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**Principal Officials
in the
Executive Branch
Appointed
January 20-April 20,
1953**

A listing of approximately 200 appointments made after January 20, 1953. Names contained in the list replace corresponding names appearing in the 1952-53 U. S. Government Organization Manual

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make it safe to modify, by making less stringent, the restrictions contained in any of such regulations, he shall set forth and publish such findings in administrative instructions, specifying the manner in which the regulations shall be made less stringent, whereupon such modification shall become effective.

(b) As used in this section, the term "United States" shall have the meaning ascribed to it in the regulations supplemental hereto.

REGULATIONS

§ 319.59-1 *Definitions.* For the purposes of the regulations in this subpart, the following words shall be construed, respectively to mean:

(a) *Chief of Bureau.* The Chief of the Bureau of Entomology and Plant Quarantine, or any officer or employee of the Bureau to whom authority has heretofore been delegated or may hereafter be delegated to act in his stead.

(b) *Bureau.* The Bureau of Entomology and Plant Quarantine, United States Department of Agriculture.

(c) *Inspector* Any person authorized by the Secretary of Agriculture of the United States to enforce the provisions of the Plant Quarantine Act.

(d) *Person*. Any individual, firm, corporation, company, society, association, or other organized group of any of the foregoing.

(e) *Flag smut*. The fungus disease known as the flag smut disease of wheat (*Urocystis tritici* Koern.) in any stage of development.

(f) *Wheat straw, hulls, or chaff*. Straw, hulls, or chaff of wheat, whether imported independently or in connection with any other importation.

(g) *Containers*. Bags of gunny or any other fabric that are being used as containers for wheat straw, hulls, or chaff or seeds specified in § 319.59.

(h) *Importer*. The permittee, agent of the permittee, or other person bringing to the United States any product which is subject to this subpart.

(i) *Imported*. Brought to the United States from a country or locality designated in § 319.59, whether directly therefrom or via another country or locality.

(j) *United States*. Any of the States, the District of Columbia, Alaska, Hawaii, Puerto Rico or the Virgin Islands of the United States.

(k) *Permit*. An authorization for the importation of products in accordance with the regulations in this subpart.

§ 319.59-2 *Products prohibited importation*. Wheat grain and wheat products of the milling process, except wheat flour and except such other wheat products as have been so milled or so processed as to have destroyed all flag smut spores, are prohibited importation except as provided in § 319.59-7.

§ 319.59-3 *Enterable products and conditions for their entry*. (a) Upon compliance with the requirements for permits in § 319.59-5 and notice of arrival in § 319.59-6, the following products may be entered under the conditions stated:

(1) *Wheat products other than flour*¹ Wheat products of the milling process (other than wheat flour which is not subject to this subpart) may be entered after it has been determined by an inspector that such products have been so milled or so processed as to have destroyed all flag smut spores that may have been present.

(2) *Certain field crop seeds; wheat straw, hulls, and chaff*. Seeds of *Melilotus indica* and seeds of any other field crops that have been separated from wheat during the screening process and wheat straw, hulls, and chaff may be entered subject to treatment of such products and the containers thereof under § 319.59-4 upon arrival.

§ 319.59-4 *Treatment*. All products subject to § 319.59-3 (a) (2) and their

¹Section 319.8-3 of this part restricts the importation from countries where the flag smut disease is known to occur of bags, slit bags, parts of bags, or other covers, that have been previously used as containers of wheat or wheat products not so processed as to have destroyed all flag smut spores, or that have been previously used as containers of field seeds separated from wheat during the process of screening.

containers as a condition of entry shall be treated upon arrival in the United States by the application of 5-percent ethyl mercury phosphate dust, or other chemical or method found by the Chief of the Bureau to be substantially as effective as 5-percent ethyl mercury phosphate dust in eliminating flag smut infection; or shall be processed or utilized as authorized by the inspector in a manner to destroy such infection, at an approved mill or plant under an agreement similar to that provided for in § 319.8-6 (a) (2). The schedule of treatment or method of processing or utilization of products under this section shall be according to a method selected by the inspector from administratively authorized procedures known to be effective under the conditions and with due recognition of any health hazards involved. Neither the Department of Agriculture nor the inspector shall be deemed responsible for any adverse effects of any such treatment. Treated seeds should be planted without delay in order to avoid reduced germination. All costs of such treatments, other than the services of an inspector during regularly assigned hours of duty and at the usual places of duty, shall be paid by the importer.

§ 319.59-5 *Applications for and issuance of permits*. (a) Any person desiring to import products eligible for importation under this subpart shall, in advance of such importation, submit to the Bureau an application stating the name and address of the importer, the approximate quantity and kinds of products it is desired to import, the country where grown, the port of entry into the United States, the name and address of the agent, if any, representing the importer, and the means of transportation to be employed. Such products may be imported only after a permit has been issued therefor.

(b) Permits for the importation of products under this subpart are conditioned upon compliance with all requirements set forth therein and such additional requirements in this subpart as are in terms applicable thereto. Failure to comply with any such requirement will be deemed to invalidate the permit.

§ 319.59-6 *Notice of arrival*. A notice of arrival shall be submitted by the importer, in duplicate, through the United States Collector of Customs, to the United States Department of Agriculture, immediately upon arrival at a port of entry of any shipment of products subject to this subpart. Such notice shall be submitted on a form provided for that purpose by the Bureau (Form EQ-368) and shall contain the information called for by that form.

§ 319.59-7 *Importations for experimental and scientific purposes*. Products subject to this subpart may be imported by the United States Department of Agriculture for experimental or scientific purposes, on such conditions and under such safeguards as may be prescribed by the Chief of Bureau. The containers of products so imported shall bear, securely attached to the outside thereof, an identifying tag from the Bureau.

2. The introductory text and subparagraph (1) of § 319.69 (b) in the Sub-

part—Packing Materials are hereby amended to read respectively:

(b) On and after June 8, 1953, the following plants and plant products when used as packing materials will be permitted entry into the United States from the countries and localities designated below only in accordance with the regulations supplemental to this quarantine:

(1) Cereal straw, hulls, and chaff (such as oats, barley, and rye) from all countries, except rice straw, hulls, and chaff which are prohibited importation from all countries by paragraph (a) of this section, and except wheat straw, hulls, and chaff which are restricted importation by § 319.59 from Aden Protectorate, Afghanistan, Australia, Bulgaria, Caucasus (including but not limited to Azerbaidzhan, South Russia, and Transcaucasia) Chile, China, Cyprus, Egypt, Germany, Greece, India, Iran, Iraq, Israel, Italy, Japan, Netherlands, Oman, Pakistan, Palestine, Portugal, Saudi Arabia, Sinai Peninsula, Spain, Syria, Trans-Jordan, Tunisia, Turkestan, Turkey, Union of South Africa, and Yemen.

3. Section 319.69 in the Subpart—Packing Materials, is hereby further amended by adding at the end thereof a new paragraph to read:

As used in this subpart, unless the context otherwise requires, the term "United States" means the States, the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands of the United States.

This order revises the present Flag Smut Quarantine to restrict or prohibit the importation into the United States of wheat straw, hulls, and chaff and certain seeds that might introduce the flag smut disease into this country as well as wheat grain and certain wheat products which are subject to the present quarantine. The restrictions and prohibitions imposed by this order apply to importations of all such products from the countries and localities subject to the present quarantine and, in addition, to such importations from Afghanistan, Bulgaria, Azerbaidzhan, South Russia, and Transcaucasia) Chile, Cyprus, Egypt, Germany, Greece, Iran, Israel, Netherlands, Pakistan, Palestine, Portugal, Tunisia, Turkestan, and Turkey, in which flag smut is known to occur, as well as Aden Protectorate, Iraq, Oman, Saudi Arabia, the Sinai Peninsula, Syria, Trans-Jordan, and Yemen. The eight areas last named are surrounded by countries where flag smut disease is known to occur. No reports are available concerning the existence of the disease in these eight areas. It is believed, however, that if adequate flag smut surveys were made there the disease would be found. All of the countries and localities above specified are therefore being included under this order.

Provision is made in the regulations set forth herein for the importation of wheat straw hulls, and chaff and seeds subject to the Flag Smut Quarantine as revised hereby, upon certain conditions including treatment of such products and their containers upon arrival in

this country. Certain wheat products other than flour are also permitted importation by the regulations under specified conditions. Wheat flour is not subject to the revised Flag Smut Quarantine and regulations thereunder. Wheat grain generally is prohibited importation from the specified countries and localities under said Quarantine.

This order also amends the Packing Materials Quarantine to except from the provisions of that Quarantine and the regulations supplemental thereto wheat straw, hulls, and chaff, used as packing materials, when imported subject to the Flag Smut Quarantine as hereby revised from countries and localities designated in the latter quarantine.

This order extends the requirements of both the Flag Smut Quarantine and the Packing Materials Quarantine and regulations supplemental to such quarantines, to importations into the Virgin Islands of the United States.

These actions are in accordance with unopposed recommendations of the Department of Agriculture made at the public hearing on this subject held on March 30, 1951.

The revision of the Flag Smut Quarantine, the new regulations thereunder, and the amendment of the Packing Materials Quarantine promulgated hereby shall become effective on June 8, 1953.

(Sec. 3, 33 Stat. 1270, sec. 9, 37 Stat. 318; 7 U. S. C. 143, 162. Interprets or applies secs. 5, 7, 37 Stat. 316, 317; 7 U. S. C. 159, 160)

Done at Washington, D. C., this 6th day of May 1953.

[SEAL] TRUE D. MORSE,
Acting Secretary of Agriculture.

[F. R. Doc. 53-4095; Filed, May 8, 1953; 8:46 a. m.]

Chapter IX—Production and Marketing Administration (Marketing Agreements and Orders), Department of Agriculture

[Lemon Reg. 484]

PART 953—LEMONS GROWN IN CALIFORNIA AND ARIZONA

LIMITATION OF SHIPMENTS

§ 953.591 *Lemon Regulation 484—(a) Findings.* (1) Pursuant to the marketing agreement, as amended, and Order No. 53, as amended (7 CFR Part 953; 14 F. R. 3612) regulating the handling of lemons grown in the State of California or in the State of Arizona, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.) and upon the basis of the recommendation and information submitted by the Lemon Administrative Committee, established under the said amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of the quantity of such lemons which may be handled, as hereinafter provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the

public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication thereof in the FEDERAL REGISTER (60 Stat. 237, 5 U. S. C. 1001 et seq.) because the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient, and a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions of this section effective as hereinafter set forth. Shipments of lemons, grown in the State of California or in the State of Arizona, are currently subject to regulation pursuant to said amended marketing agreement and order; the recommendation and supporting information for regulation during the period specified in this section was promptly submitted to the Department after an open meeting of the Lemon Administrative Committee on May 6, 1953; such meeting was held, after giving due notice thereof to consider recommendations for regulation, and interested persons were afforded an opportunity to submit their views at this meeting; the provisions of this section, including its effective time, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such lemons; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period hereinafter specified; and compliance with this section will not require any special preparation on the part of persons subject thereto which cannot be completed by the effective time of this section.

(b) *Order* (1) The quantity of lemons grown in the State of California or in the State of Arizona which may be handled during the period beginning at 12:01 a. m., P. S. T., May 10, 1953, and ending at 12:01 a. m., P. S. T., May 17, 1953, is hereby fixed as follows:

- (i) District 1. Unlimited movement;
 - (ii) District 2: 475 carloads;
 - (iii) District 3: Unlimited movement.
- (2) The prorate base of each handler who has made application therefor, as provided in the said amended marketing

agreement and order, is hereby fixed in accordance with the prorate base schedule which is attached to Lemon Regulation 483 (18 F. R. 2573) and made a part of this section by this reference.

(3) As used in this section, "handled," "handler," "carloads," "prorate base," "District 1," "District 2," and "District 3," shall have the same meaning as when used in the said amended marketing agreement and order.

(Sec. 5, 49 Stat. 753, as amended; 7 U. S. C. and Sup. 608c)

Done at Washington, D. C., this 7th day of May 1953.

[SEAL] S. R. SMITH,
Director Fruit and Vegetable Branch, Production and Marketing Administration.

[F. R. Doc. 53-4175; Filed, May 8, 1953; 8:45 a. m.]

TITLE 15—COMMERCE AND FOREIGN TRADE

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

Subchapter C—Office of International Trade
[6th Gen. Rev. of Export Regs., Amdt. P. L. 40¹]

PART 399—POSITIVE LIST OF COMMODITIES AND RELATED MATTERS

MISCELLANEOUS AMENDMENTS

Section 399.1 *Appendix A—Positive List of Commodities* is amended in the following particulars:

1. General Notes to Appendix A, paragraph (h) *Explanation of symbols in column headed "Commodity Lists"* is amended by the addition of the following entry:

Symbol	Special requirement referred to—	Section
E	Periodic requirements license.....	Part 370.

2. The following revisions are made in commodity descriptions. Some of these revisions include the insertion of the letter "E" in the column headed "Commodity Lists" to indicate that the Periodic Requirements license procedure is applicable to the commodities thus identified:

Dept. of Commerce Schedule B No.	Commodity	Unit	Processing code and related commodity group	GLV dollar value limits	Validated license required	Commodity lists
730810	Specially fabricated parts, n. e. c., for underground loading machines. ¹	-----	MINE	100	RO	E
730810	Specially fabricated parts for other specialized mining machines included on the Positive List under Schedule B Nos. 730500 through 730810 for which validated license is required to R and O country destinations. ¹	-----	MINE	100	RO	-----
766970	Other indicating, recording, or controlling instruments for pressure, flow, temperature, humidity, or gas analysis, for laboratory use. ²	-----	GIEQ 13	100	R	-----
766970	Other industrial indicating, recording, or controlling instruments for pressure, flow, temperature, humidity, or gas analysis. ²	-----	GIEQ 13	None	R	-----
766970	Specially fabricated parts for indicating, recording, or controlling instruments for pressure, flow, temperature, humidity, or gas analysis for laboratory use. ²	-----	GIEQ 13	100	R	E

See footnotes at end of table.

¹ This amendment was published in the Comprehensive Export Schedule, dated March 31, 1953.

Dept. of Commerce Schedule B No.	Commodity	Unit	Processing code and related commodity group	GLV dollar value limits	Validated license required	Commodity lists
765970	Specially fabricated parts for other indicating, recording or controlling instruments for pressure, flow, temperature, humidity, or gas analysis. ²		GIEQ 13	None	R	E
770630	Parts, n. e. c., specially fabricated for all air compressors included on the Positive List under Schedule B Nos. 770400 through 770615 (specify type, intake and delivery pressures, and intake capacity of compressors for which parts are intended, and whether pressure parts are fabricated of or lined with any corrosion-resistant materials as defined in the "General Notes to Appendix A"). ³		CONS 20	100	RO	A E
770630	Parts, n. e. c., specially fabricated for gas compressors included on the Positive List under Schedule B No. 770625 (specify type, intake and delivery pressures, and intake capacity of compressors for which parts are intended, and whether pressure parts are fabricated of or lined with any corrosion-resistant materials as defined in the "General Notes to Appendix A"). ³		CONS 20	100	RO	A
770775	Blowers, n. e. c. (specify type, intake and delivery pressures, and intake capacity of blowers, and whether pressure parts are fabricated of or lined with any corrosion-resistant materials as defined in the "General Notes to Appendix A"). ⁴		CONS	100	RO	A
770775	Specially fabricated parts for types of blowers included on the Positive List under Schedule B Nos. 770700 through 770775 (specify whether pressure parts are fabricated of or lined with any corrosion-resistant materials as defined in the "General Notes to Appendix A"). ⁴		CONS	100	RO	A E

²The above two entries are substituted for the third entry presently on the Positive List under Schedule B No. 730810. The effect of this revision is to list separately "Specially fabricated parts, n. e. c., for underground loading machines" and to indicate that the Periodic Requirements license procedure is applicable thereto (see Part 376 of this subchapter).

³The above four entries are substituted for the ninth and tenth entries presently on the Positive List under Schedule B No. 766970. The effect of this revision is to list separately "Specially fabricated parts for indicating, recording, or controlling instruments for pressure, flow, temperature, humidity, or gas analysis for laboratory use" and "Specially fabricated parts for other indicating, recording or controlling instruments for pressure, flow, temperature, humidity, or gas analysis," and to indicate that the Periodic Requirements license procedure is applicable thereto (see Part 376 of this subchapter).

⁴The above two entries are substituted for the entry presently on the Positive List under Schedule B No. 770630. The effect of this revision is to list separately "Parts, n. e. c., specially fabricated for all air compressors included on the Positive List under Schedule B, Nos. 770400 through 770615" and to indicate that the Periodic Requirements license procedure is applicable thereto (see Part 376 of this subchapter).

⁵The above two entries are substituted for the entry presently on the Positive List under Schedule B No. 770775. The effect of this revision is to list separately "Specially fabricated parts for types of blowers included on the Positive List under Schedule B Nos. 770700 through 770775" and to indicate that the Periodic Requirements license procedure is applicable thereto (see Part 376 of this subchapter).

3. The letter "E" is inserted in the column headed "Commodity Lists" opposite the commodities listed below to indicate that the Periodic Requirements license procedure (see Part 376 of this subchapter) is applicable to the commodities so identified. Where only certain entries on the Positive List under a single Schedule B number are thus identified, these entries are specifically listed below when all entries on the Positive List under a single Schedule B number are thus identified, the entries are not specifically listed below, but only the Schedule B number related thereto:

Dept. of Commerce Schedule B No.	Commodity
709039	All the entries under this number except the present last entry: "Parts, accessories, and attachments, n. e. c., specially fabricated for dredging machines (specify by name)."
709229	
709355	
716300	
720210	
721540	Specially fabricated parts for contractor's trucks, dump wagons, quarry trailers, and other off-the-road haulage vehicles; sub-graders.
722045	
722045	Specially fabricated parts for logging arches and skidders; and rotary snowplows.
722045	Parts, accessories, and attachments, n. e. c., specially fabricated for pneumatic-tired soil compactors, 10 tons and over net vehicle weight.
722045	Parts and accessories, n. e. c., specially fabricated for pneumatic-tired soil compactors, under 10 tons net vehicle weight; and self-propelled, steel-tired road rollers.
722045	Parts, accessories, and attachments, n. e. c., specially fabricated for scrapers and graders.
722045	Parts and accessories, n. e. c., specially fabricated for contractors' wheel-type tractors.
722045	Parts and accessories, n. e. c., specially fabricated for hydraulic controls for wheel-type tractors; and winches for wheel-type tractors.
723050	Controls, regulators, indicators, meters, and timers, for ventilating, air conditioning, commercial refrigeration and air cooling, equipment; and specially fabricated parts, n. e. c.
723050	
732000	
706350	
706350	
709100	
709200	
709310	
709310	
709315	

Dept. of Commerce Schedule B No.	Commodity
770935	Parts, n. e. c., specially fabricated for pumps classified under Schedule B Nos. 770300 through 770350, and 770350, irrespective of delivery pressures, operating temperatures and materials used in their fabrication (specify by name and indicate type of pump for which intended).
730001	
730001	
730013	
730023	
730023	
730043	
730043	
730063	
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(Sec. 3, 63 Stat. 7; 65 Stat. 43; 50 U. S. C. App. Supp. 2023. E. O. 9630, Sept. 27, 1945, 10 F. R. 12245, 3 CFR, 1945 Supp.; E. O. 9319, Jan. 3, 1948, 13 F. R. 59, 3 CFR, 1948 Supp.)

LORING K. MACY,
Director

Office of International Trade.

[F. R. Doc. 53-4123; Filed, May 8, 1953; 8:52 a. m.]

TITLE 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission [Docket 6015]

PART 3—DIGEST OF CEASE AND DESIST ORDERS

GETZ BROS. & CO. ET AL.

Subpart—Advertising falsely or misleadingly: § 3.235 Source or origin—Maker; § 3.235 Source or origin—Place—Imported product or parts as domestic; Subpart—Misbranding or mislabeling: § 3.1325 Source or origin—Maker or seller; § 3.1325 Source or origin—Place—Imported product or parts as domestic; Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 3.1860 Imported product or parts as domestic. Subpart—Using misleading name—Goods: § 3.2345 Source or origin—Maker; § 3.2345 Source or origin—Place—Foreign product or parts as domestic. In connection with the offering for sale, sale or distribution of sewing machine heads or sewing machines in commerce, (1) offering for sale, selling or distributing foreign-made sewing machine heads or sewing machines of which foreign-made heads are a part, without clearly and conspicuously disclosing on the heads the country of origin thereof, in such a manner that it cannot readily be hidden or obliterated; or (2) using the word "Admiral" or any simulation thereof, to designate, de-

scribe or refer to their sewing machines or sewing machine heads; or representing, through the use of any other words or in any other manner, that sewing machines or sewing machine heads are made by anyone other than the actual manufacturer; prohibited.

(Sec. 6, 38 Stat. 722; 15 U. S. C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U. S. C. 45) [Cease and desist order, Getz Bros. & Co. et al., New York, N. Y., Docket 6015, January 29, 1953]

In the Matter of Getz Bros. & Co., a Corporation, and Rene May, Arthur P. Lazarus, Lester L. Goodman, Charles J. Kelly, Nathan Most and L. Lenehan, Individually and as Officers of Said Corporation

This proceeding was heard by John Lewis, hearing examiner, upon the complaint of the Commission, respondents' answer, and a hearing before said examiner, theretofore duly designated by the Commission.

At said hearing counsel for the respondents and counsel in support of the complaint agreed that, in lieu of the introduction of oral testimony and other evidence in support of and in opposition to the allegations of the complaint, the proceeding would be submitted for decision on the basis of certain admissions by respondents' counsel with respect to various allegations of the complaint and certain stipulated testimony which admissions and stipulated testimony were spread upon the record at said hearing.

Thereafter the proceeding regularly came on for final consideration by said examiner upon the complaint, answer thereto, and stipulated testimony and admissions, counsel having elected not to file proposed findings and conclusions for consideration by said examiner and having not requested oral argument, and said examiner, having duly considered the 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,¹ conclusion drawn therefrom,² and order to cease and desist.

No appeal having been filed from said initial decision of said hearing 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 January 29, 1953.

The said order to cease and desist is as follows:

It is ordered, That the respondents, Getz Bros. & Co., a corporation, and its officers, and Rene May Arthur P. Lazarus, Lester L. Goodman, Charles J. Kelly, Nathan Most and L. Lenehan, individually and as officers of said corporation, and said respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale

or distribution of sewing machine heads or sewing machines in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Offering for sale, selling or distributing foreign-made sewing machine heads, or sewing machines, of which foreign-made heads are a part, without clearly and conspicuously disclosing on the heads the country of origin thereof, in such a manner that it cannot readily be hidden or obliterated.

2. Using the word "Admiral" or any simulation thereof, to designate, describe or refer to their sewing machines or sewing machine heads; or representing, through the use of any other words or in any other manner, that sewing machines or sewing machine heads are made by anyone other than the actual manufacturer.

By "Decision of the Commission and order to file report of compliance," Docket 6015, January 29, 1953, which announced and decreed fruition of said initial decision, report of compliance was required as follows:

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

By the Commission.

Issued: January 29, 1953.

[SEAL] D. C. DANIEL,
Secretary.

[F. R. Doc. 53-4119; Filed, May 8, 1953;
8:50 a. m.]

[Docket 6039]

PART 3—DIGEST OF CEASE AND DESIST
ORDERS

WESTERN GRAIN COMPANY

Subpart—*Discriminating in price under section 2, Clayton Act as amended—Price discrimination under 2 (a) § 3.715 Charges and price differentials.* In, or in connection with, the sale of grain products in commerce, differentiating, directly or indirectly, in prices, terms or conditions of sale, (1) by selling such products of like grade and quality to any purchaser at a higher price or on less favorable terms than those granted any other purchaser who in fact competes with said purchaser paying the higher price or receiving less favorable terms, in the resale and distribution of said products; or (2) by selling such products of like grade and quality to any purchaser at a higher price or on less favorable terms than to any other purchaser when selling to the latter in competition with any other seller; prohibited.

(Sec. 6, 38 Stat. 722; 15 U. S. C. 46. Interpret or applies sec. 2, 38 Stat. 730, as amended; 15 U. S. C. 13) [Cease and desist order, Western Grain Company, Birmingham, Ala., Docket 6039, January 27, 1953]

This proceeding was instituted by complaint which charged respondent with violation of subsection (a) of section 2 of the Clayton Act, as amended.

It was disposed of, as announced by the Commission's "Notice," dated January 29, 1953, through the consent settlement procedure provided in Rule V of the Commission's Rules of Practice as follows:

The consent settlement tendered by the parties in this proceeding, a copy of which is served herewith, was accepted by the Commission on January 27, 1953 and ordered entered of record as the Commission's findings as to the facts,¹ conclusion,² and order in disposition of this proceeding.

Said order to cease and desist, thus entered of record, following the findings as to the facts and conclusion, reads as follows:

It is ordered, That respondent, Western Grain Company, a corporation, and its officers, representatives, agents, and employees, in, or in connection with, the sale of grain products in commerce, as "commerce" is defined in the Clayton Act, do forthwith cease and desist from differentiating directly or indirectly in prices, terms or conditions of sale:

(1) By selling such products of like grade and quality to any purchaser at a higher price or on less favorable terms than those granted any other purchaser who in fact competes with said purchaser paying the higher price or receiving less favorable terms, in the resale and distribution of said products;

(2) By selling such products of like grade and quality to any purchaser at a higher price or on less favorable terms than to any other purchaser when selling to the latter in competition with any other seller.

It is further ordered, That the respondent shall, within sixty (60) days after the 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 this order.

By direction of the Commission.

[SEAL] D. C. DANIEL,
Secretary.

[F. R. Doc. 53-4120; Filed, May 8, 1953;
8:51 a. m.]

TITLE 29—LABOR

Chapter V—Wage and Hour Division,
Department of Labor

PART 709—BUTTON, BUCKLE, AND JEWELRY
INDUSTRY IN PUERTO RICO

MINIMUM WAGE ORDER

Pursuant to the Administrative Procedure Act (60 Stat. 237; 5 U. S. C. 1001), notice was published in the FEDERAL REGISTER on April 14, 1953 (18 F. R. 2085), of my decision to approve the recommendations of Special Industry Committee No. 12 for Puerto Rico for certain divisions of the button, buckle, and jewelry industry in Puerto Rico, namely the pearl button and buckle division; the leather

¹ Filed as part of the original document.

and fabric button and buckle division; button and buckle (other than pearl, leather, or fabric) and bead division; rosary and native jewelry division; precious jewelry division; and the metal expansion watch band division. The wage order which I proposed to issue to carry such recommendations into effect was published therewith. Notice was also given that I proposed to disapprove the Committee's recommendations for the necklace, bracelet, and similar jewelry division and for the metal and plastic jewelry and miscellaneous products division.

As indicated in the notice, my findings and conclusions in this matter were set forth in a document entitled "Findings and Opinion of the Administrator in the Matter of the Recommendations of Special Industry Committee No. 12 for Puerto Rico for Minimum Wage Rates in the Button, Buckle, and Jewelry Industry in Puerto Rico," dated April 9, 1953.

Interested parties were given an opportunity to file exceptions to the proposed actions within 20 days of the date of publication of the notice. An additional period until May 18, 1953, has been granted to file exceptions with respect to the Committee's recommendations for the pearl button and buckle division and the leather and fabric button and buckle division. With respect to the other six divisions of this industry no exceptions to the proposed actions have been received and the time for filing exceptions has expired.

Accordingly, pursuant to authority under the Fair Labor Standards Act of 1938, as amended (52 Stat. 1060, as amended; 29 U. S. C. 201) and on the basis of the findings and conclusions contained in the document of April 9, 1953, mentioned above, (1) the recommendations of Special Industry Committee No. 12 for Puerto Rico for the button and buckle (other than pearl, leather, or fabric) and bead division; rosary and native jewelry division; precious jewelry division; and the metal expansion watch band division are hereby approved; and the wage order respecting these above divisions set forth below is hereby issued to become effective June 8, 1953; (2) the Committee's recommendations for the necklace, bracelet, and similar jewelry division and for the metal and plastic jewelry and miscellaneous products division are hereby disapproved, and the matter of an appropriate minimum wage rate for the costume jewelry division of the button, buckle, and jewelry industry, as defined in Administrative Order No. 428, published in the FEDERAL REGISTER on April 14, 1953 (18 F. R. 2085) is hereby referred to Special Industry Committee No. 14 for Puerto Rico, as provided in said Administrative Order. Activities included within the definitions for necklace, bracelet, and similar jewelry division and for the metal and plastic jewelry and miscellaneous products division will remain subject to the applicable minimum wage rates provided in the wage order for the button, buckle, and jewelry industry which was published

in the FEDERAL REGISTER on July 21, 1950 (15 F. R. 4680) Part 697 of this chapter, until a new wage order is issued covering such activities.

Sec.

709.1 Wage rates.

709.2 Notices of order.

709.3 Definitions of the button, buckle, and jewelry industry in Puerto Rico and its divisions.

AUTHORITY: §§ 709.1 to 709.3 issued under sec. 8, 63 Stat. 915; 29 U. S. C. 203. Interpret or apply sec. 5, 63 Stat. 911; 29 U. S. C. 205.

§ 709.1 *Wage rates.* (a) Wages at a rate of not less than 48 cents per hour shall be paid under section 6 of the Fair Labor Standards Act of 1938, as amended, by every employer to each of his employees in the button and buckle (other than pearl, leather, or fabric) and bead division of the button, buckle, and jewelry industry in Puerto Rico who is engaged in commerce or in the production of goods for commerce.

(b) Wages at a rate of not less than 33 cents per hour shall be paid under section 6 of the Fair Labor Standards Act of 1938, as amended, by every employer to each of his employees in the rosary and native jewelry division of the button, buckle, and jewelry industry in Puerto Rico who is engaged in commerce or in the production of goods for commerce.

(c) Wages at a rate of not less than 55 cents per hour shall be paid under section 6 of the Fair Labor Standards Act of 1938, as amended, by every employer to each of his employees in the precious jewelry division of the button, buckle, and jewelry industry in Puerto Rico who is engaged in commerce or in the production of goods for commerce.

(d) Wages at a rate of not less than 60 cents per hour shall be paid under section 6 of the Fair Labor Standards Act of 1938, as amended, by every employer to each of his employees in the metal expansion watch band division of the button, buckle, and jewelry industry in Puerto Rico who is engaged in commerce or in the production of goods for commerce.

NOTE: Special Industry Committee No. 12 for Puerto Rico recommended a minimum wage rate of 36 cents an hour for the necklace, bracelet, and similar jewelry division which it defined as follows: The stringing of artificial pearl and other necklaces, bracelets, and similar jewelry items made of beads, including pearlizing and other processing operations.

The Committee also recommended a minimum wage of 50 cents an hour for the metal and plastic jewelry and miscellaneous products division which it defined as follows: The manufacture from plastics, non-precious metals, or other materials of jewelry, jewelry findings and all other products included in the button, buckle, and jewelry industry, as defined in Administrative Order No. 421, except those included in the pearl button and buckle division, the leather and fabric button and buckle division, the button and buckle (other than pearl, leather, or fabric) and bead division, the rosary and native jewelry division, the necklace, bracelet, and similar jewelry division, the precious jewelry division, and the metal expansion watch band division.

The recommendations of the Committee for the necklace, bracelet, and similar

jewelry division and for the metal and plastic jewelry and miscellaneous products division having been disapproved, activities included within the definitions for those divisions are and will remain subject to the applicable minimum wage rates provided in the wage order for the button, buckle, and jewelry industry which was published in the FEDERAL REGISTER on July 21, 1950 (15 F. R. 4680) Part 697 of this chapter, until a new wage order is issued covering such activities.)

§ 709.2 *Notices of order.* Every employer employing any employees so engaged in commerce or in the production of goods for commerce in the button, buckle, and jewelry industry in Puerto Rico shall post and keep posted in a conspicuous place in each department of his establishment where such employees are working such notices of this order as shall be prescribed from time to time by the Wage and Hour Division of the United States Department of Labor and shall give such other notice as the Division may prescribe.

§ 709.3 *Definitions of the button, buckle and jewelry industry in Puerto Rico and its divisions.* (a) The button, buckle, and jewelry industry in Puerto Rico, to which this part shall apply is hereby defined as follows: The manufacture from any material of buttons, buckles, jewelry (including rosaries), and jewelry findings (including beads) *Provided, however* That the definition shall not include any activities covered by the definition of the jewel cutting and polishing industry in Puerto Rico (Part 707 of this chapter)

(b) The separable divisions of the industry, as defined in paragraph (a) of this section, to which this part shall apply, are hereby defined as follows:

(1) *Button and buckle (other than pearl, leather or fabric) and bead division.* The manufacture of buttons and buckles from any material except ocean pearl or other natural shell, leather, cotton tape or other fabric; and the manufacture of metal, glass, plastic and wooden beads, but not including the pearlizing or further processing and assembling of beads into necklaces, bracelets, and similar jewelry items.

(2) *Rosary and native jewelry division.* The assembling of rosaries and the manufacture of novelty jewelry from materials of local origin such as seeds, shells, natural fibers and similar materials.

(3) *Precious jewelry division.* The manufacture of jewelry or jewelry findings made of precious metals whether or not embellished with natural or synthetic stones.

(4) *Metal expansion watch band division.* The manufacture or partial manufacture from metal of expansion bands or expansion bracelets for watches.

NOTE: See note at end of § 709.1.

Signed at Washington, D. C., this 6th day of May 1953.

WM. R. MCCOMB,
Administrator, Wage and Hour
Division, United States De-
partment of Labor.

[F. R. Doc. 53-4121; Filed, May 8, 1953; 8:51 a. m.]

TITLE 32—NATIONAL DEFENSE

Chapter VII—Department of the Air Force

Subchapter J—Procurement Procedures

PART 1007—TERMINATION OF CONTRACTS

Part 1007 is added to Subchapter J as follows:

SUBPART A—INTRODUCTION

Sec.	
1007.101	Scope of part.
1007.102	Applicability.
1007.103	Cancellation for default.
1007.104	Special-purpose clauses.

SUBPART B—DEFINITIONS

1007.201	Scope of subpart.
1007.202	Administrative contracting officer.
1007.203	Contractor.
1007.204	Government-furnished aircraft equipment (GFAE).
1007.205	Plant clearance officer.
1007.206	Procuring contracting officer.
1007.207	Subcontractor.
1007.208	Termination authority.
1007.209	Termination contracting officer.
1007.210	Unadjusted contractual changes (UCC).

SUBPART C—TERMINATION FOR CONVENIENCE

1007.301	Authority of contracting officers.
1007.302	Initiation of termination action.
1007.303	Notice of termination.
1007.304	Duties of termination contracting officer after notice of termination.
1007.305	Fraud or other criminal conduct.
1007.306	Settlement of two or more claims jointly.

SUBPART D—GENERAL PRINCIPLES APPLICABLE TO THE SETTLEMENT OF TERMINATED FIXED-PRICE CONTRACTS [RESERVED]

SUBPART E—SETTLEMENTS OF CONTRACTS TERMINATED FOR CONVENIENCE

GENERAL

1007.501	Scope of subpart.
1007.502	Methods of settlement.
FIXED-PRICE CONTRACTS	
1007.503	Fixed-price contracts; completed articles.
1007.504	Fixed-price contracts; settlement proposals.
1007.505	Bases for settlement proposals.
1007.506	Forms of settlement proposals.
1007.507	Fixed-price contracts; negotiated settlements.
1007.508	Fixed-price contracts; settlements by determination.
1007.509	Fixed-price contracts; settlements by determination; procedure.
1007.510	Limitation on settlements; deductions.

COST-TYPE CONTRACTS

1007.511	Settlement of cost-type contracts; general considerations.
1007.512	Cost-type contracts; adjustment of fixed fee.
1007.513	Cost-type contracts; negotiated settlements, including costs.
1007.514	Cost-type contracts; notice to General Accounting Office of audit status date.
1007.515	Cost-type contracts; clearance of exceptions.
1007.516	Cost-type contracts; partial termination.
1007.517	Cost-type contracts; procedure where there have been no reimbursed costs under the contract.

REQUIREMENTS APPLICABLE TO BOTH FIXED-PRICE AND COST-TYPE CONTRACTS

1007.518	Audit of settlement proposals and of subcontract settlements.
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Sec.	
1007.519	Contracting officer's negotiation memorandum.
1007.520	Review of proposed settlements; jurisdiction of review boards.
1007.521	Review of proposed settlements; submission of information.
1007.522	Review of proposed settlements; authority of contracting officer to proceed.
1007.523	Settlement of subcontract claims; duty of contractor and subcontractor.
1007.524	Settlement of subcontract claims; basis of settlement.
1007.525	Settlement of subcontract claims; authorization for settlement of subcontractors' claims under \$1,000.
1007.526	Settlement of subcontract claims; approval or ratification of subcontract settlements.
1007.527	Settlement of subcontract claims; direct settlements of subcontracts.
1007.528	Settlement of subcontract claims; assignment of rights under subcontracts.
1007.529	Settlement agreements; form.
1007.530	Settlement agreements; reserved items.
1007.531	Appeals.
1007.532	Payment-negotiated settlement.
1007.533	Payment-settlement by determination.
1007.534	Partial payments upon termination; review required.
1007.535	Partial payments upon termination-security for payments.

SUBPART F—TERMINATION INVENTORY

CATEGORY A. ZONE OF INTERIOR

1007.601	Scope of subpart.
1007.602	Appointment of plant clearance officers.
1007.603	Responsibility for sales.
1007.604	Retention of property by contractor.
1007.605	Inventory descriptions.
1007.606	Scrap and salvage.
1007.607	Other sales.
1007.608	Proceeds of sale.
1007.609	Applicability of antitrust laws.
1007.610	Destruction or abandonment.
1007.611	Special machinery, tooling, and equipment.
1007.612	Storage at the expense and risk of the Government.
1007.613	Appointment of property disposal review boards.
1007.614	Review of property disposal.
1007.615	Subcontractor termination inventory and general policies.
1007.616	Statement of allocability.
1007.617	Accounting for termination inventory.

CATEGORY B: OVERSEAS [RESERVED]

SUBPART G—FORMS

1007.701	Scope of subpart.
1007.702	Termination authority.
1007.703	Termination clauses for fixed-price supply, fixed-price construction, cost-type, and research and development contracts.
1007.704	Termination clause for fixed-price contract for nonpersonal services.
1007.705	Termination clause for fixed-price contracts for personal services.
1007.706	Termination clause for technician services.
1007.707	Termination clause for time and material contracts.
1007.708	Termination clause for facilities contracts. [Reserved]
1007.709	Termination clause for letter contracts. [Reserved]

Sec.	
1007.710	Supplemental settlement agreements for CPFF partial terminations.
1007.711	Prime contractor's consent to direct settlement with subcontractor by the Government.
1007.712	Form of triparty agreement for direct settlement of subcontracts.
1007.713	Assignment to the Government of prime contractor's rights under terminated subcontracts.
1007.714	Direct settlement agreement by Government with subcontractors.
1007.715	Settlement of reservations.
1007.716	Security for partial payments.
1007.717	Storage agreement.
1007.718	Settlement memorandum for fixed-price terminated contracts.
1007.719	Settlement memorandum for terminated cost and cost-plus-a-fixed-fee contracts.
1007.720	Exhibit A—Summary of CPFF final settlement.
1007.721	Exhibit B—Unreimbursed costs submitted on DD Form 547.
1007.722	Standard forms for settlement of fixed-price contracts.

AUTHORITY: §§ 1007.101 to 1007.721 issued under R. S. 161, sec. 202, 61 Stat. 500, as amended; 5 U. S. C. 22, 171a. Interpret or apply 62 Stat. 21; 41 U. S. C. 151-161.

DERIVATION: Sec. VIII, AFM 70-6.

SUBPART A—INTRODUCTION

§ 1007.101 *Scope of part.* This part implements Part 407 of Chapter IV of this title (Armed Services Procurement Regulation, 17 F R. 1791) In essence, it sets forth the policies, procedures, and methods relating to the termination and settlement of Air Force contracts entered into under the Armed Services Procurement Act of 1947 (62 Stat. 21, 41 U. S. C. 151-161) (hereinafter referred to as "the Act") the utilization, redistribution among the military Departments and the disposition of property resulting from terminations, changes, and completions effected under such contracts; and approved forms for use in terminating and settling contracts issued under the Act.

§ 1007.102 *Applicability.* (a) This procurement procedure applies to any Air Force contract entered into under the Act which—

(1) Has been terminated for the convenience of the Government regardless of whether the termination clause in the contract is one set forth in Part 407 of this title (17 F R. 1791) or authorized under this procurement procedure; and

(2) Has been canceled for the default of the contractor.

(b) Contracts which do not contain the termination clauses in Part 407 of this title (17 F R. 1791), or those authorized hereunder may be amended by agreement, prior to or after the termination of the contract to include or substitute a clause prescribed by Part 407 of this title, or this part. On receipt of a written request from the contractor, approved by the procuring activity, an amendment shall be accomplished by the procuring activity which originally issued the contract.

(c) The methods, policies, and procedures contained herein relating to the settlements with subcontractors and disposal of contractor inventory are appli-

cable to settlement of subcontracts terminated and property which becomes obsolete or excess as a result of contract modification or engineering changes.

CROSS REFERENCE: For sections of Armed Services Procurement Regulation which this section implements see §§ 407.101 and 407.600 of this title.

§ 1007.103 *Cancellation for default—*
(a) *Authority to cancel for default.* Authority to cancel contracts for default of a contractor shall be exercised only by termination contracting officers delegated this specific function by an appointing authority. The authority to cancel contracts issued within the continental United States shall be exercised only by a terminating contracting officer at Headquarters, Air Materiel Command, who is specifically designated authority to cancel contracts for default. The authority to cancel contracts entered into outside the continental United States shall be exercised only by termination contracting officers specifically designated authority to cancel contracts for default by (1) the Commanding General, Air Materiel Command, or (2) the commanding generals, oversea commands, or (3) the air attaches on duty in foreign countries, or (4) the chiefs of Air Force sections of joint military missions not operating under the jurisdiction of a major oversea command, or (5) the Commander, Military Air Transport Service with respect to areas outside the continental United States and not within the jurisdiction of any commanding general.

(b) *Responsibility of administrative contracting officers.* When a contractor fails to meet the delivery schedule of a contract, or so fails to make progress as to endanger performance of the contract, and the failure or delay does not appear to be excusable under the terms of the contract, or when a contractor fails to comply with other provisions of the contract, the administrative contracting officer shall, after effecting coordination with the cognizant procuring contracting officer, inform the contractor of such failure and the possibility of the contract's being canceled for default. If the contractor does not correct the failures or delays, after receipt of such notification, the responsible administrative contracting officer shall immediately forward complete details to the procuring activity, recommending action relating to default of the contractor.

(c) *Responsibility of procuring contracting officer.* The procuring contracting officer shall initiate default cancellation action when such action is deemed necessary and in the best interest of the Government. On receipt of a recommendation for default cancellation from an administrative contracting officer, and if the procuring contracting officer concurs in such recommendation, he shall initiate cancellation action, using the Termination Authority form set forth in subpart G of this part. It is imperative that default cancellation action be promptly initiated when a contractor fails to deliver or perform according to the contract requirements, as failure to do so, when the reasons for the failure of the contractor are not

excusable, may subsequently adversely affect the rights of the Government.

(d) *Responsibility of termination contracting officers authorized to cancel contracts.* Termination contracting officers of the procuring activity authorized to cancel contracts for default shall, after a thorough review of all the circumstances, determine whether a contract shall be canceled for default of the contractor. Some of the factors, in addition to excusable delay, which should be considered in making such determination are—

(1) The availability of the supplies or services from other sources, and

(2) The period of time required to obtain supplies or services from other sources as compared with the time delivery which could be obtained from the delinquent contractor and the urgency of the need for the supplies or services, and

(3) The degree of essentiality of the contractor in the Government procurement program and the effect of a default cancellation upon the contractor's capability as a supplier under other contracts.

If the records do not reveal sufficient facts to determine whether the contractor's failure is excusable under the terms of the contract, a "show-cause" notice shall be issued to the contractor requesting it to present reasons within a reasonable period of time as to why the contract should not be canceled for default. The "show-cause" notice shall fix a date for reply, advise the contractor that failure to present an excuse will be considered an admission that none exists and, if appropriate, inform the contractor that, pending receipt of the contractor's reply, the work is to be suspended under the contract. If the default action is predicated upon any failure of the contractor other than failure to make timely delivery, the contractor shall be given written notice, specifying the failure, and given a period of at least 10 days to cure such failure. If the contractor fails to cure such failure within the specified time, or if cancellation action is predicated upon the contractor's failure to make timely deliveries, the contract may be canceled for default immediately.

(e) *Findings of fact and notice of default cancellation.* A Notice of Default and the supporting Findings of Fact may be combined in one instrument or the Notice of Default may be issued prior to issuance of supporting Findings of Fact. A Findings of Fact supporting a default cancellation, which shall be sent to the contractor by registered mail, return receipt requested, shall include:

(1) A concise description of the procurement;

(2) Brief, pertinent statements of the facts and circumstances pertaining to the default;

(3) A statement of the contractor's justification, if any;

(4) The termination contracting officer's Officer's Conclusions supporting the default cancellation of the contract;

(5) In the case of fixed-price contracts, an assessment against and demand upon the contractor for the payment of excess costs incurred by reason

of the contractor's default, if known, prior to the issuance of the Findings. If such excess costs are not known, there shall be included a reservation of the right of the Government to issue supplemental Findings containing an assessment;

(6) A demand for the immediate repayment, without set-off, of the unliquidated balance of outstanding advance payments;

(7) Where appropriate, a demand for the total amount of partial payments less the value to the Government of property acquired by the Government under the partial payments clause of the contract; and

(8) A statement of the contractor's right to appeal under the provisions of the Disputes clause of the contract. If it appears that an appeal will be taken, the Findings of Fact shall be coordinated with the Office of the Staff Judge Advocate, Headquarters, Air Materiel Command.

(f) *Reprocurement.* Immediately upon issuance of a Finding of Fact and Notice of Default cancellation, a reprocurement shall be initiated if a requirement for the canceled item or items still exists. Such reprocurement may, however, be initiated prior to the issuance of the Notice of Default cancellation, in those instances when the reprocurement meets the criteria contained in § 402.202 of this title. If there is to be a reprocurement, a purchase request shall be promptly issued by the organization responsible for requesting the item and delivered to the procuring contracting officer, who shall take prompt action concerning such reprocurement. Reprocurement on the basis of a specification which is materially changed may release a fixed-price contractor from liability for excess costs of reprocurement. Therefore, before reprocurement is made on the basis of a materially changed specification, consideration shall be given to determining if such change and consequent release of the contractor from any excess costs which may result from such reprocurement is in the best interest of the Government.

CROSS REFERENCE: For sections of Armed Services Procurement Regulation which this section implements see §§ 407.103 and 406.103-11 of this title.

§ 1007.104 *Special-purpose clauses.* Special-purpose termination clauses for fixed-price nonpersonal services, fixed-price personal services, technical representatives, time and material, facilities and letter contracts, as set forth in Subpart G of this part are authorized for use.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.104 of this title.

SUBPART B—DEFINITIONS

§ 1007.201 *Scope of subpart.* This subpart contains definitions of terms applicable to the Department of the Air Force in addition to those set forth in Part 407 of this title.

§ 1007.202 *Administrative contracting officer.* The term "administrative contracting officer" means those con-

tracting officers authorized to administer contracts.

§ 1007.203 *Contractor* The term "contractor" means any holder of one or more Department of the Air Force prime contracts or purchase orders.

§ 1007.204 *Government - furnished aircraft equipment (GFAE)* The term "Government-furnished aircraft equipment" (GFAE) means that portion of Government-furnished property which under the terms of an Air Force contract is procured by the Air Force and furnished direct to aircraft equipment or missile manufacturers for inclusion or incorporation into aircraft or missiles.

§ 1007.205 *Plant clearance officer* The term "plant clearance officer" means the representative of the termination contracting officer authorized to act for him in all matters relating to the disposal of contractor inventory and termination inventory. In appropriate instances, plant clearance officers may be appointed contracting officers with limited authority.

§ 1007.206 *Procuring contracting officer* The term "procuring contracting officer" means those contracting officers authorized to execute contracts for the procurement of supplies and services.

§ 1007.207 *Subcontractor* The term "subcontractor" means any holder of one or more subcontracts under any Department of the Air Force prime contracts or purchase orders.

§ 1007.208 *Termination authority* The term "termination authority" refers to a written authorization to proceed with termination prepared in the form set forth in Subpart G of this part.

§ 1007.209 *Termination contracting officer* The term "termination contracting officer" means those contracting officers authorized to terminate contracts or to settle terminated contracts.

§ 1007.210 *Unadjusted contractual changes (UCC)* The term "unadjusted contractual changes" means any contractual change which has not been incorporated in the contract by change order, supplemental agreement, or otherwise. The term includes, without limitation, each change evidenced by a contract change notification, by delivery schedule change, by change with respect to spare parts or contract provision for price redetermination.

SUBPART C—TERMINATION FOR CONVENIENCE

§ 1007.301 *Authority of contracting officers.* The authority of the termination contracting officers, pursuant to § 407.302 of this title, shall be delegated to them by (a) the Commanding General, Air Materiel Command, or (b) the commanding generals, oversea commands, or (c) the air attachés on duty in foreign countries, or (d) the chiefs of Air Force sections or joint military missions not operating under the jurisdiction of a major oversea command, or (e) the Commander, Military Air Transport Service with respect to areas outside the continental United States and

not within the jurisdiction of any commanding general.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.302 of this title.

§ 1007.302 *Initiation of termination action.* (a) The organization which originally initiated the request for procurement shall be responsible for initiating a termination request whenever supplies or services under contract, for any reason, are no longer required or the termination of the contract is otherwise deemed to be in the best interests of the Government. In general, however, termination action shall not be taken when the estimated cost of the articles to be terminated is \$200 or less, in which event the contractor shall be permitted to complete the contract. A termination request shall set forth the following information on each item to be terminated:

(1) Name of contractor or contractors and contracts or purchase order numbers and item numbers;

(2) Description of supplies or services, and property class;

(3) Number of units to be terminated;

(4) Approximate dollar value of the item to be terminated;

(5) Reason for the termination;

(6) Recommendation as to whether the contract should be terminated for the convenience of the Government;

(7) If end items are being terminated, instructions relating to the termination of spares, spare parts, tools, and ground-handling equipment pertaining to the end item;

(8) Description of Termination Inventory, including but not limited to raw materials, work in process, and so forth, which the Government desires. If none is desired, that fact is to be stated.

(b) The procuring contracting officer is responsible for initiating a Termination Authority which shall usually be based upon (1) a termination request, or (2) a directive from Headquarters USAF or (3) instructions from the initiator of a Military Interdepartmental Purchase Request. If multiple sources are producing the article to be terminated, the procuring contracting officer shall be responsible for selecting the particular source or sources to be terminated.

§ 1007.303 *Notice of termination.* The termination contracting officer shall be responsible for accomplishing the termination of the contract upon receipt of the Termination Authority by issuing a Notice of Termination to the contractor, its assignees, and guarantors or sureties. (See § 407.707 of this title) A docket number shall be assigned each termination by the terminating contracting officer, and a central record maintained by each officer authorized to terminate contracts. Upon issuance of a Notice of Termination, the case shall be assigned to a termination contracting officer authorized to enter into settlements.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.304 of this title.

§ 1007.304 *Duties of termination contracting officer after notice of termination.* On termination of a contract for the convenience of the Government, the termination contracting officer assigned the case for settlement shall promptly arrange for an initial conference with the contractor. The Government should be represented at the conference by the termination contracting officer, assisted by a plant clearance officer, a legal officer, and an accountant. The contractor should be represented by a responsible representative; in appropriate instances the representative should be an official authorized to bind the contractor. Following the conferences, the termination contracting officer shall prepare a memorandum for the settlement file, outlining the points discussed. Topics to be discussed at the conference should include but are not necessarily limited to:

(a) General principles relating to the settlement of any termination claim, including obligations of the contractor under the termination Article of the contract;

(b) Extent of the termination and point at which work is stopped;

(c) Status of any continuing work and any plans, drawings, or information which would have been required to be delivered had the contract been completed;

(d) Obligation of the contractor relating to termination of any subcontracts and purchase orders and the general principles to be followed in settlement of any claims;

(e) Number of subcontractors or suppliers involved and the date their termination notices were issued;

(f) Facilities of the contractor for the review and settlement of termination claims of subcontractors;

(g) Arrangements for transfer of title and delivery to the Government of any materials required by the Government;

(h) General principles and procedures to be followed in the protection, preservation, and disposition of contractor's and subcontractor's Termination Inventory, including the preparation of Termination Inventory schedules;

(i) Contractor's accounting practices and the preparation of the Schedule of Accounting Information (DD Form No. 546) (see § 407.708 of this title)

(j) Form in which contractor's settlement proposal shall be submitted;

(k) Accounting reviews of contractors' and subcontractors' settlement proposals;

(l) Requirement, if any, for interim financing in the nature of partial payments or guaranteed loans;

(m) Tentative time schedule for the negotiation of the settlement, including submission of settlement proposals, Termination Inventory schedules, and accounting information schedules by the contractor and subcontractor.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.306 of this title.

§ 1007.305 *Fraud or other criminal conduct.* In the event of suspicion of fraud or other criminal conduct, the termination contracting officer, in compliance with § 407.310 of this title, shall

discontinue further negotiations, and the facts of the case shall be reported to higher authority in accordance with existing directives.

§ 1007.306 *Settlement of two or more claims jointly.* In negotiating a joint settlement of two or more termination claims of the same contractor as permitted under § 407.311 of this title, the termination contracting officer will observe the provisions of Limitation on Settlements (§ 407.507 of this title) and Limitation of Certain Costs (§ 407.402 (d) of this title). The joint settlement will not under any circumstances be utilized as a means of allowing the contractor an amount which, if the termination claims had been settled separately, would be in excess of the contract price of each contract.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.311 of this title.

SUBPART D—GENERAL PRINCIPLES APPLICABLE TO THE SETTLEMENT OF TERMINATED FIXED-PRICE CONTRACTS [RESERVED]

SUBPART E—SETTLEMENTS OF CONTRACTS TERMINATED FOR CONVENIENCE

GENERAL

§ 1007.501 *Scope of subpart.* This subpart implements Subpart E, part 407 of this title, relating to (a) methods of settlement, (b) settlement proposals, (c) adjustments of the fixed fee in the case of cost-plus-fixed-fee contracts, (d) audits of settlement proposals, (e) review of settlements, (f) settlement of subcontractor termination claims, (g) settlement agreements, and (h) payments. The methods, policies, and procedures contained herein are applicable to the settlements of subcontracts terminated as a result of changes effected by the Government in the prime contract.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.500 of this title.

§ 1007.502 *Methods of settlement.* (a) Negotiation is the preferred method of settlement and should be used to the maximum extent possible. In those exceptional cases where it is not possible to settle by negotiation all elements of the termination claim, the termination contracting officer and the contractor may negotiate a settlement as to those elements of the termination claim on which agreement can be reached, in which case the termination contracting officer should render a written determination or finding concerning those elements of the termination claim on which the parties cannot agree. If the contractor has filed an appeal, or has indicated that an appeal will be taken from the determination, or if the amount (or any part thereof) due the contractor has not been paid to it when the settlement agreement is to be executed, then the settlement agreement should incorporate, in addition to its other provisions, an appropriate reservation with respect to the rights of the parties under the determination.

(b) The termination contracting officer, as soon as possible after a termi-

nated contract to be settled has been assigned to him, shall obtain the original contract file reflecting the procuring contracting officer's previous actions in connection with the negotiation and award of the contract. In addition, the termination contracting officer should confer with the administrative contracting officer to obtain all available information pertaining to the administration and performance of the contract.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.501 of this title.

FIXED-PRICE CONTRACTS

§ 1007.503 *Fixed-price contracts; completed articles.* After termination, the termination contracting officer shall, before accepting any completed articles for delivery, coordinate with the appropriate procuring contracting officer to ascertain the need of the Government for such articles. If it is decided to accept the completed articles for delivery, the termination contracting officer shall request the office which issued the Notice of Termination to amend such Notice so as not to be effective against such articles in order that payment in a routine manner may be made by the finance officer for the delivery of the completed articles.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.502 of this title.

§ 1007.504 *Fixed-price contracts; settlement proposals.* Settlement proposals and supporting data must be submitted with proper accuracy and detail. Governmental audit is for the purpose of verifying adequately described costs and shall not be utilized to elaborate, develop, or define costs inadequately described in the settlement proposal.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.503-1 of this title.

§ 1007.505 *Bases for settlement proposals—(a) Inventory basis.* Under the inventory basis for settlement proposals, the contractor lists only his costs relating, and allocable, to the terminated portion of the contract. Inventory charges are presented by itemizing separately, at the purchase or manufacturing costs, the metals, raw materials, purchased parts, work-in-process, finished components, dies, jigs, fixtures, and tooling allocable to the terminated portion. Similarly, the allocable portion of charges such as, engineering costs, preparatory costs, and general and administrative expenses relating to the terminated portion of the contract are separately itemized. To this is added an allowance for profit or an adjustment is made for loss. Settlements with subcontractors, settlement expenses, and other proper charges are then added to complete the gross claim. Appropriate credits, if established or ascertained at the time of the submission of the proposal, should then be deducted.

(b) *Total-cost basis.* The total-cost basis for settlement proposals shall be approved only by the termination contracting officer in cases involving total

termination and when use of the inventory basis is not practicable. If the termination contracting officer approves the submission of a termination claim on a total-cost basis, he should, in appropriate cases, require the contractor to submit a detailed estimate of the cost to complete the contract. Examples of circumstances in which the total-cost basis may be used are as follows:

(1) If production has not commenced and the accumulated costs represent planning and "get ready" expenses;

(2) If the contractor's accounting system will not readily lend itself to the establishment of unit costs for work-in-process and finished products;

(3) If the contract involves retroactive pricing only;

(4) If the termination is total and involves a letter contract; and

(5) If the contract does not specify unit prices.

(c) *Other bases.* Any other bases for settlement proposals may be used only upon the prior approval of the Chief, Procurement Division, Headquarters, Air Matériel Command.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see section 407.503-2 of this title.

§ 1007.506 *Forms of settlement proposals.* (a) The standard settlement proposal forms may be reproduced by contractors or by commercial firms for them. If any change whatsoever is made in the forms, the change shall be approved by the termination contracting officer and the Government form numbers shall be omitted.

(b) The purpose of DD Form 546, Schedule of Accounting Information, is to furnish to the termination contracting officer and the auditor adequate information concerning the contractor's accounting methods on which an intelligent evaluation of the settlement proposal can be made. The information contained in DD Form 546 shall be utilized to the fullest extent by the termination contracting officer in evaluating the termination claim and negotiating the settlement. Care should be taken to obtain information from contractors on DD Form 546 pertinent to the contractor's accounting system. Contractors should be advised to indicate the inapplicable portions in the Form by a proper notation therein. The termination contracting officer shall satisfy himself that the data contained in the settlement proposal is consistent with the methods and information described in DD Form 546.

(c) The termination contracting officer may waive the requirement for submission of DD Form 546 where the completed form has been submitted in connection with previous termination settlements and is considered adequate by the termination contracting officer.

(d) Instructions for use of DD Forms 546 are contained on the reverse thereof.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.503-3 of this title.

§ 1007.507 *Fixed-price contracts; negotiated settlements.* (a) Where a

contract has been terminated in its entirety, the termination contracting officer assigned the termination case shall settle all unadjusted contractual changes, including any price revisions provided for under the contract.

(b) Where a contract is partially terminated, the unadjusted contractual changes affecting the terminated portion shall be settled to the extent feasible. This usually will be accomplished by the procuring contracting officer. In this event, the termination contracting officer shall effect the termination settlement on the basis of the established contract price as it exists, prior to its being adjusted as a result of the unadjusted contractual changes by the procuring contracting officer or by the termination contracting officer, if the authority is delegated to the latter, and a provision shall be included in the settlement agreement reserving the rights of the contractor and the Government with respect to outstanding unadjusted contractual changes. If the contract price is revised by the procuring contracting officer to reflect unadjusted contractual changes prior to the termination settlement, the revised contract price should be used as the basis for the partial termination settlement, and, in such case, a reservation of rights is not required.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.504 of this title.

§ 1007.508 *Fixed-price contracts; settlements by determination.* In rendering a determination settlement, where it is apparent that the contractor would have incurred a loss on the entire contract had it been completed, the allowable costs shall be appropriately reduced and no profit whatsoever shall be allowed. Thus, regardless of whether the settlement is to be arrived at by agreement, or by determination, there shall be, in the case of a loss contract, an adjustment to reflect the indicated rate of loss. (See § 407.403 of this title.)

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.505 of this title.

§ 1007.509 *Fixed-price contracts; settlements by determination, procedure.* (a) When it appears that the contractor may file an appeal, the termination contracting officer, prior to transmitting the determination and findings to the contractor, shall refer the document, with all supporting data and information, including summaries of testimony of witnesses, to the staff judge advocate of the command concerned for review and comment. After receipt of the comments of the staff judge advocate, the termination contracting officer shall reexamine the findings and if, in his judgment, corrections or additions are necessary in the light of such comments, he shall make the necessary revisions and then transmit the document to the contractor.

(b) The termination contracting officer who has rendered a determination and findings from which a timely appeal has been taken by the contractor may, for good cause, correct or amend such document before a decision is rendered

by the appeal authority. Good cause may include, but is not limited to, correction of omissions or errors in the original determination and findings or the discovery of new and additional evidence. In such case, the amended determination and findings, with the supporting data and information, shall be referred to the staff judge advocate of the command concerned prior to transmittal to the contractor. After review by the staff judge advocate and comments received, the termination contracting officer shall process the document as provided in (a) above.

(c) A successor termination contracting officer shall not amend or reverse the determination and findings of any former contracting officer except in cases involving fraud or gross mistake. If a successor termination contracting officer desires to amend determination and findings of a predecessor for such reasons, he shall transmit a copy of the document he desires to amend, with his recommendations, pertinent documents, and other evidence, to the staff judge advocate of the command concerned for review and comment.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.506-4 of this title.

§ 1007.510 *Limitation on settlements; deductions.* (a) In determining the amount to be deducted representing the fair value of any property which is destroyed, lost, stolen, or damaged, consideration shall be given to the direct cost and any burden charges, including profit which the contractor included in its settlement proposal.

(b) In addition to the deductions listed under § 407.507-1 of this title there shall be deducted from the amount found to be due to the contractor under a settlement, whether by negotiation or by determination, (1) any unliquidated advance, partial or other payments theretofore made to the contractor, (2) any claim which the Government may have against the contractor in connection with the contract concerned.

(c) In the preparation of Standard Form 1034, Public Voucher for Purchases and Services other than Personal, for submission to the finance officer for payment under the settlement agreement, the termination contracting officer shall specify and deduct any claim which the Government has against the contractor in connection with any other matter which may properly be deducted and concerning which the termination contracting officer has knowledge.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.507-1 of this title.

COST-TYPE CONTRACTS

§ 1007.511 *Settlement of cost-type contracts; general considerations.* (a) Where the complete termination of a cost-plus-a-fixed-fee contract is involved, the termination contracting officer assigned the terminated contract for settlement shall immediately ascertain whether the contractor desires to voucher out its costs on Form 1034 or whether

the settlement will include costs and fixed fee.

(b) If decision has been made that the settlement will include costs and fixed fee, the termination contracting officer shall follow the procedure set forth in §§ 407.510-1 (d), 407.510-2, 407.510-3, 407.511 and 407.502 of this title and promptly establish an audit status date.

(c) If decision is made that costs will be vouchered out by the contractor, the termination contracting officer shall immediately request the contractor to submit a settlement proposal for adjustment of the fixed fee and promptly proceed to negotiate a settlement regardless of the status of the submission and payment of the cost vouchers.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.508 of this title.

§ 1007.512 *Cost-type contracts; adjustment of fixed fee.* (a) The standard termination clause for cost-plus-a-fixed-fee contracts provides that the termination contracting officer and the contractor may agree upon, that is, negotiate, the settlement of the fixed fee. Therefore, any method which is fair and equitable to both parties may be utilized to adjust the fixed fee unless a specified basis is prescribed in the contract. Where the parties are unable to agree on an adjustment of the fixed fee and the termination was effected for the convenience of the Government, the percentage of completion basis must be used in rendering the determination as to that portion of the fixed fee payable.

(b) Generally the percentage of completion basis will constitute a fair and equitable method of adjusting the fixed fee. One method of arriving at the percentage of completion is to compare the actual costs incurred with the estimated cost to complete the contract, adjusting the resulting percentage in accordance with the difficulty or importance of each type of cost concerned. Under this method, it is necessary to obtain a breakdown of the estimated costs negotiated in connection with the awarding of the contract and an estimate of the cost to complete each category of items shown in the settlement proposal. The first step in the computation is to segregate the costs contained in the original cost estimates used in arriving at the contract price into the categories listed in the settlement proposal. The weight to be given each category, expressed in a percentage, will depend on the importance of the type of cost or the difficulties in the accomplishment of the contractual requirement. No specific formula can be prescribed for developing the weighted percentages for each category of costs; the weighting necessarily must be predicated on proper evaluation and judgment by the termination contracting officer of the importance and difficulties of the various categories of work and the circumstances surrounding each individual contract. Generally, material purchases (including purchased parts) should carry a lower weight than work which is subcontracted or direct labor costs incurred by the contractor. The latter category of costs should carry a higher weight than costs incurred for

work performed for the contractor outside its own plant. Illustrative of the above-mentioned first step, if the direct material costs represented 30 percent and the direct labor 20 percent of the contract costs, these percentages should, if justified by a proper evaluation, be adjusted to reflect the fact that the direct labor costs represented a greater factor in work accomplished than that represented by direct material costs. The result would be adjusted weighted percentage for such categories of perhaps 12 percent for direct material (giving consideration to the extent of subcontracting included therein) and 28 percent for direct labor. The second step would be to compare the actual allowable costs incurred under each category with the estimated costs to complete such category of work to determine the extent to which the contractor had completed each element included in the claim. For example, if the actual allowable costs incurred for direct labor was \$500,000 and the estimated direct labor

costs to complete the contract was \$500,000, the direct labor would then be 50 percent complete even though the original estimated direct labor costs did not correspond with the total of the actual allowable costs incurred and the estimated costs to complete the work under the contract. The third step would be to multiply the percentage of completion of each category (as determined above in step 2) by the (weighted) percentage established for the category under step 1. Accordingly if the direct labor was 50 percent complete (as described in step 2) and the direct labor had been weighted as 28 percent (as described in step 1) this particular category of the claim would represent a percentage of completion under the contract of 14 percent. The fourth step would be to add the percentage of completion ascertained for each category.

Example of Fixed-Fee Computation Described in paragraph (b) of this section:

	Negotiated estimated cost	Percentage of total	Weighted percentage of each category	Allowable cost incurred	Estimated cost to complete	Percentage of completion each category	Percentage of contract completed
1. Direct material, including subcontract parts	\$1,200,000	30	12	\$700,000	\$350,000	50%	6
2. Direct labor	800,000	20	28	500,000	500,000	100	14
3. Indirect factory expense	1,000,000	25	32	600,000	600,000	100	10
4. Dies, jigs, fixtures, and special tools	600,000	15	18	750,000	80,000	9	18.2
5. G & A expense	400,000	10	10	270,000	130,000	60	6
Total cost	4,000,000	100	100	2,820,000	1,700,000		63%

The above-cited method of computing the percentage of completion of a cost-plus-a-fixed-fee contract is not intended as being inflexible where the settlement of the fee is being effected by negotiation, but, in such cases it can serve as a useful basis for arriving at a negotiated adjustment settlement of the fixed fee.

(c) It should be noted that in the determination of the extent of completion each category of the work accomplished is separately evaluated, giving greater weight to those elements which reflect the more substantial or significant work. Thus, if the production costs disclosed that a large quantity of raw material was received upon which only a small amount of direct labor hours had been incurred when compared with the direct labor hours originally estimated under the entire contract, then it would be obvious that very little fabrication or work-in-process had been performed on the material. In such case, the allowable percentage of fixed fee relating to the direct material should be considered in the nature of a handling charge and weighted lower than other categories of costs. This same method of evaluation can be applied to tooling costs, engineering, and other costs listed in the claim.

(d) In evaluating the category of tooling costs, care should be taken to ascertain if the completed tooling on hand at the time of termination represents all the tooling required under the entire contract. The fact that the contractor has on hand complete tooling in connection with that portion of the contract which has been performed does not mean that the tooling is 100 percent complete. In

order for the tooling to be 100 percent complete, it must be all the tooling, including maintenance of such tooling which would have been required had the contract been fully performed.

(e) The ratio of costs incurred to the total estimated costs of performing the contract is another method of determining percentage of completion. However, inasmuch as any substantial overrun or underrun could result in a misleading percentage, and since this method does not take into consideration the various degrees of complexities or difficulties of the work accomplished, this method should rarely be used. Its real value lies in its use for comparison with the percentage of completion figure computed under the procedure outlined in paragraph (b) of this section.

(f) Another method of arriving at an adjustment of the fixed fee on the basis of percentage of completion is to have the engineering and other technical personnel concerned with the contract evaluate the percentage of completion of work under the contract from a strictly technical standpoint. Here again, however, care must be exercised by the termination contracting officer to insure that the technical evaluation is based on physical completion and not on costs incurred, as such costs may represent a substantial overrun or underrun of the estimated costs.

(g) In adjusting the fixed fee, consideration may be given to including an amount therein for the work accomplished by the contractor in settling its subcontracts, provided, however, that the

fixed fee shall not be based on the amount of the subcontract settlements.

(h) It is not necessary to agree on the amount of fixed fee applicable to each element of the termination claim; a lump-sum fee may be agreed upon. However, under no circumstances shall the fixed fee, either as it may be negotiated as to each category of the claim or as a lump sum, be used as a device for allowing the contractor either costs or fixed fee which would otherwise be disallowable.

(i) The foregoing methods of adjusting the fixed fee are applicable whether the termination involved is a partial or complete termination of a cost-plus-a-fixed-fee contract.

(j) If a contract is canceled for the default of a contractor, the amount of fixed fee which may be allowed under the standard CFFF Termination clause is determined on the basis of the number of completed items delivered under the contract in relation to the total number of such items called for under the entire contract. For example, if the contract calls for 100 units and on the effective date of the default termination the contractor has delivered one completed unit, the fixed fee allowable would be $\frac{1}{100}$ of the total fixed fee under the contract. If no items have been completed and delivered, the contractor is not entitled to any fee regardless of the status of completion of work under the contract.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.503-2 of this title.

§ 1007.513 *Cost-type contracts; negotiated settlements, including costs.* The contractor and termination contracting officer may agree upon a total amount of the settlement as a lump sum without agreeing upon the separate items of costs or fixed fee. However, such lump-sum settlement shall not, under any circumstances, be used as a means of reimbursing the contractor for costs which would otherwise be disallowable under the contract, or for allowing the contractor an amount of fixed fee which is otherwise not justified.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.512 of this title.

§ 1007.514 *Cost-type contracts; notice to General Accounting Office of audit status date.* In addition to the copy of the notice and information required to be sent to the termination contracting officer, the Air Force finance officer charged with the responsibility of sending the Notice of Audit Status Date (DD Form 547-1) to the General Accounting Office shall send a copy of the Notice and information as to the date on which said Notice was received by the General Accounting Office, to Headquarters, Air Materiel Command (MCPFSR) Wright-Patterson Air Force Base, Ohio.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.511-3 of this title.

§ 1007.515 *Cost-type contracts clearance of exceptions.* Replies to

General Accounting Office formal exceptions shall be submitted by the contractor, with complete supporting documents, to the termination contracting officer, who shall transmit such replies, with his written review, recommendation, and any additional supporting documents to the General Accounting Office through the cognizant finance officer. Replies to General Accounting Office informal inquiries shall be prepared and processed in the same manner as above, except that the replies shall be forwarded by the termination contracting officer direct to the General Accounting Office which originated the inquiry instead of through the finance officer.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.511-4 (b) of this title.

§ 1007.516 *Cost-type contracts; partial termination.* (a) Costs, including those arising out of the partial termination, shall continue to be vouchered out on Standard Form 1034's unless the termination contracting officer makes the determination set forth in § 407.514 (b) of this title, in which case the procedures established in §§ 407.510, 407.511 and 407.512 of this title, as implemented herein, shall be followed. If at the time of the execution of the settlement agreement all of the items under the contract have not been delivered, an appropriate reservation should be included therein to permit delivery and payment for the items.

(b) The methods set forth in § 1007.512 for adjusting the fixed fee are applicable to the partial termination of a cost-plus-a-fixed-fee contract. However, in order that the termination contracting officer may properly evaluate and adjust the fixed fee it is necessary that he ascertain the costs incurred allocable to the terminated portion of the contract. To the extent possible actual costs incurred should be obtained; however, if they are unavailable, reliable estimated costs may be used to expedite the settlement. The amount of the fixed fee pertaining to the work performed on the terminated portion of the contract is then negotiated. The settlement will reflect a decrease in the fixed fee ascertained by deducting from the total amount of the fixed fee allocable to the terminated portion of the contract the amount negotiated as compensation for work performed under the terminated portion. The decrease in estimated costs is established by deducting from the estimated costs allocable to the terminated portion of the contract the actual or estimated costs incurred in connection with the terminated portion. An amendment to the contract, substantially as set forth in Subpart G of this part should then be executed to decrease and reestablish the total fixed fee and estimated costs under the contract as a result of the partial termination. This amendment, unlike the settlement agreement in the case of a complete termination of the contract, does not provide for payment of the amount agreed upon as a result of the termination. It reestablishes the total contract price and the amount of the fixed fee, thus enabling the contractor

to obtain reimbursement by the submission of an SF 1034 voucher under the contract as amended.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.514 of this title.

§ 1007.517 *Cost-type contracts; procedure where there have been no reimbursed costs under the contract.* If no costs have been reimbursed under the contract, and if the settlement is to include costs and fixed fee, a settlement of all claims of the Government and the contractor relating to the terminated contract may be made without following the procedure prescribed in §§ 407.510, 407.511 and 407.512 of this title. The provisions of the particular contract governing the types of reimbursable costs shall constitute the basis of negotiation.

REQUIREMENTS APPLICABLE TO BOTH FIXED-PRICE AND COST-TYPE CONTRACTS

§ 1007.518 *Audit of settlement proposals and of subcontract settlements.* (a) Every settlement proposal, whether that of a contractor or subcontractor, shall be subject to an accounting examination and recommendations regardless of the amount involved. The scope of the accounting examination requested should vary depending on the amounts involved and the complexities of the claim, and requests for field audits shall be limited to those situations where such action is necessary. Duplication of field audits of subcontractor settlement proposals by contractor and Government personnel shall be avoided.

(b) Settlement proposals submitted by a contractor shall be referred by the termination contracting officer to the appropriate district or field office of the Auditor General for appropriate examinations and recommendations. The request for the examination shall be made in writing and shall specify that the review shall in the case of fixed-price contracts be based on Part 407 of this title, regardless of the provisions of the Termination clause relating to settlement by determination. A copy of the initial conference memorandum shall be furnished to the auditor when the request for accounting review is made.

(c) Each contractor and all subcontractors are required to certify that they have examined the settlement proposals of their immediate subcontractors regardless of the amount of the settlement proposals. The termination contracting officer shall satisfy himself that the reviewing contractor or higher-tier subcontractor has established an adequate system for the examination of these settlement proposals, and that accounting examinations are accomplished by competent accounting personnel. The termination contracting officer shall require the contractor to submit a copy of the accounting examination to him when the subcontractor's settlement proposal is submitted for ratification or approval. If the termination contracting officer is not satisfied with the accounting examination made by the contractor or higher-tier subcontractor, he shall submit the subcontractor's settlement proposal, with the accounting examination made by the

contractor, to the appropriate office of the Auditor General for examination and recommendation.

(d) Under the provisions of § 407.515 (b) of this title, subcontractor settlement proposals involving an amount of \$25,000 or more submitted by a contractor to the termination contracting officer for approval or ratification are required to be submitted by such contracting officer to the appropriate district or field office of the Auditor General for examination and recommendations. The termination contracting officer shall also submit to the appropriate office of the Auditor General for examination and recommendations any subcontractor termination settlement proposals, irrespective of the amount involved, which has been submitted on a total-cost basis, or which involves a cost-type subcontract or a letter subcontract. The termination contracting officer shall furnish the Auditor General with a copy of the accounting examination made by the contractor when the accounting examination is requested.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.516 of this title.

§ 1007.519 *Contracting officer's negotiation memorandum.* (a) The settlement memorandum which is required for every settlement regardless of the amount involved shall be prepared in such a manner that standing alone it will impart to any reviewing authority a complete narrative summary of the termination settlement. Outlines for Fixed-Price and Cost-Plus-Fixed-Fee Settlement Memoranda set forth in Subpart G of this part, are intended as guides and are not intended to be inflexible.

(b) If a lump-sum settlement has been negotiated, the settlement memorandum shall set forth in narrative form the various factors considered by the termination contracting officer as to each element of the claim, and indicate generally the extent to which the contracting officer considered the item in determining the amount of the lump sum settlement. If it was agreed that any item was disallowed completely, that should be indicated. It is not necessary, however, that a specific amount for each element be stated unless the negotiation resulted in agreements for individual elements of the settlement proposal.

(c) If the negotiated settlement was agreed upon, on an item-by-item basis, the termination contracting officer shall set forth the specific amounts allowed and disallowed as to each item of the claim as well as a narrative explanation of the factors considered.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.516 of this title.

§ 1007.520 *Review of proposed settlements; jurisdiction of review boards.* Proposed settlements involving amounts in excess of \$500,000 are required under the provisions of § 407.517-3 of this title to be reviewed and approved first by a Board established at the district office

level and secondly by the Settlement Review Board established at the head of the procuring activity level. Thus, a proposed settlement reviewed by an Air Procurement District Settlement Review Board in excess of \$500,000 shall be submitted to the Settlement Review Board located at Headquarters, Air Materiel Command, for review and approval.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.517-3 of this title.

§ 1007.521 *Review of proposed settlements; submission of information.* The termination contracting officer shall submit his settlement memorandum, with the other documents described in § 407.517-4 of this title, to the Recorder of the Settlement Review Board which is to review the proposed settlement, with sufficient copies to provide a copy for each member of the Board. Except in cases of extreme urgency, no case shall be acted upon by the Board prior to the expiration of at least 24 hours after the distribution of copies of the memorandum by the Recorder to the members. The settlement memorandum shall contain a complete summary of the settlement, and the termination contracting officer submitting the memorandum shall not be required to attend the meeting of the Settlement Review Board except in unusual cases.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.517-4 of this title.

§ 1007.522 *Review of proposed settlements; authority of contracting officer to proceed.* If a proposed settlement is disapproved by the cognizant Settlement Review Board, the termination contracting officer shall thereafter renegotiate a settlement which may be submitted for approval. In the event of his inability to negotiate satisfactory settlement, he shall render findings and effect a settlement by determination.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.517-7 of this title.

§ 1007.523 *Settlement of subcontract claims; duty of contractor and subcontractor.* Each contractor and each subcontractor shall carefully examine and approve each settlement proposal submitted to it by a lower-tier subcontractor. Each contractor and subcontractor shall utilize its own staff to accomplish these functions. The termination contracting officer must satisfy himself that the staff, including the accountant, negotiator, and property disposal personnel are competent; that the methods are adequate; and that settlements are effected in conformance with the Armed Services Procurement Regulation. (See § 1007.518.)

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.518-2 of this title.

§ 1007.524 *Settlement of subcontract claims; basis of settlement.* (a) The principles applicable to the settlement of subcontractors' claims are substantially

the same as that of contractors as set forth in subparts D and E, part 407 of this title. It is not required that subcontractors' claims be filed on the standardized forms, such as DD Form 540; however, the use of these forms is highly desirable and termination contracting officers should encourage their use. It is essential that the information requested by the Armed Services Procurement Regulation be compiled in a form acceptable to the termination contracting officer, and it is mandatory that the certificates set forth on the standardized forms be executed in the applicable situations.

(b) In connection with subcontracts terminated as a result of contract modifications or engineering changes, see § 1007.102 (b)

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.518-4 of this title.

§ 1007.525 *Settlement of subcontract claims; authorization for settlement of subcontractors' claims under \$1,000.*

(a) The purpose of the authorization to a contractor to settle subcontractors' claims in the amount of \$1,000 or less is to expedite settlements. This authorization shall not be used to provide a circuitous route for the redelegation of the termination contracting officer's responsibility. Thus, while more than one settlement of \$1,000 or less may be effected with a subcontractor, a high degree of care should be exercised by the termination contracting officer in his review to clearly establish the propriety of the separate claims. Termination claims for like items, purchased under separate purchase orders, should ordinarily be grouped and filed as one claim, and should not be divided for the purpose of bringing the claims within the authorization provided in § 407.518-6 of this title.

(b) Prior to granting an authorization as provided for in § 407.518-6 of this title, the termination contracting officer shall review and examine the procedures, accounting reviews, methods, physical inspection of subcontractor inventory, and personnel utilized by the contractor requesting the authority to settle its terminated subcontracts, and he shall satisfy himself that they are adequate and competent, conform to sound business and accounting practices, and properly safeguard the interests of the Government. The termination contracting officer shall selectively review the settlements made by the contractor, particularly checking allocability to the terminated portion of the contract. Any subcontract settlements which are not allocable shall not be included in the settlement with the contractor.

(c) There shall be no screening of inventories filed with claims in the gross amount of \$1,000 or less, regardless of the gross amount of such inventories or the amount of any line item contained therein, unless in the judgment of the termination contracting officer screening is desirable.

(d) The authorization which may be granted under § 407.518-6 of this title by the termination contracting officer to

a contractor shall be made in writing. Such authorization does not empower the contractor, either expressly or by implication, to grant similar authority to its subcontractors. However, a subcontractor may be granted such authority either by the termination contracting officer having cognizance over the settlement of the applicable terminated prime contract, or by a termination contracting officer located in the geographical area of, or having cognizance over, the subcontractor's Air Force work. In the latter case, settlements effected by a subcontractor shall be accepted by the termination contracting officer handling the settlement of the applicable terminated prime contract. It is recommended that the authorizations to subcontractors be processed by the termination contracting officers located in the geographical area of the Air Force subcontractor. If an authorization has been granted to a contractor in either of its capacities as the holder of an Air Force prime contract or as an Air Force subcontractor, it will be recognized as applicable to settlements effected by the contractor in either of such capacities unless otherwise specifically limited in the letter of authorization. To carry out the purpose of the preceding sentence, the letter of authorization should therefore, ordinarily, not be limited to specific Air Force contracts, and a definite statement should be incorporated therein setting forth that the authorization is applicable to all of the contractor's or subcontractor's Air Force prime contracts or subcontracts. In addition, the letter of authorization shall specifically state that it applies only to subcontract termination proposals which do not exceed \$1,000, computed in accordance with § 407.202 of this title; that the settlement shall be made in accordance with the provisions of part 407 of this title and part 1007 of this chapter; that the termination inventory will be disposed of in accordance with § 407.614 of this title (as implemented by § 1007.525 (c)) that each settlement shall be accompanied by a certificate in the form set forth in § 407.703 of this title; and that the Government reserves the right to revoke the authorization at any time. The authorization provided for in § 407.518-6 of this title may be granted to a contractor to settle its terminated subcontracts resulting from changes made in the prime contract which includes changes resulting from Contract Change Notifications. A subcontractor who has been granted authorization under § 407.518-6 of this title shall immediately notify his upper-tier contractor of that fact and shall attach to and submit with its settlement proposal a certified true copy of the document. Whenever an authorization granted to a contractor in the United States under § 407.518-6 of this title has been withdrawn, a copy of the revocation will be forwarded to Headquarters, Air Materiel Command, Attention: Chief, Readjustment Branch, Procurement Division (MCPFSR), Wright-Patterson Air Force Base, Ohio.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.518-6 of this title.

§ 1007.526 *Settlement of subcontract claims; approval or ratification of subcontract settlements.* (a) Except where the authority to settle subcontractors' claims in the amount of \$1,000 or less has been made, all settlement proposals submitted from any prime contractor or subcontractor must be reviewed and approved or ratified by the termination contracting officer.

(b) The termination contracting officer may delegate the authority to settle, irrespective of the amount thereof, any subcontract termination claims relating to a terminated prime contract being handled by him to a contracting officer having jurisdiction over or located at the subcontractor's facilities. In such event, the subcontract settlements effected by the designated contracting officer shall be accepted by the termination contracting officer delegating the authority, as final and conclusive.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.518-7 of this title.

§ 1007.527 *Settlement of subcontract claims; direct settlements of subcontracts.* (a) The responsibility for the settlement of subcontractors' claims rests with the contractor or next higher-tier subcontractor. Direct settlements with subcontractors shall not be encouraged by termination contracting officers. Where the interests of the Government may be best served by effecting direct settlement of subcontractors' termination claims, such action should be recommended by the termination contracting officer to the officer who originally terminated the contract, for appropriate action.

(b) Following are some examples of situations in which the best interests of the Government would be served by effecting direct settlements with subcontractors:

(1) If a subcontractor is the sole source for a product and it appears that a delay by the contractor in settlement of its claim will jeopardize the financial position or structure of the subcontractor.

(2) If the business relationship between a contractor and a subcontractor has deteriorated to such an extent that fairness requires, or that the best interests of the Government would be served by a direct settlement with the subcontractor.

(3) If the matter is of such urgency or importance to the Air Force program that abstaining from making a direct settlement would impair or threaten to impair that program.

(c) If direct settlement is made with a subcontractor under the authority of § 407.518-11 of this title, the Government, the contractor and the subcontractor shall enter into a tripartite settlement agreement in the form set forth in Subpart G of this part. Payment of the amount of settlement in these cases should be made through the contractor.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.518-11 of this title.

§ 1007.528 *Settlement of subcontract claims; assignment of rights under subcontracts.* If the Government assumes the direct settlement of a subcontractor termination claim under the assignment-of-rights provision of the standard Termination clauses, the termination contracting officer shall obtain a written assignment from the contractor in the form set forth in § 1007.713. When the settlement has been agreed upon between the subcontractor and the termination contracting officer, the parties shall enter into a bi-lateral settlement agreement substantially in the form set forth in § 1007.714.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.518-12 of this title.

§ 1007.529 *Settlement agreements; form.* (a) An appropriate cover sheet shall be attached to each settlement agreement, listing pertinent information such as, but not necessarily limited to, the supplement, contract, and termination docket numbers; type of contract settled; name and address of contractor; a statement on whether the agreement relates to the settlement of a partial or complete termination of the contract; and the name of the Air Force office which negotiated the settlement. The cover sheet shall also contain such financial data relating to the settlement as may be required by the cognizant Air Force finance officer. The finance officer (with address) designated under the contract to make payment shall be listed following the recapitulation of the financial data and a statement shall be included directing payment under the settlement agreement out of any available balances under the contract. A provision shall be inserted at the bottom of the cover sheet stating that the cover sheet is for administrative purposes only and that it does not constitute a part of the settlement agreement.

(b) Settlement agreement forms relating to the settlement of cost-plus-a-fixed-fee partial terminations, direct settlement with subcontractors, and settlement of reservations are set forth in Subpart G of this part.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.519-1 of this title.

§ 1007.530 *Settlement agreements; reserved items.* If an item reserved from the settlement agreement is settled at a later date, the parties are required under the provisions of § 407.519-3 of this title to enter into another and separate settlement agreement. A short form of such settlement agreement which may be used in most cases is set forth in § 1007.715. A more comprehensive settlement agreement should be utilized if the termination contracting officer deems it necessary in particular cases.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.519-3 of this title.

§ 1007.531 *Appeals.* (a) If an appeal is filed by a contractor with the

Armed Services Board of Contract Appeals from the findings and determination of a termination contracting officer, the latter will compile and transmit to the Board, through the cognizant staff judge advocate, copies of all documents pertinent to the appeal, including:

(1) The findings and determination from which the appeal is taken;

(2) The contract, supplements, amendments, and change orders thereto;

(3) Correspondence between the parties and other data material to the appeal,

(4) Transcripts of any testimony taken prior to the filing of the appeal to the Board; and

(5) Any additional information as the termination contracting officer may consider material to the issues.

(b) If the appeal to the Board is filed by the contractor through the termination contracting officer, the latter will transmit the appeal, with the documents mentioned in paragraph (a) of this section, to the Board through the cognizant staff judge advocate.

CROSS REFERENCE: For sections of Armed Services Procurement Regulation which this section implements see §§ 407.520, 406.103-11 and 406.103-12 of this title.

§ 1007.532 *Payment; negotiated settlement.* (a) The contractor shall be required to accomplish the following certification on the SF 1034 voucher for payment under a settlement agreement: "I certify that the above bill is correct and just and that payment therefor has not been received." The certification shall be made by a duly authorized official of the contractor.

(b) Under the description "Articles or Services" on the face of the SF 1034 voucher, the termination contracting officer shall insert: "Payment in full in accordance with the attached Supplemental Settlement Agreement No. ----- to Contract No. -----, Docket No. -----." If title to property is being taken by the Government through the settlement agreement, the following statement shall also be inserted: "Acquisition of property by the Government is involved. The Property Account No. -----." If no property is involved or title thereto was taken by the Government prior to the execution of the settlement agreement the following provision will be inserted: "Acquisition of property by the Government is not involved." The administrative certificate to be completed by the termination contracting officer on the face of the voucher will be lined out and the words "Certificate on Reverse Hereof" substituted. The termination contracting officer shall accomplish the following certification in lieu of the above-mentioned deletion: "Pursuant to authority vested in me, I certify that the within payment is due and payable under the terms of the attached Supplemental Settlement Agreement No. -----, and that title to all property, if any, was transferred." (See decision of the Comp. Gen. 27 Sept. 1944, A-49009, A-51607 and A-51624.) The following additional statement shall be inserted below the contracting officer's certification and on

the same line as his signature: "Payment in the amount of \$----- approved."

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.521-1 of this title.

§ 1007.533 *Payment; settlement by determination.* (a) The SF 1034 voucher for final payment under a determination from which an appeal has been taken and decided should contain substantially the following statement: "The payment covered by this voucher is a full and final payment of the amount due the Contractor for its termination claim under Contract No. ----- as determined pursuant to the "Disputes" Clause of the contract by the Armed Services Board of Contract Appeals in its decision dated -----, ASBCA Case No. -----" Copies of the termination contracting officer's written determination and decision of the Appeal Board shall be attached to the voucher. An appropriate cover sheet containing necessary information and financial data will be prepared by the termination contracting officer and attached to his determination. The termination contracting officer's certification referred to in § 1007.532 shall be modified to show that the payment is certified to in accordance with the Determination.

(b) If no appeal has been taken by the contractor, the statement on the voucher referred to in (a) above, shall be modified by deleting any reference to a decision by the Appeal Board and the termination contracting officer's certificate shall be modified accordingly.

(c) If the termination contracting officer approves payment pending determination of an appeal, the voucher shall contain substantially the following statement: "The payment covered by this voucher is made pursuant to Armed Services Procurement Regulation 8-521.2 (b) in connection with the contractor's termination claim under Contract No. ----- as determined by the Department of the Air Force in the attached Findings and Determination, dated ----- The payment provided for herein shall be made without prejudice to the rights of either the Government or the contractor by reason of the appeal filed by the contractor with the Armed Services Board of Contract Appeals. If the aforesaid Board or any court of competent jurisdiction determines finally that the payment provided for herein is the total amount due the contractor, then such payment shall be deemed to constitute final and full payment to the contractor; otherwise, it shall be deemed to constitute a partial or over payment of the amount due the contractor. If this payment, together with all other payments made on such claim is determined finally by the aforesaid Board or any court of competent jurisdiction to exceed the amount finally payable to the contractor on such claim, the contractor agrees to repay the excess amount to the Government on demand." The certificate of the contractor on the face of the voucher will be amended to read as follows: "I certify that payment of the above bill has not been received and hereby consent and agree to the provisions contained in

the above statement for payment." The certification of the termination contracting officer referred to in § 1007.532 will be modified to fit the circumstances.

NOTE: Provisions of the reference § 8-521.2 (b) in the preceding paragraph are contained in § 407.521-2 (b) of this title.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.521-2 of this title.

§ 1007.534 *Partial payments upon termination; review required.* In arriving at a decision as to whether an accounting review should be made in connection with a contractor's application for partial payment, the termination contracting officer should consider such factors as past Government experience with the contractor, essentiality of the contractor in relation to the Air Force procurements, reasonableness of the requested partial payment in the light of all the facts and circumstances, and the financial status of the contractor.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.522-2 of this title.

§ 1007.535 *Partial payments upon termination, security for payments.* (a) Generally, the Governments should take title to any property when a partial payment is made to the contractor. In such instances, a written transfer of title from the contractor to the Government of the property, free and clear of any and all encumbrances thereon, shall be obtained. Where the termination contracting officer deems it in the best interest of the Government not to accept title upon the making of a partial payment to the contractor, a form of lien as set forth in subpart G of this part, shall be obtained from the contractor as security for the partial payment.

(b) Whenever any property, upon which the Government has title or a lien by virtue of a partial payment, is disposed of by a contractor pursuant to authorization, therefor by the termination contracting officer, the proceeds received or derived from such disposal shall be applied immediately to liquidating the partial payment.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.522-4 of this title.

SUBPART F—TERMINATION INVENTORY

CATEGORY A. ZONE OF INTERIOR

§ 1007.601 *Scope of subpart.* (a) This subpart sets forth the policies, procedures, and methods relating to the utilization, redistribution, and disposition of termination inventory and contractor inventory, including production Government-furnished property, experimental Government-furnished property, baled property, and industrial equipment when such items are released for utilization or for disposal by the activity having control of such property.

(b) Government-furnished property for experimental aircraft shall be reported immediately to the Wright Air Development Center, Equipment Branch, Weapons System Division, Deputy for

Operations, Wright-Patterson Air Force Base, Ohio, for shipping instructions or release for disposal action in accordance with the provisions of this subpart.

(c) Property which has become obsolete or excess by reason of a contract modification or engineering change under a fixed-price contract shall be utilized or disposed of in accordance with appropriate provisions of this part, if the cost of such property is included in the contractor's claim for an equitable adjustment in price. All property which has become obsolete or excess by reason of a contract modification or an engineering change under a cost-reimbursement contract shall be utilized or disposed of in accordance with appropriate provisions of this part. If such obsolete or excess property has been retained or disposed of by the contractor at prices approved by the termination contracting officer or property authorized plant clearance officer in accordance with this subpart, the amount agreed upon for the retention or the amount realized from the disposition shall be recognized as the proper credit to be allowed for the property by the termination contracting officer responsible for negotiating the adjustment necessitated by the change.

(d) In connection with property described under paragraph (b) of this section, the reference to the termination contracting officer shall be interpreted as being interchangeable with administrative contracting officer or properly authorized plant clearance officer.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.600 of this title.

§ 1007.602 *Appointment of plant clearance officers.* (a) A plant clearance officer may be appointed the authorized representative of a termination contracting officer with authority to act in connection with any plant clearance matters; or he may be appointed a contracting officer (see § 1000.402 of this chapter) in which case his authority to act as a contracting officer shall be limited to matters in connection with the disposal of property resulting from contract changes, contract termination, production processes, and in connection with negotiation and execution of contractual instruments covering storage or disposal of industrial Government property.

(b) Contractors shall be advised when a plant clearance officer is appointed the authorized representative of the termination contracting officer.

§ 1007.603 *Responsibility for sales.* (a) The contractor is required to use its best efforts to sell termination inventory, including termination inventory in the possession of subcontractors, in the manner, at the times, to the extent, and at the price or prices directed or authorized by the termination contracting officer. Contractor's assistance shall be requested for the disposition of contractor inventory which has become excess by reasons other than termination of contracts.

(b) Contractors may retain termination inventory or otherwise effect disposal if the Government does not exer-

cise its option to acquire title to such termination inventory. Such option shall usually be contained in the Notice of Termination.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.601-2 of this title.

§ 1007.604 *Retention of property by contractor* Contractors may be authorized to retain termination inventory or contractor inventory at cost appropriately adjusted for handling and transporting cost, if the property is to be used at a location other than its present location and retention on such basis is deemed to be in the best interest of the Government.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.602-1 of this title.

§ 1007.605 *Inventory descriptions.* Since contractor inventory is classified according to more than one criteria, listing on inventory schedules shall be accomplished as follows to facilitate the accomplishment of redistribution:

(a) Related items shall be grouped and listed separately and arranged by property class and sub-class to the greatest practicable extent (Technical Order 00-35A-1, "Classification of United States Air Force Equipment and Supplies," serves as the basis for property classification.) -

(b) Property in condition, used-usable without repairs (Code 0) in fair condition (Code 3) or better, shall be listed on separate inventory schedules.

(c) Property in condition (Code 0) (Code 4) or worse (other than that which has been determined to be scrap or salvage) shall be listed on separate inventory schedules.

(d) Government-furnished property (GFP) other than that described in the "Standard Specification List," shall be listed on separate inventory schedules.

(e) Bailed property excess to the contractor's requirements, when no shipping instructions are included in the bailment contract, shall be listed on separate inventory schedules.

(f) Government-furnished property for experimental aircraft resulting from terminated contracts shall be listed on separate inventory schedules.

(g) Inventory which has been classified by reason of military security shall be listed on a separate inventory schedule and identified as such.

(h) Property in the following categories shall be listed on separate schedules regardless of the quantity or size of the total inventory or line item:

Typewriting machines.
Office machines.
Office furniture.
Office equipment and supplies.
Motor vehicles and automotive equipment.
Printing and binding equipment.
Construction equipment (except hand tools).
Federal Supply Service stock catalogue items.
Reserved material (i. e., atomic energy materials).
Narcotics.
Strategic and critical materials in the minimum quantities specified by the head of the procuring agency.

Intangible personal property (patents, drawings, etc.).

Precious and semiprecious metals.

(i) Aircraft and aircraft parts and components shall be listed on separate inventory schedules. Extreme care should be exercised to provide Air Force stock numbers, specifications, including treatment, composition, and hardness of metals. When such information is not available, the manufacturer's name, part number, model, and the like should be given, together with its usage or possible application other than its intended use.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.603-3 of this title.

§ 1007.606 *Scrap and salvage.* In addition to the approval by the contracting officer, the required approval of the Property Disposal Board of the contractor's scrap and salvage recommendations shall be obtained by the termination contracting officer in accordance with § 407.613 of this title; no other approvals are required.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.605 of this title.

§ 1007.607 *Other sales.* If the original acquisition cost of materials to be sold without competitive bids exceed \$100,000, such sale shall be subject to the prior approval of a Property Disposal Review Board located at Headquarters, Air Materiel Command, (MCPPSR)

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.608-3 of this title.

§ 1007.608 *Proceeds of sale.* The proceeds of any such sale or acquisition shall be credited to the contract under which the property was purchased, or in such other manner as the termination contracting officer may approve, and shall be based on actual, rather than estimated, property disposal credits to which the Government is entitled. If it is impracticable to segregate property disposal credits by contract, the termination contracting officer may approve allowances of credits in any manner determined to protect fully the interests of the Government.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.608-4 of this title.

§ 1007.609 *Applicability of antitrust laws.* (a) Whenever quotations are solicited or negotiations are begun for the disposition of property which cost the Government \$1,000,000 or more, or of patents, processes, techniques, or inventions, irrespective of cost, the Attorney General and the General Services Administrator shall be notified of the proposed disposal and the probable terms or conditions thereof; and disposal action shall await advice from the Attorney General. The required notices shall be transmitted through Readjustment Branch, Headquarters, Air Materiel Command.

(b) In cases of sales by competitive bid, a provision shall be included in the

Invitation for Bids giving notice that the award will be made subject to the provisions of § 407.608-6 of this title and the successful bidder shall be advised that the award will be made after clearance with the Attorney General. Notices shall be forwarded to the Attorney General, through Readjustment Branch, Headquarters Air Materiel Command, after bids have been received and opened so that the Attorney General may know the identity of the proposed purchaser before determining whether the sale is consistent with the antitrust law.

(c) In cases of negotiated sales, the required notice shall be forwarded to the Attorney General, through Readjustment Branch, Headquarters, Air Materiel Command, as soon as probable terms and prices are tentatively agreed upon. Execution of the sales document shall await advice from the Attorney General.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.608-6 of this title.

§ 1007.610 *Destruction or abandonment.* If the acquisition cost of material, including Government-furnished property exceeds \$1,000, it shall not be destroyed or abandoned without prior approval of a Property Disposal Review Board in accordance with the provisions of § 407.613-2 (d) of this title.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.610 of this title.

§ 1007.611 *Special machinery, tooling, and equipment.* If the settlement is to include any item of cost on account of special machinery and equipment (§ 407.225 of this title) special tooling identified as industrial equipment for support of the Air Force Production Program, or special tooling carried in Class 18 for maintenance or repair, it shall not be disposed of until it has been released by the activity responsible for the release of such property.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.611 of this title.

§ 1007.612 *Storage at the expense and risk of the Government.* When the Government has been requested to remove items of termination inventory at the expiration of the plant clearance period or to enter into a storage agreement, full advantage of the contractor's available facilities shall, if possible, be taken thus avoiding removing the property and incurring additional costs. A storage agreement substantially in conformance with the form prescribed in § 1007.717 shall be prepared by the termination contracting officer. The property listed on the inventory schedules attached to the storage agreement shall be verified by selective checks to the extent deemed necessary prior to its acceptance.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.612-3 of this title.

§ 1007.613 *Appointment of property disposal review boards.* Authority to

establish Property Disposal Review Boards shall be exercised only by:

- (a) The Commanding General, Air Materiel Command; or
- (b) the Commanding General, Air Research and Development Command; or
- (c) the Commanding General, Air Training Command.

The order appointing the Board shall designate, in each instance, the person who will act as recorder for the Board and shall indicate whether or not the recorder may vote. An alternate shall be appointed for each member of the Board.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.613-1 of this title.

§ 1007.614 *Review of property disposal.* Approval of scrap determination by a Property Disposal Review Board shall not be required in the case of production-generated scrap.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.613-2 (a) of this title.

§ 1007.615 *Subcontractor termination inventory and general policies.* The contractor and each subcontractor is primarily responsible for disposing of the termination inventory of its immediate subcontractors, but all such disposals shall be subject to review by the termination contracting officer as to reasonableness in connection with the approval or ratification (except as otherwise provided in § 407.518-6 of this title) of the contractor's settlements with its subcontractors. If settlement of subcontractor's termination proposals under \$1,000 without approval or ratification is authorized, no screening of property is required. Subcontractor's inventories located outside the geographical area of the termination contracting officer may be referred to the termination contracting officer in the area in which the subcontractor is located for the purpose of approving or ratifying plant-clearance action.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 401.614-1 of this title.

§ 1007.616 *Statement of allocability.* The termination contracting officer is responsible for accomplishing a statement of allocability of items of termination inventory to the terminated portion of a contract. For the purpose of preparing statements of allocability, termination contracting officers are entitled to rely on information furnished by plant clearance officers, quality control representatives, the staff of the Auditor General, and contractors certificates of allocability in connection with their immediate subcontractors. In addition, termination contracting officers shall avail themselves of information compiled from cognizant Air Force activities to the extent deemed appropriate and practicable. The following factors shall be considered in determining allocability and such statements shall con-

tain comments with respect to each factor:

(a) The extent to which the property listed on the inventory schedules could have been used in the performance of the terminated portion of the contract and is in excess of the reasonable quantitative requirements of the contract;

(b) Whether the property listed on the inventory schedules is physically located at the address given as "location of property";

(c) The extent to which the information given as to the stage of completion of work in process is correct;

(d) The extent to which the property listed on the inventory schedules complies with the technical requirements of the contract relating to specifications; and

(e) Whether any of the property listed on the inventory schedules could reasonably have been diverted without loss to other work of the contractor or subcontractor.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.615-2 of this title.

§ 1007.617 *Accounting for termination inventory.* (a) Prior to final settlement with the contractor, the termination contracting officer shall determine whether all termination inventory of the contractor and its subcontractors has been accounted for and is reflected in the property disposal report.

(b) If the contractor's or subcontractor's settlement proposal is submitted on a total cost basis (DD Form 541) or is for settlement of a cost-type contract (DD Form 547) the termination contracting officer shall satisfy himself that all termination inventory has been listed on inventory schedules to the extent that the cost is included in the settlement proposals. In connection with fixed-price contracts, one method of accomplishing this is to price the termination inventory, using estimates to the extent that it is not practicable to obtain actual costs, and reconstructing the contractor's settlement proposal into the elements prescribed for submission of a settlement proposal on an inventory basis (DD Form 540) allocating such items as "dies, jigs, fixtures, and special tools," "other costs," and "general and administrative expenses" appropriately between the terminated and the completed portion of the contract. The result of such an analysis should be closely related to the amount of the settlement proposal submitted on a total-cost basis. Selective checks of individual items listed in the termination inventory schedules may also be made, comparing the quantities of these items with the purchases and usage recorded in the contractor's records, but this will not disclose items entirely omitted from the termination inventory. In connection with cost-type contracts, contractor's records of Government property maintained under Appendix B, § 413.008 of this title or current Air Force directives, should reflect the balances of material on hand which should be checked with the inventory schedules, but usually such records will not reflect materials included in work-in-process or the equity

of the Government in any material charged through the overhead account. Selective usage checks of individual items together with comparison of purchases and termination inventory schedules may also be necessary in individual cases to verify whether all material has been listed on inventory schedules.

(c) If the contract is completely terminated, the plant clearance officer to whom the case is assigned shall act as the property administrator for the purpose of Appendix B, § 413.008 of this title, in place of any previously designated Property Administrator, until such time as disposal action is completed or until the Government acquires title to the property and enters into an agreement with a contractor for storage. All shortages of Government property existing at the time of termination shall be reported to the termination contracting officer by the property administrator who administered the contract during its performance.

(d) If the contract is partially terminated, the plant clearance officer shall act as property administrator for the purpose of Appendix B, § 413.008 of this title, only with respect to the property reported on termination inventory schedules and the property administrator previously assigned shall continue to act as the property administrator for all other property remaining under the contract.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.616 of this title.

CATEGORY B: OVERSEAS [RESERVED]

SUBPART G—FORMS

§ 1007.701 *Scope of subpart.* This subpart contains certain forms relating to the termination of Air Force contracts. These include the Termination Authority special termination clauses for fixed-price nonpersonal services, fixed-price personal services, technical representatives, time and material, facilities and letter contracts; supplemental settlement agreements for CPFF partial terminations; written consent of prime contractor for the direct settlement of subcontractor termination claims by the Government; assignment to the Government of prime contractor's rights under subcontracts; direct settlement agreements with subcontractors; settlement of reservations; security for partial payments; storage agreements; and settlement memoranda for CPFF and fixed-price termination claims.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.700 of this title.

§ 1007.702 *Termination authority.* AF Form 640 shall be used as the authority to terminate a contract. Instructions for its use are set forth in the form. AF Form 640 will be available about March 1, 1953, from Headquarters, Air Materiel Command (MCP)

§ 1007.703 *Termination clauses for fixed-price supply, fixed-price construction, cost-type, and research and development contracts.* (a) Part 407 of this title (Armed Services Procurement Regu-

lation) prescribes the termination clauses which shall be used in fixed-price supply fixed-price construction, cost-type, and research and development contracts. For these required clauses, see § 407.701 of this title (fixed-price supply) § 407.702 of this title (cost-type) § 407.703 of this title (fixed-price construction) and § 407.704 of this title (research and development). In addition, the Armed Services Procurement Regulation suggests a termination clause for use in fixed-price subcontracts. (See § 407.706 of this title.)

(b) Besides prescribing and suggesting termination clauses for contracts, the Armed Services Procurement Regulation contains a number of forms of settlement agreements, such as ones for use in settling fixed-price prime contracts after complete termination (§ 407.712 of this title) settling fixed-price prime contracts after partial termination (§ 407.712-2 of this title) settling of fixed-price prime contracts where settlement pertains only to settlements with subcontractors (§ 407.712-3 of this title) settling cost-type prime contracts after complete termination where settlement includes costs (§ 407.712-4 of this title) settling cost-type contracts after complete termination where settlement is limited to fixed-fee (§ 407.712-5 of this title) and settling no-cost agreements (§§ 407.712-6 and 407.712-7 of this title). These forms contained in the Armed Services Procurement Regulation shall be used where appropriate. The forms of settlement agreements contained in this subpart are intended to supplement those forms contained in the Armed Services Procurement Regulation.

§ 1007.704 *Termination clause for fixed-price contract for nonpersonal services.* The following clause shall be used in any fixed-price contract for nonpersonal services:

Termination for the Convenience of the Government:

(a) The performance of work under this contract may be terminated by the Government in accordance with this clause in whole, or from time to time in part, whenever the Contracting Officer shall determine that such termination is in the best interests of the Government. Any such termination shall be effected by delivery to the Contractor of a Notice of Termination specifying the extent to which performance of work under this contract is terminated, and the date upon which such termination becomes effective.

(b) After receipt of a Notice of Termination, and except as otherwise directed by the Contracting Officer, the Contractor shall (1) stop work under the contract on the date and to the extent specified in the Notice of Termination; (2) place no further orders or subcontracts for materials, services or facilities except as may be necessary for completion of such portion of the work under this contract as is not terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination; (4) assign to the Government, in the manner, at the times, and to the extent directed by the Contracting Officer, all of the right, title and interest of the Contractor under the orders or subcontracts so terminated; (5) settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Contracting

Officer, to the extent he may require, which approval or ratification shall be final for all the purposes of this clause; (6) transfer title (to the extent that title has not already been transferred) and, in the manner, to the extent and at the times directed by Contracting Officer, deliver to the Government (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced as a part of, or acquired in connection with the performance of, the work terminated by the Notice of Termination, and (ii) the completed or partially completed plans, drawings, information, and other property which, if this contract had been completed, would have been required to be furnished to the Government; (7) use its best efforts to sell in the manner, at the times, to the extent, and at the price or prices directed or authorized by the Contracting Officer, any property of the types referred to in provision (6) of this paragraph, *provided, however* that the Contractor (i) shall not be required to extend credit to any purchaser, and (ii) may acquire any such property under the conditions prescribed by and at a price or prices approved by the Contracting Officer and provided further, that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by the Government to the Contractor under this contract or shall otherwise be credited to the price or cost of work covered by this contract or paid in such other manner as the Contracting Officer may direct; (8) complete performance of such part of the work as shall not have been terminated by the Notice of Termination; and (9) take such action as may be necessary, or as the Contracting Officer may direct, for the protection and preservation of the property related to this contract, which is in possession of the Contractor and in which the Government has or may acquire an interest. At any time after expiration of the plant clearance period, as defined in Section VIII, Armed Services Procurement Regulation, as it may be amended from time to time, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of any or all items of termination inventory not previously disposed of, exclusive of items the disposition of which has been directed or authorized by the Contracting Officer, and may request the Government to remove such items or enter into a storage agreement covering them. Not later than fifteen (15) days thereafter, the Government will accept title to such items and remove them or enter into a storage agreement covering the same, *provided* that the list submitted shall be subject to verification by the Contracting Officer upon removal of the items, or if the items are stored, within forty-five (45) days from the date of submission of the list, and any necessary adjustment to correct the list as submitted shall be made prior to final settlement.

(c) After receipt of a Notice of Termination the Contractor shall submit to the Contracting Officer its termination claim in the form and with the certification prescribed by the Contracting Officer. Such claim shall be submitted promptly but in no event later than two years from the effective date of termination, unless one or more extensions in writing are granted by the Contracting Officer upon request of the Contractor made in writing within such two-year period or authorized extension thereof. Upon failure of the Contractor to submit a termination claim within the time allowed, the Contracting Officer may determine, on the basis of information available to him, the amount, if any, due to the Contractor by reason of the termination and shall thereupon pay to the Contractor the amount so determined.

(d) Subject to the provisions of paragraph (c) above, the Contractor and the Contracting Officer may agree upon the whole

or any part of the amount or amounts to be paid to the Contractor by reason of the total or partial termination of work pursuant to this clause, which amount or amounts may include a reasonable allowance for profit on work done. The contract shall be amended accordingly, and the Contractor will be paid the agreed amount. Nothing in paragraph (e) of this clause, prescribing the amount to be paid to the Contractor in the event of failure of the Contractor and the Contracting Officer to agree upon the whole amount to be paid to the Contractor by reason of the termination of work pursuant to this clause, shall be deemed to limit, restrict, or otherwise determine or affect the amount or amounts which may be agreed upon to be paid to the Contractor pursuant to this paragraph (d).

(e) In the event of the failure of the Contractor and the Contracting Officer to agree in whole or in part, as provided in paragraph (d) upon the whole amount to be paid to the Contractor by reason of the termination of work pursuant to this clause, the Contracting Officer shall determine on the basis of information available to him, the amount, if any, due to the Contractor by reason of the termination and shall pay the Contractor the amount so determined.

(f) Any determination of costs under paragraph (c) or (e) hereof shall be governed by the Statement of Principles for Consideration of Costs set forth in Part 4 of Section VIII of the Armed Services Procurement Regulation, as in effect on the date of this contract.

(g) The Contractor shall have the right of appeal, under the clause of this contract entitled "Disputes" from any determination made by the Contracting Officer under paragraph (c) or (e) above, except that if the Contractor has failed to submit its claim within the time provided in paragraph (c) above, and has failed to request extension of such time, the Contractor shall have no such right of appeal. In any case where the Contracting Officer has made a determination of the amount due under paragraph (c) or (e) above, the Government shall pay to the Contractor the following: (1) if there is no right of appeal hereunder or if no timely appeal has been taken, the amount so determined by the Contracting Officer, or (ii) if an appeal has been taken, the amount finally determined on such appeal.

(h) In arriving at the amount due the Contractor under this clause there shall be deducted (1) all unliquidated advance or other unliquidated payments on account theretofore made to the Contractor, (2) any claim which the Government may have against the Contractor in connection with this contract, and (3) the agreed price for, or the proceeds of sale of, any materials, supplies, or other things acquired by the Contractor or sold, pursuant to the provisions of his clause and not otherwise recovered by or credited to the Government.

(i) If the termination hereunder be partial, prior to the settlement of the terminated portion of this contract, the Contractor may file with the Contracting Officer a request in writing for an equitable adjustment of the price or prices specified in the contract relating to the continued portion of the contract (the portion not terminated by the Notice of Termination), and such equitable adjustment as may be agreed upon shall be made in such price or prices.

(j) The Government may from time to time, under such terms and conditions as it may prescribe, make partial payments and payments on account against costs incurred by the Contractor in connection with the terminated portion of the contract whenever in the opinion of the Contracting Officer the aggregate of such payments shall be within the amount to which the Contractor will be entitled hereunder. If the total of such payments is in excess of the amount finally

agreed or determined to be due under this clause, such excess shall be payable by the Contractor to the Government upon demand, together with interest computed at the rate of 6% per annum, for the period from the date such excess payment is received by the Contractor to the date on which such excess is repaid to the Government; provided, however, that no interest shall be charged with respect to any such excess payment attributable to a reduction in the Contractor's claim by reason of retention or other disposition of termination inventory until 10 days after the date of such retention or disposition.

(k) Unless otherwise provided for in this contract, or by applicable statute, the Contractor, from the effective date of termination and for a period of six years after final settlement under this contract, shall preserve and make available to the Government at all reasonable times at the office of the Contractor but without direct charge to the Government, all its books, records, documents, and other evidence bearing on the costs and expenses of the Contractor under this contract and relating to the work terminated hereunder, or, to the extent approved by the Contracting Officer, photographs, micro-photographs, or other authentic reproductions thereof.

NOTE: Provisions of the reference "Part 4 of Section VIII of the Armed Services Procurement Regulation" in a foregoing clause are contained in Subpart D, Part 407 of this title.

§ 1007.705 Termination clause for fixed-price contracts for personal services. The following clause shall be used in any fixed-price contract for personal services:

Termination for Convenience of the Government:

(a) The performance of work under this contract may be terminated by the Government in accordance with this clause in whole, or from time to time in part, whenever the Contracting Officer shall determine that any such termination is in the best interests of the Government. Any such termination shall be effected by delivery to the Contractor of a Notice of Termination specifying the extent to which performance of work under the contract is terminated, and the date upon which such termination becomes effective.

(b) After receipt of a Notice of Termination, and except as otherwise directed by the Contracting Officer, the Contractor shall (1) discontinue all work to the extent and on the date specified in such Notice, and (2) transfer title and deliver to the Government, in the manner, to the extent and at the times directed by the Contracting Officer, the completed and partially completed work, material, plans, drawings, data, information, reports, and other property, produced as a part of, or acquired in connection with the performance of, the work terminated in such Notice.

(c) Upon termination of work as provided in this clause, the Contractor shall, in respect to the work terminated by the Notice of Termination, be paid that part of the fixed-price set forth in the clause of this contract entitled "Payments" which has accrued for services rendered hereunder up to the effective date of such Notice and any other amounts properly owing to the Contractor under the said "Payments" clause which are theretofore unpaid. Settlement of the termination of the contract under the provisions of this paragraph (c) shall be evidenced by a Supplemental Agreement to the contract. In the event of the failure of the Contractor and the Contracting Officer to agree upon the whole amount to be paid to the Contractor by reason of the termination of work pursuant to this clause, the Contracting Officer shall determine, on the basis of information available to him, the amount,

if any, due to the Contractor by reason of the termination and shall pay to the Contractor the amount so determined.

(d) Any dispute arising out of the termination of the contract under this clause shall be decided in accordance with the procedure prescribed in the "Disputes" clause hereof.

§ 1007.706 Termination clause for technician services. The following clause shall be used in any fixed-price contract for technical representative services:

Termination for Convenience of the Government:

(a) The performance of work under this contract may be terminated by the Government in accordance with this clause in whole, or from time to time in part, whenever the Contracting Officer shall determine that such termination is in the best interests of the Government. Any such termination shall be effected by delivery to the Contractor of a Notice of Termination specifying the extent to which performance of work under the contract is terminated, and the date upon which such termination becomes effective.

(b) After receipt of a Notice of Termination, and except as otherwise directed by the Contracting Officer, the Contractor shall (1) discontinue all work to the extent and on the dates specified in such Notice; (2) proceed promptly with the return to its plant of such of its technical representatives as may be covered by said Notice and (3) transfer title and deliver to the Government, in the manner, and to the extent and at the times directed by the Contracting Officer, the completed and partially completed work, material, plans, drawings, data, information, reports, and other property produced as a part of, or acquired in connection with the performance of the work terminated in such Notice.

(c) Upon termination of work, as provided in this clause, the Contractor shall, in respect to such technical representatives as may be covered by said Notice of Termination, be paid that part of the fixed-price set forth in the clause of this contract entitled "Consideration and Payment" which has accrued for services rendered hereunder up to the effective date of such Notice, and for time necessary for such technical representatives to return to the plant of the Contractor after the effective date of said Notice and any other amounts properly owing to the Contractor under said "Consideration and Payment" clause which are theretofore unpaid. If, at the date of said Notice, certain costs have actually been incurred by the Contractor in connection with the contract preliminary to the departure of the technical representatives covered by said Notice of Termination from the plant of the Contractor which are allocable to the entire period of performance contemplated hereunder, the Government will pay to the Contractor such sum as the Contracting Officer and the Contractor may agree is properly allocable to the terminated portion of the contract. Settlement under the provisions of this paragraph (c) shall be evidenced by a Supplemental Agreement to the contract. In the event of the failure of the Contractor and the Contracting Officer to agree upon the whole amount to be paid to the Contractor by reason of the termination of work pursuant to this clause, the Contracting Officer shall determine, on the basis of information available to him, the amount, if any, due to the Contractor by reason of the termination and shall pay to the Contractor the amount so determined.

(d) Any dispute arising out of the termination of the contract under this clause shall be decided in accordance with the procedure prescribed in the "Disputes" clause hereof.

§ 1007.707 Termination clause for time and material contracts. The following clause shall be used in any time and material contract:

Termination:

(a) The performance of work under this contract may be terminated by the Government in accordance with this clause in whole, or from time to time in part, (1) whenever the Contractor shall default in performance of this contract in accordance with its terms (including in the term default any such failure by the Contractor to make progress in the prosecution of the work hereunder as endangers such performance), and shall fail to cure such default within a period of ten days (or such longer period as the Contracting Officer may allow) after receipt from the Contracting Officer of a notice specifying the default, or (2) whenever for any reason the Contracting Officer shall determine that such termination is in the best interests of the Government. Any such termination shall be effected by delivery to the Contractor of a Notice of Termination specifying whether termination is for the default of the Contractor or for the convenience of the Government, the extent to which performance of work under the contract is terminated, and the date upon which such termination becomes effective. If, after Notice of Termination of this contract for default under (1) above, it is determined that the Contractor's failure to perform or to make progress in performance is due to causes beyond the control and without the fault or negligence of the Contractor pursuant to the provisions of the clause of this contract entitled "Excusable Delays," the Notice of Termination shall be deemed to have been issued under (2) above, and the rights and obligations of the parties hereto shall in such event be governed accordingly.

(b) After receipt of a Notice of Termination and except as otherwise directed by the Contracting Officer, the Contractor shall (1) stop work under the contract on the date and to the extent specified in the Notice of Termination; (2) place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract as is not terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination; (4) assign to the Government, in the manner and to the extent directed by the Contracting Officer, all of the right, title, and interest of the Contractor under the orders or subcontracts so terminated; (5) with the approval or ratification of the Contracting Officer, which approval or ratification shall be final and conclusive for all the purposes of this clause, settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, the cost of which would be reimbursable, in whole or in part, in accordance with the provisions of this contract; (6) transfer title (to the extent that title has not already been transferred) and, in the manner, to the extent, and at the times directed by the Contracting Officer, deliver to the Government (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced as a part of, or acquired in respect of the performance of, the work terminated by the Notice of Termination, (ii) the completed or partially completed plans, drawings, information, and other property which, if the contract had been completed, would be required to be furnished to the Government, and (iii) the jigs, dies, fixtures, and other special tools and tooling acquired or manufactured for the performance of this contract for the cost of which the Contractor has been or will be reimbursed under this contract; (7) use its best efforts to sell in

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the manner, at the times, to the extent, and at the price or prices directed or authorized by the Contracting Officer, any property of the types referred to in provision (5) of this paragraph, *provided, however*, that the Contractor (1) shall not be required to extend credit to any purchaser, and (ii) may acquire any such property under the conditions prescribed by and at a price or prices approved by the Contracting Officer; and *provided further* that the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by the Government to the Contractor under this contract or shall otherwise be credited to the price or cost of work covered by this contract or paid in such manner as the Contracting Officer may direct; (8) complete performance of such part of the work as shall not have been terminated by the Notice of Termination; and (9) take such action as may be necessary, or as the Contracting Officer may direct, for the protection and preservation of the property related to this contract which is in the possession of the Contractor and in which the Government has or may acquire an interest. The Contractor shall proceed immediately with the performance of the above obligations notwithstanding any delay in determining or adjusting any amount reimbursable under the provisions of this clause. At any time after expiration of the plant clearance period, as defined in Section VIII, Armed Services Procurement Regulation, as it may be amended from time to time, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of any or all items of termination inventory not previously disposed of, exclusive of items the disposition of which has been directed or authorized by the Contracting Officer, and may request the Government to remove such items or enter into a storage agreement covering them. Not later than fifteen (15) days thereafter, the Government will accept title to such items and remove them or enter into a storage agreement covering the same, provided that the list submitted shall be subject to verification by the Contracting Officer upon removal of the items, or if the items are stored, within forty-five (45) days from the date of submission of the list, and any necessary adjustment to correct the list as submitted shall be made prior to final settlement.

(c) After receipt of a Notice of Termination, the Contractor shall submit to the Contracting Officer its termination claim, in the form and with the certification prescribed by the Contracting Officer. Such claim shall be submitted promptly but in no event later than two years from the effective date of termination, unless one or more extensions in writing are granted by the Contracting Officer upon request of the Contractor made in writing within such two-year period or authorized extension thereof. However, if the Contracting Officer determines that the facts justify such action, he may receive and act upon any such termination claim at any time after such two-year period or any extension thereof. Upon failure of the Contractor to submit its termination claim within the time allowed, the Contracting Officer may determine, on the basis of information available to him, the amount, if any, due to the Contractor by reason of the termination and shall thereupon pay to the Contractor the amount so determined.

(d) Subject to the provisions of paragraph (c), the Contractor and the Contracting Officer may agree upon the whole or any part of the amount or amounts to be paid to the Contractor by reason of the total or partial termination of work pursuant to this clause which amount or amounts may include a reasonable allowance for profit on work done. The contract shall be amended accordingly, and the Contractor shall be paid the agreed amount.

(e) In the event of the failure of the Contractor and the Contracting Officer to agree in whole or in part, as provided in paragraph (d) above, as to the amounts to be paid to the Contractor in connection with the termination of work pursuant to this clause, the Contracting Officer shall determine on the basis of information available to him the amount, if any, due to the Contractor by reason of the termination and shall pay to the Contractor the amount determined as follows:

(1) If the termination of the contract is for the convenience of the Government:

(i) There shall be included for direct labor hours (as defined in the Schedule of the contract) an amount which shall be determined by multiplying the number of direct labor hours expended prior and up to the effective date of termination by the hourly rate or rates set forth in the Schedule less any hourly rate payments theretofore made to the Contractor.

(ii) There shall be included therein all costs of material reimbursable in accordance with this contract, not previously paid to the Contractor for the performance of this contract prior to the effective date of the Notice of Termination.

(iii) There shall be included therein the reasonable costs of settlement, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the contract and for the termination and settlement of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of termination inventory.

(2) If the termination of the contract is for the default of the Contractor:

(i) There shall be included for all direct labor hours (as defined in the Schedule of the contract) an amount which shall be determined by multiplying the number of direct labor hours expended prior and up to the effective date of termination by the hourly rate or rates set forth in the Schedule less the profit factor contained therein as indicated in the Schedule and less any hourly rate payments theretofore made.

(ii) There shall be included therein such costs as are set forth in subparagraphs (1) (i) and (ii) of this paragraph (e), provided, however, that there shall not be included any amounts for the preparation of the Contractor's Settlement Proposal.

(3) If the amount determined under subparagraphs (1) and (2) above, is less than the total payments theretofore made to the Contractor, the Contractor shall repay the excess amount to the Government.

(f) The Contractor shall have the right of appeal, under the clause of this contract entitled "Disputes," from any determination made by the Contracting Officer under paragraphs (c) or (e) above, except that if the Contractor has failed to submit its claim within the time provided in paragraph (c) above, and has failed to request extension of such time, it shall have no such right of appeal. In any case where the Contracting Officer has made a determination of the amount due under paragraph (c) or (e) above, the Government shall pay to the Contractor the following: (1) if there is no right of appeal hereunder or if no timely appeal has been taken, the amount so determined by the Contracting Officer, or (ii) if an appeal has been taken, the amount finally determined on such appeal.

(g) In arriving at the amount due to the Contractor under this clause there shall be deducted (1) all unliquidated advance or other unliquidated payments theretofore made to the Contractor, (2) any claim which the Government may have against the Contractor in connection with this contract, and (3) the agreed price for, or the proceeds of

sale of any materials, supplies, or other things acquired by the Contractor or sold pursuant to the provisions of this clause and not otherwise recovered by or credited to the Government.

(h) In the event of a partial termination, the portion of the contract relating to hourly rates which are payable with respect to the work under the continued portion of the contract shall be equitably adjusted by agreement between the Contractor and the Contracting Officer, and such adjustment shall be evidenced by an amendment to this contract.

(i) The Government may from time to time, under such terms and conditions as it may prescribe, make partial payments and payments on account against costs incurred by the Contractor in connection with the terminated portion of the contract whenever in the opinion of the Contracting Officer the aggregate of such payments shall be within the amount to which the Contractor will be entitled hereunder. If the total of such payments is in excess of the amount finally determined to be due under this clause, such excess shall be payable by the Contractor to the Government upon demand, together with interest computed at the rate of 6% per annum, for the period from the date such excess payment is received by the Contractor to the date on which such excess is repaid to the Government; provided, however, that no interest shall be charged with respect to any such excess payment attributable to a reduction in the Contractor's claim by reason of retention or other disposition of termination inventory until 10 days after the date of such retention or disposition.

(j) Unless otherwise provided for in this contract, or by applicable statute, the Contractor from the effective date of termination and for a period of six years after final settlement under this contract shall preserve and make available to the Government at all reasonable times at the office of the Contractor, but without direct charge to the Government, all its books, records, documents, and other evidence bearing on the cost and expenses of the Contractor under this contract, and relating to the work terminated hereunder, or, to the extent approved by the Contracting Officer, photographs, microphotographs, or other authentic reproductions thereof.

NOTE: Provisions of the reference "Section VIII, Armed Services Procurement Regulation" in a foregoing clause are contained in Part 407 of this title.

§ 1007.708 *Termination clause for facilities contracts.* [Reserved]

§ 1007.709 *Termination clause for letter contracts.* [Reserved]

§ 1007.710 *Supplemental settlement agreements for CPFF partial terminations.* The following supplemental agreements shall be used in settlements of CPFF partial termination claims covering adjustment of estimated cost and fixed fee, and unpriced spare parts list.

(a) Adjustment of estimated cost and fixed fee (optional provision for post-termination expenses)

This supplemental settlement agreement, entered into on this ____ day of _____, 195____, between the United States of America, hereinafter called "the Government," represented by the Contracting Officer executing this Agreement, and _____

(1) a corporation organized and existing under the laws of the State of _____

(ii) a partnership consisting of _____

(iii) an individual doing business as _____, (hereinafter called "the Contractor")

Witnesseth that: Whereas, the Contractor and the Government have entered into Contract No. _____ under date of _____, which together with any and all amendments, changes, and supplements thereto, is hereinafter referred to as "the Contract," the same being a cost-plus-a-fixed-fee-contract; and

Whereas, pursuant to Article _____ of the Contract, by Notice of Termination dated _____ the Government advised the Contractor of the partial termination of the Contract, as of the date and to the extent provided in such notice and as a result of which the Contract was terminated by the reduction of work hereinafter specified and hereinafter called "the terminated portion of the Contract"; and

Whereas, the continued work under the Contract is substantial and it is the desire of the parties hereto that an adjustment be made only of the estimated cost and the fixed fee under the Contract as a result of such partial termination, as hereinafter set out; and

(Optional.)

Whereas, post-termination and settlement expenses, as defined in the Armed Services Procurement Regulation, have been incurred by the Contractor in connection with the partial termination; and it is the desire of the parties hereto to determine the amount of the same and to provide for the payment thereof;

Now, therefore, the parties hereto agree as follows:

ARTICLE 1. Article _____ of the Contract is hereby amended so as to delete therefrom the terminated portion of the Contract.

ART. 2. The estimated cost stated in Article _____ of the Contract is hereby decreased by the sum of _____.

ART. 3. The fixed fee stated in Article _____ of the Contract is hereby decreased by the sum of _____.

ART. 4. The total sum allotted to the Contract is hereby decreased by the sum of _____.

(Optional.)

Page _____ of Supplemental Settlement Agreement No. _____ to Contract No. _____, Docket No. _____.

ART. _____. It is agreed that the Contractor has incurred post-termination and settlement expenses in the sum of _____ in connection with the partial termination; and that said sum shall be paid to the Contractor in full and complete settlement of all post-termination and settlement expenses arising out of this partial termination.

ART. _____. Nothing herein contained shall be deemed to prejudice the Contractor's rights to reimbursement under the Contract for other* expenditures properly chargeable to the terminated portion of the Contract.

ART. _____. Except as hereby modified, either expressly or by necessary implication, all the terms, covenants and conditions of the Contract shall remain in full force and effect.

ART. _____. The terminated portion of the Contract is the following:

Exhibit No. _____

Quantity
Item No. Part No. Nomenclature Cancelled

In witness whereof, the Government and the Contractor have executed this Supplemental Settlement Agreement as of the date first herein written.

*Delete word "other" if Optional Article for post-termination and settlement expenses is not used.

mental Settlement Agreement as of the date first herein written.

NOTE: Type or print names under all signatures.

THE UNITED STATES OF AMERICA,
By _____
(Contracting officer)

(Name of contractor)

By _____
Its _____
Business address: _____

Two witnesses to execution by the contractor.

(Name)

(Address)

(City and State)

(Name)

(Address)

(City and State)

I, _____, certify that I am _____ Secretary of the Corporation named as the Contractor herein; that _____, who signed this Supplemental Settlement Agreement on behalf of the Contractor, was then _____ of said corporation; and that said Supplemental Settlement Agreement was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers. In witness whereof, I have hereunto affixed my hand and the seal of said corporation this _____ day of _____, 195_____.

(Secretary)

[CORPORATE SEAL]

(If Contractor is not a corporation the Contracting Officer shall complete the following certificate:

I hereby certify that, to the best of my knowledge and belief, based upon observation and inquiry, or personal knowledge, _____, who signed this Contract for _____, had authority to execute the same, and is the individual who signs similar Contracts on behalf of _____ with the public generally.

(Contracting officer)

Page _____ of Supplemental Settlement Agreement No. _____ to Contract No. _____, Docket No. _____.

(b) Unpriced spare parts list (optional provision for post-termination expense)

This supplemental settlement agreement, entered into on this _____ day of _____, 195_____, between the United States of America (hereinafter called "the Government"), represented by the Contracting Officer executing this Agreement, and _____ a corporation organized and existing under the laws of the State of _____, of the City of _____, in the State of _____, (hereinafter called "the Contractor").

Witnesseth that:

Whereas, the Contractor, and the Government have entered into Contract No. _____ under date _____, which together with any and all amendments, changes, and supplements thereto, is hereinafter referred to as "the Contract", the same being a cost-plus-a-fixed-fee contract; and

Whereas, pursuant to Article _____ of the Contract, by Notice of Termination dated _____ the Government advised the Contractor of the partial termination of the Contract, as of the date and to the extent provided in such notice and as a result of which the Contract was terminated by the reduction of work hereinafter specified and hereinafter called "the terminated portion of the Contract"; and

Whereas, the terminated portion of the Contract consists of a preliminary unpriced and unpublished Spare Parts List, or a part thereof, which has been approved by a Contracting Officer; and it is the desire of the parties hereto that the extent of the termination be defined and the fixed fee, if any, earned by the Contractor in respect of the terminated portion of the Contract be determined.

(Optional.)

Whereas, post-termination and settlement expenses, as defined in the Armed Services Procurement Regulation, have been incurred by the Contractor in connection with the partial termination; and it is the desire of the parties hereto to determine the amount of the same and to provide for the payment thereof;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1. The Contractor agrees that there is no fixed fee due or applicable to the terminated portion of the Contract.

(Alternative.)

ARTICLE 1. The fixed fee earned by the Contractor in respect of the terminated portion of the Contract shall be _____ which sum shall be payable in accordance with the provisions of the Contract, shall constitute full and complete settlement of the amount due the Contractor as fixed fee with respect to the terminated portion of the Contract, and shall be a part of the total fixed fee provided in the Contract and not in addition thereto.

(Optional.)

ART. _____. It is agreed that the Contractor has incurred post-termination and settlement expenses in the sum of _____ in connection with the partial termination; and that said sum shall be paid to the Contractor in full and complete settlement of all post-termination and settlement expenses arising out of this partial termination.

ART. _____. Nothing herein contained shall be deemed to prejudice the Contractor's rights to reimbursement under the Contract for other* expenditures properly chargeable to the terminated portion of the Contract, or the right of the Government to an equitable adjustment of the fixed-fee and estimated cost provided in the Contract, by reason of the aforesaid termination.

ART. _____. The terminated portion of the Contract is the following:

Exhibit No. _____

Quantity
Item No. Part No. Nomenclature Cancelled

ART. _____. Except as hereby modified, either expressly or by necessary implication, all the terms, covenants and conditions of the Contract shall remain in full force and effect.

In witness whereof, the Government and the Contractor have executed this Supplemental Settlement Agreement as of the date first herein written.

Page _____ of Supplemental Settlement Agreement No. _____ to Contract No. _____, Docket No. _____.

NOTE: Type or print names under all signatures.

RULES AND REGULATIONS

THE UNITED STATES OF AMERICA,
By _____
(Contracting officer)

(Name of contractor)
By _____
Its _____
Business address: _____

Two witnesses to execution by the contractor.

(Name)

(Address)

(City and State)

(Name)

(Address)

(City and State)

Corporate secretary's certificate (or the Contracting Officer's certificate) as in paragraph (a) of this section.

§ 1007.711 *Prime contractor's consent to direct settlement with subcontractor by the Government.* The following format shall be used for written consent of the prime contractor to direct settlement by the Government with subcontractors:

Subject: Written Consent to Direct Settlement with Subcontractor
Contract No. _____

Date _____

To: The Contracting Officer
(Name, grade, symbol,
station, and full address)

You are notified and advised that the undersigned Prime Contractor hereby consents to direct settlement by the Government with the following named Subcontractor of its termination claim under Subcontract No. _____, issued under Prime Contract No. _____ in accordance with ASPR 8-518.11.

It is understood that when such direct settlement is effected a tripartite settlement agreement will be executed by the Prime Contractor, the Subcontractor and the Government.

JOHN DOE, CORPORATION,
By JAMES B. WARREN,
President, Prime Contractor.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.518-11 of this title.

§ 1007.712 *Form of tripartite agreement for direct settlement of subcontracts.* The following format shall be used for the agreement when the Government settles with the consent of, and through, the prime contractor, the termination claim of a fixed-price subcontractor:

This agreement, entered into on this ____ day of _____, 195____, between the United States of America (hereinafter called "the Government"), represented by the Contracting Officer executing this agreement, and

(I) a corporation organized and existing under the laws of the State of _____,

(II) a partnership consisting of _____,

(III) an individual doing business as _____, (hereinafter called "the Contractor"), and _____

(I) a corporation organized and existing under the laws of the State of _____,

(II) a partnership consisting of _____,

(iii) an individual doing business as _____, (hereinafter called "the Subcontractor"),

Witnesseth that:

Whereas, the Government and the Contractor have previously entered into Contract No. _____, under which contract (hereinafter called "the Contract") a Subcontract was entered into between the above-named Contractor and Subcontractor, (hereinafter called "the Subcontract"); and

Whereas, the Contract has been terminated for the convenience of the Government and the Subcontract has been completely terminated as a result thereof; and

Whereas, the Government, pursuant to Section 8-518.11 of the Armed Services Procurement Regulation, has undertaken to settle the termination claim of the Subcontractor and to make payment in connection therewith through the Contractor and has so notified the Contractor and Subcontractor, both the Contractor and the Subcontractor having previously consented to such direct settlement of the Subcontractor's termination claim; and

Whereas, the term "Subcontract termination inventory," as used herein, shall mean all materials (including a proper part of any common materials), determined by the parties to the pertinent Subcontract under the Contract, in connection with the settlement thereof, to be properly allocable to the terminated portion of the Subcontract, except any machinery or equipment subject to a separate contract or contract provision specifically governing the use or disposition thereof;

Now, therefore, the parties hereto do mutually agree as follows:

ARTICLE 1. The Subcontractor certifies that all Subcontract termination inventory (including scrap) has been retained, or otherwise acquired by it, sold to third parties, returned to suppliers, stored for the Government, delivered to the Government, or otherwise properly accounted for, and all proceeds or retention prices thereof, if any, have been taken into account in arriving at this agreement. (OR)

(Alternative.) *Article 1. (a) The Subcontractor certifies that a portion of the Subcontract termination inventory (including scrap) has been retained, or otherwise acquired by it, sold to third parties, returned to suppliers, stored for the Government, delivered to the Government, or otherwise properly accounted for, and all proceeds or retention prices thereof, if any, have been taken into account in arriving at this Agreement.

(b) With respect to all the aforesaid Subcontract termination inventory not so disposed of prior to the date of execution of this Agreement, and described in the inventory schedules submitted by the Subcontractor in advance of or in connection with its Settlement Proposal, the parties shall promptly execute a storage agreement.

ART. 2. (a) The Subcontractor certifies that, prior to the execution of this Agreement, each of its respective immediate subcontractors whose claim is included in the claim settled by this Agreement has furnished to the Subcontractor a certificate stating (i) that all of its Subcontract termination inventory (including scrap), has been retained, sold, returned to suppliers, stored for the Government, delivered to the Government, or otherwise properly accounted for, and all proceeds or retention prices thereof, if any, were taken into account in arriving at the settlement of the Subcontract or Subcontracts and (ii) that the Subcontractor has received from each of its immediate subcontractors whose claim was included in its claim a certificate substantially similar to clause (i) and this clause (ii) of this Article 2 (a).

(b) The Contractor and Subcontractor each hereby transfers and conveys to the

Government all the right, title and interest, if any, which either or both the Contractor and Subcontractor has received, or is entitled to receive, in and to Subcontract termination inventory, if any, not otherwise properly accounted for, and each of them hereby assigns to the Government any and all of its rights relating thereto whether arising under negotiated settlements, formula determinations, or otherwise.

ART. 3. It is hereby agreed that all funds paid or to be paid hereunder to the Contractor for the benefit of the Subcontractor shall be held in trust by the Contractor for the benefit of such Subcontractor until such time as payment of such funds to the Subcontractor is accomplished or until refunded by the Contractor to the Government as hereinafter provided. In all cases where either the Contractor or the Subcontractor hereunder has not previously made such payments the Contractor and the Subcontractor respectively shall, within ten (10) days after receipt by it of the payment provided for hereunder, pay to each of its immediate subcontractors and suppliers (or to their respective assignees) the respective amounts to which they are entitled, after deducting, if the Contractor or the Subcontractor, as the case may be, so elects, any amounts then due and payable either to the Contractor or Subcontractor by such subcontractors and suppliers. If the Contractor or the Subcontractor fails to make any such payment within ten (10) days after receipt thereof by it, such failing Contractor or Subcontractor will, upon request, return directly to the Government the amount so payable to the Subcontractor or such immediate subcontractors and suppliers, less any amount then due and payable to the Contractor or the Subcontractor, as the case may be, by them.

ART. 4. Upon execution of this Agreement (and of the storage agreement(s) referred to in Article 1)* the Government agrees to pay to the Contractor for prompt payment to the Subcontractor hereunder, upon presentation of properly certified invoices or vouchers, the sum of \$_____ arrived (Net amount of settlement)

at by deducting from the sum of \$_____ (Gross

_____, the amounts of (1) \$_____, amount of settlement)

representing unliquidated partial payments previously made on account of the termination claim(s) of the Subcontractor under its Subcontract(s) and (2) \$_____, representing all applicable property disposal credits. Said sum, together with all other sums heretofore paid by the Government or the Contractor, constitutes payment in full and complete settlement of the amount due the Subcontractor by reason of the complete termination of work under the Contract(s), and the Subcontract(s) insofar as it pertains to the terminated portion(s) of the Subcontract(s), (except as hereinafter provided in Article 5 of this Agreement).**

ART. 5. In consideration of the payment of said sum of \$_____ the Contractor and (Net amount from article 4)

the Subcontractor do hereby assign, transfer, and set over to the United States of America all of their rights, title and interest, if any, in and to the claim against the Government for fair compensation for the termination of the Subcontract and all rights and claims of the Subcontractor against

*This parenthetical phrase is to be inserted only when the second form of Article 1 is used.

**This parenthetical phrase in brackets is to be inserted only when the second form of Article 5 is used and rights are excepted from the release.

the Contractor for fair compensation for such termination, to the extent that the terminated Subcontract is allocable to the terminated portion of the Prime Contract. (Or)

ART. 5. In consideration of the payment of said sum of \$ _____ (Net amount from article 4)

the Subcontractor hereby releases the Government and the Contractor from all liability with respect to its claim for fair compensation for the termination of the Subcontract under the Contract.

ART. 6. Notwithstanding any other provision of this Agreement, the following rights and liabilities of the parties under the Subcontract are hereby reserved:

(See Article 6 (1) through (9) in ASPR 8-712.1 and Article 6 (5) through (14) in ASPR 8-712.4 for examples of excepted or reserved items.)

All rights and liabilities, if any, of the parties under those clauses inserted in the Contract because of the requirements of Acts of Congress and Executive Orders, shall be reserved as far as the Subcontractor as well as the Contractor is concerned. These clauses pertain to, without limitation, the following topics: labor law, contingent fees, domestic articles, employment of aliens, "Officials not to benefit."

ART. 7. Approval of Agreement.* This Agreement shall be subject to the written approval of _____ or his duly authorized representative and shall not be binding until so approved.

ART. 8. Except for the original signing of this Agreement, and except as otherwise stated herein, the term "Contracting Officer" as used herein shall include his duly appointed successor or his duly designated representative.

Agreement as of the date first herein written.

NOTE: Type or print names under all signatures.

THE UNITED STATES OF AMERICA,
By _____ (Contracting officer)
(Name of prime contractor)
Its _____
Business address: _____

Two witnesses to execution by Contractor.
(Name)
(Address)
(City and State)
(Name)
(Address)
(City and State)

Corporate Secretary's Certificate (or the Contracting Officer's Certificate) as in paragraph (a) of § 1007.710.

By _____ (Name of subcontractor)
Its _____
Business address: _____

*Where approval of Settlement Review Board is necessary or the Contracting Officer requests such approval, the foregoing Article will be inserted in the Agreement.

Two witnesses to execution by subcontractor.

(Name)
(Address)
(City and State)
(Name)
(Address)
(City and State)

Corporate Secretary's Certificate (or the Contracting Officer's Certificate) as in paragraph (a) of § 1007.710.

NOTE: Provisions of the references 8-518.11, 8-712.1, and 8-712.4 in the preceding form are contained in §§ 407.518-11, 407.712-1 and 407.712-4 of this title, respectively.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements, see § 407.518.11.

§ 1007.713 Assignment to the Government of prime contractor's rights under terminated subcontracts. As directed by the termination contracting officer, pursuant to the provisions of the Termination clause, the prime contractor is obligated to assign to the Government all its right, title, and interest under any purchase orders or subcontracts terminated by reason of their relation to the terminated portion of the prime contract. The following is a suggested form of assignment:

ASSIGNMENTS

ARTICLE 1. On this ____ day of _____, 195____, _____ (Name of Prime Contractor), hereinafter called "the Prime Contractor," hereby transfers and assigns to the United States Government all of the right, title and interest of the aforesaid Prime Contractor in and to its Subcontract (or Purchase Order) No. _____, with _____ (Name of Subcontractor) hereinafter called "the Subcontractor," insofar as such Subcontract or Purchase Order is allocable to the terminated portion of its Prime Contract No. _____.

ART. 2. The United States Government hereby accepts the aforesaid transfer and assignment by the Prime Contractor of all of the Prime Contractor's right, title and interest in and to the aforesaid Subcontract or Purchase Order and assumes and undertakes to settle with and pay directly to the said Subcontractor such amounts as may be found to be due said Subcontractor by reason of the termination of said Subcontract or Purchase Order, insofar as such amounts are allocable to the terminated portion of the said Prime Contract.

ART. 3. The Prime Contractor hereby releases the United States Government from any obligation which the United States Government now has or may have to reimburse the Prime Contractor for any sums which the Prime Contractor might be required to pay to the Subcontractor by reason of the termination of the said Subcontract or Purchase Order.

ART. 4. The United States Government hereby releases the Prime Contractor from all obligation to negotiate and settle with and pay to the Subcontractor the amounts which are or will be due to the Subcontractor by reason of the termination of the said Subcontract or Purchase Order, insofar as such amounts are allocable to the terminated portion

tion of the Prime Contract under which the said Subcontract or Purchase Order was issued and terminated. The United States Government further agrees to hold the Prime Contractor harmless in the event that any litigation arises in connection with such obligation, subject to the provisions of paragraph 5 hereof and any other limitations within the purview of the Armed Services Procurement Regulation and other existing applicable regulations as well as those set forth in the Contracting Officer's letter dated _____ directing the Prime Contractor to make this assignment.

ART. 5. In the event that the Subcontractor institutes litigation against the Prime Contractor in connection with any obligation referred to herein, the Prime Contractor hereby agrees promptly to notify the United States Government of such action and to defend such litigation or, if the United States Government so requests, to permit the United States Government to assume the defense of such litigation. The failure of the Contractor to comply with the provisions of this paragraph shall relieve the United States Government from all liability under this Assignment Agreement, or otherwise, to pay any claim arising in connection with any of such obligations.

In witness whereof, this Assignment Agreement has been executed by the Contractor and for and on behalf of the United States Government by the Contracting Officer as of the date first above written.

NOTE: Type or print names under all signatures.

(Name of contractor)
By _____
Its _____
THE UNITED STATES OF AMERICA,
By _____ (Contracting officer)

Two witnesses to execution by contractor.
(Name)
(Address)
(City and State)
(Name)
(Address)
(City and State)

Corporate Secretary's Certificate (or the Contracting Officer's Certificate) as in paragraph (a) of § 1007.710.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.518-12 of this title.

§ 1007.714 Direct settlement agreement by Government with subcontractors. The following form of Settlement Agreement is suggested for use in direct settlement of subcontractor termination claims by the Government with subcontractors based upon assignment to the Government of the prime contractor's rights under terminated subcontracts:

This agreement, entered into this ____ day of _____, 195____, between the United States of America (hereinafter called "the Government"), represented by the Contracting Officer executing this Agreement, and _____

(Name of subcontractor)

(1) A corporation organized and existing under the Laws of the State of _____,

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(ii) A partnership consisting of _____
 _____,
 (iii) An individual doing business as
 _____, (hereinafter called
 "the Subcontractor")
 Witnesseth that:
 Whereas, the Government and _____
 _____ (Name of
 _____, (hereinafter called "the
 prime contractor)
 Contractor") have previously entered into
 Contract No. _____, under which Contract
 (hereinafter called "the Contract") a Sub-
 contract, was entered into between the Con-
 tractor and Subcontractor (hereinafter
 called "the Subcontract"); and
 Whereas, the Subcontract has been
 _____ terminated as a re-
 (partially or completely)
 sult of the termination in whole or in part
 of the Contract for the convenience of the
 Government; and

Whereas, the Government, pursuant to
 Section 8-518.12 of the Armed Services Pro-
 curement Regulation, has undertaken to
 settle directly the claim of the Subcontractor
 for fair compensation and has so notified
 the Subcontractor and the Contractor in
 writing and the Subcontractor having con-
 sented to such direct settlement, the Prime
 Contractor having assigned to the Govern-
 ment all its right, title and interest in and
 to the terminated Subcontract; and

Whereas, as used herein the following
 terms shall have the meanings hereinafter
 set forth;

Whereas, the term "Contract termination
 inventory," as used herein, shall mean all
 materials (including a proper part of any
 common materials), determined by the
 parties hereto, in connection with this settle-
 ment, to be properly allocable to the termi-
 nated portion of the Contract, except any
 machinery or equipment subject to a sepa-
 rate contract or contract provision specifi-
 cally governing the use or disposition thereof;
 and

Whereas, the term "Subcontract termina-
 tion inventory," as used herein, shall mean
 all materials (including a proper part of
 any common materials), determined by the
 parties to any pertinent subcontract under
 the Contract, in connection with the settle-
 ment thereof, to be properly allocable to the
 terminated portion of any such subcontract,
 except any machinery or equipment subject
 to a separate contract provision specifically
 governing the use or disposition thereof;

Now, therefore, the parties hereto do
 mutually agree as follows:

ARTICLE 1. The Subcontractor certifies that
 all Subcontract termination inventory (in-
 cluding scrap), has been retained or other-
 wise acquired by it, sold to third parties,
 returned to suppliers, stored for the Gov-
 ernment, delivered to the Government, or
 otherwise properly accounted for, and all
 proceeds or retention prices thereof, if any,
 have been taken into account in arriving at
 this Agreement.

(Or)

(Alternative.) ARTICLE 1. (a) The Subcon-
 tractor certifies that a portion of the Sub-
 contract termination inventory (including
 scrap), has been retained or otherwise ac-
 quired by it, sold to third parties, returned
 to suppliers, stored for the Government, de-
 livered to the Government, or otherwise
 properly accounted for, and all proceeds or
 retention prices thereof, if any, have been
 taken into account in arriving at this Agree-
 ment.

(b) With respect to all Subcontract ter-
 mination inventory not so disposed of prior
 to the date of execution of this Agreement,
 and described in the inventory schedules
 submitted by the Subcontractor in advance
 of or in connection with its Settlement Pro-

posal, the parties shall promptly execute a
 storage agreement. (See AFPP 8-7-17.)

ART. 2. (a) The Subcontractor certifies
 that, prior to the execution of this Agree-
 ment, each of the Subcontractor's immediate
 subcontractors whose claim is included in
 the claim settled by this Agreement has fur-
 nished to the Subcontractor a certificate
 stating (i) that all of its termination inven-
 tory (including scrap) has been retained or
 otherwise acquired by it, sold to third par-
 ties, returned to suppliers, stored for the
 Government, delivered to the Government,
 or otherwise properly accounted for, and all
 proceeds or retention prices thereof, if any,
 were taken into account in arriving at the
 settlement of the Subcontract or Subcon-
 tracts, and (ii) that the immediate sub-
 contractors have received from each of their
 subcontractors whose claims were included
 in its claim a substantially similar certificate.

(b) The Subcontractor hereby transfers and
 conveys to the Government all the right, title
 and interest, if any, which the Subcontractor
 has received, or is entitled to receive, in and
 to the subcontract termination inventory, if
 any, not otherwise properly accounted for,
 and hereby assigns to the Government any
 and all of its rights relating thereto.

ART. 3. The Subcontractor certifies that,
 with respect to all items of Subcontract
 termination inventory the costs of which
 were taken into account in arriving at the
 amount of this settlement, or in the settle-
 ment of any claim included in this settle-
 ment: (i) all such items are properly alloca-
 ble to the terminated portion of the Subcon-
 tract; (ii) such items are not in excess of the
 reasonable quantitative requirements of the
 terminated portion of the Subcontract; (iii)
 such items do not include any items reason-
 ably usable, without loss to the Subcon-
 tractor on its other work; and (iv) the Sub-
 contractor has informed the Contracting Of-
 ficer of any substantial change in the status
 of such items between the dates of its ter-
 mination inventory schedules and the date
 of this Agreement.

ART. 4. It is hereby agreed that all funds
 paid or to be paid hereunder to the Subcon-
 tractor for the benefit of subcontractors or
 suppliers shall be held in trust by the Sub-
 contractor for the benefit of such subcon-
 tractors or suppliers until such time as pay-
 ment of such funds to the respective sub-
 contractors or suppliers is accomplished or
 until there is a refund by the Subcontractor
 to the Government as hereinafter provided.
 In all cases where the Subcontractor has not
 previously made such payments, the Subcon-
 tractor shall, within ten (10) days after re-
 ceipt of the payment provided for hereun-
 der, pay to each of its immediate subcon-
 tractors and suppliers (or to their respective
 assignees) the respective amounts to which
 they are entitled, after deducting, if the Sub-
 contractor so elects, any amounts then due
 and payable to the Subcontractor by such
 subcontractors and suppliers. If the Sub-
 contractor fails to make any such payment
 within ten (10) days, the Subcontractor will,
 upon request, return directly to the Govern-
 ment the amount so payable to such imme-
 diate subcontractors and suppliers, less any
 amount then due and payable to the Sub-
 contractor by them.

ART. 5. Upon execution of this Agreement
 (and of the storage agreement referred to
 in Article 1*) the Government agrees to pay
 to the Subcontractor or its assignee, upon
 presentation of properly certified invoices
 or vouchers, the sum of \$_____ (insert net
 amount of settlement), arrived at by deduct-
 ing from the sum of \$_____ (insert gross
 amount of settlement) the amounts of (1)
 \$_____ representing unliquidated partial
 payments previously made on account of

*This parenthetical phrase is to be in-
 serted only when the second form of Article
 1 is used.

the termination claim of the Subcontractor;
 and (2) \$_____ representing all applicable
 property disposal credits. Said sum, to-
 gether with all other sums heretofore paid
 by the Government or the Contractor, con-
 stitutes payment in full and complete
 settlement of the amount due the sub-
 contractor by reason of the complete ter-
 mination of work under the Subcontract
 (except as hereinafter provided in Article
 7 of this Agreement).

ART. 6. In consideration of the payment
 of said sum of \$_____
 (Net Amount from Article 5)
 the Subcontractor does hereby assign, trans-
 fer, and set over to the United States of
 America all of its right, title and interest in
 and to its claim for fair compensation for the
 termination of the Subcontract and all its
 rights and claims against _____
 (Prime contractor)

for fair compensation for such termination,
 to the extent that the terminated portion of
 the Subcontract is allocable to the termi-
 nated portion of the Prime Contract.
 (Or)

ART. 6. In consideration of the payment
 of said sum of \$_____, the Subcontractor
 hereby releases the Government from all
 liability with respect to its claim for fair
 compensation for the termination of the
 Subcontract under the Contract. In con-
 sideration of the payment of said sum, the
 Subcontractor also hereby releases _____
 (Prime contractor)

_____ from all liability and obligation
 (contractor)
 to pay such claim for fair compensation for
 such termination in connection with the
 settlement of the Prime Contract to which
 the terminated portion of the Subcontract
 is allocable.

ART. 7. Notwithstanding any other provi-
 sion of this Agreement, the following rights
 and liabilities of the parties under the
 Subcontract are hereby reserved:

(See Article 6 (1) through (9) in ASFR
 8-712.1 and Article 8 (5) through (14) in
 ASFR 8-712.4 for examples of excepted or re-
 served items.)

All rights and liabilities, if any, of the
 Government and the Contractor under those
 clauses inserted in the Contract because
 of the requirements of Acts of Congress and
 Executive Orders, shall be reserved as far as
 the Subcontractor is concerned. These
 clauses pertain to, without limitation, the
 following topics: Labor law, contingent fees,
 domestic articles, employment of aliens, "of-
 ficials not to benefit"

ART. 8. Approval of Agreement.† This
 Agreement shall be subject to the written
 approval of _____ or his duly au-
 thorized representative and shall not be
 binding until so approved.

ART. 9. Except for the original signing of
 this Agreement, and except as otherwise
 stated herein, the term "Contracting Officer"
 as used herein shall include his duly ap-
 pointed successor or his duly designated
 representative.

In witness whereof, the parties hereto have
 executed this Agreement on the date first
 herein written.

NOTE: Type or print names under all sig-
 natures.

THE UNITED STATES OF AMERICA,
 By _____
 (Contracting officer)

 (Name of subcontractor)
 By _____
 Its _____
 Business address:

†Where approval of Settlement Review
 Board is necessary or the Contracting Officer
 requests such approval, the foregoing Article
 will be inserted in the Agreement.

Two witnesses to execution by subcontractor.

(Name)
(Address)
(City and State)
(Name)
(Address)
(City and State)

Corporate Secretary's certificate (or the Contracting Officer's certificate) as in paragraph (a) of § 1007.710.

NOTE: Provisions of the references 8-518.12, AFPP 8-7-17, 8-712.1, and 8-712.4 in the preceding form are contained in §§ 407.518-12, 1007.717, 407.712-1 and 407.712-4 of this title, respectively.

CROSS REFERENCE: For section of Armed Services Procurement Regulations which this section implements see § 407.518-12 of this title.

§ 1007.715 Settlement of reservations. The following form of Settlement Agreement shall be used for settlement of exclusions or reservations:

This settlement agreement, entered into on this ___ day of _____, 195___, by the United States of America (hereinafter called "the Government"), represented by the Contracting Officer executing this Agreement, and _____

(i) A corporation organized and existing under the Laws of the State of _____

(ii) A partnership consisting of _____

(iii) An individual doing business as _____, (hereinafter called "the Contractor").

Witnesseth that: Whereas, the Contractor and the Government have entered into Contract No. _____ under date of _____, which, together with any and all amendments, changes, modifications, and supplements thereto, is hereinafter referred to as "the Contract" and

Whereas, the Contract has been terminated; and Whereas, a final settlement agreement was executed in connection with the termination of the Contract, said final settlement agreement being dated _____, and being designated as Supplement No. _____ to the Contract; and

Whereas, said final settlement agreement excepted from the settlement therein contained certain items as more fully described in said final settlement agreement, including the item(s) described in Article 1 of this Agreement; and

Whereas, the Government and the Contractor have agreed to a settlement of said item(s) described in Article 1 of this Agreement;

Now, therefore, the parties hereto do mutually agree as follows:

ARTICLE 1. The Government agrees to pay to the Contractor the sum of \$_____ on account of the following item(s)

Item 1.

ART. 2. The Contractor hereby releases and forever discharges the Government from all liability, and from all claims and demands which the Contractor now has or may hereafter have, under the Contract insofar as it pertains to the Contract, based upon the item(s) described in Article 1 of this Agreement.

In witness whereof, the parties hereto have executed this Agreement on the date first herein written.

NOTE: Type or print names under all signatures.

THE UNITED STATES OF AMERICA,
By _____ (Contracting officer)
(Name of contractor)
By _____ Its _____ Business address: _____

Two witnesses to execution by contractor.

(Name)
(Address)
(City and State)
(Name)
(Address)
(City and State)

Corporate Secretary's Certificate (or the Contracting Officer's Certificate) as in paragraph (a) of § 1007.710.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.519-3 of this title.

§ 1007.716 Security for partial payments. The following tender and acceptance of lien shall be used as security for partial payments to contractors:

Name of prime contractor
Contract No. _____
Subcontract (Purchase Order)
No. _____

Prior to transfer to the United States Government of title to property the cost of which is included in the termination settlement claim and/or application of the undersigned Contractor, dated _____, for partial payment in the amount of \$_____, under Contract No. _____, the Contractor hereby warrants the title to all of said property to be free and clear of liens and encumbrances. In consideration of said partial payment in the sum of \$_____ being made by the United States Government to or for the benefit of the undersigned Contractor, the United States Government is hereby granted a lien, paramount to all other liens, upon all property the cost of which is included in the said termination settlement claim and/or partial payment application. The undersigned Contractor hereby agrees not to further encumber said property prior to transfer of title thereto to the Government and its disposition under applicable Government regulations. The lien hereby granted will be discharged upon transfer of title to said property to the Government free and clear of all other liens and encumbrances and disposition of said property under proper Government direction, authority, or approval.

(Name of contractor)
By _____ (Name and official title or partner) Business address: _____

Dated _____ Accepted: _____

(Contracting officer)

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.522-4 of this title.

§ 1007.717 Storage agreement. The following form shall be used to document storage of, and cover related services in connection with, Government property

(Cover Sheet)
Contract No. AF 33(600)-
PR No.
Service Contract
United States Air Force

(Title of office in the field organization originating the Contract)

Contractor:
Contractor's address:
Contract for:
Amount:
Location of property:

Payments to be made by Air Force Finance Officer, at _____

The services to be obtained by this instrument are authorized by, are for the purposes set forth in, and are chargeable to the allotments below enumerated, the available balances of which are sufficient to cover the cost thereof.

The (_____) Designation of procurement district at _____ is designated as the office having over-all administrative responsibility for this Contract.

CONTRACT

This contract, entered into this ___ day of _____, 195___, by the United States of America, hereinafter called "the Government," represented by the Contracting Officer executing this Contract,* and _____ a corporation organized and existing under the laws of the State of _____, a partnership consisting of _____ doing business as _____, an individual doing business as _____ of the City of _____, in the State of _____, hereinafter called "the Contractor."

Witnesseth that: Whereas, the Government owns certain property, as hereinafter described, as a result of change, termination, expiration, or completion of Contract No. (or Contracts numbered); and

Whereas, the Government has determined that such property shall be properly prepared for shipping and/or storage purposes; Now, therefore, in consideration of the premises and of the mutual covenants and agreements herein contained, and for other good and valuable considerations, the parties hereto agree as follows:

ARTICLE 1. Title to property. The Contractor hereby acknowledges and confirms that the Government has title to said property, free and clear of any and all liens and encumbrances whatsoever. Said property consists of the following: (Here list and describe the property. If the list is lengthy, attach it as an Exhibit to the Contract. In such event revise the last sentence above to read: "Said property is listed and described in Exhibit 'A' attached hereto and made a part hereof." If the list is so bulky as to make the use of an attached Exhibit impracticable then the listing of the property may be incorporated by reference, in which event a provision should be inserted stating, in essence, that the property is listed and de-

*This contract has been negotiated pursuant to the provisions of Section 2 (c) (1) of the Armed Services Procurement Act of 1947 (Public Law 413-80th Congress). Any required determinations and findings have been made.

scribed in a Schedule or List designated as _____ and consisting of _____ number of pages, which Schedule has been prepared by _____, and certified by the preparing party as correct as to quantities and description, and true copies of which Schedule are on file with the Government in the Office of the Contracting Officer and at Headquarters, Air Materiel Command, Wright-Patterson Air Force Base, Ohio, and with the Contractor.)

Art. 2. Services. The Contractor agrees to perform all the services necessary in the handling, storage, preservation, packing, and delivery of the property, preparation for shipment, including local delivery to the carrier's freight station when authorized by the Contracting Officer (or other services), described in more detail as follows:

(Appropriate description of services. Where appropriate, give location of property before and after storage. In cases involving packaging, set forth standards of packaging.)

The work will be executed in the best and most workmanlike manner by qualified, careful, and efficient workmen, with material of the best quality to be furnished by the Contractor at the Contractor's own expense, conforming to standard commercial practice.

Art. 3. Period for performance. The Contractor shall begin performance of the services set forth in Article 2 on or before _____, and shall complete all of such services not later than _____.

Art. 4. Consideration. Upon completion of the services described in Article 2, to the satisfaction of the Contracting Officer, the Government will pay the Contractor upon receipt of properly certified invoices or voucher, the sum of _____ as full payment for the services to be furnished hereunder.

Art. 5. Inspection. All material and workmanship shall be subject to inspection and test by representatives of the Government. For this purpose, the Contractor shall allow at all times inspectors and other Government personnel free access to the plant and operations and shall furnish such facilities, supplies, and services as may be required for this work.

Art. 6. Waiver of lien. The Contractor hereby waives any lien on the property hereinabove described to which it may be entitled and agrees it will not assert any lien thereon.

Art. 7. Termination for convenience of the Government:

(a) Performance of work under this Contract may be terminated, in whole or from time to time in part, by the Government whenever the Contracting Officer shall determine that such action is in the best interests of the Government.

(b) The Contractor and the Contracting Officer may agree upon the whole or any part of the amount or amounts to be paid to the Contractor by reason of the total or partial termination under this Article, which amount or amounts may include a reasonable allowance for profit only in those cases where profit was allowed in the original contract price and only on costs for work done in connection with the terminated portion of the Contract. The Contract shall be amended accordingly and the Contractor shall be paid the agreed amount.

(c) Any disputes which may arise hereunder shall be subject to the provisions of the "Disputes" Article of this contract.

Art. 8. Changes. The Contracting Officer may at any time, by a written order, and without notice to the sureties, make changes, within the general scope of this Contract, in any one or more of the following: (i) method of shipment or packing; and (ii) place of delivery. If any such change causes an increase or decrease in the cost of, or the time required for, performance of this Contract, an equitable adjustment shall be made in the Contract price or delivery schedule, or both, and the Contract shall be modified in

writing accordingly. Any claim by the Contractor for adjustment under this Article must be asserted within 30 days from the date of receipt by the Contractor of the notification of change; provided, however, that the Contracting Officer, if he decides that the facts justify such action, may receive and act upon any such claim asserted at any time prior to final payment under this Contract. Failure to agree to any adjustment shall be a dispute concerning a question of fact within the meaning of the Article of this Contract entitled "Disputes." However, nothing in this Article shall excuse the Contractor from proceeding with the Contract as changed.

Art. 9. Convict labor (§§ 406.103-15 and 411.203 of this title).

Art. 10. Eight-Hour law (§§ 406.103-16, 411.303-1 and 411.303-2 of this title).

Art. 11. Nondiscrimination in employment (§§ 406.103-8 and 411.803 of this title).

Art. 12. Officials not to benefit (§ 406.103-19 of this title).

Art. 13. Covenant against contingent fees (§ 406.103-20 of this title).

Art. 14. Disputes (§ 406.103-12 of this title).

Art. 15. Liability for Government-owned property:

(a) Except as otherwise specifically provided in this Contract, the Contractor assumes the risk of, and shall be responsible for, any loss or damage, resulting from, lack of reasonable care on the part of the Contractor, to property of the Government in the possession or control of the Contractor in connection with this Contract (hereinafter called "Government property").

(b) Except for loss, destruction, or damage resulting from the Contractor's willful misconduct, negligence, or lack of good faith with respect to the protection of Government property, the Contractor shall not be liable for loss or destruction of or damage to such Government property (1) caused by any peril while the property is in transit off the Contractor's premises, or (2) caused by any of the following perils while the property is on the Contractor's or Subcontractor's premises, or on any other premises where such property may properly be located, or by removal therefrom because of any of the following perils:

Fire; lightning; windstorm, cyclone, tornado, hail; explosion; riot; riot attending a strike, civil commotion; vandalism and malicious mischief; aircraft or objects falling therefrom; vehicles running on land or tracks, excluding vehicles owned or operated by the Contractor or any agent or employee of the Contractor; smoke, sprinkler leakage; earthquake or volcanic eruption; flood, meaning thereby rising of a body of water; hostile or warlike action, including action in hindering, combating, or defending against an actual, impending, or expected attack by any government or sovereign power (de jure or de facto), or by any authority using military, naval, or air forces, or by an agent of any such government, power, authority, or forces; or other peril, of a type not listed above, which is customarily covered by insurance (or by a reserve for self-insurance) in accordance with the normal practice of the Contractor, or the prevailing practice in the industry in which the Contractor is engaged with respect to similar property in the same general locale.

The perils as set forth in (1) and (2) above, are hereinafter called "excepted perils."

(c) The Contractor represents that it is not including in the price hereunder, and agrees that it will not hereafter include in any price to the Government, any charge or reserve for insurance (including self-insurance funds, or reserves) covering loss or destruction of or damage to the Government property caused by any excepted peril.

(d) Upon the happening of loss or destruction of or damage to any Government

property caused by an excepted peril, the Contractor shall notify the Contracting Officer thereof, and shall communicate with the Loss and Salvage Organization, if any, now or hereafter designated by the Contracting Officer, and with the assistance of the Loss and Salvage Organization so designated (unless the Contracting Officer has directed that no such organization be employed), shall take all reasonable steps to protect the Government property from further damage, separate the damaged and undamaged Government property, put all the Government property in the best possible order, and furnish to the Contracting Officer a statement of: (1) the lost, destroyed, and damaged Government property, (2) the time and origin of the loss, destruction, or damage, (3) all known interests in commingled property of which the Government property is a part, and (4) the insurance, if any, covering any part of or interest in such commingled property. The Contractor shall be reimbursed for the expenditures made by it in performing its obligations under this subparagraph d (including charges made to the Contractor by the Loss and Salvage Organization, except any of such charges the payment of which the Government has, at its option, assumed directly), to the extent approved by the Contracting Officer and set forth in a supplemental agreement.

(e) With the approval of the Contracting Officer after loss or destruction of or damage to Government property, and subject to such conditions and limitations as may be imposed by the Contracting Officer, the Contractor may, in order to minimize the loss to the Government or in order to permit resumption of business or the like, sell for the account of the Government any item of Government property which has been damaged beyond practicable repair, or which is so commingled or combined with property of others, including the Contractor, that separation is impracticable.

(f) Except to the extent of any loss or destruction of or damage to Government property for which the Contractor is relieved of liability under the foregoing provisions of this Article, and except for reasonable wear and tear or depreciation, or the utilization of the Government property in accordance with the provisions of this Contract, the Government property (other than property permitted to be sold) shall be returned to the Government in as good condition as when received by the Contractor in connection with this Contract.

(g) In the event the Contractor is reimbursed or compensated for any loss or destruction of or damage to the Government property, caused by an excepted peril, it shall equitably reimburse the Government. The Contractor shall do nothing to prejudice the Government's rights to recover against third parties for any such loss, destruction, or damage and, upon the request of the Contracting Officer, shall at the Government's expense, furnish to the Government all reasonable assistance and cooperation (including the prosecution of suit and the execution of instruments of assignment in favor of the Government) in obtaining recovery.

(h) The Government shall at all reasonable times have access to the premises wherein any Government property is located.

Art. 16. Taxes (§ 410.401 of this title).

Art. 17. Assignment of claims (§ 400.103-8 of this title).

Art. 18. Notice to the Government of labor disputes (§ 406.105-3 of this title).

Art. 19. Furnishing of materials and supplies by the Government—Government's option. The Contracting Officer may at his option from time to time furnish the Contractor with materials and/or supplies not readily obtainable in the open market and which are required by the Contractor. In

such event, an equitable adjustment in the Contract price shall be made.

ART. 20. Inspection and audit of books:

(a) The Contractor agrees that its books and records and its plant, or such parts thereof as may be engaged in the performance of this Contract, shall at all reasonable times be subject to inspection and audit by any authorized representative of the Department.

(b) The Contractor shall cause a like provision to be included in all subcontracts hereunder.

ART. 21. Default (§ 406.103-11 of this title).

ART. 22. Renegotiation:

(a) This Contract is subject to the Renegotiation Act of 1951 (Public Law 9, 82nd Congress) and shall be deemed to contain all the provisions required by Section 104 of said Act.

(b) The Contractor (which term as used in this Article means the party contracting to furnish the materials or perform the work required by this Contract) agrees to insert the provisions of this Article, including this paragraph b, in all subcontracts as required by Section 104 of the Renegotiation Act of 1951; provided that the Contractor shall not be required to insert the provisions of this Article in any subcontract of a class or type described in Section 106a of the Renegotiation Act of 1951.

ART. 23. Gratuities (§ 406.104-16 of this title).

ART. 24. Definitions (§ 406.103-1 of this title).

ART. 25. Equipment. If this Contract covers packing and crating services of \$1,000 or more, this Article shall be a part of this Contract:

The Contractor warrants that he has sufficient equipment facilities and plant capacity to perform the services for the estimated quantities of items set forth in the schedule during the Contract period.

ART. 26. Weighing and marking. If this Contract covers packing and crating services of \$1,000 or more, this Article shall be a part of this Contract:

Each container (box, crate, barrel, etc.) shall be weighed and marked by the Contractor at the time packing and crating services are performed, except as otherwise provided for in this Contract. The costs of weighing and marking are included in the Contract price for items calling for packing and crating services. The Contractor guarantees that the scales used for weighing are accurate and that their accuracy will be checked and certified by an inspector acceptable to the Contracting Officer not less often than once each six months. The costs of such inspections shall be borne by the Contractor. The Contractor also guarantees that all weighing and marking will be accurately performed. Failure to satisfactorily meet these requirements, as determined by the Contracting Officer, shall be sufficient reason for termination of the Contract by the Government. Each container will be suitably and legibly marked as designated by the Contracting Officer or his authorized representative. Necessary information and instructions relating to markings required will be provided by the Contracting Officer or his representative, for each order against this Contract. Such markings will be governed by regulations applicable to the ordering agency.

ART. 27. Examination of records. If the amount of this Contract exceeds \$1,000, the clause in § 406.104-15 of this title shall be a part of this Contract.

ART. 28. Subcontracting. If the amount of this Contract exceeds \$5,000, the clause in § 406.104-14 of this title shall be a part of this Contract, with the proviso that no subcontract shall be entered into by the Contractor without the written approval of the Contracting Officer.

ART. 29. Extras (§ 406.103-3 of this title).

ART. 30. Military security requirements (§ 406.104-12 of this title).

ART. 31. Buy American Act (§ 406.103-14 of this title).

ART. 32. Government property. The Contractor shall comply with the provisions of Appendix B, Manual for Control of Government Property in Possession of Contractors, of the Armed Services Procurement Regulation, March 1951.

ART. 33. Approval of contract (§ 406.105-2 of this title).

In witness whereof, the parties hereto have executed this Contract as of the date first herein written.

Note: Type or print names under all signatures.

THE UNITED STATES OF AMERICA,
By _____
(Contracting officer)

(Name of contractor)
By _____
Its _____
(Business address)
Two witnesses to execution by contractor.

(Name)

(Address)

Corporate Secretary's certificate (or the Contracting Officer's certificate) as in paragraph (a) of § 1007.710.

§ 1007.718 Settlement memorandum for fixed-price terminated contracts. The following outline is prescribed for use in preparing the Settlement Memorandum pertaining to a terminated fixed-price contract. Appropriate modifications may be made as required. (See § 1007.519 (a).)

A. Heading:

1. Date of Memorandum.
2. Designate as Settlement Memorandum for File or for Settlement Review Board; if latter, identify by complete name (e. g., Headquarters, Air Materiel Command, Settlement Review Board) and include address.
3. Subject: List name and address of Contractor, whether Prime or Subcontractor, Contract Number and Termination Docket Number. If settlement pertains to a Subcontract, list applicable Prime Contractor and Contract Number as well as Subcontractor, in the subject.

B. Body:

1. Opening paragraph: Set forth the purpose of the Memorandum (i. e., the Memorandum summarizes the pertinent facts relating to the settlement of the terminated contract). If the Memorandum is addressed to a Settlement Review Board, state the reason for such submission.
2. Names, titles, and addresses of Government and Contractor personnel who participated in the negotiation.
3. Name and address of Contractor: If a proprietorship or a partnership, include names and addresses of owner or all of the partners; if a corporation, set forth name of State in which incorporated. If claimant is a Subcontractor, set forth that information and list the Prime Contractor and all

intervening subcontractors; State whether the Subcontractor is affiliated with the Prime Contractor or upper-tier subcontractors and explain any such affiliation.

4. Description of terminated Contract:

- a. Date of Contract and Contract number: (If claimant is a Subcontractor, include the Prime Contract number and Purchase Order number, if any, between the Prime Contractor and the Government.)
- b. Type of Contract: Fixed-Price, Fixed-Price with Price Redetermination, Letter Contract, etc.
- c. General description of items covered by the Contract.
- d. Total Contract price.
- e. Brief summary of the essence of the Termination clause. (Identify by Contract Clause number.)

5. Description of the termination:

- a. Nature of termination: i. e., total or partial, items and quantity canceled, unit prices (estimated if not specifically set forth in the Contract) and total Contract price of items canceled. State whether there were any amendments or changes to the Notice of Termination and their result. Include statement showing whether or not termination was for convenience of the Government. If not, explain reason for termination. (See also c below.)
- b. Effective date of termination.
- c. State whether Contractor stopped work on effective date of termination and notified Subcontractors to do likewise. If not, give reasons for delay and whether or not the delay was approved or ratified by the Termination Contracting Officer. If the delay was not approved or ratified, include a definite statement as to whether or not costs incurred by the Contractor or Subcontractor during such time were recognized as allowable or nonallowable in the settlement. If the latter costs were allowed, explain why.

d. If claimant is a Subcontractor and the termination did not result from termination of the Prime Contract but from other circumstances (such as engineering changes) which require the Government to bear the cost of settling the terminated Subcontract, describe these circumstances.

6. Description of Contractor's Settlement Proposal:

- a. Date filed and amount: If interim claims were filed, include information such as the number of claims, amounts, and any other facts deemed pertinent.
- b. Type of Settlement Proposal: i. e., Inventory Basis, Total Cost Basis, or other basis. If Settlement Proposal was filed on other than the Inventory Basis, include statement as to required approvals. (See § 407.503-2 (b) and (c) of this title and § 1007.503 (b) and (c) of this chapter and give the reasons for such approval.

7. Description of reviews of Settlement Proposal:

- a. Date copy of Settlement Proposal referred to Auditor General for review and written report; type of review requested.
- b. Date Audit Report received.
- c. In the event of an item-by-item settlement set forth either in the body of the Memorandum or as an exhibit thereto, a tabular summary of the Contractor's Claim, the Auditor General's recommendations, and the Termination Contracting Officer's recommendations substantially as follows:

Items claimed	Amount claimed	Auditors recommendation for:			Termination contracting officers recommendation
		Acceptance	Nonacceptance	Further consideration	
List the items in the Contractors Settlement Proposal for which reimbursement is claimed.	List amount after each item claimed by Contractor in its Settlement Proposal.	List the separate amounts after each item recommended by the Auditor in each of the 3 categories above.	List the amount after each item allowed by the T. C. O.		

RULES AND REGULATIONS

d. Describe any other reviews made, such as legal, engineering, plant clearance; give dates, names, titles of reviewers, and type and extent of reviews.

8. Describe the factors considered in arriving at the negotiated settlement. This is particularly important in case of lump-sum settlements:

- a. Date or dates of negotiation.
- b. Breakdown:

(1) Take each item of the claim and discuss each separately. State the amount claimed for the item by the Contractor, show what the Auditor General recommended as to acceptance, nonacceptance, or further consideration. In addition, make specific references and comments as required under § 407.518 of this title as to any items included in the settlement proposal which are listed in § 407.402 (c) of this title.

(2) If the settlement was negotiated on an item-by-item basis, set forth the exact amounts allowed and disallowed by the Termination Contracting Officer and explain the major and pertinent factors considered for each item resulting in the specific allowances and disallowances.

(3) If items recommended for non-acceptance or for further consideration by the Auditor General have been allowed in the settlement, state the reasons for the Auditor General's recommendation and explain fully and clearly the basis upon which the Termination Contracting Officer allowed all or any part of the amount for such items.

(4) If the settlement was negotiated on a lump-sum basis, the provisions of (1), (2), and (3) above, explaining the factors considered should be compiled with but specific amounts allowed and disallowed as to each item are not required to be set forth. However, if an item was completely disallowed, that information should be stated.

(5) State whether the inventory and items of the claim are allocable to the terminated portion of the Contract, and set forth the steps taken to verify such allocability.

(6) If a partial termination is being settled, state whether Contractor has filed a request for an equitable adjustment for the continuing portion of the Contract.

(7) Describe and explain any adjustments included in the settlement in connection with any Price Redetermination clause in the Contract, Contract Change Notifications, or Unadjusted Contractual Changes.

(8) Profit: Explain the basis and factors considered in arriving at the profit. If there was an item-by-item settlement, set forth the percentage and amount.

(9) Termination expense: Explain in manner described in (1), (2), and (3) above.

(10) Loss contract: If a loss would have been incurred had the Contract been completed, explain what adjustment for the loss was made in arriving at the settlement amount.

(11) Subcontractors' claims:

(a) List the number of subcontractors' claims settled substantially as follows:

	Number of claims	Total dollar amount
Approved by Termination Contracting Officer.....	-----	-----
Approved by Contractor under Authority of ASPR 8-518.6.....	-----	-----
Approved by Settlement Review Board.....	-----	-----
No-Cost Settlements.....	-----	-----

*If the amount of the Subcontractor settlement requires review and approval of a Settlement Review Board, it must be submitted to the Board with a separate Settlement Memorandum and will not be incorporated in the Price Contractor Settlement Memorandum.

NOTE: Provisions of the reference ASPR 8-518.6 in preceding form are contained in § 407.518-6 of this title.

(b) Set forth the facts pertaining to any unusual Subcontractor matters and settlements.

(c) Explain the procedure utilized by the Termination Contracting Officer in reviewing and approving Subcontractors' claims and in making selective reviews of Subcontractor settlements made by the Contractor under the authority of § 407.518-6 of this title.

9. Plant clearance:

a. Give name of Plant Clearance Officer who handled plant clearance actions. State whether dispositions were approved by Termination Contracting Officer or by Plant Clearance Officer under delegation of authority from the Termination Contracting Officer.

b. Set forth whether all plant clearance action has been completed; describe dispositions. List dollar amounts of inventory requisitioned by Government, inventory sold, and the sums received from the sales. Com-

ment on any unusual matters relating to plant clearance actions.

c. Indicate disposition of Government-furnished property, if any.

d. Set forth pertinent facts relating to disposition of special tooling and equipment.

10. Deductions:

a. Payments: List information as to any unliquidated advance or partial payments and explain how recouped in settlement.

b. Credits: List plant clearance disposal credits resulting from plant clearance actions, such as retentions by Contractor and sales.

c. Other deductions: List and explain any claims by the Government against Contractor and state how recouped in settlement.

11. Assignments: List name and address of any assignee of the contract, amount of assignment, extent (that is, complete or partial assignment of funds under the contract) and whether any payment is being made to assignee.

12. Summarize the settlement in tabular form substantially as follows:

(1) Gross termination settlement.....	\$-----	
(2) Less: Disposal credits.....	-----	
(3) Net settlement amount.....	-----	
(4) Less:		
(a) Advance payments outstanding.....	\$-----	
(b) Interest on advance payments.....	-----	
(c) Partial payments outstanding.....	-----	
(d) Previous partial settlements.....	-----	
(e) Other credits or deductions.....	-----	
Total.....	-----	
(5) Termination amount payable.....	-----	
If complete termination, add the following to the above:		If partial termination, add the following to the above:
(6) Total contract price.....	\$-----	(6) Contract price of items canceled.....
(7) Less: (a) Total payments to date (includes payments for completed items or work plus items 4 (a), (c), and (d) above).....	\$-----	(7) Less: Net settlement cost (item (3) above).....
(b) Termination amount payable (less 4 (b) and (c) above).....	-----	
(c) Funds Reserved for exclusions.....	-----	
(8) Final contract price (items 7 (a), (b), and (c) above).....	-----	(8) Reduction in contract price (credit).....
(9) Reduction in contract price (credit) item (6) minus item (8) (above).....	-----	

13. Exclusions: Describe any items reserved from the settlement for later disposition and indicate the amount of funds, if any, reserved.

C. Recommendation: Set forth the amount of the gross settlement less amount of appropriate credits resulting in the net settlement recommended by the Termination Contracting Officer and include a definite statement that the settlement is considered by the Termination Contracting Officer as being fair and reasonable to the Government and Contractor.

D. The Settlement Memorandum must be signed by the Termination Contracting Officer.

§ 1007.719 Settlement memorandum for terminated cost and cost-plus-a-fixed-fee contracts. The following outline is prescribed for use in preparing the Settlement Memorandum pertaining to a terminated cost or cost-plus-a-fixed-fee contract. Appropriate modifications may be made as required. (See § 1007.519 (a).)

A. Heading: Same as "A" in § 1007.718.

B. Body: Items "1," "2," and "3" same as corresponding numbered items of "B" in § 1007.718.

4. Description of terminated Contract:

a. Furnish same information as listed in items "a," "c," and "e" of "B, 4" in § 1007.718.

b. Type of Contract: Cost Reimbursement, Cost-Plus-A-Fixed-Fee, Letter Contract, and so forth.

c. Total Contract price: Estimated cost and fixed fee in the case of cost-plus-a-fixed-fee contracts.

d. Summarize briefly the history and performance under the Contract prior to termination.

5. Description of termination: Same as "B, 5" in § 1007.718 except that:

a. In lieu of unit prices as required under the Fixed-Price Memorandum the estimated costs and fixed fee of the canceled items and the estimated total contract price of the cancellation will be listed; and

b. If subsequent to a partial termination, the Contracting Officer determines, pursuant to Part 407 of this title and Part 1007 of this chapter, that performance of the contract is virtually complete or that per-

formance of any continued portion is only on subsidiary items or spare parts or is otherwise not substantial so that the partial termination is in effect a complete termination, this will be so stated.

6. Description of Contractor's Settlement Proposal:

a. Same as "E, 6" in § 1007.718, including amount of costs and fixed fee claimed.

b. Type and extent of Settlement Proposal: for example, DD Form 547. Explain whether the settlement proposal includes costs and fixed fee or is limited to the adjustment of the fixed fee. If the proposal includes costs and fixed fee, state whether the Contractor discontinued submission of SF 1034 Vouchers and when. If the proposal is for the fixed fee only, state that the Contractor has been or is, "vouchering out" its costs under SF 1034 Vouchers.

7. Audit status date: State whether required and date established; set forth information as to date General Accounting Office final audit status letter was received and whether any formal exceptions were issued. Identify and describe essence of any GAO Exceptions.

8. Description of reviews of Settlement Proposal: Set forth the same type of information as outlined in items "a," "b," and "d" of "B, 7" in § 1007.718.

9. Explain the negotiated settlement. Describe the factors considered in arriving at the agreed upon amount. This is particularly important in the case of lump-sum settlements.

a. In the case of a complete termination, summarize the proposed settlement in tabular form substantially as listed in exhibits "A" and "B."

b. Date or dates of negotiation.

c. Breakdown:

(1) Set forth the same type of information required under items b (1) through (5) of "B, 8" in § 1007.718.

(2) If any costs previously disallowed by a Contracting Officer are included in the proposed settlement, identify and explain the reason for inclusion of such costs.

(3) Describe and explain any adjustments included in the settlement resulting from any Contract Change Notifications or Unadjusted Contractual Changes.

(4) Show disposition of GAO Exceptions by breakdown substantially as follows:

- (a) Amount of GAO Exceptions shown to be outstanding in final audit status letter. \$-----
- (b) Amount cleared by GAO withdrawal and included in settlement. -----
- (c) Amount cleared by refund and waived by Contractor in settlement. -----
- (d) Amount cleared by refund and subject to Reclaim Voucher approved for payment by GAO but not paid and to be reserved in settlement agreement. -----
- (e) Amount cleared by refund but subject to Reclaim Voucher not approved for payment by GAO, not waived by Contractor, and to be reserved in settlement agreement. -----
- (f) Amount to be cleared by deduction in proposed settlement. (State whether Contractor waives right to claim amount or whether same is to be reserved in the settlement agreement) -----

(5) Describe and explain disposition in the settlement of any item of cost of the same nature as GAO Exception. (See § 407.512-2 of this title.) Include, among the information, amount of the items,

amount waived by Contractor, and amount, if any, which Contractor has not waived and for which rights, if any, are to be reserved in settlement agreement.

(6) Termination or settlement expense: Same as item 8b (9) of "B" in § 1007.718.

(7) Other adjustments in cost: Describe and explain any substantial or otherwise important adjustments in cost not covered by any of the items above.

(8) Subcontractor claims:

(a) Same as items 8b (11) (a) (b) and (c) of "B" in § 1007.718.

(b) If any subcontractor settlements were not presented on DD Form 547 or substantially similar settlement proposal Form and the amounts were "vouchered out" by the Subcontractor on SF 1034 Vouchers, furnish such information, including the number and dollar amount of such settlements.

(9) Fixed Fee: State what basis was used in adjusting the fixed fee, for example, percentage of completion; if other basis, identify and describe adequately. Describe how the total fixed fee was computed, including in the description the factors considered and the extent to which such factors were weighed. Include any tabular summaries or breakdowns deemed helpful to understanding the computation process. For a discussion as to adjustment of the fixed fee, see § 407.509-2 of this title and § 1007.512 of this chapter.

10. Plant Clearance: Same as item 9 of "B" in § 1007.718.

11. Deductions: Same as item 10 of "B" in § 1007.718. Include under this category any deductions resulting from liability of the

Contractor for property if same has not been described and explained under item 10 above.

12. Assignments: Same as item 11 of "B" in § 1007.718.

13. Exclusions: Same as item 13 of "E" in § 1007.718; include subcontractor claims received for later settlement, Reclaim Vouchers, and GAO Exceptions which have not been waived by Contractor.

C. Recommendation: Set forth the amount of the gross settlement less amount of appropriate credits resulting in the net settlement recommended by the Termination Contracting Officer, and include a definite statement that the settlement is considered by the Termination Contracting Officer as being fair and reasonable to the Government and Contractor.

D. The Settlement Memorandum must be signed by the Termination Contracting Officer.

E. Partial Terminations: The Settlement Memorandum relating to the adjustment of the fixed fee in the case of a partial termination of a cost-plus-a-fixed-fee contract shall include to the extent applicable information outlined in paragraphs A and B. In addition, the Memorandum shall contain a full and complete explanation as to how the fixed fee was computed and adjusted and recommendation and signature as required under paragraphs C and D. Where the percentage of completion basis is used in adjusting the fixed fee, a tabular summary similar to that set forth in § 1007.512 (b) is deemed advisable as an exhibit.

§ 1007.720 Exhibit A—Summary of CPFF final settlement.

1. Costs reimbursed on Standard Form 1034 cost vouchers (excluding progress payments on account of unsettled overhead included in item 2)	
a. Total paid.....	\$-----
Less:	
b. Uncleared GAO exceptions.....	\$-----
c. GAO exceptions cleared by refund only.....	-----
d. Net reimbursement on Standard Form 1034 cost vouchers.....	\$-----
2. Unreimbursed costs submitted on DD Form 547 and included in settlement.	
(See breakdown, exhibit B).....	-----
3. Other costs submitted and paid on Standard Form 1034 vouchers and not included in item 1 or 2:	
a. Post-termination expense.....	-----
4. Reclaim vouchers authorized for payment by GAO but not yet paid.....	-----
5. Gross costs included in settlement (total items 1-4).....	-----
6. Total fixed fee.....	-----
7. Gross settlement (total items 5-6).....	-----
8. Less: Deductions not reflected in items 1-7:	
a. Disposal credits.....	\$-----
b. Liability for property.....	-----
c. Other charges against contractor arising from contract.....	-----
9. Net settlement cost.....	-----
10. Less:	
a. Payments of fixed fee on Standard Form 1034 vouchers.....	\$-----
b. Progress payments on account of unsettled overhead.....	-----
c. Net reimbursement on Standard Form 1034 vouchers (item 1d).....	-----
d. Costs paid on Standard Form 1034 vouchers (item 3).....	-----
e. Uncleared GAO exceptions.....	-----
f. Reclaim vouchers authorized for payment (item 4).....	-----
g. Partial payments.....	-----
h. Partial settlements.....	-----
i. Unliquidated balance of advance payment.....	-----
j. Interest on advance payment fund.....	-----
11. Net amount payable under settlement agreement.....	-----

12. Claims excluded from settlement—contractor's rights to be preserved:
- a. Reclaim vouchers authorized by GAO for payment but not yet reimbursed.....
 - b. Other reimbursable claims not liquidated (estimate).....
 - c. Reimbursability disputed:
 - (1) Uncleared GAO exceptions deducted in this settlement..... \$.....
 - (2) Reclaim vouchers not authorized by GAO for payment.....
 - (3) GAO exceptions cleared by previous deduction or refund and not subject to reclaim vouchers.....
 - (4) Unreimbursed costs identical in nature with those subject to GAO exceptions.....
 - (5) Other unreimbursed costs disallowed by the Contracting Officer.....

§ 1007.721 Exhibit B—Unreimbursed costs submitted on DD Form 547 (See item 2, exhibit A.)

Costs	Amounts claimed by contractor's proposal	Auditor's Recommendation for:			Contracting Officer's computation
		Acceptance	Non-acceptance	Further consideration	
1. Direct Material.....	(List information as to amounts as required under item 9-c, AFPP 8-7-19B. If the settlement was negotiated on a lump-sum basis, specific amounts as to each item are not required under the category of "Contracting Officer's Computation." However, total amount of Contracting Officers computation must be shown under item 10 of this exhibit "B.")				
2. Direct labor.....					
3. Indirect factory expense.....					
4. Dies, jigs, fixtures, and special tools.....					
5. General and administrative expense.....					
6. Engineering and development expense.....					
7. Other production expense.....					
8. Settlement expense.....					
9. Settlements with subs.....					
10. Total costs (items 1-9).....					

NOTE: Provisions of the reference "item 9-c, AFPP 8-7-19B" in the preceding form are contained in item "9, c" of "B" in § 1007.719.

§ 1007.722 Standard forms for settlement of fixed-price contracts. (a) DD Forms 542, 542-1, 543, 543-1, 544, 544-1, 545, and 545-1, termination inventory schedules, prescribed for use in sec. 407.708 of this title in settling fixed-price contracts, are available in both cut sheets and die-impressed stencils.

(b) Die-impressed stencils may be used only when a sufficiently large number of copies of the Inventory Schedule are required to justify their use.

CROSS REFERENCE: For section of Armed Services Procurement Regulation which this section implements see § 407.708 of this title.

[SEAL] K. E. THIEBAUD,
Colonel, U. S. Air Force,
Air Adjutant General.

[F. R. Doc. 53-4090; Filed, May 8, 1953; 8:45 a. m.]

TITLE 32A—NATIONAL DEFENSE, APPENDIX

Chapter VI—National Production Authority, Department of Commerce

[NPA Order M-2—Revocation]

M-2—RUBBER

REVOCATION

NPA Order M-2 (18 F. R. 1724) is hereby revoked.

This revocation does not relieve any person of any obligation or liability incurred under NPA Order M-2 as originally issued or as amended from time to time, nor deprive any person of any rights received or accrued under said or-

der prior to the effective date of this revocation.

(64 Stat. 816, Pub. Law 429, 82d Cong.; 50 U. S. C. App. Sup. 2154)

This revocation is effective May 8, 1953.

NATIONAL PRODUCTION AUTHORITY,
By GEORGE W. AUXIER,
Executive Secretary.

[F. R. Doc. 53-4205; Filed, May 8, 1953; 11:23 a. m.]

Chapter XXI—Office of Rent Stabilization, Economic Stabilization Agency

[Rent Regulation 1, Amdt. 136 to Schedule A]

[Rent Regulation 2, Amdt. 134 to Schedule A]

RR 1—HOUSING

RR 2—ROOMS IN ROOMING HOUSES AND OTHER ESTABLISHMENTS

SCHEDULE A—DEFENSE-RENTAL AREAS

FLORIDA

Effective May 9, 1953, Rent Regulation 1 and Rent Regulation 2 are amended so that Item 60a indicated below of Schedules A reads as set forth below.

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

Issued this 6th day of May 1953.

GLENWOOD J. SHERRARD,
Director of Rent Stabilization.

(60a) [Revoked and decontrolled.]

These amendments decontrol all of the Putnam County, Florida Defense-Rental Area by reason of the joint determination and certification by the Secretary of Defense and the Director of Defense Mobilization under section

204 (1) of the Housing and Rent Act of 1947, as amended, that the said Defense-Rental Area is no longer included within a critical defense housing area.

[F. R. Doc. 53-4117; Filed, May 8, 1953; 8:50 a. m.]

[Rent Regulation 3, Amdt. 130 to Schedule A]

[Rent Regulation 4, Amdt. 73 to Schedule A]

RR 3—HOTELS

RR 4—MOTOR COURTS

SCHEDULE A—DEFENSE-RENTAL AREAS

FLORIDA

Effective May 9, 1953, Rent Regulation 3 and Rent Regulation 4 are amended so that Item 60a indicated below of Schedules A reads as set forth below.

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

Issued this 6th day of May 1953.

GLENWOOD J. SHERRARD,
Director of Rent Stabilization.

(60a) [Revoked and decontrolled.]

These amendments decontrol all of the Putnam County, Florida Defense-Rental Area by reason of the joint determination and certification by the Secretary of Defense and the Director of Defense Mobilization under section 204 (1) of the Housing and Rent Act of 1947, as amended, that the said Defense-Rental Area is no longer included within a critical defense housing area.

[F. R. Doc. 53-4118; Filed, May 8, 1953; 8:50 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF AGRICULTURE

Production and Marketing Administration

[7 CFR Part 52]

CHILI SAUCE

U. S. STANDARDS FOR GRADES¹

Notice is hereby given that the United States Department of Agriculture is considering the issuance, as herein proposed, of United States Standards for Grades of Chili Sauce, pursuant to the authority contained in the Agricultural Marketing Act of 1946 (60 Stat. 1087; 7 U. S. C. 1621, et seq.) and the Department of Agriculture Appropriation Act, 1953 (Pub. Law 451, 82d Cong., approved July 5, 1952). These standards, if made effective, will be the first issue by the Department of grade standards for this product.

All persons who desire to submit written data, views, or arguments for con-

¹ The requirements of these standards shall not excuse failure to comply with the provisions of the Federal Food, Drug and Cosmetic Act.

sideration in connection with the proposed standards should file the same, in duplicate, with the Chief, Processed Products Standardization and Inspection Division, Fruit and Vegetable Branch, Production and Marketing Administration, United States Department of Agriculture, Washington 25, D. C., not later than 30 days after publication hereof in the FEDERAL REGISTER.

The proposed standards are as follows:

§ 52.258 *Chili sauce.* Chili sauce is the product prepared from mature, clean, sound tomatoes of the red or reddish varieties. The tomatoes are peeled and broken or chopped into pieces, or they may be comminuted and the peeling removed by screening; and are cooked with sufficient spices, salt, vinegar, and sugar, with or without chopped onion, chopped green or red pepper, chopped celery, sweet pickle relish and other seasoning ingredients to produce a product having the appearance and eating quality characteristic of a good commercial product. The total solids content of the product is not less than 30 percent. The product is packed in hermetically sealed containers and sufficiently processed by heat to assure preservation of the product.

(a) *Grades of chili sauce.* (1) "U. S. Grade A" or "U. S. Fancy" is the quality of chili sauce that possesses a good color; that possesses a good consistency; that possesses a good character; that is practically free from defects; that possesses a good flavor; and that scores not less than 85 points when scored in accordance with the scoring system outlined in this section:—*Provided*, That the chili sauce may score not less than 14 points on the factor of character if the total score is not less than 85 points.

(2) "U. S. Grade C" or "U. S. Standard" is the quality of chili sauce that possesses a fairly good color; that possesses a fairly good consistency; that possesses a fairly good character; that is fairly free from defects; that possesses a fairly good flavor; and that scores not less than 70 points when scored in accordance with the scoring system outlined in this section.

(3) "Substandard" is the quality of chili sauce that fails to meet the requirements of "U. S. Grade C" or "U. S. Standard."

(b) *Recommended fill of container for chili sauce.* The recommended fill of container is not incorporated in the grades of the finished product since fill of container, as such, is not a factor of quality for the purposes of these grades. It is recommended that each container of chili sauce be filled as full as practicable without impairment of quality and that the product occupy not less than 90 percent of the capacity of the container.

(c) *Ascertaining the grade.* (1) The grade of the chili sauce is ascertained by considering, in conjunction with the requirements of the respective grade, the respective ratings for the factors of color, consistency, character, absence of defects, and flavor. The relative importance of each factor which is scored is

expressed numerically on the scale of 100. The maximum number of points that may be given for each such factor is:

Factors:	Points
(i) Color.....	20
(ii) Consistency.....	20
(iii) Character.....	20
(iv) Absence of defects.....	20
(v) Flavor.....	20
Total score.....	100

(d) *Ascertaining the rating for the factors which are scored.* The essential variations within each factor which is scored are so described that the value may be ascertained for each factor and expressed numerically. The numerical range within each factor which is scored is inclusive (for example, "17 to 20 points" means 17, 18, 19, and 20 points)

(1) *Color.* (i) Chili sauce that possesses a good color may be given a score of 17 to 20 points. "Good color" means that the color of the chili sauce is bright; the color of the tomato ingredient is characteristic of properly prepared, well ripened, properly processed tomatoes; and that the added seasoning ingredients do not materially detract from the appearance of the product.

(ii) If the chili sauce possesses a fairly good color, a score of 14 to 16 points may be given. Chili sauce that scores in this classification shall not be graded above U. S. Grade C or U. S. Standard, regardless of the total score for the product (this is a limiting rule). "Fairly good color" means that the color of the chili sauce may be slightly dull but not off color; the color of the tomato ingredient is characteristic of properly prepared, fairly well ripened, properly processed tomatoes; and that the added seasoning ingredients do not seriously detract from the appearance of the product.

(iii) Chili sauce that fails to meet the requirements of subdivision (ii) of this subparagraph may be given a score of 0 to 13 points and shall not be graded above Substandard regardless of the total score for the product (this is a limiting rule)

(2) *Consistency.* The factor of consistency refers to the viscosity of the product, its tendency to mound, and to hold its liquid portion in suspension.

(i) Chili sauce that possesses a good consistency may be given a score of 17 to 20 points. "Good consistency" means that the chili sauce is heavy bodied and when emptied from the container to a flat surface forms a moderately mounded mass and shows not more than a slight separation of free liquid at the edges of the mass.

(ii) If the chili sauce possesses only a fairly good consistency a score of 14 to 16 points may be given. Chili sauce that falls into this classification shall not be graded above U. S. Grade C or U. S. Standard, regardless of the total score for the product (this is a limiting rule). "Fairly good consistency" means that the chili sauce, when emptied from the container to a flat surface, may tend to level itself, or may show a moderate separation of free liquid at the edges of the mass, but is not excessively stiff or excessively liquid.

(iii) Chili sauce that fails to meet the requirements of subdivision (ii) of this subparagraph may be given a score of 0 to 13 points and shall not be graded above Substandard, regardless of the total score for the product (this is a limiting rule)

(3) *Character.* The factor of character refers to the degree of disintegration of the tomatoes, and the tenderness and texture of the onion, celery, pickle relish, or other similar ingredients.

(i) Chili sauce that possesses a good character may be given a score of 17 to 20 points. "Good character" means that the product does not have a finely comminuted appearance and that the onion, celery, pickle relish, and other similar ingredients are tender, reasonably firm, or crisp in texture.

(ii) If the chili sauce possesses a fairly good character a score of 14 to 16 points may be given. "Fairly good character" means that the product may be finely comminuted and that the other vegetable ingredients may be only fairly tender.

(iii) Chili sauce that fails to meet the requirements of subdivision (ii) of this subparagraph may be given a score of 0 to 13 points and shall not be graded above Substandard, regardless of the total score for the product (this is a limiting rule)

(4) *Absence of defects.* The factor of absence of defects refers to the degree of freedom from dark specks or scale-like particles, discolored seeds or pieces of abnormally discolored ingredients, tomato peel, and other defects.

(i) Chili sauce that is practically free from defects may be given a score of 17 to 20 points. "Practically free from defects" means that any defects present do not more than slightly affect the appearance or eating quality of the product.

(ii) If the chili sauce is fairly free from defects, a score of 14 to 16 points may be given. Chili sauce that falls into this classification shall not be graded above U. S. Grade C or U. S. Standard, regardless of the total score for the product (this is a limiting rule). "Fairly free from defects" means that any defects present may be noticeable but are not so large, so numerous, or so prominent as to seriously affect the appearance or eating quality of the product.

(iii) Chili sauce that fails to meet the requirements of subdivision (ii) of this subparagraph may be given a score of 0 to 13 points and shall not be graded above Substandard, regardless of the total score for the product (this is a limiting rule)

(5) *Flavor.* (i) Chili sauce that possesses a good flavor may be given a score of 17 to 20 points. "Good flavor" means a good distinct flavor characteristic of chili sauce properly prepared from good quality ingredients. Such flavor is free from scorching or any objectionable flavor of any kind.

(ii) If the chili sauce possesses a fairly good flavor, a score of 14 to 17 points may be given. Chili sauce that falls into this classification shall not be graded above U. S. Grade C or U. S. Standard, regardless of the total score for the product (this is a limiting rule). "Fairly good

PROPOSED RULE MAKING

flavor" means that the product may be lacking in good characteristic flavor, but is free from objectionable or off-flavors of any kind.

(iii) Chili sauce that fails to meet the requirements of subdivision (ii) of this subparagraph may be given a score of 0 to 13 points and shall not be graded above Substandard, regardless of the total score for the product (this is a limiting rule)

(e) *Definition of terms used in these standards.* (1) "Total solids content" of chili sauce, for the purposes of these standards, means the refractometric sucrose value of the filtrate determined in accordance with the International Scale of Refractive Indices of Sucrose Solutions to which value is added 1 percent.

(f) *Tolerances for certification of officially drawn samples.* (1) When certifying samples that have been officially drawn and which represent a specific lot of chili sauce the grade for such lot will be determined by averaging the total scores of the containers comprising the sample, if, with respect to those factors which are scored:

(i) Not more than one-sixth of the containers fails to meet the grade indicated by the average of such total scores;

(ii) None of the containers falls more than 4 points below the minimum score for the grade indicated by the average of such total scores;

(iii) None of the containers falls more than one grade below the grade indicated by the average of such total scores;

(iv) The average score of all containers for any factor subject to a limiting rule must be within the score range of that factor for the grade indicated by the average of the total scores of the containers comprising the sample; and

(2) All containers comprising the sample meet all applicable standards of quality promulgated under the Federal Food, Drug, and Cosmetic Act and in effect at the time of the aforesaid certification.

(g) *Score sheet for chili sauce.*

Type of container.....	-----
Container size.....	-----
Label.....	-----
Net weight or volume.....	-----
Total solids.....	-----
Vacuum readings.....	-----
Factors	Score points
I. Color.....	20
II. Consistency.....	20
III. Character.....	20
IV. Absence of defects.....	20
V. Flavor.....	20
Total score.....	100
Normal flavor and odor.....	-----
Grade.....	-----

Done at Washington, D. C., this 6th day of May 1953.

[SEAL] ROY W LENNARTSON,
Assistant Administrator Pro-
duction and Marketing Ad-
ministration.

[F. R. Doc. 53-4096; Filed, May 8, 1953;
8:47 a. m.]

[7 CFR Part 965]

[Docket No. AO-166-A17]

HANDLING OF MILK IN CINCINNATI, OHIO,
MARKETING AREA

NOTICE OF HEARING ON PROPOSED AMEND-
MENTS TO TENTATIVE MARKETING AGREE-
MENT, AND TO ORDER, AS AMENDED

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.) and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900) notice is hereby given of a public hearing to be held at the Sinton Hotel, Fourth and Vine Streets, Cincinnati, Ohio, beginning at 10:00 a. m., e. s. t., May 18, 1953, for the purpose of receiving evidence with respect to proposed amendments hereinafter set forth, or appropriate modifications thereof, to the tentative marketing agreement and to the order, as amended, regulating the handling of milk in the Cincinnati, Ohio, marketing area.

These proposed amendments have not received the approval of the Secretary of Agriculture.

Proposed by H. Miller Dairy Company

1. Amend § 965.41 by changing the classification of sour (cultured) cream from Class II to Class III.

Proposed by H. Miller Dairy Company, H. Woelkenberg Sons, J. H. Fielman Dairy, Coors Brothers Dairy, and 14 other handlers:

2. Amend § 965.51 (c) to read as follows:

(c) The price for Class III milk shall be the higher of the prices computed pursuant to subparagraphs (1) and (2) of this paragraph during the months of August through March inclusive, and the price for Class III milk shall be the lower of the prices computed pursuant to subparagraphs (1) and (2) of this paragraph, during the months of April, May, June and July.

3. In § 965.41 (c) after the words "all cheese" insert the words "except Cheddar cheese"

4. In § 965.41 (d) change the period to a comma, and add "and Cheddar cheese"

5. Amend § 965.81 to read as follows:

§ 965.81 *Suspension or termination.* Any or all provisions of this subpart, or amendments hereto shall be suspended or terminated as to any or all handlers after such reasonable notice as the Secretary may give, and shall terminate in any event, whenever the provisions of

the act authorizing it cease to be in effect. Any or all provisions shall also be suspended or terminated as to any handler during any period of time during which the handlers employees are on strike.

Proposed by Matthews-Frechting Dairy Company

6. Amend that portion of § 965.51 (c) which precedes subparagraph (1) thereof to read as follows:

(c) The price for Class III milk shall be the lower of the prices computed pursuant to subparagraphs (1) and (2) of this paragraph; except that in any month in which the total receipts of milk are 120 percent or less than 120 percent of Class I usage then the price for Class III milk shall be the lower of subparagraphs (1) and (2) plus thirty cents.

7. Amend § 965.41 (d) by adding the words "or Cheddar cheese" after the word "butter" and amend § 965.41 (c) by adding the words "except Cheddar cheese" after the words "all cheese"

8. Amend § 965.43 so as to delete the following language which is contained therein: "That in making such verification for months other than April, May, June, and July, the market administrator will assign milk, skim milk or cream so transferred to the highest use classification in the plant of the receiver."

9. Amend § 965.81 to read as follows:

§ 965.81 *Suspension or termination.* Any or all provisions of this subpart, or amendments hereto, shall be suspended or terminated as to any or all handlers after such reasonable notice as the Secretary may give, and shall terminate in any event, whenever the provisions of the act authorizing it cease to be in effect. Any or all provisions shall also be suspended or terminated as to any handler during any period of time during which the handler's employees are on strike.

Proposed by Cincinnati Sales Association, Inc..

10. Amend § 965.41 (b) by adding the following words: "used to produce ice cream, ice cream mix, and frozen desserts" after the word "cream"

11. Delete the following from § 965.41 (c) "used to produce ice cream, ice cream mix, and frozen desserts" and add the word "butter"

12. Delete paragraph (d) of § 965.41 in full.

13. Add the following proviso to § 965.51 (b) "Provided, That such price for milk used to produce ice cream, ice cream mix, and frozen desserts, for which adequate records are maintained showing disposition outside the marketing area, shall be the Class III price plus fifteen (15) cents."

14. Delete all of (c) of § 965.51 and substitute therefor the following:

(c) The price for Class III milk shall be the simple average, as computed by the market administrator, of the basic or field prices per hundredweight ascertained to have been paid for milk of .35 percent butterfat content received from farmers during the month at the following plants:

1 Indicates limiting rule.

M & R Dietetic Laboratories, Inc., Chillicothe, Ohio.
 Carnation Milk Co., Hillsboro, Ohio.
 Nestles Milk Products, Inc., Greenville, Ohio.
 Nestles Milk Products, Inc., (Osgood Milk Co.), Osgood, Ind.
 Carnation Milk Co., Maysville, Ky.

15. Delete paragraph (d) of § 965.51 in full.

Proposed by Production and Marketing Administration:

16. Amend § 965.21 to read as follows:

§ 965.21 *Powers*. The market administrator shall have the power to:

(a) Administer the terms and provisions of this subpart;

(b) Report to the Secretary complaints of violations of the provisions of this subpart;

(c) Make rules and regulations to effectuate the terms and provisions of this subpart; and

(d) Recommend to the Secretary amendments to this subpart.

Certain of the proposed amendments set forth above might, if adopted, have some influence on the supplies of producer milk handlers desire in relation to their Class I utilization. Evidence will be received with respect to this matter and the extent to which the Class I utilization percentages computed pursuant to § 965.51 (a) (1) and (2) might be affected.

Copies of this notice of hearing and of the order, as amended, regulating the handling of milk in the Cincinnati, Ohio, marketing area may be obtained from the Market Administrator, P. O. Box 1195, 152 East 4th Street, Cincinnati 1, Ohio, or from the Hearing Clerk, Room 1353, South Building, United States Department of Agriculture, Washington 25, D. C., or may be there inspected.

Dated: May 6, 1953.

[SEAL] ROY W. LENNARTSON,
 Assistant Administrator

[F. R. Doc. 53-4097; Filed, May 8, 1953;
 8:47 a. m.]

17 CFR Part 982.1

[Docket No. AO 238-A2]

HANDLING OF MILK IN CENTRAL WEST TEXAS MARKETING AREA

NOTICE OF HEARING ON PROPOSED AMENDMENTS TO TENTATIVE MARKETING AGREEMENT AND TO ORDER, AS AMENDED

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.) and the applicable rules of practice and procedure governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), notice is hereby given of a public hearing to be held in the Green Room, Windsor Hotel, at Abilene, Texas, beginning at 10:00 a. m., c. s. t., on May 25, 1953, for the purpose of receiving evidence with respect to proposed amendments hereinafter set forth or appropriate modifications thereof to the tentative marketing agreement and to the order as amended, regulat-

ing the handling of milk in the Central West Texas marketing area. These proposed amendments have not received the approval of the Secretary of Agriculture.

Amendments to the order, as amended, regulating the handling of milk in the Central West Texas marketing area were proposed as enumerated below. Proposals relative to changes in the marketing area raise the issue as to whether the provisions of the present order would tend to effectuate the declared policy of the act, if applied to the marketing area as proposed to be changed, and if not, what modifications of the provisions of the order, as amended, are appropriate to effectuate the declared policy of the act.

Amendments to the order have been proposed as follows:

With respect to definitions:

By Central West Texas Producers Association:

1. Amend § 982.6 to read as follows:

§ 982.6 *Central West Texas Marketing Area*. "Central West Texas Marketing Area" hereinafter called the marketing area, means all territory within the county limits of the following counties in the State of Texas: Gaines, Andrews, Dawson, Martin, Ector, Midland, Howard, Scurry, Mitchell, Fisher, Nolan, Jones, Taylor, Runnels, Tom Green, Coleman, McCulloch, Callahan, Shackelford, Stephens, Eastland, Comanche, and Young.

By Banner Dairies:

2. Amend § 982.6 to read as follows:

§ 982.6 *Central West Texas Marketing Area*. "Central West Texas Marketing Area", hereinafter called the marketing area, means all territory included within the limits of Taylor, Brown, Tom Green, Eastland, Jones, Howard, Midland, Scurry, Comanche, Coleman, Runnels, Callahan, Nolan, Mitchell, Dawson, Ector, Fisher, Shackelford, Stephens, Borden, Gaines, Andrews, Haskell, Stonewall, Concho, McCulloch, and Martin Counties, all within the State of Texas. District Number 1 of the above marketing area shall include Brown, Eastland, Comanche, and Stephens Counties. District Number 2 shall include Taylor, Tom Green, Jones, Scurry, Coleman, Runnels, Callahan, Nolan, Mitchell, Fisher, Shackelford, Borden, Haskell, Stonewall, Concho, and McCulloch Counties. District Number 3 shall include Howard, Martin, Midland, Ector, Gaines, Dawson and Andrews Counties.

By the Borden Company, Midland, Texas:

3. Amend § 982.6 by deleting from the list of cities included in the marketing area the cities of Big Spring, Colorado City, Lamesa, Midland and Odessa, all in the State of Texas.

By Central West Texas Producers Association:

4. Consider a change in the provisions of § 982.7 (b) to delete or change the 15 percent factor included therein as a basis for determining whether or not a milk plant from which Class I milk is disposed of in the marketing area is an approved plant.

5. Amend § 982.14 to read as follows:

§ 982.14 *Route*. "Route" means any delivery (including any delivery by a vendor or at a plant store) of milk, skim milk, buttermilk, or flavored milk drinks, other than sales of milk in bulk to a milk processing plant.

With respect to class prices:

By Central West Texas Producers Association:

6. In § 982.50 change "plus 35 cents" to "plus 25 cents"

By Banner Dairies, the Borden Company, Abilene, Primrose Dairies and Gandy's Creameries:

7. In § 982.50 delete "plus 35 cents"

By Banner Dairies, the Borden Company, Abilene and Primrose Dairies:

8. Amend § 982.51 to read as follows:

§ 982.51 *Class II milk*. Subject to the provisions of §§ 982.52 and 982.53 the minimum price per hundredweight to be paid by each handler for milk received at his plant from producers and classified as Class II milk shall be the price for Class II milk established under Federal Order No. 43 regulating the handling of milk in the North Texas marketing area.

By Banner Dairies:

9. Amend § 982.51 by deleting from the proviso now included therein the words "through July 1953" so as to provide a permanent Class III.

By Central West Texas Producers Association:

10. In § 982.53 (b) change the rate opposite "105 miles or more" from "35 cents" to "25 cents"

By Gandy's Creameries:

11. Delete § 982.53 (b).

By the Borden Company, Midland, Texas:

12. Delete § 982.53 (a) and § 982.53 (b) (2) and provide for the establishment of one price payable by all handlers with plants located in Abilene, Big Spring, Colorado City, Lamesa, Midland, Odessa, San Angelo, Snyder, or Sweetwater.

By Banner Dairies:

13. Delete § 982.53.

With respect to producer payments and bases:

Proposed by the Borden Company, Abilene and Midland:

14. Amend §§ 982.70 through 982.73 and other sections of the order to provide individual handler pooling instead of market-wide pooling in computing payments to producers.

15. Provide that any handler who is operating on an individual handler pool may accept deliveries from any producers at any time and that such receipts shall be considered "base milk" and paid for according to its utilization, regardless of whether the producers so delivering it had any "base" established within the terms of the provisions of §§ 982.15, 982.16, 982.80 and 982.81.

Proposed by the Borden Company, Abilene:

16. Amend § 982.81 (b) by adding the following as subparagraph (3)

(3) In the event of a good faith sale by a producer to another producer of his

PROPOSED RULE MAKING

entire dairying operation, including his herd and all equipment, with a good faith intention to engage in the production of milk within the marketing area in the future, the entire base of the selling producer may be transferred to and used by the purchasing producer.

Proposed by Central West Texas Producers Association:

17. Amend § 982.81 (b) to read as follows:

(b) The entire base of a producer may be transferred to another producer by notifying the Market Administrator in writing, on or before the 1st day of the month to which such transfer becomes effective. Such notice shall be signed by both the transferor and the transferee.

By Banner Dairies:

18. Add the following as § 982.81 (b) (3)

(3) A base may be transferred when an entire herd is sold to one producer for Grade A production.

19. In § 982.91 (a) (2) change the rate opposite "105 miles or more" from "35 cents" to "25 cents"

By Gandy's Creameries:

20. Delete § 982.91 (a) (2)

By the Borden Company, Midland:

21. Amend § 982.91 to provide location adjustments to producers consistent with any changes in location adjustments to handlers.

By Banner Dairies:

22. Delete § 982.91.

By Dairy Branch, Production and Marketing Administration:

23. Make such other changes in the order as may be required to make the entire marketing agreement and order conform with any amendments that may result from this amendment hearing.

Copies of this notice of hearing and of the order now in effect may be procured from the Market Administrator, 6619 Denton Drive, Dallas 19, Texas, or from the Hearing Clerk, Room 1353, South Building, United States Department of Agriculture, Washing 25, D. C., or may be there inspected.

Dated: May 6, 1953.

[SEAL] ROY W LENNARTSON,
Assistant Administrator

[F. R. Doc. 53-4128; Filed, May 8, 1953;
8:52 a. m.]

NOTICES

DEPARTMENT OF COMMERCE

Federal Maritime Board

MOORE-McCORMACK LINES, INC., AND BULL
INSULAR LINE, INC.

NOTICE OF AGREEMENT FILED FOR APPROVAL

Notice is hereby given that the following described agreement has been filed with the Board for approval pursuant to section 15 of the Shipping Act, 1916, as amended, 39 Stat. 733, 46 U. S. C. 814.

Agreement No. 7908 between Moore-McCormack Lines, Inc. and Bull Insular Line, Inc., covers the transportation of cargo under through bills of lading from Denmark, Poland, Norway, Sweden and Finland to the Virgin Islands, with transshipment at New York.

Interested parties may inspect this agreement and obtain copies thereof at the Regulation Office, Federal Maritime Board, Washington, D. C., and may submit, within 20 days after publication of this notice in the FEDERAL REGISTER, written statements with reference to this agreement and their position as to approval, disapproval, or modification, together with request for hearing should such hearing be desired.

By order of the Federal Maritime Board.

Dated: May 6, 1953.

[SEAL] A. J. WILLIAMS,
Secretary.

[F. R. Doc. 53-4115; Filed, May 8, 1953;
8:49 a. m.]

YAMASHITA STEAMSHIP CO., LTD., ET AL.

NOTICE OF AGREEMENTS FILED FOR APPROVAL

Notice is hereby given that the following described agreements have been filed with the Board for approval pursuant to section 15 of the Shipping Act, 1916, as amended, 39 Stat. 733; 46 U. S. C. 814.

(1) Agreement No. 7899 between Yamashita Steamship Co., Ltd., and Pa-

cific Argentine Brazil Line, Inc., and Pope & Talbot, Inc., covers the transportation of cargo under through bills of lading from designated areas in the Far East to Puerto Rico, with transshipment at specified U. S. Pacific Coast ports.

(2) Agreement No. 8030-3, between the member lines of the Western Hemisphere Passenger Conference, modifies the basic agreement of that Conference (No. 8030) to permit the re-admission of United Fruit Company to Associate Membership rather than Full Membership notwithstanding the continued operation of passenger vessels within the scope of the conference agreement.

Interested parties may inspect these agreements and obtain copies thereof at the Regulation Office, Federal Maritime Board, Washington, D. C., and may submit, within 20 days after publication of this notice in the FEDERAL REGISTER, written statements with reference to either of the agreements and their position as to approval, disapproval, or modification, together with request for hearing should such hearing be desired.

By order of the Federal Maritime Board.

Dated: May 6, 1953.

[SEAL] A. J. WILLIAMS,
Secretary.

[F. R. Doc. 53-4116; Filed, May 8, 1953;
8:49 a. m.]

DEPARTMENT OF THE TREASURY

Bureau of Customs

[T. D. 53256]

M. DIZENGOFF & CO., INC., ET AL.

REGISTRATION OF HOUSE FLAG AND FUNNEL
MARK

MAY 5, 1953.

The Commissioner of Customs by virtue of the authority vested in him by law and in accordance with § 3.81 (a) Customs Regulations of 1943 (19 CFR 3.81 (a)) has registered the house flag and

funnel mark of M. Dizengoff & Co., Inc., M. Dizengoff & Co. (Shipping) Ltd., and M. Dizengoff & Co. (Navigation) 1951 Ltd., as described below:

(a) *House flag.* The house flag is in the shape of a burgee or fishtail with the sides of the fly parallel. The dimensions are given in proportion using a common denominator. As stated the numerator in each case expresses in inches the dimensions of a flag having a 4-foot hoist. The hoist is 48/48; the distance from the hoist to the two points of the fishtail is 72/48; and the distance from the hoist to the nearest point of the fishtail is 51/48. There are five horizontal stripes, the top one being a stripe of navy blue 10/48 in depth, then a stripe of white 5/48 in depth, then a stripe of navy blue 18/48 in depth, then a stripe of white 5/48 in depth, and finally a stripe of navy blue 10/48 in depth. In the center of the field is a white diamond with two corners on a vertical line and two corners on a horizontal line. The distance between the corners of the diamond on the vertical line is 16/48, whereas the distance between corners on the horizontal line is 22/48. The corner of the diamond on the horizontal line nearest the hoist is 14.5/48 from the hoist, and the lowest corner on the vertical line is 1/48 above the top of the lower white stripe. Centered in the diamond is a navy blue 6-pointed symmetrical star of the type known as the Star of David. One axis of the star is parallel to the hoist so that two of the star's points and the center of the star are on the vertical line connecting the upper and lower points of the diamond. The distance between the opposite points of the star is 11/48. The distance between the lower corner of the diamond and the lower point of the star is 2.5/48.

(b) *Funnel mark.* The funnel mark is to appear on a round funnel of light Prussian blue which is 38 feet 6 inches in height and 11 feet in diameter. Nine feet 2 inches from the top of the funnel is the top of a white band, 2 feet wide, running completely around the funnel. Two feet below the white band on each

side of the funnel and centered in a fore-and-aft direction is a white square. This square is orientated so that two of its four corners are on a vertical line and the other two corners are on a horizontal line when the vessel is in fore-and-aft trim. The distance between the corners on the vertical center line and the distance between the corners on the horizontal center line is 8 feet. Centered in the square 1 foot 4 inches below the upper corner is a Prussian blue 6-pointed symmetrical star of the type known as the Star of David. One axis of the star is vertical when the ship is in fore-and-aft trim so that two of its points and the center of the star are on the vertical line connecting the upper and lower corners of the square. The distance between the opposite points of the star is 5 feet 4 inches. Two feet from the lower point of the square is the top of the second white band which is 2 feet wide and runs completely around the funnel.

Colored drawings of the house flag and funnel mark described above are on file with the Federal Register Division.

[SEAL] DAVID B. STRUBINGER,
Acting Commissioner of Customs.

[F. R. Doc. 53-4122; Filed, May 8, 1953;
8:51 a. m.]

DEPARTMENT OF AGRICULTURE

Rural Electrification Administration

[Administrative Order 4047]

IOWA

LOAN ANNOUNCEMENT

MARCH 9, 1953.

Pursuant to the provisions of the Rural Electrification Act of 1936, as amended, a loan contract bearing the following designation has been signed on behalf of the Government acting through the Administrator of the Rural Electrification Administration:

Loan designation: *Amount*
Iowa 77P Davis..... \$335,000

[SEAL] CLAUDE R. WICKARD,
Administrator.

[F. R. Doc. 53-4129; Filed, May 8, 1953;
8:52 a. m.]

[Administrative Order 4048]

TEXAS

LOAN ANNOUNCEMENT

MARCH 9, 1953.

Pursuant to the provisions of the Rural Electrification Act of 1936, as amended, a loan contract bearing the following designation has been signed on behalf of the Government acting through the Administrator of the Rural Electrification Administration:

Loan designation: *Amount*
Texas 76 "AA" Blanco..... \$768,000

[SEAL] CLAUDE R. WICKARD,
Administrator.

[F. R. Doc. 53-4130; Filed, May 8, 1953;
8:53 a. m.]

[Administrative Order 4049]

KANSAS

LOAN ANNOUNCEMENT

MARCH 9, 1953.

Pursuant to the provisions of the Rural Electrification Act of 1936, as amended, a loan contract bearing the following designation has been signed on behalf of the Government acting through the Administrator of the Rural Electrification Administration:

Loan designation: *Amount*
Kansas 42D Lane..... \$100,000

[SEAL] CLAUDE R. WICKARD,
Administrator.

[F. R. Doc. 53-4131; Filed, May 8, 1953;
8:53 a. m.]

[Administrative Order 4050]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

Paragraph (b) of Administrative Order No. 3998, dated February 17, 1953, should be corrected to read as follows:

(b) Administrative Order No. 348, dated May 19, 1939, as amended by Administrative Order No. 654, dated January 5, 1942, by reducing the allocation of \$7,000 therein made for "Oklahoma R9022S1 Cotton" by \$459.22 so that the reduced allocation shall be \$6,540.78.

[SEAL] CLAUDE R. WICKARD,
Administrator.

[F. R. Doc. 53-4132; Filed, May 8, 1953;
8:53 a. m.]

[Administrative Order 4051]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 3841, dated October 21, 1952, by rescinding the loan of \$80,000 therein made for "New Mexico 15D Rio Arriba"

[SEAL] CLAUDE R. WICKARD,
Administrator.

[F. R. Doc. 53-4133; Filed, May 8, 1953;
8:53 a. m.]

[Administrative Order 4052]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 691, dated April 11, 1942, by reducing the allocation of \$1,300,000 therein made for "Louisiana 2021GT3 Webster" by \$339,576.27 so that the reduced allocation shall be \$960,423.73.

[SEAL] CLAUDE R. WICKARD,
Administrator.

[F. R. Doc. 53-4134; Filed, May 8, 1953;
8:53 a. m.]

[Administrative Order 4053]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 353, dated June 19, 1939, as amended by Administrative Order No. 447, dated April 22, 1940; Administrative Order No. 533, dated October 26, 1940; and Administrative Order No. 654, dated January 5, 1942, by reducing the allocation of \$8,000 therein made for "Nebraska 0076S4 Southern Nebraska District Public" by \$141.85 so that the reduced allocation shall be \$7,858.15;

(b) Administrative Order No. 449, dated April 22, 1940, as amended by Administrative Order No. 533, dated October 26, 1940; and Administrative Order No. 654, dated January 5, 1942, by reducing the allocation of \$5,000 therein made for "Nebraska O-R9076S5 Southern Nebraska District Public" by \$486.09 so that the reduced allocation shall be \$4,503.91.

(c) Administrative Order No. 627, dated October 8, 1941, as amended by Administrative Order No. 795, dated December 21, 1943, by reducing the allocation of \$11,000 therein made for "Nebraska 2076S7 Southern Nebraska District Public" by \$4,546.05 so that the reduced allocation shall be \$6,453.95; and

(d) Administrative Order No. 627, dated October 8, 1941, as amended by Administrative Order No. 795, dated December 21, 1943, by reducing the allocation of \$5,000 therein made for "Nebraska 2076S8 Southern Nebraska District Public" by \$3,379.26 so that the reduced allocation shall be \$1,620.74.

[SEAL] CLAUDE R. WICKARD,
Administrator.

[F. R. Doc. 53-4135; Filed, May 8, 1953;
8:53 a. m.]

[Administrative Order 4054]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 538, dated November 5, 1940, by rescinding the allocation of \$5,000 therein made for "Oregon 1022W1 Clackamas"

(b) Administrative Order No. 506, dated August 15, 1940, by reducing the allocation of \$6,000 therein made for "Oregon 1025W1 Deschutes" by \$2,478 so that the reduced allocation shall be \$3,522;

(c) Administrative Order No. 428, dated January 13, 1940, as amended by Administrative Order No. 435, dated February 19, 1940, by reducing the allocation of \$10,000 therein made for "Utah 0008W2 Duchesne" by \$1.99 so that the reduced allocation shall be \$9,998.01.

(d) Administrative Order No. 441, dated March 11, 1940, by reducing the allocation of \$5,000 therein made for "Utah 0008W3 Duchesne" by \$6 so that the reduced allocation shall be \$4,994;

(e) Administrative Order No. 506, dated August 15, 1940, by reducing the allocation of \$12,000 therein made for "Utah 1008W4 Duchesne" by \$3,062.88

so that the reduced allocation shall be \$8,937.12; and

(f) Administrative Order No. 675, dated February 19, 1942, by rescinding the allocation of \$10,000 therein made for "Washington 2032S2 Okanogan"

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4136; Filed, May 8, 1953;
8:53 a. m.]

[Administrative Order 4055]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 358, dated June 19, 1939, as amended by Administrative Order No. 457, dated May 10, 1940; and Administrative Order No. 568, dated March 21, 1941, by reducing the allocation of \$5,000 therein made for "Nebraska 9-0077W5 Norris District Public" by \$1,528.40 so that the reduced allocation shall be \$3,471.60;

(b) Administrative Order No. 449, dated March 21, 1941, as amended by Administrative Order No. 457, dated May 10, 1940; and Administrative Order No. 568, dated March 21, 1941, by reducing the allocation of \$4,000 therein made for "Nebraska 0-9077W7 Norris District Public" by \$2,888 so that the reduced allocation shall be \$1,112;

(c) Administrative Order No. 403, dated October 18, 1939, as amended by Administrative Order No. 457, dated May 10, 1940; and Administrative Order No. 568, dated March 21, 1941, by rescinding the allocation of \$1,500 therein made for "Nebraska 0-R9077W6 Norris District Public"

(d) Administrative Order No. 559, dated February 24, 1941, as amended by Administrative Order No. 568, dated March 21, 1941, by rescinding the allocation of \$2,500 therein made for "Nebraska 1077W8 Norris District Public" and

(e) Administrative Order No. 620, dated September 23, 1941, by rescinding the allocation of \$9,000 therein made for "Nebraska 2077S9 Norris District Public"

Administrator.

[SEAL] CLAUDE R. WICKARD,

[F. R. Doc. 53-4137; Filed, May 8, 1953;
8:53 a. m.]

[Administrative Order 4056]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 310, dated December 3, 1938, by reducing the allocation of \$12,000 therein made for "Florida R9016W2 Sumter" by \$6.51 so that the reduced allocation shall be \$11,993.49;

(b) Administrative Order No. 348, dated May 19, 1939, by reducing the allocation of \$10,000 therein made for "Florida R9016W3 Sumter" by \$1,890.93 so that the reduced allocation shall be \$8,109.07;

(c) Administrative Order No. 627, dated October 8, 1941, by rescinding the allocation of \$10,000 therein made for "Florida 2016S4 Sumter"

(d) Administrative Order No. 506, dated August 15, 1940, by reducing the allocation of \$10,000 therein made for "Florida 1017W3 Jackson" by \$6,650.30 so that the reduced allocation shall be \$3,349.70;

(e) Administrative Order No. 520, dated September 25, 1940, by rescinding the allocation of \$2,500 therein made for "Florida 1025W1 Lee"

(f) Administrative Order No. 747, dated March 20, 1943, by reducing the allocation of \$2,000 therein made for "Florida 3-8028S2 Madison" by \$874 so that the reduced allocation shall be \$1,126; and

(g) Administrative Order No. 2956, dated October 2, 1950, by rescinding the loan of \$50,000 therein made for "Florida 35G Glades"

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4138; Filed, May 8, 1953;
8:54 a. m.]

[Administrative Order 4057]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 275, dated July 25, 1938, by reducing the allocation of \$15,000 therein made for "Virginia 9031W1 Mecklenburg" by \$7,139.98 so that the reduced allocation shall be \$7,860.02;

(b) Administrative Order No. 463, dated May 22, 1940, by reducing the allocation of \$6,000 therein made for "Virginia 0-7037W1 Nansemond" by \$499.77 so that the reduced allocation shall be \$5,500.23;

(c) Administrative Order No. 3041, dated November 25, 1950, by rescinding the loan of \$50,000 therein made for "Virginia 37R Nansemond"

(d) Administrative Order No. 444, dated March 23, 1940, by reducing the allocation of \$5,000 therein made for "Virginia 0038W1 Loudoun" by \$3,759 so that the reduced allocation shall be \$1,241, and

(e) Administrative Order No. 635, dated November 5, 1941, by rescinding the allocation of \$7,500 therein made for "Virginia 2039S1 Northampton"

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4139; Filed, May 8, 1953;
8:54 a. m.]

[Administrative Order 4058]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 620, dated September 23, 1941, by reducing the allocation of \$15,000 therein made for "Texas 2078S3 Cherokee" by \$9,437.08 so that the reduced allocation shall be \$5,562.92;

(b) Administrative Order No. 368, dated June 30, 1939, as amended by Administrative Order No. 457, dated May 10, 1940, by reducing the allocation of \$4,000 therein made for "Texas 9-0085W1 Wise" by \$3,802.10 so that the reduced allocation shall be \$197.90;

(c) Administrative Order No. 476, dated July 1, 1940, by reducing the allocation of \$8,000 therein made for "Texas 1089W1 Houston" by \$692 so that the reduced allocation shall be \$7,308;

(d) Administrative Order No. 348, dated May 19, 1939, by reducing the allocation of \$5,000 therein made for "Texas R9091W1 San Patricio" by \$4,377.08 so that the reduced allocation shall be \$622.92;

(e) Administrative Order No. 358, dated June 19, 1939, as amended by Administrative Order No. 457, dated May 10, 1940, by reducing the allocation of \$5,000 therein made for "Texas 9-0092W1 Bandera" by \$3,367.69 so that the reduced allocation shall be \$1,632.31, and

(f) Administrative Order No. 620, dated September 23, 1941, by reducing the allocation of \$2,000 therein made for "Texas 2095S3 Medina" by \$1,127.53 so that the reduced allocation shall be \$872.47.

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4140; Filed, May 8, 1953;
8:54 a. m.]

[Administrative Order 4059]

ALLOCATIONS OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 470, dated July 1, 1940, by reducing the allocation of \$9,000 therein made for "Texas 1097W1 Childress" by \$6,032 so that the reduced allocation shall be \$2,968;

(b) Administrative Order No. 506, dated August 15, 1940, by reducing the allocation of \$10,000 therein made for "Texas 1100W2 Washington" by \$1,637.48 so that the reduced allocation shall be \$8,362.52;

(c) Administrative Order No. 635, dated November 5, 1941, by reducing the allocation of \$15,000 therein made for "Texas 2103S2 Polk" by \$6,134.73 so that the reduced allocation shall be \$8,865.27;

(d) Administrative Order No. 487, dated July 17, 1940, by reducing the allocation of \$3,000 therein made for "Texas 1108W1 Swisher" by \$1,554 so that the reduced allocation shall be \$1,446;

(e) Administrative Order No. 538, dated November 5, 1940, by reducing the allocation of \$6,000 therein made for "Texas 1114W1 Tom Green" by \$3,660 so that the reduced allocation shall be \$2,340; and

(f) Administrative Order No. 676, dated February 20, 1942, by rescinding the allocation of \$5,000 therein made for "Texas 2115S1 Grimes"

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4141; Filed, May 8, 1953;
8:54 a. m.]

[Administrative Order 4060]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 297, dated September 30, 1938, by reducing the allocation of \$5,000 therein made for "Iowa R9032W1 Butler" by \$3,375.01 so that the reduced allocation shall be \$1,624.99.

(b) Administrative Order No. 676, dated February 20, 1942, by rescinding the allocation of \$4,500 therein made for "Iowa 2032S2 Butler".

(c) Administrative Order No. 159, dated November 4, 1937, by reducing the allocation of \$5,000 therein made for "Iowa 8036W Wright" by \$2,310.94 so that the reduced allocation shall be \$2,689.06;

(d) Administrative Order No. 520, dated September 25, 1940, by reducing the allocation of \$10,000 therein made for "Minnesota 1063W3 Scott" by \$2,352.13 so that the reduced allocation shall be \$7,647.87;

(e) Administrative Order No. 627, dated October 8, 1941, by rescinding the allocation of \$19,000 therein made for "Minnesota 2063S4 Scott" and

(f) Administrative Order No. 627, dated October 8, 1941, by reducing the allocation of \$12,000 therein made for "Minnesota 2082S3 Becker" by \$7,641.61 so that the reduced allocation shall be \$4,358.39.

[SEAL] CLAUDE R. WICKARD,
Administrator.[F. R. Doc. 53-4142; Filed, May 8, 1953;
8:54 a. m.]

[Administrative Order 4061]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 444, dated March 23, 1940, as amended by Administrative Order No. 446, dated March 28, 1940; and Administrative Order No. 457, dated May 10, 1940, by rescinding the allocation of \$3,000 therein made for "Iowa O-9040W1 Marion".

(b) Administrative Order No. 559, dated February 24, 1941, by reducing the allocation of \$2,500 therein made for "Iowa 1052W2 Howard" by \$1,221 so that the reduced allocation shall be \$1,279;

(c) Administrative Order No. 322, dated February 20, 1939, by reducing the allocation of \$10,000 therein made for "Iowa R9055W1 O'Brien" by \$8,295.32 so that the reduced allocation shall be \$1,704.68;

(d) Administrative Order No. 358, dated June 19, 1939, as amended by Administrative Order No. 457, dated May 10, 1940, by reducing the allocation of \$5,000 therein made for "Iowa 9-0069W1 Henry" by \$3,004 so that the reduced allocation shall be \$1,996;

(e) Administrative Order No. 410, dated November 8, 1939, as amended by Administrative Order No. 457, dated May 10, 1940, by reducing the allocation of \$5,000 therein made for "Iowa O-7071W1 Buchanan" by \$100 so that

the reduced allocation shall be \$4,900; and

(f) Administrative Order No. 635, dated November 5, 1941, by reducing the allocation of \$5,000 therein made for "Iowa 2071S2 Buchanan" by \$4,026 so that the reduced allocation shall be \$74.

[SEAL] CLAUDE R. WICKARD,
Administrator.[F. R. Doc. 53-4143; Filed, May 8, 1953;
8:54 a. m.]

[Administrative Order 4062]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 403, dated October 18, 1939, as amended by Administrative Order No. 457, dated May 10, 1940, by reducing the allocation of \$5,000 therein made for "Illinois O-R9028W2 Campaign" by \$940.49 so that the reduced allocation shall be \$4,059.51;

(b) Administrative Order No. 635, dated November 5, 1941, by rescinding the allocation of \$8,000 therein made for "Illinois 2028S3 Campaign";

(c) Administrative Order No. 318, dated January 31, 1939, by reducing the allocation of \$5,000 therein made for "Illinois R9030W1 Adams" by \$1,586 so that the reduced allocation shall be \$3,414;

(d) Administrative Order No. 635, dated November 5, 1941, by rescinding the allocation of \$14,000 therein made for "Illinois 2030S2 Adams";

(e) Administrative Order No. 635, dated November 5, 1941, by reducing the allocation of \$5,000 therein made for "Illinois 2036S2 Jasper" by \$4,123 so that the reduced allocation shall be \$877; and

(f) Administrative Order No. 343, dated May 11, 1939, by reducing the allocation of \$2,500 therein made for "Iowa R9023W1 Crawford" by \$1,158 so that the reduced allocation shall be \$1,342.

[SEAL] CLAUDE R. WICKARD,
Administrator.[F. R. Doc. 53-4144; Filed, May 8, 1953;
8:54 a. m.]

[Administrative Order 4063]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 463, dated May 22, 1940, by reducing the allocation of \$8,000 therein made for "Minnesota O-R9032W2 Fillmore" by \$6 so that the reduced allocation shall be \$7,994;

(b) Administrative Order No. 569, dated March 25, 1941, by reducing the allocation of \$2,500 therein made for "Minnesota 1032W3 Fillmore" by \$19 so that the reduced allocation shall be \$2,481.

(c) Administrative Order No. 627, dated October 8, 1941, by rescinding the allocation of \$10,000 therein made for "Minnesota 2032S4 Fillmore";

(d) Administrative Order No. 520, dated September 25, 1940, by reducing the allocation of \$8,000 therein made for "Minnesota 1043W5 Anoka" by \$3,146.54 so that the reduced allocation shall be \$4,853.46;

(e) Administrative Order No. 627, dated October 8, 1941, by rescinding the allocation of \$5,000 therein made for "Minnesota 2043S6 Anoka" and

(f) Administrative Order No. 627, dated October 8, 1941, by rescinding the allocation of \$15,000 therein made for "Minnesota 2073S1 Pipestone".

[SEAL] CLAUDE R. WICKARD,
Administrator.[F. R. Doc. 53-4145; Filed, May 8, 1953;
8:54 a. m.]

[Administrative Order 4064]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 544, dated December 6, 1940, by reducing the allocation of \$3,000 therein made for "Idaho 1021W1 Camas" by \$1,739.03 so that the reduced allocation shall be \$1,260.97;

(b) Administrative Order No. 91, dated May 3, 1937, as amended by Administrative Order No. 531, dated October 18, 1940, and Administrative Order No. 535, dated October 31, 1940, by reducing the allocation of \$4,100 therein made for "Montana 7001W1 Ravalli" by \$642.59 so that the reduced allocation shall be \$3,457.41.

(c) Administrative Order No. 675, dated February 19, 1942, by rescinding the allocation of \$15,000 therein made for "Montana 2001S2 Ravalli".

(d) Administrative Order No. 3096, dated November 3, 1950, by rescinding the loan of \$25,000 therein made for "Montana 5H Richland".

(e) Administrative Order No. 450, dated April 22, 1940, by rescinding the allocation of \$5,000 therein made for "Montana O-3016W1 Park".

(f) Administrative Order No. 394, dated September 27, 1939, by reducing the allocation of \$3,500 therein made for "Montana 0017W1 Rosebud" by \$1,110.56 so that the reduced allocation shall be \$2,389.44; and

(g) Administrative Order No. 476, dated July 1, 1940, by reducing the allocation of \$10,000 therein made for "Montana 1019W1 Stillwater" by \$3,461 so that the reduced allocation shall be \$6,539.

[SEAL] CLAUDE R. WICKARD,
Administrator.[F. R. Doc. 53-4146; Filed, May 8, 1953;
8:55 a. m.]

[Administrative Order 4065]

ALLOCATION OF FUNDS FOR LOANS

MARCH 9, 1953.

I hereby amend:

(a) Administrative Order No. 428, dated January 13, 1940, by reducing the allocation of \$5,000 therein made for "Alabama 0009W1 Clarke-Washington"

NOTICES

by \$4,240 so that the reduced allocation shall be \$760;

(b) Administrative Order No. 428, dated January 13, 1940, as amended by Administrative Order No. 457, dated May 10, 1940, by rescinding the allocation of \$5,000 therein made for "Alabama O-8020W2 Baldwin"

(c) Administrative Order No. 163, dated November 24, 1937, by rescinding the allocation of \$15,000 therein made for "Alabama 8021W Cherokee"

(d) Administrative Order No. 394, dated September 27, 1939, by reducing the allocation of \$5,000 therein made for "Alabama 0028W1, Chambers" by \$2,267.72 so that the reduced allocation shall be \$2,732.28;

(e) Administrative Order No. 348, dated May 19, 1939, by reducing the allocation of \$5,000 therein made for "Alabama R9029W1 Greene" by \$2,524 so that the reduced allocation shall be \$2,476;

(f) Administrative Order No. 2695, dated May 23, 1950, by rescinding the loan of \$200,000 therein made for "Florida 14AB Clay" and

(g) Administrative Order No. 610, dated July 25, 1941, by rescinding the allocation of \$30,000 therein made for "Georgia 2035W1 Walton"

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4147; Filed, May 8, 1953;
8:55 a. m.]

[Administrative Order 4066]

ALLOCATION OF FUNDS FOR LOANS

MARCH 10, 1953.

I hereby amend:

(a) Administrative Order No. 466, dated May 28, 1940, by reducing the allocation of \$5,000 therein made for "Nebraska 0063W2 Stanton District Public" by \$1,402.54 so that the reduced allocation shall be \$3,597.46;

(b) Administrative Order No. 627, dated October 8, 1941, by rescinding the allocation of \$6,500 therein made for "Nebraska 2063S3 Stanton District Public"

(c) Administrative Order No. 440, dated March 11, 1940, by reducing the allocation of \$5,000 therein made for "Wyoming 0009W2 Uinta" by \$1,556 so that the reduced allocation shall be \$3,444; and

(d) Administrative Order No. 293, dated September 27, 1938, by reducing the allocation of \$20,000 therein made for "Wyoming R9011W2 Lincoln" by \$0.86 so that the reduced allocation shall be \$19,999.14.

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4148; Filed, May 8, 1953;
8:55 a. m.]

[Administrative Order 4067]

ALABAMA

LOAN ANNOUNCEMENT

MARCH 11, 1953.

Pursuant to the provisions of the Rural Electrification Act of 1936, as amended, a

loan contract bearing the following designation has been signed on behalf of the Government acting through the Administrator of the Rural Electrification Administration:

Loan designation: Amount
Alabama 28 "L" Chambers----- \$395,000

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4149; Filed, May 8, 1953;
8:55 a. m.]

[Administrative Order 4068]

IOWA

LOAN ANNOUNCEMENT

MARCH 11, 1953.

Pursuant to the provisions of the Rural Electrification Act of 1936, as amended, a loan contract bearing the following designation has been signed on behalf of the Government acting through the Administrator of the Rural Electrification Administration:

Loan designation: Amount
Iowa 21M Guthrie----- \$270,000

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4150; Filed, May 8, 1953;
8:55 a. m.]

[Administrative Order 4069]

NORTH CAROLINA

LOAN ANNOUNCEMENT

MARCH 11, 1953.

Pursuant to the provisions of the Rural Electrification Act of 1936, as amended, a loan contract bearing the following designation has been signed on behalf of the Government acting through the Administrator of the Rural Electrification Administration:

Loan designation: Amount
North Carolina 53L Burke----- \$290,000

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4151; Filed, May 8, 1953;
8:55 a. m.]

[Administrative Order 4070]

ALLOCATION OF FUNDS FOR LOANS

MARCH 11, 1953.

I hereby amend:

(a) Administrative Order No. 182, dated January 19, 1938, by reducing the allocation of \$8,000 therein made for "Michigan 8026W Ingham" by \$6.39 so that the reduced allocation shall be \$7,993.61.

(b) Administrative Order No. 318, dated January 31, 1939, by reducing the allocation of \$10,000 therein made for "Michigan R9026W2 Ingham" by \$128.87 so that the reduced allocation shall be \$9,871.13.

(c) Administrative Order No. 520, dated September 25, 1940, by reducing the allocation of \$40,000 therein made

for "Michigan 1037W4 Huron" by \$33,-587.77 so that the reduced allocation shall be \$6,412.23;

(d) Administrative Order No. 307, dated November 3, 1938, by reducing the allocation of \$8,000 therein made for "Ohio R9029W1 Pike" by \$722.26 so that the reduced allocation shall be \$7,277.74.

(e) Administrative Order No. 281, dated August 18, 1938, by reducing the allocation of \$5,000 therein made for "Ohio R9041W1 Licking" by \$1,122.40 so that the reduced allocation shall be \$3,877.60;

(f) Administrative Order No. 281, dated August 18, 1938, by rescinding the allocation of \$2,400 therein made for "Ohio R9050W1 Union"; and

(g) Administrative Order No. 315, dated December 29, 1938, by reducing the allocation of \$5,000 therein made for "Ohio R9074W1 Butler" by \$2,794.56 so that the reduced allocation shall be \$2,205.44.

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4152; Filed, May 8, 1953;
8:55 a. m.]

[Administrative Order 4071]

ALLOCATION OF FUNDS FOR LOANS

MARCH 11, 1953.

I hereby amend:

(a) Administrative Order No. 204, dated March 7, 1938, by reducing the allocation of \$5,000 therein made for "Tennessee 8009W1 Macon" by \$88.06 so that the reduced allocation shall be \$4,911.04.

(b) Administrative Order No. 358, dated June 19, 1939, as amended by Administrative Order No. 457, dated May 10, 1940, by reducing the allocation of \$5,000 therein made for "Tennessee 9-0009W2 Macon" by \$3,601.72 so that the reduced allocation shall be \$1,398.28;

(c) Administrative Order No. 410, dated November 8, 1939, by rescinding the allocation of \$10,000 therein made for "Tennessee 0024W1 Montgomery";

(d) Administrative Order No. 676, dated February 20, 1942, by rescinding the allocation of \$25,000 therein made for "Tennessee 2046S1 Warren";

(e) Administrative Order No. 620, dated September 23, 1941, by reducing the allocation of \$25,000 therein made for "Tennessee 2048S1 Lauderdale" by \$13,927.76 so that the reduced allocation shall be \$11,072.24.

(f) Administrative Order No. 635, dated November 5, 1941, by reducing the allocation of \$20,000 therein made for "Tennessee 2049S1 Fayette" by \$16,909.92 so that the reduced allocation shall be \$3,090.08; and

(g) Administrative Order No. 620; dated September 23, 1941, by reducing the allocation of \$20,000 therein made for "Tennessee 2051S1 Johnson" by \$15,281.93 so that the reduced allocation shall be \$4,718.07.

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4153; Filed, May 8, 1953;
8:55 a. m.]

[Administrative Order T-272]

TENNESSEE

LOAN ANNOUNCEMENT

MARCH 11, 1953.

Pursuant to the provisions of the Rural Electrification Act of 1936, as amended, a loan contract bearing the following designation has been signed on behalf of the Government acting through the Administrator of the Rural Electrification Administration:

Loan designation: *Amount*
DeKalb Telephone Cooperative,
Tennessee 521-B----- \$172,000

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4154; Filed, May 8, 1953;
8:56 a. m.]

[Administrative Order T-273]

MASSACHUSETTS

LOAN ANNOUNCEMENT

MARCH 11, 1953.

Pursuant to the provisions of the Rural Electrification Act of 1936, as amended, a loan contract bearing the following designation has been signed on behalf of the Government acting through the Administrator of the Rural Electrification Administration:

Loan designation: *Amount*
Granby Telephone & Telegraph
Co. of Massachusetts, Massa-
chusetts 501-B----- \$125,000

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4155; Filed, May 8, 1953;
8:56 a. m.]

[Administrative Order T-274]

UTAH

LOAN ANNOUNCEMENT

MARCH 11, 1953.

Pursuant to the provisions of the Rural Electrification Act of 1936, as amended, a loan contract bearing the following designation has been signed on behalf of the Government acting through the Administrator of the Rural Electrification Administration:

Loan designation: *Amount*
Bear River Telephone Co., Utah
502-B----- \$136,000

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4156; Filed, May 8, 1953;
8:56 a. m.]

[Administrative Order T-275]

KENTUCKY

LOAN ANNOUNCEMENT

MARCH 12, 1953.

Pursuant to the provisions of the Rural Electrification Act of 1936, as amended, a loan contract bearing the following designation has been signed on behalf

No. 90—6

of the Government acting through the Administrator of the Rural Electrification Administration:

Loan designation: *Amount*
Mountain Rural Telephone Co-
operative Corp., Inc., Ken-
tucky 506-B----- \$238,000

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4157; Filed, May 8, 1953;
8:56 a. m.]

[Administrative Order T-276]

SOUTH CAROLINA

LOAN ANNOUNCEMENT

MARCH 12, 1953.

Pursuant to the provisions of the Rural Electrification Act of 1936, as amended, a loan contract bearing the following designation has been signed on behalf of the Government acting through the Administrator of the Rural Electrification Administration:

Loan designation: *Amount*
St. Matthews Telephone Co.,
South Carolina 501-B----- \$97,000

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4158; Filed, May 8, 1953;
8:56 a. m.]

[Administrative Order T-277]

UTAH

LOAN ANNOUNCEMENT

MARCH 12, 1953.

Pursuant to the provisions of the Rural Electrification Act of 1936, as amended, a loan contract bearing the following designation has been signed on behalf of the Government acting through the Administrator of the Rural Electrification Administration:

Loan designation: *Amount*
Uintah Basin Telephone Associa-
tion, Utah 504-B----- \$79,000

[SEAL] CLAUDE R. WICKARD,
Administrator

[F. R. Doc. 53-4159; Filed, May 8, 1953;
8:56 a. m.]

DEPARTMENT OF LABOR

Wage and Hour Division

[Administrative Order 431]

SPECIAL INDUSTRY COMMITTEE NO. 14 FOR
PUERTO RICO

ACCEPTANCE OF RESIGNATIONS FROM AND
APPOINTMENTS TO COMMITTEE.

Pursuant to authority under the Fair Labor Standards Act of 1938, as amended (52 Stat. 1060, as amended; 29 U. S. C. 201), the following changes in the membership of Special Industry Committee No. 14 for Puerto Rico are hereby made:

1. The resignation of David Sternback is hereby accepted and Jose M.

Cueto of Santurce, Puerto Rico, is appointed to serve on said Committee in his stead as a representative of the employees.

2. The resignation of Victor J. Canzano is hereby accepted and George E. Carignan of New Bedford, Massachusetts, is appointed to serve on said Committee in his stead as a representative of the employees.

Alexander McKeown and George E. Carignan shall serve as members of the Committee in such order as the Administrator may direct, but they shall not serve concurrently.

Signed at Washington, D. C., this 5th day of May 1953.

Wm. R. McCOMB,
Administrator
Wage and Hour Division.

[F. R. Doc. 53-4031; Filed, May 8, 1953;
8:45 a. m.]

CIVIL AERONAUTICS BOARD

[Docket No. 5949]

RESORT AIRLINES, INC.

NOTICE OF PREHEARING CONFERENCE

Notice is hereby given that a prehearing conference in the above-entitled proceeding is assigned to be held on May 14, 1953, at 10:00 a. m., e. d. s. t., in Room 2045, Temporary Building No. 4, Seventeenth Street, South of Constitution Avenue NW., Washington, D. C., before Examiner Paul N. Pfeiffer.

Dated at Washington, D. C., May 5, 1953.

[SEAL] FRANCIS W. BROWN,
Chief Examiner

[F. R. Doc. 53-4125; Filed, May 8, 1953;
8:52 a. m.]

[Docket No. 5777]

FRONTIER AIRLINES, INC., WILLISTON
BASIN AREA CASE

NOTICE OF PREHEARING CONFERENCE

In the matter of the application of Frontier Airlines, Inc., under section 401 of the Civil Aeronautics Act of 1938, as amended, and such other sections thereof as may be applicable for an amendment to its temporary certificate of public convenience and necessity designated route No. 73.

Notice is hereby given that a prehearing conference in the above-entitled matter and on the following applications, Docket No. 5708, City of Miles City, Montana; Docket No. 5724, City of Sidney, Montana; Docket No. 5725, City of Wolf Point, Montana; Docket No. 5726, City of Billings, Montana; Docket No. 5727, City of Glendive, Montana; Docket No. 5741, City of Williston, North Dakota; and Docket No. 5788, City of Dickinson, North Dakota, is assigned to be held on May 22, 1953, at 10:00 a. m., (e. d. s. t.) in Room E-210, Temporary Building No. 5, Sixteenth Street and Constitution Avenue NW., Washington, D. C., before Examiner Paul N. Pfeiffer.

Dated at Washington, D. C., May 6, 1953.

[SEAL] FRANCIS W BROWN,
Chief Examiner

[F. R. Doc. 53-4126; Filed, May 8, 1953;
8:52 a. m.]

[Docket No. 5984]

AMERICAN AIRLINES; NOGALES, ARIZ.,
INVESTIGATION

NOTICE OF PREHEARING CONFERENCE

In the matter of an investigation to determine whether the public convenience and necessity require amendment of American Airlines' certificate of public convenience and necessity for route No. 4 to authorize service to Nogales, Arizona.

Notice is hereby given that a prehearing conference in the above-entitled matter is assigned to be held on May 21, 1953, at 2:00 p. m., e. d. s. t., in Room E-210, Temporary Building No. 5, Sixteenth and Constitution Avenue NW., Washington, D. C., before Examiner Joseph L. Fitzmaurice.

Dated at Washington, D. C., May 6, 1953.

[SEAL] FRANCIS W BROWN,
Chief Examiner

[F. R. Doc. 53-4124; Filed, May 8, 1953;
8:52 a. m.]

FEDERAL POWER COMMISSION

[Docket No. G-2161]

CITIES SERVICE GAS Co.

NOTICE OF APPLICATION

MAY 5, 1953.

Take notice that Cities Service Gas Company (Applicant) a Delaware corporation, address Oklahoma City, Oklahoma, filed on April 27, 1953, 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 6 miles of 10-inch natural-gas transmission pipeline to replace an existing section of 6-inch pipeline extending westwardly from an 8-inch line between Applicant's Knobnoster Compressor Station and Carrollton, Missouri, to a point in Lafayette County, Missouri.

Applicant proposes to construct and operate the proposed replacement facilities to allow operation of the compressors at its Knobnoster Station and the 8-inch line extending from said station within reasonable limits and at the same time to meet increased firm requirements on its system in that area which are anticipated during 1953-1954.

Applicant represents that to meet its estimated 1953-1954 requirements with existing facilities would result in approximately 21 percent overload upon existing units installed in its Knobnoster Station, and that by the installation of the proposed larger diameter pipe such overload will be reduced to approximately 10 percent.

The total estimated capital cost of the construction proposed by Applicant is \$105,000. The estimated cost of reclaiming the existing pipe to be replaced is \$12,300, and the credit for salvage on material reclaimed is estimated to be \$14,300, resulting in a net construction cost of the proposed facilities of approximately \$103,000.

Applicant proposes to finance such cost out of an unsecured bank credit in the amount of \$15,000,000 which has been negotiated by 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 May 1953. The application is on file with the Commission for public inspection.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 53-4114; Filed, May 8, 1953;
8:49 a. m.]

HOUSING AND HOME
FINANCE AGENCY

Office of the Administrator

CRITICAL DEFENSE HOUSING AREAS

NOTICE OF DEFENSE HOUSING PROGRAMS

Appearing below are amendments to previously published defense housing programs, additional new defense housing programs, and supplemental housing programs to defense housing programs previously published. These amendments are published herein as amendments to Part II (Defense Housing Programs) initially published in the FEDERAL REGISTER October 27, 1951 (16 F R. 10963)

Applications relating to the construction of such defense housing may be filed with the local FHA office serving the particular critical defense housing area in which the proposed defense housing is located under appropriate regulations of the FHA, and in connection with such housing, the aids authorized by the Defense Housing and Community Facilities and Services Act of 1951 (Pub. Law 139, 82d Cong.) are available. These aids include the more liberal form of Federal Housing Administration mortgage insurance under title IX of the National Housing Act, as amended, and the special benefits provided in title III of that Act in connection with commitments by the Federal National Mortgage Association for the purchase of mortgages covering defense housing programmed by the Housing and Home Finance Administrator. To be eligible for these special aids all applicable requirements, conditions and restrictions imposed by or pursuant to said title III or title IX of the National Housing Act, as amended, must be complied with. Information concerning such requirements, conditions and restrictions may be obtained from the local FHA and FNMA offices.

The critical defense housing areas listed in Part II hereof indicate the areas in connection with which defense hous-

ing has been programmed. In order to be eligible for the special aids authorized, the housing must be located within the designated critical defense housing area.

PART II—DEFENSE HOUSING PROGRAMS
AMENDMENTS TO DEFENSE HOUSING PROGRAMS PREVIOUSLY PUBLISHED

Amendment 1. Area program numbered 18 (Tooele, Utah) appearing in the FEDERAL REGISTER of October 27, 1951 (16 F R. 10962) is amended by reducing the number of two-bedroom rental units from 25 to 15 and the number of two-bedroom sales units from 150 to 132, and by increasing the number of three or more bedroom units for rent from 25 to 35, and the number of three or more bedroom units for sale from 50 to 68. As thus amended the total number of units for rent or sale, 250, remains the same as in the original program.

Amendment 2. Area program numbered 41 (Bucks County) appearing in the FEDERAL REGISTER of October 27, 1951 (16 F R. 10962) is amended by reducing the number of one-bedroom rental units from 380 to 307, the number of two-bedroom rental units from 1000 to 843, the number of three or more bedrooms rental units from 120 to 119, and the number of three or more bedrooms sale units is reduced from 380 to 357. As thus amended the rental quota is reduced by 231 units and the sales quota by 23 units and the total number of sale and rental units is 2,246. The footnotes to the area program are further amended so that in footnote 1 the number of units is reduced from 300 units to 227 and in footnote 2 the number of units from 700 units to 599.

Amendment 3. Area program numbered 59 (Tucson, Arizona) appearing in the FEDERAL REGISTER of November 28, 1951 (16 F R. 11980) and last amended in the FEDERAL REGISTER of March 26, 1953 (18 F R. 1709) is further amended by reducing the number of two-bedroom sales units from 225 to 136, and the number of three or more bedrooms sale units from 125 to 116. As thus amended area program 59 now provides for 537 rental units and 252 sales units for a total of 789 sales and rental units.

Amendment 4. Area program numbered 93 (Clovis, New Mexico) appearing in the FEDERAL REGISTER of December 19, 1951 (16 F R. 12731) is amended by reducing the number of two-bedroom rental units from 75 to 42, the number of three or more bedrooms rental units from 25 to 20, the number of two-bedroom sale units from 75 to 69, and the number of three or more bedrooms sale units from 25 to 3. As amended the program provides for 62 rental units and 72 sale units for a total of 134 units.

Amendment 5. Area program numbered 176 (Bagdad, Arizona) appearing in the FEDERAL REGISTER of July 31, 1952 (17 F R. 7027) is amended by increasing the maximum sales price in the case of two bedroom sale units from \$6,000 to \$6,500, and in the case of three or more bedroom sale units from \$7,000 to \$7,500. In all other respects the program remains the same as originally published.

Amendment 6 The description of the critical defense housing area in area program numbered 149 (Bedford Massachusetts Area) appearing in the FEDERAL REGISTER of April 12 1952 (17 F. R. 3244) is amended to read as follows:

AMENDMENT ADDING NEW DEFENSE HOUSING PROGRAMS AND SUPPLEMENTAL DEFENSE HOUSING PROGRAMS

221 Clinton-Elk City-Coidell, Oklahoma.

NEEDED DEFENSE HOUSING

Unit also	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.....	1,220	\$75 00			220
2 bedrooms.....	2 30	85 00			30
3 or more bedrooms					
Total	250				250

120 of these units at a monthly rental not to exceed \$60; 100 of these units at a monthly rental not to exceed \$67 50
 16 of these units at a monthly rental of \$77 50 or less

LIST OF DEFENSE ACTIVITIES

Clinton Air Force Base

CRITICAL DEFENSE HOUSING AREA

Clinton Township, including Clinton City, in Custer County; the townships of Becale, Cordell South Elk North Elk, East Turkey Creek West Turkey Creek, and Rahney, including the incorporated parts thereof in Washita County; the townships of Elk, Merritt and Sayre, including Elk City and Sayre City in Beckham County; and the township of Hobart, including Hobart City in Kiowa County; all in Oklahoma

222 Harrisburg, Pennsylvania

NEEDED DEFENSE HOUSING

Unit also	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.....	75	\$52 50			75
2 bedrooms.....	1,625	75 00	55	\$1 500	760
3 or more bedrooms	20	80 00	75	10,500	125
Total	1,720		150		860

150 of these units at a rental not to exceed \$45; 23 units at a rental not to exceed \$55; and 125 units at a rental not to exceed \$70 per month

Note: The area program for Southeast Pinal County, Arizona, No 223, was published in the FEDERAL REGISTER April 10, 1953 (18 F. R. 2033)

LIST OF DEFENSE ACTIVITIES

- 1 Olmstead AFB—Air Materiel Area Middletown
- 2 U S Naval Supply Depot, Meacham, New Cumberland General Depot, New Cumberland
- 3 Carlisle Barracks Carlisle
- 4 Thompson Products Company Harrisburg
- 5 Bethlehem Steel Company, Steelton

CRITICAL DEFENSE HOUSING AREA

Dauphin County, Cumberland County (except the Townships of Hopewell Shippensburg Southampton, Lower Mifflin Upper Mifflin North Newton South Newton and the Boroughs of Newberg, Shippensburg and Newville); and in Perry County the Townships of Rye, Penn and Wheatfield, and the Boroughs of Duncannon and Marysville

224 Foley, Alabama

NEEDED DEFENSE HOUSING

Unit also	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.....	10	\$50 00	5	\$7 000	15
2 bedrooms.....	8	70 00	2	8,000	10
3 or more bedrooms					
Total	18		7		25

LIST OF DEFENSE ACTIVITIES

U S Naval Auxiliary Air Station (Barin Field)

CRITICAL DEFENSE HOUSING AREA

Election Precincts 13 and 14 including Foley Town, in Baldwin County

41 (A) Bucks County, Pennsylvania

NEEDED DEFENSE HOUSING

Unit also	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.....	75	\$55 00			75
2 bedrooms.....	1,750	75 00	55	\$10,500	1,105
3 or more bedrooms	75	85 00	50	11,500	75
Total	1,900		1,055		2,105

150 of these units of monthly rental not to exceed \$55.
 175 of these units in addition to the 1,550 rental and 97 sales units authorized in Program No 41 as revised this date.

LIST OF DEFENSE ACTIVITIES

- 1 Fairless Works of U S Steel Co, Morrisville Pa
- 2 National Tube Company, Morrisville, Pa.
- 3 Kaiser Metal Products Co Bristol, Pa.
- 4 Hunter Manufacturing Company, Emille, Pa.
- 5 Pulco Corporation, Croydon Pa.
- 6 Badenhausen Corporation, Cornwall Heights, Pa
- 7 Rohm & Haas Company Bristol, Pa.
- 8 Lavelle Aircraft Corporation, Newtown, Pa
- 9 Bristol Engineering Corp Bristol, Pa.
- 10 Cornwell Chemical Corp, Cornwall Heights, Pa
- 11 The American Standard Corp, Trevese, Pa
- 12 Eddington Metal Specialty Co Eddington, Pa.
- 13 Employees of firms who are performing essential defense subcontract work for above-listed (Nos 1-13) certified firms These employees must be on full time duty status with certified firms Certification of these workers will be considered on an individual basis by the HIFA Regional Representative, and will be considered only if the certified firm requests, in writing, that such certification be given
- 14 Key employees of Lovitt and Sons, Inc and their principal subcontractors Certification of these key employees will be considered on an individual basis by the HIFA Regional Representative

LIST OF DEFENSE ACTIVITIES

American Potash and Chemical Corporation

CRITICAL DEFENSE HOUSING AREA

Trona Township including the Town of Trona and the Town of West End in San Bernardino County

143 (A) Altus, Oklahoma

NEEDED DEFENSE HOUSING

Unit size	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.	20	\$50.00			20
2 bedrooms.					
3 or more bedrooms					
Total	20				120

* This quota is in addition to the 270 units in Program No 143

LIST OF DEFENSE ACTIVITIES

Altus Air Force Base

CRITICAL DEFENSE HOUSING AREA

Jackson County

167 (A) Ely, Nevada

NEEDED DEFENSE HOUSING

Unit size	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.	11	\$55.00	32	\$5,500	43
2 bedrooms.	11	65.00	21	9,500	32
3 or more bedrooms					
Total	22		53		175

* This quota is in addition to the 70 units authorized in Program No 167

LIST OF DEFENSE ACTIVITIES

Kennecott Copper Corporation Nevada Mines Division.

Consolidated Copper Mines Corporation.

Isbell Construction Company

Nevada Northern Railway Company.

Foley Brothers Construction Company

Baltimore Camis Company.

Willard Leasing Company.

Coastal Drilling Company

Shell Oil Company

Ward Mine-Walker Corporation.

CRITICAL DEFENSE HOUSING AREA

Ely Township White Pine County.

16 Rheem Manufacturing Company Burlington N J¹

17 Schutte & Koerting Company Cornwells Heights, Pa

18 Heclett Engineering Inc Bucks County subsidiary of parent Butler Pa plant

16 Minnesota Mining and Manufacturing Co, Bristol Pa

The following workers are determined to be engaged in defense supporting service activities and are eligible for programed housing aids: Policemen firemen teachers (school and nursery), nurses doctors sanitation workers public utility workers (including transportation and communications workers)

In addition to the above other workers may be determined to be engaged in defense-supporting service activities and certified on an individual basis by the HHFA Regional Representative

CRITICAL DEFENSE HOUSING AREA

In Bucks County, the townships of Bensalem Bristol Falls Middletown Lower Makefield Upper Makefield Newtown Northampton, and Wrightstown and the Boroughs of Bristol, Humeville Langhorne Langhorne Manor Morrisville Newton Pennndel South Langhorne Tullytown and Yardley

139 (A) Warner Robins Georgia

NEEDED DEFENSE HOUSING

Unit size	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.	175	\$60.00	175	\$7,000	250
2 bedrooms.	25	70.00	100	8,000	125
3 or more bedrooms					
Total	100		275		375

140 units at a monthly rental not to exceed \$46

275 units at a sales price not to exceed \$5,000.

* This quota is in addition to the 140 rental and 60 sales units authorized in Program No 139

LIST OF DEFENSE ACTIVITIES

Robins Air Force Base

CRITICAL DEFENSE HOUSING AREA

Houston County

141 (A) Trona, California.

NEEDED DEFENSE HOUSING

Unit size	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.					
2 bedrooms.					
3 or more bedrooms			60	\$10,200	60
Total			60		160

* This quota is in addition to the 20 rental and 60 sales units authorized in Program No 141

* The above firm although located outside the boundaries of the Bucks County Critical Area, is located within the contiguous Fort Dix, New Jersey Critical Defense Housing Area. Under section 7 (1) of CR-3 in-migrant families of this plant would also be eligible for programed housing in Bucks County.

3 (B) Alco-Blackfoot-Idaho Falls, Idaho
NEEDED DEFENSE HOUSING

Unit size	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
0 bedroom.	20	\$55 00			20
1 bedroom.	80	65 00			80
2 bedrooms.	125	80 00			125
3 or more bedrooms.	75	90 00			75
Total	250				1 250

1 This quota is in addition to the rental and sales units authorized in Programs 3 and 3 (A)

LIST OF DEFENSE ACTIVITIES

National Reactor Testing Station Atomic Energy Commission
Federal, State or local governments and agencies including school districts
Local utility and transportation companies and hospitals
Pallades Dam Project including the Bureau of Reclamation and its contractors and subcontractors on said project

CRITICAL DEFENSE HOUSING AREA

Butte County Bingham County except Sterling, Aberdeen 1 and Aberdeen 2 precincts, and Bonneville County except Poplar, Antelope, Ozone Fallside, Grays, Blowout, and Jackknife precincts all in Idaho

6 (B) Solano County, California
NEEDED DEFENSE HOUSING

Unit size	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom	16	\$70 00			16
2 bedrooms	15	80 00			15
3 or more bedrooms.					
Total	23				1 23

1 These units are intended for families in Rio Vista and its environs and are in addition to the rental and sales units authorized in area Programs No 6 and 6 (A)

LIST OF DEFENSE ACTIVITIES

San Francisco Port of Embarkation, Rio Vista Marine Sub Installation,

CRITICAL DEFENSE HOUSING AREA

Solano County

179 (A) Williston, North Dakota
NEEDED DEFENSE HOUSING

Unit size	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.	35	\$65 00			35
2 bedrooms.	80	75 00			80
3 or more bedrooms	35	85 00			35
Total	150				1 150

1 This quota is in addition to the 250 units authorized in Program No 179

LIST OF DEFENSE ACTIVITIES

Exploratory drilling production refining and pipeline transportation of petroleum natural gas and their products

CRITICAL DEFENSE HOUSING AREA

Williams County and that portion of McKenzie County north of the south line of Township 150

215 (A) Glendive-Sidney, Montana
NEEDED DEFENSE HOUSING

Unit size	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.	20	\$75 00			20
2 bedrooms.	10	85 00			10
3 or more bedrooms					
Total	40				1 40

1 This quota is in addition to the 115 units authorized in Program No 215

LIST OF DEFENSE ACTIVITIES

Explorational drilling, production, refining and pipeline transportation of petroleum, natural gas and their products
Public warehousing, railroad transportation, common and contract carrier trucking
Pipeline transportation, freight forwarding
Municipal and public health services
Public utility districts
Montana-Dakota Utilities Company
Public school districts
The Mountain States Telephone and Telegraph Company

CRITICAL DEFENSE HOUSING AREA

Dawson and Richland Counties and all of Roosevelt County except that portion lying west of Census District No 9

14 (B) Wichita Kansas

NEEDED DEFENSE HOUSING

Unit size	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.....	20	\$50.00	-	-	20
2 bedrooms.....	20	\$75.00	25	\$7,000	45
3 or more bedrooms ..					
Total	40		25		105

1 This quota is in addition to the 2,000 units authorized by Program No. 14 and the 400 units authorized by Program No. 14 (A)

LIST OF DEFENSE ACTIVITIES

Boeing Airplane Company
 Beech Aircraft Company
 Cessna Aircraft Company
 Swallow Airplane Company
 Wichita Air Force Base
 Crystal Laboratories, Inc
 Wichita Quartz Cutters
 All other firms engaged in the production of aircraft or component parts thereof
 All other military installations of the Armed Forces of the United States

CRITICAL DEFENSE HOUSING AREA

Sedgewick County

58 (B) Joliet-Braidwood Illinois

NEEDED DEFENSE HOUSING

Unit size	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.....	100	\$57.50			100
2 bedrooms.....	300	77.50			300
3 or more bedrooms					
Total	400				1,400

1 This quota is in addition to the 350 rental and 220 sales units authorized by Programs Nos. 58 and 58 (A)

LIST OF DEFENSE ACTIVITIES

Joliet Arsenal Government Reservation Elwood Illinois
 Ordnance Ammunition Center Government Reservation Elwood Illinois
 U S Rubber Company, Government Reservation Elwood Illinois
 Blockson Chemical Company, Joliet Illinois
 Caterpillar Tractor Company, Joliet, Illinois
 Phillips Control Company Joliet, Illinois
 Globe Corporation Aircraft Division Joliet Illinois
 Globe Oil and Refining Company (Refinery) Lemont Illinois

Texas Company, Refinery Lockport Illinois
 F W Sicles Division of General Instrument Company

CRITICAL DEFENSE HOUSING AREA

Will County and Village of Steger in Cook County

78 (B) Pensacola, Florida

NEEDED DEFENSE HOUSING

Unit size	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.....	1120	\$45.00			1120
2 bedrooms.....					
3 or more bedrooms					
Total	1120				1,120

1 100 units are to be located in that portion of the area which is convenient to the plants of the St. Regis Paper Company and the Chemstrand Company. The remaining 20 units are to be located in the vicinity of Whiting Field. This quota is in addition to the rental and sales units authorized in area Programs Nos. 78 and 78 (A)

LIST OF DEFENSE ACTIVITIES

St Regis Paper Company
 Chemstrand Company
 Whiting Field NAAS

CRITICAL DEFENSE HOUSING AREA

Escambia and Santa Rosa Counties

119 (B) Victoria Texas

NEEDED DEFENSE HOUSING

Unit size	Rent		Sale		Total rent and sale
	Number of units	Rental not to exceed	Number of units	Price not to exceed	
1 bedroom.....	20	\$70.00			20
2 bedrooms.....	10	80.00			20
3 or more bedrooms					
Total	30				100

1 This quota is in addition to the 120 rental and 100 sales units authorized in Programs Nos. 119 and 119 (A)

LIST OF DEFENSE ACTIVITIES

Foster Air Force Base
 Victoria County.

CRITICAL DEFENSE HOUSING AREA

Albert M. Cole,
 Housing and Home Finance Administrator.

MAY 5 1953

[F R Doc 53-4094; Filed May 8 1953; 8:46 a m.]

SECURITIES AND EXCHANGE COMMISSION

[File No. 70-3059]

UNITED GAS CORP.

NOTICE OF FILING REGARDING INCREASE IN AUTHORIZED COMMON STOCK

MAY 5, 1953.

Notice is hereby given that United Gas Corporation ("United") a gas utility subsidiary of Electric Bond and Share Company, a registered holding company, has filed a declaration pursuant to the Public Utility Holding Company Act of 1935, and has designated sections 6 (a) and 7 thereof as applicable to the proposed transactions which are summarized as follows:

United proposes to amend its Certificate of Incorporation so as to increase its authorized common stock from 12,000,000 shares with a par value of \$10 per share, of which 11,718,632 shares are outstanding, to 15,000,000 shares with a par value of \$10 per share. The amendment will require the approval of the holders of the majority of the shares of outstanding common stock of United. The Company intends to submit the proposed amendment to its stockholders at the annual meeting to be held on June 17, 1953, and will solicit proxies with respect thereto.

In connection with the issuance and sale of \$60,000,000 principal amount of debentures by United in October 1952, the Company estimated that it would be required to raise \$50,000,000 during 1953, principally for construction purposes, which it was contemplated would be raised through the issuance and sale of additional debentures and common stock. The declaration states that while no definite program of financing has been formulated as to the number of shares of common stock or debentures to be issued and sold, the proposed amendment to United's Certificate of Incorporation is a necessary step to the carrying out of any such program contemplating the issuance and sale of common stock.

Notice is further given that any interested person may, not later than May 25, 1953, at 5:30 p. m., e. d. s. t., request the Commission 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 the 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 said date, said declaration, as filed or as 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. All interested persons are referred to said declaration which is on file at the offices of this Commission

for a statement of the transactions therein proposed.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F. R. Doc. 53-4093; Filed, May 8, 1953; 8:46 a. m.]

[File Nos. 54-186, 59-93, 70-1804]

ARKANSAS NATURAL GAS CORP. ET AL.

ORDER ON SUPPLEMENTAL APPLICATION REGARDING OFFER OF DEBENTURES IN EXCHANGE FOR OUTSTANDING PREFERRED STOCK, SALE AT COMPETITIVE BIDDING OF DEBENTURES NOT EXCHANGED AND APPROVAL OF TAX AGREEMENT

MAY 4, 1953.

In the matter of Arkansas Natural Gas Corporation, Cities Service Company, File No. 54-186; Arkansas Natural Gas Corporation and its subsidiaries and Cities Service Company, respondents, File Nos. 59-93, 70-1804.

The Commission having issued its findings and opinion and order on October 1, 1952 approving an Amended Plan ("Plan") for simplification of the corporate structure of Arkansas Natural Gas Corporation ("Arknat") pursuant to section 11 (e) of the Public Utility Holding Company Act of 1935 ("act"), and application having been filed by the Commission with the United States District Court for the District of Delaware for the entry of an order approving said Plan and ordering it enforced; said Court by order dated January 20, 1953, having approved the Plan and having ordered it enforced;

The Commission by said order dated October 1, 1952 having reserved jurisdiction with respect to the terms and conditions under which debentures of Arkansas Fuel Oil Corporation ("Arkfuel"), the successor in merger of Arknat and its non-utility subsidiary, Arkansas Fuel Oil Company, are to be issued and sold and with respect to the taking of such further action as may be appropriate in connection with consummation of said Plan;

Arkfuel having filed Supplemental Application No. 2 proposing the following transactions:

Pursuant to the provisions of the Plan of Arknat, Arkfuel proposes to retire the Preferred Stock of Arknat by the payment to the holders thereof, against the surrender of their certificates, of \$10.60 per share, together with an amount equivalent to unpaid dividends to the date for payment, and to provide an opportunity to holders of such Preferred Stock (other than Cities) to exchange their holdings for new 20-year Sinking Fund Debentures ("Debentures") of Arkfuel with such cash adjustments as may be appropriate. The holders of Preferred Stock electing to exchange their shares for Debentures will be entitled to an amount of Debentures of authorized denominations which, at the initial public offering price (or the highest accepted bid price, if no public offering is contemplated) of the Debentures sold at

competitive bidding, will be equal to \$10.60 for each share of such Preferred Stock surrendered for exchange. Such holders also will be paid in cash the amount by which the value of their shares at \$10.60 each may exceed the price of the Debentures to be issued in exchange therefor plus an amount equivalent to unpaid dividends on the Preferred Stock deposited to the date of exchange, less the amount of interest accrued on the Debentures from June 1, 1953, to said date. The price and interest rate of the Debentures will be determined only after and as the result of competitive bidding.

Subject to satisfactory market conditions, Arkfuel proposes to issue and sell at competitive bidding, pursuant to Rule U-50, \$23,000,000 principal amount of its Sinking Fund Debentures due 1973 less such Debentures as may be required for exchanges with holders of such Preferred Stock. The interest rate of the Debentures and the redemption prices thereof will be determined pursuant to competitive bidding. The Debentures are to be issued under and secured by an indenture, to be dated as of June 1, 1953, to The Hanover Bank, as Trustee.

The net proceeds (exclusive of accrued interest but after deduction of expenses) from the sale of the Debentures offered at competitive bidding, together with Debentures issued in exchange for such Preferred Stock, will be used in connection with the retirement of the Preferred Stock.

Arkfuel proposes to give notice to the Preferred Stockholders of the exchange offer on or about May 5, 1953, and requests that the order of the Commission (insofar as it relates to the release of jurisdiction of the terms and conditions under which the proposed Debentures are to be issued) be issued prior to that date. The Commission is requested to shorten to not less than six (6) days the period for inviting bids provided for by Rule U-50 (b)

Pursuant to the Plan, Arkfuel has distributed to the former holders of the Common Stock and Class A Common Stock of Arknat who have surrendered their certificates, the outstanding common stock of Arknat's former public utility subsidiary, Arkansas Louisiana Gas Company ("Arkla") and Arkla on April 17, 1953, ceased to be eligible for inclusion in the consolidated Federal income tax returns of Arknat or Arkfuel and its subsidiaries. Accordingly, on said date, subject to the approval of the Commission, Arkfuel and Arkla entered into a Tax Agreement providing, in substance, for the indemnification of Arkla by Arkfuel against any liability for Federal Income or Excess Profits taxes in respect of any consolidated Federal Income or Excess Profits Tax returns filed or to be filed by Arknat or Arkfuel for any periods to and including April 17, 1953, and for the assignment by Arkla to Arkfuel of all of its rights to refunds or credits for Federal Income or Excess Profits taxes in respect of such periods. In connection with such indemnification of Arkla by Arkfuel, Arkla has agreed to pay Arkfuel the sum of \$1,155,102.54,

being the amount of reserves accrued on Arkla's books as of March 31, 1953, for Federal Income and Excess Profits Taxes in respect of all consolidated return years to and including 1952; and, in addition, Arkla has agreed to pay to Arkfuel the sum of \$1,056,176, being the amount of reserves accrued on Arkla's books for Federal Income and Excess Profits Taxes for the period from January 1, 1953, to April 17, 1953. These sums are to be paid by Arkla in certain installments on various dates, the first such installment to be paid on June 15, 1953, and the last on December 15, 1954.

Notice of the filing of said Supplemental Application No. 2 having been given in the form and manner prescribed by Rule U-23 promulgated pursuant to the act, and the Commission not having received a request for a hearing and not having ordered a hearing thereon; and the Commission finding with respect to said Supplemental Application No. 2 that the applicable statutory standards are satisfied and that it is not necessary to impose any terms or conditions other than those set forth below, and the Commission deeming it appropriate that said Supplemental Application No. 2 be granted subject to the reservation of jurisdiction hereinafter provided, and the Commission also deeming it appropriate to grant the request that the period for receiving competitive bids with respect to said Debentures be shortened from ten (10) days to six (6) days, and that the jurisdiction reserved by the Commission by said Order dated October 1, 1952, with respect to the transactions presently proposed be released:

It is ordered, Pursuant to said Rule U-23 and the applicable provisions of the act that said Supplemental Application No. 2 be, and the same hereby is, granted, effective forthwith subject to the terms and conditions prescribed in Rule U-24 and subject to the following additional terms and conditions:

1. That the proposed issuance and sale by Arkfuel of such amount of the \$23,000,000 principal amount of its 20-year Sinking Fund Debentures not exchanged pursuant to the exchange offer to be made to the holders of the preferred stock of Arknat shall not be consummated until the results of competitive bidding held with respect thereto shall have been made a matter of record in this proceeding and a further order shall have been entered by this Commission in light of the record so completed, which order shall contain such further terms and conditions, if any, as may then be deemed appropriate for which purpose jurisdiction be, and the same hereby is, reserved;

2. Jurisdiction be reserved as to any and all fees and expenses incurred or to be incurred in connection with the consummation of the proposed transactions:

It is further ordered, That the period for receiving competitive bids on the Debentures be, and the same hereby is, shortened from ten (10) days to six (6) days:

It is further ordered, That the jurisdiction heretofore reserved by said order of the Commission dated October 1, 1952, insofar as it relates to the trans-

actions now proposed be, and the same hereby is, released.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F. R. Doc. 53-4092; Filed, May 8, 1953;
8:45 a. m.]

INTERSTATE COMMERCE COMMISSION

[4th Sec. Application 28046]

ZINC ANODES BETWEEN POINTS IN TEXAS

APPLICATION FOR RELIEF

MAY 5, 1953.

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 Lee Douglass, Agent, for carriers parties to schedule listed below.

Commodities involved: Zinc anodes.

Between: Points in Texas.

Grounds for relief: Rail competition, circuitous routes, and to apply rates constructed on the basis of the short line distance formula.

Schedules filed containing proposed rates; Lee Douglass, Agent, I. C. C. No. 807, Supp. 25.

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.

[SEAL] GEORGE W LAIRD,
Acting Secretary.

[F. R. Doc. 53-4069; Filed, May 7, 1953;
8:53 a. m.]

[4th Sec. Application 28048]

LATEX FROM AKRON AND BARBERTON, OHIO,
TO ALABAMA, TENNESSEE, AND GEORGIA

APPLICATION FOR RELIEF

MAY 5, 1953.

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 carriers parties to his tariff I. C. C. No. 4510, pursuant to fourth-section order No. 17220.

Commodities involved: Latex (liquid crude rubber), carloads.

From: Akron and Barberton, Ohio.
To: Points in Alabama, Tennessee,
and Georgia.

Grounds for relief: Rail competition and circuitous routes.

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.

[SEAL] GEORGE W LAIRD,
Acting Secretary.

[F. R. Doc. 53-4071; Filed, May 7, 1953;
8:54 a. m.]

[4th Sec. Application 28049]

GLYCERINE FROM KANSAS CITY, MO.-
KANS., TO PISGAH FOREST, N. C.

APPLICATION FOR RELIEF

MAY 6, 1953.

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

Filed by W. J. Frueter, Agent, for carriers parties to schedule named below.

Commodities involved: Glycerine (other than crude) in carloads.

From: Kansas City, Mo.-Kans.

To: Pisgah Forest, N. C.

Grounds for relief: Rail competition, circuitous routes, additional destination, and to apply rates constructed on the basis of the short line distance formula.

Schedules filed containing proposed rates: C. J. Hennings, Alt. Agent, I. C. C. No. A-3973, Supp. 10.

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.

[SEAL] GEORGE W. LAIRD,
Acting Secretary.

[F. R. Doc. 53-4107; Filed, May 8, 1953;
8:47 a. m.]

[4th Sec. Application 28050]

LUMBER FROM BRITISH COLUMBIA TO
UNITED STATES POINTS

APPLICATION FOR RELIEF

MAY 6, 1953.

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

Filed by W. J. Prueter, Agent, for carriers parties to schedules listed below. Commodities involved: Lumber and forest products, carloads.

From: Points on the Pacific Great Eastern Railway Company in British Columbia, Vancouver to Prince George, inclusive.

To: Transcontinental points in the United States.

Grounds for relief: Competition with rail carriers, circuitous routes, and to maintain grouping.

Schedules filed containing proposed rates: C. J. Hennings, Alt. Agent, I. C. C. No. 1474, Supp. 207; C. J. Hennings, Alt. Agent, I. C. C. No. 1511, Supp. 155; C. J. Hennings, Alt. Agent, I. C. C. No. 1545, Supp. 30.

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.

[SEAL] GEORGE W. LAIRD,
Acting Secretary.

[F. R. Doc. 53-4108; Filed, May 8, 1953;
8:47 a. m.]

[4th Sec. Application 28051]

FRESH MEATS AND PACKING HOUSE PRODUCTS FROM SOUTH PACIFIC COAST POINTS TO POINTS IN WESTERN TRUNK-LINE, ILLINOIS, AND SOUTHWESTERN TERRITORIES

APPLICATION FOR RELIEF

MAY 6, 1953.

The Commission is in receipt of the above-entitled and numbered applica-

tion for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by W. J. Prueter, Agent, for carriers parties to schedule listed below.

Commodities involved: Fresh meats and packing house products, carloads.

From: South Pacific coast points.

To: Points in western trunk-line, Illinois, and southwestern territories.

Grounds for relief: Rail competition, circuitry, grouping, and additional origins on Pacific coast.

Schedules filed containing proposed rates: C. J. Hennings, Alt. Agent, I. C. C. No. 1552, Supp. 21.

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.

[SEAL] GEORGE W. LAIRD,
Acting Secretary.

[F. R. Doc. 53-4109; Filed, May 8, 1953;
8:48 a. m.]

[4th Sec. Application 28052]

MACHINERY FROM CORDELE, GA., TO
OFFICIAL TERRITORY

APPLICATION FOR RELIEF

MAY 6, 1953.

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 schedules shown below.

Commodities involved: Machinery and machines, and parts thereof, carloads.

From: Cordèle, Ga.

To: Points in official, including Illinois, territory.

Grounds for relief: Rail competition, circuitry, and to apply rates constructed on the basis of the short line distance formula.

Schedules filed containing proposed rates: C. W. Bohn, Agent, I. C. C. No. A-800, Supp. 205; L. C. Schuldt, Agent, I. C. C. No. 3636, Supp. 291; R. G. Raasch, Agent, I. C. C. No. 485, Supp. 365.

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 pro-

vided 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.

[SEAL] GEORGE W. LAIRD,
Acting Secretary.

[F. R. Doc. 53-4110; Filed, May 8, 1953;
8:43 a. m.]

[Rev. S. O. 552, Taylor's I. C. C. Order 15-A]

ANN ARBOR RAILROAD CO.

REROUTING AND DIVERSION OF TRAFFIC

Upon further consideration of Taylor's I. C. C. Order No. 15, and good cause appearing therefor: *It is ordered*, That:

(a) Taylor's I. C. C. Order No. 15 be, and it is hereby vacated and set aside.
(b) Effective date: This order shall become effective at 11:59 p. m., May 5, 1953.

It is further ordered, That this order shall be served upon the Association of American Railroads, Car Service Division, as agent of all railroads subscribing to the car service and per diem agreement under the terms of that agreement and by filing it with the Director, Division of the Federal Register.

Issued at Washington, D. C., May 5, 1953.

INTERSTATE COMMERCE
COMMISSION,
CHARLES W. TAYLOR,
Agent.

[F. R. Doc. 53-4113; Filed, May 8, 1953;
8:48 a. m.]

[4th Sec. Application 23054]

CRUDE SULPHUR FROM LOUISIANA AND
TEXAS TO EAST PORT, FLA.

APPLICATION FOR RELIEF

MAY 6, 1953.

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 F. C. Kratzmeier, Agent, for carriers parties to his tariff I. C. C. No. 3862.

Commodities involved: Crude sulphur, carloads.

From: Points in Louisiana and Texas.

To: East Port and East Port Junction, Fla.

Grounds for relief: Rail and rail-water competition, circuitry, and port relations at additional port.

NOTICES

Schedules filed containing proposed rates; F. C. Kratzmer, Agent, I. C. C. No. 3862, Supp. 181.

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.

[SEAL]

GEORGE W. LAIRD,
Acting Secretary.

[F. R. Doc. 53-4112; Filed, May 8, 1953;
8:48 a. m.]

[4th Sec. Application 28053]

COAL FROM ALABAMA, KENTUCKY, AND
TENNESSEE MINES TO KRANNERT, GA.

APPLICATION FOR RELIEF

MAY 6, 1953.

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 schedules named below, to the extent they participate in the traffic.

Commodities involved: Bituminous coal, carloads.

From: Mines in Alabama, Kentucky, and Tennessee.

To: Krannert, Ga.

Grounds for relief: Rail competition, circuitry grouping, and additional destination.

Schedules filed containing proposed rates; C. of Ga. Ry. tariff I. C. C. No. 3297, Supp. 4; GM&O R.R. tariff I. C. C. No. 231, Supp. 12; L&N R.R. tariff I. C. C. No. A-16745, Supp. 33; StL-SF Ry. tariff I. C. C. No. A-265, Supp. 26; SAL R.R.

tariff I. C. C. No. A-8172, Supp. 2; C. A. Spaninger, Agent, I. C. C. No. 1247, Supp. 14.

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.

[SEAL]

GEORGE W. LAIRD,
Acting Secretary.

[F. R. Doc. 53-4111; Filed, May 8, 1953;
8:48 a. m.]