WASHINGTON, Wednesday, September 20, 1939

The President

EXECUTIVE ORDER

AUTHORIZING INCREASES IN THE PERSONNEL AND FACILITIES OF THE UNITED STATES COAST GUARD, TREASURY DEPARTMENT

WHEREAS a proclamation issued by me on September 8, 1939,1 proclaimed that a national emergency exists in connection with and to the extent necessary for the proper observance, safeguarding, and enforcing of the neutrality of the United States and the strengthening of our national defense within the limits of peace-time authorizations; and

WHEREAS the United States Coast Guard, Treasury Department, will be charged with additional and important duties in connection with such national emergency, requiring an increase in its personnel and facilities;

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and by Revised Statutes, section 3679, as amended (U.S.C., title 31, sec. 665), it is hereby ordered as follows:

1. The present enlisted strength of the active list of the Regular Coast Guard shall be increased as rapidly as possible through voluntary enlistments by not to exceed 2,000 men, exclusive of enlistments authorized by section 4 of the act of August 5, 1939 (Public No. 291, 76th Cong.), of certain former Lighthouse Service personnel.

2. Within the limits of available appropriations, the present facilities of the Coast Guard shall be increased, repaired, modernized, enlarged, and equipped to the extent determined by the Secretary of the Treasury to be necessary to perform such additional duties and to accommodate such increased enlisted strength.

3. To the extent made necessary by this order, the Director of the Bureau of the Budget is hereby authorized to waive or modify the monthly or other apportionments of the appropriations for the Coast Guard for the fiscal year ending June 30, 1940.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,
September 18, 1939.

[No. 8254]

EXECUTIVE ORDER

TRANSFER OF CONTROL AND JURISDICTION OVER CERTAIN LANDS FROM THE SECRETARY OF AGRICULTURE TO THE SECRETARY OF THE INTERIOR

NEW MEXICO

WHEREAS certain lands within the hereinafter-described area have been acquired under the authority of Title II of the National Industrial Recovery Act, approved June 16, 1933 (48 Stat. 200), in connection with the Tewa Basin Land Utilization Project in New Mexico; and

WHEREAS by Executive Order No. 7908, dated June 9, 1938,1 all the right, title, and interest of the United States in such lands was transferred to the Secretary of Agriculture for use, administration, and disposition in accordance with the provisions of Title III of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937 (50 Stat. 522, 525), and the related provisions of Title IV thereof; and

WHEREAS it appears that the transfer of control and jurisdiction over such lands from the Secretary of Agriculture to the Secretary of the Interior for administrative purposes would be in the public interest;

NOW, THEREFORE, by virtue of and pursuant to the authority vested in me by section 32 of Title III of the said Bankhead-Jones Farm Tenant Act, it is ordered that control and jurisdiction over all lands of the United States within the following-described area, together with

1 3 F.R. 1389 DI.

CONTENTS

THE PRESIDENT

Executive Orders: Page

New Mexico, land jurisdiction transfer from Secretary of Agriculture to Secretary of Interior 3983

United States Coast Guard, Treasury Department, increases in personnel and facilities of 3983

RULES, REGULATIONS, ORDERS

TITLE 7—AGRICULTURE: Page

Agricultural Adjustment Administration:

Corn marketing quotas for 1939, determinations relating to 3985

Bureau of Entomology and Plant Quarantine:

Japanese beetle quarantine, termination date advanced on fruit and vegetable restrictions 3984

TITLE 9— ANIMALS AND ANIMAL PRODUCTS:

Agricultural Marketing Service:

Marion Livestock Sales Co., notice under Packers and Stockyards Act 3985

TITLE 16— COMMERCIAL PRODUCTS:

Federal Trade Commission:

Cease and desist orders: American Oil Co., et al. 3988

Great Britain Spiritualist Church, et al. 3996

Peanut Novelty Co. 3985

Wells Sales Co. 3987

Wright Products Co. 3988

TITLE 24— HOUSING Credit:

Home Owners’ Loan Corporation:

Loan service, miscellaneous credit, payment of taxes, etc. 3989

(Continued on next page)
CONTENTS—Continued

Securities and Exchange Commission ........ 3999
Lone Star Gas Corp., effectiveness of declaration ... 3999
United States Distributing Corp., listing and registration application granted ... 3999

any improvements thereon, and, be, and they are hereby, transferred from the Secretary of Agriculture to the Secretary of the Interior; and the Secretary of the Interior is hereby authorized to administer such lands, through the Commissioner of Indian Affairs, for the benefit of such Indians as he may designate, under such conditions of use and administration as will best carry out the purposes of the land-conservation and land-utilization program for which such lands were acquired:

Sandoval County, New Mexico

New Mexico Principal Meridian

Beginning at a point on the 5 mile corner of the N. boundary of the Ramon Vigil Grant, which is S. 89°43' W., 49.43 chains from the common corner to sections 25 and 26, T. 19 N., R. 6 E.; thence S. 19°00' W., 1.83 chains; thence S. 70°30' E., 9.45 chains; thence S. 61°45' E., 21.44 chains; thence S. 78°00' E., 7.29 chains (1 mile corner); thence S. 79°00' E., 18.46 chains; thence N. 29°00' E., 4.83 chains; thence S. 31°30' E., 16.71 chains; thence S. 4°00' W., 4.98 chains; thence S. 34°45' E., 11.83 chains; thence S. 65°15' E., 7.84 chains; thence S. 78°15' E., 15.35 chains; thence S. 39°30' E., 8.66 chains; thence S. 65°00' E., 30.27 chains; thence S. 45°00' E., 67 chains (2 mile corner); thence S. 45°00' E., 10.62 chains; thence S. 47°30' E., 20.21 chains; thence N. 19°15' E., 6.24 chains; thence S. 44°30' E., 2.93 chains (1/2 mile corner); thence S. 27°45' E., 8.83 chains; thence S. 51°45' E., 31.17 chains (3 mile corner); thence S. 76°30' E., 57.62 chains; thence S. 31°15' E., 22.28 chains (4 mile corner); thence S. 87°00' E., 56.55 chains; thence N. 68°45' E., 19.73 chains; thence S. 53°45' E., 3.32 chains (5 mile corner); thence S. 53°45' E., 1.43 chains; thence S. 18°15' E., 1.14 chains; thence N. 73°00' E., 31.56 chains; thence N. 89°15' E., 27.07 chains; thence S. 56°00' E., 12.93 chains (6 mile corner); thence S. 88°00' E., 33.96 chains; thence S. 6°45' W., 6.94 chains; thence S. 33°15' E., 5.50 chains; thence N. 62°45' E., 31.41 chains; thence N. 17°15' E., 4.25 chains; thence S. 86°50' E., 16.67 chains (S. E. corner); thence N. 48°45' E., 22.70 chains; thence N. 4°30' E., 15.50 chains; thence N. 47°30' E., 26.50 chains; thence N. 70°00' E., 18.50 chains; thence N. 10°00' W., 8.60 chains; thence N. 20°30' W., 19.30 chains; thence N. 30°30' E., 41.40 chains; thence N. 3°15' E., 2.40 chains; thence N. 15°30' W., 4.70 chains; thence N. 33°45' W., 12.20 chains; thence N. 7°45' W., 10.50 chains; thence N. 20°45' E., 9.45 chains (N. E. corner); thence W. 35°56' E., 7.60 chains; thence W. 61°58' W., 69.07 chains (10 mile corner); thence N. 89°56' W., 69.21 chains (9 mile corner); thence W. 64.14 chains to 8 mile corner; thence N. 89°55' W., 69.22 chains (7 mile corner); thence W. 8.40 chains to the corner on the S. line of T. 19 N. common to ranges 6 and 7 E.; thence W. 60.70 chains to 6 mile corner; thence W. 19.78 chains to the common corner between sections 25 and 26 of T. 19 N., R. 6 E.; thence S. 89°43' W., 49.43 chains to the point of beginning; containing in all, 5,913.66 acres.

Franklin D. Roosevelt
The White House, September 18, 1939.

[No. 82551]
F. R. Doc. 50—3485; Filed, September 19, 1939; 10:12 a.m.]

Rules, Regulations, Orders

TITLE 7—AGRICULTURE

BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE

Termination Date on Fruit and Vegetable Restrictions Under Japanese Beetle Quarantine (Quarantine No. 48) Advanced to September 20 for the Year 1939

It has been determined that the active period of the Japanese beetle in its relation to fruits and vegetables has already ceased for the present season and that it is, therefore, safe to permit the unrestricted movement of the fruits and vegetables listed in regulation 5 (Sec. 301.48-5) of the rules and regulations (17th revision) supplemental to Notice of Quarantine No. 48 (Sec. 301.48) from the entire regulated area as defined in regulation 3 of said rules and regulations; therefore it is ordered that all restrictions on the interstate movement of the plants referred to above are hereby removed and that the aforesaid orders be, and they are hereby, revoked on and after September 20, 1939. This order advances the termination of the restrictions as to fruits and vegetables provided for in regulation 5 from October 16 to September 20, 1939.

Done at the city of Washington this 19th day of September 1939.

Witness my hand and the seal of the United States Department of Agriculture.

[SEAL] H. A. Wallace, Secretary of Agriculture.

[F. R. Doc. 39—3441; Filed, September 19, 1939; 12:13 p.m.]

1 4 P.R. 2476 DII.
Whereas the Agricultural Adjustment Act of 1938, as amended, contains in section 301 (c), that the latest available statistics of the acreage allotment of corn for the commercial corn-producing area for the calendar year 1939 was 2,832,000,000 bushels.

2. That the normal supply of corn for such marketing year commencing October 1, 1939, is 2,755,000,000 bushels.

3. That the reserve supply level of corn for the marketing year commencing October 1, 1939, is 2,632,000,000 bushels.

4. That the total supply of corn, as of October 1, 1939, is 5,267,000,000 bushels.

Done at Washington, D.C., this 14th day of September 1939. Witness my hand and the seal of the Department of Agriculture.

[SEAL]    H. A. Wallace, Secretary of Agriculture.

[F. R. Doc. 39-3444; Filed, September 19, 1939, 12:16 p.m.]

TITLE 9—ANIMALS AND ANIMAL PRODUCTS

AGRICULTURAL MARKETING SERVICE

NOTICE UNDER PACKERS AND STOCKYARDS ACT

SEPTEMBER 16, 1939.

TO MARION LIVESTOCK SALES COMPANY,
Marion, Ohio:

Whereas, the Marion Livestock Sales Company, Marion, Ohio, was posted on May 17, 1935, as a stockyard subject to the provisions of the Packers and Stockyards Act, 1921; and

Whereas, it now appears that the Marion Livestock Sales Company is not being operated as a stockyard within the meaning of that term as defined in said Act:

Now, therefore, notice is hereby given that the Marion Livestock Sales Company, at Marion, Ohio, no longer comes within the foregoing definition and the provisions of Title III of said Act.

[SEAL]    HARRY L. BROWN, Assistant Secretary of Agriculture.

[F. R. Doc. 39-3430; Filed, September 18, 1939, 8:42 p.m.]

TITLE 16—COMMERCIAL PRACTICES

FEDERAL TRADE COMMISSION

[Docket No. 2961]

IN THE MATTER OF PEANUT NOVELTY COMPANY

§ 3.99 (b) Using or selling lottery devices—in merchandising. Selling, etc., in connection with offer, etc., in commerce, of peanuts or other merchandise, peanuts or any other merchandise so packed and assembled that sales of said peanuts or other merchandise to the general public are to be, or may be, made by means of a game of chance, gift enterprise or lottery, prohibited. (Sec. 5, 38 Stat. 718, as amended by Sec. 3, 53 Stat. 112; 15 U.S.C., Supp. IV, sec. 45b) (Cease and desist order, Peanut Novelty Company, Docket 2961, September 7, 1939)
nents or any other merchandise, which said assortments are to be, or may be, used, without alteration or rearrangement of the contents thereof, to conduct a game of chance, gift enterprise or lottery in the sale or distribution of said peanuts or other merchandise contained in said assortments to the general public, prohibited. (Sec. 5, 38 Stat. 719, as amended by Sec. 3, 52 Stat. 112; 15 U.S.C., Supp. IV, sec. 45b) (Cease and desist order, Peanut Novelty Company, Docket 2961, September 7, 1939)

§ 3.99 (b) Using or selling lottery devices—In merchandising. Selling, etc., in connection with offer, etc., in commerce, of peanuts or other merchandise, individual packages of peanuts or any other merchandise containing coins or other United States money, which said individual packages of said peanuts or other merchandise are packed and assembled in assortments with other individual packages of said peanuts or other merchandise, of similar size, shape and appearance, not containing coins or other United States money, for resale to the general public by means of a sales plan which constitutes a game of chance, gift enterprise or lottery, prohibited. (Sec. 5, 38 Stat. 719, as amended by Sec. 3, 52 Stat. 112; 15 U.S.C., Supp. IV, sec. 45b) (Cease and desist order, Peanut Novelty Company, Docket 2961, September 7, 1939)

§ 3.99 (b) Using or selling lottery devices—In merchandising. Furnishing to dealers, in connection with offer, etc., in commerce, of peanuts or other merchandise, a display card or other printed matter, either with packages or assortments of peanuts or any other merchandise containing coins or other United States money, which said display card or other printed matter bears a legend or legends or statements informing the purchasers of said peanuts or other merchandise to the general public by means of a sales plan which constitutes a lottery, gift enterprise or gift enterprise; prohibited. (Sec. 5, 38 Stat. 719, as amended by Sec. 3, 52 Stat. 112; 15 U.S.C., Supp. IV, sec. 45b) (Cease and desist order, Peanut Novelty Company, Docket 2961, September 7, 1939)

It is ordered, That the respondents, William P. Bennett and Charles C. Bennett, co-partners, doing business under the trade name of Peanut Novelty Company, or under any other trade name, their representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of peanuts or any other merchandise in commerce, as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Selling or distributing peanuts or any other merchandise so packed and assembled that the same is being sold to the general public by lot or chance or in accordance with a sales plan which constitutes a lottery, gaming device or gift enterprise, prohibited. (Sec. 5, 38 Stat. 719, as amended by Sec. 3, 52 Stat. 112; 15 U.S.C., Supp. IV, sec. 45b) (Cease and desist order, Peanut Novelty Company, Docket 2961, September 7, 1939)

2. Supplying to, or placing in the hands of, others assortments of peanuts or any other merchandise which said assortments are to be used, or may be used, without alteration or rearrangement of the contents thereof to conduct a game of chance, gift enterprise or lottery in the sale or distribution of said peanuts or other merchandise contained in said assortments to the general public;

3. Selling or distributing individual packages of peanuts or any other merchandise having filed no brief and oral argument not having been requested) and the Commission having made its findings as to the facts and its conclusion that said respondents have violated the provisions of the Federal Trade Commission Act:

It is ordered, That the respondents, William P. Bennett and Charles C. Bennett, co-partners, doing business under the trade name of Peanut Novelty Company, or under any other trade name, their representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of peanuts or any other merchandise in commerce, as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Selling or distributing peanuts or any other merchandise so packed and assembled that the same is being sold to the general public by lot or chance or in accordance with a sales plan which constitutes a lottery, gaming device or gift enterprise, prohibited. (Sec. 5, 38 Stat. 719, as amended by Sec. 3, 52 Stat. 112; 15 U.S.C., Supp. IV, sec. 45b) (Cease and desist order, Peanut Novelty Company, Docket 2961, September 7, 1939)

2. Supplying to, or placing in the hands of, others assortments of peanuts or any other merchandise which said assortments are to be used, or may be used, without alteration or rearrangement of the contents thereof to conduct a game of chance, gift enterprise or lottery in the sale or distribution of said peanuts or other merchandise contained in said assortments to the general public;

3. Selling or distributing individual packages of peanuts or any other merchandise having filed no brief and oral argument not having been requested) and the Commission having made its findings as to the facts and its conclusion that said respondents have violated the provisions of the Federal Trade Commission Act:

It is ordered, That the respondents, William P. Bennett and Charles C. Bennett, co-partners, doing business under the trade name of Peanut Novelty Company, or under any other trade name, their representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of peanuts or any other merchandise in commerce, as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Selling or distributing peanuts or any other merchandise so packed and assembled that the same is being sold to the general public by lot or chance or in accordance with a sales plan which constitutes a lottery, gaming device or gift enterprise, prohibited. (Sec. 5, 38 Stat. 719, as amended by Sec. 3, 52 Stat. 112; 15 U.S.C., Supp. IV, sec. 45b) (Cease and desist order, Peanut Novelty Company, Docket 2961, September 7, 1939)
Maker: § 3.6 (cc) (4) Advertising falsely or misleadingly—Source or origin—Place—Domestic product as imported. Representing, in connection with offer, etc., in commerce, of respondents' various items of merchandise, including so-called holy oils, books, tracts, talismans, charms, soap, perfumes, and other similar products, (a) that "Grendeline Holy Oil" or "Fox Fire Powder" are products of the Sibber Tribe of India, or that "Fox Fire Powder" is made from a secret process or possesses mystic power; (b) that "Mintolean Mojou Lucky Oil" is a product of African tribes or will have a lucky effect on dice soaked in it; (c) that "Jungles Floor Wash" is a product of the jungles of Africa or will ward off evil spirits; prohibited. (Sec. 5, 38 Stat. 719, as amended by Sec. 3, 52 Stat. 112; 15 U.S.C., Supp. IV, sec. 45b) [Cease and desist order, Wells Sales Company, Docket 3767, September 7, 1939].

§ 3.6 (a) (22) Advertising falsely or misleadingly—Business status, advantages or connections of advertiser—Producer status of dealer—Distiller: Manufacturer: Rectifier. Representing, in any manner, in connection with offer, etc., in commerce, of respondents' various items of merchandise, including so-called holy oils, books, tracts, talismans, charms, soap, perfumes, and other similar products, that respondents manufacture, make, compound, distill or rectify any product sold and shipped by them in commerce, unless and until their own and operate, or directly and absolutely control, the factory or plant wherein such articles are made, manufactured, compounded, distilled, or rectified by them, prohibited. (Sec. 5, 38 Stat. 719, as amended by Sec. 3, 52 Stat. 112; 15 U.S.C., Supp. IV, sec. 45b) [Cease and desist order, Great Britain Spiritualist Church et al., Docket 3474, September 7, 1939].

United States of America—Before Federal Trade Commission

At a regular session of the Federal Trade Commission held at its office in the City of Washington, D. C., on the 7th day of September, A. D. 1939.

Commissioners: Robert E. Freer, Chairman; Garland S. Ferguson, Charles H. March, Evin L. Davis, William A. Aytes.

IN THE MATTER OF GREAT BRITAIN SPIRITUALIST CHURCH, A CORPORATION, AND MARY HOPKINS, DELMAR WILLIAM WHITE, VIRGIL L. ECKRIDGE, MARY HOPKINS, DELMAR WILLIAM WHITE, INDIVIDUALLY AND AS OFFICERS, DIRECTORS AND AGENTS OF SAID CORPORATION, AND FANNIE H. ECKRIDGE, AN INDIVIDUAL.

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answer of respondents, testimony and other evidence taken before Arthur F. Thomas, an examiner of the Commission theretofore duly designated by it, in support of the allegations of said complaint and in opposition thereto, brief of counsel for the Commission in support of the complaint, respondents having waived oral argument and not having filed brief, and the Commission having made its findings as to the facts of the case and Its conclusion that said respondents have violated the provisions of the Federal Trade Commission Act:

It is ordered, That the respondent Great Britain Spiritualist Church, a corporation, and respondents Mrs. Charles P. Colbert, Virgil L. Eckridge, Mary Hopkins, and Delmar William White, individually and as officers, directors and agents of said corporation, their representatives, agents and employees, directly or through any corporation or other device, in connection with the offering, sale, sale and distribution of their various items of merchandise in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or by inference, that their products or the substances from which they are made or compounded are imported from Africa or India when such is not the fact; or that said products possess any mystic or secret power of nature to cure sickness or induce health, wealth, happiness or love, or possess any mystic influence or power due to their source of origin;

2. Representing (a) that "Grendeline Holy Oil" or "Fox Fire Powder" are products of the Sibber Tribe of India, or that "Fox Fire Powder" is made from a secret process or possesses mystic power; (b) That "Mintolean Mojou Lucky Oil" is a product of African tribes or will have a lucky effect on dice soaked in it; (c) that "Jungles Floor Wash" is a product of the jungles of Africa or will ward off evil spirits;

3. Representing in any manner that respondents manufacture, make, compound, distill or rectify any product sold and shipped by them in commerce unless and until they own and operate or directly and absolutely control the factory or plant wherein such articles are made, manufactured, compounded, distilled, or rectified by them.

It is further ordered, That the respondents shall, within sixty 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 this order.

By the Commission.

[SEAL]

Otis B. Johnson, Secretary.

[F. R. Doc. 39-3425; Filed, September 18, 1939; 1:43 p. m.]

IN THE MATTER OF WELLS SALES COMPANY

§ 3.99 (b) Using or selling lottery devices—In merchandising. Supplying, etc., in connection with offer, etc., in commerce, of radios, waffle irons, griddles, tabletopware, automatic pencils, or other articles of merchandise, others with push or pull cards, punch boards, or other lottery devices, so as to enable such persons to dispose of or sell any merchandise by the use thereof, prohibited. (Sec. 5, 38 Stat. 719, as amended by Sec. 3, 52 Stat. 112; 15 U.S.C., Supp. IV, sec. 45b) [Cease and desist order, Wells Sales Company, Docket 3767, September 8, 1939].

§ 3.99 (b) Using or selling lottery devices—In merchandising. Mailing, etc., in connection with offer, etc., in connection with the offer, sale, sale and distribution of their various items of merchandise, any merchandise by the use thereof, prohibited. (Sec. 5, 38 Stat. 719, as amended by Sec. 3, 52 Stat. 112; 15 U.S.C., Supp. IV, sec. 45b) [Cease and desist order, Wells Sales Company, Docket 3767, September 8, 1939].

§ 3.99 (b) Using or selling lottery devices—In merchandising. Selling, etc., in connection with offer, etc., in commerce, of radios, waffle irons, griddles, tabletopware, automatic pencils, or other articles of merchandise, any merchandise by the use of push or pull cards, punch boards, or other lottery devices, prohibited. (Sec. 5, 38 Stat. 719, as amended by Sec. 3, 52 Stat. 112; 15 U.S.C., Supp. IV, sec. 45b) [Cease and desist order, Wells Sales Company, Docket 3767, September 8, 1939].

United States of America—Before Federal Trade Commission

At a regular session of the Federal Trade Commission held at its office in the City of Washington, D. C., on the 7th day of September, A. D. 1939.

Commissioners: Robert E. Freer, Chairman; Garland S. Ferguson, Charles H. March, Ewin L. Davis, William A. Aytes.

IN THE MATTER OF JEAN LAWRENCE, INDIVIDUALLY AND TRADING AS WELLS SALES COMPANY

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission and the answer of respondent, in which answer respondent admits all the material allegations of fact set forth in said complaint, and states that he waives all in-
FEDERAL REGISTER, Wednesday, September 20, 1939

3988

termed, to respondent's agents or 
in connection with offer, etc., in com­
cles of merchandise, others with push or 
pencil sets, manicure sets or other arti­
tember 7, 1939

sons to dispose of or sell any merchan­
cmerce, of hosiery, clocks, pen and 
manner and form in which he has com­
made its findings as to the facts and 

ting made its findings as to the facts and 

§ 3.99 (b) Using or selling lottery de­
ces—In merchandising. Selling etc., in 
connection with offer, etc., in commerce, of 
hosiers, clocks, pen and pencil sets, man­
c devices.

(1) Supplying to or placing in the 
hands of others push or pull cards, punch 
boards, or other lottery devices, so as to 
enable such persons to dispose of or sell any merchan­
dise by the use thereof, prohibited. (Sec. 5, 38 Stat. 719, 
as amended by Sec. 3, 52 Stat. 112; 15 
U.S.C., Supp. IV, sec. 45b) [Cease and desist 
desist order, Wright Products Company, 
Docket 3806, September 7, 1939]

United States of America—Before 
Federal Trade Commission

At a regular session of the Federal 
Trade Commission, held at its office in the 
City of Washington, D. C., on the 7th day 
of September, A. D. 1939.

Commissioners: Robert E. Peeler, 
Chairman; Garland S. Ferguson, Charles 
H. March, Ewin L. Davis, William A. 
Ayers.

IN THE MATTER OF ISAAC S. FRIEDMAN, AN 
INDIVIDUAL TRADING AS WRIGHT PROD­
CTS COMPANY

ORDER TO CEASE AND DESIST

This proceeding having been heard1 
by the Federal Trade Commission upon 
the complaint of the Commission and the 
answer of respondent, in which answer 
respondent admits all the material alle­
gations of fact set forth in said com­
plaint, and states that he waives all in­
tervening procedure and further hearing 
as to said facts and the Commission hav­
ing made its findings as to the facts and 

§ 3.99 (b) Using or selling lottery de­
ces—In merchandising. Selling etc., in 
connection with offer, etc., in commerce, of 
hosiers, clocks, pen and pencil sets, man­
c devices.

(1) Supplying to or placing in the 
hands of others push or pull cards, punch 
boards, or other lottery devices, so as to 
enable such person to dispose of or sell any merchan­
dise by the use thereof; 

2 F. R. 2894 DI.

§ 3.99 (b) Using or selling lottery de­
ces—In merchandising. Selling etc., in 
connection with offer, etc., in commerce, of 
hosiers, clocks, pen and pencil sets, man­
c devices, to respondent's agents or 
to distributors or to members of the pub­
lic, push or pull cards, punch boards, or 
other lottery devices so prepared or 
printed as to enable persons to sell or 
distribute the use thereof, prohibited. (Sec. 5, 38 Stat. 719, 
as amended by Sec. 3, 52 Stat. 112; 15 
U.S.C., Supp. IV, sec. 45b) [Cease and desist 
desist order, Wright Products Company, 
Docket 3806, September 7, 1939]

It is ordered, That the respondent, Jean 
Lawrence, individually and trading as 
Wells Sales Company, or trading under 
any other name or names, his representa­
tives, agents and employees, directly or 
through any corporate or other device, in 
connection with the offering for sale, 
sale and distribution of radios, waffle 
irons, griddles, tableware, automatic pen­
cils, or any other articles of merchandise 
in commerce, as commerce is defined in the 
Federal Trade Commission Act, do 
forthwith cease and desist from:

(1) Supplying to or placing in the 
hands of others push or pull cards, punch 
boards, or other lottery devices, so as to 
allow said persons to enable such person to dispose of or sell any merchan­
dise by the use thereof.

§ 3.99 (b) Using or selling lottery de­
ces—In merchandising. Selling etc., in 
connection with offer, etc., in commerce, of 
hosiers, clocks, pen and pencil sets, man­
c devices, or any other articles of merchandise 
in commerce as commerce is defined in the 
Federal Trade Commission Act, do 
forthwith cease and desist from:

(1) Supplying to or placing in the 
hands of others push or pull cards, punch 
boards, or other lottery devices, so as to 
permit any person to sell or distribute any merchan­
dise by the use thereof.

(2) Mailing, shipping or transporting 
to his agents or to distributors or to mem­
bers of the public push or pull cards, punch 
boards, or other lottery devices so prepared or printed as to enable said persons to sell or 
distribute the use thereof, prohibited.

(3) Selling or otherwise disposing of 
any merchandise by the use of push or pull cards, punch boards, or other lottery 
devices.

It is further ordered, That within sixty 
(60) days from the date of the service of 
this order upon the said respondent, he shall file with the Commission a report 
writing, setting forth in detail the manner and form in which he has 
complied with this order.

By the Commission.

[SEAL]

Otis B. Johnson, 
Secretary.

[Docket No. 3806]

IN THE MATTER OF AMERICAN OIL COM­
PANY ET AL.

§ 3.45 (c) (5) Discriminating in 
price—Direct discrimination—Charges 
and prices—"Off-scale" selling. Discrimin­
ating in price, in connection with offer, 
etc., in interstate commerce and in Dis­

c diagnosis of fact set forth in said com­
plain, and states that he waives all in­
tervening procedure and further hearing 
as to said facts and the Commission hav­
ing made its findings as to the facts and 

§ 3.99 (b) Using or selling lottery de­
ces—In merchandising. Selling etc., in 
connection with offer, etc., in commerce, of 
hosiers, clocks, pen and pencil sets, man­
c devices.

(1) Supplying to or placing in the 
hands of others push or pull cards, punch 
boards, or other lottery devices, so as to 
allow said persons to dispose of or sell any merchan­
dise by the use thereof, prohibited. (Sec. 5, 38 Stat. 719, 
as amended by Sec. 3, 52 Stat. 112; 15 
U.S.C., Supp. IV, sec. 45b) [Cease and desist 
desist order, Wright Products Company, 
Docket 3806, September 7, 1939]

ORDER TO CEASE AND DESIST

This proceeding having been heard1 
by the Federal Trade Commission upon 
the complaint of the Commission and the 
answer of respondent, in which answer 
respondent admits all the material alle­
gations of fact set forth in said com­
plain, and states that he waives all in­
tervening procedure and further hearing 
as to said facts and the Commission hav­
ing made its findings as to the facts and 

§ 3.99 (b) Using or selling lottery de­
ces—In merchandising. Selling etc., in 
connection with offer, etc., in commerce, of 
hosiers, clocks, pen and pencil sets, man­
c devices.

(1) Supplying to or placing in the 
hands of others push or pull cards, punch 
boards, or other lottery devices, so as to 
allow said persons to dispose of or sell any merchan­
dise by the use thereof, prohibited. (Sec. 5, 38 Stat. 719, 
as amended by Sec. 3, 52 Stat. 112; 15 
U.S.C., Supp. IV, sec. 45b) [Cease and desist 
desist order, Wright Products Company, 
Docket 3806, September 7, 1939]

United States of America—Before 
Federal Trade Commission

At a regular session of the Federal 
Trade Commission, held at its office in the 
City of Washington, D. C., on the 7th day 
of September, A. D. 1939.

Commissioners: Robert E. Peeler, 
Chairman; Garland S. Ferguson, Charles 
H. March, Ewin L. Davis, William A. 
Ayers.

IN THE MATTER OF ISAAC S. FRIEDMAN, AN 
INDIVIDUAL TRADING AS WRIGHT PROD­
CTS COMPANY

ORDER TO CEASE AND DESIST

This proceeding having been heard1 
by the Federal Trade Commission upon 
the complaint of the Commission and the 
answer of respondent, in which answer 
respondent admits all the material alle­
gations of fact set forth in said com­
plain, and states that he waives all in­
tervening procedure and further hearing 
as to said facts and the Commission hav­

§ 3.99 (b) Using or selling lottery de­
ces—In merchandising. Selling etc., in 
connection with offer, etc., in commerce, of 
hosiers, clocks, pen and pencil sets, man­
c devices.

(1) Supplying to or placing in the 
hands of others push or pull cards, punch 
boards, or other lottery devices, so as to 
allow such person to dispose of or sell any merchan­
dise by the use thereof, prohibited. (Sec. 5, 38 Stat. 719, 
as amended by Sec. 3, 52 Stat. 112; 15 
U.S.C., Supp. IV, sec. 45b) [Cease and desist 
desist order, Wright Products Company, 
Docket 3806, September 7, 1939]

§ 3.99 (b) Using or selling lottery de­
ces—In merchandising. Selling etc., in 
connection with offer, etc., in commerce, of 
hosiers, clocks, pen and pencil sets, man­
c devices, to respondent's agents or 
to distributors or to members of the pub­
lic, push or pull cards, punch boards, or 
other lottery devices so prepared or 
printed as to enable such persons to sell or 
distribute the use thereof, prohibited. (Sec. 5, 38 Stat. 719, 
as amended by Sec. 3, 52 Stat. 112; 15 
U.S.C., Supp. IV, sec. 45b) [Cease and desist 
desist order, Wright Products Company, 
Docket 3806, September 7, 1939]
the effect may be substantially to lessen
competition or tend to create a monop­
oly in the line of commerce in which said
respondent, or any of its customers, are
engaged, or to injure, destroy, or prevent
competition or tend to create a monopoly
in the line of commerce in which said
respondent or its cus­
tomers, except where such price dif­
ferences make only due allowance for dif­
ferences in the cost of sale or delivery
resulting from differing methods or quan­
tities in which said gasoline or petroleum
products are to such purchasers sold or
delivered, prohibited. (Sec. 2 (a), 49 Stat.
1526; 15 U.S.C., Supp. IV, sec. 13 (a))
(See and desist order, American Oil
Company et al., Docket 3843, September
9, 1939).

United States of America—Before
Federal Trade Commission

At a regular session of the Federal
Trade Commission, held at its office in
the City of Washington, D. C., on the
9th day of September, A. D. 1939.

Commissioners: Robert E. Preer,
Chairman; Garland S. Ferguson, Charles
H. March, Ewin L. Davis, William A.
Ayres.

IN THE MATTER OF AMERICAN OIL
COMPANY AND GENERAL FINANCE, INC.

ORDER TO CEASE AND DESIST

This proceeding having been heard by
the Federal Trade Commission upon
the complaint of the Commission and the
answers filed thereto by the respondents,
American Oil Company and General
Finance, Inc., admitting the material al­
legations of fact in the complaint to be
true, and waiving all intervening pro­
cedure and further hearing as to the said
facts, and the Commission having made
its findings as to the facts and its con­
cclusions, which findings and conclusions
are hereby made a part hereof, that said
respondents have violated the provisions
of an Act of Congress entitled "An Act
to supplement existing laws against un­
lawful restraints and for other pur­
poses", approved October 15, 1914, as
amended by the Robinson-Patman Act
approved June 19, 1938 (Title 15, Sec.
12);

It is ordered, That respondent, Ameri­
can Oil Company, a corporation, its of­
icers, agents, and employees, in connec­
tion with the offering for sale, sale and distribution and
delivery of its gasoline and petroleum products in interstate commerce and in the
District of Columbia, do forthwith cease and desist (a) from the price disc­
riminations found in Paragraphs Seven, Eight and Nine of the aforesaid find­ings as to the facts and conclusion; (b) from in any other manner knowingly
purchasing gasoline and petroleum products at prices which differ­
criminations found in Paragraphs Seven and Eight of the aforesaid findings as to
the facts and conclusion; (c) from in any other manner, directly or indi­
crectly, discriminating in price between respondent General Finance, Inc., and
other purchasers competively engaged with respondent General Finance, Inc., in
the resale of its products of like grade and quality where the effect may be sub­
stantially to lessen competition or tend to create a monopoly in the line of com­
merce in which said respondent, or any of its customers, are engaged, or to inju­
ure, destroy, or prevent competition with respondent or its customers, except where
such price differences make only due al­
lowance for differences in the cost of sale or delivery resulting from differing meth­
ods or quantities in which said gasoline or

petroleum products are to such pur­
chasers sold or delivered.

It is further ordered, That the respond­
ent General Finance, Inc., its officers, di­
rectors, representatives, agents, and em­
ployees do forthwith cease and desist (a)
from inducing or receiving the price dis­
criminations found in Paragraphs Seven, Eight, and Nine of the aforesaid find­ings as to the facts and conclusion; and (b) from in any other manner knowingly
purchasing gasoline and petroleum prod­
ucts at prices which discriminate between it and other purchasers of such prod­
ucts of like grade and quality where the effect may be substantially to lessen com­
petition or tend to create a monopoly in the line of commerce in which said re­
spondent is engaged, or to injure, destroy,
or prevent competition with respondent or its customers except where such price
differences make only due allowance for differences in the cost of sale or delivery
resulting from differing methods or quantities in which said gasoline or

TAXES, ETC.

Amending Part 402 of Chapter IV, Title

Section 402.15-1 is amended to read as
follows:

§ 402.15-1 The Regional Manager, with
the advice of Regional Counsel, may
permit the payment of taxes, assess­
ments, other levies and charges and
ground rents, attorneys' fees, surveys, ap­
praisal fees, cost of reconditioning and
charges or expenses necessary in connec­
tion with the consummation of the par­
ticular transaction before directing the
application of any part of the funds re­
furred to in the foregoing Section.

In cases where the consideration (whether land, interests therein, en­
\enhancement in the value thereof, or funds) exceeds the amount by which the value of the Corporation's security is re­
duced or diminished and the home owner
has requested that such excess be re­

FEDERAL REGISTER, Wednesday, September 20, 1939
3989
tained by him or be turned over to him for his own use, the Regional Manager may grant the request if in his opinion the purposes of the Corporation would not be adversely affected. In cases where such excess does not exist or where it is less than the amount the home owner has requested be turned over to him and the Regional Manager recommends that the request of the home owner be allowed, he shall forward the file, together with a summary of the case and his recommendation, to the General Manager for direction. (Effective September 15, 1939)

(Above procedure promulgated by General Manager and General Counsel pursuant to authority vested in them by the Federal Home Loan Bank Board acting pursuant to Secs. 4 (a), 4 (k) of Home Owners' Loan Act of 1933, 48 Stat. 129, 132, as amended by Section 13 of the Act of April 27, 1934, 48 Stat. 647; 12 U.S.C. 1463 (a), (k))

PROMULGATED BY GENERAL MANAGER AND GENERAL COUNSEL OF HOME OWNERS' LOAN CORPORATION

[SEAL]

H. CAULSEN, Assistant Secretary.

[F. R. Doc. 38-3445; Filed, September 19, 1939; 12:55 p. m.]

TITLE 26—INTERNAL REVENUE

BUREAU OF INTERNAL REVENUE

[T. D. 4939]

INCOME TAX

REGULATIONS RELATING TO THE RECOGNITION OF GAIN OR LOSS AND THE BASIS OF PROPERTY ACQUIRED IN CERTAIN EXCHANGES INVOLVING THE ASSUMPTION OF LIABILITIES BY THE TRANSFEROR PROPERTY SUBJECT TO A LIABILITY

† To Collectors of Internal Revenue and Others Concerned:

TABLE OF CONTENTS

Sec. 20A.0 Introductory.

20A.1 General.

20A.2 Purpose and scope of special treatment accorded assumption of liabilities in certain cases.

20A.3 Assumption of liability not to be taken into account for purposes of recognizing gain or loss.

20A.4 Assumption of liabilities to be disregarded where the transaction is a reorganization under clause requiring acquisition of property other than property subject to a liability.

20A.5 Effect of assumption of liabilities on computation of proportionate interests of transferee as to basis of property acquired by transferee.

20A.6 Effect of assumption of liabilities on computation of proportionate interests of transferee as to basis of property acquired by transferee.

20A.7 Modification of prior regulations.

§ 20A.0 Introductory. (a) Section 213 of the Revenue Act of 1938, approved June 29, 1938, (Public No. 155, Seventy-sixth Congress, first session) provides:

SEC. 218. ASSUMPTION OF LIABILITIES. (a) ASSUMPTION OF LIABILITY NOT RECOGNIZED. Where upon an exchange the taxpayer receives as part of the consideration property subject to a liability, such assumption or acquisition shall not be considered as "other property or money" received by the taxpayer within the meaning of subsection (b) (4) or (5) of this section to be received without the recognition of gain if it appears that the taxpayer and as part of the consideration another party to the exchange assumes a liability of the taxpayer which the taxpayer acquired property subject to a liability, such assumption or acquisition shall not be considered as "other property or money" received by the taxpayer within the meaning of subsection (b) (4) or (5) of this section to be received without the recognition of gain if it appears that the principal purpose of the taxpayer with respect to the assumption or acquisition was a purpose to avoid Federal income tax on the exchange, or if not so purpose, was not a bona fide business purpose, such assumption or acquisition (in the amount of the liability) shall, for the purposes of this section, not be regarded as money received by the taxpayer upon the exchange. In any suit or proceeding where the burden is on the taxpayer to show that such assumption or acquisition is not to be considered as money received by the taxpayer, such burden of proof shall be sustained unless the taxpayer sustains such burden by the clear preponderance of the evidence.

(b) AMENDMENT TO DEFINITION OF REORGANIZATION. Section 112 of the Internal Revenue Code (relating to definition of reorganization) is amended by adding at the end thereof the following new sentence: "(1) The term 'reorganization' means (A) a statutory merger or consolidation, or (B) the acquisition by one corporation, in exchange solely for all or a part of its voting stock, of at least 80 percent of the voting stock and at least 80 percent of the total number of shares of all other classes of stock of another corporation, or (C) the acquisition by one corporation, in exchange solely for all or a part of its voting stock, of substantially all of the assets of another corporation, in exchange solely for all or a part of its voting stock, in a transaction that does not result in the acquiring corporation owning all of the assets of the corporation to which the exchange is made, or (D) a transfer by a corporation of all or a part of its assets to another corporation, in exchange solely for all or a part of its voting stock, or (E) recapitalization, or (F) a mere change in identity, form, or place of organization, however effected."

(c) REQUIREMENT OF SUBSTANTIALLY PROPORTIONATE INTERESTS. Section 112 (b) (5) of the Internal Revenue Code (relating to requirement of substantially proportionate interests) is amended by adding at the end thereof the following new sentence: "Whenever the exchange is a reorganization, the requirement of substantially proportionate interests is satisfied if any of the following conditions is met: (A) the relative rights of the shareholders of the corporation to which the exchange is made, and of the acquiring corporation, in exchange solely for all or a part of its voting stock, or (B) recapitalization, or (C) a mere change in identity, form, or place of organization, however effected."

(2) Paragraph (1) shall be effective with respect to the tax years ending after December 31, 1938, and subsequent revenue acts as of the date of enactment of each such act.

(g) DEFINITION OF REORGANIZATION UNDER PRIOR ACTS. (1) Section 112 (g) (1) of the Revenue Act of 1926, and 1934 are amended to read as follows:

"(1) The term 'reorganization' means (A) a statutory merger or consolidation, or (B) the acquisition by one corporation, in exchange solely for all or a part of its voting stock, of substantially all of the assets of another corporation, in exchange solely for all or a part of its voting stock, or (C) a mere change in identity, form, or place of organization, however effected."

(2) Paragraph (1) shall be effective with respect to the tax years ending after December 31, 1926, and 1934.
stock the assumption by the acquiring corporation of a liability of the other, or the fact that property acquired is subject to a liability, unless such assumption or such liability, respectively, was different from the treatment of the liability by the taxpayer subject to such liability, such assumption or acquisition (in the absence of the liability) shall, for the purposes of this paragraph, be considered as money received by the taxpayer upon the exchange.

(2) The amendments made by paragraph (1) to the respective Acts amended shall be effective as to each of such Acts as of the date of enactment of such Act.

(d) SUBSTANTIALLY PROPORTIONATE INTERESTS UNDER PRIOR ACTS.

(1) Section 112 (b) (3) of the Revenue Act of 1938, 1936, 1934, 1932, and 1928, and section 3 (b) of the Revenue Act of 1926 and 1924 are amended by inserting at the end thereof the following: "Where part of the consideration to the taxpayer another party to the exchange assumes a liability of a transferor, or where the property of a transferor is transferred to another party, the liability theretofore assumed by the transferor shall be effective as to each of such Acts as of the date of enactment of such Acts.

(b) Section 910 of the Social Security Act Amendments of 1939, approved August 10, 1939 (Public No. 379, Seventy-sixth Congress, first session) provides:

Sec. 910. (a) The provisions of section 213 of the Revenue Act of 1939 apply without regard to the exception therein provided, if (1) the taxpayer in the determination of the basis of the property acquired is subject to a liability, and (2) such determination is by a decision of the Board of Tax Appeals or of a court, which became final before the last sentence thereof the following: "Where part of the consideration to the taxpayer another party to the exchange assumes a liability of a transferor, or where the property of a transferor is transferred to another party, the liability theretofore assumed by the transferor shall be effective as to each of such Acts as of the date of enactment of such Acts.

(b) The amendments made by paragraph (1) to the respective Acts amended shall be effective as to each of such Acts as of the date of enactment of such Act.

(d) Substantially proportionate interests under prior Acts.

(1) Section 112 (b) (5) of the Revenue Acts of 1938, 1936, 1934, 1932, and 1928, and section 4 (b) of the Revenue Act of 1926 and 1924 are amended by inserting at the end thereof the following:

(2) The amendments made by paragraph (1) to the respective Acts amended shall be effective as to each of such Acts as of the date of enactment of such Act.

(c) References to the Act.

(e) References to the Act.

(b) Section 910 of the Social Security Act Amendments of 1939, approved August 10, 1939 (Public No. 379, Seventy-sixth Congress, first session) provides:

Sec. 910. (a) The provisions of section 213 of the Revenue Act of 1939 apply without regard to the exception therein provided, if (1) the taxpayer in the determination of the basis of the property acquired is subject to a liability, and (2) such determination is by a decision of the Board of Tax Appeals or of a court, which became final before the last sentence thereof the following:

(2) The amendments made by paragraph (1) to the respective Acts amended shall be effective as to each of such Acts as of the date of enactment of such Act.

(b) Section 910 of the Social Security Act Amendments of 1939, approved August 10, 1939 (Public No. 379, Seventy-sixth Congress, first session) provides:

Sec. 910. (a) The provisions of section 213 of the Revenue Act of 1939 apply without regard to the exception therein provided, if (1) the taxpayer in the determination of the basis of the property acquired is subject to a liability, and (2) such determination is by a decision of the Board of Tax Appeals or of a court, which became final before the last sentence thereof the following:

(2) The amendments made by paragraph (1) to the respective Acts amended shall be effective as to each of such Acts as of the date of enactment of such Act.
to be recognized under section 112 (c) or (d), if the transactions involved would, for the receipt of “other property or money” or been exchanges of the type described in section 112 (b) or (5). The section also provides that if the only type of consideration received by the transferor in addition to that permitted to be received by section 112 (b) (4) or (5) consists of an assumption of liabilities, the transaction, if otherwise qualified, shall be deemed to be within the provisions of section 112 (b) (4) or (5). The above rules are applicable to all transactions of the character described occurring at any time in the past or the future in a taxable year ending after December 31, 1923, of the transferor whose liabilities are assumed, with the exceptions and limitations specified in paragraphs (b) and (c) of this section of the regulations.

The application of this paragraph may be illustrated by the following example:

Example. A, an individual, transfers to a controlled corporation property with an adjusted basis of $10,000 in exchange for stock of the corporation with a fair market value of $8,000, cash in the amount of $3,000, and the assumption by the corporation of indebtedness of A amounting to $4,000. A's gain is $5,000, computed as follows:

| Stock received | 8,000 |
| Cash received  | 3,000 |
| Liabilities transferred | 4,000 |

Total consideration received | 15,000 |
Less: | Adjusted basis of property transferred | 10,000 |
Gain realized | 5,000 |

Assuming that the transaction falls within section 112 (c) as a transaction which would have been within section 112 (b) (5) but for the receipt of “other property or money,” only so much of such $5,000 gain will be recognized as does not exceed the “other property or money” received. Since section 213 of the Act provides that an assumption of liabilities shall not constitute “other property or money” for this purpose, the only “other property or money” received is the $3,000 cash, and the $5,000 realized gain will be recognized only to that extent.

(b) Exceptions and limitations relative to transactions taking place in a taxable year beginning after December 31, 1938. The benefits of section 112 (c), added to the Internal Revenue Code by section 213 (a) of the Act, do not extend to any exchange involving an assumption of liabilities where it appears that the principal purpose of the taxpayer with respect to such assumption was a purpose to avoid Federal income tax on the exchange, or, if not such purpose, was not a bona fide business purpose. In such cases, the amount of the liabilities assumed shall, for the purpose of determining the amount of gain to be recognized upon the exchange in which the liabilities are assumed, be treated as money received by the taxpayer upon the exchange. In any suit or proceeding where the burden is on the taxpayer to prove that an assumption of liabilities is not to be considered as “other property or money” for purposes of section 112 (d), it is the case if the Commissioner determines that the taxpayer's purpose with respect to the assumption was a purpose to avoid Federal income tax on the exchange or was not a bona fide business purpose and the taxpayer cannot prove such determination by litigation, the taxpayer must sustain such burden by the clear preponderance of the evidence. Thus, the taxpayer must prove his case by such a clear preponderance of all the evidence that the absence of a purpose to avoid Federal income tax on the exchange, or the presence of a bona fide business purpose, is unmistakable.

(c) Exceptions and limitations relative to transactions taking place in a taxable year beginning prior to January 1, 1939. As indicated in section 910 of the Social Security Act Amendments of 1939 (quoted in section 20.4 (b) of these regulations), there are exceptions from the rule provided by section 213 (f) of the Act cases involving amounts which were treated as money in the determination of whose tax liability for the taxable year in which the exchange occurred, by a decision of the Board of Tax Appeals or of a court which became final on or before September 26, 1939, or by a closing agreement under section 7612 (b), which was recognized to such taxpayer by reason of the assumption of liabilities in question. It is provided that under the applicable provision of the law such an assumption of liabilities shall be treated as money received by the taxpayer upon the exchange to the extent such assumption of liabilities was considered in computing the amount of gain to be recognized.††

§ 20A.4 Assumption of liabilities to be disregarded in determining whether transaction will be treated as one within section 112 (b) (2) and (4) for purposes of section 112 (c). The nonrecognition of gain or loss allowed by section 112 (b) (2) and (4), and so much of section 112 (c), (d), and (e) as refers to section 112 (b) (3) and (4), applies only to exchanges made in connection with a reorganization. Among the types of transactions defined as a reorganization by section 112 (g) (1) of the Internal Revenue Code and the Revenue Acts of 1934, 1936, and 1938 is the acquisition by one corporation, in exchange solely for all or part of its voting stock, of substantially all the properties of another corporation. Section 213 (b) and (g) of the Act amends such section 112 (g) (1) to provide that in determining whether an exchange is solely for voting stock for the purposes of such section any assumption by the acquiring corporation of the liabilities of the other shall be disregarded. The effect of such provision may be illustrated in the operation of section 112 (b) (3) and (4) by the following examples:

Example (1). The only assets of the X Corporation consist of property with an adjusted basis of $1,000,000. The X Corporation also has indebtedness outstanding of $50,000. On July 1, 1939, pursuant to a plan of reorganization, the X Corporation transfers all its property to the Y Corporation in exchange for voting stock of the X Corporation with a fair market value of $500,000 and an assumption by the Y Corporation of the X Corporation's indebtedness. The transaction being a reorganization pursuant to the terms of section 112 (g) (1) as amended by section 213 of the Act, the exchange is governed by section 112 (b) (4) and though the X Corporation realized a loss of $50,000 on the exchange, such loss will not be recognized. Example (2). Assume the same facts as in example (1), plus the fact that, pursuant to the plan of reorganization, the X Corporation immediately distributed to each of its shareholders its stock in the Y Corporation in exchange for property of the Y Corporation's stock to its shareholders in complete liquidation. A, one of the shareholders of the X Corporation, receives stock of the Y Corporation with a fair market value of $5,000 in exchange for stock of the X Corporation with an adjusted basis in his hands of $4,000. The transaction between the X Corporation and the Y Corporation being a reorganization pursuant to the terms of section 112 (g) (1) as amended by section 213 of the Act, the exchange by A of X Corporation stock for Y Corporation stock is governed by the provisions of section 112 (b) (3) and the $1,000 gain realized by A in such exchange will not be recognized. If in connection with such exchange indebtedness of A had been assumed, the amount of the liabilities so assumed would have been treated as “other property or money” for the purposes of section 112 (c), since the provisions of section 213 (b) and (g) of the Act do not extend to section 112 (b) (3) and (4) as such liabilities would have been recognized as did not exceed such “other property or money.”

Though an assumption of liabilities does not prevent an exchange from being solely for voting stock for the purposes of the definition of a reorganization, an assumption of liabilities in some cases may so alter the character of the transaction as to place it outside the underlying purposes and assumptions of the reorganization provisions. The amendments by section 213 (b) and (g) of the Act do not prevent consideration of the effect of an assumption of liabilities on the general character of the transaction, but merely provide that the requirement that the exchange be solely for voting stock is satisfied if the only additional consideration is an assumption of liabilities.* ††

§ 20A.5 Effect of assumption of liabilities on computation of proportionate interests required by section 112 (b) (1) General rule. Subject to the limitations and exceptions contained in paragraph (b) of this section of the regulations, in any case where an assumption
of liabilities is not to be treated as "other property or money" under section 213 (f) of the Act or section 112 (k), added to the Internal Revenue Code by section 213 (a) of the Act, the amount of the liabilities so assumed is to be treated as stock or securities received by the transferor whose indebtedness is assumed, for the purpose of determining whether the stock or securities received by the transferees are substantially in proportion to their interests in the properties transferred, as required by section 112 (b) (5). The application of this paragraph may be illustrated by the following example:

Example: A and B, individuals, each own property with a fair market value of $100,000 on July 1, 1939. There is a purchase money mortgage on A's property of $50,000. On July 1, 1939, A and B organize the X Corporation, to which they transfer the property above described for the entire capital stock of the X Corporation and the assumption by the X Corporation of A's purchase money mortgage. The X Corporation's capital stock is divided as follows: $50,000 to A and $100,000 to B. Nevertheless, for the purposes of determining whether the transferees received stock or securities substantially in proportion to their interests in the properties transferred, as required by section 112 (b) (5), A is deemed to have received stock or securities to the extent of $100,000, since his $50,000 purchase money mortgage, assumed by the X Corporation, is also to be treated as stock or securities received by him. Accordingly, under the facts as stated, the proportions required by section 112 (b) (5) exist.

(b) Exceptions and limitations in the case of transactions taking place in a taxable year beginning prior to January 1, 1939. Paragraph (a) of this section of the regulations shall not apply if the exchange took place in a taxable year beginning prior to January 1, 1939, and as the result of a determination of the tax liability of the taxpayer for such taxable year, by a decision of the Board of Tax Appeals or of a court which became final on or before September 26, 1939, or by a closing agreement under section 3760, the treatment of the amount of such liability was different from the treatment which would result from the application of paragraph (a) of the section of the regulations. In such case the result of such determination shall be deemed proper.†

† §20A.6 Effect of assumption of liabilities on basis of property acquired by person whose liabilities are assumed. Section 112 (a) (b) provides that the basis of property acquired upon certain tax-free exchanges shall be the same as the adjusted basis of the property transferred, decreased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized upon the exchange under the law applicable to the year in which the exchange was made.

| Example (1) | A, an individual, owns property having an adjusted basis of $100,000 and on which there is a purchase money mortgage of $25,000. On September 1, 1939, A organizes the X Corporation to which he transfers the property above described in exchange for all the capital stock of the X Corporation and a $150,000 mortgage. The capital stock of the X Corporation has a fair market value of $150,000. Under section 112 (b) (5), no gain is recognized. The basis of such stock in A's hands is $75,000, computed as follows:
| Adjusted basis of property transferred | $100,000 |
| Less: Amount of money received (assumed by X Corporation) | $25,000 |
| Basis of stock of the X Corporation in A's hands | $75,000 |

Example (2) | B, an individual, owns an apartment house which has an adjusted basis in his hands of $500,000, but which is subject to a mortgage of $150,000. On December 15, 1939, he transfers such apartment house to C, receiving in exchange therefor $50,000 in cash and another apartment house with a fair market value on that date of $600,000. The transfer to C is made subject to the $150,000 mortgage, but C does not assume such mortgage. B realizes a gain of $300,000 on the exchange, computed as follows:
| Value of property received | $600,000 |
| Cash | $50,000 |
| Liabilities subject to which old property was transferred | $150,000 |
| Total consideration received | 800,000 |
| Adjusted basis of property transferred | 500,000 |
| Gain realized | 300,000 |

Since section 213 of the Act does not apply to section 112 (b) (1) or so much of section 112 (c) as relates to section 112 (b) (5), $200,000 of such $300,000 gain is recognized. The basis of the apartment house acquired by B upon the exchange is $300,000, computed as follows:
| Adjusted basis of property transferred | $800,000 |
| Less: Amount of money received | $80,000 |
| Cash | $80,000 |
| Amount of liabilities subject to which property was transferred | $150,000 |
| Difference | 200,000 |
| Plus: Amount of gain recognized upon the exchange | 200,000 |
| Basis of property acquired upon the exchange | 500,000 |

†
Grazing of domestic livestock, development of water storage projects which do not involve road construction, and improvements necessary for fire protection may be permitted subject to such restrictions as the Chief deems desirable. Within such designated wilderness areas, except where such use has already become well established or for administrative, economic, or scientific purposes, no roads or other provision for motor vehicles, the landing of airplanes on national forest land or water and the use of motor boats on national forest waters are prohibited, except by order of the Chief. Notice of every proposed establishment, modification, or elimination will be published or publicly posted by the Forest Service for a period of at least 90 days prior to the approval of the contemplated order and if there is any demand for a public hearing, the regional forester shall hold such hearing and make full report thereon to the Chief of the Forest Service, who will submit it with his recommendations to the Secretary.

§ 251.21 (Reg. U-2) 
Wild areas. Suitable areas of national forest land in single tracts of less than 100,000 acres but not less than 5,000 acres may be designated by the Chief, Forest Service, as "wild areas," which shall be administered in the same manner as wilderness areas, with the same restrictions upon their use. The procedure for establishment, modification, or elimination of wild areas shall be as for wilderness areas, except that final action in each case will be by the Chief.

§ 251.22 (Reg. U-3) 
Recreation areas. Suitable areas of national forest land other than wilderness or wild areas which should be managed principally for recreation use but on which certain other uses are permitted may be given special classification. Areas in excess of 100,000 acres will be approved by the Secretary of Agriculture; areas of less than 100,000 acres may be approved by the Chief, or by such officers as he may designate.

§ 251.23 (Reg. U-4) 
Experimental and natural areas. The Chief of the Forest Service shall determine, define, and permanently record a series of areas of national forest land to be known as experimental and natural areas. These areas are to be dedicated to and used for research, also where necessary a supplemental series of areas for range investigations to be known as experimental ranges; and a series to be known as natural areas sufficient in number and extent to adequately provide for the experimental work necessary as a basis for forest production or forest and range production in each forest region, these areas to be dedicated to and used for research, also where necessary a supplemental series of areas for range investigations to be known as experimental ranges; and a series to be known as natural areas sufficient in number and extent adequately to illustrate or typify virgin conditions of forest range growth in each forest or range region, to be retained in a virgin or unmodified condition for the purposes of science, research, and education. Within areas so designated occupancy thereof under a special use permit shall not be allowed, or the construction of permanent improvements permitted thereon, except improvements required in connection with their experimental use, unless authorized by the Chief of the Forest Service or the Secretary.

§ 251.24 (Reg. U-5) Public camp grounds established upon national forest lands which are improved by the Forest Service, either from public funds or in cooperation with other public or private agencies, are for transient use by the public and shall not be occupied for extended periods or used for forms of occupancy which, in the opinion of the forest supervisor, are contrary to general public interest.

The forest supervisor may, in his discretion, prohibit the occupancy of designated camp grounds by house trailers, the erection or use of unsightly and inappropriate structures or appurtenances, and may fix a maximum limit upon the number of consecutive days during which any person or group of persons may occupy a designated camp ground.

Notice of such prohibition or restrictions shall be given by a sign posted within said camp ground, and occupancy or use of the ground in violation of such prohibitions or restrictions is prohibited. Regulation L-19, sec. 251.13, is hereby revoked.

§ 251.25 (Reg. U-4) Occupancy and use of national forest land shall be permitted only upon compliance with reasonable conditions looking to the promotion of public health, welfare, safety, or convenience. Public notices shall be posted by the forest supervisor, setting forth such conditions with respect to any areas on which special restrictions should be imposed.

In testimony whereof, I have hereunto set my hand and official seal at the city of Washington this 19th day of September 1939.

[SEAL]

H. A. WALLACE,
Secretary of Agriculture.


PART 251—LAND USES

By virtue of the authority vested in the Secretary of Agriculture by the act of Congress of February 1, 1905 (33 Stat. 628), amendatory of the act of June 4, 1897 (30 Stat. 11, 35), I, H. A. Wallace, Secretary of Agriculture, do make and publish the following regulations for the occupancy, use, protection and administration of the national forests and to constitute a part of the National Forest Manual:

§ 251.20 (Reg. U-1) 
Wilderness areas. Upon recommendation of the Chief, Forest Service, national forest lands in single tracts of not less than 100,000 acres may be designated by the Secretary as "wilderness areas," within which there shall be no roads or other provision for motorized transportation, no commercial timber cutting, and no occupancy under special use permit for hotels, stores, resorts, summer homes, organization camps, hunting and fishing lodges, or similar uses: Provided, however, That where roads are necessary for ingress or egress to private property these may be allowed under appropriate conditions determined by the forest supervisor, and the boundary of the wilderness area shall thereupon be modified to exclude the portion affected by the road.
service under the laws providing compensa-
tion or pension for world war veterans and
their dependents. The claims for
April 6, 1917, and July 2, 1921, unless
otherwise temporarily or permanently vested in the claims division, veterans claims service, central office, will be ad-
judicated in regional offices and facilities having regional office activities. (Sep-
tember 22, 1939.) (48 Stat. 9; 50 Stat.
661; 28 U.S.C. 424; 704.)

Frank T. Hines,
Administrator.

[F. R. Doc. 39-3439; Filed, September 18,
1939; 3:25 p.m.]

TITLE 46—SHIPPING
UNITED STATES MARITIME
COMMISSION
UNITED STATES MARITIME SERVICE
REGULATIONS
Effective September 1, 1939

By virtue of the authority vested in the United States Maritime Commission by the Act of August 14, 1936, as amended, "to promote the commerce of the United States, to aid in the national defense, to maintain an adequate and well-balanced American merchant marine, to train American citizens to become licensed officers of the merchant marine of the United States in a status of cadets and unlicensed personnel of the merchant marine, and to maintain a trained and efficient merchant marine personnel. The ranks, grades, and ratings for the personnel of the said Service shall be the same as are now or shall hereafter be prescribed for the personnel of the Coast Guard Service, except that the Commission is further authorized to employ as instructors in said Service, on a contract or fee basis (without regard to the provisions of section 3709 of the Revised Statutes), such qualified persons, including licensed and unlicensed personnel of the merchant marine, as the Commission may deem necessary to effectuate the purposes of this section."

(b) The Commission is hereby authorized to train American citizens to become licensed officers of the merchant marine of the United States in a status of cadets and unlicensed personnel, under such rules and regulations as it may prescribe, to establish, or other agency of the Government, including any field service thereof, may avail itself of the use of such textbooks and other aids to instruction, and in the supervision and administration of such use to supplement other training prescribed by the Commission.

(c) The Commission is hereby authorized to prescribe, conduct, and supervise such extensions and correspondence courses as it may deem necessary to supplement other training facilities, and to make such courses available, under such rules and regulations and upon such terms as may be prescribed, to the licensed and unlicensed personnel of the merchant marine, and to cadets and cadet officers, who shall make application therefor.

(d) The Commission is further authorized to print, publish, and purchase suitable textbooks, equipment, and supplies for such courses, and to employ persons, firms, and corporations on a contract or fee basis (without regard to the provisions of section 3709 of the Revised Statutes), for the performance of special services deemed necessary by the Commission in the preparation and editing of such textbooks and other aids to instruction, and in the supervision and administration of such use.

(e) The Commission, with the consent of any executive department, independent establishment, or other agency of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this section, as amended.

SEC. 2. General Order No. 25. The government and administration of the United States Maritime Service shall be in conformity with the Commission's General Order No. 25, establishing the Service, adopted on July 14, 1938 and amended on September 1, 1939. General Order No. 25, as amended, reads as follows:

There is hereby established, pursuant to the authority vested in the Commission by section 216 of the Merchant Marine Act, 1936, as amended, a voluntary organization to be known as the United States Maritime Service which shall consist of such American citizens as may be enrolled under the provisions of said section, this order, and such rules and regulations as may be prescribed by the Commission for the government of said Service.

The number of persons to be enrolled in said Service, the rates of pay of such persons, and the prescribed periods of training shall be determined, fixed, and prescribed by the Commission in such manner and form as may appear to it to be necessary to maintain a trained and efficient merchant marine personnel. The ranks, grades, and ratings for the personnel of the said Service shall be the same as are now or shall hereafter be prescribed for the personnel of the Coast Guard.

In the administration and conduct of the said Service the Commission shall, subject to the consent and approval of the Secretary of the Treasury, avail itself of the services of such Information, services, facilities, officers, and employees of the Coast Guard, the Public Health Service and the Civilian Conservation Corps, with the approval of their respective Executive Heads, as may be necessary for the operation of said Service, such use to be at the expense of the Commission.

Enrollment and training in the United States Maritime Service shall be voluntary and shall be open to all licensed and unlicensed personnel of the United States merchant marine who comply with the requirements prescribed by the Commission as well as to young American citizens between the ages of 18 and 26 years who desire to train for service in the American Merchant Marine and who qualify, in the opinion of the Commission, as it may prescribe, to be necessary to maintain a trained and efficient merchant marine personnel.

(33 F.R. 801 D1.)

ARTICLE II—ORGANIZATION AND ADMINISTRATION

SECTION 1. Definitions. When used in these regulations—

(a) "Commission", or "Maritime Commission" means the United States Maritime Commission.

(b) "Service" or "Maritime Service" means the United States Maritime Service.

(c) "Commandant" means Commandant of the Coast Guard.

(d) "Coast Guard personnel" includes commissioned, warrant, or enlisted personnel of the Coast Guard and other employees thereof.

(e) "Maritime Service personnel" includes all persons employed in the Maritime Service.

(f) "Enrollees" means persons enrolled in the Maritime Service.

(g) "Merchant vessels of the United States" means ocean-going or Great Lakes vessels of 500 gross tons or over documented under the laws of the United States and engaged in the foreign or domestic commerce of the United States.

SEC. 2. Maintenance of the service. The Maritime Service shall be maintained by means of the services of the Maritime Commission, which shall exercise such supervision over it, through the Com-
mandant, as may be necessary to comply with law and the rules and regulations prescribed by the Commission.

Sec. 3. Administration. The Maritime Service shall be administered by the Commandant of the Coast Guard, who shall have full control over the administration of the functions delegated to him by the rules and regulations prescribed by the Commission. All policies affecting the Maritime Service shall be determined by the Commission, after consultation with the Commandant.

Sec. 4. Ranks, grades, and ratings. The ranks, grades, and ratings for the personnel of the Maritime Service shall be the same as are now or shall hereafter be prescribed for the personnel of the Coast Guard.

Sec. 5. Forms. The Commandant shall prescribe, subject to the approval of the Commission, forms for application for enrollment, enrollment, disenrollment (voluntary and involuntary), release from active duty, assignments of ranks, grades, and ratings, pay and supply of personnel, maintenance and supply of stations and vessels, requests and authorizations for travel, fiscal management and accounts, and all other necessary forms for the administration of the Maritime Service.

Sec. 6. Authority of commandant. Subject to the regulations prescribed by the Commission, the Commandant is authorized:

(a) To direct and control the employees and enrollees of the Maritime Service, and to prescribe instructions regulating annual and sick leave.

(b) To employ, for the Maritime Service, on the account of the Maritime Commission, such civil employees as may be necessary for the conduct and maintenance of the Service.

(c) To enroll, disenroll, assign to active or inactive duty, and release from active duty of personnel of the Service.

(d) To regulate the ranks, grades, and ratings of enrollees of the Service.

(e) To direct and conduct the prescribed courses of training.

(f) To provide for the maintenance of discipline and order.

(g) To conduct the fiscal management and keep the accounts of the Service.

(h) To direct the use and preservation of training stations, training ships, clothing, equipment, and supplies of the Service.

(i) To authorize the procurement of provisions, clothing, materials, equipment, and services for the operation of the Service.

(j) To dispose, by survey, for the account of the Commission, of such materials, clothing, equipment, and supplies as shall be found to be no longer serviceable. Such disposal shall be in accordance with existing Coast Guard regulations.

(k) To authorize and direct necessary travel in behalf of and on the account of the Maritime Service.

(l) To delegate such authority as is necessary to subordinate personnel of the Coast Guard or of the Maritime Service.

Sec. 7. Instructions of commandant. The Commandant is authorized to issue directions, instructions, and orders consistent with the regulations prescribed by the Commission, for the proper administration of the Maritime Service.

Sec. 8. Allotments and expenditures. (a) Expenditures and obligations for the Maritime Service shall be limited to the allotment of funds by the Commission to the Service.

(b) Expenditure of funds may be authorized by the Commandant as required for the proper administration of the Maritime Service, including pay of personnel, purchases of equipment, provisions, and supplies, expenses of medical examination, medical treatment and hospitalization, communication and travel expense, and such other expenses of an administrative or material nature as may be necessary for the efficient maintenance of the Service.

(c) The Commandant shall report to the Commission concerning all accounts and other financial matters of the Service in such manner and form as the Commission shall prescribe.

(d) The pay and allowances of the Chief Warrant and Warrant Officers and enlisted men of the Coast Guard detailed to duty with the Maritime Service shall be charged to the allotment of funds for the Maritime Service, and all travel expense including transportation of dependents and personal effects of all personnel of the Coast Guard detailed to such duty shall be charged to such fund, provided that expense in connection with relief and detail to Coast Guard duty of such personnel shall be borne by the Coast Guard.

Sec. 9. Investigations. (a) The Commandant is authorized to convene boards consisting of Coast Guard, Maritime Service, and Public Health Service personnel to investigate accidents to Maritime Service personnel, damage to Maritime Service property, and any other matters or incidents which in his opinion require investigation.

(b) The Commandant is authorized to promulgate instructions, consistent with law, for the confinement of Maritime Service personnel where such confinement is necessary for safe keeping.

(c) Enrollees charged with violating criminal statutes shall be delivered to the appropriate civil (Federal, state, or municipal) authorities.

Sec. 10. Medical treatment. Medical treatment, including all necessary examinations, of the Maritime Service personnel shall be obtained from the Public Health Service in so far as possible. When the Public Health Service facilities are not available for treatment of Maritime Service personnel in civilian hospitals or by civilian physicians are authorized and shall be provided at the expense of the Commission.

ARTICLE III—ENROLLMENT AND DUTY

SECTION 1. Voluntary enrollment—Numbers. (a) Enrollment in the Maritime Service shall be voluntary, and shall be open to American citizens in such numbers and grades as the Maritime Service shall from time to time prescribe.

(b) Every enrollee shall be eligible for enrollment in the Maritime Service unless he is a citizen of the United States, not less than 18 years of age if enrolled as an apprentice seaman and not less than 19 years of age if enrolled in ratings other than apprentice seaman, and shall not have any physical, mental, or moral defect rendering him unfit for service at sea. An applicant may not be more than 23 years of age when enrolled.

(c) The original enrollment of licensed personnel shall be in a rank not above ensign.

(d) The original enrollment of unlicensed personnel shall be in a rating not above seaman, second class.

(e) Every applicant shall be deemed eligible for enrollment who meets all qualifications as prescribed.

(f) The enrollment period for apprentice seamen shall be prescribed from time to time by the Commission.

(g) Every enrollee shall, upon enrollment, take an appropriate oath or affirmation.

(h) The Commandant is authorized to promulgate instructions, consistent with law, for the confinement of Maritime Service personnel where such confinement is necessary for safe keeping.

(i) Enrollees charged with violating criminal statutes shall be delivered to the appropriate civil (Federal, state, or municipal) authorities.

Sec. 11. Duty—Active and inactive. (a) Duty status in the Maritime Service may be active or inactive.

(b) Every original enrollee shall be deemed to be on active duty immediately upon enrollment, and shall remain on active duty until released therefrom by proper authority.

(c) Regular enrollees may be assigned to inactive duty status subject to voluntary return to active duty at such intervals and for such periods as may be prescribed.

(d) Regular enrollees may be maintained on voluntary active duty for such periods as may be necessary for the proper administration of the Service.

(e) Exhaust of active duty may be assigned as instructors or as under instruction, or to perform administrative or other duties.

Sec. 5. Disenrollment—Voluntary and involuntary. (a) Any enrollee in the
Maritime Service shall be disenrolled upon request, the disenrollment to be effective on the date of action on such request.

(b) Any enrollee may be disenrolled from the Service for cause, as follows:

(1) During the probationary period of original enrollment, or while on active duty thereafter, for conduct or qualifications deemed unsatisfactory to the Service.

(2) For failure to serve 24 months in any period of 36 consecutive months on merchant vessels of the United States, provided that an enrollee shall be disenrolled for failure to serve 10 months in any such period of 36 months on merchant vessels of the United States.

(3) For failure in such period of 36 consecutive months to serve the required period or periods on active duty in the Service.

(4) For physical or mental disability.

(5) For conduct such as to bring discredit upon the Service.

(c) Any person disenrolled for cause, upon removal of the disability or upon other correction of the cause of disenrollment, be re-enrolled in the Service.

ARTICLE IV—PAY AND SUPPLY

SECTION 1. Rates of pay. Licensed and unlicensed personnel of the Maritime Service shall receive the following monthly rates of pay while on active duty:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Pay Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Captain</td>
<td>$333.33</td>
</tr>
<tr>
<td>Commandant</td>
<td>250.00</td>
</tr>
<tr>
<td>Lieutenant</td>
<td>200.00</td>
</tr>
<tr>
<td>Lieutenant (J. G.)</td>
<td>196.67</td>
</tr>
<tr>
<td>Ensign</td>
<td>125.00</td>
</tr>
<tr>
<td>Cadet</td>
<td>55.00</td>
</tr>
<tr>
<td>Chief Warrant Officer</td>
<td>200.00</td>
</tr>
<tr>
<td>Warrant Officer</td>
<td>193.00</td>
</tr>
<tr>
<td>1st Pay Grade</td>
<td>175.00</td>
</tr>
<tr>
<td>2nd Pay Grade</td>
<td>166.67</td>
</tr>
<tr>
<td>3rd Pay Grade</td>
<td>158.33</td>
</tr>
<tr>
<td>4th Pay Grade</td>
<td>150.00</td>
</tr>
<tr>
<td>5th Pay Grade</td>
<td>141.67</td>
</tr>
<tr>
<td>6th Pay Grade</td>
<td>133.33</td>
</tr>
<tr>
<td>7th Pay Grade</td>
<td>125.00</td>
</tr>
</tbody>
</table>

Sec. 2. Computation of pay. Pay shall be computed on the basis of 30 days per month. An enrollee shall be credited in the computation of his pay, or allowances, for each day, or fraction thereof, upon which active duty is performed.

Sec. 3. Allowances and increases. In addition to the rates of pay prescribed for them, enrollees of the sixth, seventh and eighth pay grades, not in the Stewards' department, shall, when detailed as messmen, be entitled to additional pay at the rate of $6 per month.

Sec. 4. Active duty. The term "active duty" shall include all service while in training or performing duty under authorization of the Maritime Service, but shall not include any pay for any such service, whether or not the enrollee is actually on active duty, without leave or while on leave or while on any period of leave, or while in hospital or on active duty on board a training vessel or training station. An enrollee shall be entitled to receive pay for any such period of 36 months on active duty.

Sec. 5. Pay periods. (a) Enrollees shall be entitled to pay of their respective ranks or ratings while on active duty exclusive of time absent from duty as provided in the preceding section.

(b) Each regular enrollee who has served a minimum of eight months in any 12-month period or 16 months in any period of 24 months, or 24 months in any period of 36 months of his regular enrollment on merchant vessels of the United States and whose service on active duty in the Maritime Service comports with prescribed standards, shall be entitled to one month's pay of his rank or rating in the Maritime Service for each such 12-month period, such retainer pay to be in addition to his pay for active duty, and to become payable only upon the return of such enrollee to the Maritime Service.

(c) A probationary enrollee disenrolled for failure to serve 24 months in any period of 36 months on active duty, and to become payable only upon the return of such enrollee to the Maritime Service.

Sec. 6. Transportation and travel. (a) Except as otherwise provided, enrollees and employees of the Maritime Service shall, when performing active duty or travel, be entitled to the travel allowances prescribed for civilian employees by the Standardized Government Travel Regulations.

(b) Enrollees upon original enrollment, upon expiration or completion of his probationary period, except at his request or for reasons within his control, may be furnished transportation including sleeping car or sleeping-car accommodations from place of enrollment to a training station or training vessel.

(c) A probationary enrollee disenrolled for failure to serve 24 months in any period of 36 months of his probationary period, except at his request or for reasons within his control, may be furnished transportation including Pullman or sleeping-car accommodations from place of disenrollment to the place of enrollment. An enrollee disenrolled at his own request or for reasons within his control before the completion of his probationary period shall not be entitled to a travel allowance or to transportation in kind.

(d) Upon release from active duty a regular enrollee shall be entitled, in lieu of any other travel expense, to a travel allowance of 5 cents per mile from place of release from active duty to place of latest stop on active duty.

(e) A regular enrollee disenrolled after release from active duty, but prior to recall to active duty, shall not upon disenrollment be entitled to any travel allowance.

(f) A probationary enrollee disenrolled upon completion of his probationary period shall be entitled to a travel allowance of 5 cents per mile from the place of disenrollment to the place of enrollment.

Art. 7. Clothing and equipment. Enrollees of the Maritime Service shall be supplied, without charge, with such clothing and equipment as may be necessary for the performance of the service prescribed, and other government property may be loaned to such person. Enrollees on active duty may be permitted to purchase articles of uniform clothing, the cost thereof to be deducted from their pay.

Art. 8. Subsistence. (a) Subsistence at government expense shall be supplied to all members of the Maritime Service while on active duty. General messes shall be established at training stations and on board training vessels as may be necessary. Such general messes shall be conducted in the same manner as provided in Coast Guard Pay and Supply Instructions for general messes of Coast Guard.

(b) In lieu of subsistence in kind, an allowance of $1 per day is authorized for each enrollee not in travel status for whom government mess facilities are not available.

(c) An allowance to be prescribed by the Commandant, the Commandant, not to exceed $2 per day, is authorized for an enrollee not in travel status for whom government quarters are not provided.

Art. 9. Loss or damage. There may be deducted from the pay of any member of the Maritime Service sums sufficient to cover the value of any Government property lost or willfully damaged by such person.

Art. 10. Death of enrollees. The Commandant is authorized to incur expenses for transportation and burial of the remains of enrollees who die while on active duty.

ARTICLE V—TRAINING STATIONS AND SHIPS

SECTION 1. Assignments. Enrollees in the Maritime Service on active duty may be loaned to a vessel or station maintained by the Service or to a vessel or station of the Coast Guard or to such ship yards, plants, and industrial and educational organizations as the Commission may designate and under rules and regulations prescribed by the Commission.

Art. 2. Stations and ships. Only such training stations and training ships shall be maintained by and for the Maritime Service as are authorized by the Commission.

Art. 3. Maintenance and supply. The maintenance and supply of authorized training stations and training ships shall be in accordance with existing Coast Guard Regulations.

Art. 4. Canteens. Canteens for the sale of tobacco, candy, toilet articles and similar merchandise may be established and maintained at training stations and on training ships.

ARTICLE VI—PERIODS AND COURSES OF TRAINING

SECTION 1. Original enrollment. Each original enrollment in a grade above apprentice seaman shall be for a period of
three months on active duty. The original enrollment period for apprentice seamen shall be as prescribed from time to time by the Commission.

Sec. 2. Regular enrollment. Every regular enrollee shall, within 36 months after his return from active duty under his original enrollment, return to active duty for a total of two months in periods of not less than one month's duration, and shall likewise return for three months' aggregate active duty during each period of 36 months thereafter.

Sec. 3. Courses of training. The courses of training at stations and on ships shall be appropriate to the duties performed aboard merchant vessels by enrollees under their licenses or certificates and shall include the following subjects: Lifeboat instruction, including rowing; emergency drills, including fire and abandon ship; maritime law pertaining to seamen; hygiene and first aid; navigation; seamanship; signals; marine engineering; engine room and fire room routine; shop work and overhaul of machinery; care of staterooms, quarters and supplies; procurement, handling, and cooking of food; serving of food and care of tableware (mess gear); and instruction in special ratings, such as radio operators, electricians, and clerical workers.

These regulations shall become effective as of September 1, 1939. Regulations promulgated as of September 1, 1938 and Amendment No. 1 thereto, promulgated as of May 22, 1939, are hereby superseded.

By order of the United States Maritime Commission.


[F. R. Doc. 39-3437; Filed, September 19, 1939: 10:44 a.m.]

**Notices**

**DEPARTMENT OF THE INTERIOR.**

Bituminous Coal Division.

[Docket No. 806-FD]

**IN THE MATTER OF CHANGES IN THE TERRITORIAL BOUNDARIES OR LIMITS OF CERTAIN DISTRICTS AND MINIMUM PRICE AREAS AS SET FORTH IN THE BITUMINOUS COAL ACT OF 1937.**

**NOTICE OF POSTPONEMENT OF HEARING AND ADDITIONAL TENTATIVE PROPOSALS.**

Notice is hereby given that the hearing in the above-entitled matter, originally noticed for September 25, 1939, is hereby postponed to the 16th day of October, 1939, in a hearing room of the Bituminous Coal Division, 734 18th Street NW, Washington, D. C.

In addition to the tentative proposals set forth in the notice dated August 30, 1939, the attention of interested parties is directed to the following tentative proposals:

To extend the boundary lines of District No. 2 to embrace Warren County, Pennsylvania;

To extend the boundary lines of District No. 19 to embrace Lincoln County, Idaho;

To extend the boundary lines of District No. 7 to embrace Roanoke County, Virginia;

To extend the boundary lines of District No. 8 to embrace Gaston County, North Carolina, and the counties of Franklin, Pait, Garrett, Estill, Montgomery, Bath, Cumberland, Lewis, Rowan, and Powell, in the State of Kentucky, and the counties of Knox and Davidson in the State of Tennessee;

To extend the boundary lines of District No. 3 to embrace Washington County and part of Calloway county in the State of Kentucky;

To change the boundary lines of Districts No. 17 and No. 18 so that all counties in New Mexico, except Colfax, be included within District No. 18.

Dated, September 18, 1939.

H. A. GRAY, Director.

[F. R. Doc. 39-3434; Filed, September 19, 1939: 9:55 a.m.]

**DEPARTMENT OF AGRICULTURE.**

Rural Electrification Administration.

[Administrative Order No. 388]

**ALLOCATION OF FUNDS FOR LOANS**

**SEPTMEBER 30, 1939.**

By virtue of the authority vested in me by the provisions of Section 4 of the Rural Electrification Act of 1936, as amended, I hereby allocate, from the sums authorized by said Act, funds for loans for the projects and in the amounts as set forth in the following schedule:

<table>
<thead>
<tr>
<th>Project Designation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnesota 0079B1 Big Stone</td>
<td>$136,000</td>
</tr>
<tr>
<td>Minnesota 0080A1 Lincoln</td>
<td>$239,000</td>
</tr>
<tr>
<td>Minnesota 0062A1 Austin</td>
<td>$50,000</td>
</tr>
<tr>
<td>Mississippi 0021E1 Coahoma</td>
<td>$142,000</td>
</tr>
<tr>
<td>Mississippi 0031C1 Washington</td>
<td>$60,000</td>
</tr>
<tr>
<td>Nebraska 0063B1 Morrill</td>
<td>$25,000</td>
</tr>
<tr>
<td>Nebraska 0065B1 Wayne</td>
<td>$174,500</td>
</tr>
<tr>
<td>North Carolina 0021D1 Sampson</td>
<td>$88,000</td>
</tr>
<tr>
<td>North Carolina 0061B1 Martin</td>
<td>$107,000</td>
</tr>
<tr>
<td>North Carolina 007B1 Davie</td>
<td>$125,000</td>
</tr>
<tr>
<td>North Carolina 0060B1 Brunswick</td>
<td>$95,000</td>
</tr>
<tr>
<td>North Carolina 0064A1 Johnston</td>
<td>$264,000</td>
</tr>
<tr>
<td>North Dakota 0017A1 McHenry</td>
<td>$90,000</td>
</tr>
<tr>
<td>Ohio 0042C1 Pavley</td>
<td>$166,000</td>
</tr>
<tr>
<td>Ohio 0042C1 Darke</td>
<td>$25,000</td>
</tr>
<tr>
<td>Ohio 0060B1 Seneca</td>
<td>$85,000</td>
</tr>
<tr>
<td>Ohio 0058B1 Fairfield</td>
<td>$90,000</td>
</tr>
<tr>
<td>Ohio 0071B1 Logan</td>
<td>$139,000</td>
</tr>
<tr>
<td>Ohio 0074B1 Butler</td>
<td>$80,000</td>
</tr>
<tr>
<td>Ohio 0085B1 Hardin</td>
<td>$138,000</td>
</tr>
<tr>
<td>Pennsylvania 0019A1 Warren</td>
<td>$187,000</td>
</tr>
<tr>
<td>Pennsylvania 0021A1 Someret</td>
<td>$200,000</td>
</tr>
<tr>
<td>South Carolina 0022B1 Dorchester</td>
<td>$43,000</td>
</tr>
<tr>
<td>Texas 0062C1 Fannin</td>
<td>$129,000</td>
</tr>
<tr>
<td>Texas 0068A1 Young</td>
<td>$131,000</td>
</tr>
<tr>
<td>Wisconsin 0025D1 Monroe</td>
<td>$161,000</td>
</tr>
<tr>
<td>Wisconsin 0029B1 Clark</td>
<td>$99,000</td>
</tr>
<tr>
<td>Wisconsin 0033B1 Eau Claire</td>
<td>$123,000</td>
</tr>
<tr>
<td>Wisconsin 0055B1 Adams</td>
<td>$148,000</td>
</tr>
</tbody>
</table>

[F. R. Doc. 39-3432; Filed, September 19, 1939: 9:21 a.m.]


**ALLOCATION OF FUNDS FOR LOANS**

**SEPTEMBER 11, 1939.**

By virtue of the authority vested in me by the provisions of Section 5 of the Rural Electrification Act of 1936, as amended, I hereby allocate, from the sums authorized by said Act, funds for loans for the projects and in the amounts as set forth in the following schedule:

<table>
<thead>
<tr>
<th>Project Designation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkansas 0021WF Lincoln</td>
<td>$7,500</td>
</tr>
<tr>
<td>Georgia 0024W2 Carroll</td>
<td>$10,000</td>
</tr>
<tr>
<td>Idaho 0010W1 Nez Perce</td>
<td>$10,000</td>
</tr>
<tr>
<td>Illinois 0021W1 Bureau</td>
<td>$5,000</td>
</tr>
<tr>
<td>Illinois 0043W1 Pulaski</td>
<td>$5,000</td>
</tr>
<tr>
<td>Indiana 0025W1 Fulton</td>
<td>$5,000</td>
</tr>
<tr>
<td>Iowa 0039W1 Guthrie</td>
<td>$5,000</td>
</tr>
<tr>
<td>Kansas 0027W1 Norris</td>
<td>$5,000</td>
</tr>
<tr>
<td>Minnesota 0029W1 Goodhue</td>
<td>$5,000</td>
</tr>
<tr>
<td>Mississippi 0028W2 Hancock</td>
<td>$5,000</td>
</tr>
<tr>
<td>Montana 0009W1 Yellowstone</td>
<td>$10,000</td>
</tr>
<tr>
<td>Montana 0011W1 Banders</td>
<td>$5,000</td>
</tr>
<tr>
<td>Nebraska 0032W1 Dawes</td>
<td>$10,000</td>
</tr>
<tr>
<td>North Dakota 0008W3 Benson</td>
<td>$10,000</td>
</tr>
<tr>
<td>South Dakota 0001W1 Brookings</td>
<td>$10,000</td>
</tr>
<tr>
<td>Texas 0030W3 Troup</td>
<td>$10,000</td>
</tr>
<tr>
<td>Texas 0038W1 Hill</td>
<td>$5,000</td>
</tr>
<tr>
<td>Wisconsin 0046W2 Dunn</td>
<td>$10,000</td>
</tr>
</tbody>
</table>


[F. R. Doc. 39-3433; Filed, September 19, 1939: 9:21 a.m.]

**SECURITIES AND EXCHANGE COMMISSION.**

United States of America—Before the Securities and Exchange Commission.

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 15th day of September, A. D. 1939.

[Administrative Order No. 389]
IN THE MATTER OF LONE STAR GAS CORPORATION

ORDER MAKING DECLARATION EFFECTIVE

Lone Star Gas Corporation, a registered holding company, having filed with this Commission a declaration and amendments thereto pursuant to Section 7 of the Public Utility Holding Company Act of 1935 regarding the reduction to 2% in the interest rate on its 2½% bank loan notes now outstanding in the principal amount of $8,750,000, dated August 22, 1938; public hearing thereon having been duly held after appropriate notice; the record in this matter having been duly considered; and the Commission having filed its findings therein;

It is ordered,

That such declaration be and become effective forthwith.

By the Commission.

Francis P. Brassor,
Secretary.

[File No. 43-240; Filed, September 19, 1939; 11:20 a.m.]