except information contained in the medical record which would prove injurious to his physical or mental health. (See Public Law 681, 77th Congress, approved 28 July 1942.)
12. The next of kin on request of the individual, or legal representative, when under the provisions of Public Law 681, the information may not be disclosed to the veteran himself; and directly to the next of kin, or legal representative, when the member or former member has been adjudged insane or is dead.
13. Duly accredited representatives of the National Academy of Sciences-National Research Council, when engaged in cooperative studies undertaken at the specific request or with the consent of the Surgeon General, U. S. Army, the Surgeon General, U. S. Navy, or the Surgeon General, U. S. Air Force.

Partial transcript of pertinent information from medical records on request:

1. Department of Justice.
 2. Department of the Treasury (except Coast Guard).
 3. The Post Office Department.
 4. Department of Labor (Bureau of Employees' Compensation).
- (Each request will be made in connection either (1) with the investigations conducted by the above-named Departments, or (2) adjudication of claims in accordance with law, and will be considered on its merits. The information released will be the minimum necessary.)

WILLIAM C. FOSTER,
Acting Secretary.

JANUARY 5, 1952.

[F. R. Doc. 52-303; Filed, Jan. 9, 1952; 8:48 a. m.]

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

ALASKA

SHORESPACE RESTORATION NO. 469, AND SMALL TRACT CLASSIFICATION NO. 47

JANUARY 3, 1952.

By virtue of the authority contained in the Act of June 5, 1920 (41 Stat. 1059, 48 U. S. C. 372), and pursuant to sections 2.22 (a) (3) and 2.21, Order No. 1, Bureau of Land Management, Region VII, approved by the Acting Secretary of the Interior August 20, 1951 (16 F. R. 8625), it is ordered as follows:

Subject to valid existing rights, the 80-rod shorespace reserve created under the act of May 14, 1893 (30 Stat. 409), as amended by the act of March 3, 1903 (32 Stat. 1023; 43 U. S. C. 371), is hereby revoked as to the public lands hereinafter

described in the Anchorage, Alaska Land District, which are hereby classified as chiefly valuable for lease and sale under the Small Tract Act of June 1, 1938 (52 Stat. 609; 43 U. S. C. 682a), as amended for homesites:

SITKA AREA

SITKA UNIT NO. 1

U. S. Survey 1497

The area described comprises two tracts aggregating approximately 4.103 acres.

2. Located on Jamestown Bay approximately two miles east of Sitka, the lands are accessible by all-weather Sitka Highway. The topography of the area consists of a series of steep, rocky slopes mantled with a thin layer of soil which supports a vegetative cover of mature spruce, hemlock and cedar, and an undergrowth of Devil's Club and blueberry. No public facilities are obtainable in the area at the present time. Water for domestic uses may be obtained from a small fresh water stream which traverses the lands. A distinctive marine climate prevails, characterized by cool summers and mild winters. Heavy precipitation is experienced throughout most of the year.

3. This classification order shall not become effective to change the status of the land or to permit the leasing thereof under the Small Tract Act of June 1, 1938, cited above, until 10:00 a. m. on January 23, 1952. At that time the land shall, subject to valid existing rights, become subject to application, petition, location, or selection, as follows:

(a) *Ninety-one day period for preference right filings.* For a period of 91 days from 10:00 a. m. on January 23, 1952, to close of business on April 22, 1952, inclusive, to (1) application under the Small Tract Act of June 1, 1938, by qualified veterans of World War II, for whose service recognition is granted by the act of September 27, 1944 (58 Stat. 747, 43 U. S. C. Secs. 279, 282), as amended, and by other qualified persons entitled to credit for service under the said Act, subject to the requirements of applicable law, and (2) applications under any applicable public land laws, based on prior existing valid settlement and preference rights conferred by existing laws or equitable claims subject to allowance and confirmation. Application by such veterans and by other persons entitled to credit for service shall be subject to claims of the classes described in subdivision (2).

(b) *Advance period for simultaneous preference right filings.* All applications by such veterans and persons claiming preference rights superior to those of such veterans filed on January 3, 1952, or thereafter, up to and including 10:00 a. m. on January 23, 1952, shall be treated as simultaneously filed.

(c) *Date for non-preference right filings authorized by the public land laws.* Commencing at 10:00 a. m. on April 23, 1952, any of the land remaining unappropriated shall become subject to application under the Small Tract Act by the public generally.

(d) *Advance period for simultaneous non-preference right filings.* Applications under the Small Tract Act by the

general-public filed on April 3, 1952, or thereafter, up to and including 10:00 a. m. on April 23, 1952, shall be treated as simultaneously filed.

4. A veteran shall accompany his application with a complete photostatic, or other copy (both sides) of his certificate of honorable discharge, or of an official document of his branch of service which shows clearly his honorable discharge as defined in § 181.36 of Title 43 of the Code of Federal Regulations, or constitutes evidence of other facts upon which the claim for preference is based and which shows clearly the period of service. Other persons claiming credit for service of veterans must furnish like proof in support of their claim. Persons asserting preference rights, through settlement or otherwise, and those having equitable claim, shall accompany their applications by duly corroborated statements in support thereof, setting forth in detail all facts relevant to their claims.

5. All applications referred to in paragraphs 3 and 4, which shall be filed in the Land Office at Anchorage, Alaska, shall be acted upon in accordance with the regulations contained in § 295.8 of Title 43 of the Code of Federal Regulations to the extent that such regulations are applicable. Applications under the Small Tract Act of June 1, 1938 shall be governed by the regulations contained in Part 257 of Title 43 of the Code of Federal Regulations.

6. Lessees under the Small Tract Act of June 1, 1938, will be required, within a reasonable time after execution of the lease, to construct upon the leased land, to the satisfaction of the appropriate officer of the Bureau of Land Management authorized to sign the lease, improvements which, in the circumstances, are presentable, substantial and appropriate for the use for which the lease is issued. Leases will be for a period of not more than three years, at an annual rental of \$5.00, payable in advance for the entire lease period. Every lease will contain an option to purchase clause and every lessee may file an application to purchase at the sale price as provided in the lease.

7. All of the land will be leased in tracts varying in size from approximately 1.88 acres to approximately 2.22 acres, in accordance with the classification map on file in the Land Office, Anchorage, Alaska. The tracts where possible are made to conform in description with the rectangular system of survey, in compact units.

8. All sewage disposal facilities will be located not less than 75 feet from the exterior boundaries of the tract described in the lease: *Provided, however,* That if said tract abuts upon any stream, lake or other body of fresh water, no sewage disposal facility shall be placed within 100 feet of any such water. If the tract described in the lease is located upon sloping lands, lessee should locate any well or sewage disposal facility according to the recommendations of the Alaska Territorial Department of Health.

9. The leases will be made subject to rights-of-way for road purposes and public utilities, of 33 feet in width, on each side of the tracts contiguous to the

section and/or quarter section lines, or as shown on the classification maps on file in the Land Office, Anchorage, Alaska. Such rights-of-way may be utilized by the Federal Government, or the State or Territory, county or municipality, or by any agency thereof. The rights-of-way may, in the discretion of the authorized officer of the Bureau of Land Management, be definitely located prior to the issuance of the patent. If not so located, they may be subject to location after patent is issued.

10. All inquiries relating to these lands shall be addressed to the Manager, Land Office, Anchorage, Alaska.

HAROLD T. JORGENSEN,
Chief, Division of Land Planning.

[F. R. Doc. 52-311; Filed, Jan. 9, 1952;
8:49 a. m.]

[52282]

ARIZONA

NOTICE OF FILING OF PLATS OF SURVEY

JANUARY 2, 1952.

Notice is given that the plat of survey accepted September 7, 1951 of T. 8 S., R. 22 W., and plat of survey accepted September 7, 1951 of T. 8 S., R. 23 W., G. & S. R. M., Arizona, including lands hereinafter described, will be officially filed in the Land and Survey Office at Phoenix, Arizona, effective at 10:00 a. m. on the 35th day after the date of this notice:

GILA AND SALT RIVER MERIDIAN, ARIZONA

T. 8 S., R. 22 W.,

All Secs. 6 and 7 inclusive.

T. 8 S., R. 23 W.,

All Secs. 1, 2, 11, 12, 13, 14, 23 and 24 inclusive.

The area described, including both public and non-public lands, aggregate 3,282.75 acres.

All Secs. 6 and 7, T. 8 S., R. 22 W. were withdrawn for reclamation purposes on February 19, 1929. All Secs. 1, 2 and 11, T. 8 S., R. 23 W., were withdrawn for reclamation purposes on July 2, 1902, and amended to Second Form on August 26, 1902, and All Secs. 12, 13, 14, 23 and 24, T. 8 S., R. 23 W., were withdrawn for reclamation purposes on February 19, 1929, all in connection with the Colorado River Storage Project.

In view thereof, the lands described will not be subject to disposition under the general public land laws by reason of the official filing of this plat.

THOS. F. BRITT,
Manager.

[F. R. Doc. 52-312; Filed, Jan. 9, 1952;
8:49 a. m.]

DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

DECLARATION OF INSUFFICIENT SUPPLY OF
1951-CROP VALENCIA TYPE PEANUTS TO
MEET DEMAND

Pursuant to the authority contained in the Agricultural Adjustment Act of 1938,

as amended, and in accordance with the delegation of authority by the Secretary of Agriculture to the President of Commodity Credit Corporation to determine which, if any, types of peanuts are in short supply, it is hereby determined, on the basis of the latest available information with respect to supply, demand, and market prices, that the supply of Valencia type peanuts of the 1951 crop is insufficient to meet the demand for cleaning and shelling purposes at prices at which the Commodity Credit Corporation may sell peanuts owned or controlled by it for such purposes. Accordingly, excess Valencia type peanuts purchased from producers at the oil value thereof will be sold by Commodity Credit Corporation for cleaning and shelling at prices not less than 105 percent of support price plus reasonable carrying charges. The proceeds received from such sales of Valencia type peanuts, after deduction of the prices paid to producers and other costs incurred in connection with such peanuts, including the estimated cost of proration, will be prorated proportionately among all producers delivering excess peanuts of such type at oil value to Commodity Credit Corporation.

This determination is effective as of August 1, 1951, which is the beginning of the 1951-1952 marketing year, and shall remain in effect until further notice.

(Sec. 359 (g), 7 U. S. C. Sup., 1359, as amended by sec. 6, Pub. Law 471, 81st Cong., and sec. 2, Pub. Law 17, 82d Cong.)

Issued this 5th day of January 1952.

[SEAL] ELMER F. KRUSE,
Acting President,
Commodity Credit Corporation.

[F. R. Doc. 52-396; Filed, Jan. 9, 1952; 8:51 a. m.]

Office of the Secretary

PRESIDENT, COMMODITY CREDIT CORPORATION

DELEGATION OF AUTHORITY WITH RESPECT TO PEANUTS

Pursuant to the authority contained in section 161 of the Revised Statutes (5 U. S. C. 22), authority is hereby delegated to the President, Commodity Credit Corporation, to exercise the authority vested in the Secretary of Agriculture, under section 359 (g) of the Agricultural Adjustment Act of 1938 (7 U. S. C. Sup., 1359), as amended by section 6 of Public Law 471, 81st Congress and section 2 of Public Law 17, 82d Congress, with respect to the determination of whether the supply of any type of peanuts is insufficient to meet the demand for cleaning and shelling purposes at prices at which the Commodity Credit Corporation may sell peanuts owned or controlled by it for such purposes and to permit the sale, for cleaning and shelling, of the excess peanuts of such type delivered to a designated agency under such section 359 (g). Any such deter-

mination by the President, Commodity Credit Corporation, shall be made on the basis of the latest available information with respect to supply, demand, and market prices.

Authority is also delegated to the President, Commodity Credit Corporation, to exercise the authority of the Secretary of Agriculture under such section 359 (g) with respect to the establishment of prices at which excess peanuts may be purchased or sold by a designated agency and the approval of forms of agreements for such sales of excess peanuts.

All actions by the President, Commodity Credit Corporation, pursuant to this delegation of authority shall be in accordance with any instructions or directions issued to him by the Secretary of Agriculture. Operations with respect to excess peanuts under section 359 (g) of the Agricultural Act of 1938, as amended, including the proration among producers of the net proceeds received from the sale for cleaning and shelling of peanuts of any type determined by the President, Commodity Credit Corporation, to be insufficient supply pursuant to this delegation of authority, shall be conducted under regulations prescribed by the Secretary of Agriculture.

Issued at Washington, D. C., this 5th day of January, 1952.

[SEAL] CHARLES F. BRANNAN,
Secretary of Agriculture.

[F. R. Doc. 52-259; Filed, Jan. 9, 1952; 8:45 a. m.]

DEPARTMENT OF COMMERCE

Federal Maritime Board

[No. M-48]

AMERICAN EXPORT LINES, INC.

NOTICE OF HEARING ON APPLICATION TO BAREBOAT CHARTER GOVERNMENT-OWNED, WAR-BUILT, DRY-CARGO VESSELS FOR EMPLOYMENT IN THE SERVICE BETWEEN U. S. NORTH ATLANTIC PORTS AND PORTS IN THE MEDITERRANEAN

Pursuant to section 3, Public Law 591, 81st Congress, notice is hereby given that an informal public hearing will be held at Washington, D. C., on January 16, 1952, at 10 o'clock a. m., in Room 4823, Department of Commerce Building, before Examiner A. L. Jordan, upon the application of American Export Lines, Inc., to bareboat charter two Government-owned war-built, dry-cargo Victory-type vessels for employment in its service between United States North Atlantic ports and ports in the Mediterranean.

The purpose of the hearing is to receive evidence with respect to whether the service for which such vessels are proposed to be chartered is required in the public interest and is not adequately served, and with respect to the availability of privately-owned American-flag vessels for charter on reasonable conditions and at reasonable rates for use in such service. Evidence also will

be received with respect to any restrictions or conditions that may under the statute be included in the charter if the application should be granted.

All persons having an interest in the application will be given an opportunity to be heard if present.

The parties may have oral argument before the examiner immediately following the close of the hearing, in lieu of briefs, and the examiner will issue a recommended decision. Parties may have seven (7) days or such shorter time as may be agreed to at the hearing within which to file exceptions to, or memoranda in support of, the examiner's recommended decision, but the Board reserves the right to determine whether oral argument on exceptions will be granted and whether briefs in connection therewith will be received.

Dated: January 3, 1952.

By order of the Federal Maritime Board.

[SEAL] A. J. WILLIAMS,
Secretary.

[F. R. Doc. 52-305; Filed, Jan. 9, 1952; 8:48 a. m.]

MEMBER LINES OF PACIFIC WESTBOUND CONFERENCE, ET AL.

NOTICE OF CANCELLATION OF AGREEMENTS

Notice is hereby given that the Board by order dated January 3, 1952, approved the cancellation of the following described agreements pursuant to section 15 of the Shipping Act, 1916, as amended:

Agreement 57-32 between Member Lines of the Pacific Westbound Conference and Waterman Steamship Corporation provided for the association of the Waterman Steamship Corporation with the Pacific Westbound Conference without voting privileges or the necessity for posting surety bond, but with the right to participate in conference contracts with shippers.

Agreement 3363 between Williams Steamship Corporation and Empresa Naviera de Cuba provided for the transportation of cargo under through bills of lading from certain U. S. Pacific ports to ports in the Dominican Republic, with transshipment at San Juan, Puerto Rico.

Agreement 3363-A between American-Hawaiian Steamship Company and Empresa Naviera de Cuba provided that the parties thereto shall be bound by all the terms and conditions of Agreement No. 3363.

Interested parties may obtain copies of these agreements at the Regulation Office, Federal Maritime Board, Washington, D. C.

Dated: January 5, 1952.

By order of the Federal Maritime Board.

[SEAL] A. J. WILLIAMS,
Secretary.

[F. R. Doc. 52-262; Filed, Jan. 9, 1952; 8:46 a. m.]

[No. M-49]

ISBRANDTSEN CO., INC.

NOTICE OF HEARING ON APPLICATION TO BAREBOAT CHARTER A GOVERNMENT-OWNED, WAR-BUILT, DRY-CARGO VESSEL FOR EMPLOYMENT IN THE SERVICE BETWEEN U. S. NORTH ATLANTIC PORTS AND PORTS IN THE UNITED KINGDOM AND CONTINENTAL EUROPE

Pursuant to section 3, Public Law 591, 81st Congress, notice is hereby given that an informal public hearing will be held at Washington, D. C., on January 14, 1952, at 10 o'clock a. m., in Room 4821, Department of Commerce Building, before the Federal Maritime Board, upon the application of Isbrandtsen Co., Inc., to bareboat charter a Government-owned, war-built, dry-cargo Victory-type vessel for employment in its service between United States North Atlantic ports and ports in the United Kingdom and continental Europe (Bordeaux/Hamburg Range).

The purpose of the hearing is to receive evidence with respect to whether the service for which such vessel is proposed to be chartered is required in the public interest and is not adequately served, and with respect to the availability of privately-owned American-flag vessels for charter on reasonable conditions and at reasonable rates for use in such service. Evidence also will be received with respect to any restrictions or conditions that may under the statute be included in the charter if the application should be granted.

All persons having an interest in the application will be given an opportunity to be heard if present.

Dated: January 7, 1952.

By order of the Federal Maritime Board.

[SEAL] A. J. WILLIAMS,
Secretary.

[F. R. Doc. 52-422; Filed, Jan. 9, 1952; 8:51 a. m.]

National Production Authority

[NPA Delegation 14, Amdt. 2 of January 9, 1952]

ADMINISTRATOR OF FEDERAL SECURITY AGENCY ET AL.

DELEGATION OF AUTHORITY TO PROCESS APPLICATIONS UNDER NPA ORDER M-4A AND TO MAKE ALLOTMENTS AND ASSIGN RATINGS UNDER CMP REGULATION NO. 6

NPA Delegation 14 is amended in the following respect:
A new listing, as follows, is added to Table I:

The Administrator of the Federal Civil Buildings, structures, or projects which are to be used exclusively for civil defense purposes.

This amendment shall take effect January 9, 1952.

NATIONAL PRODUCTION AUTHORITY,
MANLY FLEISCHMANN,
Administrator.

[F. R. Doc. 52-419; Filed, Jan. 8, 1952; 2:24 p. m.]

APPEALS BOARD

ORGANIZATIONAL STATEMENT

1. *Authority.* The Appeals Board of the National Production Authority, established in accordance with section 3 of NPA Reg. 5 (16 F. R. 3617), as amended October 11, 1951 (16 F. R. 10386), is organized and functions under the authority of the Defense Production Act of 1950, as amended (64 Stat. 798, Pub. Law 96, 82d Cong.), Executive Orders 10161 and 10200 (15 F. R. 6105, 16 F. R. 61), Defense Production Administration Delegation 1, as amended (16 F. R. 738, 4594), and Department of Commerce Order 123, as amended (15 F. R. 6726, 16 F. R. 1129).

2. *Organization.* The Appeals Board consists of three members and one alternate member appointed by the Administrator. One member, designated by the Administrator, acts as Chairman. In the absence of the Chairman or a member of the Board, the alternate member acts in his place. The alternate member also serves as Executive Director of the Board.

3. *Functions.* (a) The Appeals Board considers appeals from denials, by responsible operating officials of the National Production Authority, of adjustments or exceptions to provisions of or-

ders or regulations or to actions taken pursuant to orders or regulations, when such appeals are properly referred to the Board;

(b) The Board issues subpoenas, administers oaths to witnesses, takes testimony, and renders final decisions.

4. *Communications.* All communications concerning the operations of the Board should be addressed to the Executive Director, Appeals Board, National Production Authority, Washington 25, D. C., Ref: NPA Reg. 5.

Issued January 8, 1952.

NATIONAL PRODUCTION
AUTHORITY,
MANLY FLEISCHMANN,
Administrator.

[F. R. Doc. 52-421; Filed, Jan. 8, 1952; 2:24 p. m.]

FEDERAL POWER COMMISSION

[Docket No. E-6402]

CENTRAL ARIZONA LIGHT AND POWER CO.

NOTICE OF APPLICATION

JANUARY 3, 1952.

Take notice that on December 26, 1951, an application was filed with the Federal

Power Commission, pursuant to section 203 of the Federal Power Act, by Central Arizona Light and Power Company (hereinafter called "Central Arizona"), which application Arizona Edison Company, Inc. (hereinafter called "Arizona Edison"), adopts, ratifies, and approves, without admitting the jurisdiction of the Federal Power Commission over it as a public utility.

Central Arizona and Arizona Edison are corporations organized under the laws of the State of Arizona and doing business in said state, with their principal business offices at Phoenix, Arizona.

Applicant proposes to merge or consolidate all of the facilities of Central Arizona with those of Arizona Edison; Central Arizona will be the continuing corporation after the merger, its name being changed to Arizona Public Service Company. The presently outstanding stock and securities of Central Arizona will remain outstanding as those of the continuing corporation; the outstanding debt securities of Arizona Edison will remain outstanding, and will be assumed by the surviving corporation; each share of \$5 Cumulative Preferred Stock of Arizona Edison will be exchanged for two shares of \$2.50 Cumulative Preferred Stock of the surviving corporation, and each share of Common Stock of Arizona Edison will be exchanged for 1.75 shares of Common Stock of the continuing corporation. It is proposed that all of the facilities of both Central Arizona and Arizona Edison will continue, after the effective date of the merger, to be utilized by the surviving corporation for the same uses and purposes as at present, to render public utility service in the State of Arizona; all as more fully appears in the application on file with the Commission.

Any person desiring to be heard or to make any protest with reference to said application should, on or before the 21st day of January 1952, file with the Federal Power Commission, Washington 25, D. C., a petition or protest in accordance with the Commission's rules of practice and procedure. The application is on file with the Commission for public inspection.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 52-264; Filed, Jan. 9, 1952; 8:46 a. m.]

[Docket Nos. G-1065, G-1517]

EAST TENNESSEE NATURAL GAS CO.

NOTICE OF ORDER ISSUING CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

JANUARY 4, 1952.

Notice is hereby given that, on January 3, 1952, the Federal Power Commission issued its order, entered December 29, 1951, in the above-entitled matters, amending order (16 F. R. 8993) issuing certificate of public convenience and necessity in Docket No. G-1517.

[SEAL] J. H. GUTRIDE,
Acting Secretary.

[F. R. Doc. 52-265; Filed, Jan. 9, 1952; 8:46 a. m.]

[Docket No. G-1277]

TRANSCONTINENTAL GAS PIPE LINE CORP.

NOTICE OF PETITION TO AMEND ORDER
JANUARY 7, 1952.

Take notice that Transcontinental Gas Pipe Line Corporation (Transcontinental), a Delaware corporation, having its principal place of business at Houston, Texas, filed on January 2, 1952, a petition for a temporary amendment of the order dated April 28, 1950, issuing a certificate of public convenience and necessity in the above-docketed proceeding.

The Commission by order issued December 6, 1951, reopened the proceedings in Docket No. G-1277 for the purpose of determining the disposition of 64,000 Mcf per day of natural gas heretofore authorized for delivery to Northeastern Gas Transmission Company. A public hearing is to be held in the reopened proceedings commencing on January 28, 1952.

Pending a final determination by the Commission in the reopened proceedings, Transcontinental seeks authority, by its petition, to increase the maximum daily deliveries authorized by the Commission's order of April 28, 1950, to the following companies in the amounts indicated:

	<i>Mcf</i>
Consolidated Edison Co.....	15,000
The Brooklyn Union Gas Co.....	8,000
Public Service Electric & Gas Co.....	16,000
Philadelphia Electric Co.....	7,500
Long Island Lighting System.....	1,500
Total.....	46,000

Transcontinental proposes to make such deliveries on an interim basis in accordance with its filed rate schedule CD-2. The remaining 18,000 Mcf per day of natural gas would be delivered to the Columbia Gas System, Inc., under existing exchange agreements between Transcontinental and subsidiaries of the Columbia Gas System.

The Petition is on file with the Commission for public inspection. Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the Commission's rules of practice and procedure (18 CFR 1.8 or 1.10) on or before the 23d day of January 1952.

[SEAL] **J. H. GUTRIDE,**
Acting Secretary.

[F. R. Doc. 52-364; Filed, Jan. 9, 1952;
 8:50 a. m.]

[Docket No. G-1859]

CONSOLIDATED GAS UTILITIES CORP.

NOTICE OF APPLICATION

JANUARY 3, 1952.

Take notice that Consolidated Gas Utilities Corporation (Consolidated), a Delaware corporation, having its principal place of business in the Braniff Building, Oklahoma City, Oklahoma, filed on December 21, 1951, an application for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act authorizing the acquisition by purchase from Phil-

lips Petroleum Company of certain natural-gas facilities, to wit: a 2,950 horsepower compressor station and appurtenances thereto, located in Wheeler County, Texas, together with six miles of installed 20-inch gas pipe line extending from said compressor station to Phillips LeFors Plant, the construction of approximately 8½ miles of 16-inch pipe line extending from said compressor station to a point of connection with Consolidated's existing facilities in Wheeler County, Texas, and operation of the facilities to be so acquired and constructed.

Consolidated estimates that the total capital cost of the facilities to be acquired and constructed as herein proposed will be approximately \$601,542.00.

Consolidated proposes to transport approximately 35,000 Mcf of natural gas per day by means of the facilities it proposes to acquire and construct.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before the 25th day of January 1952. The application is on file with the Commission for public inspection.

[SEAL] **J. H. GUTRIDE,**
Acting Secretary.

[F. R. Doc. 52-313; Filed, Jan. 9, 1952;
 8:49 a. m.]

[Docket No. G-1862]

OHIO FUEL GAS CO.

NOTICE OF APPLICATION

JANUARY 3, 1952.

Take notice that The Ohio Fuel Gas Company (Applicant), an Ohio corporation, address, Columbus, Ohio, filed on December 26, 1951, an application for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, authorizing the construction and operation of approximately 31.2 miles of 20-inch natural-gas transmission pipeline extending from Applicant's Treat compressor station in Licking County, Ohio, to its Weaver storage compressor station in Richland County, Ohio.

Applicant proposes, by means of the said facilities, to increase the capacity of its existing system by approximately 65,000 Mcf per day to enable Applicant to transport additional gas northward on its system for storage, and to transport gas southward for market service. The proposed facilities are expected to transport approximately 110,000 Mcf of natural gas daily and are expected to have a capacity of 142,000 Mcf per day with a pressure of 500 psig at Treat Station and 350 psig at Weaver Station. Applicant states that the proposed facilities will permit storage of greater volumes of natural gas in the northern part of its system where lack of gas from outside sources makes it necessary to meet winter and peak loads from storage areas.

The estimated cost of the proposed facilities is \$1,440,000 which will be paid for from funds provided by the Columbia

Gas System, Inc., the parent company of Applicant.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before the 25th day of January 1952. The application is on file with the Commission for public inspection.

[SEAL] **J. H. GUTRIDE,**
Acting Secretary.

[F. R. Doc. 52-314; Filed, Jan. 9, 1952;
 8:49 a. m.]

ECONOMIC STABILIZATION AGENCY

Office of Price Stabilization

[Region I, Redlegation of Authority 23]

DIRECTORS OF DISTRICT OFFICES, REGION I

REDELEGATION OF AUTHORITY TO ACT UNDER
CPR 25, REVISED

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization, No. 1, pursuant to Delegation of Authority No. 42 (16 F. R. 12747) this redelegation of authority is hereby issued.

1. Authority to act under sections 4 (d), 5 (c) (3), 12, 21 (c), 22, 30 (f) and (g), 32 (b), 33 and 34 of CFR 25. Authority is hereby redelegated to the Directors of the District Offices of the Office of Price Stabilization in Region I to act under sections 4 (d), 5 (c) (3), 12, 21 (c), 22, 30 (f) and (g), 32 (b), 33 and 34 of CFR 25. All actions in respect to sections 33 and 34 of CFR 25, taken by District Offices previous to this authority, are hereby confirmed and validated. This redelegation of authority shall take effect as of December 27, 1951.

JOSEPH M. McDONOUGH,
Director of Regional Office I.

JANUARY 7, 1952.

[F. R. Doc. 52-371; Filed, Jan. 7, 1952;
 4:48 p. m.]

[Region II, Redlegation of Authority 21]

DIRECTORS OF DISTRICT OFFICES, REGION II

REDELEGATION OF AUTHORITY TO ESTABLISH
OR ADJUST CEILING PRICES, ETC., UNDER
CPR 93

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization, No. 2, pursuant to Delegation of Authority No. 44 (16 F. R. 12747), this redelegation of authority is hereby issued.

1. Authority is hereby redelegated to the Directors of the New York City, Buffalo, Rochester, Syracuse, and Albany, New York; and the Newark and Trenton, New Jersey, Offices of Price Stabilization to authorize, establish, adjust, revise or disapprove ceiling prices, ceiling fees, ceiling markups and rates or request further information in connection therewith, or otherwise act to administer individual reporting or adjustment provisions of CFR 93, in accordance with the specific provisions thereof.

NOTICES

This redelegation of authority is effective January 9, 1952.

JAMES G. LYONS,
Director of Regional Office II.

JANUARY 7, 1952.

[F. R. Doc. 52-372; Filed, Jan. 7, 1952;
4:49 p. m.]

[Region II, Redelegation of Authority 22]

DIRECTORS OF DISTRICT OFFICES,
REGION II

REDELEGATION OF AUTHORITY TO ACT UNDER
SR 61 OF THE GPCR

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization, No. 2, pursuant to Delegation of Authority No. 45 (16 FR 12802), this redelegation of authority is hereby issued.

1. Authority to act under the provision of SR 61 of the GPCR. Authority is hereby redelegated to the Directors of the New York City, Buffalo, Rochester, Syracuse, and Albany, New York; and the Newark and Trenton, New Jersey, Offices of Price Stabilization to grant, modify, or disapprove applications for adjusted ceiling prices under the provisions of SR 61 of the GPCR, or to request further or additional information, pending a final determination, or to disapprove or revise downward any adjusted ceiling price granted under this supplementary regulation.

This redelegation of authority is effective January 9, 1952.

JAMES G. LYONS,
Director of Regional Office II.

JANUARY 7, 1952.

[F. R. Doc. 52-373; Filed, Jan. 7, 1952;
4:49 p. m.]

[Region III, Redelegation of Authority 11]

DIRECTORS OF DISTRICT OFFICES,
REGION III

REDELEGATION OF AUTHORITY TO ACT UNDER
CPR 25, REVISED

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization, No. 3, pursuant to Delegation of Authority No. 42 (16 F. R. 12747), this redelegation of authority is hereby issued.

1. Authority to act under sections 4 (d), 5 (c) (3), 12, 21 (c), 22, 30 (f) and (g), 32 (b), 33 and 34 of CPR 25. Authority is hereby redelegated to each of the District Directors of the Office of Price Stabilization in Region 3 to act under sections 4 (d), 5 (c) (3), 12, 21 (c), 22, 30 (f) and (g), 32 (b), 33 and 34 of CPR 25. All actions in respect to sections 33 and 34 of CPR 25, taken by District offices previous to this authority, are hereby confirmed and validated.

This redelegation of authority shall take effect as of December 26, 1951.

JOSEPH J. MCBRYAN,
Director of Regional Office III.

JANUARY 7, 1952.

[F. R. Doc. 52-374; Filed, Jan. 7, 1952;
4:49 p. m.]

[Region V, Redelegation of Authority 14]

DIRECTORS OF DISTRICT OFFICES, REGION V

REDELEGATION OF AUTHORITY TO ACT ON AP-
PLICATIONS FOR ADJUSTING CEILING
PRICES UNDER GENERAL OVERRIDING REG-
ULATION 21

By virtue of the authority vested in me as Director of the Regional Office of the Office of Price Stabilization, No. V, pursuant to Delegation of Authority 39 (16 F. R. 12376), this redelegation of authority is hereby issued.

Authority is hereby redelegated to the Directors of the Atlanta, Georgia; Birmingham, Alabama; Columbia, South Carolina; Jackson, Mississippi; Jacksonville, Florida; Memphis, Tennessee; Miami, Florida; Montgomery, Alabama; Nashville, Tennessee; and Savannah, Georgia, District Offices of the Office of Price Stabilization to act within their respective district office territory limits as follows:

1. To process in the respects indicated herein applications for adjusted ceiling prices under General Overriding Regulation 21 by manufacturers whose net sales for the last complete fiscal year, ending not later than July 31, 1951, were not more than \$1,000,000;

(a) To direct applicants to broaden the scope of their applications as provided in section 5 (d) of GOR 21;

(b) To approve, disapprove, specify an approved method, or request additional information where applicants submit proposed methods for determining the total unit cost of base-period commodities, as provided in section 8 (f) of GOR 21;

(c) To approve, disapprove or request additional information on applications for alternate methods for computing proposed ceiling prices as provided by section 15 of GOR 21;

(d) To review applications for adjusted ceiling prices, making such investigation of the facts involved, requiring such supplementary information and holding such hearings and conferences as are deemed appropriate for the proper disposition of the application as provided by section 16 of GOR 21;

(e) To issue letter orders as provided by section 16 of GOR 21 establishing or revising ceiling prices:

(1) For the commodities covered by applications for adjusted ceiling prices;

(2) For other commodities sold by applicants not covered by applications for adjusted ceiling prices;

(3) For commodities introduced since the filing date of applications;

(4) For commodities introduced after the issuance date of the letter orders.

This redelegation of authority is effective as of December 28, 1951.

CHARLES B. CLEMENT,
Acting Director of Regional Office V.

JANUARY 7, 1952.

[F. R. Doc. 52-377; Filed, Jan. 7, 1952;
4:49 p. m.]

[Region V, Redelegation of Authority 15]

DIRECTORS OF DISTRICT OFFICES, REGION V

REDELEGATION OF AUTHORITY TO ISSUE AREA
MILK PRICE REGULATIONS PURSUANT TO
SUPPLEMENTARY REGULATION 63 TO GEN-
ERAL CEILING PRICE REGULATION

By virtue of the authority vested in me as Director of the Regional Office of the Office of Price Stabilization, No. V pursuant to Delegation of Authority 41 (16 F. R. 12679), this redelegation of authority is hereby issued.

Authority is hereby redelegated to the Directors of the Atlanta, Georgia; Birmingham, Alabama; Columbia, South Carolina; Jackson, Mississippi; Jacksonville, Florida; Memphis, Tennessee; Miami, Florida; Montgomery, Alabama; Nashville, Tennessee; and Savannah, Georgia, District Offices of the Office of Price Stabilization to act within their respective districts as follows:

(a) Authority is hereby redelegated to issue an area milk price regulation adjusting ceiling prices in accordance with the provisions of Supplementary Regulation 63 in any milk marketing area where the entire area is located within the processing director's district.

This redelegation of authority is effective as of December 28, 1951.

CHARLES B. CLEMENT,
Acting Director of Regional Office V.

JANUARY 7, 1952.

[F. R. Doc. 52-378; Filed, Jan. 7, 1952;
4:50 p. m.]

[Region V, Redelegation of Authority 16]

DIRECTORS OF DISTRICT OFFICES, REGION V

REDELEGATION OF AUTHORITY TO PROCESS
APPLICATIONS FOR ADJUSTMENT FILED BY
MANUFACTURERS HAVING YEARLY SALES
VOLUME OF \$250,000.00 OR LESS UNDER
GENERAL OVERRIDING REGULATION 10

By virtue of the authority vested in me as Director of the Regional Office of the Office of Price Stabilization, No. V, pursuant to Delegation of Authority 43 (16 F. R. 12747), this redelegation of authority is hereby issued.

Authority is hereby redelegated to the Directors of the Atlanta, Georgia; Birmingham, Alabama; Columbia, South Carolina; Jackson, Mississippi; Jacksonville, Florida; Memphis, Tennessee; Miami, Florida; Montgomery, Alabama; Nashville, Tennessee; and Savannah, Georgia, District Offices of the Office of Price Stabilization to act within their respective district office territory limits as follows:

(1) Authority to process and act on applications for adjustments filed by manufacturers having a yearly sales volume of \$250,000.00 or less, under General Overriding Regulation 10.

(2) Authority to process and act on all applications for adjustment filed under General Overriding Regulation 10 by manufacturers having a yearly sales volume exceeding \$250,000.00, where the applications have been referred to the district offices by the Regional Office of the Office of Price Stabilization, No. V.

This redelegation of authority is effective as of December 28, 1951.

CHARLES B. CLEMENT,
Acting Director of Regional Office V.

JANUARY 7, 1952.

[F. R. Doc. 52-379; Filed, Jan. 7, 1952;
4:50 p. m.]

[Region V, Redelegation of Authority 17]
DIRECTORS OF DISTRICT OFFICES, REGION V
REDELEGATION OF AUTHORITY TO ACT UNDER
SUPPLEMENTARY REGULATION 61 OF THE
GENERAL CEILING PRICE REGULATION

By virtue of the authority vested in me as Director of the Regional Office of the Office of Price Stabilization, No. V, pursuant to Delegation of Authority 45 (16 F. R. 12802), this redelegation of authority is hereby issued.

Authority is hereby redelegated to the Directors of the Atlanta, Georgia; Birmingham, Alabama; Columbia, South Carolina; Jackson, Mississippi; Jacksonville, Florida; Memphis, Tennessee; Miami, Florida; Montgomery, Alabama; Nashville, Tennessee; and Savannah, Georgia, District Offices of the Office of Price Stabilization to act within their respective district office territory limits as follows:

(1) To grant, modify or disapprove applications for adjusted ceiling prices under the provisions of Supplementary Regulation 61 of the General Ceiling Price Regulation, or to request further or additional information pending a final determination, or to disapprove or revise downward any adjusted ceiling price granted under this supplementary regulation.

(2) All actions in respect to this supplementary regulation taken by any district director previous to the effective date of this Redelegation of Authority are hereby confirmed and validated.

This redelegation of authority is effective as of December 28, 1951.

CHARLES B. CLEMENT,
Acting Director of Regional Office V.

JANUARY 7, 1952.

[F. R. Doc. 52-380; Filed, Jan. 7, 1952;
4:50 p. m.]

[Region V, Redelegation of Authority 18]
DIRECTORS OF DISTRICT OFFICES, REGION V
REDELEGATION OF AUTHORITY TO ESTABLISH
OR ADJUST CEILING PRICES, ETC., UNDER
CEILING PRICE REGULATION 93

By virtue of the authority vested in me as Director of the Regional Office of the Office of Price Stabilization, No. V, pursuant to Delegation of Authority 44 (16 F. R. 12802), this redelegation of authority is hereby issued.

Authority is hereby redelegated to the Directors of the Atlanta, Georgia; Birmingham, Alabama; Columbia, South Carolina; Jackson, Mississippi; Jacksonville, Florida; Memphis, Tennessee; Miami, Florida; Montgomery, Alabama; Nashville, Tennessee; and Savannah,

No. 7—9

Georgia, District Offices of the Office of Price Stabilization to act within their respective district office territory limits as follows:

1. To authorize, establish, adjust, revise or disapprove ceiling prices, ceiling fees, ceiling markups and rates, or request further information in connection therewith or otherwise act to administer individual reporting or adjustment provisions of Ceiling Price Regulation 93 in accordance with the specific provisions thereof.

This redelegation of authority is effective as of December 28, 1951.

GEORGE D. PATTERSON, Jr.,
Director of Regional Office V.

JANUARY 7, 1952.

[F. R. Doc. 52-381; Filed, Jan. 7, 1952;
4:50 p. m.]

[Region VII, Redelegation of Authority 14]
DIRECTORS OF DISTRICT OFFICES,
REGION VII

REDELEGATION OF AUTHORITY TO ACT UNDER
CPR 25, REVISED

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization, Region VII, pursuant to the provisions of Delegation of Authority Number 42, dated December 17, 1951 (16 F. R. 12747), this redelegation of authority is hereby issued.

1. Authority is hereby redelegated to each of the District Directors of the Office of Price Stabilization in Region VII to act under sections 4 (d), 5 (c) (3), 12, 21 (c), 22, 30 (f) and (g), 32 (b), 33 and 34 of CPR 25. All actions in respect to sections 33 and 34 of CPR 25, taken by District Offices previous to this authority, are hereby confirmed and validated.

This redelegation of authority is effective January 9, 1952.

MICHAEL J. HOWLETT,
Director of Regional Office VII.

JANUARY 7, 1952.

[F. R. Doc. 52-375; Filed, Jan. 7, 1952;
4:49 p. m.]

[Region XIII, Redelegation of Authority 8]
DIRECTORS OF DISTRICT OFFICES, REGION
XIII

REDELEGATION OF AUTHORITY TO ACT ON AP-
PLICATIONS FOR ADJUSTMENT OF PRICES
RELATING TO ICE

By virtue of the authority vested in me as Acting Director of the Regional Office of Price Stabilization, No. XIII, pursuant to Delegation of Authority No. 14 (16 F. R. 7431), this redelegation of authority is hereby issued.

1. Authority is hereby redelegated to the Directors of the Boise, Portland, Seattle, and Spokane District Offices of Price Stabilization, respectively, to act on all applications for adjustment under the provisions of Sections 1-6, inclusive, of Supplementary Regulation 45 to the General Ceiling Price Regulation, as amended.

This redelegation of authority shall be effective January 10, 1952.

JOHN L. SALTER,
Acting Regional Director, Office
of Price Stabilization, Region
XIII.

JANUARY 7, 1952.

[F. R. Doc. 52-376; Filed, Jan. 7, 1952;
4:49 p. m.]

[General Overriding Regulation 10, Special
Order 8]

HARRISON PRODUCTS, INC., SAN FRANCISCO,
CALIF.

CEILING PRICES FOR SALES OF NODOZ AWAKENERS BY MANUFACTURER AND RESELLERS

Statement of considerations. Harrison Products, Inc. has applied to the Office of Price Stabilization pursuant to General Overriding Regulation 10 for an adjustment of its ceiling prices for its product, NoDoz Awakeners.

In accordance with section 3 of the regulation, applicant has produced evidence which, in the judgment of the Director, establishes that applicant is eligible for the adjustment requested.

On the basis of the information submitted, it appears that the applicant manufactures several proprietary drug products, the principal one in terms of sales volume being NoDoz Awakeners, which it sells at the following ceiling prices; 15-tablet package, \$2 per dozen; 60-tablet package, \$6.32 per dozen; subject to the following terms and discounts: 16 2/3 percent discount to chain stores, wholesalers and jobbers, and terms of 2 percent net 10 days to all of its purchasers. It further appears that applicant has sustained an over-all loss in its manufacturing operations in the 12-month period ending October 31, 1951; that the loss is attributable to the level of its existing ceiling prices for NoDoz Awakeners; that the adjusted ceiling prices specified below, for which it has applied, will not be substantially out of line with the ceiling prices established for other sellers of similar commodities, and that if such adjusted prices are charged, its operations will not exceed a break-even position.

In the judgment of the Director, adjustment of the ceiling prices of resellers of NoDoz Awakeners is necessary, corresponding to the adjustment in the manufacturer's ceiling prices established herein and this order therefore permits resellers to increase their ceiling prices for NoDoz Awakeners established under the General Ceiling Price Regulation, by 40 percent in the case of 15-tablet packages, and 24 percent in the case of 60-tablet packages.

Paragraph 5 of this order requires financial reports to be submitted by applicant on or before March 15 and June 15, 1952. Paragraph 7 requires the applicant to supply a copy of this special order to reseller to whom applicant sells NoDoz Awakeners.

Special provisions. For the reasons set forth in the Statement of Considerations and pursuant to sections 4 and 5 of

General Overriding Regulation 10, this special order is hereby issued.

1. The selling prices of Harrison Products, Inc., for NoDoz Awakeners for sale to retail druggists shall be as follows: 15-tablet packages, \$2.80 per dozen; 60-tablet packages, \$7.84 per dozen; subject in each case to the following terms and discounts: 16 2/3 percent discount to chain stores, wholesalers and jobbers, and terms of one percent net 10 days to all purchasers, and subject on sales to all purchasers to the continuance of the same practice of the inclusion of free packages of NoDoz with each dozen of 15-tablet packages purchased as was in effect between December 19, 1950, and January 25, 1951, inclusive.

2. Wholesalers, retailers, and any other resellers of NoDoz Awakeners may adjust their ceiling prices for NoDoz Awakeners determined under the General Ceiling Price Regulation by multiplying such ceiling prices in the case of 15-tablet packages by 1.40 and in the case of 60-tablet packages by 1.24.

3. All provisions of the General Ceiling Price Regulation not inconsistent with this special order shall continue to apply to Harrison Products, Inc. and to resellers of NoDoz Awakeners.

4. This special order or any provision thereof may be revoked, suspended, or amended by the Director of Price Stabilization at any time.

5. On or before March 15, 1952, Harrison Products, Inc., shall file with the Director of Price Stabilization, Washington 25, D. C., a profit and loss statement of its operations in the three months beginning November 1, 1951, specifying the quantity and prices of NoDoz Awakeners sold to various classes of purchasers. Applicant shall, on or before June 15, 1952, file a similar report for the three months beginning February 1, 1952.

6. The ceiling prices established by this order are applicable to sales of NoDoz Awakeners by the manufacturer or resellers in the 48 states of the United States and in the District of Columbia.

7. Harrison Products, Inc., shall deliver a copy of this special order to each reseller to whom it sells NoDoz Awakeners, such delivery to be made in each case with or prior to the first delivery of NoDoz Awakeners to the reseller after the effective date of this order.

Effective date. This special order shall become effective January 7, 1952.

MICHAEL V. DiSALLE,
Director of Price Stabilization.

JANUARY 5, 1952.

[F. R. Doc. 52-283; Filed, Jan. 5, 1952; 4:56 p. m.]

[General Overriding Regulation 10, Sections 4 and 5, Special Order 7]

DANT & RUSSELL, INC.

CEILING PRICES FOR SALES OF DANTORE ACOUSTICAL TILE BY MANUFACTURERS AND RESELLERS

Statement of considerations. In accordance with sections 4 and 5 of

General Overriding Regulation 10, as amended, the applicant in the accompanying special order has applied for (1) approval of its proposed increased ceiling prices for sales of its Dantore Acoustical Tile, and (2) increases in the ceiling prices of resellers of this product which will reflect their increased costs due to the relief granted applicant. General Overriding Regulation 10, as amended, authorizes the Director of Price Stabilization to grant adjustments in ceiling prices of a manufacturer sufficient to place him in a break-even position with respect to his operations for a separate plant. Section 5 of that regulation provides that the Director of Price Stabilization may adjust the ceiling prices of any person who resells the commodity in the same form in connection with any order granting an adjustment in the manufacturer's ceiling prices under General Overriding Regulation 10.

It appears that applicant's plant producing Dantore Acoustical Tile is being operated at a loss due to the level of applicant's existing ceiling prices, and that applicant's proposed prices are higher than those required to place its operations for that plant in a break-even position. Therefore, this order grants smaller increases which appear sufficient to place applicant's operations for the plant in a break-even position. These amount to, for applicant's 1 3/16 inch thickness, an 8.7 percent increase in sales of carload lots and a 9 percent increase in sales of less than carload lots; for applicant's 1 1/16 inch thickness, a 7.7 percent increase in sales of carload lots and an 8 percent increase in sales of less than carload lots. It appears that the ceiling prices granted in this order are not substantially out-of-line with the ceiling prices established for other sellers of similar commodities. The special order requires applicant to send buyers of the above product, a copy of this special order.

Special provisions. For the reasons set forth in the state of considerations and pursuant to sections 4 and 5 of General Overriding Regulation 10, as amended, this special order is hereby issued.

1. The ceiling prices for the sale of Dantore Acoustical Tile by the producers thereof, Dant & Russell, Inc., Frieda, Oregon, referred to hereafter as "the seller," are as follows:

Commodity and specification	Ceiling price per square foot	
	In carload lots	In less-than-carload lots
1 3/16 inch thick; kerfed for spines; for adhesive application only; square edges with butt joint or beveled all 4 edges	25	27 1/4
1 1/16 inch thick; kerfed for spines; for adhesive application only; square edges with butt joint or beveled all 4 edges	23	30 1/4
1 1/16 inch thick; kerfed and offset for mechanical erection; square edges with butt joint or beveled all 4 edges	28	30 1/4

The above ceiling prices are f. o. b. shipping point and are otherwise subject to the seller's customary terms and conditions of sale.

2. The ceiling price for sales of Dantore Acoustical Tile by resellers of that product shall be, for the 1 3/16 inch tile, 109 percent of their ceiling prices for sales of the 1 3/16 inch tile as established under the General Ceiling Price Regulation, and for the 1 1/16 inch tile, 108 percent of their ceiling prices for sales of the 1 1/16 inch tile as established under the General Ceiling Price Regulation.

3. This special order or any provision thereof may be revoked, suspended or amended by the Director of Price Stabilization at any time.

4. As a condition of making any sales at the higher ceiling prices established by this order, the seller shall deliver a copy of this special order to each reseller to whom it sells Dantore Acoustical Tile, such delivery of this special order to be made in each case with or prior to the first delivery of Dantore Acoustical Tile to the reseller after the effective date of this special order.

5. The provisions of this special order are applicable to sales of the above product in the 48 States of the United States and in the District of Columbia.

Effective date. This special order shall become effective January 7, 1952.

MICHAEL V. DiSALLE,
Director of Price Stabilization.

JANUARY 5, 1952.

[F. R. Doc. 52-282; Filed, Jan. 5, 1952; 4:56 p. m.]

[Delegation of Authority 28, Amdt. 1]

DELEGATION OF AUTHORITY TO ADJUST CEILING PRICES UNDER CPR 34

By virtue of the authority vested in me as Director of Price Stabilization pursuant to the Defense Production Act of 1950 (64 Stat. 812), as amended, and Executive Order 10161 (15 F. R. 6105) and Economic Stabilization General Order No. 2 (16 F. R. 738), this Amendment 1 to Delegation of Authority 28 (16 F. R. 11703) is hereby issued.

Delegation of Authority 28 is amended by redesignating the present paragraph 6 as paragraph 7 and adding a new paragraph 6 to read as follows:

6. Authority under section 20 (a) of Ceiling Price Regulation 34, as amended. Authority is hereby delegated to the Directors of the Regional Offices of the Office of Price Stabilization to adjust ceiling prices under the provisions of section 20 (a) of Ceiling Price Regulation 34, as amended.

This delegation of authority shall take effect on January 14, 1952.

MICHAEL V. DiSALLE,
Director of Price Stabilization.

JANUARY 9, 1952.

[F. R. Doc. 52-447; Filed, Jan. 9, 1952; 4:00 p. m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket Nos. 9605, 9997, 10019]

GULF BEACHES BROADCASTING Co., INC.

ORDER DESIGNATING APPLICATION FOR CONSOLIDATED HEARING ON STATED ISSUES

In re applications of Gulf Beaches Broadcasting Co., Inc., St. Petersburg Beach, Florida, Docket No. 9605, File No. BP-7302; Howard E. Pill d/b as Alabama-Gulf Radio, Foley, Alabama, Docket No. 10019, File No. BP-8012; E. P. Martin, Alpha Martin and Elmo B. Kitts d/b as Hillsboro Broadcasting Co. (WEBK), Docket No. 9997, File No. BP-7892; for construction permits.

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 3d day of January 1952;

The Commission having under consideration the above-entitled application for a construction permit to change facilities of Station WEBK, Tampa, Florida, from 1590 kc, with power of one kilowatt, daytime only to 1300 kc, with power of one kilowatt, daytime only; and its order of July 18, 1951, designating for consolidated hearing the above-entitled applications of Gulf Beaches Broadcasting Co., Inc., and Howard E. Pill d/b as Alabama-Gulf Radio;

It is ordered, That, pursuant to section 309 (a) of the Communications Act of 1934, as amended, the above-entitled application of Hillsboro Broadcasting Co. is designated for hearing in consolidation with the hearing previously ordered on the above-entitled applications of Gulf Beaches Broadcasting Co., Inc. and Howard E. Pill d/b as Alabama-Gulf Radio, commencing at 10:00 a.m. on the 11th day of February 1952, at Washington, D. C., upon the following issues:

1. To determine the technical, financial and other qualifications of the applicant partnership and its partners to construct and operate Station WEBK as proposed.

2. To determine the areas and populations which may be expected to gain or lose primary service from the operation of Station WEBK, as proposed, and the character of other broadcast service available to such areas and populations.

3. To determine the type and character of program service proposed to be rendered and whether it would meet requirements of the population and areas proposed to be served.

4. To determine whether the operation of Station WEBK, as proposed, would involve objectionable interference with any other existing broadcast stations, and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other broadcast service to such areas and populations.

5. To determine whether the operation of Station WEBK, as proposed, and the proposed stations would involve objectionable interference each with the other or with the services proposed in any other pending applications for broadcast facilities, and, if so, the nature and extent thereof, the areas and populations affected thereby and the avail-

ability of other broadcast services to such areas and populations.

6. To determine whether the installation and operation of Station WEBK as proposed would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning Standard Broadcast Stations.

7. To determine whether the operation of Station WEBK as proposed would involve objectionable interference to Station CMAN, Pinar Del Rio, Cuba, contrary to the provisions of the NARBA, Washington, D. C., 1950.

8. To determine on a comparative basis which, if any, of the applications in this consolidated proceeding should be granted.

It is further ordered, That the aforesaid Commission order of July 18, 1951, designating for consolidated hearing the above-entitled applications of Gulf Beaches Broadcasting Co., Inc., and Howard E. Pill d/b as Alabama-Gulf Radio is amended to include therein Issues Nos. 5 and 8 above.

FEDERAL COMMUNICATIONS

COMMISSION,

[SEAL]

T. J. SLOWIE,

Secretary.

[F. R. Doc. 52-272; Filed, Jan. 9, 1952; 8:47 a. m.]

[Docket Nos. 10103, 10104]

GREEN BAY BROADCASTING Co. AND M & M BROADCASTING Co.

ORDER DESIGNATING APPLICATION FOR CONSOLIDATED HEARING ON STATED ISSUES

In re applications of Green Bay Broadcasting Co., Menominee, Michigan, Docket No. 10103, File No. BP-8020; M & M Broadcasting Co., Gladstone, Michigan, Docket No. 10104, File No. BP-8109; for construction permits.

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 3d day of January 1952;

The Commission having under consideration the above-entitled applications requesting construction permits for new standard broadcast stations to operate on the frequency 1490 kc, with power of 250 w, unlimited time, at Menominee and Gladstone, Michigan, respectively;

It is ordered, That, pursuant to section 309 (a) of the Communications Act of 1934, as amended, the said applications are designated for hearing in a consolidated proceeding at a time and place to be later specified, upon the following issues:

1. To determine the technical, financial and other qualifications of the corporate applicants, their officers, directors and stockholders to operate the proposed stations.

2. To determine the areas and populations which may be expected to gain or lose primary service from the operation of the proposed stations, and the availability of other primary service to such areas and populations.

3. To determine the type and character of program service proposed to be rendered and whether it would meet the

requirements of the populations and areas proposed to be served.

4. To determine whether the operation of the station proposed by Green Bay Broadcasting Co. would involve objectionable interference with Station WOSH, Oshkosh, Wisconsin, and whether the operation of the proposed stations would involve objectionable interference with any other existing broadcast stations, and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other primary service to such areas and populations.

5. To determine whether the operation of the proposed stations would involve objectionable interference, each with the other, or with the services proposed in any other pending applications for broadcast facilities, and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other primary service to such areas and populations.

6. To determine whether the installation and operation of the proposed stations would be in compliance with the Commission's rules and Standards of Good Engineering Practice Concerning Standard Broadcast Stations.

7. To determine the overlap, if any, which would exist between the service areas of the station proposed by M & M Broadcasting Co. and of Station WMAM, Marinette, Wisconsin, the nature and extent thereof, and whether such overlap, if any, is in contravention of § 3.35 of the Commission's rules.

8. To determine on a comparative basis which, if either, of the applications in this consolidated proceeding should be granted.

It is further ordered, That William F. Johns, Jr., William F. Johns, Sr., Penrose H. Johns and Frederick W. Renshaw d/b as Oshkosh Broadcasting Company, licensee of Station WOSH, Oshkosh, Wisconsin, is made a party to this proceeding with respect to the application of Green Bay Broadcasting Company only.

FEDERAL COMMUNICATIONS

COMMISSION,

[SEAL]

T. J. SLOWIE,

Secretary.

[F. R. Doc. 52-273; Filed, Jan. 9, 1952; 8:47 a. m.]

[Change List No. 138]

MEXICAN BROADCAST STATIONS

LIST OF CHANGES, PROPOSED CHANGES AND CORRECTIONS IN ASSIGNMENTS

DECEMBER 3, 1951.

Notification under the provisions of Part III, section 2, of the North American Regional Broadcasting Agreement.

List of changes, proposed changes, and corrections in assignments of Mexican Broadcast Stations modifying appendix containing assignments of Mexican Broadcast Stations (Mimeograph 47214-6) attached to the recommendations of the North American Regional Broadcasting Agreement Engineering Meeting, January 30, 1941.

MEXICO

Call letters	Location	Power	Schedule	Class	Probable date to commence operation
XEGE	Mexicali, Baja California	550 kilocycles 1000 w	D	III	May 2, 1952.
XEPO	San Luis Potosi, San Luis Potosi	1200 kilocycles (see assignment on 1310 kc)	U	IV	Mar. 10, 1952.
XEPO	San Luis Potosi, San Luis Potosi	1310 kilocycles, 250 w-N/1 kw-D.	D	II	Immediately.
XERX	Salamanca, Guanajuato	1550 kilocycles, 500 w			

(This corrects the classification of XERX as notified on List No. 135).

[SEAL]

FEDERAL COMMUNICATIONS COMMISSION,
T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-271; Filed, Jan. 9, 1952; 8:47 a. m.]

FEDERAL TRADE COMMISSION

[File No. 21-441]

PHOTOENGRAVING INDUSTRY OF THE SOUTHEASTERN STATES

NOTICE OF HOLDING OF TRADE PRACTICE CONFERENCE

Notice is hereby given that a trade practice conference, under the auspices of the Federal Trade Commission, will be held for the photoengraving industry of the Southeastern States (Virginia, North Carolina, South Carolina, Georgia, Florida, Tennessee, Alabama, and Mississippi) on January 28, 1952, in the Henry Grady Hotel, Atlanta, Georgia, at 10 a. m.

All persons, firms, corporations and organizations engaged in photoengraving, including the production and sale of art work, half tones, line etchings, and process color plates, are cordially invited to attend or send representatives to the conference and to participate in the proceedings.

The conference and further proceedings in the matter will be directed toward the eventual establishment and promulgation by the Commission of trade practice rules for the industry under which unfair methods of competition, unfair or deceptive acts or practices, and other trade abuses, may be eliminated and prevented.

Issued: January 7, 1952.

By direction of the Commission.

[SEAL]

D. C. DANIEL,
Secretary.

[F. R. Doc. 52-370; Filed, Jan. 9, 1952; 8:51 a. m.]

SECURITIES AND EXCHANGE COMMISSION

[File Nos. 59-14, 54-159, 54-160, 54-162,
54-164]

INTERNATIONAL HYDRO-ELECTRIC SYSTEM SUPPLEMENTAL ORDER RELEASING JURISDICTION WITH RESPECT TO CERTAIN FEES AND EXPENSES

JANUARY 4, 1952.

The Commission having approved, by supplemental order entered herein on June 13, 1950, certain proposed transactions for the consummation of Part II of the Second Plan of Bartholomew A. Erickley, trustee of International Hydro-Electric System ("IHES"), a registered

holding company, pursuant to proceedings filed under section 11 (d) of the Public Utility Holding Company Act for the liquidation and dissolution of IHES; and The Commission in said order having reserved jurisdiction with respect to the reasonableness of the fees of the exchange agent, the financial adviser, the accountants, and the attorneys incurred or to be incurred in connection with the consummation of said Part II of the Trustee's Plan; and

Said Trustee having filed a supplemental report setting out in detail the nature of services rendered and the charges therefor, in connection with such reservation of jurisdiction, which are summarized as follows:

The Chase National Bank of the City of New York, for services as exchange agent in connection with the exchange of IHES debentures for common shares of Gatineau Power Company ("Gatineau") \$2,042.25, for expenses \$545.60;

The First Boston Corporation, for services as financial adviser in development of Part II of Trustee's Plan \$25,000, for expenses \$574.30;

P. S. Ross & Sons, for accounting services in connection with Gatineau registration statement \$3,750, for expenses \$340.04;

Canadian counsel, for legal services in connection with Gatineau registration statement — Montgomery, McMichael, Common, Howard, Forsyth & Ker \$7,500, Tweedie & Tweedie \$100, H. A. Carr \$100; for expenses (Canadian dollars) \$371.83;

Herrick, Smith, Donald, Farley & Ketchum, for legal services in connection with Gatineau registration statement and prospectus, compliance with State laws, preparation of purchase contract between Trustee and underwriters, other legal documents relating thereto, tax opinion, and other legal services, \$20,000, for expenses \$1,618.77;

Milbank, Tweed, Hope & Hadley, for services as counsel to the underwriters in connection with purchase and sale of Gatineau shares \$1,000, for expenses \$581.54;

Le Boeuf & Lamb, for legal services in connection with pledge of portfolio securities \$1,750, for expenses \$64.29; and

The Commission having considered the record, and it appearing to the Commission that the above fees and expenses are not unreasonable and that jurisdiction over same should be released:

It is ordered, That the jurisdiction heretofore reserved over fees and ex-

penses to be paid in connection with the consummation of Part II of the Trustee's Second Plan be, and the same hereby is, released.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 52-251; Filed, Jan. 9, 1952; 8:45 a. m.]

[File No. 70-2732]

GENERAL PUBLIC UTILITIES CORP.

ORDER GRANTING AUTHORIZATION TO AMEND CERTIFICATE OF INCORPORATION WITH RESPECT TO PREEMPTIVE RIGHTS

JANUARY 4, 1952.

General Public Utilities Corporation ("the Corporation"), a New York corporation which is a registered holding company, having filed an application-declaration and an amendment thereto pursuant to sections 6 (a) (1), 6 (a) (2), 7 and 12 (c) of the Public Utility Holding Company Act of 1935 ("the act") with respect to the following proposed transactions:

After this application-declaration as amended shall become effective and after the written consent of the holders of 80 percent in principal amount of the Corporation's Serial Notes, due 1952-55, now outstanding in the principal amount of \$2,500,000, and after the favorable vote of two-thirds of the outstanding shares entitled to vote at its annual meeting to be held on April 7, 1952, the Corporation proposes to amend its Certificate of Incorporation, as amended, in the following respects:

(1) To empower the Corporation, in the discretion of the Board of Directors, without the granting of any preemptive rights, to issue in any calendar year shares of Common Stock in an amount not exceeding 5 percent of the number of shares (exclusive of treasury shares) outstanding at the beginning of each calendar year (or, in lieu thereof, securities convertible into or carrying options or warrants to purchase not in excess of that number of shares), provided that such Common Stock or convertible securities are issued for cash in connection with a public offering thereof.

(2) To empower the Board of Directors, in any case in which the basis upon which preemptive rights are granted to subscribe for or purchase shares of the Common Stock of the Corporation is such that there would otherwise be issuable rights to subscribe for or purchase fractional interests in such shares, to cause the Corporation to take appropriate action to eliminate the granting of rights to subscribe for or purchase such fractional interests in conjunction with the making available by the Corporation of an adequate equivalent therefor. Without limitation of the discretion of the Board of Directors of the Corporation, such action may include:

(a) The granting of a right to subscribe for or purchase one whole share in lieu of a fractional interest in a share, with power in the Board of Directors to allot shares deliverable upon the exercise of such rights.

(b) The sale publicly, in such manner as the Board of Directors may determine, of a number of shares of Common Stock equal to the aggregate number of shares which would otherwise be subject to rights to subscribe for or purchase fractional interests, and the distribution of the net proceeds realized from such sale (after deduction of the expenses of sale and of an amount equal to the aggregate subscription price of the number of shares thus sold) among the holders of common stock, proportionately on the basis of the fractional interests for which, in the absence of the provisions referred to in this paragraph (2), such holders would be entitled to receive such rights.

After the effective date of this application-declaration and prior to the 1952 annual meeting of stockholders, the Corporation proposes to file an ancillary declaration pursuant to section 12 (e) of the act and Rule U-62 thereunder covering the solicitation of proxies for the proposed amendments. The Corporation states that a separate vote will be taken on each of the two numbered amendments; that the holders of the proxies which the management proposes to solicit will refrain from voting on the first numbered amendment if the holders of more than 12,500 shares, having objected to such amendment, shall demand payment for their shares in accordance with section 21 of the New York Stock Corporation Law, and likewise as to the second numbered amendment; that any shares required to be acquired by the Corporation as a result of the objections and demands of stockholders will, pursuant to an offer which may be made to each objecting stockholder, be acquired for cash at a price deemed by the Corporation to be the value thereof, or upon appraisal if necessary, all as provided in said section 21.

The Corporation further proposes to sell from time to time, on the New York Stock Exchange, at the then market price thereof, some or all of the shares so acquired: *Provided, however*, That the public offering price of the shares thus sold within any twelve months' period, determined in accordance with the rules of the Commission, will not exceed \$300,000.

The Corporation anticipates that the holders of relatively few shares of its common stock will demand payment for their shares. It states that it will normally offer its common shares (or securities convertible into common stock) to its stockholders, and that only under circumstances where such offering might be prejudicial to the financial position of the Corporation will it issue such shares without the granting of preemptive rights. As respects fractional rights, the Corporation states that in the past many holders have failed to exercise same; that it is expensive to service such fractional rights; and that the proposed amendment would provide a practicable means of eliminating fractional rights, would minimize the expense connected therewith, and would minimize the losses of stockholders resulting from failure to exercise same.

It is stated that no other regulatory commission has jurisdiction over any of

the proposed transactions. No special expenses of the Corporation are involved.

Request is made that the Commission's order become effective forthwith upon issuance.

Due notice having been given of the filing of the application-declaration as amended, and a hearing not having been requested or ordered by the Commission; and the Commission finding that the applicable provisions of the act and the rules promulgated thereunder are satisfied and that no adverse findings are necessary, and deeming it appropriate in the public interest and in the interest of investors and consumers that said application-declaration as amended be granted and become effective forthwith:

It is ordered, Pursuant to Rule U-23 and the applicable provisions of the act that said application-declaration as amended be, and it hereby is, granted and permitted to become effective forthwith, subject to the terms and conditions prescribed in Rule U-24.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F. R. Doc. 52-250; Filed, Jan. 9, 1952;
8:45 a. m.]

[File No. 70-1362]

SOUTH CAROLINA ELECTRIC & GAS CO. ET AL
SUPPLEMENTAL ORDER PERMITTING POST-EFFECTIVE AMENDMENT TO BECOME EFFECTIVE

JANUARY 5, 1952.

In the matter of South Carolina Electric & Gas Company, General Gas & Electric Corporation, Associated Electric Company, General Public Utilities Corporation; File No. 70-1362.

General Public Utilities Corporation ("GPU"), a registered holding company, its subsidiaries, Associated Electric Company and General Gas & Electric Corporation ("Gengas"), also registered holding companies, and Gengas' subsidiary, South Carolina Electric & Gas Company ("South Carolina"), having filed joint applications-declarations, as amended, pursuant to sections 6 (a), 7, 9 (a), 10 and 12 of the Public Utility Holding Company Act of 1935 ("act") and the Rules U-43, U-44, and U-48 promulgated thereunder regarding, among other things, the declaration by GPU of a dividend on its common stock at the rate of $\frac{1}{10}$ of a share of the common stock of South Carolina for each share of the common stock of GPU; and

It appearing that, pursuant to the plan of reorganization ("Plan") of Associated Gas and Electric Company and Associated Gas and Electric Corporation, consummated January 14, 1946, pursuant to the provisions of section 11 (f) of the act and Chapter X of the Bankruptcy Act, holders of certain claims and participating securities of the reorganized companies were given until November 1, 1951, to transmit their holdings for exchange for common stock of GPU, the company surviving the reorganization, after which date (1) such holders were not entitled to receive common stock of GPU, and (2) any funds or securities

held for such holders were to become the property of GPU; and

It further appearing that on November 8, 1946, GPU entered into an agreement with City Bank Farmers Trust Company ("City Bank"), amended December 17, 1947, under which (1) GPU deposited with City Bank, as escrow agent, shares of common stock of South Carolina to be distributed to the holders of certain claims and participating securities of Associated Gas and Electric Company and Associated Gas and Electric Corporation who submitted such holdings between November 8, 1946, and November 1, 1951, and (2) GPU might, from time to time, certify to City Bank the number of shares of common stock of South Carolina no longer required for delivery to holders of claims or securities entitled to participate under the Plan and that, upon the receipt of any such certification, City Bank would deliver to GPU certificates representing such number of shares of common stock of South Carolina as, by reason of such certification, were no longer so required, and that GPU would, within 60 days of receipt of the shares of the common stock of South Carolina so certified, dispose of such shares by sale for cash on the New York Stock Exchange; and

The Commission having, by order dated September 26, 1946, granted and permitted said applications-declarations, as amended, to become effective (Holding Company Act Release No. 6915); and

A post-effective amendment having been filed, wherein it is stated that GPU is now entitled to acquire from City Bank at least 16,000 shares of the common stock of South Carolina; and GPU having requested that the order of September 26, 1946, be modified so as to permit GPU to effectuate the sale of the shares delivered to it by City Bank, from time to time, either on the New York Stock Exchange or off the Exchange, at a price per share not less than the amount at which the last sale of South Carolina common stock shall have been effected on the New York Stock Exchange on the trading day preceding the day of such sale (or, if no sale shall have been effected on such trading day, at the closing bid on that day) after deduction, in each case in which such transfer, sale and delivery is made off the Exchange, from such amount of a sum equal to the commissions which would have been payable by GPU if the sale had been made on the Exchange, provided that any such sale by GPU of shares thus delivered to it be made by GPU within 60 days after such delivery; and

The Commission having considered such post-effective amendment to the applications-declarations, and deeming it appropriate in the public interest and in the interest of investors and consumers to approve and permit said post-effective amendment to become effective; and

The Commission by its order dated September 26, 1946, having granted a request of applicants-declarants with respect to the making of appropriate recitals in respect of the application-declaration, as previously filed, conforming to the provisions of sections 371 to 373, inclusive, and 1808 (f) of the Inter-

nal Revenue Code; and GPU having requested that the proposed amendatory order herein sought contain similar recitations and findings, and the Commission deeming it appropriate to grant such request:

It is hereby ordered. That said post-effective amendment be, and the same hereby is, approved and permitted to become effective forthwith.

It is further ordered. That the order of the Commission entered in this proceeding on September 26, 1946, be and the same hereby is amended so that paragraph (10) thereof will read as follows:

(10) The transfers, sales and deliveries by GPU, either on the New York Stock Exchange or off such Exchange, at a price per share not less than the amount at which the last sale of South Carolina common stock shall have been effected on the New York Stock Exchange on the trading day preceding the day of such sale (or, if no sale shall have been effected on such trading day, at the closing bid on that day) after deduction, in each case in which such transfer, sale and delivery is made off such Exchange, from such amount of a sum equal to the commissions which would have been payable by GPU if the sale had been made on such Exchange, provided that any such sale by GPU of shares delivered by the Escrow Agent to GPU be made by GPU within 60 days after such delivery.

It is further ordered and recited. That the transactions hereinabove described in said amended paragraph (10) are necessary or appropriate in order to effectuate the provisions of section 11 (b) of the Public Utility Holding Company Act of 1935 and are necessary or appropriate to the integration and simplification of the GPU holding company system.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 52-316; Filed, Jan. 9, 1952;
8:49 a. m.]

[File No. 70-2740]

**PUBLIC SERVICE CO. OF NEW HAMPSHIRE
SUPPLEMENTAL ORDER RELEASING JURISDICTION
OVER FEE AND EXPENSES OF FINANCIAL
ADVISER**

JANUARY 5, 1952.

Public Service Company of New Hampshire, a public utility subsidiary of New England Public Service Company, a registered holding company, having filed an application, and amendments thereto, pursuant to section 6 (b) of the Public Utility Holding Company Act of 1935 and Rule U-50 promulgated thereunder, regarding the issuance and sale, at competitive bidding, of 235,809 additional shares of Common Stock, \$10 par value; and

The Commission, by order dated December 4, 1951, having granted said application, as amended, subject, among other things, to a reservation of jurisdiction over the payment of all fees and expenses incurred or to be incurred in connection with the proposed transactions; and, by order dated December 13, 1951, having granted said application, as

further amended, and having released jurisdiction over the payment of all fees and expenses other than over the fee and expenses of the financial adviser as to which jurisdiction was continued; and

The record having been completed with respect to the fee and estimated expenses of the financial adviser showing therein that The First Boston Corporation requests payment of a fee of \$9,000 and estimated expenses of \$2,000; and

The Commission having examined the information filed with respect to this fee and estimated expenses and it appearing that such fee and expenses are not unreasonable:

It is ordered. That the jurisdiction heretofore reserved over the payment of the fee and expenses of the financial adviser by the Commission's previous orders herein be, and the same hereby is, released.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 52-319; Filed, Jan. 9, 1952;
8:49 a. m.]

[File No. 70-2764]

WASHINGTON WATER POWER CO.

NOTICE REGARDING BORROWINGS FROM CERTAIN BANKS AND THE REDEMPTION OF PRESENTLY OUTSTANDING NOTES

JANUARY 5, 1952.

Notice is hereby given that The Washington Water Power Company ("Washington"), an electric utility subsidiary of American Power & Light Company, a registered holding company, has filed an application with this Commission under the Public Utility Holding Company Act of 1935 and has designated section 6 (b) of said act as being applicable to the proposed transactions.

All interested persons are referred to said application which is on file in the offices of the Commission for a statement of the transactions therein proposed, which are summarized as follows:

On June 14, 1951, the Commission authorized Washington to borrow, pursuant to a Credit Agreement dated May 22, 1951, an aggregate principal amount of not to exceed \$26,000,000 prior to June 15, 1954, from certain banking institutions. The notes issued by Washington in evidence of such borrowings were to bear interest at the rate of 2 $\frac{3}{4}$ percent per annum from their respective dates until June 15, 1952, and 2 $\frac{7}{8}$ percent thereafter to maturity. The proceeds were to be used to meet the expenditures of the company's construction program. Washington states that \$20,320,000 had been borrowed from the banks up to December 3, 1951.

Washington has entered into a new Credit Agreement dated December 1, 1951, with the same banks, namely, Guaranty Trust Company of New York, Mellon National Bank & Trust Company of Pittsburgh, Pennsylvania, and Seattle-First National Bank (Spokane and Eastern Branch), Spokane, Washington, pursuant to which Washington proposes to borrow from the said banks not to

exceed \$40,000,000, the amount of the commitment to September 30, 1952, being \$40,000,000 and the commitment thereafter to June 30, 1953, being \$25,000,000. As soon as practicable, Washington proposes to exchange all its presently outstanding notes issued under the Credit Agreement, dated May 22, 1951, between the same parties, for notes issued and delivered under the new Credit Agreement dated December 1, 1951. All borrowings up to \$25,000,000 will mature on September 30, 1952, unless such maturity is postponed as provided in the Credit Agreement, pursuant to the terms of which the maturity of all notes due September 30, 1952, may be postponed to November 30, 1952, and the maturity of not to exceed \$10,000,000 principal amount of the notes due September 30, 1952, may be postponed to June 30, 1953, in each case, upon the happening of certain events specified in the Credit Agreement. The remaining \$15,000,000 of borrowings will mature June 30, 1953. All notes are to bear interest from their respective dates until they become due at the rate of 3 percent per annum. Each of the above-named banks will participate in the proposed borrowings in amounts not to exceed those designated in the Credit Agreement dated December 1, 1951, between the three banks and Washington. Under the Credit Agreement, Washington will pay a commitment fee of $\frac{1}{2}$ of 1 percent per annum on the daily average unused amount of the commitment, with the right to surrender any part of the commitment at any time. The notes may be prepaid without premium, unless such prepayments are made under specified conditions, in which event $\frac{1}{4}$ of 1 percent per annum of the amount being prepaid from the date of prepayment to the date of maturity must be paid.

Washington states that the proceeds from the proposed borrowing will be used to finance temporarily, in part, the company's construction program. The need for additional cash arises, according to the applicant, because of the increase in the cost of Washington's construction program over the original estimated cost. Washington represents that it proposes to take the first step toward a permanent financing program in 1952, at which time a substantial amount of mortgage bonds will be issued and the bank loans at that time will be substantially reduced. Washington further represents that it will thereafter issue additional mortgage bonds and/or other securities in amounts sufficient to retire the bank loans.

The applicant further states that the Washington Public Service Commission and the Public Utility Commission of the State of Idaho have jurisdiction over the proposed transactions.

Notice is further given that any interested person may, not later than January 14, 1952, at 5:30 p. m., c. s. t., request the Commission in writing that a hearing be held on such matter, stating the reasons for such request, the nature of his interest, and the issues of fact or law raised by said application, as filed or as subsequently amended, which he desires to controvert, or may request that he be notified if the Commission should

order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. At any time after January 14, 1952, at 5:30 p. m. e. s. t., said application, as filed or as amended, may be granted as provided in Rule U-23 of the rules and regulations promulgated under the act, or the Commission may exempt such transactions as provided in Rules U-20 (a) and U-100 thereof.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 52-315; Filed, Jan. 9, 1952;
8:49 a. m.]

[File No. 70-2772]

CENTRAL AND SOUTH WEST CORP. ET AL.
NOTICE REGARDING ISSUANCE AND SALE BY
SUBSIDIARIES OF SHARES OF COMMON
STOCK TO PARENT

JANUARY 5, 1952.

In the matter of Central and South West Corporation, Central Power and Light Company, Southwestern Gas and Electric Company; File No. 70-2772.

Notice is hereby given that Central and South West Corporation ("Central"), a registered holding company, Central Power and Light Company ("Power and Light"), and Southwestern Gas and Electric Company ("Southwestern"), public utility subsidiaries thereof, have filed a joint application-declaration with the Commission pursuant to the Public Utility Holding Company Act of 1935 ("act") and have designated sections 6 (a), 7, 9 (a), 10 and 12 (f) thereof and Rules U-23, U-43, and U-50 (a) (3) thereunder as applicable to the proposed transactions which are summarized as follows:

Power and Light proposes, by amendment to its Charter, to increase the number of authorized shares of its common stock (\$10 par value per share) from 1,897,300 to 2,097,300 shares and to issue and sell, and Central will acquire, 200,000 shares of Power and Light's common stock for the sum of \$2,000,000.

Southwestern proposes to issue and sell, and Central will acquire, 100,000 shares of Southwestern's common stock (\$10 par value per share) for the sum of \$1,000,000. Power and Light and Southwestern will use the proceeds to be received to finance, in part, their construction programs.

Southwestern states that it will make application to the Arkansas Public Service Commission for authority to issue and sell the shares of its common stock and that a copy of the order of such Commission will be supplied by amendment.

Notice is further given that any interested person may, not later than January 21, 1952, at 5:30 p. m., e. s. t., request, in writing, that a hearing be held on such matter, stating the nature of his interest, the reasons for such request and the issues of fact or law, if any, raised by said application-declaration which he desires to controvert, or may request that he be notified if the Com-

mission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. At any time after January 21, 1952, said application-declaration, as filed or as amended, may be granted and permitted to become effective as provided by Rule U-23 of the rules and regulations promulgated under said act, or the Commission may exempt such transactions as provided in Rule U-20 (a) and Rule U-100 thereof.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 52-318; Filed, Jan. 9, 1952;
8:49 a. m.]

[File No. 70-2773]

NARRAGANSETT ELECTRIC Co.
NOTICE OF PROPOSED ISSUANCE AND SALE OF
PROMISSORY NOTES

JANUARY 5, 1952.

Notice is hereby given that a declaration has been filed with this Commission, pursuant to the Public Utility Holding Company Act of 1935, by The Narragansett Electric Company ("Narragansett"), a subsidiary company of New England Electric System ("NEES"), a registered holding company. Narragansett has designated section 6 (a) and 7 of the act and Rule U-23 thereunder as applicable to the proposed transactions which are summarized as follows:

Narragansett proposes to issue, from time to time but not later than March 31, 1952, unsecured promissory notes in an aggregate amount not in excess of \$4,200,000. Each of said notes will mature not later than six months after its issue date and will bear interest at the prime interest rate existing at the time of its issuance. The declaration states that said prime interest rate at the present time is 3 percent. Narragansett further proposes that in the event said prime interest rate should exceed 3 1/4 percent per annum at the time any of said notes are to be issued, five days prior thereto an amendment will be filed with this Commission. Narragansett requests that unless this Commission notifies it to the contrary within said five day period, said amendment shall become effective at the end of such period.

The declaration indicates that Narragansett presently has outstanding \$7,100,000 principal amount of promissory notes and that at no time on or before March 31, 1952, expects the maximum amount thereof to exceed \$7,800,000. The declaration further indicates that the proceeds of the proposed notes to the extent of \$3,400,000 will be applied to the payment of promissory notes maturing after January 2, 1952, and prior to March 31, 1952, and the remainder in the amount of \$800,000 will be used to pay for construction work and to reimburse Narragansett's treasury for funds taken therefrom for prior construction expenditures and to pay a \$100,000 promissory note which matured January 2, 1952.

The declaration states that Narragansett expects that \$7,500,000 of its note indebtedness will be permanently financed with bonds which it anticipates will be issued in or about March 1952 and that the \$400,000 balance thereof, together with a considerable amount of additional promissory notes anticipated to be issued in 1952, will be financed through the issuance of common stock to NEES which company has advised Narragansett that it expects to secure the necessary funds to invest in such common stock from the proceeds of the sale of its Massachusetts gas properties.

The total expenses in connection with the proposed issuance and sale of notes are estimated by Narragansett not to exceed \$500 and, according to the company, no State commission, or Federal commission, other than this Commission, has jurisdiction over the proposed issuance of notes. Narragansett requests that the Commission's order herein become effective forthwith upon issuance.

Notice is further given that any interested person may, not later than January 17, 1952, at 5:30 p. m., e. s. t., request the Commission in writing that a hearing be held on such matter, stating the reason for such request, the nature of his interest and the issues of fact or law raised by said declaration, which he desires to controvert, or may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C. At any time after January 17, 1952, said declaration, as filed or as it may be amended, may be permitted to become effective as provided in Rule U-23 of the rules and regulations promulgated under the act, or the Commission may exempt such transactions as provided in Rule U-20 (a) and Rule U-100 thereof.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 52-317; Filed, Jan. 9, 1952;
8:49 a. m.]

DEPARTMENT OF JUSTICE

Office of Alien Property

[Vesting Order 18663]

GERMAN GOVERNMENT

In re: Rights in the motion pictures produced by or for the German Government.

Under the authority of the Trading With the Enemy Act, as amended (50 U. S. C. App. and Sup. 1-40); Public Law 181, 82d Congress, 65 Stat. 451; Executive Order 9193, as amended by Executive Order 9567 (3 CFR, 1943 Cum. Supp.; 3 CFR, 1945 Supp.); Executive Order 9783 (3 CFR, 1946 Supp.) and Executive Order 9989 (3 CFR, 1948 Supp.), and pursuant to law, after investigation, it is hereby found:

1. That the property described as follows:

(a) All right, title, interest and claim of whatsoever kind or nature (not heretofore vested in the Attorney General) under the statutory and common law of

the United States and of the several states thereof, in, to and under the following:

(1) All the motion pictures which were produced prior to January 1, 1947, by or for the German Government, its agencies and instrumentalities (including but not limited to the armed services and the Nationalsozialistische Deutsche Arbeiterpartei), including, but not limited to, the exclusive right to exhibit same in whole or in part by any means within the United States, all rights to arrange, adapt, revise, translate and duplicate said motion pictures in whole or in part, and every copyright, claim of copyright, right to copyright and right to renew the copyright or copyrights in said motion pictures,

(2) The screen plays, scenarios and shooting scripts upon which said motion pictures are based, including, but not limited to, all motion picture and television rights therein, and every copyright, claim of copyright, right to copyright and right to renew the copyright or copyrights in said screen plays, scenarios and shooting scripts,

(3) The rights to dramatize, perform, represent and reproduce on motion picture film those portions of the published and unpublished works subject to copyright, other than the above mentioned screen plays, scenarios and shooting scripts, which underlie or are embodied in said motion pictures and to exhibit such film by any means in the United States.

(b) All right, title, interest and claim of whatsoever kind or nature, under the statutory and common law of the United States and of the several States thereof, of the German Government and also of all persons (including individuals, partnerships, associations, corporations or other business organizations), whether or not named elsewhere in this order, who on or since December 11, 1941, and prior to January 1, 1947, were residents of, or which on or since December 11, 1941, and prior to January 1, 1947, were organized under the laws of and have their principal places of business in Germany, and are, and prior to January 1, 1947, were, nationals of such designated enemy country, in, to and under the following:

(1) All prints in the United States of the motion pictures described in subparagraph 1 (a) (1) of this vesting order.

(2) All arrangements, adaptations, revisions, dramatizations, translations and versions of the motion pictures described in subparagraph 1 (a) (1) of this vesting order

(3) Every license, agreement, privilege, power and right of whatsoever nature arising under or with respect to the property described in subparagraphs 1 (a), 1 (b) (1) and 1 (b) (2) of this vesting order

(4) All monies and amounts, and all rights to receive monies and amounts, by way of damages, royalty, share of profits or other emolument, accrued or to accrue, whether arising pursuant to law, contract or otherwise, with respect to the property described in subparagraphs 1 (a) and 1 (b) of this vesting order, and

(c) All causes of action accrued or to accrue at law or in equity with respect to the property described in subparagraphs 1 (a), and 1 (b) hereof, including but not limited to the rights to sue for and recover all damages and profits and to request and receive the benefits of all remedies provided by common law and by statute for the infringement of any copyright, for the violation of any right and for the breach of any obligation described in or affecting the aforesaid property,

is property which is and prior to January 1, 1947, was within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, a designated enemy country (Germany) and/or the nationals thereof identified in subparagraph 1 (b) hereof;

and it is hereby determined:

2. That the national interest of the United States requires that the persons referred to in subparagraph 1 (b) be treated as persons who are and prior to January 1, 1947, were nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described in subparagraph 1 hereof, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on December 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 52-278; Filed, Jan. 9, 1952;
8:48 a. m.]

[Vesting Order 18664]

HEERESFILMSTELLE ET AL.

In re: Rights in motion pictures owned by Heeresfilmstelle and others.

Under the authority of the Trading With the Enemy Act, as amended, (50 U. S. C. App. and Supp. 1-40); Public Law 181, 82d Congress, 65 Stat. 451; Executive Order 9193, as amended by Executive Order 9567 (3 CFR, 1943 Cum. Supp.; 3 CFR, 1945 Supp.); Executive Order 9788 (3 CFR, 1946 Supp.) and Executive Order 9989 (3 CFR, 1948 Supp.), and pursuant to law, after investigation, it is hereby found:

1. That the owners of the motion pictures listed in Exhibit A attached hereto and made a part hereof, who, if individuals, there is reasonable cause to believe were on or since December 11, 1941, and

prior to January 1, 1947, residents of Germany and are, and prior to January 1, 1947, were, nationals of a designated enemy country (Germany), and who, if partnerships, associations, corporations or other business organizations, there is reasonable cause to believe were on or since December 11, 1941, and prior to January 1, 1947, organized under the laws of, and had their principal places of business in Germany, and are, and prior to January 1, 1947, were, nationals of a designated enemy country (Germany);

2. That the property described as follows:

(a) All right, title, interest and claim of whatsoever kind or nature, under the statutory and common law of the United States and of the several States thereof, in, to and under the following:

(1) The motion pictures listed in said Exhibit A, including, but not limited to, the exclusive right to exhibit same in whole or in part by any means within the United States, all rights to arrange, adapt, revise, translate, and duplicate said motion pictures in whole or in part, and every copyright, claim of copyright, right to copyright, and right to renew the copyright or copyrights in said motion pictures

(2) The screen plays, scenarios, and shooting scripts upon which said motion pictures are based, including, but not limited to, all motion picture and television rights therein, and every copyright, claim of copyright, right to copyright, and right to renew the copyright or copyrights in said screen plays, scenarios, and shooting scripts

(3) The rights to dramatize, perform, represent, and reproduce on motion picture film those portions of the published and unpublished works subject to copyright, other than the above mentioned screen plays, scenarios, and shooting scripts, which underlie or are embodied in said motion pictures and to exhibit such film by any means in the United States

(b) All right, title, interest, and claim of whatsoever kind or nature, under the statutory and common law of the United States and of the several States thereof, of the persons referred to in Column 2, of said Exhibit A and also of all other persons (including individuals, partnerships, associations, corporations or other business organizations), whether or not named elsewhere in this Order including said Exhibit A, who were on or since December 11, 1941, and prior to January 1, 1947, citizens and residents of, or which were on or since December 11, 1941, and prior to January 1, 1947, organized under the laws of or had their principal places of business in Germany and are, and prior to January 1, 1947, were nationals of such designated enemy country, in, to and under the following:

(1) All prints in the United States of the motion pictures listed in said Exhibit A

(2) All arrangements, adaptations, revisions, dramatizations, translations, and versions of the motion pictures listed in said Exhibit A

(3) Every license, agreement, privilege, power and right of whatsoever na-

and 2 (b) hereof, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined: 3. That the national interest of the United States requires that such persons be treated as persons who are and prior to January 1, 1947, were nationals of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described in subparagraph 2 hereof, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on December 11, 1951.

For the Attorney General.

[SEAL] HAROLD I. BAXNTON,

Assistant Attorney General,

Director, Office of Alien Property.

ture arising under or with respect to the property described in subparagraphs 2 (a), 2 (b) (1) and 2 (b) (2) of this Vesting Order

(4) All monies and amounts, and all rights to receive monies and amounts, by way of damages, royalty, share of profits or other emolument, accrued or to accrue, whether arising pursuant to law, contract or otherwise, with respect to the property described in subparagraphs 2 (a) and 2 (b), of this Vesting Order,

and (e) All causes of action accrued or to accrue at law or in equity with respect to the property described in subparagraphs 2 (a), and 2 (b) hereof, including but not limited to the rights to sue for and to recover all damages and profits and to request and receive the benefits of all remedies provided by common law and by statute for the infringement of any copyright, for the violation of any right and for the breach of any obligation described in or affecting the aforesaid property

is property which is and prior to January 1, 1947, was within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by, the persons referred to in subparagraphs 1

EXHIBIT A

Table with 2 columns: Title of motion picture and Producer and/or distributor. Includes entries like 'Africa Einsatz (Africa in 1943)', 'Allgemeines Russland', 'Altitag auf dem Reichssportfeld', etc.

EXHIBIT A—Continued

Table with 2 columns: Title of motion picture and Producer and/or distributor. Includes entries like 'Bedeutung des Russenschleppers No. 2 mit Heeresfilmstelle', 'Imbert—Holzgasanlage', 'Das betraute Spanien', etc.

[Return Order 897, Amdt.]

INTERNATIONAL FORBUND TIL BESKYTTELSE AF KOMPONISTRETTIGHEDER I DANMARK (KODA)

Return Order No. 897, dated March 20, 1951 (16 F. R. 2696), is hereby amended by deleting under the word "Property" the words and figures "\$20,626.15 in the Treasury of the United States", and substituting therefor the following: "\$21,839.70 in the Treasury of the United States." Appropriate documents and papers effectuating this order will issue.

Executed at Washington, D. C., on January 4, 1952.

For the Attorney General

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 52-280; Filed, Jan. 9, 1952; 8:48 a. m.]

A/S NORSK ALUMINIUM Co.

NOTICE OF INTENTION TO RETURN VESTED PROPERTY

Pursuant to section 32 (f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of the publication hereof, the following property, subject to any increase or decrease resulting from the administration thereof prior to return, and after adequate provision for taxes and conservation expenses:

Claimant, Claim No., Property, and Location

A/S Norsk Aluminium Company, Oslo, Norway; Claim 1919; \$1,460.86 in the Treasury of the United States. All interests and rights (including all royalties and other monies payable or held with respect to such interests and rights and all damages for breach of the agreement hereinafter described, together with the right to sue therefor) created in Aktieselskapet Norsk Aluminium Company by virtue of a memorandum dated April 28, 1924, executed by Harald Pedersen (including all modifications thereof and supplements thereto, including, but without limitation, a contract dated April 29, 1924, executed by Harald Pedersen and Aktieselskapet Norsk Aluminium Company; a contract dated June 17, 1924, executed by Harald Pedersen and Aktieselskapet Norsk Aluminium Company; a contract dated October 17, 1925, executed by Aktieselskapet Norsk Aluminium Company and Aluminium Company of America; a contract dated October 17, 1925, executed by Harald Pedersen, Aktieselskapet Norsk Aluminium Company and Aluminium Company of America; a contract dated June 26, 1926, executed by Harald Pedersen and Aktieselskapet Norsk Aluminium Company; a memorandum dated June 26, 1926, executed by Harald Pedersen and Aktieselskapet Norsk Aluminium Company; a contract dated October 30, 1934, executed by Aktieselskapet Norsk Aluminium Company, Aluminium Company of America and Aluminium Limited; and a contract dated October 30, 1934, executed by Harald Pedersen, Aktieselskapet Norsk Aluminium Company, Aluminium Company of America and Aluminium Limited) which memorandum, as modified and supplemented, relates, among other things, to United States Letters Patent No. 1,618,015, to the extent owned by Aktieselskapet Norsk Aluminium Company imme-

diately prior to the vesting thereof by Vesting Order 1987 (8 F. R. 12362, September 7, 1943).

Executed at Washington, D. C., on January 4, 1952.

For the Attorney General

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 52-281; Filed, Jan. 9, 1952; 8:48 a. m.]

[Bar Order 12]

ORDER FIXING BAR DATE FOR FILING CLAIMS IN RESPECT OF CERTAIN DEBTORS

In accordance with section 34 (b) of the Trading With the Enemy Act, as amended, and by virtue of the authority vested in the Attorney General by said act and Executive Order No. 9788, July 1, 1952, is hereby fixed as the date after which the filing of claims shall be barred in respect of debtors, any of whose property was first vested in or transferred to the Attorney General between July 1, 1950 and December 31, 1950, inclusive.

(40 Stat. 411, 55 Stat. 839, Pub. Law 671, 79th Cong., 60 Stat. 925; 50 U. S. C. App. 1, 50 U. S. C. App. Supp. 616; E. O. 9193, July 6, 1942, 7 F. R. 5205, 3 CFR, Cum. Supp.; E. O. 9788, Oct. 14, 1948, 11 F. R. 11981)

Executed at Washington, D. C., this 5th day of January 1952.

For the Attorney General

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 52-368; Filed, Jan. 9, 1952; 8:50 a. m.]

INTERSTATE COMMERCE COMMISSION

[4th Sec. Application 26679]

CITRUS FRUIT FROM FLORIDA TO MEMPHIS, TENN.

APPLICATION FOR RELIEF

JANUARY 5, 1952.

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. E. Boyle, Jr., Agent for carriers parties to Agent C. A. Spaninger's tariff I. C. C. No. 1211.

Commodities involved: Citrus fruit, carloads.

From: Points in Florida.

To: Memphis, Tenn., and points grouped therewith.

Grounds for relief: Circuitous routes and to maintain grouping.

Schedules filed containing proposed rates: C. A. Spaninger's tariff I. C. C. No. 1211, Supp. 9.

Any interested person 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. As provided by the general rules of practice of the Com-

mission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL,
Secretary.

[F. R. Doc. 52-249; Filed, Jan. 9, 1952; 8:45 a. m.]

[4th Sec. Application 26680]

MIXED CARLOADS OF MERCHANDISE FROM PHILADELPHIA, PA., NEW YORK, N. Y., AND STATIONS HAVING THE SAME RATES, TO SAVANNAH AND PORT WENTWORTH, GA.

APPLICATION FOR RELIEF

JANUARY 7, 1952.

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: C. W. Boin, Agent, for carriers parties to his tariff I. C. C. No. A-936.

Commodities involved: Merchandise, in mixed carloads, minimum weight, 30,000 pounds.

From: Philadelphia, Pa., and New York, N. Y., and stations taking same rates.

To: Savannah and Port Wentworth, Ga.

Grounds for relief: Competition with rail and motor carriers.

Schedules filed containing proposed rates: C. W. Boin's tariff I. C. C. No. A-936, Supp. 2.

Any interested person 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. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL,
Secretary.

[F. R. Doc. 52-320; Filed, Jan. 9, 1952; 8:49 a. m.]

[4th Sec. Application 26681]

MINERAL MIXTURES, ANIMAL OR POULTRY FEEDING, FROM WINONA, MINN., TO MEMPHIS, TENN.

APPLICATION FOR RELIEF

JANUARY 7, 1952.

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: L. E. Kipp, Agent, for carriers parties to his tariff I. C. C. No. A-3883.

Commodities involved: Mineral mixtures, animal or poultry feeding, carloads.

From: Winona, Minn.

To: Memphis, Tenn.

Grounds for relief: Competition with water carriers.

Schedules filed containing proposed rates: L. E. Kipp's tariff I. C. C. No. A-3883, Supp. 18.

Any interested person 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. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL]

W. P. BARTEL,
Secretary.

[F. R. Doc. 52-321; Filed, Jan. 9, 1952;
8:49 a. m.]

[4th Sec. Application 26682]

SALT (SODIUM CHLORIDE) FROM DETROIT, MICH., TO CHICAGO, ILL.

APPLICATION FOR RELIEF

JANUARY 7, 1952.

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: L. C. Schuldt, Agent, for The New York Central Railroad Company.

Commodities involved: Salt, common (sodium chloride), carloads.

From: Detroit, Mich.

To: Chicago, Ill.

Grounds for relief: Circuitous routes.

Schedules filed containing proposed rates: L. C. Schuldt's tariff I. C. C. No. 4198, Supp. 22.

Any interested person 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. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL]

W. P. BARTEL,
Secretary.

[F. R. Doc. 52-322; Filed, Jan. 9, 1952;
8:49 a. m.]

[4th Sec. Application 26683]

MERCHANDISE IN MIXED CARLOADS FROM CHICAGO, ILL., TO POINTS IN SOUTHERN TERRITORY

APPLICATION FOR RELIEF

JANUARY 7, 1952.

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. G. Raasch, Agent, for carriers parties to his tariff I. C. C. No. 752.

Commodities involved: Merchandise, in mixed carloads.

From: Chicago, Ill.

To: Points in southern territory.

Grounds for relief: Competition with rail and motor carriers.

Schedules filed containing proposed rates: R. G. Raasch's tariff I. C. C. No. 752, Supp. 1.

Any interested person 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. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL]

W. P. BARTEL,
Secretary.

[F. R. Doc. 52-323; Filed, Jan. 9, 1952;
8:49 a. m.]