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TITLE 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 6—EXCEPTIONS FROM COMPETITIVE SERVICE

DEPARTMENT OF COMMERCE

Effective upon publication in the FEDERAL REGISTER, paragraph (k) (1) is added to § 6.112 as set out below.

§ 6.112 *Department of Commerce.* * * *

(k) *Weather Bureau.* (1) Subject to prior approval of the Commission, which shall be contingent upon a showing of inadequate housing facilities, meteorological aid positions at the following stations in Alaska: Barrow, Bethel, Kotzebue, McGrath, Northway, and St. Paul Island.

(R. S. 1753, sec. 2, 22 Stat. 403; 5 U. S. C. 631, 633, E. O. 10440, March 31, 1953, 18 F. R. 1823, 3 CFR 1953 Supp.)

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] WM. C. HULL,
Executive Assistant.

[F. R. Doc. 56-636; Filed, Jan. 25, 1956; 8:51 a. m.]

PART 6—EXCEPTIONS FROM COMPETITIVE SERVICE

DEPARTMENT OF STATE

Effective upon publication in the FEDERAL REGISTER, subparagraphs (2), (3), and (4) of paragraph (q) of § 6.302 are amended and subparagraph (5) is added, as set out below.

§ 6.302 *Department of State.* * * *

(q) *Office of the Deputy Under Secretary for Administration.* * * *

(2) Chief, Special Liaison Staff.

(3) Two Assistants to the Chief, Special Liaison Staff.

(4) One Private Secretary to the Chief, Special Liaison Staff.

(5) One Special Liaison Assistant, Special Liaison Staff.

(R. S. 1753, sec. 2, 22 Stat. 403; 5 U. S. C. 631, 633, E. O. 10440, March 31, 1953, 18 F. R. 1823, 3 CFR 1953 Supp.)

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] WM. C. HULL,
Executive Assistant.

[F. R. Doc. 56-637; Filed, Jan. 25, 1956; 8:51 a. m.]

PART 6—EXCEPTIONS FROM COMPETITIVE SERVICE

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Effective upon publication in the FEDERAL REGISTER, paragraph (a) (2) of § 6.314 is amended and paragraph (g) (1) is added as set out below.

§ 6.314 *Department of Health, Education, and Welfare*—(a) *Office of the Secretary.* * * *

(2) Two Confidential Assistants to the Secretary.

* * * * *

(g) *Office of the Assistant Secretary for Program Analysis.* (1) One Special Assistant to the Assistant Secretary.

(R. S. 1753, sec. 2, 22 Stat. 403; 5 U. S. C. 631, 633, E. O. 10440, March 31, 1953, 18 F. R. 1823, 3 CFR 1953 Supp.)

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] WM. C. HULL,
Executive Assistant.

[F. R. Doc. 56-634; Filed, Jan. 25, 1956; 8:51 a. m.]

PART 6—EXCEPTIONS FROM COMPETITIVE SERVICE

HOUSING AND HOME FINANCE AGENCY

Effective upon publication in the FEDERAL REGISTER, paragraph (a) (16) is added to § 6.342 as set out below.

§ 6.342 *Housing and Home Finance Agency*—(a) *Office of the Administrator* * * *

(Continued on p. 573)

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FEDERAL REGISTER

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CODIFICATION GUIDE

A numerical list of the parts of the Code of Federal Regulations affected by documents published in this issue. Proposed rules, as opposed to final actions, are identified as such.

(16) One Special Assistant (Administrator's Office).

(R. S. 1753, sec. 2, 22 Stat. 403; 5 U. S. C. 631, 633, E. O. 10440, March 31, 1953, 18 F. R. 1823, 3 CFR 1953 Supp.)

UNITED STATES CIVIL SERVICE COMMISSION,
[SEAL] WM. C. HULL,
Executive Assistant.

[F. R. Doc. 56-635; Filed, Jan. 25, 1956; 8:51 a. m.]

TITLE 6—AGRICULTURAL CREDIT

Chapter IV—Commodity Stabilization Service and Commodity Credit Corporation, Department of Agriculture

Subchapter B—Loans, Purchases, and Other Operations

[1955 C. C. C. Grain Price Support Bulletin I, Supp. 1 (Rev.), Amdt. 2, Rice]

PART 421—GRAINS AND RELATED COMMODITIES

SUBPART—1955-CROP RICE LOAN AND PURCHASE AGREEMENT PROGRAM

SETTLEMENT OF FARM-STORAGE AND IDENTITY-PRESERVED WAREHOUSE-STORAGE LOANS

The regulations issued by the Commodity Credit Corporation and the Commodity Stabilization Service, published in 20 F. R. 8031, 8211, and 9297, and containing the specific requirements for the 1955-Crop Rice Price Support Program are hereby amended to set forth settlement provisions on farm-stored rice placed under loan in an area where a location differential is applicable and delivered in satisfaction of the loan in an area where no location differential is applicable.

Section 421.1346 (a) is amended by adding a new subparagraph (3) which reads as follows:

§ 421.1346 *Settlement*—(a) *Farm-storage and identity-preserved warehouse-storage loans.* * * *

(3) If rice, placed under farm-storage loan in an area where a location differential is in effect, is delivered to CCC by the producer in satisfaction of the loan in a rice producing area where no location differential is applicable, settlement will be made on the basis of the applicable support rate for the area where the rice is delivered.

(Sec. 4, 62 Stat. 1070 as amended; 15 U. S. C. 714b. Interprets or applies sec. 5, 62 Stat. 1072, secs. 101, 401, 63 Stat. 1051, 1054; 15 U. S. C. 714c, 7 U. S. C. 1421, 1441)

Issued this 20th day of January 1956.

[SEAL] WALTER C. BERGER,
Acting Executive Vice President,
Commodity Credit Corporation.

[F. R. Doc. 56-643; Filed, Jan. 25, 1956; 8:52 a. m.]

PART 464—TOBACCO

SUBPART—1955 TOBACCO LOAN PROGRAM

Set forth below is the schedule of advance rates, by grades, for the 1955 crop of type 46 tobacco under the 1955 tobacco loan program formulated by Commodity Credit Corporation and Commodity Stabilization Service, published May 20, 1955 (20 F. R. 3525).

§ 464.750 *1955 Crop; Puerto Rican tobacco, Type 46, advance schedule.*[1]

[Dollars per hundred pounds, farm sales weight]

Grade:		Advance rate
C1F, C1P, C1M, C2F, C2P	Price Block I	44
C3F, C3P, C3M, C3T, C3S	Price Block II	36
X1F, X1P	Price Block III	24
X2F, X2P	Price Block IV	20
X2FT, X3F, X3P, X3S	Price Block V	16
X4, Y4	Price Block VI	12

(Sec. 4, 62 Stat. 1070, as amended; 15 U. S. C. 714b. Interprets or applies sec. 5, 62 Stat. 1072, secs. 101, 401, 63 Stat. 1051, as amended, 1054; 15 U. S. C. 714c, 7 U. S. C. 1441, 1421)

Issued this 20th day of January 1956.

[SEAL] WALTER C. BERGER,
Acting Executive Vice President,
Commodity Credit Corporation.

[F. R. Doc. 56-644; Filed, Jan. 25, 1956; 8:52 a. m.]

TITLE 7—AGRICULTURE

Chapter III—Agricultural Research Service, Department of Agriculture

[P. P. C. 612, 2d Revision, Supp. 1]

PART 301—DOMESTIC QUARANTINE NOTICES

SUBPART—KHAPRA BEETLE

ADMINISTRATIVE INSTRUCTIONS DESIGNATING PREMISES AS REGULATED AREAS UNDER REGULATIONS SUPPLEMENTAL TO KHAPRA BEETLE QUARANTINE

Pursuant to § 301.76-2 of the regulations supplemental to the Khapra Beetle Quarantine (7 CFR Supp. 301.76-2, 20 F. R. 1012) under sections 8 and 9 of the Plant Quarantine Act of 1912, as amended (7 U. S. C. 161, 162), revised administrative instructions issued as 7 CFR Supp. 301.76-2a (20 F. R. 9899), effective December 23, 1955, are hereby amended in the following respects:

(a) The designation as regulated areas of the following premises, included in the list contained in such instructions, is hereby revoked, and the reference to such premises in the list is hereby deleted, it having been determined by the Chief of the Plant Pest Control Branch that adequate sanitation measures have been practiced for a sufficient length of time to eradicate the khapra beetle in and upon such premises:

ARIZONA

Arizona Flour Mills, South Peart Road at Southern Pacific Railroad, Casa Grande.

Erly-Fat Livestock Feed Co., South Peart Road at Southern Pacific Railroad, Casa Grande.

Grubbs Hatchery, P. O. Box 1806, Yuma.

Phoenix Hay & Feed Company, 4111 North Seventh Street, Phoenix.

Southwest Flour & Feed, 347 East A Street, Glendale.

CALIFORNIA

Janice Axtell Farm, Route 4, Box 2250, Oroville.

B. S. Baldwin & Son Ranch, Route 2, Box 758, Bakersfield.

C. R. Dow Ranch, Long Valley, north fork of Wolf Creek, 4 miles north of Highway 20, P. O. Clearlake Oaks.

The Farmers Cattle Feeding Yard, three-quarter mile west of Highway 111, north of Brawley. Mail address Box 155, Brawley.

Joe Grassotti Ranch, 899 West Fairview Road, Bakersfield.

C. P. Hiles Ranch, Route 5, Box 2309, Oroville.

Oscar Holdenried Farm Storage Bins, Renfro Drive, 1 mile west of Kelseyville. Mail address Box 338, Lakeport.

Holly Sugar Co. Feed Lot, located at intersection of East B and Road 34, Brawley.

Carl Johns & Son Ranch, located 10 miles northwest of Bakersfield on west side of Calloway Drive, 200 yards south of Snow Road, Route 4, Box 576, Bakersfield.

J. R. Kennedy Ranch, located in Long Valley, approximately 6 miles north of Highway 20, P. O. Clearlake Oaks.

Miss Mattie Lund and Irene Lund Parker Ranch, 6 miles east of Oroville, P. O. Drawer 309, Oroville.

Gene Malone Ranch, Route 1, Box 1440M, Indio.

Tom Manning Feed Barns, north end of Sones Drive, east side of Adobe Creek, north of Finley. Mail address Box 54, Lakeport.

Peter L. Marston Ranch, Route 2, Box 261, El Cajon.

Outsen Milling Co., 925 Bryant Street, San Francisco.

Raymond A. Powell and Mike Deniz Ranch, Route 1, Box 166, 1 mile north of Glenn.

Leroy Schaad Ranch, at northwest corner of intersection of Ware Road and Lone Star Road, Williams.

Alice Sinclair Ranch, Vail Canal No. 3, Gate 309, 5½ miles west, thence one-half north of Calipatria, on northwest corner of intersection of West I and County Road 66, Calipatria.

(b) The following premises are added to the list, contained in such instructions, of warehouses, mills, and other premises in which infestations of the khapra beetle have been determined to exist. Such premises are thereby designated as regulated areas within the meaning of said quarantine and regulations:

ARIZONA

J. D. Hardin Grocery & Market, Cashion.

CALIFORNIA

Frank Augusta Ranch, Route 2, Box 25, Brawley.

Brown Livestock Company, 1761 Atlas Peak Road, Napa.

Ralph Butters Ranch, on County Road 50 at intersection of County Road East M, Route 2, Box 111, Brawley.

V. K. Corfman Ranch, Route 2, Box 33, El Centro.

Desert Edge Farms Packing Shed, 340 East Main, Calipatria.

[1] The cooperative associations through which price support is made available to growers are authorized to deduct $1.00 per hundred pounds from the advances to growers to apply against overhead and handling costs. Tobacco is eligible for advances only if consigned by the original producer. No advance is authorized for tobacco found to be in unsafe keeping order, unsound, or damaged.

Hogan Dillinger Ranch, Route 2, Box 217, Brawley.

John W. Flier Ranch, one mile north and one-quarter mile east of Harris Store, Route 2, Box 210, Bard.

Ed Forrester Ranch, Tommy Neff (lessee), Route 2, Box 6, Imperial.

R. S. Garewal & Mary G. Gill Ranch, on east side of Road East Z, one-fifth mile south of County Road 27, three miles east and two and one-half miles north of Holtville. Mail address P. O. Box 245, Holtville.

Frank Hall Ranch, 6770 East Rose Avenue, Selma.

Houchin Farm 26, Sec. 4, T. 28 S., R. 22. Mail address 2601 F Street, Bakersfield.

G. A. Jones Ranch, 20720 South Fruit Street, Riverdale.

Keith Mets Feed Lot, Route 1, Box 83, Holtville.

Vernon G. Monte Feed Lot, Route 1, Box 120, Brawley.

Philip E. Ramirez (tenant dealer) property (Florena D. Baca, owner), 1151 N. C. Perry Avenue, mail address Route 1, Box 96A, Calexico.

Twin Cities Seeds & Feed Store, 207 Imperial Avenue, Calexico.

Charles Vonderahae Ranch, intersection of Roackwood Road and Narcissus Canal, located at County Roads East C and No. 59. Mail address P. O. Box 235, Brawley.

H. R. Walker Ranch, Route 1, Box 104, Brawley.

Albert Winget Store, 104 Harrison Street, Taft.

(c) The item appearing in the list, contained in such instructions under the subhead Arizona, as "Brown's Farm Store, 3555 East Washington, Phoenix" is changed to read: Shaffer's Refinishing Shop, 3555 East Washington, Pheonix.

(d) The item appearing in the list, contained in such instructions under the subhead California, as "A. H. Karpe Greenfield Ranch, Station A, Box 187, Greenfield" is changed to read: A. H. Karpe Greenfield Ranch, Box 187, Station A, Bakersfield.

This amendment shall be effective January 26, 1956.

This amendment revokes the designation as regulated areas of certain premises, it having been determined by the Chief of the Plant Pest Control Branch that adequate sanitation measures have been practiced for a sufficient length of time to eradicate the khapra beetle in and upon such premises. It also adds additional premises to the list of premises in which khapra beetle infestations have been determined to exist, and designates such premises as regulated areas under the khapra beetle quarantine and regulations. It further corrects certain designations of presently regulated areas.

This amendment in part imposes restrictions supplementing khapra beetle quarantine regulations already effective. It also relieves restrictions insofar as it revokes the designation of presently regulated areas. It must be made effective promptly in order to carry out the purposes of the regulations and to permit unrestricted movement of regulated products from the premises being removed from designation as regulated areas. Accordingly, under section 4 of the Administrative Procedure Act (5 U. S. C. 1003), it is found upon good cause that notice and other public procedure with respect to the foregoing amendment are impracticable and contrary to the public interest, and good cause is found for making the effective date thereof less than 30 days after publication in the FEDERAL REGISTER.

(Secs. 1, 3, 33 Stat. 1269, 1270, sec. 9, 37 Stat. 318; 7 U. S. C. 141, 143, 162)

Done at Washington, D. C., this 20th day of January 1956.

[SEAL] E. D. BURGESS,
Chief,
Plant Pest Control Branch.

[F. R. Doc. 56-620; Filed, Jan. 25, 1956; 8:48 a. m.]

Chapter VII—Commodity Stabilization Service (Farm Marketing Quotas and Acreage Allotments), Department of Agriculture

PART 721—CORN

SUBPART—REGULATIONS PERTAINING TO FARM ACREAGE ALLOTMENTS FOR 1956 CROP

Sec.

AUTHORITY: §§ 721.710 to 721.722 issued under sec. 375, 52 Stat. 66, as amended; 7 U. S. C. 1375. Interpret or apply secs. 301, 329, 52 Stat. 38, 52, 7 U. S. C. 1301, 1329.

§ 721.710 *Basis and purpose.* The regulations contained in §§ 721.710 to 721.722 are issued pursuant to the Agricultural Adjustment Act of 1938, as amended, and govern the establishment of 1956 farm acreage allotments for corn. The purpose of the regulations in §§ 721.710 to 721.722 is to provide the procedure for allocating the county corn acreage allotment among farms.

§ 721.711 *Definitions.* As used in the regulations in this part and in all instructions, forms, and documents in connection therewith, the words and phrases defined in this section shall have the meanings herein assigned to them.

(a) "Act" means the Agricultural Adjustment Act of 1938 and any amendments thereto.

(b) "Secretary" means the Secretary of Agriculture of the United States, or the officer of the Department acting in his stead pursuant to delegated authority.

(c) "Director" means the Director of the Grain Division, Commodity Stabilization Service, U. S. Department of Agriculture.

(d) Committees: (1) "Community committee" means the persons elected within a community as the community committee pursuant to the regulations governing the selection and functions of the Agricultural Stabilization and Conservation county and community committees.

(2) "County committee" means the persons elected within a county as the county committee pursuant to the regulations governing the selection and functions of the Agricultural Stabilization and Conservation county and community committees.

(3) "State committee" means the persons designated by the Secretary as the Agricultural Stabilization and Conservation State committee.

(e) "Farm" means all adjacent or nearby farm or range land under the same ownership which is operated by one person, including also:

(1) Any other adjacent or nearby farm or range land which the county committee determines is operated by the same person as part of the same unit in producing range livestock or with respect to the rotation of crops, and with workstock, farm machinery, and labor substantially separate from that for any other land; and

(2) Any field-rented tract (whether operated by the same or another person) which, together with any other land included in the farm, constitutes a unit with respect to the rotation of crops.

A farm shall be regarded as located in the county or administrative area in which the principal dwelling is situated, or if there is no dwelling thereon it shall be regarded as located in the county or administrative area in which the major portion of the farm is located.

(f) "Cropland" means farmland which in 1955 was tilled or was in regular crop rotation, excluding (1) bearing orchards and vineyards (except the acreage of cropland therein), (2) plowable non-crop open pasture, and (3) any land which constitutes or will constitute if tillage is continued a wind erosion hazard to the community.

(g) "Acreage indicated by cropland" means the number of acres computed by multiplying the cropland for a farm by the ratio of historical corn acreage determined for a community or county pursuant to § 721.716 (a) to cropland for the community or county: *Provided,* That if the State committee finds that the historical corn acreage as determined was abnormally high or low due to abnormal weather or to the bringing into cultivation of land not previously so used, the community or county ratio shall be determined on the basis of the ratio of the average of the acreages for the years 1953, 1954, and 1955 which the State committee determines is normal. County ratio determinations will be used subject to approval of the State committee.

(h) "Person" means an individual, partnership, association, corporation, estate, trust, or other business enterprise or legal entity, and, wherever applicable, a State, political subdivision of a State, the Federal Government, or any agency thereof.

(i) "Operator" means the person who is in charge of the supervision and conduct of the farming operations on the entire farm.

(j) "Previous base acreage" means the 1955 base acreage in counties which were included within the 1955 commercial corn-producing area and the 1954 base acreage in counties which were not included within the 1955 area but were included within the 1954 area.

(k) "New farm" means a farm on which corn will be planted in 1956 for the first time since 1952.

(l) "Old farm" means a farm on which corn was planted in one or more of the three years 1953 through 1955.

(m) "Corn acreage" means the number of acres of land on which field corn was planted alone or interplanted with other crops, including sweet corn which was produced for feed or silage: *Provided*, That the acreage of corn planted in excess of the acreage allotment for the farm shall be regarded as corn acreage if and only if such corn (1) was harvested, or (2) was left standing in the field on a date established by the county committee under previous farm corn acreage allotment regulations.

(n) Corn allotments: (1) "County allotment" means the corn acreage allotment apportioned to the county as its share of the 1956 acreage allotment for the commercial corn-producing area as determined on the basis of the acreage planted to corn during the five calendar years, 1951–55 (plus, in applicable years, the acreage diverted under agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and for trends in acreage during such period, and for the promotion of soil-conservation practices.

(2) "Farm allotment" means the corn acreage allotment determined for a farm as its share of the 1956 county allotment.

(o) "Commercial corn-producing area" means the area designated by the Secretary pursuant to section 301 (b) (4) of the act, and includes all counties in which the average production of corn (excluding corn used for silage) during the ten calendar years, 1946–55, after adjustment for abnormal weather conditions, is 450 bushels or more per farm and 4 bushels or more for each acre of farmland in the county, and also includes any county bordering on such commercial corn-producing area which the Secretary finds is likely to produce 450 bushels or more per farm and 4 bushels or more for each acre of farmland in 1956, or in which there is a minor civil division which the Secretary finds is likely to produce 450 bushels or more per farm and 4 bushels or more for each acre of farmland in 1956.

§ 721.712 *Extent of calculations and rule of fractions.* All acreage determinations shall be rounded to whole acres. Fractional acres of fifty-one hundredths of an acre or more shall be rounded upward, and fractional acres of less than fifty-one hundredths of an acre shall be dropped.

§ 721.713 *Instructions and forms.* The Director shall cause to be prepared and issued such forms as are necessary and shall cause to be prepared such instructions with respect to internal management as are necessary for carrying out the regulations in this part. The forms and instructions shall be approved by, and the instructions shall be issued by the Deputy Administrator for Production Adjustment, Commodity Stabilization Service.

§ 721.714 *Method of apportioning county allotments.* The county acreage allotment shall be apportioned to farms in the county on the basis of tillable acres, crop-rotation practices, type of soil, and topography.

§ 721.715 *Report of data for old corn farms.* To the extent that the information is not available in the county ASC office, the owner, operator, or any other interested person shall furnish the following information regarding the farm in which he has an interest to the county ASC office of the county in which the farm is regarded as located if corn was planted on the farm in 1953, 1954, or 1955:

(a) The names and addresses of the owner and operator.

(b) The total acreage of all land.

(c) The acreage of cropland.

(d) The acreage of corn planted in the years 1953, 1954, and 1955.

(e) The acreage of other crops and land uses.

(f) Other pertinent information requested by the county ASC office relative to operations of the farm.

§ 721.716 *Determination of base acreages for old farms.* To reflect the factors of tillable acres, crop-rotation practices, type of soil, and topography, the county committee shall determine for each farm on which there was corn acreage for any one of the years 1953, 1954, and 1955, a base acreage of corn. Each base acreage determined shall be fair and equitable when compared with the base acreages for all other farms in the county. In arriving at the base acreage, consideration shall be given to the corn acreage on the farm during the years 1953, 1954, and 1955, tillable acres, type of soil, topography, the producer's crop-rotation system for the farm including the equipment and other facilities available for carrying out such system of crop-rotation, and the base acreages for other farms in the community which are similar with respect to tillable acres, type of soil, and topography, and which are similarly operated. Such base acreages shall be established as follows:

(a) *Previous base acreage.* The previous base acreage may be used as the 1956 base acreage for the farm if the county committee determines that such base acreage adequately reflects the factors of tillable acres, crop rotation practices, type of soil and topography and is fair and equitable when compared with the base acreages for other farms in the county which are similar with respect to such factors. If the previous base acreage for the farm does not meet the requirements prescribed above or a previous base acreage has not been established for the farm, a fair and equitable base acreage shall be determined as follows:

(b) *Historical average acreage.* There shall first be determined for each farm a historical average corn acreage which shall be the average of the corn acreages for 1953, 1954, and 1955. The acreages for 1954 and 1955 shall be the 1954 and 1955 corn acreages plus the acreages diverted under the 1954 and 1955 corn acreage allotment programs and shall be determined as follows: (1) If the 1954 or 1955 farm corn acreage allotment was knowingly exceeded the acreage for 1954 or 1955, as the case may be, shall be the farm corn acreage allotment for the applicable year established under § 721.518 or § 721.618 of the regulations issued by the Secretary for determining 1954 and 1955 farm corn acreage allotments (18 F. R. 7507; 19 F. R. 7374), plus the corn acreage in excess of the farm corn acreage allotment; (2) if the applicable farm corn acreage allotment established under said regulations was not knowingly exceeded, and the corn acreage was 90 per centum or more of such allotment the corn acreage shall be the base acreage established for the farm under the applicable regulations; (3) if the corn acreage was less than 90 per centum of the farm corn acreage allotment established under said regulations, the acreage shall be the smaller of the farm base acreage, or the acreage obtained by multiplying the corn acreage by a diversion credit factor. In such cases the diversion credit factor will be the reciprocal of a decimal fraction which is 90 per centum of the county proration factor as determined under said regulations.

(c) *Adjusted average acreage.* The county committee shall adjust the historical average corn acreage for any farm by eliminating from the period of years used in determining the historical average acreage the acreage planted to corn in any year or years for which it definitely finds that the corn acreage was not representative of the acreage which normally would have been planted under the established crop-rotation system on the farm because such acreage was:

(1) Abnormally low due to excessive wet weather or flood.

(2) Abnormally low due to drought.

(3) Abnormally high because of weather conditions which caused failure of crops other than corn or which prevented the planting of crops other than corn.

(4) No longer representative because of a change in operations which results in substantial change in the established crop-rotation system for the farm.

(5) Not representative for 1956 because of a definitely established crop-rotation system being carried out on the farm.

When one or more of the years are eliminated in accordance with the provisions of subparagraphs 1 through 5 of this paragraph, the average of the years not so eliminated shall be considered as the adjusted average acreage. If all three years are eliminated the adjusted average acreage shall be zero.

(d) *Further adjustments.* The historical average acreage or the adjusted average acreage, as the case may be, may be further adjusted so as to make such acreage comparable with those acreages for other farms which are similar with respect to crop-rotation, tillable acreage,

topography, and type of soil within the following limitations:

(1) If such acreage is unduly low, the historical average acreage or the adjusted average acreage, as the case may be, may be adjusted upward by not more than 20 percent. However, if the adjusted average acreage is zero, the 20 percent limitation will not apply and the acreage shall be adjusted upward, unless the committee determines that corn will not be planted in 1956 under the crop-rotation system for the farm. The acreage thus adjusted shall in no case exceed the acreage indicated by cropland, except as provided in subparagraph (3) of this paragraph.

(2) If such acreage is excessively high because of either an increase in corn acreage as a result of diversion from other allotment crops, including sugar beets, or otherwise, the historical average acreage or the adjusted average acreage, as the case may be, may be adjusted downward by not more than 25 percent, but not below the acreage indicated by cropland, except as provided in subparagraph (3) of this paragraph.

(3) The acreage indicated by cropland limitations provided in subparagraphs (1) and (2) of this paragraph shall not apply in the establishment of the base acreage for a farm if the State committee finds that such acreage is not representative of similarly operated farms which are similar also with respect to tillable acreage, type of soil, and topography because of extreme differences in the type of soil and topography within the different areas of the community or because of the small number of corn farms listed.

(e) *Base acreage.* The base acreage for an old farm shall be (1) the previous base acreage as provided under paragraph (a) of this section, or (2) the historical average acreage determined under paragraph (b) of this section, as adjusted under paragraphs (c) and (d) of this section.

§ 721.717 *Determination of base acreages for new farms.* (a) The county committee shall determine a base acreage for use in establishing a corn acreage allotment for each eligible farm on which corn was not planted in any of the years 1953, 1954, and 1955 but for which a corn acreage allotment is requested for 1956 not later than February 15, 1956, or such earlier date established by the State committee as affording reasonable opportunity for requesting such an allotment. Each request for such an allotment shall include the following information:

(1) The acreage of all land and total cropland on the farm for which an allotment is requested.

(2) The acreage of cropland well suited to corn.

(3) The name and address of the farm owner and, if known, the name and address of the 1956 operator.

(4) Location and description of the farm.

(5) Identification and location of any other farm in which the operator will have an interest in 1956.

(6) Acreage of corn in which the operator had an interest in 1953, 1954, and 1955, and identification and location of land on which such corn was planted.

(7) Corn acreage which would be planted in 1956 under the rotation system planned for the farm.

(8) Reason for requesting a 1956 corn acreage allotment.

(9) Reason for not planting corn on the farm in 1953, 1954, and 1955.

(b) Eligibility for a new farm allotment shall be conditioned upon the following:

(1) The land for which an allotment is requested is well suited for the production of corn, and

(2) The operator is largely dependent for his livelihood on his farming operations, and

(3) The producer establishes to the satisfaction of the county committee that:

(i) The system of farming has changed or is changing to the extent that corn will be included in such system for 1956; or

(ii) The established crop-rotation system followed on the farm will include corn for 1956.

In determining the base acreage for a new farm, the county committee shall take into consideration tillable acres, type of soil, topography, the farming system to be followed by the operator, the extent to which the operator is dependent for his livelihood on his farming operations, the information required of the applicant in his request for an allotment, and the 1956 base acreage, if any, established on other land farmed by the operator: *Provided*, That the base acreage determined for a new farm shall not exceed the indicated acreage which would be planted in 1956 under the rotation system planned for the farm, or the acreage indicated by cropland.

§ 721.718 *Determination of acreage allotments for all farms.* The 1956 county acreage allotment, after deduction of an appropriate reserve for appeals, correction of errors, and missed farms as determined by the county committee, shall be apportioned pro rata among the farms within the county by the county committee on the basis of the base acreages determined under §§ 721.716 and 721.717.

§ 721.719 *Supervision, review, and approval by the State committee.* The State committee shall be responsible for the work of the county committee in the apportionment of the county corn acreage allotments to farms, the review of all allotments, reserves, and the correction of any improper determinations made under the regulations in this part. All acreage allotments shall be approved by or on behalf of the State committee and no official notice of an acreage allotment shall be mailed until such allotment has been approved by or on behalf of the State committee.

§ 721.720 *Farms divided or combined.* (a) The 1956 corn acreage allotment determined for a farm shall, if there is a division, be apportioned to each part on the basis of the acreage of cropland on each part, except that, if the county committee determines that this method would result in allotments not representative of the farming operations normally carried out on each part, an allotment may be determined for each part in the same manner as would have been done if such part had been a completely separate farm: *Provided*, That the sum of the allotments thus determined for each part shall not exceed the allotment originally determined for the entire farm which is being divided.

(b) If two or more farms for which the 1956 corn acreage allotments are determined will be combined and operated as a single farm in 1956, the 1956 allotment shall be the sum of the allotments determined for each of the farms comprising the combination.

§ 721.721 *Right to appeal.* Any owner, operator, landlord, tenant, or sharecropper who is dissatisfied with the acreage allotment for his farm may file an appeal for reconsideration of the allotment for his farm. The request for appeal and facts constituting a basis for such consideration must be submitted in writing and postmarked or delivered to the county committee within 15 days after the date of mailing the notice of allotment. If the applicant is dissatisfied with the decision of the county committee with respect to his appeal, he may appeal to the State committee within 15 days after the date of mailing of the notice of the decision of the county committee. If the applicant is dissatisfied with the decision of the State committee, he may, within 15 days after the date of mailing of the notice of the decision of the State committee, appeal to the Director, whose decision shall be final.

§ 721.722 *Applicability of §§ 721.710 to 721.722.* Sections 721.710 to 721.722 shall govern the establishment of the farm acreage allotments for the 1956 crop of corn for use in connection with farm price support programs. The regulations are contingent upon the proclamation of an acreage allotment of corn for 1956 in the commercial corn-producing area by the Secretary pursuant to section 328 of the Agricultural Adjustment Act of 1938, as amended.

NOTE: The reporting requirements contained herein have been approved by, and subsequent reporting requirements will be subject to the approval of, the Bureau of Budget in accordance with Federal Reports Act of 1942.

Done at Washington, D. C., this 20 day of January 1956. Witness my hand and the seal of the Department of Agriculture.

[SEAL] TRUE D. MORSE,
Acting Secretary.

[F. R. Doc. 56-621; Filed, Jan. 25, 1956; 8:48 a. m.]

Chapter IX—Agricultural Marketing Service (Marketing Agreements and Orders), Department of Agriculture

[Tangerine Reg. 167]

PART 933—ORANGES, GRAPEFRUIT, AND TANGERINES GROWN IN FLORIDA

LIMITATION OF SHIPMENTS

§ 933.768 *Tangerine Regulation 167*—(a) *Findings.* (1) Pursuant to the marketing agreement, as amended, and Order

No. 33, as amended (7 CFR Part 933), regulating the handling of oranges, grapefruit, and tangerines grown in the State of Florida, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and upon the basis of the recommendations of the committees established under the aforesaid amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of shipments of tangerines, as hereinafter provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication thereof in the FEDERAL REGISTER (60 Stat. 237; 5 U. S. C. 1001 et seq.) because the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient; a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions effective not later than January 27, 1956. Shipments of tangerines, grown in the State of Florida, are presently subject to regulation by grades and sizes, pursuant to the amended marketing agreement and order, and unless sooner terminated, will so continue until January 30, 1956; the recommendation and supporting information for continued regulation subsequent to January 26, 1956, and in the manner herein provided, was promptly submitted to the Department after an open meeting of the Growers Administrative Committee on January 24, 1956; such meeting was held to consider recommendations for regulation, after giving due notice of such meeting, and interested persons were afforded an opportunity to submit their views at this meeting; the provisions of this section, including the effective time hereof, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such tangerines; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period hereinafter set forth so as to provide for the continued regulation of the handling of tangerines; compliance with this section will not require any special preparation on the part of persons subject thereto which cannot be completed on or before the effective time hereof; and this section relieves restrictions on the handling of tangerines grown in the State of Florida.

(b) *Order.* (1) Tangerine Regulation 166 (§ 933.767; 21 F. R. 448) is hereby terminated at 12:01 a. m., e. s. t., January 27, 1956.

(2) During the period beginning at 12:01 a. m., e. s. t., January 27, 1956, and ending at 12:01 a. m., e. s. t., February 6, 1956, no handler shall ship:

(i) Any tangerines, grown in the State of Florida, that do not grade at least U. S. No. 1 Russet; or

(ii) Any tangerines, grown in the State of Florida, that are of a size smaller than the size that will pack 246 tangerines, packed in accordance with the requirements of a standard pack, in a half-standard box (inside dimensions 9½ x 9½ x 19⅛ inches; capacity 1,726 cubic inches).

(3) As used in this section, "handler," "ship," and "Growers Administrative Committee" shall have the same meaning as when used in said amended marketing agreement and order; and the terms "U. S. No. 1 Russet" and "standard pack" shall have the same meaning as when used in the revised United States Standards for Florida Tangerines (§§ 51.1810 to 51.1836 of this title).

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

Dated: January 24, 1956.

[SEAL] S. R. SMITH,
Director, Fruit and Vegetable Division, Agricultural Marketing Service.

[F. R. Doc. 56-683; Filed, Jan. 25, 1956; 9:05 a. m.]

TITLE 9—ANIMALS AND ANIMAL PRODUCTS

Chapter I—Agricultural Research Service, Department of Agriculture

Subchapter C—Interstate Transportation of Animals and Poultry

[B. A. I. Order 383, Revised, Amdt. 71]

PART 76—HOG CHOLERA, SWINE PLAGUE, AND OTHER COMMUNICABLE SWINE DISEASES

SUBPART B—VESICULAR EXANTHEMA

MOVEMENT OF SWINE AND SWINE PRODUCTS

Pursuant to the provisions of sections 1 and 2 of the act of February 2, 1903, as amended (21 U. S. C. 111–113, 120), subparagraph (2) of paragraph (c) and subparagraph (2) of paragraph (d) of § 76.30, as amended, of the regulations restricting the interstate movement of swine and certain swine products because of vesicular exanthema, a contagious, infectious, and communicable disease of swine (9 CFR, 1954 Supp., 76.30; 20 F. R. 4673)), are hereby deleted. These subparagraphs expired on January 1, 1956, by their own terms.

(Sec. 2, 32 Stat. 792, as amended; 21 U. S. C. 111)

Done at Washington, D. C., this 23d day of January 1956.

[SEAL] M. R. CLARKSON,
Acting Administrator, Agricultural Research Service.

[F. R. Doc. 56-641; Filed, Jan. 25, 1956; 8:51 a. m.]

TITLE 17—COMMODITY AND SECURITIES EXCHANGES

Chapter II—Securities and Exchange Commission

PART 240—GENERAL RULES AND REGULATIONS UNDER THE SECURITIES EXCHANGE ACT OF 1934

AMENDMENTS TO PROXY RULES

The Securities and Exchange Commission has adopted certain amendments to its proxy rules contained in Regulation X-14 under the Securities Exchange Act of 1934. Notice of the proposed amendments and an invitation to submit comments and suggestions thereon were published on August 23, 1955. Thereafter pursuant to notice published on November 4, 1955, a public hearing was held on November 17. On the basis of the comments and suggestions received from the public and the testimony in the public hearing, a revised draft of the proposed amendments was prepared and published for comment on December 14, 1955.

The Commission has now considered all of the comments and suggestions received and has determined that the proposed amendments should be adopted with certain modifications therein. The text of the amendments as adopted is attached hereto.

The principal purpose of the amendments is to clarify the applicability of Regulation X-14 to proxy contests with respect to the election or removal of directors. Accordingly, the rules have been expanded to spell out more specifically the procedure to be followed and the information to be given in the case of such contests. The more important changes made in the rules are described below.

The definitions of the terms "solicit" and "solicitation" has been amended to make it clear that the furnishing of a form of proxy or other communication to security holders under circumstances reasonably calculated to result in the procurement, withholding, or revocation of a proxy constitutes a solicitation within the meaning of the rules. Thus, statements made for the purpose of inducing security holders to give, revoke, or withhold a proxy with respect to a matter to be acted upon by security holders of an issuer, including an election of directors, by any person who has solicited or intends to solicit proxies, whether or not such statements are accompanied by an express request to give, revoke, or withhold a proxy may involve a solicitation within the meaning of the regulation, depending upon the particular facts and circumstances.

There was some concern expressed by persons commenting on this aspect of the amendments that all semiannual and quarterly reports and other communications containing information and comment concerning the business of the character normally sent to security holders by corporate management during the course of a fiscal year might be deemed to involve a solicitation and to be proxy material under the revised definition.

This problem is not a new one and has previously existed under the rules. It is not the intention of the Commission and it is not the purpose of the amendments to subject such communications to the proxy rules. In some situations, for example, where a proxy contest continues from one year to another, the communications of both sides may constitute continuing solicitations which should be subject to the standards of the rule. In the ordinary case, it is not believed that this matter presents any real problem and the Commission has no desire to require the filing of the types of communications normally sent to security holders during the year.

The publication of reprints or reproductions of letters, advertisements, and other previously published material preparatory to or in connection with a solicitation, whether prior to or following a request that security holders give, revoke, or withhold a proxy, may involve the publication or distribution of proxy material which is subject to and should be filed with the Commission pursuant to the provisions of the rules.

In order to clarify the applicability of the rules to soliciting material in the form of speeches, press releases, and radio or television scripts, a new provision has been added providing that such material may be, but is not required to be, filed with the Commission prior to its use. However, such material must be filed not later than the date it is used or published.

For many years, the proxy rules have provided that the annual report, a copy of which must be furnished to security holders, is not deemed to be proxy material. As a result of the Commission's experience in a number of cases, the rules have been amended to provide that if any portion of the report is devoted to an attack or comment upon an opposition solicitation or opposition group, that portion of the report must be filed as proxy material in advance of publication.

Under the proxy rules as they have been in effect for some years, the issuer is required to mail out proxy material for a security holder when requested to do so or in lieu thereof to furnish the security holder with a reasonably current list of security holders. Where the issuer elects to mail the material rather than furnish such a list, the rules have heretofore required that it must do so with reasonable promptness after receiving the material, but need not do so prior to the first day on which the solicitation is made on behalf of the management. Under the amended rules the security holder's material must be mailed not later than the earlier of (1) a day corresponding to the first date on which the management's material was released to security holders for the last annual meeting, or (2) the first date on which solicitation was made on behalf of the management.

Section 240.14a–9 (Rule X-14A–9) prohibits the making of solicitations which at the time and in the light of the circumstances under which they are made are false or misleading with respect to any material fact or which omit to state any material fact necessary in order to make the statements therein not false or misleading. The amendments add a note to this rule which illustrates certain types of statements which may be misleading within the meaning of the rule, depending upon the facts and circumstances of the particular case.

The specific requirements with respect to contests are set forth in a new rule § 240.14a–11 (Rule X-14A–11). The general effect of this rule is to require in case of a contest with respect to the election or removal of directors, that the participants in the contest shall file with the Commission specific information regarding their identity and background, their interest in securities of the issuer and certain other information having a bearing upon the contest. A new schedule 14B sets forth the information required to be included in such statements. A summary of such information is required to be included in the proxy material of the particular participant or group on whose behalf the solicitation is made.

The amendments are adopted pursuant to sections 14 (a) and 23 (a) of the act. In view of the length of time the amendments have been under consideration, the wide publicity given them and the desirability of having them become effective as soon as practicable, the Commission has determined that the amendments shall become effective January 30, 1956.

1. Paragraph (f), the definition of the term "solicitation" in § 240.14a–1 (Rule X-14A–1) is amended to read as follows:

§ 240.14a–1 *Definitions.* • • •

(f) *Solicitation.* (1) The terms "solicit" and "solicitation" include:

(i) Any request for a proxy whether or not accompanied by or included in a form of proxy;

(ii) Any request to execute or not to execute, or to revoke, a proxy; or

(iii) The furnishing of a form of proxy or other communication to security holders under circumstances reasonably calculated to result in the procurement, withholding or revocation of a proxy.

(2) The terms do not apply, however, to the furnishing of a form of proxy to a security holder upon the unsolicited request of such security holder, the performance by the issuer of acts required by § 240.14a–7, or the performance by any person of ministerial acts on behalf of a person soliciting a proxy.

2. The introductory text of § 240.14a–2 (Rule X-14A–2) is amended as follows:

§ 240.14a–2 *Solicitations to which §§ 240.14a–1 to 240.14a–11 apply.* Sections 240.14a–1 to 240.14a–11 apply to every solicitation of a proxy with respect to securities listed and registered on a national securities exchange, whether or not trading in such securities has been suspended, except the following:

• • • • •

3. A new paragraph (g) is added to § 240.14a–6 (Rule X-14A–6) to read as follows:

§ 240.14a–6 *Material required to be filed.* • • •

(g) Notwithstanding the provisions of paragraphs (a) and (b) of this section and of § 240.14a–11 (e), copies of soliciting material in the form of speeches, press releases and radio or television scripts may, but need not, be filed with the Commission prior to use or publication. Definitive copies, however, shall be filed with or mailed for filing to the Commission as required by paragraph (c) of this section not later than the date such material is used or published. The provisions of paragraphs (a) and (b) of this section and of § 240.14a–11 (e) shall apply, however, to any reprints or reproductions of all or any part of such material.

4. Paragraph (b) of § 240.14a–7 (Rule X-14A–7) is amended to read as follows:

§ 240.14a–7 *Mailing communications for security holders.* • • •

(b) (1) Copies of any proxy statement, form of proxy or other communication furnished by the security holder shall be mailed by the issuer to such of the holders of record specified in paragraph (a) (1) of this section as the security holder shall designate. The issuer shall also mail to each banker, broker, or other person specified in paragraph (a) (2) of this section a sufficient number of copies of such proxy statement, form of proxy or other communication as will enable the banker, broker, or other person to furnish a copy thereof to each beneficial owner solicited or to be solicited through him.

(2) Any such material which is furnished by the security holder shall be mailed with reasonable promptness by the issuer after receipt of a tender of the material to be mailed, of envelopes or other containers therefor and of postage or payment for postage. The issuer need not, however, mail any such material which relates to any matter to be acted upon at an annual meeting of security holders prior to the earlier of (i) a day corresponding to the first date on which management proxy solicited material was released to security holders in connection with the last annual meeting of security holders, or (ii) the first day on which solicitation is made on behalf of management. With respect to any such material which relates to any matter to be acted upon by security holders otherwise than at an annual meeting, such material need not be mailed piror to the first day on which solicitation is made on behalf of management.

(3) Neither the management nor the issuer shall be responsible for such proxy statement, form of proxy or other communication.

5. The following note is added after the text of § 240.14a–9 (Rule X-14A–9):

§ 240.14a–9 *False or misleading statements.* • • •

NOTE: The following are some examples of what, depending upon particular facts and circumstances, may be misleading within the meaning of this section:

(a) Predictions as to specific future market values, earnings, or dividends.

(b) Material which directly or indirectly impugns character, integrity or personal reputation, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation.

(c) Failure to so identify a proxy statement, form of proxy and other soliciting material as to clearly distinguish it from the soliciting material of any other person or persons soliciting for the same meeting or subject matter.

(d) Claims made prior to a meeting regarding the results of a solicitation.

6. A new § 240.14a–11 (Rule X–14A–11) is adopted to read as follows:

§ 240.14a–11 *Special provisions applicable to election contests*—(a) *Solicitations to which this section applies.* This section applies to any solicitation subject to §§ 240.14a–1 to 240.14a–11 by any person or group of persons for the purpose of opposing a solicitation subject to §§ 240.14a–1 to 240.14a–11 by any other person or group of persons with respect to the election or removal of directors at any annual or special meeting of security holders.

(b) *Participant or participant in a solicitation.* For purposes of this section the terms "participant" and "participant in a solicitation" include the following:

(1) The issuer;

(2) Any director of the issuer, and any nominee for whose election as a director proxies are solicited;

(3) Any committee or group which solicits proxies, any member of such committee or group, and any person whether or not named as a member who, acting alone or with one or more other persons, directly or indirectly, takes the initiative in organizing, directing or financing any such committee or group;

(4) Any person who finances or joins with another to finance the solicitation of proxies, except persons who contribute not more than $500 and who are not otherwise participants;

(5) Any person who lends money or furnishes credit or enters into any other arrangements, pursuant to any contract or understanding with a participant, for the purpose of financing or otherwise inducing the purchase, sale, holding or voting of securities of the issuer by any participant or other persons, in support of or in opposition to a participant; except that such terms do not include a bank, broker or dealer who, in the ordinary course of business, lends money or executes orders for the purchase or sale of securities and who is not otherwise a participant;

(6) Any other person who solicits proxies:

Provided, however, That such terms do not include (i) any person or organization retained or employed by a participant to solicit security holders, or any person who merely transmits proxy soliciting material or performs ministerial or clerical duties; (ii) any person employed by a participant in the capacity of attorney, accountant, or advertising, public relations or financial adviser, and whose activities are limited to the performance of his duties in the course of such employment; (iii) any person regularly employed as an officer or employee of the issuer or any of its subsidiaries who is not otherwise a participant; or (iv) any officer or director of, or any person regularly employed by, any other participant, if such officer, director, or employee is not otherwise a participant.

(c) *Filing of information required by Schedule 14B.* (1) No solicitation subject to this section shall be made by any person other than the management of an issuer unless at least five business days prior thereto, or such shorter period as the Commission may authorize upon a showing of good cause therefor, there has been filed, with the Commission and with each national securities exchange upon which any security of the issuer is listed and registered, by or on behalf of each participant in such solicitation, a statement in duplicate containing the information specified by Schedule 14B.

(2) Within five business days after a solicitation subject to this section is made by the management of an issuer, or such longer period as the Commission may authorize upon a showing of good cause therefor, there shall be filed, with the Commission and with each national securities exchange upon which any security of the issuer is listed and registered, by or on behalf of each participant in such solicitation, other than the issuer, a statement in duplicate containing the information specified by Schedule 14B.

(3) If any solicitation on behalf of management or any other person has been made, or if proxy material is ready for distribution, prior to a solicitation subject to this section in opposition thereto, a statement in duplicate containing the information specified in Schedule 14B shall be filed by or on behalf of each participant in such prior solicitation, other than the issuer, as soon as reasonably practicable after the commencement of the solicitation in opposition thereto, with the Commission and with each national securities exchange on which any security of the issuer is listed and registered.

(4) If, subsequent to the filing of the statements required by subparagraphs (1), (2), and (3) of this paragraph, additional persons become participants in a solicitation subject to this section, there shall be filed, with the Commission and each appropirate exchange, by or on behalf of each such person a statement in duplicate containing the information specified by Schedule 14B, within three business days after such person becomes a participant, or such longer period as the Commission may authorize upon a showing of good cause therefor.

(5) If any material change occurs in the facts reported in any statement filed by or on behalf of any participant, an appropriate amendment to such statement shall be filed promptly with the Commission and each appropriate exchange.

(6) Each statement and amendment thereto filed pursuant to this paragraph shall be part of the official public files of the Commission and for purposes of this regulation shall be deemed a communication subject to the provisions of § 240.14a–9.

(d) *Solicitations prior to furnishing required written proxy statement.* Notwithstanding the provisions of § 240.14a–3 (a), a solicitation subject to this section may be made prior to furnishing security holders a written proxy statement containing the information specified in Schedule 14A with respect to such solicitation: *Provided,* That:

(1) The statements required by paragraph (c) of this section are filed by or on behalf of each participant in such solicitation.

(2) No form of proxy is furnished to security holders prior to the time the written proxy statement required by § 240.14a–3 (a) is furnished to security holders: *Provided, however,* That this subparagraph shall not apply where a proxy statement then meeting the requirements of Schedule 14A has been furnished to security holders.

(3) At least the information specified in Items 2 (a) and 3 (a) of the statement required by paragraph (c) of this section to be filed by each participant, or an appropriate summary thereof, is included in each communication sent or given to security holders in connection with the solicitation.

(4) A written proxy statement containing the information specified in Schedule 14A with respect to a solicitation is sent or given security holders at the earliest practicable date.

(e) *Solicitations prior to furnishing required written proxy statement; filing requirements.* Three copies of any soliciting material proposed to be sent or given to security holders prior to the furnishing of the written proxy statement required by § 240.14a–3 (a) shall be filed with the Commission in preliminary form, at least five business days prior to the date definitive copies of such material are first sent or given to security holders, or such shorter period as the Commission may authorize upon a showing of good cause therefor.

(f) *Application of this section to annual report.* Notwithstanding the provisions of § 240.14a–3 (b) and (c), three copies of any portion of the annual report referred to in § 240.14a–3 (b) which comments upon or refers to any solicitation subject to this section, or to any participant in any such solicitation, other than the solicitation by the management, shall be filed with the Commission as proxy material subject to §§ 240.14a–1 to 240.14a–11. Such portion of the annual report shall be filed with the Commission in preliminary form at least five business days prior to the date copies of the report are first sent or given to security holders.

(g) *Application of § 240.14a–6.* The provisions of paragraphs (c), (d), (e), (f) and (g) of § 240.14a–6 shall apply, to the extent pertinent, to soliciting material subject to paragraphs (e) and (f) of this section.

(h) *Use of reprints or reproductions.* In any solicitation subject to this section, soliciting material which includes, in whole or part, any reprints or reproductions of any previously published material shall:

(1) State the name of the author and publication, the date of prior publication, and identify any person who is quoted without being named in the previously published material.

(2) Except in the case of a public official document or statement, state

whether or not the consent of the author and publication has been obtained to the use of the previously published material as proxy soliciting material.

(3) If any participant using the previously published material, or anyone on his behalf, paid, directly or indirectly, for the preparation or prior publication of the previously published material, or has made or proposes to make any payments or give any other consideration in connection with the publication or republication of such material, state the circumstances.

7. Item 3 of Schedule 14A is revised as Item 3 (a) and a new paragraph (b) is added as follows:

Item 3. Persons Making the Solicitation—(a) *Solicitations not subject to § 240.14a–11 (Rule X-14A–11).* (1) If the solicitation is made by the management of the issuer, so state. Give the name of any director of the issuer who has informed the management in writing that he intends to oppose any action intended to be taken by the management and indicate the action which he intends to oppose.

(2) If the solicitation is made otherwise than by the management of the issuer, so state and give the names of the persons by whom and on whose behalf it is made.

(3) If the solicitation is to be made otherwise than by the use of the mails, describe the methods to be employed. If the solicitation is to be made by specially engaged employees or paid solicitors, state (i) the material features of any contract or arrangement for such solicitation and identify the parties, and (ii) the cost or anticipated cost thereof.

(4) State the names of the persons by whom the cost of solicitation has been or will be borne, directly or indirectly.

(b) *Solicitations subject to § 240.14a–11 (Rule X-14A–11).* (1) State by whom the solicitation is made and describe the methods employed and to be employed to solicit security holders.

(2) If regular employees of the issuer or any other participant in a solicitation have been or are to be employed to solicit security holders, describe the class or classes of employees to be so employed, and the manner and nature of their employment for such purpose.

(3) If specially engaged employees, representatives or other persons have been or are to be employed to solicit security holders, state (i) the material features of any contract or arrangement for such solicitation and identify the parties, (ii) the cost or anticipated cost thereof, and (iii) the approximate number of such employees or employees of any other person (naming such other person) who will solicit security holders.

(4) State the total amount estimated to be spent and the total expenditures to date for, in furtherance of, or in connection with the solicitation of security holders.

(5) State by whom the cost of the solicitation will be borne. If such cost is to be borne initially by any person other than the issuer, state whether reimbursement will be sought from the issuer, and, if so, whether the question of such reimbursement will be submitted to a vote of security holders.

Instruction. With respect to solicitations subject to § 240.14a–11 (Rule X-14A–11), costs and expenditures within the meaning of this Item 3 shall include fees for attorneys, accountants, public relations or financial advisers, solicitors, advertising, printing, transportation, litigation and other costs incidental to the solicitation, except that the issuer may exclude the amounts of such costs represented by the amount normally expended for a solicitation for an election of directors in the absence of a contest, and costs represented by salaries and wages of regular employees and officers, povided a statement to that effect is included in the proxy statement.

8. Item 4 of Schedule 14A is amended to read as follows:

Item 4. Interest of Certain Persons in Matters To Be Acted Upon—(a) *Solicitations not subject to § 240.14a–11 (Rule X-14A–11).* Describe briefly any substantial interest, direct or indirect, by security holdings or otherwise, of each of the following persons in any matter to be acted upon, other than elections to office:

(1) If the solicitation is made on behalf of management, each person who has been a director or officer of the issuer at any time since the beginning of the last fiscal year.

(2) If the solicitation is made otherwise than on behalf of management, each person on whose behalf the solicitation is made. Any person who would be a participant in a solicitation for purposes of § 240.14a–11 (Rule X-14A–11) as defined in paragraph (b) (3), (4), (5) and (6) thereof shall be deemed a person on whose behalf the solicitation is made for purposes of this paragraph (a).

(3) Each nominee for election as a director of the issuer.

(4) Each associate of the foregoing persons.

Instruction. Except in the case of a solicitation subject to this regulation made in opposition to another solicitation subject to this regulation, this sub-item (a) shall not apply to any interest arising from the ownership of securities of the issuer where the security holder receives no extra or special benefit not shared on a pro rata basis by all other holders of the same class.

(b) *Solicitations subject to § 240.14a–11 (Rule X-14A–11).* (1) Describe briefly any substantial interest, direct or indirect, by security holdings or otherwise, of each participant as defined in § 240.14a–11 (b) (2), (3), (4), (5) and (6) (Rule X-14A–11), in any matter to be acted upon at the meeting, and include with respect to each participant the information, or a fair and adequate summary thereof, required by Items 2 (a), 2 (d), 3, 4 (b) and 4 (c) of Schedule 14B.

(2) With respect to any person named in answer to Item 6 (b), described any substantial interest, direct or indirect, by security holdings or otherwise, that he has in any matter to be acted upon at the meeting, and furnish the information called for by Item 4 (b) and (c) of Schedule 14B.

9. Item 7 (c) of Schedule 14A is revised as follows:

(c) Describe briefly all remuneration payments (other than payments reported under paragraph (a) or (b) of this item) proposed to be made in the future, directly or indirectly, by the issuer or any of its subsidiaries pursuant to any existing plan or arrangement to (i) each director or officer named in answer to paragraph (a) (1), naming each such person, and (ii) all directors and officers of the issuer as a group, without naming them.

Instruction. Information need not be included as to payments to be made for, or benefits to be received from, group life or accident insurance, group hospitalization or similar group payments or benefits. If it is impracticable to state the amount of remuneration payments proposed to be made, the aggregate amount set aside or accrued to date in respect of such payments shall be stated, together with an explanation of the basis for future payments.

10. A new Schedule 14B is added to Regulation X-14, following Schedule 14A, to read as follows:

SCHEDULE 14B—INFORMATION TO BE INCLUDED IN STATEMENTS FILED BY OR ON BEHALF OF A PARTICIPANT (OTHER THAN THE ISSUER) IN A PROXY SOLICITATION PURSUANT TO § 240.14a–11 (c) (RULE X-14A–11 (c))

Answer every item. If an item is inapplicable or the answer is in the negative, so state. The information called for by Items 2 (a) and 3 (a) or a fair summary thereof is required to be included in all preliminary soliciting material by § 240.14–11 (d) (Rule X-14A–11 (d)).

Item 1. Issuer. State the name and address of the issuer.

Item 2. Identity and background. (a) State the following:

(1) Your name and business address.

(2) Your present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is carried on.

(b) State the following:

(1) Your residence address.

(2) Information as to all material occupations, positions, offices or employments during the last ten years, giving starting and ending dates of each and the name, principal business and address of any business corporation or other business organization in which each such occupation, position, office or employment was carried on.

(c) State whether or not you are or have been a participant in any other proxy contest involving this or other issuers within the past ten years. If so, identify the principals, the subject matter and your relationship to the parties and the outcome.

(d) State whether or not, during the past ten years, you have been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) and, if so, give dates, nature of conviction, name and location of court, and penalty imposed or other disposition of the case. A negative answer to this sub-item need not be included in the proxy statement or other proxy soliciting material.

Item 3. Interests in securities of the issuer. (a) State the amount of each class of securities of the issuer which you own beneficially, directly or indirectly.

(b) State the amount of each class of securities of the issuer which you own of record but not beneficially.

(c) State with respect to the securities specified in (a) and (b) the amounts acquired within the past two years, the dates of acquisition and the amounts acquired on each date.

(d) If any part of the purchase price or market value of any of the shares specified in paragraph (c) is represented by funds borrowed or otherwise obtained for the purpose of acquiring or holding such securities, so state and indicate the amount of the indebtedness as of the latest practicable date. If such funds were borrowed or obtained otherwise than pursuant to a margin account or bank loan in the regular course of business of a bank, broker or dealer, briefly describe the transaction, and state the names of the parties.

(e) State whether or not you are a party to any contracts, arrangements or understandings with any person with respect to any securities of the issuer, including but not limited to joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profits, division of losses or profits, or the giving or withholding of proxies. If so, name the persons with whom such contracts, arrangements, or understandings exist and give the details thereof.

(f) State the amount of securities of the issuer owned beneficially, directly or indirectly, by each of your associates and the name and address of each such associate.

(g) State the amount of each class of securities of any parent or subsidiary of the

issuer which you own beneficially, directly or indirectly.

Item 4. Further matters. (a) Describe the time and circumstances under which you became a participant in the solicitation and state the nature and extent of your activities or proposed activities as a participant.

(b) Furnish for yourself and your associates the information required by Item 7 (f) of Schedule 14A.

(c) State whether or not you or any of your associates have any arrangement or understanding with any person—

(1) With respect to any future employment by the issuer or its affiliates; or

(2) With respect to any future transactions to which the issuer or any of its affiliates will or may be a party.

If so, describe such arrangement or understanding and state the names of the parties thereto.

Item 5. Signature. The statement shall be dated and signed in the following manner:

I certify that the statements made in this statement are true, complete, and correct, to the best of my knowledge and belief.

(Signature of participant or authorized representative)

(Date)

Instruction. If the statement is signed on behalf of a participant by the latter's authorized representative, evidence of the representative's authority to sign on behalf of such participant shall be filed with the statement.

(Sec. 23, 48 Stat. 901 as amended; 15 U. S. C. 78w)

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

JANUARY 16, 1956.

[F. R. Doc. 56-617; Filed, Jan. 25, 1956; 8:47 a. m.]

TITLE 21—FOOD AND DRUGS

Chapter I—Food and Drug Administration, Department of Health, Education, and Welfare

Subchapter B—Food and Food Products

PART 120—TOLERANCES AND EXEMPTIONS FROM TOLERANCES FOR PESTICIDE CHEMICALS IN OR ON RAW AGRICULTURAL COMMODITIES

TOLERANCES FOR RESIDUES OF CALCIUM CYANIDE

A petition was filed with the Food and Drug Administration requesting the establishment of tolerances for residues of calcium cyanide in or on certain grains.

The Secretary of Agriculture has certified that this pesticide chemical is useful for the purposes for which tolerances are being established.

After consideration of the data submitted in the petition and other relevant material which show that the tolerances established in this order will protect the public health, and by virtue of the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (sec. 408 (d) (2), 68 Stat. 512; 21 U. S. C. 346a (d) (2)) and delegated to the Commissioner of Food and Drugs by the Secretary (21 CFR 120.7 (g)), the regulations for tolerances for pesticide chemicals in or on raw agricultural commodities (21 CFR Part 120) are amended by adding the following new section:

§ 120.125 *Tolerances for residues of calcium cyanide.* A tolerance of 25 parts per million is established for residues of calcium cyanide, calculated as hydrogen cyanide, in or on each of the following grains: Barley, corn, rice, rye, wheat.

Any person who will be adversely affected by the foregoing order may, at any time prior to the thirtieth day from the effective date thereof, file with the Hearing Clerk, Department of Health, Education, and Welfare, Room 5440, 330 Independence Avenue SW., Washington 25, D. C., written objections thereto. Objections shall show wherein the person filing will be adversely affected by this order, specify with particularity the provisions of the order deemed objectionable and reasonable grounds for the objections, and request a public hearing upon the objections. Objections may be accompanied by a memorandum or brief in support thereof. All documents shall be filed in quintuplicate.

(Sec. 701, 52 Stat. 1055; 21 U. S. C. 371. Interprets or applies sec. 408, 68 Stat. 512; 21 U. S. C. 346a)

Effective date. This order shall be effective upon publication in the FEDERAL REGISTER.

Dated: January 20, 1956.

[SEAL] JOHN L. HARVEY, *Acting Commissioner of Food and Drugs.*

[F. R. Doc. 56-631; Filed, Jan. 25, 1956; 8:50 a. m.]

TITLE 29—LABOR

Chapter V—Wage and Hour Division, Department of Labor

PART 522—EMPLOYMENT OF LEARNERS

KNITTED WEAR, GLOVE, AND INDEPENDENT TELEPHONE INDUSTRIES

On December 16, 1955, notice was published in the FEDERAL REGISTER (20 F. R. 9461-9462) that the Administrator proposed to amend the regulations providing for the employment of learners in the knitted wear, glove, and telephone industries at wages lower than the minimum wage applicable under section 6 of the Fair Labor Standards Act of 1938. Interested persons were given until December 31, 1955, to submit in writing for consideration any data, views, or arguments pertaining to the proposed changes.

The purpose of this amendment is to adjust the provisions for subminimum wages for learners in these industries by taking into account additional information concerning these industries, changed economic conditions, and changed legal requirements as they relate to opportunity for employment. These amendments are based upon a twenty-five cents per hour increase in the general statutory minimum wage, present and anticipated increases in minimum wages actually paid, recognition of additional occupations in the knitted wear industry requiring a substantial learning period, and a reappraisal of the usual need for subminimum wages for learners by independent telephone exchanges which have between 2,000 and 3,000 stations.

The only objections that have been received were submitted on behalf of the Textile Workers' Union of America and the International Ladies Garment Workers' Union contending that subminimum wages for learners are not necessary to prevent curtailment of opportunities for employment in the knitted wear industry. No supporting data was presented. My experience is that in industries, like knitted wear, where the average wage is not far above the statutory minimum wage, notwithstanding extensive collective bargaining, some subminimum for learners is necessary to prevent curtailment of opportunities for employment. Accordingly, these objections are overruled, and the proposed amendments will be adopted.

It has come to my attention that the recognition of new learner occupations in the knitted wear industry will also require some amendment of § 522.64 to preserve the present policy concerning crediting experience in one learner occupation in the industry against the learner period for other such occupations. I find that this does not effect a change in the policy expressed in the regulations and that notice and public procedure thereon are unnecessary.

Pursuant to the authority vested in me by section 14 of the Fair Labor Standards Act of 1938 (Sec. 14, 52 Stat. 1068, as amended; 29 U. S. C. 214), and Federal Register Document No. 50-4637 (15 F. R. 3290), I hereby amend Title 29, Chapter V, Part 522 of the Code of Federal Regulations as follows:

1. Paragraph (a) of § 522.35 is amended to read as follows:

(a) The subminimum rate which may be authorized in special certificates issued in the knitted wear industry shall be not less than 85 cents per hour.

2. Section 522.63 is amended to read as follows:

§ 522.63 *Learner occupations.* Special certificates may be issued authorizing the employment of learners at subminimum wage rates in the glove industry in occupations of hand and machine stitching in the leather glove branch of the industry; in the occupation of machine stitching in the woven or knit fabric and work glove branches of the industry; and in the occupations of finger knitting and finger closing, and hand and machine stitching in the knitted glove branch of the industry.

3. Paragraph (b) of § 522.64 is amended to read as follows:

(b) If a worker has had previous experience in the glove industry, the total hours of employment within the previous three years shall be deducted from the maximum training period, as follows:

(1) Hand and machine stitching operations on leather gloves, if a worker is being trained in the leather glove branch.

(2) Finger knitting and finger closing operations on knitted gloves, hand stitching operations on leather or knitted gloves, and machine stitching on leather, knitted, or woven or knit fabric

gloves, if a worker is being trained in the knitted glove branch.

(3) Machine stitching on leather, knitted, or woven or knit fabric gloves, if a worker is being trained in the woven or knit fabric branch.

(4) Machine stitching in any type of glove manufacturing, if a worker is being trained in the work glove branch.

4. Paragraph (a) of § 522.65 is amended to read as follows:

(a) The subminimum rates which may be authorized in special certificates issued in the glove industry shall be not less than 80 cents an hour for the first 320 hours and not less than 90 cents an hour for the remaining 160 hours in the leather glove, woven or knit fabric glove and knitted glove branches of the industry, and not less than 77½ cents an hour for the first 320 hours and not less than 85 cents an hour for the remaining 160 hours in the work glove branch of this industry.

5. Paragraph (b) of § 522.71 is amended to read as follows:

(b) Special certificates authorizing the employment at subminimum wage rates of learners in the occupation of a switchboard operator in the independent telephone industry may be issued to exchanges of less than 3,000 stations to the extent necessary to prevent curtailment of opportunities for employment, and, in exceptional cases, to exchanges of 3,000 or more stations when the Administrator or his authorized representative finds unusual circumstances to exist which would curtail opportunities for employment.

6. Paragraph (b) of § 522.72 is amended to read as follows:

(b) Special certificates issued to meet abnormal labor turnover may provide:

(1) In the case of exchanges employing up to 8 operators, two learners may be employed at one time during one period not to exceed six months within the effective period of the certificate.

(2) In the case of exchanges employing 9 to 18 operators, four learners may be employed at one time during one period not to exceed six months within the effective period of the certificate.

7. Section 522.74 is amended to read as follows:

§ 522.74 *Subminimum rates.* (a) For exchanges of less than 3,000 stations the subminimum hourly rates to be provided in a special certificate for learners shall be not less than 80 cents an hour for the first 240 hours, and not less than 90 cents an hour for the remaining 240 hours of the learning period.

(b) In exceptional cases where a certificate is issued to an exchange of 3,000 stations or more the subminimum hourly rates for learners shall be not less than 85 cents for the first 240 hours, and not less than 95 cents for the remaining 240 hours of the learning period.

(c) The earnings of learners employed on a piece rate basis shall be based on those piece rates if in excess of the authorized subminimum rates, in accordance with § 522.6 (j).

8. Except as hereinafter noted the foregoing amendments shall be and become effective on March 1, 1956. Applications for learner certificates to become effective March 1, 1956 or thereafter under the regulations as hereby amended will be entertained prior to March 1, 1956.

(Sec. 14, 52 Stat. 1068; 29 U. S. C. 214)

Signed at Washington, D. C., this 20th day of January 1956.

NEWELL BROWN,
Administrator, Wage and Hour and Public Contracts Division.

[F. R. Doc. 56-625; Filed, Jan. 25, 1956; 8:49 a. m.]

TITLE 32—NATIONAL DEFENSE

Chapter V—Department of the Army

Subchapter F—Personnel

PART 572—CONTRACT SURGEONS AND CIVILIAN VETERINARIANS

AUTHORITY TO EMPLOY CONTRACT SURGEONS

Section 572.1 is revised to read as follows:

§ 572.1 *Authority to employ.* When authorized by the Secretary of the Army, and to the extent deemed necessary by him, full-time or part-time contract surgeons may be employed by The Surgeon General. The heads of administrative and technical services, zone of the interior army commanders, and Commanding General, Military District of Washington, may act for The Surgeon General in contracting for the service of such full-time or part-time contract surgeons. Heads of administrative and technical services may further delegate the authority to commanders of class II installations and zone of the interior army commanders and Commanding General, Military District of Washington, may further delegate the authority to commanders of class I and class II installations. Employment of all other contract surgeons will be accomplished by The Surgeon General. Heads of administrative and technical services, except for The Surgeon General, will obtain advice of the appropriate zone of the interior army commander with respect to professional qualifications of applicants prior to appointment at class II installations.

[C 4, AR 40-30, 23 December 1956] (R. S. 161; 5 U. S. C. 22. Interprets or applies sec. 18, 31 Stat. 752, sec. 504, 63 Stat. 827; 10 U. S. C. 107, 37 U. S. C. 304)

[SEAL] JOHN A. KLEIN,
Major General, U. S. Army, The Adjutant General.

[F. R. Doc. 56-605; Filed, Jan. 25, 1956; 8:45 a. m.]

TITLE 35—PANAMA CANAL

Chapter I—Canal Zone Regulations

[Canal Zone Order No. 42]

PART 24—SANITATION, HEALTH, AND QUARANTINE

SUBPART G—FOODS AND BEVERAGES

By virtue of the authority vested in the President of the United States by section 371 of title 2 of the Canal Zone Code, approved June 19, 1934 and delegated to me by Executive Order 9746 of July 1, 1946, as amended by Executive Order 10595 of February 7, 1955, Part 24 of Title 35, Code of Federal Regulations, as adopted and amended by Canal Zone Order No. 39 of February 26, 1955, 20 F. R. 1392, and amended by Canal Zone Order No. 40 of April 15, 1955, 20 F. R. 2751, and by Canal Zone Order No. 41 of October 11, 1955, 20 F. R. 7825, is further amended by the addition of a new Subpart G as set forth below:

Sec.
24.190 Definitions.
24.191 Listing of approved suppliers of food and beverages.
24.192 Procurement by food-handling establishments from approved suppliers.
24.193 Delivery to food-handling establishments or from house to house.
24.194 Inapplicability to military areas.
24.195 Punishment for violation.
24.196 Effective date.

AUTHORITY: §§ 24.190 to 24.196 issued under sec. 1, 39 Stat. 527, as amended; 2 C. Z. Code 371, 372; 48 U. S. C. 1310.

§ 24.190 *Definitions.* As used in this subpart, terms shall have the following meaning:

(a) *Beverage.* Any beverage intended for human consumption other than an alcoholic beverage as defined in § 6.1 of this chapter.

(b) *Food.* Meat, meat-food products, meat by-products, poultry, poultry products, eggs, seafoods, milk, milk products, frozen desserts, bakery products, confections, edible oils, and fresh leafy vegetables.

(c) *Food-handling establishment.* Any establishment situated in the Canal Zone which is operated by or for any Government agency or public or private organization and which regularly serves or sells food or beverages: *Provided, however,* That this term shall not include any domestic establishment.

(d) *Health Bureau.* The Health Bureau of the Canal Zone Government.

(e) *Health Director.* The Health Director of the Canal Zone Government.

§ 24.191 *Listing of approved suppliers of food and beverages.* (a) The Health Director shall cause to be prepared, maintained and kept current at all times a list showing (1) the suppliers of food and beverages situated on the Isthmus of Panama who are approved by the Health Director or by his authority as sources of supply for food-handling establishments in the Canal Zone, and (2) the specific foods and beverages, or classes thereof, for which each such supplier is so approved.

(b) The listing of a supplier as an approved source of supply for a specified food or beverage shall be based upon (1) appropriate inspections, as may be indicated and practicable, of such food or beverage and of the premises whereon it is produced, processed and distributed, carried out from time to time by representatives of the Health Bureau, and (2) a determination by the Health Director or by his authority that such food or beverage as furnished by such supplier conforms to acceptable standards of purity and quality. In the cases of milk, milk products, frozen desserts, meat, meat-food products, meat by-products, and

poultry, the Health Director shall, to the greatest extent practicable, apply the most recent standards and specifications of purity and quality which are prescribed for such products, respectively, in the Milk Ordinance and Code recommended by the U. S. Public Health Service, the Frozen Desserts Ordinance and Code recommended by said service, the Regulations Governing Meat Inspection of the U. S. Department of Agriculture, and the Poultry Ordinance of the U. S. Public Health Service.

(c) Copies of the list provided for in this section, and of any and all changes therein and additions thereto, shall be promptly distributed by the Health Director or by his authority to each food-handling establishment in the Canal Zone which submits its name and address to the Health Bureau.

§ 24.192 *Procurement by food-handling establishments from approved suppliers.* No food-handling establishment in the Canal Zone or person acting for or on behalf of any such food-handling establishment, shall procure any food or beverage for serving or sale in such establishment from any source of supply on the Isthmus of Panama other than (a) a supplier listed as provided in § 24.191 as an approved source of supply for such specific food or beverage, or (b) another food-handling establishment in the Canal Zone.

§ 24.193 *Delivery to food-handling establishments or from house to house.* No person (including an individual, firm, partnership or corporation) shall engage in the delivery of any food or beverage to any food-handling establishment in the Canal Zone, or shall engage in the house-to-house delivery of any food or beverage in the Canal Zone, unless (a) such person is listed as provided in § 24.191 as an approved source of supply for such specific food or beverage, or is an employee of a person so listed, and (b) the person so listed is the holder of a valid, unexpired license, issued by the Health Director or by his authority authorizing such delivery operation: *Provided, however,* That this section shall not apply to the delivery of foods or beverages by a food-handling establishment situated in the Canal Zone: *And provided, further,* That no person holding a license under this section shall be required, for the same operations, to obtain the license for the peddling of food prescribed by Executive Order No. 8306 of December 19, 1939 (4 F. R. 4909).

§ 24.194 *Inapplicability to military areas.* None of the provisions of this subpart shall apply to any military reservation within the Canal Zone.

§ 24.195 *Punishment for violation.* A violation of any of the provisions contained in this subpart is punishable, as provided in section 373 of title 2 of the Canal Zone Code, by a fine of not more than $25, or by imprisonment in jail for not more than thirty days, or by both; and each day such violation continues constitutes a separate offense.

§ 24.196 *Effective date.* This subpart shall take effect on the thirtieth day from and after its promulgation.

WILBER M. BRUCKER,
Secretary of the Army.

JANUARY 23, 1956.

[F. R. Doc. 56-639; Filed, Jan. 25, 1956; 8:51 a. m.]

TITLE 36—PARKS, FORESTS, AND MEMORIALS

Chapter III—Corps of Engineers, Department of the Army

PART 311—RULES AND REGULATIONS GOVERNING PUBLIC USE OF CERTAIN RESERVOIR AREAS

TEXARKANA RESERVOIR AREA, SULPHUR RIVER, TEXAS

The Secretary of the Army having determined that the use of Texarkana Reservoir Area, Sulphur River, Texas, by the general public for boating, swimming, bathing, fishing and other recreation purposes will not be contrary to the public interest and will not be inconsistent with the operation and maintenance of the reservoir for its primary purpose, hereby prescribes rules and regulations for its public use, pursuant to the provisions of section 209 of the Flood Control Act of 1954 (68 Stat. 1266) as follows:

1. Add new paragraph (jjj) to § 311.1:

§ 311.1 *Areas covered.* * * *

(jjj) Texarkana Reservoir Area, Sulphur River, Texas.

2. Add new subparagraph (40) to paragraph (a) of § 311.4:

§ 311.4 *Houseboats.* (a) * * *

(40) Texarkana Reservoir Area, Sulphur River, Texas.

[Regs., 19 December 1955, ENGWO] (Sec. 209, 68 Stat. 1266; 16 U. S. C. 460d)

[SEAL] JOHN A. KLEIN,
Major General, U. S. Army,
The Adjutant General.

[F. R. Doc. 56-606; Filed, Jan. 25, 1956; 8:45 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF THE TREASURY

Internal Revenue Service

[26 CFR (1954) Part 1]

INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953

NOTICE OF PROPOSED RULE MAKING

Notice is hereby given, pursuant to the Administrative Procedure Act, approved June 11, 1946, that the regulations set forth in tentative form below are proposed to be prescribed by the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury. Prior to the final adoption of such regulations, consideration will be given to any data, views, or arguments pertaining thereto which are submitted in writing, in duplicate, to the Commissioner of Internal Revenue, Attention: T:P, Washington 25, D. C., within the period of 30 days from the date of publication of this notice in the FEDERAL REGISTER. The proposed regulations are to be issued under the authority contained in sections 1441, 1443, and 7805 of the Internal Revenue Code of 1954 (68A Stat. 357, 358, 917; 26 U. S. C. 1441, 1443, 7805).

[SEAL] RUSSELL C. HARRINGTON,
Commissioner of Internal Revenue.

The following regulations are hereby prescribed under chapters 3 and 4 of the Internal Revenue Code of 1954. The regulations under chapter 3 apply with respect to payments made after December 31, 1954:

Sec.
1.1441 Statutory provisions; withholding of tax on nonresident aliens.
1.1441-1 General rule for withholding of tax on nonresident aliens.
1.1441-2 Income subject to withholding.
1.1441-3 Exceptions to general rule for withholding.
1.1441-4 Other rules for withholding.
1.1442 Statutory provisions; withholding of tax on foreign corporations.
1.1442-1 Withholding of tax on foreign corporations.
1.1443 Statutory provisions; foreign tax-exempt organizations.
1.1443-1 Rents paid to foreign tax-exempt organizations.

Sec.
1.1451 Statutory provisions; tax-free covenant bonds.
1.1451-1 Tax-free covenant bonds issued before January 1, 1934.
1.1451-2 Exemption from withholding.
1.1461 Statutory provisions; return and payment of withheld tax.
1.1461-1 Return and payment of tax withheld.
1.1461-2 Ownership certificates for bond interest.
1.1462 Statutory provisions; withheld tax as credit to recipient of income.
1.1462-1 Withheld tax as credit to recipient of income.
1.1463 Statutory provisions; tax paid by recipient of income.
1.1463-1 Tax paid by recipient of income.
1.1464 Statutory provisions; refunds and credits with respect to withheld tax.
1.1465 Statutory provisions; definition of withholding agent.
1.1471 Statutory provisions; recovery of excessive profits on government contracts.
1.1471-1 Recovery of excessive profits on government conrtacts.
1.1481 Statutory provisions; mitigation of effect of renegotiation of government contracts.

WITHHOLDING OF TAX ON NONRESIDENT ALIENS AND FOREIGN CORPORATIONS AND TAX-FREE COVENANT BONDS

NONRESIDENT ALIENS AND FOREIGN CORPORATIONS

§ 1.1441 *Statutory provisions; withholding of tax on nonresident aliens.*

SEC. 1441. *Withholding of tax on nonresident aliens*—(a) *General rule.* Except as otherwise provided in subsection (c), all persons, in whatever capacity acting (including lessees or mortgagors of real or personal property, fiduciaries, employers, and all officers and employees of the United States) having the control, receipt, custody, disposal, or payment of any of the items of income specified in subsection (b) (to the extent that any of such items constitutes gross income from sources within the United States), of any nonresident alien individual, or of any partnership not engaged in trade or business within the United States and composed in whole or in part of nonresident aliens, shall (except in the cases provided for in section 1451 and except as otherwise provided in regulations prescribed by the Secretary or his delegate under section 874) deduct and withhold from such items a tax equal to 30 percent thereof.

(b) *Income items.* The items of income referred to in subsection (a) are interest (except interest on deposits with persons carrying on the banking business paid to persons not engaged in business in the United States), dividends, rent, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable annual or periodical gains, profits, and income, and amounts described in section 402 (a) (2), section 631 (b) and (c), and section 1235, which are considered to be gains from the sale or exchange of capital assets.

(c) *Exceptions*—(1) *Dividends of foreign corporations.* No deduction or withholding under subsection (a) shall be required in the case of dividends paid by a foreign corporation unless (A) such corporation is engaged in trade or business within the United States, and (B) more than 85 percent of the gross income of such corporation for the 3-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under part I of subchapter N of chapter 1.

(2) *Owner unknown.* The Secretary or his delegate may authorize the tax under subsection (a) to be deducted and withheld from the interest upon any securities the owners of which are not known to the withholding agent.

(3) *Bonds with extended maturity dates.* The deduction and withholding in the case of interest on bonds, mortgages, or deeds of trust or other similar obligations of a corporation, within subsections (a), (b), and (c) of section 1451 were it not for the fact that the maturity date of such obligations has been extended on or after January 1, 1934, and the liability assumed by the debtor exceeds 27½ percent of the interest, shall not exceed the rate of 27½ percent per annum.

(4) *Compensation of certain aliens.* Under regulations prescribed by the Secretary or his delegate, there may be exempted from deduction and withholding under subsection (a) the compensation for personal services of nonresident alien individuals who enter and leave the United States at frequent intervals.

(5) *Special items.* In the case of amounts described in section 402 (a) (2), section 631 (b) and (c), and section 1235, which are considered to be gains from the sale or exchange of capital assets, the amount required to be deducted and withheld shall, if the amount of such gain is not known to the withholding agent, be such amount, not exceeding 30 percent of the proceeds from such sale or exchange, as may be necessary to assure that the tax deducted and withheld shall not be less than 30 percent of such gain.

(d) *Alien resident of Puerto Rico.* For purposes of this section, the term "nonresident alien individual" includes an alien resident of Puerto Rico.

§ 1.1441–1 *General rule for withholding of tax on nonresident aliens.* Withholding of a tax of 30 percent is required in the case of the items of income specified in § 1.1441–2 (to the extent that such items constitute gross income from sources within the United States) paid to a nonresident alien individual (whether or not such individual is engaged in trade or business within the United States) or to a partnership not engaged in trade or business within the United States and composed in whole or in part of nonresident aliens. Exceptions to this part are stated in § 1.1441–3. The rate of 30 percent shall be reduced as may be provided by treaty with any country. (See section 894, relating to income exempt under treaty.)

§ 1.1441–2 *Income subject to withholding*—(a) *Fixed or determinable annual or periodical income.* (1) Fixed or determinable annual or periodical income is subject to withholding. Section 1441 specifically includes in such income interest (except interest on deposits with persons carrying on the banking business paid to persons not engaged in business in the United States), dividends, rent, salaries, wages, premiums, annuities, compensations, remunerations, and emoluments. But other kinds of income are included, as, for instance, royalties.

(2) Income is fixed when it is to be paid in amounts definitely predetermined. Income is determinable whenever there is a basis of calculation by which the amount to be paid may be ascertained. The income need not be paid annually if it is paid periodically; that is to say, from time to time, whether or not at regular intervals. That the length of time during which the payments are to be made may be increased or diminished in accordance with someone's will or with the happening of an event does not make the payments any the less determinable or periodical. A salesman working by the month for a commission on sales which is paid or credited monthly receives determinable periodical income. The share of the fixed or determinable annual or periodical income of an estate or trust from sources within the United States which is required to be distributed currently, or which has been paid or credited during the taxable year, to a nonresident alien beneficiary of such estate or trust constitutes fixed or determinable annual or periodical income within the meaning of section 1441. Such items as taxes, interest on mortgages, or premiums on insurance paid to or for the account of a nonresident alien landlord by a tenant, pursuant to the terms of the lease, constitute fixed or determinable annual or periodical income. Income derived from the sale in the United States of property, whether real or personal, is not fixed or determinable annual or periodical income. However, in certain instances, such income is subject to withholding under the provisions of paragraph (b) of this section.

(b) *Amounts considered to be gains from the sale or exchange of capital assets.* Withholding is required on amounts described in section 402 (a) (2) (relating to treatment of total distributions from certain employees' trusts), section 631 (b) and (c) (relating to treatment of gain on disposal of timber or coal with a retained economic interest), and section 1235 (relating to treatment of gain on sale or exchange of patents), which are considered to be gains from the sale or exchange of capital assets.

§ 1.1441–3 *Exceptions to general rule for withholding*—(a) *Dividends paid by a foreign corporation.* No withholding under § 1.1441–1 is required in the case of dividends paid by a foreign corporation unless (1) such corporation is engaged in trade or business within the United States, and (2) more than 85 percent of the gross income of such corporation for the 3-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under the provisions of sections 861–864, inclusive (relating to determination of sources of income), and the regulations thereunder.

(b) *Interest paid to unknown owner.* The tax of 30 percent must be withheld under § 1.1441–1 from interest on bonds or securities not containing a tax-free covenant, or containing a tax-free covenant and issued on or after January 1, 1934, if the owner is unknown to the withholding agent, except where such interest represents income from sources without the United States.

(c) *Bonds with extended maturity dates.* The rate of tax withheld at the source under § 1.1441–1 shall not exceed 27½ percent in the case of interest on bonds, mortgages, or deeds of trust, or other similar obligations of a corporation if—

(1) The liability assumed by the debtor exceeds 27½ percent of the interest; and

(2) The interest would be subject to withholding under the provisions of subsections (a), (b), and (c) of section 1451 (relating to tax-free covenant bonds) except for the fact that the maturity date of the obligations has been extended on or after January 1, 1934. See § 1.1451–1 (c).

(d) *Compensation of certain aliens.* The salary or other compensation for personal services of a nonresident alien individual who enters and leaves the United States at frequent intervals shall not be subject to withholding of tax under § 1.1441–1 if—

(1) The nonresident alien is a resident of Canada or Mexico; or

(2) The nonresident alien is engaged in agricultural labor as defined in section 3121 (g) and the regulations thereunder.

(e) *Amounts considered to be gains from the sale or exchange of capital assets.* If, in the case of the amounts enumerated in § 1.1441–2 (b) which are considered to be gains from the sale or exchange of capital assets, the withholding agent does not know the amount of gain, he is required to deduct and withhold such amount under § 1.1441–1 as may be necessary to assure that the tax witheld will not be less than 30 percent of the gain. The amount so withheld shall not exceed 30 percent of the proceeds from the transaction giving rise to the gain. Appropriate adjustment, if any, will be made upon the filing of an income tax return or claim for refund.

(f) *Income from sources without the United States.* To the extent that items of income constitute income from sources without the United States, they are not subject to withholding under § 1.1441–1. For rules governing the determination of the sources of income, see sections 861 to 864, inclusive, and the regulations thereunder.

(g) *Interest on bank deposits.* Interest on deposits with persons carrying on the banking business paid to persons not engaged in business in the United States is not subject to withholding under § 1.1441–1.

(h) *Tax-free covenant bonds.* Withholding is not required under § 1.1441–1 with respect to interest upon bonds or other obligations of a corporation containing a tax-free covenant and issued before January 1, 1934, which is paid by the obligor to a nonresident alien individual, fiduciary, or partnership, except in a case where the maturity date of the bond or other obligation has been extended on or after that date. Interest upon such bonds payable to a domestic or resident fiduciary and allocable to a nonresident alien beneficiary under section 652 or 662 is, however, subject to withholding by the fiduciary under § 1.1441–1 in accordance with §§ 1.1441–4 (e) and 1.1451–1 (f), even though the maturity date has not been extended on or after January 1, 1934. For general provisions respecting the withholding of tax from interest on tax-free covenant bonds issued before January 1, 1934, see §§ 1.1451–1 and 1.1451–2.

(i) *China Trade Act corporations.* (1) Withholding is not required under chapter 3 with respect to dividends distributed by a corporation organized under the China Trade Act of 1922 (15 U. S. C., c. 4) to or for the benefit of a resident of Formosa or Hong Kong and which are exempt from taxation by section 943.

(2) Withholding is required under § 1.1441–1 or § 1.1442–1 on dividends paid by such a corporation if the dividends are treated as income from sources within the United States under sections 861–864, inclusive, and are distributed to—

(i) A nonresident alien other than a resident of Formosa or Hong Kong at the time of such distribution; or

(ii) A nonresident partnership composed in whole or in part of nonresident aliens (other than a partnership resident in Formosa or Hong Kong); or

(iii) A nonresident foreign corporation (other than a corporation resident in Formosa or Hong Kong).

(j) *Personal exemptions.* (1) The taxation of nonresident alien individuals is provided for in sections 871 to 877, inclusive. Section 874 (a) makes the filing of a return a prerequisite to the allowance of deductions, including deductions of personal exemptions. Except in the circumstances described in subparagraph (2) of this paragraph, personal exemptions have no effect upon the amount of tax to be withheld under § 1.1441–1.

(2) In the determination of the tax to be withheld at the source under § 1.1441–1 from remuneration paid for labor or personal services performed within the United States by a nonresident alien, the benefit of the deduction for one personal exemption provided in section 151 shall be allowed, prorated upon a daily basis for the period of employment during any portion of which labor or personal services are performed within the United States by the alien. The proration is on the basis of $1.70 per day. Thus, if A, a nonresident alien seaman employed by X Shipping Corporation, is paid in 1955 upon the termination of a voyage covering 100 days and A performs personal services within the United States during, or incident to, the voyage, the amount of $170 will be allocated as the portion of the deduction to be allowed against the remuneration for personal services performed within the United States during that voyage; and withholding shall be applied against the balance, if any, of the remuneration. If, for example, the total remuneration paid to A for that voyage is $800, of which the amount of $120 is allocable to sources within the United States, there is no withholding under § 1.1441–1. As to what constitutes remuneration for labor or personal services performed within the United States, see section 861 (a) (3) and the regulations thereunder. The amount of the compensation allocable to labor or personal services performed within the United States, together with the amount of the deduction for the personal exemption provided in section 151 prorated as set forth in this subparagraph, shall be shown on the annual withholding return, Form 1042.

§ 1.1441–4 *Other rules for withholding*—(a) *Government obligations.* Withholding is required under § 1.1441–1 in the case of interest paid on obligations issued on or after March 1, 1941, by the United States or any agency or instrumentality thereof. See section 103 and the regulations thereunder, relating to the taxation of such interest, and § 1.1461–2, relating to ownership certificates.

(b) *Corporate distributions.* The tax must be withheld at the source under § 1.441–1 from the gross amount of any distribution made by a corporation, other than (1) a nontaxable distribution payable in stock or stock rights and (2) a distribution which is treated as a distribution in part or full payment in exchange for stock, without regard to any claim that all or a portion of the distribution is not taxable. The tax must be withheld on such gross amount even though the nonresident alien may be entitled to the benefits of section 34 (relating to the credit for dividends received by individuals) or section 116 (relating to partial exclusion of dividends received by individuals). Appropriate adjustments, if any, will be made upon the filing of an income tax return or claim for refund.

(c) *Fiduciaries.* Resident or domestic fiduciaries are required under § 1.1441–1 to deduct the income tax at the source from all items of income specified in § 1.141–2 of nonresident alien beneficiaries, to the extent that such items constitute gross income from sources within the United States. Such income paid to a nonresident alien fiduciary is subject to withholding under § 1.1441–1 even though the beneficiaries of the estate or trust are citizens or residents of the United States.

(d) *Trust income taxable to grantor.* The income of a trust created by a nonresident alien individual and taxable to the grantor under the provisions of Subpart E of this part is subject to withholding under § 1.1441–1, even though the fiduciary or beneficiaries of such trust are citizens or residents of the United States and regardless of whether the beneficiaries are exempt from income tax.

(e) *Rents paid to foreign tax-exempt organizations.* For the rule for withholding on rents paid to foreign tax-exempt organizations, see § 1.1443–1.

(f) *Assumed obligations.* If, in connection with the sale of a corporation's property, payment of the bonds or other obligations of the corporation is assumed by the assignee, the assignee, whether an individual, partnership, or corporation, shall deduct and withhold such taxes under § 1.1441–1 as would be required to be withheld by the assignor had no such sale or transfer been made.

(g) *Sale of bonds between interest dates.* The tax need not be withheld under § 1.1441–1 on accrued interest paid by the buyer in connection with the sale of bonds between interest dates.

(h) *Dividends paid to shareholder whose status is not definite.* When a payer corporation or any other person, including a nominee, having the control, receipt, custody, disposal, or payment of dividends has no definite knowledge of the status of a shareholder, the tax shall be withheld under § 1.1441–1 if the shareholder's address is outside the United States. If the shareholder's address is within the United States, it may be assumed that the shareholder is a citizen or resident of the United States. Unless the name and style of the shareholder are such as to indicate clearly that he is a nonresident alien, an address in care of another person in the United States does not of itself warrant the treating of the shareholder as a nonresident alien. If a shareholder changes his address from a place without the United States to a place within the United States, the tax shall be withheld unless proof is furnished showing that he is a citizen or resident of the United States. A person's written statement that he is a citizen or resident of the United States may be relied upon by the payer of the income as proof that such person is a citizen or resident of the United States.

(i) *Resident partnerships.* Since no withholding of tax is required under § 1.141–1 on payments to a partnership engaged in trade or business within the United States, the withholding agent shall be notified by a letter from such a partnership composed in whole or in part of nonresident aliens that it is not subject to the withholding of tax under that section. The letter from the partnership shall contain the address of its office or place of business in the United States and shall be signed by a member of the firm. The letter of notification, or a copy thereof, shall immediately be forwarded by the withholding agent to the District Director of Internal Revenue, Baltimore 2, Maryland.

(j) *Definitions.* As to who are nonresident alien individuals, see sections 871, 7701, and the regulations thereunder. For the purposes of sections 1441 and 1451 the term "nonresident alien individual" includes an alien resident of Puerto Rico. As to what partnerships are deemed to be nonresident, and for classification of foreign corporations, see sections 881, 882, 7701, and the regulations thereunder.

§ 1.1442 *Statutory provisions; withholding of tax on foreign corporations.*

SEC. 1442. *Withholding of tax on foreign corporations.* In the case of foreign corporations subject to taxation under this subtitle not engaged in trade or business within the United States, there shall be deducted and withheld at the source in the same manner and on the same items of income as is provided in section 1441 or section 1451 a tax equal to 30 percent thereof; except that, in the case of interest described in section 1451 (relating to tax-free covenant bonds), the deduction and withholding shall be at the rate specified therein.

§ 1.1442–1 *Withholding of tax on foreign corporations*—(a) *General rule.* Withholding of a tax of 30 percent is required on the same items of income specified in §§ 1.1441–2 and 1.1451–1 (to the extent that such items constitute gross income from sources within the United States) paid to a foreign corporation not engaged in trade or business within the United States, except that in the case of interest described in § 1.1451–1 (relating to tax-free covenant bonds) the withholding shall be at the rate and in the manner specified in that section. The rate of 30 percent shall be reduced as may be provided by treaty with any country. (See section 894, relating to income exempt under treaty.)

(b) *Exceptions to general rule for withholding of tax on foreign corporations.* The general rule for withholding of tax on amounts paid to a foreign corporation is subject to the same exceptions that are stated in § 1.1441–3, except for paragraph (d) thereof (relating to compensation for personal services), paragraph (h) thereof (relating to interest payments to individuals, etc., on tax-free covenant bonds), and paragraph (j) thereof (relating to personal exemptions). It is also subject to the exception contained in § 1.1443–1 with respect to rents paid to a foreign tax-exempt organization.

(c) *Other rules for withholding of tax on foreign corporations*—(1) *General.* The other rules for withholding stated in § 1.1441–4 are applicable also to payments to foreign corporations not engaged in trade or business within the United States, except for paragraph (i) thereof relating to resident partnerships.

(2) *Resident corporations.* Since no withholding of tax is required under this section on payments to a foreign corporation engaged in trade or business within the United States, the withholding agent shall be notified by a letter from such a corporation that it is not subject to the withholding of tax under that section. The letter from the corporation shall contain the address of its office or place of business in the United States and shall be signed by an officer of the corporation, giving his official title. The letter of notification, or a copy thereof, shall immediately be forwarded by the withholding agent to the District Director of Internal Revenue, Baltimore 2, Maryland. This subparagraph does not apply to the tax required to be withheld on the rents described in § 1.1443–1.

§ 1.1443 *Statutory provisions; foreign tax-exempt organizations.*

SEC. 1443. *Foreign tax-exempt organizations.* In the case of income of a foreign organization subject to the tax imposed by section 511, this chapter shall apply to rents includible under section 512 in computing its unrelated business taxable income, but only to the extent and subject to such conditions as may be provided under regulations prescribed by the Secretary or his delegate.

§ 1.1443–1 *Rents paid to foreign tax-exempt organizations.* The gross amount of rents paid to a foreign organization subject to the tax imposed by section 511 (relating to the tax on unrelated business income of charitable, etc., organizations) which are includible under section 512 in computing its unrelated business taxable income, is subject to withholding of a tax of 30 percent in the manner prescribed for withholding of the tax under §§ 1.1441–1 or 1.1442–1, even though the organization is engaged in trade or business within the United States.

TAX-FREE COVENANT BONDS

§ 1.1451 *Statutory provisions; tax-free covenant bonds.*

SEC. 1451. *Tax-free covenant bonds*—(a) *Requirement of withholding.* In any case where bonds, mortgages, or deeds of trust, or other similar obligations of a corporation, issued before January 1, 1934, contain a contract or provision by which the obligor agrees to pay any portion of the tax imposed by this subtitle on the obligee, or to reimburse the obligee for any portion of the tax, or to pay the interest without deduction for any tax which the obligor may be required or permitted to pay thereon, or to retain therefrom under any law of the United States, the obligor shall deduct and withhold a tax equal to 2 percent (regardless of whether the liability assumed by the obligor is less than, equal to, or greater than 2 percent) of the interest on such bonds, mortgages, deeds of trust, or other obligations, whether such interest is payable annually or at shorter or longer periods, if payable to—

(1) An individual,

(2) A partnership, or

(3) A foreign corporation not engaged in trade or business within the United States.

(b) *Payments to foreigners.* Notwithstanding subsection (a), if the liability assumed by the obligor does not exceed 2 percent of the interest, then the deduction and withholding shall be at the rate of 30 percent in the case of—

(1) A nonresident alien individual,

(2) Any partnership not engaged in trade or business within the United States and composed in whole or in part of nonresident aliens, and

(3) A foreign corporation not engaged in trade or business within the United States.

(c) *Owner unknown.* If the owners of such obligations are not known to the withholding agent, the Secretary or his delegate may authorize such deduction and withholding to be at the rate of 2 percent, or if the liability assumed by the obligor does not exceed 2 percent of the interest, then at the rate of 30 percent.

(d) *Benefit of personal exemptions.* Deduction and withholding under this section shall not be required in the case of a citizen or resident entitled to receive such interest, if he files with the withholding agent on or before February 1 a signed notice in writing claiming the benefit of the deduction for pesonal exemptions provided in section 151; nor in the case of a nonresident alien individual if so provided for in regulations prescribed by the Secretary or his delegate under section 874.

(e) *Alien residents of Puerto Rico.* For purposes of this section, the term "nonresident alien individual" includes an alien resident of Puerto Rico.

(f) *Income of obligor and obligee.* The obligor shall not be allowed a deduction for the payment of the tax imposed by this subtitle, or any other tax paid pursuant to the tax-free covenant clause, nor shall such tax be included in the gross income of the obligee.

§ 1.1451–1 *Tax-free covenant bonds issued before January 1, 1934*—(a) *Rates of withholding*—(1) *General rule.* Withholding of a tax equal to 2 percent is required in the case of interest upon bonds or other corporate obligations containing a tax-free covenant and issued before January 1, 1934, paid to an individual, a fiduciary, or a partnership, whether resident or nonresident, or to a foreign corporation not engaged in trade or business within the United States, regardless of whether the liability assumed by the obligor is less than, equal to, or greater than 2 percent.

(2) *Certain payments to foreigners.* Notwithstanding subparagraph (1) of this paragraph, if the liability assumed by the obligor does not exceed 2 percent of the interest, withholding is required at the rate of 30 percent in the case of payments to a nonresident alien individual, a partnership not engaged in trade or business within the United States and composed in whole or in part of nonresident aliens, or a foreign corporation not engaged in trade or business within the United States, or in a case where the owner is unknown to the withholding agent.

(3) *Interest from foreign sources.* The rates of withholding specified in subparagraphs (1) and (2) of this paragraph are applicable to interest on such tax-free covenant bonds issued by a domestic corporation or by a resident foreign corporation. However, withholding is not required in the case of interest payments on such bonds or obligations if the interest is not to be treated as income from sources within the United States and the payments are made to a nonresident alien, a partner-

ship composed wholly of nonresident aliens, or a foreign corporation not engaged in trade or business within the United States. A foreign corporation not engaged in trade or business within the United States but having a fiscal or paying agent in the United States is required to withhold a tax of 2 percent upon the interest on its tax-free covenant bonds issued before January 1, 1934, paid to an individual or fiduciary who is a citizen or resident of the United States, to a partnership any member of which is a citizen or resident, or to an unknown owner.

(4) *Tax treaties.* The rates of tax to be withheld in accordance with this paragraph shall be reduced as may be provided by treaty with any country. (See section 894, relating to income exempt under treaty.)

(b) *Date of issue.* The withholding provisions of section 1451 are applicable only to bonds, mortgages, or deeds of trust, or other similar obligations of a corporation which were issued before January 1, 1934, and which contain a tax-free covenant. For the purpose of section 1451, bonds, mortgages, or deeds of trust, or other similar obligations of a corporation, are issued when delivered. If a broker or other person acts as selling agent of the obligor, the obligation is issued when delivered by the agent to the purchaser. If a broker or other person purchases the obligation outright for the purpose of holding or reselling it, the obligation is issued when delivered to such broker or other person.

(c) *Extended maturity date.* In cases where on or after January 1, 1934, the maturity date of bonds or other obligations of a corporation is extended, the bonds or other obligations shall be considered to have been issued on or after January 1, 1934. The interest on such obligations is not subject to the withholding provisions of section 1451 but falls within the class of interest described in section 1441. See § 1.1441–3 (h).

(d) *Covenant in trust deed.* Bonds issued under a trust deed containing a tax-free covenant are treated as if they contain such a covenant. If neither the bonds nor the trust deeds given by the obligor to secure them contained a tax-free covenant, but the original trust deeds were modified before January 1, 1934, by supplemental agreements containing a tax-free covenant executed by the obligor corporation and the trustee, the bonds issued before January 1, 1934, are subject to the provisions of section 1451, provided appropriate authority existed for the modification of the trust deeds in this manner. The authority must have been contained in the original trust deeds or actually secured from the bondholders.

(e) *Notation showing date of issue.* In order that the date of issue of bonds, mortgages, deeds of trust, or other similar corporate obligations containing a tax-free covenant may be readily determined by the owner for the purpose of preparing the ownership certificates required by § 1.1461–2, the "issuing" or debtor corporation shall indicate the date of issue by an appropriate notation, or use the phrase "issued on or after January 1, 1934," on each such obligation or in a statement accompanying the delivery of the obligation.

(f) *Effect of withholding on income taxes of bondholder and issuing corporation*—(1) *Federal tax.* In the case of corporate bonds or other corporate obligations containing a tax-free covenant issued before January 1, 1934, the corporation paying a Federal tax, or any part of it, for someone else pursuant to its agreement is not entitled to deduct such payment from its gross income on any ground; nor shall the tax so paid be included in the gross income of the bondholder. The amount of the tax so paid may, nevertheless, be claimed by the bondholder in accordance with § 1.1462–1 (a) as a credit against the total amount of income tax due. See also section 32. The tax so paid by the corporation upon tax-free covenant bond interest payable to a domestic or resident fiduciary and allocable to any nonresident alien beneficiary under section 652 or 662 is allowable, pro rata, as a credit against—

(i) The tax required to be withheld by the fiduciary in accordance with § 1.1441–4 (c) from the income of the beneficiary; and

(ii) The total income tax computed in the return of the beneficiary, as indicated in § 1.1462–1 (a).

(2) *State taxes.* In the case of corporate bonds or other obligations containing an appropriate tax-free covenant, the corporation paying for someone else, pursuant to its agreement, a State tax or any tax other than a Federal tax may deduct such payment as interest paid on indebtedness.

(g) *Other rules for withholding of tax under section 1451.* The other rules for withholding stated in paragraphs (c), (d), (f), and (j) of § 1.1441–4 shall apply for purposes of withholding the tax under this section.

§ 1.1451–2 *Exemption from withholding*—(a) *Claiming personal exemptions.* Withholding under § 1.1451–1 from interest on bonds or other obligations of corporations issued before January 1, 1934, and containing a tax-free covenant shall not be required if there is filed with the withholding agent when presenting coupons for payment, or not later than February 1 of the following year, an ownership certificate on Form 1000 stating—

(1) In the case of a citizen or resident of the United States, that his taxable income does not exceed his deductions for personal exemptions allowed under section 151; or

(2) In the case of an estate or trust the fiduciary of which is a citizen or resident of the United States, that its taxable income does not exceed the deduction allowed under section 642 (b) (relating to deduction for personal exemption of an estate or trust).

(b) *Claiming residence in United States.* To avoid inconvenience, a resident alien should file a certificate of residence on Form 1078 with withholding agents, who shall forward such certificates with a letter of transmittal to the District Director of Internal Revenue, Baltimore 2, Maryland.

APPLICATION OF WITHHOLDING PROVISIONS

§ 1.1461 *Statutory provisions; return and payment of withheld tax.*

SEC. 1461. *Return and payment of withheld tax.* Every person required to deduct and withhold any tax under this chapter shall, on or before March 15, of each year, make return thereof and pay the tax to the officer designated in section 6151. Every such person is hereby made liable for such tax and is hereby indemnified against the claims and demands of any person for the amount of any payments made in accordance with the provisions of this chapter.

§ 1.1461–1 *Return and payment of tax withheld*—(a) *Interest on certain bonds*—(1) *Form 1013.* Every withholding agent shall make on or before March 15 an annual return on Form 1013 of the tax withheld under chapter 3 from interest (other than interest on non-coupon bonds with respect to which a reduced rate certificate (or corresponding letter) has been filed with the withholding agent in accordance with regulations under a tax convention) on bonds or other obligations of corporations and on obligations issued on or after March 1, 1941, by the United States or any agency or instrumentality thereof. This return shall be filed with the District Director of Internal Revenue, Baltimore 2, Maryland.

(2) *Form 1012.* The withholding agent also shall make and file with the district director a quartery return on Form 1012 of the tax so withheld from such interest, on or before the last day of the month following the termination of the quarter for which the return is made. The ownership certificates (Form 1000, Form 1001, and all special variations of Form 1001 referred to in § 1.1461–2 (i)) shall be forwarded with the quarterly return, even though the interest in respect of which the certificate is filed is exempt from witholding of tax. Forms 1001 shall be listed on the quarterly return. All special variations of Form 1001 (referred to in § 1.1461–2 (i)) which have been used to secure a reduction in the rate of tax withheld at source shall also be listed on the quarterly return. While Forms 1000 need not be listed on the return, the number of such forms submitted, the total amount of interest paid, and the total amount of the tax required to be withheld in respect of such forms shall be entered in the spaces provided on Form 1012. If Form 1000 is modified in accordance with § 1.1461–2 (h) to show the name and address of a fiscal or paying agent in the United States, Forms 1012 and 1013 shall be likewise modified.

(3) *Withholding agents in case of United States obligations.* In the case of interest on obligations of the United States or of any agency or instrumentality thereof the withholding agents shall be—

(i) The Commissioner of the Public Debt, for interest paid by checks issued through the Bureau of the Public Debt;

(ii) The Treasurer of the United States, for all interest paid by him, whether by check or otherwise; and

(iii) Each Federal Reserve bank, for all interest paid by it, whether by check or otherwise.

(b) *Payments other than interest on certain bonds*—(1) *Form 1042.* Every withholding agent shall make on or before March 15 an annual return on Form 1042 of the tax withheld under chapter 3 from income other than bond interest in respect of which the tax is required to be reported on Form 1012. This return shall be filed with the District Director of Internal Revenue, Baltimore 2, Maryland. The return shall show the amount of tax required to be withheld from each nonresident alien, nonresident partnership composed in whole or in part of nonresident aliens, or nonresident foreign corporation, to which income other than such bond interest was paid during the previous taxable year.

(2) *Income exempt from tax.* The withholding agent shall also report on Form 1042—

(i) All such items of income, otherwise required to be returned thereon pursuant to subparagraph (1) of this paragraph, upon which the tax has not been withheld at source because of an income tax convention which is in effect between the United States and a foreign country, and

(ii) Interest paid to such persons on noncoupon bonds with respect to which an exemption certificate (or corresponding letter) has been filed with the withholding agent in accordance with regulations under a tax convention.

(c) *Date of payment; penalties.* In every case the tax withheld shall be paid to the district director on or before March 15 of the following year. For penalties and additions to the tax attaching upon failure to make returns or such payments, see sections 6651, 6653, 7202, and 7203.

(d) *Person designated to act for withholding agent.* A debtor corporation having an issue of bonds or other similar obligations which appoints a duly authorized agent to act on its behalf under the withholding provisions of chapter 3 is required to file a notice of such appointment with the District Director of Internal Revenue, Baltimore 2, Maryland, giving the name and address of the agent. If the person designated by a debtor corporation to act for it as withholding agent has not withheld any tax from the income nor received any funds from the debtor corporation to pay the tax which the debtor corporation assumed in connection with its tax-free covenant bonds, then that person cannot be held liable for the tax assumed by the debtor corporation merely by reason of the designee's appointment as withholding agent. If a duly authorized withholding agent has become insolvent or for any other reason fails to make payment to the district director of money deposited with it by the debtor corporation to pay taxes, or money withheld from bondholders, the debtor corporation is not discharged of its liability under section 1451 (a), (b), and (c), since the withholding agent is merely the agent of the debtor corporation.

(e) *Payments other than money.* In any case where income is payable in any medium other than money, the withholding agent shall not release the property so received until the property has been placed in funds sufficient to enable the withholding agent to pay over in money the tax required to be withheld under chapter 3 with respect to such income.

(f) *Information returns.* For the extent to which ownership certificates and returns filed by withholding agents will constitute and be treated as returns of information required by section 6041 (information at source), see the regulations issued pursuant to said section.

§ 1.1461–2 *Ownership certificates for bond interest*—(a) *Tax-free covenant bonds owned by citizens or residents, etc.* In accordance with the provisions of section 6041, citizens and resident individuals and fiduciaries, resident partnerships and nonresident partnerships all of the members of which are citizens or residents, owning bonds, mortgages, or deeds of trust, or other similar obligations issued by a domestic corporation, a resident foreign corporation, or a nonresident foreign corporation having a fiscal or paying agent in the United States, when presenting interest coupons for payment shall file ownership certificates, regardless of the amount of the coupons, for each issue of such obligations issued before January 1, 1934, and containing a tax-free covenant.

(b) *Bonds owned by nonresident aliens, nonresident foreign corporations, etc.* In all cases where the owner of bonds, mortgages, or deeds of trust, or other similar obligations of a corporation is a nonresident alien, a nonresident partnership composed in whole or in part of nonresident aliens, a nonresident foreign corporation, or where the owner is unknown, an ownership certificate for each issue of such obligations shall, in accordance with the provisions of section 6041, be filed when interest coupons for any amount are presented for payment. The ownership certificate is required in such cases whether or not the obligation contains a tax-free covenant. However, ownership certificates need not be filed by a nonresident alien, a partnership composed wholly of nonresident aliens, or a nonresident foreign corporation in connection with interest payments on such bonds, mortgages, or deeds of trust, or other similar obligations of a domestic or resident foreign corporation qualifying under section 861 (a) (1) (B) or of a nonresident foreign corporation. Ownership certificates shall also be filed in the case of interest paid on obligations of the United States or any agency or instrumentality thereof, regardless of the date of issuance of such obligations, if such obligations are owned by the persons described in the first sentence of this paragraph.

(c) *Overdue coupon bonds.* In the case of interest payments on overdue coupon bonds, the interest coupons of which have been exhausted, ownership certificates are required to be filed when collecting the interest in the same manner as if interest coupons were presented for collection.

(d) *Information shown on ownership certificate.* The ownership certificate shall show the name and address of the obligor, the name and address of the owner of the obligations, a description of the obligations, the amount of interest and its due date, the rate at which tax is to be withheld, and the date upon which the interest coupons were presented for payment.

(e) *Ownership certificates not required.* Ownership certificates need not be filed in the case of interest payments on obligations of a State, Territory, or a possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia. See section 103 and the regulation thereunder. Ownership certificates are not required to be filed in connection with interest payments on bonds, mortgages, or deeds of trust, or other similar obligations issued by an individual or a partnership. Ownership certificates are not required where the owner is a domestic corporation, a resident foreign corporation, or a foreign government.

(f) *Interest coupons unaccompanied by ownership certificates.* When interest coupons detached from corporate bonds, or from obligations of the United States or of any agency or instrumentality thereof, are received unaccompanied by ownership certificates, unless the owner of the bonds is known to the first bank to which the coupons are presented for payment, and the bank is satisfied that the owner is a person who is not required to file an ownership certificate, the bank shall require of the payee a statement showing the name and address of the person from whom the coupons were received by the payee and alleging that the owner of the bonds is unknown to the payee. This statement shall be forwarded to the District Director of Internal Revenue, Baltimore 2, Maryland, with the quarterly return on Form 1012. The bank shall also require the payee to prepare a certificate on Form 1001, crossing out "owner" and inserting "payee" and entering the amount of the interest, and shall stamp or write across the face of the certificate "Statement furnished", adding the name of the bank.

(g) *Noncoupon bonds.* Ownership certificates on Form 1000 or Form 1001 are required in connection with interest payments on noncoupon bonds as in the case of coupon bonds. Regulations issued under the various tax conventions, however, require the use of exemption (or reduced rate) certificates (or corresponding letters) in connection with interest payments on noncoupon bonds. If ownership certificates are not furnished by the owners of noncoupon bonds, such certificates shall be prepared by the withholding agent but need not be signed by the owners.

(h) *Form of certificate for citizens or residents.* Form 1000 shall be used in preparing ownership certificates of individuals or fiduciaries who are citizens or residents of the United States, of resident partnerships, and of nonresident partnerships all of the members of which are citizens or residents. If the obligations are issued by a nonresident foreign corporation having a fiscal or paying agent in the United States, Form 1000 shall be modified to show the name and address of the fiscal agent or the paying agent in addition to the name and address of the debtor corporation.

(i) *Form of certificate for nonresident aliens, nonresident foreign corporations, and unknown owners.* Form 1001 shall

be used in preparing ownership certificates of (1) nonresident aliens, (2) nonresident partnerships composed in whole or in part of nonresident aliens, (3) nonresident foreign corporations, and (4) unknown owners. If a payee of interest on coupon bonds is entitled to an exemption from tax or to taxation at a reduced rate by reason of an income tax convention, a special variation of Form 1001 (designated by a letter letters following the number 1001) shall be used, as prescribed in the Treasury decision promulgating regulations pursuant to the applicable convention.

(j) *Ownership certificates in the case of fiduciaries and joint owners.* If fiduciaries have the control and custody of more than one estate or trust, and such estates and trusts have as assets bonds of corporations and other securities, a certificate of ownership shall be executed for each estate or trust, regardless of the fact that the bonds are of the same issue. The ownership certificate shall show the name of the estate or trust, in addition to the name and address of the fiduciary. If bonds are owned jointly by two or more persons, a separate ownership certificate shall be executed in behalf of each of the owners.

§ 1.1462 *Statutory provisions; withheld tax as credit to recipient of income.*

SEC. 1462. *Withheld tax as credit to recipient of income.* Income on which any tax is required to be withheld at the source under this chapter shall be included in the return of the recipient of such income, but any amount of tax so withheld shall be credited against the amount of income tax as computed in such return.

§ 1.1462–1 *Withheld tax as credit to recipient of income*—(a) *Return of income from which tax was withheld.* The entire amount of the income from which the tax is required to be withheld shall be included in gross income in the return required to be made by the recipient of the income, without deduction for the amount withheld, but the tax so withheld shall be allowed as a credit against the total income tax computed in the taxpayer's return.

(b) *Amounts paid to fiduciaries.* Tax withheld at the source under chapter 3 upon income paid to any fiduciary is deemed to have been paid by the taxpayer ultimately liable for the tax upon such income. Thus, for example, if any taxpayer is subject to the taxes imposed by section 1, 2, 3, or 11 upon any portion of the income of a nonresident alien estate or trust, the part of any tax withheld at the source which is properly allocable to the income so taxed to such taxpayer shall be credited against the amount of the income tax computed upon his return, and any excess shall be credited against any income, war profits, or excess profits tax, or installment thereof, then due from such taxpayer, and any balance shall be refunded.

§ 1.1463 *Statutory provisions; tax paid by recipient of income.*

SEC. 1463. *Tax paid by recipient of income.* If any tax required under this chapter to be deducted and withheld is paid by the recipient of the income, it shall not be re-collected from the withholding agent; nor in cases in which the tax is so paid shall any penalty be imposed on or collected from the recipient of the income or the withholding agent for failure to return or pay the same, unless such failure was fraudulent and for the purpose of evading payment.

§ 1.1463–1 *Tax paid by recipient of income.* If the tax required to be withheld under chapter 3 is paid by the recipient of the income or by the withholding agent, it shall not be re-collected from the other, regardless of the original liability therefor; and, in such event, no penalty will be asserted against either person for failure to return or pay the tax where no fraud or purpose to evade payment is involved.

§ 1.1464 *Statutory provisions; refunds and credits with respect to withheld tax.*

SEC. 1464. *Refunds and credits with respect to withheld tax.* Where there has been an overpayment of tax under this chapter, any refund or credit made under chapter 65 shall be made to the withholding agent unless the amount of such tax was actually withheld by the withholding agent.

§ 1.1465 *Statutory provisions; definition of withholding agent.*

SEC. 1465. *Definition of withholding agent.* The term "withholding agent" means any person required to deduct and withhold any tax under this chapter.

RULES APPLICABLE TO RECOVERY OF EXCESSIVE PROFITS ON GOVERNMENT CONTRACTS

RECOVERY OF EXCESSIVE PROFITS ON GOVERNMENT CONTRACTS

§ 1.1471 *Statutory provisions; recovery of excessive profits on government contracts.*

SEC. 1471. *Recovery of excessive profits on government contracts*—(a) *Method of collection.* If the amount of profit required to be paid into the Treasury under section 3 of the Act of March 27, 1934, as amended (34 U. S. C. 496), with respect to contracts completed within taxable years subject to this code is not voluntarily paid, the Secretary or his delegate shall collect the same under the methods employed to collect taxes under this subtitle.

(b) *Laws applicable.* All provisions of law (including penalties) applicable with respect to the taxes imposed by this subtitle and not inconsistent with section 3 of the Act of March 27, 1934, as amended, shall apply with respect to the assessment, collection, or payment of excess profits to the Treasury as provided by subsection (a), and to refunds by the Treasury of overpayments of excess profits into the Treasury.

§ 1.1471–1 *Recovery of excessive profits on government contracts.* The inclusion of the statutory provisions of section 1471 of the Internal Revenue Code of 1954 in this part does not supersede the provisions of Treasury Decision 4906, 26 CFR (1939) Part 17, and Treasury Decision 4909, 26 CFR (1939) Part 16, as made applicable to section 1471 of the 1954 Code by Treasury Decision 6091, 19 F. R. 5167, August 17, 1954.

MITIGATION OF EFFECT OF RENEGOTIATION OF GOVERNMENT CONTRACTS

§ 1.1481 *Statutory provisions; mitigation of effect of renegotiation of government contracts.*

SEC. 1481. *Mitigation of effect of renegotiation of government contracts*—(a) *Reduction for prior taxable year*—(1) *Excessive profits eliminated for prior taxable year.* In the case of a contract with the United States or any agency thereof, or any subcontract thereunder, which is made by the taxpayer, if a renegotiation is made in respect of such contract or subcontract and an amount of excessive profits received or accrued under such contract or subcontract for a taxable year (referred to in this section as "prior taxable year") is eliminated and, the taxpayer is required to pay or repay to the United States or any agency thereof the amount of excessive profits eliminated or the amount of excessive profits eliminated is applied as an offset against other amounts due the taxpayer, the part of the contract or subcontract price which was received or was accrued for the prior taxable year shall be reduced by the amount of excessive profits eliminated. For purposes of this section—

(A) The term "renegotiation" includes any transaction which is a renegotiation within the meaning of the Federal renegotiation act applicable to such transaction, any modification of one or more contracts with the United States or any agency thereof, and any agreement with the United States or any agency thereof in respect of one or more such contracts or subcontracts thereunder.

(B) The term "excessive profits" includes any amount which constitutes excessive profits within the meaning assigned to such term by the applicable Federal renegotiation act, any part of the contract price of a contract with the United States or any agency thereof, any part of the subcontract price of a subcontract under such a contract, and any profits derived from one or more such contracts or subcontracts.

(C) The term "subcontract" includes any purchase order or agreement which is a subcontract within the meaning assigned to such term by the applicable Federal renegotiation act.

(D) The term "Federal renegotiation act" includes section 403 of the Sixth Supplemental National Defense Appropriation Act (Public Law 528, 77th Cong., 2d Sess.), as amended or supplemented, the Renegotiation Act of 1948, as amended or supplemented, and the Renegotiation Act of 1951, as amended or supplemented.

(2) *Reduction of reimbursement for prior taxable year.* In the case of a cost-plus-a-fixed-fee contract between the United States or any agency thereof and the taxpayer, if an item for which the taxpayer has been reimbursed is disallowed as an item of cost chargeable to such contract and the taxpayer is required to repay the United States or any agency thereof the amount disallowed or the amount disallowed is applied as an offset against other amounts due the taxpayer, the amount of the reimbursement of the taxpayer under the contract for the taxable year in which the reimbursement for such item was received or was accrued shall be reduced by the amount disallowed.

(3) *Deduction disallowed.* The amount of the payment, repayment, or offset described in paragraph (1) or paragraph (2) shall not constitute a deduction for the year in which paid or incurred.

(4) *Exception.* The foregoing provisions of this subsection shall not apply in respect of any contract if the taxpayer shows to the satisfaction of the Secretary or his delegate that a different method of accounting for the amount of the payment, repayment, or disallowance clearly reflects income, and in such case the payment, repayment, or disallowance shall be accounted for with respect to the taxable year provided for under such method, which for the purposes of subsections (b) and (c) shall be considered a prior taxable year.

(b) *Credit against repayment on account of renegotiation or allowance*—(1) *General rule.* There shall be credited against the amount of excessive profits eliminated the

amount by which the tax for the prior taxable year under this subtitle is decreased by reason of the application of paragraph (1) of subsection (a); and there shall be credited against the amount disallowed the amount by which the tax for the prior taxable year under this subtitle is decreased by reason of the application of paragraph (2) of subsection (a).

(2) *Credit for barred year.* If at the time of the payment, repayment, or offset described in paragraph (1) or paragraph (2) of subsection (a), refund or credit of tax under this subtitle for the prior taxable year is prevented (except for the provisions of section 1311) by any provision of the internal revenue laws other than section 7122, or by rule of law, the amount by which the tax for such year under this subtitle is decreased by the application of paragraph (1) or paragraph (2) of subsection (a) shall be computed under this paragraph. There shall first be ascertained the tax previously determined for the prior taxable year. The amount of the tax previously determined shall be the excess of—

(A) The sum of—

(i) The amount shown as the tax by the taxpayer on his return (determined as provided in section 6211 (b) (1) and (3)), if a return was made by the taxpayer and an amount was shown as the tax by the taxpayer thereon, plus

(ii) The amounts previously assessed (or collected without assessment) as a deficiency, over—

(B) The amount of rebates, as defined in section 6211 (b) (2), made.

There shall then be ascertained the decrease in tax previously determined which results solely from the application of paragraph (1) or paragraph (2) of subsection (a) to the prior taxable year. The amount so ascertained, together with any amounts collected as additions to the tax or interest, as a result of paragraph (1) or paragraph (2) of subsection (a) not having been applied to the prior taxable year, shall be the amount by which such tax is decreased.

(3) *Interest.* In determining the amount of the credit under this subsection no interest shall be allowed with respect to the amount ascertained under paragraph (1); except that if interest is charged by the United States or the agency thereof on account of the disallowance for any period before the date of the payment, repayment, or offset, the credit shall be increased by an amount equal to interest on the amount ascertained under such paragraph at the same rate and for the period (prior to the date of the payment, repayment, or offset) as interest is so charged.

(c) *Credit in lieu of other credit or refund.* If a credit is allowed under subsection (b) with respect to a prior taxable year no other credit or refund under the internal-revenue laws founded on the application of subsection (a) shall be made on account of the amount allowed with respect to such taxable year. If the amount allowable as a credit under subsection (b) exceeds the amount allowed under such subsection, the excess shall, for purposes of the internal revenue laws relating to credit or refund of tax, be treated as an overpayment for the prior taxable year which was made at the time the payment, repayment, or offset was made.

(d) *Renegotiation of government contracts affecting taxable years prior to 1954.* If a recovery of excessive profits through renegotiation as described in this section relates to profits of a taxable year subject to the Internal Revenue Code of 1939, the adjustments in respect of such renegotiation shall be made under section 3806 of such code.

[F. R. Doc. 56-628; Filed, Jan. 25, 1956; 8:49 a. m.]

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Part 997]

HANDLING OF FILBERTS GROWN IN OREGON AND WASHINGTON

MODIFICATION OF PACK SPECIFICATIONS AND MINIMUM STANDARDS

Notice is hereby given that the Department is considering the issuance of the proposed rule herein set forth pursuant to the provisions of Marketing Agreement No. 115 and Order No. 97, as amended, regulating the handling of filberts grown in Oregon and Washington (7 CFR Part 997), effective under the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.).

All persons who desire to submit written data, views, or arguments for consideration in connection with the proposal should forward same to the Director, Fruit and Vegetable Division, Agricultural Marketing Service, United States Department of Agriculture, Washington 25, D. C., in sufficient time to be received not later than the close of business on the tenth day after publication of this notice in the FEDERAL REGISTER, except that if such tenth day should fall on a Saturday, Sunday, or holiday, such documents may be received on the next following work day.

The present pack specifications set forth in § 997.50 (b) (1) of the aforementioned agreement and order are: "U. S. No. 1, Jumbo," "U. S. No. 1, Large," and "U. S. No. 1, Medium," as defined in United States Standards for filberts in the shell (13 F R. 4623), except that the provision in said standards in regard to tolerances for internal defects, that "not more than 5 percent shall be allowed for blanks," is not applicable.

It is provided in § 997.50 (b) (2) of the agreement and order that the minimum standards of quality, shall be "U. S. No. 1 grade" as defined in the aforementioned standards, with the aforesaid modified tolerance as to blanks; and the lower limit of Medium size as defined in such standards.

The Oregon State Department of Agriculture, Salem, Oregon, in Administrative Order A. D. 504, effective September 15, 1955, issued regulations relating to the inspection of unshelled filberts and walnuts, including detailed grading standards for filberts. The Filbert Control board, the administrative agency for the agreement and order, unanimously recommended to the Department on December 27, 1955, that the aforesaid pack specifications be changed to "Oregon No. 1, Jumbo," "Oregon No. 1, Large," and "Oregon No. 1, Medium," as described in such regulations, and that the minimum standards of quality be "Oregon No. 1" grade, and the lower limit of Medium size.

The principal difference between the Oregon standards effective September 15, 1955, and the U. S. Standards is that the Oregon Standards, in regard to round type varieties, provide that Large size filberts will not pass through a round opening $^{49}/_{64}$ inch in diameter, whereas the corresponding dimension specified in the U. S. Standards is $^{50}/_{64}$ inch. The upper limit for both Oregon and U. S. Large size is $^{56}/_{64}$ inch. The Oregon Standards also provide that Medium size round type filberts will pass through a round opening $^{49}/_{64}$ inch in diameter which compares with $^{50}/_{64}$ inch specified in the U. S. Standards. Other than size, there are some minor differences between the U. S. Standards and the Oregon Standards. These include differences in definitions of terms such as "splits," "well formed" and damage by "stains," "shriveling," and "discoloration," and in the tolerances. Any change in the minimum requirements for merchantable filberts, other than size, would also apply to the quality requirements of Small size filberts for export as set forth in § 997.50 (c) of the agreement and order. The aforementioned changes would constitute modification of the existing pack specifications and minimum standards, the reference to Oregon Standards instead of to United States Standards being for conveniences of description.

In consideration of the Filbert Control Board's recommendation and other available pertinent data, the proposed administrative rule is as follows:

Modification of pack specifications and minimum standards. Section 997.50 (b) (1) and (2) of the marketing agreement and order regulating the handling of filberts grown in Oregon and Washington are modified to read as follows:

(1) As to pack specifications, such filberts shall be "Oregon No. 1, Jumbo," "Oregon No. 1, Large," or "Oregon No. 1, Medium," as defined in Regulations Relating to Walnuts and Filberts, issued by the State Department of Agriculture, Salem, Oregon, in Administrative Order AD504, effective September 15, 1955; and

(2) As to minimum standards of quality, shall be Oregon No. 1 grade as defined in the aforementioned standards, and the lower limit of Medium size as defined in such standards.

Issued at Washington, D. C., this 20th day of January 1956.

[SEAL] G. R. GRANGE,
Acting Director,
Fruit and Vegetable Division.

[F. R. Doc. 56-619; Filed, Jan. 25, 1956; 8:48 a. m.]

NOTICES

DEPARTMENT OF THE TREASURY

Fiscal Service, Bureau of Accounts

[Dept. Circ. 570, Rev. Apr. 20, 1943, 1956. Supp. 122]

STANDARD INSURANCE CO.

SURETY COMPANIES ACCEPTABLE ON FEDERAL BONDS

JANUARY 20, 1956.

A Certificate of Authority has been issued by the Secretary of the Treasury to the following company under the Act of Congress approved July 30, 1947, 6 U. S. C. secs. 6–13, as an acceptable surety on Federal bonds. An underwriting limitation of $129,000 has been established for the company. Further details as to the extent and localities with respect to which the company is acceptable as surety on Federal bonds will appear in the next issue of Treasury Department Form 356, copies of which, when issued may be obtained from the Treasury Department, Bureau of Accounts, Surety Bonds Branch, Washington 25, D. C.

Name of Company, Location of Principal Executive Office and State in Which Incorporated

Oklahoma; The Standard Insurance Company, Tulsa.

[SEAL] W. RANDOLPH BURGESS,
Acting Secretary of the Treasury.

[F. R. Doc. 56–626; Filed, Jan. 25, 1956; 8:49 a. m.]

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[011491]

COLORADO

RESTORATION OF RECLAMATION WITHDRAWN LANDS TO MINERAL LOCATION, ENTRY AND PATENT; AMENDATORY ORDER

JANUARY 19, 1956.

The order of December 29, 1955, identified as F. R. Docket 56–80, filed January 5, 1956, 8:45 a. m., and appearing in the FEDERAL REGISTER of January 6, 1956, page 117, is amended by adding thereto the following:

The lands included herein were withdrawn by the Executive Orders of July 21, 1915, and August 27, 1915, under the act of June 25, 1910, as amended by the act of August 24, 1912, 43 U. S. C. secs. 141–142, in connection with the Colorado River Storage Development. These withdrawals permitted metalliferous mineral location, entry and patent, subject to applicable laws and regulations. The effect of this order is to restore the lands to non-metalliferous mineral location, entry and patent insofar as the Executive Orders of July 21, 1915, and August 27, 1915, precluded such appropriation.

MAX CAPLAN,
State Supervisor.

[F. R. Doc. 56–607; Filed, Jan. 25, 1956; 8:45 a. m.]

[63724]

WISCONSIN

NOTICE OF FILING PLAT OF SURVEY AND SMALL TRACT CLASSIFICATION NO. 2, WISCONSIN

JANUARY 19, 1956.

1. A plat of survey of the lands described below will be officially filed in the Eastern States Land Office of the Bureau of Land Management, United States Department of the Interior, Washington 25, D. C., effective at 10:00 a. m. on February 23, 1956.

FOURTH PRINCIPAL MERIDIAN, WISCONSIN

T. 32, N., R. 28 E.,
Sec. 30, lots 1 and 2.

The area described aggregates 1.94 acres.

2. Lot 1, an island, lies about 7 feet above the water level of Green Bay and supports a scattered stand of willow, ash and cherry trees ranging in diameter from 4 to 10 inches with an undergrowth of brush. Lot 2, an island, lies about 3½ feet above the water level of Green Bay and supports a growth of brush with no timber.

3. Pursuant to authority delegated to me by Bureau Order No. 541, dated April 21, 1954 (19 F. R. 2473), I hereby classify, subject to valid existing rights, the above-described lands, located in Door County, Wisconsin, as suitable for direct sale at public auction under the Small Tract Act of June 1, 1938 (52 Stat. 609, 43 U. S. C. 682a) as amended, Circular Nos. 1899, 1911 and 1935.

4. Classification of the above-described lands by this notice segregates them from all appropriations, including locations under the mining laws, except applications under the mineral leasing laws.

5. The lands classified by this notice shall not become subject to public sale under the Small Tract Act, supra, until it is so provided by an order to be issued by the authorized officer, opening the lands for direct sale by public auction, with a preference right to Veterans of World War II and of the Korean conflict and other persons entitled to preference under the act of September 27, 1944 (58 Stat. 497, 43 U. S. C. 279–284), as amended.

6. Inquiries concerning these lands shall be addressed to the Acting Manager, Eastern States Land Office, Bureau of Land Management, Department of the Interior, Washington 25, D. C.

L. T. HOFFMAN,
Supervisor.

[F. R. Doc. 56–608; Filed, Jan. 25, 1956; 8:46 a. m.]

NEW MEXICO

NOTICE OF FILING OF PLAT OF SURVEY

JANUARY 18, 1956.

Notice is hereby given that the plat of survey accepted November 1, 1955, of T. 9 S., Rs. 14 and 15 E., N. M. P. M., New Mexico, including lands hereinafter described, will be officially filed in the Land Office at Santa Fe, New Mexico, effective at 10:30 a. m. on the 35th day after the date of this notice.

NEW MEXICO PRINCIPAL MERIDIAN

T. 9 S., Rs. 14 and 15 E.,
Tract 37.

The area described contains 1326.33 acres.

The metes and bounds survey of this tract of land is designed to provide description of the area required for the operation of a Hospital Facility falling within the unsubdivided Marine Hospital Service Reservation as established by Executive Order, April 1, 1899.

In view of the above, the lands described will not be subject to disposition under the general public land laws by reason of the official filing of this plat.

J. A. DELANY,
Land Office Manager.

[F. R. Doc. 56–609; Filed, Jan. 25, 1956; 8:46 a. m.]

[Oregon 04669]

OREGON

NOTICE OF PROPOSED WITHDRAWAL AND RESERVATION OF LANDS

JANUARY 18, 1956.

United States Fish and Wildlife Service, Department of the Interior has filed an application, Serial No. Oregon 04669, for the withdrawal of the lands described below from all forms of appropriation subject to existing rights, under the public land laws, location under the general mining laws, and leasing under the mineral leasing laws. The applicant desires the land for addition to the present Upper Klamath National Wildlife Refuge.

For a period of 30 days from the date of publication of this notice, persons having cause may present their objections in writing to the undersigned official of the Bureau of Land Management, Department of the Interior, 1001 N. E. Lloyd Blvd., P. O. Box 3861, Portland, Oregon.

If circumstances warrant it, a public hearing will be held at a convenient time and place, which will be announced.

The determination of the Secretary on the application will be published in the FEDERAL REGISTER. A separate notice will be sent to each interested party of record.

The lands involved in the application are:

WILLAMETTE MERIDIAN, OREGON

T. 35 S., R. 7½ E., Klamath County,
Sec. 9, unsurveyed small island in Agency Lake approximately 15 chains east of lots 3 and 4, same section Sec. 10, unsurveyed small island in Agency Lake approximately 20 chains east of lot 7, same section.

Approximately 6 acres.

VIRGIL T. HEATH,
State Supervisor.

[F. R. Doc. 56–630; Filed, Jan. 25, 1956; 8:50 a. m.]

Bureau of Reclamation

[Public Announcement No. 24]

COLUMBIA BASIN PROJECT, WASHINGTON

PUBLIC ANNOUNCEMENT OF THE SALE OF FULL-TIME FARM UNITS

LANDS COVERED

JANUARY 10, 1956.

SECTION 1. *Offer of farm units for sale.* It is hereby announced that certain farm units in the Columbia Basin Project, Washington, will be sold to qualified applicants in accordance with the provisions of this announcement. Applications to purchase farm units may be submitted beginning at 2 p. m., January 23, 1956.

In order to permit the continued orderly development and settlement of project lands, this public announcement is issued irrespective of there being pending applications for exchange pursuant to the act of August 13, 1953 (67 Stat. 566).

(a) *Farm units presently owned.* The farm units which are persently owned by the United States, and hereby offered for sale, are described as follows:

QUINCY-COLUMBIA BASIN IRRIGATION DISTRICT, IRRIGATION BLOCK 89

Farm unit No.	Total acreage	Tentative irrigable acreage				Non-irrigable	Price
		Total	Class 1	Class 2	Class 3		
32	201.5	100.0	.....	17.4	82.6	101.5	$2,943.00
101	124.3	94.0	.....	41.0	53.0	30.3	2,372.20
105	163.8	103.3	.....	26.1	77.2	60.5	2,020.40
134	163.7	132.4	.....	.....	132.4	31.3	2,564.30
152	81.9	76.0	27.7	44.3	4.0	5.9	2,294.00
153	82.1	81.2	23.5	45.2	12.5	.9	2,436.90
154	163.7	157.1	.....	57.6	99.5	6.6	3,562.95
155	162.6	148.5	.....	19.2	129.3	14.1	3,030.90
156	162.1	146.0	.....	26.3	119.7	16.1	3,032.40
157	165.2	146.1	.....	10.6	135.5	19.1	2,699.15

EAST COLUMBIA BASIN IRRIGATION DISTRICT IRRIGATION BLOCK 47

Farm unit No.	Total acreage	Tentative irrigable acreage				Non-irrigable	Price
		Total	Class 1	Class 2	Class 3		
1	148.8	82.8	.....	82.0	0.8	66.0	$3,423.90
46	79.9	68.9	64.1	4.8	.....	11.0	10,174.30
55	81.0	70.6	37.4	33.1	.1	10.4	9,258.00
56	80.6	77.5	43.9	33.6	.....	3.1	10,102.10
57	80.1	64.2	48.4	15.8	.....	15.9	8,714.70

(b) *Additional farm units.* If, through the operation of its land acquisition program, the United States should, following the date of this announcement and prior to the date on which the first farm unit is offered for selection to an applicant under the provisions hereof, own additional farm units in Irrigation Blocks 47 and 89 and in other irrigation blocks in the East or Quincy-Columbia Basin Irrigation Districts which are scheduled to receive water before the close of the 1957 irrigation season; such farm units may be offered for sale under the provisions of this announcement.

The official plats of these irrigation blocks are on file in the offices of the County Auditors of Grant County and Adams County in Ephrata and Lind, Washington, and copies are on file in the offices of the Bureau of Reclamation at Ephrata, Washington, and Boise, Idaho.

SEC. 2. *Limit of acreage which may be purchased.* The lands covered by this announcement have been divided into farm units. Each of the farm units represents the acreage which, in the opinion of the Regional Director, Region 1, Bureau of Reclamation, will support an average size family at a suitable level of living. The law provides that with certain minor exceptions not more than one farm unit in the entire project may be held by any one owner or family. A family is defined as comprising husband or wife, or both, together with their children under 18 years of age, or all of such children if both parents are dead.

PREFERENCE OF APPLICANTS

SEC. 3. *Nature of preference.* Except for a prior preference given applicants for exchange under the provisions of the act of August 13, 1953 (67 Stat. 566), preference right to purchase the farm units described above will be given to veterans (and in some cases to their husbands or wives or guardians of minor children) who submit applications during a 45-day period beginning at 2 p. m., January 23, 1956, and ending at 2 p. m., March 8, 1956, and who, at the time of making application, are in one of the following five classes:

(a) Persons, including those under 21 years of age, who have served in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States for a period of at least ninety (90) days at any time between September 16, 1940 and the official termination of the Korean conflict, and have been honorably discharged.

(b) Persons, including those under 21 years of age, who have served in the Army, Navy, Marine Corps, Air Force, or Coast Guard of the United States during the period prescribed in subsection (a) of this section regardless of length of service, and who have been discharged on account of wounds received or disability incurred during such period in the line of duty, or subsequent to a regular discharge, have been furnished hospitalization or awarded compensation by the Government on account of such wounds or disability.

(c) The spouse of any person in either of the first two classes listed in this section, if the spouse has the consent of such person to exercise his or her preference right. (See subsection 7 (c) of this announcement regarding the provision that a married woman must be head of a family.)

(d) The surviving spouse of any person in either of the first two classes listed in this section, or in the case of the death or marriage of such spouse, the minor child or children of such person by guardian duly appointed and qualified and who furnishes to the examining board acceptable evidence of such appointment and qualification.

(e) The surviving spouse of any person whose death has resulted from wounds received or disability incurred in the line of duty while serving in the Army, Navy, Marine Corps, Air Force, or Coast Guard during the period described in subsection a. of this section, or in the case of death or marriage of such spouse, the minor child or children of such person by a guardian duly appointed and qualified and who furnishes to the examining board acceptable evidence of such appointment and qualification.

SEC. 4. *Definition of honorable discharge.* An honorable discharge means:

(a) Separation from the service by means of an honorable discharge or by the acceptance of resignation or a discharge under honorable conditions.

(b) Release from active duty under honorable conditions to an inactive status, whether or not in a reserve component or retirement.

Any person who obtains an honorable discharge as herein defined shall be entitled to veterans preference even though such person thereafter resumes active military duty.

QUALIFICATIONS REQUIRED OF PURCHASERS

SEC. 5. *Examining board.* An examining board of four members has been appointed by the Regional Director, Region 1, Bureau of Reclamation, to determine the qualifications and fitness of applicants to undertake the purchase, development, and operation of a farm on the Columbia Basin Project. The board will make careful investigations to verify the statements and representations made by applicants. Any false statements may constitute grounds for rejection of an application and cancellation of the applicant's right to purchase a farm unit.

SEC. 6. *Minimum qualifications.* Certain minimum qualifications have been established which are considered necessary for the successful development of farm units. Applicants must meet these qualifications in order to be eligible for the purchase of farm units. Failure to meet them in any single respect will be sufficient cause for rejection of an application. No added credit will be given for qualifications in excess of the required minimum. The minimum qualifications are as follows:

(a) *Character and industry.* An applicant must be possessed of honesty, temperate habits, thrift, industry, seriousness of purpose, record of good moral conduct, and a bona fide intent to engage in farming as an occupation.

(b) *Farm experience.* Except as otherwise provided in this subsection, an applicant must have had a minimum of two years (24 months) of full-time farm experience, which shall consist of participation in actual farming operations, after attaining the age of 15 years. Time spent in agricultural courses in an accredited agricultural college or time spent in work closely associated with farming, such as teaching vocational agriculture, agricultural extension work, or field work in the production or marketing of farm products, which, in the opinion of the board will be of value to an applicant in operating a farm, may be substituted for full-time farm experience. Such substitution shall be on the basis of one year (academic year of at least nine months) of agricultural college courses or one year (twelve months) of work closely associated with farming for six months of full-time farm experi-

ence. Not more than one year of full-time farm experience of this type will be allowed. A farm youth who actually resided and worked on a farm after attaining the age of 15 and while attending school may credit such experience as full-time experience.

Applicants who have acquired their experience on an irrigated farm will not be given preference over those whose experience was acquired on a nonirrigated farm, but all applicants must have had farm experience of such nature as in the judgment of the examining board will qualify the applicant to undertake the development and operation of an irrigated farm by modern methods.

(c) *Health.* An applicant must be in such physical condition as will enable him to engage in normal farm labor.

(d) *Capital.* An applicant must possess assets worth at least $4,500 in excess of liabilities. Assets must consist of cash, property readily convertible into cash or property such as livestock, farm machinery and equipment, which, in the opinion of the board, will be useful in the development and operation of a new, irrigated farm. In considering the practical value of property which will be useful in the development of a farm, the board will not value a passenger car at more than $500. No value will be allowed for household goods. Assets not useful in the development of a farm will be considered if the applicant furnishes, at the board's request, evidence of the value of the property and proof of its conversion into useful form before execution of a purchase contract.

SEC. 7. *Other qualifications required.* Each applicant (except guardian) must meet the following requirements:

(a) Be a citizen of the United States or have declared an intention to become a citizen of the United States.

(b) Not own outright, or control under a contract to purchase, more than ten acres of crop land or a total of 160 acres of land at the time of execution of a purchase contract for a farm unit.

(c) Not previously have purchased a farm from the United States under provisions of the Reclamation Law, excepting therefrom actions under the Act of August 13, 1953.

(d) If a married woman, or a person under 21 years of age who is not eligible for veterans preference, be the head of a family. The head of a family is ordinarily the husband, but a wife or a minor child who is obliged to assume major responsibility for the support of a family may be the head of a family.

WHERE AND HOW TO SUBMIT AN APPLICATION

SEC. 8. *Filing application blanks.* Any person desiring to purchase a farm unit offered for sale by this announcement must fill out the attached application blank and file it with the Land Settlement Branch, Bureau of Reclamation, Ephrata, Washington, in person or by mail. Additional application blanks may be obtained from the office of the Bureau of Reclamation at Ephrata, Washington; Post Office Box 937, Boise, Idaho; or Washington, D. C. No advantage will accrue to an applicant who presents an application in person. Each application submitted, including the evidence of qualification to be submitted following the public drawing, will become a part of the records of the Bureau of Reclamation and cannot be returned to the applicant.

SELECTION OF QUALIFIED APPLICANTS

SEC. 9. *Priority of applications.* All applications except those received from qualified exchange applicants prior to 2 p. m., March 8, 1956, which shall be given prior preference, will be classified for priority purposes as follows:

a. *First Priority Group.* All complete applications filed prior to 2 p. m., March 8, 1956, by applicants who claim veterans preference. All such applications will be treated as simultaneously filed.

b. *Second Priority Group.* All complete applications filed prior to 2 p. m., March 8, 1956, by applicants who do not claim veterans preference. All such applications will be treated as simultaneously filed.

c. *Third Group.* All complete applications filed after 2 p. m., March 8, 1956. Such applications will be considered in the order in which they are filed if any farm units are available for sale to applicants within this group.

SEC. 10. *Public drawing.* After the priority classification, the board will conduct a public drawing of the names of the applicants in the First Priority Group as defined in subsection 9 (a) of this announcement. Applicants need not be present at the drawing to participate therein. The names of a sufficient number of applicants (not less than four times the number of farm units to be offered for sale) shall be drawn and numbered consecutively in the order drawn for the purpose of establishing the order in which the applications drawn will be examined by the board to determine whether the applicants meet the minimum qualifications prescribed in this announcement, and to establish the priority of qualified applicants for the selection of farm units. After such drawing, the board shall notify each applicant of his respective standing as a result of the drawing.

SEC. 11. *Submission of evidence of qualification.* After the drawing, a sufficient number of applicants, in the order of their priority as established by the drawing, will be supplied with forms on which to submit evidence of qualification, showing that they meet the qualifications set forth in sections 6 and 7 of this announcement and, in case veterans preference is claimed, establishing proof of such preference, as set forth in section 3 of this announcement. Full and accurate answers must be made to all questions. The completed form must be mailed or delivered to the Land Settlement Branch, Bureau of Reclamation, Ephrata, Washington, within 20 days of the date the form is mailed to the last address furnished by the applicant. Failure of an applicant to furnish all of the information requested or to see that information is furnished by his references within the time period specified will subject his application to rejection.

SEC. 12. *Examination and interview.* After the information outlined in section 11 of this announcement has been received or the time for submitting such statements has expired, the board shall examine in the order drawn a sufficient number of applications together with the evidence of qualification submitted to determine the applicants who will be permitted to purchase farm units. This examination will determine the sufficiency, authenticity, and reliability of the information and evidence submitted by the applicants.

If the applicant fails to supply any of the information required or the board finds that the applicant's qualifications do not meet the requirements prescribed in this announcement, the applicant shall be disqualified and shall be notified by the board, by certified mail, of such disqualification and the reasons therefor and of the right to appeal to the Regional Director, Region 1, Bureau of Reclamation. All appeals must be received in the office of the Land Settlement Branch, Bureau of Reclamation, Ephrata, Washington, within 15 days of the applicant's receipt of such notice or, in any event, within 30 days from the date when the notice is mailed to the last address furnished by the applicant. The land Settlement Branch will promptly forward the appeal to the Regional Director.

If the examination indicates that an applicant is qualified, the applicant may be required to appear for a personal interview with the board for the purpose of: (a) Affording the board any additional information it may desire relative to his qualifications; (b) affording the applicant any information desired relative to conditions in the area and the problems and obligations relative to development of a farm unit; and (c) affording the applicant an opportunity to examine the farm units.

If an applicant fails to appear before the board for a personal interview on the date requested, he will thereby forfeit his priority position as determined by the drawing.

If the board finds that an applicant's qualifications fulfill the requirements prescribed in this announcement, such applicant shall be notified, in person or by certified mail, that he is a qualified applicant and shall be given an opportunity to select one of the farm units available then for purchase. Such notice will require the applicant to make a field examination of the farm units available to him and in which he is interested, to select a farm unit, and to notify the board of such selection within the time specified in the notice.

SELECTION OF FARM UNITS

SEC. 13. *Order of selection.* The applicants who have been notified of their qualification for the purchase of a farm unit will successively exercise the right to select a farm unit in accordance with the priority established by the drawing. If a farm unit becomes available through failure of a qualified applicant to exercise his right of selection or failure to complete his purchase, it will be offered to the next qualified applicant who has not made a selection at the time the unit

is again available. An applicant who is considered to be disqualified as a result of the personal interview will be permitted to exercise his right to select, notwithstanding his disqualification, unless he voluntarily surrenders this right in writing. If, on appeal, the action of the board in disqualifying an applicant as a result of the personal interview is reversed by the Regional Director, the applicant's selection shall be effective, but if such action of the board is upheld by the Regional Director, the farm unit selected by this applicant will become available for selection by qualified applicants who have not exercised their right to select.

If any of the farm units listed in this announcement remain unselected after all qualified applicants whose names were selected in the drawing have had an opportunity to select a farm unit, and if additional applicants remain in the First Priority Group, the board will follow the same procedure outlined in section 10 of this announcement in the selection of additional applicants from this group.

If any of the farm units remain unselected after all qualified applicants in the First Priority Group have had an opportunity to select a farm unit, the board will follow the same procedure to select applicants from the Second Priority Group, and they will be permitted to exercise their right to select a farm unit in the manner prescribed for the qualified applicants from the First Priority Group.

Any farm units remaining unselected after all qualified applicants in the Second Priority Group have had an opportunity to select a farm unit will be offered to applicants in the Third Group in the order in which their applications were filed, subject to the determination of the board, made in accordance with the procedure prescribed herein, that such applicants meet the minimum qualifications prescribed in this announcement.

If any farm units offered by or under this announcement remain unsold for a period of two years following the date of this announcement, the Project Manager, Columbia Basin Project, Bureau of Reclamation, may sell, lease, or otherwise dispose of such units to qualified applicants without regard to the provisions of section 10 of this announcement.

SEC. 14. *Failure to select.* If any applicant refuses to select a farm unit or fails to do so within the time specified by the board, such applicant shall forfeit his position in his priority group and his name shall be placed last in that group.

PURCHASE OF SELECTED UNIT

SEC. 15. *Execution of purchase contract.* When a farm unit is selected by an applicant as provided in section 13 of this announcement, the Project Manager will promptly give the applicant a written notice confirming the availability to him of the unit selected and will furnish the necessary purchase contract, together with instructions concerning its execution and return. In that notice the Project Manager will also inform the applicant of the amount of the irrigation charges assessed by the irrigation district or, if such charges have not been assessed, of an estimate of the amount of the charges for the first year of the development period, to be deposited with the irrigation district.

If the purchase is made subsequent to April 1 of any year during the development period, a deposit will be required to cover payment of water charges for the balance of that year as well as for the year following the purchase.

SEC. 16. *Terms of sale.* Contracts for the sale of farm units pursuant to this announcement will contain, among others, the following principal provisions:

(a) *Down payment.* An initial or down payment of not less than 20 percent of the purchase price of the lands being purchased from the United States will be required. Larger proportions, or the entire amount of the price, may be paid initially at the purchaser's option.

(b) *Schedule for payment of balance; interest rate.* If only a portion of the purchase price is paid initially, the remainder will be payable within a period of 20 years following the date of the contract. No payments on the principal, except the down payment, will be required during the first three years, and the Project Manager may postpone such payments for as long as the first five years of the contract. Interest on the unpaid balance at the rate of three percent per annum, however, will be payable annually. When payments on the principal are resumed, they will be payable each year. The schedule of principal payments, which will be established by the Project Manager, will provide for relatively small payments during the first years and larger payments during the later years of the contract period. Payment of any or all installments, or any portion thereof, may be made before their due dates at the purchaser's option.

(c) *Development requirements.* In order that the irrigable area of the entire farm unit shall be developed with reasonable dispatch, each purchaser will be required as a minimum, to clear, level, irrigate, and plant to crops by the end of each of the calendar years indicated below, and to maintain in crops thereafter, the following percentages of irrigable land as tentatively or finally classified:

Size of farm unit in irrigable acres	Percentage of land classified tentatively or finally as irrigable to be developed by end of each year. (Period will begin with year of purchase if contract is executed and water is available on or before May 1 of that year; otherwise period will begin with the next calendar year.)			
	2d year	3d year	4th year	5th year
10 to 40	75	----------	----------	----------
41 to 60	50	75	----------	----------
61 to 80	50	65	75	----------
81 to 100	40	60	65	75
101 to 160	35	50	65	75

(d) *Residence requirements.* A major objective of the settlement program for the Columbia Basin Project is to assist and encourage the permanent settlement of farm families. In keeping with this objective, each purchaser will be required to do the following with respect to residence: (1) Within one year from the date of his contract, or by March 1 of the year water is first declared available to the irrigation block in which the farm unit is located, whichever is later, to initiate residence by actually moving onto the unit, such residence to be maintained by living thereon for not less than 12 months within an 18-month period following the initial date of residence, and (2) before receiving title to the unit under the purchase contract, to establish a permanent and habitable dwelling on the unit. The time for compliance with the initiation of residence may be extended by the Project Manager for periods of as long as six months, upon his determination that an extension is necessary to avoid undue hardship to the purchaser and that it will not be detrimental to the orderly development of the irrigation block. The latest permissible date for initiating residence, however, will not be extended for more than one year in addition to the one-year period specified above.

(e) *Speculation and landholding limitations.* Purchase contracts and deeds covering farm units offered by this announcement will include provisions governing (1) maximum permissible sizes of holdings of irrigable lands; (2) continued conformance of land to the area and boundaries of the farm unit plat for the block; (3) prices at which land can be resold during a period of five years following the date on which water is made available to the irrigation block; (4) disposal of land should it become excess at any time; and (5) limitations as to total area that may be operated on the project whether as lessee or as owner or both.

(f) *Copies of contract form.* The terms listed above, and all other standard contract provisions, are contained in the purchase contract form, copies of which may be obtained by writing to the Bureau of Reclamation, Ephrata, Washington.

IRRIGATION CHARGES

SEC. 17. *Water rental charges.* During the irrigation season of 1957, while some construction activities will be continuing and the system is being tested, it is expected that the water will be furnished on a temporary rental basis to those desiring it. The terms of payment, which will be at a fixed rate per acre-foot of water used, will be announced by the Regional Director before the beginning of the irrigation season.

SEC. 18. *Development period charges.* Pursuant to the provisions of the repayment contract of October 9, 1945, between the United States and the three irrigation districts in the Columbia Basin Project, the Secretary of the Interior will announce a development period of ten years during which time payment of construction charge installments will not be required. This period probably will commence with the calendar year 1958. During the development period, water rental charges will average an estimated $5.75 per year for each irrigable acre as tentatively or finally classified. This figure is preliminary and subject to change because all the data needed to

fix the charges are not available nor can they be obtained now. In any event, there will be a minimum charge per farm unit each year whether or not water is used. A notice establishing the details of the plan to be followed and announcing charges and governing provisions for the first year of the development period will be issued prior to January 1 of that year by the Regional Director, who has the responsibility for fixing charges.

The present plans of the Regional Director are (a) to vary the minimum charge according to the anticipated relative repayment ability of the various land classes; (b) to provide for a small minimum charge for the first year and to increase it each year thereafter so that the charge for the tenth year will be approximately equal to the combined construction and operation and maintenance charge for the following year; and (c) to charge for water in excess of the amount furnished for the minimum charge on an acre-foot basis. The minimum charge will entitle each user to a quantity of water to be specified by the Regional Director, varying with the water requirement classification of the land and the size of the farm unit.

In addition to the water rental charges, the Irrigation District will levy an additional charge to cover administrative costs and probable delinquencies in collections.

SEC. 19. *Construction period repayment charges*—(a) *Operation and maintenance charges.* After the development period has ended, water users will pay a charge for operation and maintenance of the project irrigation system which will be uniform for the irrigation blocks throughout the project. These charges may or may not be graduated among land classes. Assessment procedure will be left for the Irrigation District Board of Directors to determine, but, in any case, there will be an annual minimum charge per acre. In order to encourage careful use of water, this annual minimum charge will entitle the water user to one-half acre-foot of water per acre less than the amount of water normally required. The normal requirements for the various classes of land will be determined and announced as provided in the repayment contract with the irrigation districts. Water in excess of the quantity covered by the minimum charge will be paid for on an acre-foot basis in accordance with an ascending, graduated scale.

(b) *Construction charges.* The contract between the United States and the irrigation districts requires the payment of construction charges for the project irrigation system during the forty years following the development period. The average construction charge per irrigable acre for the entire project will be $2.12 per year. Thus, the total construction charge payment will average $85 per irrigable acre, but that amount was predicated on an estimated total direct irrigation cost of not to exceed $280,782,180 as indicated by Article 6 of the repayment contract, an amount that it now appears is likely to be exceeded. The contract further provides that construction charges shall be graduated according to the relative repayment ability of the land; consequently, the charge per irrigable acre will be larger for the better lands than for the poorer lands. This allocation of construction charges by classes of land will be made as soon as practicable.

FRED G. AANDAHL,
Assistant Secretary of the Interior.

[F. R. Doc. 56-610; Filed, Jan. 25, 1956; 8:46 a. m.]

DEPARTMENT OF COMMERCE

Bureau of Foreign Commerce

[Case No. 204]

RICHARD NATHAN CORP. AND WALTER GEIGER

ORDER REVOKING EXPORT LICENSES AND DENYING EXPORT PRIVILEGES

In the matter of Richard Nathan Corporation and Walter Geiger, 150 Broadway, New York 7, New York; Respondents.

The respondents, Richard Nathan Corporation and Walter Geiger, having been charged by the Director of the Investigation Staff, Bureau of Foreign Commerce, Department of Commerce, with having violated the Export Control Act of 1949, as amended, and regulations promulgated thereunder, duly appeared in this proceeding by their attorneys and, after admitting the charges, submitted a proposal that a consent order be entered against them as hereinafter set forth; and said proposal having been presented to the Compliance Commissioner as provided in § 382.10 of the export control regulations; and the Director of the Investigation Staff having agreed to the same; the Compliance Commissioner duly considered evidence in support of the charges and reported the facts as found by him to the undersigned with his recommendation that the proposal be accepted.

Now, after reading the report of the Compliance Commissioner, the consent proposal, the admissions by respondents of the facts as alleged in the charging letter, and, after consideration of evidence in support of the conclusions hereinafter made, I hereby make the following findings of fact:

1. That the said respondents, at all times hereinafter mentioned, were engaged in the export business in the City of New York.

2. That prior to September 13, 1951, and until and following April 1952, National Production Authority, Department of Commerce, Order M-64 provided that no person might deliver or receive used rails except in accordance with written authorization of that agency unless such rails were to be delivered to a person for track-laying purposes.

3. That on September 13, 1951, and at all times hereinafter mentioned, in accordance with the policy of NPA, the Office of International Trade (now the Bureau of Foreign Commerce) did not issue validated licenses to export used rails to Mexico for rerolling purposes, but did allow exportations of such rails for relaying purposes.

4. That on September 17, 1951, respondents submitted to the OIT an application for a license to export to a named consignee in Mexico material described by them as relaying rails and, in support of said application, respondents represented and stated to the OIT that the consignee named therein intended to use such rails for relaying purposes.

5. That at the time of the submission of such application, respondents knew that the consignee named therein was not the true consignee, that the rails sought to be exported were not to be used for relaying purposes, and that the rails were to be used by their real customer for rerolling purposes.

6. That upon the representations and statements contained in and submitted in connection with the application by respondents, the OIT issued to Richard Nathan Corporation an export license authorizing the exportation of used rails for relaying purposes to the consignee named therein.

7. That respondents thereafter utilized such license to effectuate the exportation from the United States of used rails by executing and stating or causing to be executed and stated in export declarations filed at the time of such exportations that the rails being exported were relaying rails, that the ultimate consignee was the consignee named in the export license and that the exportations were being made under the authority of such license.

8. That such statements were false, to respondents' knowledge, in that the rails were intended for rerolling, the ultimate consignee was a rolling mill and not the consignee named therein or in the license, and the license did not authorize such exportations.

9. That, after arrival in Mexico, the rails were delivered to a rolling mill in Mexico for the purpose of rerolling.

And, from the foregoing, the following are my conclusions:

A. That respondents knowingly made and caused to be made to the OIT false and misleading statements, representations and certifications, and concealed material facts, in an application for an export license and in shipper's export declarations, in violation of § 381.1 (b) of the export control regulations, then in effect;

B. That respondents used and permitted the use of a validated export license and of shipper's export declarations to effect exportations from the United States of commodities not in accord with the provisions of said documents and effected an unauthorized change in ultimate consignee and purchaser therein named, in violation of §§ 381.3 (a), (b) (2), and 379.1 (d) of the export control regulations, then in effect.

When reporting the facts of this consent proposal, the Compliance Commissioner took into consideration the consent thereto by the Director, Investigation Staff, the economies and facilitation of this proceeding made possible by respondents' admissions and their consent to the entry of this order.

Now, upon consideration of the proposal by the respondents, the charges alleged against them, their admissions thereof, the report of the Compliance Commissioner, the evidence before the

Compliance Commissioner, and being of the opinion that the action hereinafter provided is fair, just, reasonable, and necessary to achieve effective enforcement of the law,

It is hereby ordered:

I. All outstanding validated export licenses authorizing exports from the United States to Mexico which are held by or issued in the name of either of the respondents or of any person, firm, corporation or other business organization with which they or either of them are related by ownership, control, position of responsibility, or other connection in the conduct of trade involving exports from the United States or services connected therewith, be and the same hereby are revoked and shall be returned forthwith to the Bureau of Foreign Commerce for cancellation.

II. For a period of thirty days from the date hereof, respondents and each of them are hereby denied all privileges of participating directly or indirectly in any manner or capacity in the exportation of any commodity from the United States to any foreign destination, including Canada. Without limitation of the generality of the foregoing, participation in an exportation shall be deemed to include and prohibit respondents' participation (a) in the filing of any validated export application, (b) in the obtaining or using of any validated or general export license or other export control document, (c) in the receiving in any foreign country of any exportation from the United States, and (d) in the financing, forwarding, transporting or other servicing of exports from the United States.

III. Such denial of export privileges shall extend not only to said respondents, but also to any person, firm, corporation or business organization with which they or either of them may be now or hereafter related by ownership, control, position of responsibility, or other connection in the conduct of trade involving exports from the United States or services connected therewith.

IV. No person, firm, corporation, or other business organization shall, without prior disclosure to, and specific authorization from, the Bureau of Foreign Commerce, directly or indirectly in any manner or capacity, (a) apply for, obtain, or use any license, shipper's export declaration, bill of lading, or other export control document relating to any exportation of commodities from the United States, or (b) order, receive, buy, use, dispose of, finance, transport, forward, or otherwise service or participate in, any exportation from the United States, or in a reexportation of any commodity exported from the United States, with respect to which any of the persons or companies within the scope of Parts I–III hereof have any interest of any kind or nature, direct or indirect.

Dated: January 23, 1956.

JOHN C. BORTON,
Director,
Office of Export Supply.

[F. R. Doc. 56–624; Filed, Jan. 25, 1956; 8:48 a. m.]

Federal Maritime Board

[Docket No. S–60]

ISBRANDTSEN COMPANY, INC.

NOTICE OF HEARING ON APPLICATION FOR OPERATING-DIFFERENTIAL SUBSIDY AGREEMENT; AMENDMENT

Notice of hearing upon an application of Isbrandtsen Company, Inc., for operating-differential subsidy agreement on said Company's Eastbound Round-the-World Service, appearing in the FEDERAL REGISTER of November 26, 1955 (20 F. R. 8727), is hereby amended by deleting from the penultimate sentence of first paragraph thereof the words "written permission to carry cargoes in the United States Eastbound Intercoastal trade on unsubsidized voyages with cargo vessels" and substituting therefor the language: "written permission to engage in (1) the intercoastal service, eastbound only, from a port or ports on the Pacific coast of the United States to a port or ports on the Atlantic coast, via the Panama Canal, in connection with said company's owned vessels operating in the eastbound round-the-world service, (2) the full-cargo trade in the transportation of lumber and/or wood pulp in chartered or owned American-flag vessels from Pacific Coast ports in Washington and Oregon to North Atlantic ports, (3) the domestic coastwise bulk cargo trades with irregular frequency (principally from ports in Texas, and on the Gulf Coast of Florida to North Atlantic ports, principally Baltimore, and 'cross-Gulf' between Gulf ports in Florida and Texas) using owned and/or chartered American-flag vessels, and

(4) The transportation of cargo from Pacific Coast United States ports to Puerto Rican ports and, on the same voyage, from Puerto Rican ports to United States North Atlantic ports, with owned vessels, in connection with its fortnightly round-the-world service; services (2) and (3) above to be in connection with non-subsidized voyages."

The matter of written permission under section 805 (a) of the Merchant Marine Act, 1936, as amended, will be the subject of a new docket numbered "S–60 (Sub. 1)."

The time stipulated therein for the filing of petitions for leave to intervene, in accordance with the Board's rules of practice and procedure, is hereby extended to fifteen days from publication hereof in the FEDERAL REGISTER.

By order of the Federal Maritime Board.

Dated: January 23, 1956.

[SEAL] A. J. WILLIAMS,
Secretary.

[F. R. Doc. 56–645; Filed, Jan. 25, 1956; 8:52 a. m.]

DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

SALES OF CERTAIN COMMODITIES

JANUARY 1956 MONTHLY SALES LIST SUPPLEMENT

The price listing of cheese available for sale as set forth in the January 1956 Monthly Sales List is supplemented by the addition of the following listing, effective January 11, of 15 million pounds of cheese on a competitive bid basis for export pursuant to the policy of Commodity Credit Corporation issued October 12, 1954 (19 F. R. 6669):

Commodity and approximate quantity available (subject to prior sale)	Sales price or method of sale
Cheddar cheese, cheddars, flats, twins, and rindless blocks (Standard moisture basis in carlots only).	Special export: Competitive bid on 15,000,000 pounds, under terms and conditions of Announcement LD–5 as amended and supplemented. Bids will be received daily by the Livestock and Dairy Division, Commodity Stabilization Service, United States Department of Agriculture, Washington 25, D. C.

(Sec. 4, 62 Stat. 1070, as amended; 15 U. S. C. 714b. Interpret or apply sec. 407, 63 Stat. 1055; 7 U. S. C. 1427, sec. 208, 63 Stat. 901)

Issued: January 20, 1956.

[SEAL] WALTER C. BERGER,
Acting Executive Vice-President,
Commodity Credit Corporation.

[F. R. Doc. 56–642; Filed, Jan. 25, 1956; 8:51 a. m.]

FEDERAL POWER COMMISSION

[Docket No. G–4124 etc.]

R. L. GRADY ET AL.

NOTICE OF SEVERANCE

JANUARY 19, 1956.

In the matters of R. L. Grady, et al, Docket Nos. G–4124, et al.; Stanolind Oil and Gas Company, Docket Nos. G–5662, G–5663, G–5664, G–5707 to G–5712, incl.

Take notice that the above-designated applications for certificates of public convenience and necessity under the Natural Gas Act, filed by Stanolind Oil and Gas Company on November 23 and 24, 1954, respectively, which said applications so filed have been scheduled for hearings to commence on January 24, 1956, in the consolidated proceedings with R. L. Grady, et al., Docket Nos. G–4124, G–5947, G–5948, G–6027 and G–6031, are hereby severed and continued to a date to be hereafter set by further notice.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 56–611; Filed, Jan. 25, 1956; 8:46 a. m.]

[Docket No. G-9732]

COLORADO OIL AND GAS CORP.

NOTICE OF APPLICATION AND DATE OF HEARING

JANUARY 19, 1956.

Take notice that Colorado Oil and Gas Corporation (Applicant), a Delaware corporation, whose address is Denver 2, Colorado, filed an application on December 5, 1955, for a certificate of public convenience and necessity, pursuant to section 7 of the Natural Gas Act, authorizing Applicant to render service as hereinafter described, subject to the jurisdiction of the Commission, all as more fully represented in the application which is on file with the Commission and open for public inspection.

Applicant produces natural gas from the Hugoton Field, Finney County, Kansas, which it proposes to sell to Colorado Interstate Gas Company for transportation in interstate commerce for resale.

This matter is one that should be disposed of as promptly as possible under the applicable rules and regulations and to that end:

Take further notice that, pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 7 and 15 of the Natural Gas Act, and the Commission's rules of practice and procedure, a hearing will be held on February 9, 1956, at 9:30 a. m., e. s. t., in a hearing room of the Federal Power Commission, 441 G Street NW., Washington, D. C., concerning the matters involved in and the issues presented by such application: *Provided, however,* That the Commission may, after a non-contested hearing, dispose of the proceedings pursuant to the provisions of § 1.309 (c) (1) or (2) of the Commission's rules of practice and procedure. Under the procedure herein provided for it will be unnecessary for Applicant to appear or be represented at the hearing, unless otherwise advised.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before February 6, 1956. Failure of any party to appear at and participate in the hearing shall be construed as waiver of and concurrence in omission herein of the intermediate decision procedure in cases where a request therefor is made.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 56-612; Filed, Jan. 25, 1956; 8:46 a. m.]

[Docket No. G-9451 etc.]

MIDWESTERN GAS TRANSMISSION CO. ET AL.

ORDER OF CONSOLIDATION AND FIXING DATE OF HEARING

In the matters of Midwestern Gas Transmission Company, Docket Nos. G-9451, G-9452 and G-9453; Tennessee Gas Transmission Company, Docket Nos. G-1922, G-9448, G-9449, G-9450 and G-9454; Iron Ranges Natural Gas Company, Docket No. G-9648.

On November 14, 1955, Iron Ranges Natural Gas Company (Iron Ranges) filed in Docket No. G-9648 an application for a certificate of public convenience and necesisty pursuant to section 7 of the Natural Gas Act. Due notice of the filing of this application has been given, including publication in the FEDERAL REGISTER on December 14, 1955 (20 F. R. 9350).

Iron Ranges contemplates receiving its source of supply of natural gas from proposed facilities of Midwestern Gas Transmission Company (Midwestern), for which an application has been filed in Docket No. G-9451 for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act. On January 12, 1956, the Commission issued an order consolidating for hearing and fixing date thereof, to commence on February 14, 1956, the applications of Midwestern Gas Transmission Company in Docket No. G-9451, G-9452 and G-9453 and the applications of Tennessee Gas Transmission Company (Tennessee) in Docket Nos. G-1922, G-9448, G-9449, G-9450 and G-9454.

The Commission finds:

(1) The application filed by Iron Ranges is related to the aforesaid applications filed by Midwestern and Tennessee and should be consolidated therewith for hearing to commence at the time and place heretofore fixed on the applications of Midwestern and Tennessee.

(2) It is necessary and appropriate in carrying out the provisions of the Natural Gas Act and in the public interest that the procedure hereinafter prescribed should be followed in the hearing so that said hearing may be conducted with reasonable dispatch and the hearing should commence at the time and place heretofore fixed for hearing on the aforesaid applications of Midwestern and Tennessee.

The Commission orders:

(A) The aforesaid proceeding in Docket No. G-9648 be and the same hereby is consolidated for hearing with the aforesaid proceedings in Docket Nos. G-9451, G-9452, G-9453, G-1922, G-9448, G-9449, G-9450 and G-9454.

(B) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Power Commission by sections 3, 7 and 15 of the Natural Gas Act, Executive Order 10485, and the Commission's rules of practice and procedure, a hearing be held on February 14, 1956, at 10:00 a. m., e. s. t., in a hearing room of the Federal Power Commission, 441 G Street NW., Washington, D. C., concerning the matters involved in and the issues presented by the above-entitled applications.

(C) The procedure at the hearing referred to in paragraph (B) shall be as follows:

Midwestern, Tennessee and Iron Ranges shall present their evidence respecting all matters and issues involved in decision upon the authorizations requested and before cross examination of the various witnesses presented, the Presiding Examiner shall recess the hearing pending further order of the Commission respecting such cross examination and the presentation of such other matters as may be appropriate.

Adopted: January 18, 1956.

Issued: January 20, 1956.

By the Commission.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 56-613; Filed, Jan. 25, 1956; 8:47 a. m.]

[Docket Nos. G-5258, G-8487]

TRANSCONTINENTAL GAS PIPE LINE CORP.

NOTICE OF ORDER MODIFYING PRIOR ORDER

JANUARY 20, 1956.

Notice is hereby given that on January 6, 1956, the Federal Power Commission issued its order adopted December 29, 1955, modifying order approving proposed rate settlement and accepting tariff sheets for filing in the above-entitled matters.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 56-614; Filed, Jan. 25, 1956; 8:47 a. m.]

[Docket Nos. G-6621, G-7773]

PHILLIPS PETROLEUM CO.

NOTICE OF ORDER PERMITTING CHANGES IN RATES

JANUARY 20, 1956.

Notice is hereby given that on January 10, 1956, the Federal Power Commission issued its order adopted December 29, 1955, permitting changes in rates due to reduction in Texas production tax in the above-entitled matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 56-615; Filed, Jan. 25, 1956; 8:47 a. m.]

[Project No. 2114]

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, WASH.

NOTICE OF ORDER MODIFYING PRIOR ORDER

JANUARY 20, 1956.

Notice is hereby given that on January 4, 1956, the Federal Power Commission issued its order adopted December 29, 1955, modifying order issuing license (Major) in the above-entitled matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 56-616; Filed, Jan. 25, 1956; 8:47 a. m.]

SECURITIES AND EXCHANGE COMMISSION

[24SF-2133]

REAL SAVINGS ASSURANCE CO.

ORDER TEMPORARILY SUSPENDING EXEMPTION, STATEMENT OF REASONS THEREFOR, AND NOTICE OF OPPORTUNITY FOR HEARING

JANUARY 20, 1956.

I. Real Savings Assurance Company, 711 East Main Street, Mesa, Arizona, having filed with the Commission on August 8, 1955 a notification on Form 1–A and an offering circular, and subsequently filed amendments thereto, relating to a proposed public offering of 30,870 shares of its $1 par common stock, for the purpose of obtaining an exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to the provisions of section 3 (b) thereof and regulation A promulgated thereunder; and

II. The Commission having reasonable cause to believe:

A. That the terms and conditions of regulation A have not been complied with in respect of such notification, in that written offers of said securities and other sales material were not filed prior to the use thereof as required by rule 221 and were made or sent to prospective investors without having concurrently or previously given them offering circulars as required by rule 219 (a);

B. That the offering circular contains untrue statements of material fact and omits to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, particularly with respect to the statement on page 3 of the offering circular that a total of $262,738 was paid by the original investors for 204,869 shares of stock, and the failure to provide in the financial statements appropriate reserves.

C. That sales material used in connection with the offering contains untrue statements of material fact and omits to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, particularly with respect to the amount of money invested by organizers and promoters of the issuer; the assured success of insurance companies; the income and profits to be derived from an investment in insurance companies; the guarantee to repurchase the shares of the issuer's stock at double the purchase price; and the expected stock dividends to be paid by the issuer and the expected value of its stock over a period of years; and

D. That the use of the offering circular and said sales material would and did operate as a fraud or deceit upon the purchasers.

III. *It is ordered*, Pursuant to Rule 223 (a) of the general rules and regulations under the Securities Act of 1933, as amended, that the exemption under regulation A be, and it hereby is, temporarily suspended.

Notice is hereby given that any person having any interest in the matter may file with the Secretary of the Commission a written request for hearing; that, within 20 days after receipt of such request, the Commission will, or at any time upon its own motion may, set the matter down for hearing at a place to be designated by the Commission for the purpose of determining whether this order of suspension should be vacated or made permanent, without prejudice, however, to the consideration and presentation of additional matters at the hearing; and that notice of the time and place for said hearing will be promptly given by the Commission.

It is further ordered, That this order and notice shall be served upon Real Savings Assurance Company and its president Mr. E. Joseph West, 432 W. Pepper, Mesa, Arizona, personally or by registered mail or by confirmed telegraphic notice, and shall be published in the FEDERAL REGISTER.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 56-618; Filed, Jan. 25, 1956; 8:47 a. m.]

INTERSTATE COMMERCE COMMISSION

FOURTH SECTION APPLICATIONS FOR RELIEF

JANUARY 23, 1956.

Protests to the granting of an application must be prepared in accordance with Rule 40 of the general rules of practice (49 CFR 1.40) and filed within 15 days from the date of publication of this notice in the FEDERAL REGISTER.

LONG-AND-SHORT HAUL

FSA No. 31566: *Scrap rubber—San Antonio, Tex., to Mobile and Mertz, Ala.* Filed by F. C. Kratzmeir, Agent, for interested rail carriers. Rates on scrap rubber, noibn, and related articles, carloads, from San Antonio, Tex., to Mobile and Mertz, Ala.

Grounds for relief: Circuitous routes.

Tariff: Supplement 134 to Agent Kratzmeir's I. C. C. 4139.

FSA No. 31567: *Perlite rock—Socorro, N. Mex., to Official Territory.* Filed by F. C. Kratzmeir, Agent, for interested rail carriers. Rates on perlite rock, broken, crushed or ground, dried or not dried, not expanded, carloads, from Socorro, N. Mex., to specified destinations in Indiana, New Jersey, Ohio, Virginia, Pennsylvania, and New York.

Grounds for relief: Short-line distance formula, and circuity.

Tariff: Supplement 135 to Agent Kratzmeir's I. C. C. 4139.

FSA No. 31568: *Plaster and related articles—Ft. Dodge, Iowa, to Weldon, Mo.* Filed by W. J. Prueter, Agent, for interested rail carriers. Rates on plaster and related articles, straight or mixed carloads, from Ft. Dodge, Iowa, to Weldon, Mo.

Grounds for relief: Motor truck competition and circuity.

Tariff: Supplement 56 to Agent Prueter's I. C. C. A–3917.

FSA No. 31569: *Sugar—North Atlantic Ports to Dalton, Ohio.* Filed jointly by C. W. Boin and O. E. Swenson, Agents, for interested rail carriers. Rates on sugar, beet or cane, carloads, from Boston, Mass., New York, N. Y., Philadelphia, Pa., Baltimore, Md., Richmond and Norfolk, Va., to Dalton, Ohio.

Grounds for relief: Grouping, carrier competition, and circuity.

Tariff: Supplement 36 to Agent Swenson's I. C. C. 573.

FSA No. 31570: *Iron and steel articles—Longview, Tex., to South.* Filed by F. C. Kratzmeir, Agent, for interested rail carriers. Rates on iron and steel articles, including pipe, carloads, from Longview, Tex., to specified points in southern territory, also to Memphis, Tenn., and other Mississippi River crossings south thereof, including Helena, Ark.

Grounds for relief: Short-line distance formula and circuity.

Tariff: Supplement 35 to Agent Kratzmeir's I. C. C. 4170.

FSA No. 31571: *Crude rubber—Baton Rouge and North Baton Rouge, La., to Whippany, N. J.* Filed by R. E. Boyle, Jr., Agent, for interested rail carriers. Rates on crude rubber, carloads, from Baton Rouge and North Baton Rouge, La., to Whippany, N. J.

Grounds for relief: Short-line distance formula and circuity.

Tariff: Supplement 92 to Alternate Agent Marque's I. C. C. 422.

FSA No. 31572: *Roofing and building materials—Arkansas to South.* Filed by F. C. Kratzmeir, Agent, for interested rail carriers. Rates on roofing and building materials and slate, carloads, from Waterloo and Crossett, Ark., to specified points in southern territory, also Memphis, Tenn., and other Mississippi River crossings south thereof.

Grounds for relief: Short-line distance formula and circuity.

Tariff: Supplement 5 to Agent Kratzmeir's I. C. C. 4148.

By the Commission.

[SEAL] HAROLD D. MCCOY, *Secretary.*

[F. R. Doc. 56-629; Filed, Jan. 25, 1956; 8:49 a. m.]

DEPARTMENT OF JUSTICE

Office of Alien Property

[Vesting Order 1172, Amdt.]

WILLIAM WELKER

In re: Estate and Trust u/w of William Welker, Deceased (File No. D–28–15431).

Vesting Order 1172 dated March 29, 1943, is amended as follows and not otherwise.

By deleting paragraph 2 thereof and substituting therefor the following:

2. Such property and interests are payable or deliverable to or claimed by the brothers and sisters of William Welker, deceased, namely: Jacob Welker, Adam Welker (I), Wilhelmine Welker Wilding and Susanna Welker Knickel or Nickel, and their heirs and assigns, all nationals of a designated enemy country, Germany.

That the paragraph beginning "Now, therefore," be amended to read as follows:

Now, therefore, the Attorney General, as successor to the Alien Property Custodian hereby vests the following property and interests:

All right, title, interest and claim of any kind or character whatsoever of Jacob Welker, Adam Welker (I), Wilhelmine Welker Wilding and Susanna Welker Knickel or Nickel and their heirs and assigns except the issue of Wilhelmine Wilding, the issue of Susanna Knickel Gwinner and the issue of Adam Welker (I) and each of them in and to the estate and trust created under the will of William Welker, deceased.

All other provisions of Vesting Order 1172 and all actions taken by or on behalf of the Attorney General of the United States, as successor to the Alien Property Custodian, in reliance thereon, pursuant thereto, and under the authority thereof, are hereby ratified and confirmed.

Executed at Washington, D. C., on January 20, 1956.

For the Attorney General.

[SEAL] DALLAS S. TOWNSEND,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 56-632; Filed, Jan. 25, 1956; 8:50 a. m.]

[Vesting Order 12138, Amdt.]

FRIEDRICH C. SCHIMMEL

In re: Estate of Friedrich C. Schimmel, deceased (File No. D-28-12314).

Vesting Order 12138 dated October 4, 1948, is amended as follows and not otherwise:

That subparagraph I be deleted in its entirety and the following substituted therefor:

That Otto Laessig, Alwine Elsing, Marie Nagel, Lina Gross, Hermann Prager, Lina Wollner, Ernst Doerfer, Paul Schimmel, Heinrich Schimmel, Lina Schimmel, Emma Schimmel, Meta Schimmel, Minna Rosemann, Hermann Schimmel, Heinrich Schimmel, Otto Schimmel and Olga Schimmel or their respective domiciliary personal representatives, heirs at law, next of kin, legatees and distributees, names unknown, whose last known address is Germany, are nationals of a designated enemy country (Germany).

All other provisions of said Vesting Order 12138 and all actions taken by or on behalf of the Attorney General of the United States in reliance thereon, pursuant thereto and under the authority thereof are hereby ratified and confirmed.

Executed at Washington, D. C., on January 20, 1956.

For the Attorney General.

[SEAL] DALLAS S. TOWNSEND,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 56-633; Filed, Jan. 25, 1956; 8:50 a. m.]

SMALL BUSINESS ADMINISTRATION

REGIONAL DIRECTORS

DELEGATION OF AUTHORITY TO ENTER INTO PARTICIPATION AGREEMENTS WITH BANKS IN LOANS TO VICTIMS OF FLOODS OR OTHER CATASTROPHES AND TO CONFIRM THE ELIGIBILITY OF SUCH LOANS

By virtue of the authority vested in the Small Business Administration and its Administrator under the Small Business Act of 1953 (Public Law 163, 83d Congress, 1st session; 67 Stat. 232), as amended by Public Law 268 of the 84th Congress, 1st session, the Regional Directors of the Small Business Administration are hereby authorized on behalf of the United States of America, the Small Business Administration or the Administrator thereof:

1. To enter into a Disaster Participation Agreement on SBA Form 138A, as revised, with any bank for the purchase by the Small Business Administration of a deferred participation in any disaster loan made by any such bank to victims of floods or other catastrophes within any county named in an SBA Declaration of Disaster Area, provided, however, that loans made pursuant to said agreement shall be in accordance with the following conditions:

a. Application for any such loan is made prior to the expiration date set forth in the applicable Declaration of Disaster Area;

b. Bank participation in any such loan is not less than 10 percent in loans of $20,000 or less, and not less than 25 percent in loans of more than $20,000 and not in excess of $100,000;

c. Interest on loans for home repairs or construction is 3 percent per annum on both the Administration's and bank's portion;

d. Interest on loans made to business concerns is 3 percent per annum on the share of the loan which the Administration is obligated to purchase and at such reasonable rate as may be fixed by bank on its portion;

e. Bank has submitted to the Small Business Administration either before or after disbursement an executed copy of borrower's application for the loan and SBA Form 319, as revised;

f. The proceeds of any such loan are to be used solely for the replacement or rehabilitation of any property owned by borrower (or which borrower is legally obligated to repair or rehabilitate) damaged or destroyed by the disaster, or for the repayment of any interim financing obtained by borrower subsequent to the disaster expressly for the aforesaid purposes;

g. The amount of any such loan does not exceed the actual cost of replacement or restoration of borrower's property to approximate pre-disaster status, less insurance proceeds or American Red Cross grants, if any, received for such purposes.

h. The maturity of any such loan does not exceed a period of 10 years from the date of the Note evidencing the loan, except that if such loan is for the acquisition or construction (including the acquisition of site therefor) of housing for the personal occupancy of the borrower, the maturity does not exceed 20 years.

2. To confirm on SBA Form 319, as revised, that a loan complying with the conditions set out in paragraph 1 hereof is eligible as a Small Business Administration disaster loan.

The authority delegated in paragraphs 1 and 2 above will terminate upon written notice thereof duly given to the Regional Directors by the Administrator and published in the FEDERAL REGISTER. "Regional Directors" as used herein shall include the Acting Regional Directors.

The delegation of authority hereunder shall in no way revoke or impair the authority of the Small Business Administration, its Administrator or other of its employees or agents to perform any act or to take any and all actions which are the same or similar to those delegated hereunder.

All acts hereby authorized to be performed hereunder shall be performed in accordance with the provisions of applicable laws.

Dated: January 16, 1956.

WENDELL B. BARNES,
Administrator.

[F. R. Doc. 56-622; Filed, Jan. 25, 1956; 8:48 a. m.]

[Declaration of Disaster Area 83]

ARKANSAS

DECLARATION OF DISASTER AREA

Whereas it has been reported that on or about November 15, 1955, because of disastrous effects of a tornado, damage resulted to residences and business property located in certain areas in the State of Arkansas; and

Whereas the Small Business Administration has investigated and has received other reports of investigations of conditions in the areas affected; and

Whereas after reading and evaluating reports of such conditions, I find that the conditions in such areas constitute a catastrophe within the purview of the Small Business Act of 1953, as amended;

Now, therefore, as Administrator of the Small Business Administration, I hereby determine that:

1. Applications for disaster loans under the provisions of section 207 (b) (1) of the Small Business Act of 1953, as amended, may be received and considered by the offices below indicated from persons or firms whose property situated in Perry, Independence, Lawrence and Cleburne Counties (including any areas adjacent to the counties named) suffered damage or other destruction as a result of the catastrophe above referred to:

Small Business Administration Regional Office, 1114 Commerce Street, Dallas 2, Texas.
Small Business Administration Branch Office, U. S. O. Building, 217 Main Street, Little Rock, Arkansas.

2. No special field offices will be established at this time.

3. Applications for disaster loans under the authority of this Declaration will not be accepted after July 30, 1956.

Dated: January 20, 1956.

WENDELL B. BARNES,
Administrator.

[F. R. Doc. 56-623; Filed, Jan. 25, 1956; 8:48 a. m.]