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Washington, Friday, May 18, 1956

TITLE 3—THE PRESIDENT

PROCLAMATION 3136

PRAYER FOR PEACE, MEMORIAL DAY, 1956

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS mankind throughout the ages has constantly sought for an enduring peace founded on mercy and justice; and

WHEREAS we are humbly aware that only through divine guidance can we find the course which we should follow to achieve permanent peace, and the strength and courage to pursue that course patiently and unceasingly until the goal is attained; and

WHEREAS it is eminently fitting that on May 30, Memorial Day, an anniversary devoted to the memory of our heroic dead who gave their lives in the cause of peace, we should turn to Almighty God in concerted prayer for wisdom in our striving for harmony among the nations of the world; and

WHEREAS in evidence of our longing for such harmony, the Congress provided, in a joint resolution approved May 11, 1950, that Memorial Day should thenceforth be observed as a day of Nationwide prayer for permanent peace:

NOW, THEREFORE, I, DWIGHT D. EISENHOWER, President of the United States of America, do hereby call upon the people of this Nation to observe Memorial Day, May 30, 1956, as a day on which all of us, in our churches, in our homes, and in our hearts, may beseech God to guide our steps into the paths leading to permanent peace; and I designate the hour beginning in each locality at eleven o'clock in the morning as a period in which we may unite in humble petition for His help in reaching that goal.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this 15th day of May in the year of our Lord nineteen hundred and fifty-six, and of the Independence of the United States of America the one hundred and eightieth.

[SEAL]

DWIGHT D. EISENHOWER

By the President:

JOHN FOSTER DULLES,
Secretary of State.

[F. R. Doc. 56-3964; Filed, May 16, 1956; 1:29 p. m.]

TITLE 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 6—EXCEPTIONS FROM COMPETITIVE SERVICE

HOUSING AND HOME FINANCE AGENCY

Effective upon publication in the FEDERAL REGISTER, subparagraph (11) of paragraph (a) of § 6.342 is revoked and subparagraph (17) is added to paragraph (a) as set out below.

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

* * *

(17) One Assistant Administrator (Administrator's Office).

(R. S. 1753, sec. 2, 22 Stat. 403; 5 U. S. C. 631, 633)

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] WM. C. HULL,
Executive Assistant.

[F. R. Doc. 56-3937; Filed, May 17, 1956; 8:49 a. m.]

TITLE 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket 6157]

PART 13—DIGEST OF CEASE AND DESIST ORDERS

HAYR CHEMICAL CO., INC., ET AL.

Subpart—*Advertising falsely or misleadingly:* § 13.170 *Qualities or properties*

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THE PRESIDENT

EXECUTIVE AGENCIES

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.

CODIFICATION GUIDE—Con.

of product or service; § 13.205 *Scientific or other relevant facts.*

(Sec. 6, 38 Stat. 721; 15 U. S. C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U. S. C. 45) [Cease and desist order, Hayr Chemical Co., Inc. (Newark, N. J.), et al., Docket 6157, April 24, 1956]

In the Matter of Hayr Chemical Co., Inc., a Corporation, and Phillip Kalech, Dr. Joseph Caspe, Nathan Kalech and Myrtle L. Larsen, Individually; Louis F. Herman, Individually and Trading as Louis F. Herman Advertising Agency; and Eugene Kesselman, Individually

This proceeding was heard by a hearing examiner on the complaint of the Commission—charging a corporation and its officers, engaged in the interstate sale and distribution from their place of business in Newark, N. J., of a drug and cosmetic preparation designated "Hayr Application for the Scalp and Hair", with disseminating advertisements in newspapers and magazines which represented falsely that the plugging of hair follicles with foreign matter was a cause of diminished hair growth, excessive hair loss, baldness, and dandruff, and that removal of such foreign matter by the use of said "Hayr" preparation would correct such conditions and cause hair to grow on bald or partially bald heads—respondents' answer, testimony and other evidence, and proposed findings and conclusions submitted by counsel.

Upon this basis, the hearing examiner made his initial decision including order to cease and desist, which, by order of April 30, 1956, became, on April 24, 1956, the decision of the Commission.

Said order to cease and desist is as follows:

It is ordered, That the respondents Hayr Chemical Co., Inc., a corporation, and its officers, and the individual respondents Dr. Joseph Caspe, Nathan Kalech and Myrtle L. Larsen, and their respective representatives, agents and employees, directly or through any cor-

porate or other device in connection with the offering for sale, sale or distribution of a drug and cosmetic preparation designated "Hayr Application for the Scalp and Hair," or any other preparation of substantially similar composition or possessing substantially similar properties, whether sold under the same name or under any other name, do forthwith cease and desist from:

1. Disseminating or causing to be disseminated any advertisement by means of the United States mails or by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which advertisement represents, directly or by implication:

(a) That the plugging of hair follicles with foreign matter is a cause of diminished hair growth, excessive hair loss or baldness.

(b) That the removal of foreign matter from the hair follicles by the use of respondents' preparation will correct a cause of diminished hair growth, excessive hair loss or baldness.

(c) That the removal of foreign matter from the hair follicles by the use of respondents' preparation will increase hair growth, prevent excessive hair loss or baldness.

(d) That the use of respondents' preparation as directed or otherwise will cause hair to grow on bald or partially bald heads.

(e) That the use of respondents' preparation has any effect upon dandruff other than the temporary removal of dandruff scales.

2. Disseminating or causing to be disseminated, by any means, for the purpose of inducing or which is likely to induce, directly or indirectly, the purchase of said preparation in commerce, as "commerce" is defined in the Federal Trade Commission Act, any advertisement which contains any of the representations prohibited in Paragraph 1 of this order.

It is further ordered, That the complaint be, and it hereby is, dismissed as to respondents Phillip Kalech, Louis F. Herman and Eugene Kesselman.

By "Decision of the Commission", etc., report of compliance was required as follows:

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

Issued: April 30, 1956.

By the Commission.

[SEAL] ROBERT M. PARRISH, *Secretary.*

[F. R. Doc. 56-3916; Filed, May 17, 1956; 8:45 a. m.]

[Docket 6457]

PART 13—DIGEST OF CEASE AND DESIST ORDERS

INTERNATIONAL MOTELS, INC., ET AL.

Subpart—*Advertising falsely or misleadingly:* § 13.15 *Business status, advantages, or connections:* Connections or arrangements with others; international nature;[1] § 13.55 *Demand, business, or other opportunities;* § 13.60 *Earnings and profits;* § 13.105 *Individual's special selection or situation;* § 13.110 *Indorsements, approval and testimonials;* § 13.115 *Jobs and employment service;* § 13.185 *Refunds, repairs, and replacements.* Subpart—*Claiming or using indorsements or testimonials falsely or misleadingly:* § 13.330 *Claiming or using indorsements or testimonials falsely or misleadingly.* Subpart—*Misrepresenting oneself and goods:* Business status, advantages or connections: § 13.1395 *Connections and arrangements with others;* [*Misrepresenting oneself and goods*]—Goods: § 13.1610 *Demand for or business opportunities;* § 13.1615 *Earnings and profits;* § 13.1663 *Individual's special selection or situation;* § 13.1665 *Indorsements;* § 13.1670 *Jobs and employment;* § 13.1697 *Opportunities in product or service;* § 13.1725 *Refunds.* Subpart—*Using misleading name*—Vendor: § 13.2418 *International nature.*[1]

(Sec. 6, 38 Stat. 721; 15 U. S. C. 46. Intepret or apply sec. 5, 38 Stat. 719, as amended; 15 U. S. C. 45) [Cease and desist order, International Motels, Inc., et al., Millbrae, Calif., Docket 6457, April 27, 1956]

In the Matter of International Motels, Inc., a Corporation, and Lewis I. Heater, Reedy O. Bouldin, Frank E. Weeks, and Albert I. Mayberry, Individually and as Officers of Said Corporation

This proceeding was heard by a hearing examiner on the complaint of the Commission—charging a corporation and its officers, engaged in selling a correspondence course designed to prepare students for work as motel managers, with principal place of business in Millbrae, Calif., with making false claims in advertising in newspapers, etc., and by statements of sales persons concerning opportunities, earnings, demand for graduates, branch offices in other cities, connection with prominent motels and resorts, operation of many motels, and international nature, among other things—and an agreement between the parties providing for the entry of a consent order.

On this basis, the hearing examiner made his initial decision, including order to cease and desist, which became, on April 27, 1956, the decision of the Commission.

Said order to cease and desist is as follows:

It is ordered, That respondents International Motels, Inc., a corporation, and its officers, and Lewis I. Heater, Reedy O. Bouldin, Frank E. Weeks, and Albert I. Mayberry, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of a course of study and instruction intended for preparing purchasers thereof for employment as motel managers or any similar course or courses of instruction and study, do forthwith cease and desist from:

1. Representing, directly or by implication:

(a) That it is easy for anyone to take or complete respondents' course of instruction.

(b) That respondents will refund tuition paid on contracts, unless such refunds are in fact made upon demand of the purchaser.

(c) That typical earnings of persons finishing respondents' course of instruction are greater than is the fact.

(d) That the practical training included in respondents' course of instruction will be provided at specific places or without extra cost or at reduced rates, unless the place, cost and facilities to be provided are clearly and definitely set forth in advance by the respondents.

(e) That persons completing respondents' course of instruction are assured or guaranteed specific salaries, or that opportunities for employment are greater than is the fact.

(f) That respondents own, control, operate or are affiliated with other motels.

(g) That respondents maintain a placement or employment service, unless respondents in fact provide such service to assist persons completing their course of instruction.

(h) That there is a demand in the motel business for managers trained through respondents' course of instruction.

(i) That respondents maintain branch offices in other cities.

(j) That home consultation service is available to purchasers of respondents' course of instruction.

(k) That only selected persons are qualified and accepted for enrollment in respondents' course of instruction.

(l) That persons completing respondents' course of instruction or those who have employed them endorse respondents' course of instruction.

(m) That leading motels acclaim respondents' course of instruction, or the quality and capability of their graduates.

2. Using the word "International", or any other word of similar import or meaning as a part of the corporate respondent's name; or otherwise representing, directly or by implication, that said respondent corporation constitutes an international organization or business.

By "Decision of the Commission", etc., report of compliance was required as follows:

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

Issued: April 27, 1956.

By the Commission.

[SEAL] ROBERT M. PARRISH, *Secretary.*

[F. R. Doc. 56-3917; Filed, May 17, 1956; 8:45 a. m.]

[1] New.

[Docket 6414]

PART 13—DIGEST OF CEASE AND DESIST ORDERS

FORREST A. JONES ET AL.

Subpart—*Advertising falsely or misleadingly:* § 13.20 *Comparative data or merits;* § 13.90 *History of product or offering;* § 13.110 *Indorsements, approval and testimonials;* § 13.130 *Manufacture or preparation;* § 13.170 *Qualities or properties of product or service.* Subpart—*Claiming or using indorsements or testimonials falsely or misleadingly:* § 13.330 *Claiming or using indorsements or testimonials falsely or misleadingly.*

(Sec. 6, 38 Stat. 721; 15 U. S. C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U. S. C. 45) [Cease and desist order, Forrest A. Jones d. b. a. Oregon Hearing Center (Portland, Oreg.), etc., et al., Docket 6414, April 28, 1956]

In the Matter of Forrest A. Jones, an Individual Doing Business as Oregon Hearing Center, and as California Hearing Center, and as Western Hearing Center, and Forrest A. Jones and John A. Holm, Individuals and Copartners Doing Business as Washington Hearing Center

This proceeding was heard by a hearing examiner on the complaint of the Commission charging two individuals, one doing business in Portland, Oreg., and San Francisco, and both operating as partners in Seattle, Wash., with using "bait" advertising and with advertising their several types of hearing aids falsely in newspapers and circulars and by radio broadcasts, as, variously, complete hearing aids, fitting any ear, invisible, approved by the American Medical Association and its affiliated medical councils, recent inventions, developed at their own laboratory, enabling deaf persons to "hear everything" and better than with competitors' products—and an agreement between the parties providing for the entry of a consent order.

On this basis, the hearing examiner made his initial decision and order to cease and desist, which, by order of April 27, 1956, became, on April 28, 1956, the decision of the Commission.

Said order to cease and desist is as follows:

It is ordered, That respondent Forrest A. Jones, an individual doing business as Oregon Hearing Center, California Hearing Center, Western Hearing Center, or under any other trade name or names, and respondents Forrest A. Jones and John A. Holm, as individuals or as copartners trading as Washington Hearing Center or under any other trade name or names, and respondents' representatives, agents or employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of hearing aids and of other devices represented to be hearing aids, do cease and desist from directly or indirectly:

1. Disseminating or causing to be disseminated by means of the United States Mails or by any other means in commerce, as "commerce" is defined in the Federal Trade Commission Act, any advertisement which represents directly or by implication that:

(a) The canal ear phone receivers offered for sale are:

(1) Complete hearing aids or will, in themselves, provide hearing to persons suffering from hearing loss;

(2) Are transistor-powered aids;

(3) Are invisible;

(4) Will fit any ear;

(5) Have the approval of the American Medical Association, or of any medical councils affiliated therewith, when such is contrary to the fact.

(b) The bone conduction type of hearing aids offered for sale by respondents are a recent invention, are invisible, or that they will enable persons suffering from hearing loss to hear as well as normal-hearing persons.

(c) The non-powered ear canal inserts advertised or offered for sale by respondents, whether designated "Hear-Mold", "True-Ear", "Ear-Aid", or by any other name or names, or any device of similar design, construction, or properties:

(1) Provide a natural way to better hearing;

(2) Were developed at respondents' laboratory;

(3) Will be of any benefit to persons suffering from deafness or hearing loss except in instances when deafness or hearing loss is caused by collapse or partial collapse of the ear canal and unless such advertisements disclose that such causes are infrequent.

(d) The air conduction hearing aids offered for sale will enable persons suffering from hearing loss:

(1) To hear everything;

(2) To hear farther, or more naturally than they would by using competitive brands of hearing aids.

2. Disseminating or causing to be disseminated by any means for the purpose of inducing or which is likely to induce, directly or indirectly, the purchase of any such devices in commerce, as "commerce" is defined in the Federal Trade Commission Act, any advertisement which contains any of the representations prohibited in Paragraph 1 above.

It is further ordered, That respondent Forrest A. Jones, an individual doing business as Oregon Hearing Center, California Hearing Center, Western Hearing Center, or under any other trade name or names, and respondents Forrest A. Jones and John A. Holm, as individuals or as copartners trading as Washington Hearing Center, or under any other trade name or names, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of hearing aids and accessories in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that hearing aids and accessories are offered for sale when such offer is not a bona fide offer to sell the merchandise so offered.

By "Decision of the Commission," etc., report of compliance was required as follows:

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

Issued: April 27, 1956.

By the Commission.

[SEAL] ROBERT M. PARRISH, *Secretary.*

[F. R. Doc. 56-3918; Filed, May 17, 1956; 8:46 a. m.]

[Docket 6493]

PART 13—DIGEST OF CEASE AND DESIST ORDERS

VAISEY-BRISTOL SHOE CO., INC., ET AL.

Subpart—*Advertising falsely or misleadingly:* § 13.170 *Qualities or properties of product or service.*

(Sec. 6, 38 Stat. 721; 15 U. S. C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U. S. C. 45) [Cease and desist order, Vaisey-Bristol Shoe Company, Inc. (Monett, Mo.), et al., Docket 6493, May 2, 1956]

In the Matter of Vaisey-Bristol Shoe Company, Inc., a Corporation, and Sam Vaisey and Joe McCaffery, Individually and as Officers of Vaisey-Bristol Shoe Company, Inc., and Storm Advertising Company, Inc., a Corporation, and Morry Storm, Individually and as an Officer of Storm Advertising Company, Inc.

This proceeding was heard by a hearing examiner on the complaint of the Commission—charging a corporate manufacturer of "Jumping Jack" juvenile shoes and its advertising agency with advertising falsely in newspapers, magazines, catalogs, and labels on cartons, etc., and by radio broadcasts, that the wearing of said shoes would guide little feet through the formative years and into proper walking habits, assure that the feet would grow straight and strong and develop normally, cause the arch and toes to stay strong and healthy, help bones and muscles to grow straight and strong, promote better health habits, prevent foot defects, help youngsters walk straighter, improve and promote the health of the feet and the general health; and incorporated therapeutic and corrective devices and health features—and an agreement between the parties providing for the entry of a consent order.

On this basis, the hearing examiner made his initial decision and order to cease and desist which, on May 2, 1956, became the decision of the Commission.

Said order to cease and desist is as follows:

It is ordered, That the respondent Vaisey-Bristol Shoe Company, Inc., a corporation, its officers and respondents Samuel B. Vaisey (otherwise known as Sam Vaisey), and Joseph A. McCaffrey (otherwise known as Joe McCaffery), individually and as officers of respondent Vaisey-Bristol Shoe Company, Inc., and Storm Advertising Company, Inc., a

corporation, its officers and Morry Storm, individually and as an officer of respondent Storm Advertising Company, Inc., their representatives, agents and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of respondents' shoes designated "Jumping-Jacks," or any other shoes of similar construction, irrespective of the designation applied thereto, do forthwith cease and desist from:

1. Representing, directly or by implication, that the wearing of respondents' said shoes:

(a) Will guide the feet through the formative years or into proper walking habits, or will have any significant beneficial effect on walking habits;

(b) Will assure that the feet grow straight or strong or develop normally, or will have any significant beneficial effect on the growth or development of the feet;

(c) Will cause the arch or toes to stay strong or healthy;

(d) Will help bones or muscles to grow straight or strong;

(e) Will promote better health habits;

(f) Will prevent foot defects;

(g) Will help youngsters walk straighter;

(h) Will improve or promote the health of the feet or the general health.

2. Using the word "health" or any other word or term of similar meaning, alone or in combination with any other word or words, to designate, describe or refer to respondents' shoes in such manner as to import or imply that respondents' shoes incorporate therapeutic or corrective devices or contain health features.

By "Decision of the Commission", etc., report of compliance was required as follows:

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

Issued: May 2, 1956.

By the Commission.

[SEAL] ROBERT M. PARRISH, *Secretary.*

[F. R. Doc. 56-3941; Filed, May 17, 1956; 8:49 a. m.]

TITLE 19—CUSTOMS DUTIES

Chapter I—Bureau of Customs, Department of the Treasury

[T. D. 54067]

PART 24—CUSTOMS FINANCIAL AND ACCOUNTING PROCEDURES

ASSESSMENT AND COLLECTION OF CERTAIN CUSTOMS FEES

In order to assist the owner of a registered patent in obtaining data upon which to file a complaint under section 337 of the Tariff Act of 1930 (19 U. S. C. 1337), charging unfair methods of competition and unfair acts in the importation of merchandise infringing his patent, the Bureau of Customs, upon request of an owner of a patent, will furnish the names and addresses of importers of merchandise believed to infringe his patent. To cover the expense to the Government of compiling such information which is obtained solely for the benefit of the patent holder, a fee of $100 shall be charged for checking importations against a registered patent during a period of 60 days and for furnishing the names and addresses of importers importing merchandise which appears to infringe such patent.

Accordingly, § 24.12 (a) of the Customs regulations is amended by adding a new subparagraph (3) reading as follows:

(3) A customs fee of $100 shall be collected for each application for the furnishing, for a period of 60 days, the names and addresses of importers of articles appearing to infringe a registered patent. Where this information is furnished for a second period of 60 days, an additional fee of $100 shall be collected.

(R. S. 161, sec. 501, 65 Stat. 290; 5 U. S. C. 22, 140)

Notice of the proposed issuance of the foregoing amendment was published in the FEDERAL REGISTER on March 21, 1956 (21 F. R. 1747), pursuant to section 4 of the Administrative Procedure Act (5 U. S. C. 1003). No data, views, or arguments pertaining thereto were received and the amendment set forth above is hereby adopted.

This amendment is not retroactive and shall be effective only on applications received on or after the effective date of this amendment.

This amendment shall become effective upon the expiration of 30 days after the date of publication in the FEDERAL REGISTER.

[SEAL] RALPH KELLY, *Commissioner of Customs.*

Approved: May 11, 1956.

DAVID W. KENDALL, *Acting Secretary of the Treasury.*

[F. R. Doc. 56-3931; Filed, May 17, 1956; 8:48 a. m.]

TITLE 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

[Rules Amdt. 8-15]

PART 8—STATIONS ON SHIPBOARD IN THE MARITIME SERVICES

GENERAL EXEMPTION ORDERS ISSUED EXEMPTING SHIPS FROM COMPULSORY RADIO PROVISIONS

In the matter of amendment of Part 8 of the Commission's rules for the purpose of making certain editorial changes therein to include a list of the current general exemptions issued by the Commission.

The Commission having under consideration the desirability of making certain editorial changes in Part 8 of its rules and regulations; and

It appearing that the amendments adopted herein are editorial in nature for the purpose of including in Part 8 of the Commission's rules a listing of the general exemptions issued by the Commission which are currently in force, and, therefore, compliance with the public notice and rule making procedures prescribed by section 4 (a) and (b) of the Administrative Procedure Act is unnecessary, and for the same reason, compliance with the effective date provisions of section 4 (c) of the Administrative Procedure Act is not required; and

It further appearing that the amendments adopted herein are issued pursuant to authority contained in sections 4 (i), 5 (d) (1) and 303 (r) of the Communications Act of 1934, as amended, and section 0.341 (a) of the Commission's Statement of Organization, Delegations of Authority and Other Information;

It is ordered, This 14th day of May 1956, that, effective May 21, 1956, Part 8 of the Commission's rules is revised as set forth below.

(Sec. 4, 48 Stat. 1066, as amended; 47 U. S. C. 154. Interprets or applies sec. 303, 48 Stat. 1082, as amended; sec. 5, 66 Stat. 713; 47 U. S. C. 303, 155)

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] MARY JANE MORRIS, *Secretary.*

Released: May 15, 1956.

1. Delete the text of § 8.803 and insert the following in lieu thereof:

§ 8.803 *Appendix III—General exemption orders issued exempting ships from compulsory radio provisions.*

(a) Order, May 3, 1956, granting exemption, pursuant to section 352 (b) (3) of the Communications Act of 1934, as amended, to:

(1) All United States passenger vessels of a tonnage of less than 100 gross tons, not subject to the radio provisions of the Safety Convention, from the radio provisions of Title III, Part II of the Communications Act of 1934, as amended, for an additional period not to extend beyond May 13, 1957, when navigated on voyages in the open sea in waters lying between:

Hog Island, Virginia and Fire Island Light, New York; or

Hillsboro Light and Triumph Reef Beacon, Florida; or

Naples, Florida and Brownsville, Texas; or

Point Conception, California and Point Descanso or the Coronado Islands, Mexico; or

Salt Point and Point Sur, California;

Provided, That during the course of the voyages the vessels will be navigated not more than 20 nautical miles from the nearest land.

(2) All United States passenger vessels of a tonnage up to and including 15 gross tons, not subject to the radio provisions of the Safety Convention, from the radio provisions of Title III, Part II of the Communications Act of 1934, as amended, for an additional period not to extend beyond May 13, 1957: *Provided*, That during the course of the voyages the vessels will be navigated not more than 20 nautical miles from the nearest land.

(b) These exemptions may be terminated at any time without hearing, if, in the Commission's discretion, the need for such action arises.

[F. R. Doc. 56-3933; Filed, May 17, 1956; 8:48 a. m.]

TITLE 26—INTERNAL REVENUE, 1954

Chapter I—Internal Revenue Service, Department of the Treasury

Subchapter E—Alcohol, Tobacco, and Other Excise Taxes

PART 253—REMOVALS OF ALCOHOLIC LIQUORS, TOBACCO PRODUCTS, AND OTHER DOMESTIC ARTICLES TO FOREIGN-TRADE ZONES

On January 4, 1956, a notice of proposed rule making with respect to regulations designated as Part 253 of Title 26 (1954) of the Code of Federal Regulations was published in the FEDERAL REGISTER (21 F. R. 21). The purposes of the proposal were to supersede Regulations 31 (26 CFR (1939) Part 199) to the extent such regulations apply to liquor, flavoring extracts and medicinal or toilet preparations made with taxpaid alcohol, stills, worms, and condensers, and to tobacco products and cigarette papers and tubes and to adopt such superseded regulations as Part 253, Title 26 (1954), of the Code of Federal Regulations, amended: (a) To implement the regulatory provisions of the Internal Revenue Code of 1954; (b) to implement administrative decisions; (c) to provide for the execution of claims and applications for destruction under penalty of perjury; and (d) to delete certain administrative instructions. After consideration of all relevant matter presented by interested parties, regarding the regulations proposed, the regulations so published are hereby adopted, subject to the changes set forth below:

PARAGRAPH 1. The first paragraph of the preamble is amended as follows:

(A) The word "articles" is placed in quotation marks.

(B) The reference to "§ 253.12" is changed to "§ 253.20".

(C) Section 253.24 is renumbered § 253.21.

PAR. 2. Subpart B is amended as follows:

(A) Section 253.10 is renumbered § 253.20, and is amended by striking the word "subpart" and inserting in lieu thereof the word "section".

(B) Section 253.19 is amended by striking ", spirits, alcohol, and alcoholic spirits".

(C) The following sections are made a part of § 253.20 and their section numbers are deleted: §§ 253.11 through 253.23, and §§ 253.25 through 253.35.

(D) Section 253.24 is renumbered § 253.21 to follow after § 253.20.

PAR. 3. The fifth sentence of § 253.50, which begins "In the event", is amended by inserting immediately following the words "In the event", the following words: "there is evidence".

PAR. 4. The third sentence of § 253.376, which begins, "However, a manufacturer", is amended by striking the words "consent of the surety on", and inserting in lieu thereof the words: "an extension of coverage of bond, Form 2105, extending".

PAR. 5. Section 253.377 is amended to read as set forth below.

PAR. 6. Section 253.378 is amended by striking "articles or tobacco materials", and inserting in lieu thereof: "tobacco products, or cigarette papers or tubes,".

PAR. 7. Section 253.379 is amended by striking "materials or articles", and inserting in lieu thereof: "products, or cigarette papers or tubes,".

PAR. 8. The second sentence of § 253.381 is amended by striking "The notice shall show all the applicable information called for on the form, and as required by this subpart, and", and inserting in lieu thereof: "Each such notice".

[SEAL] O. GORDON DELK,
Acting Commissioner of Internal Revenue.
RALPH KELLY,
Commissioner of Customs.

Approved: May 14, 1956.

DAVID W. KENDALL,
Acting Secretary of the Treasury.

Preamble. 1. Regulations 31 (26 CFR (1939) Part 199) are hereby superseded by the regulations in this part to the extent that Regulations 31 relate to "*articles*" as defined in § 253.20 of this part.

2. These regulations shall not affect any act done or any liability or right accruing, or accrued, or any suit or proceeding had or commenced before the effective date of these regulations.

3. The regulations in this part shall be effective on the first day of the month which begins not less than 30 days after the date of publication in the FEDERAL REGISTER.

BOTTLED OR PACKAGED DISTILLED SPIRITS AND WINES

DISTILLERS' ORIGINAL PACKAGES

BOTTLED OR PACKAGED BEER

Subpart H—Voluntary Destruction of Distilled Spirits, Wines, or Beer After Receipt in a Foreign-Trade Zone

Subpart I—Removal of Stills or Distilling Apparatus for Deposit in a Foreign-Trade Zone for Exportation, Destruction, or Storage Pending Exportation

REMOVALS FREE OF TAX

REMOVALS WITH BENEFIT OF DRAWBACK

Subpart J—Bonds and Consents of Surety

ASSISTANT REGIONAL COMMISSIONER'S ACCOUNTS WITH BONDS

TERMINATION OF TRANSPORTATION BONDS

Subpart K—Tobacco Products, Cigarette Papers and Tubes

AUTHORITY: §§ 253.1 to 253.387 issued under sec. 7805, 68A Stat. 917; 26 U. S. C. 7805. Statutory provisions interpreted or applied are cited to text in parentheses.

SUBPART A—SCOPE OF REGULATIONS

§ 253.1 *Removal of articles to foreign-trade zones.* This part relates to removals of articles, as defined in this part, to foreign-trade zones, for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines, and beer), or storage pending exportation. In addition to any permit required by this part for the transportation of an article to a zone, Customs Regulations (19 CFR Chapter I) require the exporter to obtain from the proper collector of customs authorization on Zone Form D for the entry of articles so transferred into a zone.

(48 Stat. 999; 19 U. S. C. 81c)

§ 253.2 *Export status.* Liquors and other articles of domestic manufacture deposited in a foreign-trade zone under this part shall be considered to be exported for the purpose of the statutes and bonds exacted for the payment of drawback, refund, or exemption from liability for internal revenue taxes and for the purposes of the internal revenue laws generally and the regulations thereunder. Export status is not acquired until application on Zone Form D for admission of the liquors or other articles into the zone has been approved by the collector of customs and he has certified on the required Internal Revenue Service form as to the deposit of the articles in the zone.

§ 253.3 *Articles laden as supplies on vessels and aircraft.* For the purpose of section 309 of the Tariff Act of 1930, as amended by section 11 of the Customs Simplification Act of 1953 (Pub. Law 243, 83d Cong.), articles removed to foreign-trade zones under the provisions of this part may be removed, pursuant to the provisions of the Code of Federal Regulations, Title 19, Chapter I, for use as supplies on vessels and aircraft.

§ 253.4 *Forms prescribed.* The Director, Alcohol and Tobacco Tax Division, is authorized to prescribe all Internal Revenue Service forms required by this part, including bonds, applications, notices, reports, returns, and records. Information called for shall be furnished in accordance with the instructions on the form or issued in respect thereto.

SUBPART B—DEFINITIONS

§ 253.20 *Meaning of terms.* As used in this part, unless the context otherwise requires, terms shall have the meanings ascribed in this section.

Alcohol. "Alcohol" shall mean spirits produced at industrial alcohol plants established and operated under sections 5301 through 5334 of the Internal Revenue Code.

Articles. "Articles" shall include: liquor as defined in this subpart; flavoring extracts, and medicinal or toilet preparations made with taxpaid alcohol; stills, worms, and condensers; and tobacco products and cigarette papers and tubes.

Assistant regional commissioner. "Assistant regional commissioner" shall mean the assistant regional commissioner, Alcohol and Tobacco Tax, who is responsible to and functions under the direction and supervision of the regional commissioner.

Beer. "Beer" shall mean beer, ale, porter, stout, and other similar fermented beverages (including sake or similar products) of any name or description containing one-half of 1 percent or more of alcohol by volume, brewed or produced from malt, wholly or in part, or from any substitute therefor.

(68A Stat. 612; 26 U. S. C. 5052)

Collector of customs. "Collector of customs" shall mean the person having charge of a customs collection district and shall also include assistant collector of customs, deputy collector of customs, and any person authorized by law, or by regulations approved by the Secretary of the Treasury, to perform the duties of a collector of customs.

Commissioner. "Commissioner" shall mean the Commissioner of Internal Revenue.

Denatured rum. "Denatured rum" shall mean rum denatured in accordance with the provisions of Part 216 of this title.

Director, Alcohol and Tobacco Tax Division. "Director, Alcohol and Tobacco Tax Division" shall mean the Director, Alcohol and Tobacco Tax Division, Internal Revenue Service, Treasury Department, Washington, D. C.

Distilled spirits. Distilled spirits shall mean:

(a) That substance known as ethyl alcohol, hydrated oxide of ethyl, or spirits of wine, which is commonly produced by the fermentation of grain, starch, molasses, or sugar, including all dilutions and mixtures of this substance, and

(b) Products of rectification.

District director. "District director" shall mean the district director of internal revenue.

Foreign-trade zone or zone. "Foreign-trade zone" or "zone" shall mean a foreign-trade zone established and operated pursuant to the act of June 18, 1934, as amended by Public Law 566, 81st Congress.

(48 Stat. 998–1003, as amended; 19 U. S. C. 81a–81u)

Gallon. "Gallon" or "wine gallon" shall mean a United States gallon of liquid measure equivalent to the volume of 231 cubic inches.

Including. The word "including" shall not be deemed to exclude things other than those enumerated which are in the same general class.

I. R. C. "I. R. C." shall mean the Internal Revenue Code of 1954.

Liquor. "Liquor" shall mean alcohol, specially denatured alcohol or denatured rum, distilled spirits, beer, and wine: *Provided*, That for the purposes of bonds, Forms 1702 and 1703, "Liquor" shall mean alcohol, distilled spirits and wines.

Person, proprietor or warehouseman. "Person," "proprietor," or warehouseman" shall include natural persons, trusts, estates, associations, partnerships, companies, and corporations.

Proof. "Proof" shall mean the ethyl alcohol content of a liquid at 60 degrees Fahrenheit, stated as twice the percent of ethyl alcohol by volume.

Proof gallon. "Proof gallon" shall mean the alcoholic equivalent of a United States gallon at 60 degrees Fahrenheit, containing 50 percent of ethyl alcohol by volume.

Regional Commissioner. "Regional Commissioner" shall mean the Regional Commissioner of Internal Revenue in each of the internal revenue regions.

Regulations. "Regulations" shall mean the regulations issued by U. S. Treasury Department, Internal Revenue Service, except as otherwise specified in this part.

Specially denatured alcohol. "Specially denatured alcohol" shall mean alcohol denatured in accordance with the provisions of Part 182 of this title.

U. S. C. "U. S. C." shall mean the United States Code.

Wine. "Wine", when used without qualification, includes all still wines, champagne and other sparkling wines, artificially carbonated wine, and special natural wine.

Zone Operator. "Zone Operator" shall mean the person to which the privilege of establishing, operating and maintaining a foreign-trade zone has been granted by the Foreign-Trade Zones Board created by the act of June 18, 1934, as amended by Public Law 566, 81st Congress.

(48 Stat. 998–1003, as amended; 19 U. S. C. 81a–81u)

§ 253.21 *Inclusive language.* Words in the plural shall include the singular, and vice versa, and words in the masculine gender shall include the feminine, associations, trusts, estates, partnerships, companies, and corporations.

SUBPART C—WITHDRAWAL OF ALCOHOL, SPECIALLY DENATURED ALCOHOL AND DENATURED RUM FOR DEPOSIT IN AND SUBSEQUENT EXPORTATION FROM A FOREIGN-TRADE ZONE

UNDENATURED ETHYL ALCOHOL

§ 253.40 *General.* Alcohol may be withdrawn, without payment of tax, from an industrial alcohol plant or bonded warehouse established and operated under the provisions of Part 182 of this title, for transportation to and deposit in a foreign-trade zone for exportation or for storage therein pending exportation. The withdrawal, transportation to and deposit in the foreign-trade zone and the accounting for any losses in transit shall be in accordance with this subpart and Subpart J of this part. Except as otherwise provided in this subpart, the packaging, bottling, casing, marking, stamping, and reporting of alcohol prior to withdrawal shall be in accordance with the provisions of Part 182 of this title, which are applicable to the exportation of alcohol.

(48 Stat. 999, 68A Stat. 647, 657; 19 U. S. C. 81c, 26 U. S. C. 5247, 5305)

§ 253.41 *Application and entry.* Whenever an exporter desires to remove alcohol from an industrial alcohol plant or bonded warehouse for transportation to and deposit in a foreign-trade zone for exportation, he shall make application on Form 1701, in quintuplicate, to the assistant regional commissioner of the region in which such plant or warehouse is located. Where the exporter is a person other than the proprietor of the premises from which the withdrawal is to be made, Form 1701 shall be delivered to the proprietor, for transmittal to such assistant regional commissioner. Each application on Form 1701 will be given a serial number by the applicant, beginning with "1" for the first day of January of each year and running consecutively thereafter to December 31, inclusive. The method of conveyance and the name of the carrier or carriers shall be shown whenever possible. If the alcohol is shipped on a through bill of lading and all the carriers handling the alcohol while in transit are not known, the name of the carrier to whom the alcohol is to be delivered at the shipping plant or warehouse must be shown. Where Form 1701 is signed by an agent, proper power of attorney on Form 1534, authorizing the agent to execute the form for the exporter, must be filed in duplicate with the assistant regional commissioner.

(68A Stat. 647, 657; 26 U. S. C. 5247, 5305)

§ 253.42 *Transportation bonds.* The exporter shall file a bond with the assistant regional commissioner of the region in which the industrial alcohol plant or bonded warehouse is located, to cover the transportation of the alcohol from the industrial alcohol plant or bonded warehouse to the foreign-trade zone. If a bond is given only for a specific lot of alcohol to be withdrawn, the bond shall be executed on Form 1702, in triplicate. The penal sum of such bond shall be not less than the tax at the distilled spirits rate on the quantity of alcohol to be withdrawn: *Provided*, That the maximum penal sum of such bond shall not exceed $200,000. If alcohol is to be withdrawn from time to time for transfer to a foreign-trade zone, a continuing bond on Form 1703 may be executed, in triplicate: *Provided*, That if the exporter has on file a bond on Form 1495 or Form 1496, as the case may be, he may file a consent of surety on Form 1533 extending the terms of such bond to cover the tax on all alcohol withdrawn for transportation to and deposit in a zone. The penal sum of the bond on Form 1703 or on the bond Form 1495 or 1496, as the case may be, on which the consent has been filed, shall be sufficient to cover the tax at the distilled spirits rate on the maximum quantity of alcohol to be withdrawn and that may remain unaccounted for at any time: *Provided*, That the penal sum of such bonds shall not exceed $200,000, but in no case shall be less than $1,000. Bonds and consents of surety shall be executed and approved in accordance with Subpart J of this part.

(68a Stat. 647, 657; 26 U. S. C. 5247, 5305)

§ 253.43 *Gauging of alcohol.* The proprietor, after determining the exact quantity in each container to be transferred and deposited in the foreign-trade zone, shall prepare Form 1440, in quintuplicate. One copy of Form 1440 will be attached to each copy of Form 1701.

(68A Stat. 639, 657; 26 U. S. C. 5212, 5305)

§ 253.44 *Approval of application and issuance of permit.* The proprietor of the industrial alcohol plant or bonded warehouse shall forward to the assistant regional commissioner all copies of Form 1701, with Form 1440 attached. If the bond, Form 1702 or Form 1703, has been approved and is in a sufficient penal sum, or if a consent of surety, Form 1533, extending the terms of a bond on Form 1495 or Form 1496, in sufficient penal sum, has been approved, and if the exporter has complied with the law and the regulations in this part in all respects, the assistant regional commissioner will issue permit on all copies of Form 1701 for removal and transportation of the alcohol to the zone and will return Form 1701, with Form 1440 attached, to the proprietor: *Provided*, That if the exporter is not the proprietor, the assistant regional commissioner will issue the permit only where he finds that the exporter is entitled to a permit under the provisions of Part 182 of this title.

(68A Stat. 647, 655, 657; 26 U. S. C. 5247, 5304, 5305)

§ 253.45 *Export stamps.* Every package of alcohol, including tank cars, tank trucks, and cases of bottled alcohol, intended for transfer to a foreign-trade zone must have an export stamp affixed thereto at the time of its removal from the industrial alcohol plant or bonded warehouse. Upon receipt of the assistant regional commissioner's permit for removal and transportation executed on Form 1701 with attached Form 1440, the proprietor will forward all copies to the district director of internal revenue who will issue the necessary number of export stamps, enter the kind and serial numbers of the stamps on all copies of Form 1440, retain one copy of each form and return the remaining four copies of each form with the export stamps to the proprietor. The proprietor will deliver the export stamps and Forms 1701, with the attached Forms 1440, to the storekeeper-gauger, who will verify the data on the stamps and affix his signature, or facsimile thereof, enter the serial numbers of the stamps on Forms 1701, and return the stamps to the proprietor.

(68A Stat. 603, 647, 657; 26 U. S. C. 5009, 5247, 5305)

§ 253.46 *Marking and stamping containers.* The containers will be marked and stamped in accordance with the provisions of Part 182 of this title relating to containers of alcohol withdrawn for exportation, except that the words "For Export" will be followed by "via F. T. Z. No." and the number of the consignor foreign-trade zone, in lieu of the names of the ports and the export permit number.

(68A Stat. 603, 647, 657; 26 U. S. C. 5009, 5247, 5305)

§ 253.47 *Release of alcohol.* After the containers have been properly marked and stamped and, in the case of tank cars and tank trucks, sealed with Government cap seals, the storekeeper-gauger will, after the proprietor has noted the serial numbers of the cap seals, if any, on Form 1440, approve the proprietor's application on such form to withdraw the containers and will release the alcohol for shipment to the foreign-trade zone named in the application, Form 1701. Upon removal of the alcohol the store-

keeper-gauger will execute the report of removal on Form 1701.

§ 253.48 *Delivery to zone.* Alcohol may be delivered directly to a zone by the exporter in vehicles owned or controlled by him, or to a carrier holding permit under Part 182 of this title to transport tax-free alcohol, for transportation to a zone. Where delivery is made to a carrier for transportation to a zone, the proprietor shall procure a copy of the bill of lading, if any, covering such transportation and deliver it to the storekeeper-gauger.

(68A Stat. 647, 655, 657; 26 U. S. C. 5247, 5304, 5305)

§ 253.49 *Disposition of forms.* When the alcohol has been withdrawn, the storekeeper-gauger will forward immediately one copy of the Form 1701, with Form 1440 attached, and a copy of the bill of lading, if any, to the assistant regional commissioner of the region in which the plant or warehouse is located. He will mail two copies of the forms to the customs officer in charge at the foreign-trade zone, except that in the case of transfers in tank trucks, he will mail one copy of each form to such customs officer and enclose the other copies in a sealed envelope addressed to such customs officer and give the same to the driver of the tank truck for delivery to him. The storekeeper-gauger will deliver the remaining copies of the forms to the proprietor for filing.

(68A Stat. 647, 657; 26 U. S. C. 5247, 5305)

§ 253.50 *Deposit in foreign-trade zone.* Upon receipt at the foreign-trade zone, the containers of alcohol shall be inspected by a customs officer, who shall make such inspection or gauge as is necessary to establish that the shipment corresponds with the description thereof on the Form 1701 and accompanying gauge report Form 1440. The customs officer shall examine the contents of such containers as are found broken, damaged, or tampered with, or which he suspects do not contain the spirits originally packaged therein, and shall make a special report thereon. The customs officer shall note on his report any deficiency in quantity or discrepancy between the merchandise inspected or gauged and that described in the entry. Containers bearing evidence of loss may be deposited in the zone, unless the circumstances indicate fraud, as distinguished from losses by leakage, minor pilferage or theft in transit. In the event there is evidence of fraud the collector of customs will detain the alcohol and report the facts immediately to the assistant regional commissioner of the region in which the zone is located, who will cause immediate investigation to be made and will take such action as the facts may warrant. Where alcohol is so detained, it shall be deemed not to have been deposited in the zone, and customs officers will hold in abeyance the processing of Form 1701 and Zone Form D until the detained alcohol will have been released in accordance with § 253.55. Where the inspection or gauge discloses no loss, or where a loss is disclosed by such inspection or gauge and there is no evidence to indicate fraud, the officer shall execute his certificate of inspection on Form 1701, reporting thereon any discrepancy found, giving the serial numbers of the packages or cases, or the railroad tank car number, or the tank truck number and the State license number of the tank truck (if the tank truck is of the trailer type, the license number of the trailer will be shown), the original contents in proof gallons, and the nature and extent of any losses or discrepancies. The officer shall cut out that portion of each of the export stamps extending from the top to the bottom and embracing the entire width between the borders thereof and attach them to one copy of the Form 1701, and shall then forward both copies of Form 1701 with attachments to the collector of customs. The collector of customs will execute his certificate of deposit on Form 1701 and forward one copy of the form with Forms 1440 and 696, if any, and the cut-out portions of the stamps to the assistant regional commissioner who approved the permit. The remaining copy of the Form 1701, with attachments, if any, will be retained by the collector of customs.

(68A Stat. 647, 657; 26 U. S. C. 5247, 5305)

§ 253.51 *Loss of alcohol in transit.* The tax on alcohol lost by leakage, casualty, or unavoidable cause during shipment or transfer from an industrial alcohol plant or bonded warehouse to a foreign-trade zone may be remitted if satisfactory evidence establishes that such alcohol has not been diverted to any illegal use by the exporter or carrier or other person having legal custody or control thereof or with connivance, collusion, fraud, or negligence on the part of the exporter or carrier or such other person or the employees of any of them: *Provided,* That such allowance shall not be granted if the person claiming same is indemnified against such loss by a valid claim of insurance.

(68A Stat. 604, 647, 657; 26 U. S. C. 5011, 5247, 5305)

§ 253.52 *Notice to exporter.* If upon examination of Form 1701, and Form 696, if any, received from the collector of customs, the assistant regional commissioner is of the opinion that alcohol reported lost had been diverted to any illegal use, he will advise the exporter by letter (a) of the identity of the containers; (b) of the amount of the loss; (c) of the circumstances indicating diversion; and (d) that filing of proof of loss and claim for remission of tax is required.

(68A Stat. 604, 647, 657; 26 U. S. C. 5011, 5247, 5305)

§ 253.53 *Filing of claims.* When the exporter has received a notice of loss from the assistant regional commissioner and has been notified that the filing of a claim is required, he shall, within 30 days from the date of the notification, submit a claim for remission of the tax on the alcohol lost. Such claim shall be made on letter-size paper (original only) showing the name and address of the claimant, and setting forth the following information:

(a) The serial numbers of the packages or cases, or the railroad tank car number, or the tank truck number and the State license number of the tank truck (if the tank truck is of the trailer type, the license number of the trailer will be shown);

(b) The quantity of alcohol lost from each container and the total quantity of alcohol covered by the claim;

(c) The total amount of tax for which the claim is filed;

(d) The date, penal sum, and form number of the bond under which withdrawal and shipment were made;

(e) The name, registry number and location of the industrial alcohol plant or warehouse from which the alcohol was withdrawn;

(f) The date of the loss, if known, and the cause and nature thereof, together with all of the known facts related thereto;

(g) Whether the alleged loss occurred without any fraud or negligence on the part of the exporter, owner, carrier, or their agents or employees, and whether claim has been made or is contemplated against such persons on account of such loss; and

(h) Whether the alcohol lost is covered by valid claim of insurance in excess of the market value thereof, exclusive of the tax. If the alcohol is insured, the statement will show the market value of the alcohol per proof gallon, the amount and date of each and every policy of insurance, the name and location of the company by which each and every policy was issued, the name and address of the bona fide owner of the alcohol and, to the best of the affiant's knowledge, whether any other person or party is indemnified against the payment of the tax sought to be remitted. The claim shall be signed by the exporter or his authorized agent and immediately above the signature there will appear the following statement: "I declare under the penalties of perjury that this cliam has been examined by me and to the best of my knowledge and belief is a true and correct claim." The assistant regional commissioner may require such further evidence as is deemed necessary.

(68A Stat. 604, 647, 657; 26 U. S. C. 5011, 5247, 5305)

§ 253.54 *Action by assistant regional commissioner.* Where large losses in transit are reported, the assistant regional commissioner will cause immediate investigation to be made. When a claim for remission of tax is received, the assistant regional commissioner will carefully examine it to see that the required information has been furnished and will cause such investigation to be made or require such additional evidence to be submitted as he may deem necessary. Upon completion of the claim investigation, the assistant regional commissioner will allow or disallow the claim in accordance with existing law and regulations. If the assistant regional commissioner finds that there has been a diversion of alcohol to any illegal use by the exporter or carrier or other person having legal custody or control thereof, or with connivance, collusion, fraud, or negligence on the part of the exporter or carrier or such other person or the employees of any of them, the tax on the alcohol di-

verted will be assessed, or liability asserted against the bond covering the shipment, as the case may be, and the remainder, if any, of the alcohol may be subject to seizure and forfeiture. In the event the exporter does not file proof of loss and claim for remission of tax, as provided in this subpart, the assistant regional commissioner will report the tax for assessment in accordance with the prescribed procedure. Assistant regional commissioners will keep an account with each bond in accordance with Subpart J of this part.

(68A Stat. 600, 604, 647, 657, 667; 26 U. S. C. 5007, 5011, 5247, 5305, 7302)

§ 253.55 *Release of detained alcohol.* When alcohol has been detained at a foreign-trade zone pending investigation and determination of fraud in accordance with § 253.50, the collector of customs shall not release such alcohol for deposit until he is advised so to do by the assistant regional commissioner.

(68A Stat. 647, 657; 26 U. S. C. 5247, 5305)

SPECIALLY DENATURED ALCOHOL

§ 253.60 *General.* Specially denatured alcohol may be withdrawn, free of tax, from denaturing plants and premises of bonded dealers established and operated under the provisions of Part 182 of this title for transportation to and deposit in a foreign-trade zone for exportation or for storage therein pending exportation. The withdrawal, transportation to and deposit in the foreign-trade zone, and the accounting for any losses, shall be in accordance with this subpart and Subpart J of this part. Except as otherwise provided in this subpart, the packaging, marking and reporting of specifically denatured alcohol prior to withdrawal, shall be in accordance with the provisions of Part 182 of this title which are applicable to the exportation of specially denatured alcohol.

(48 Stat. 999, 68A Stat. 658; 19 U. S. C. 81c, 26 U. S. C. 5310)

§ 253.61 *Application and entry.* Whenever a denaturer or bonded dealer desires to withdraw specially denatured alcohol for transportation to and deposit in a foreign-trade zone for exportation, he shall make application on Form 1701 to the assistant regional commissioner of the region in which the denaturing plant or bonded dealer is located, in accordance with the applicable provisions of § 253.41 covering the withdrawal of alcohol, except that an original and three copies will be prepared instead of an original and four copies.

(68A Stat. 657, 658; 26 U. S. C. 5305, 5310)

§ 253.62 *Consent of surety.* The denaturer or bonded dealer must file a consent of surety, Form 1533, in triplicate, extending the terms of his bond, Form 1432–A or Form 1475, as the case may be, which consent shall contain the undertaking that:

> The obligors hereby agree to extend the terms of said bond to cover all liability that may be incurred by the principal on all specially denatured alcohol withdrawn by him for transportation to and deposit in a foreign-trade zone for which satisfactory evidence of deposit therein is not submitted to the assistant regional commissioner.

Consents of surety shall be executed and approved in accordance with Subpart J of this part.

(68A Stat. 657, 658; 26 U. S. C. 5305, 5310)

§ 253.63 *Approval of application and issuance of permit.* The denaturer or bonded dealer shall forward all copies of Form 1701 to the assistant regional commissioner. If the consent of surety, Form 1533, extending the terms of the bond, Form 1432–A or Form 1475, has been approved and the bond is in a sufficient penal sum, the assistant regional commissioner shall issue permit on Form 1701 for removal and transportation of the specially denatured alcohol to the zone, and shall return all copies of Form 1701 to the applicant.

(68A Stat. 657, 658; 26 U. S. C. 5305, 5310)

§ 253.64 *Marking of containers.* The containers will be marked in accordance with the provisions of Part 182 of this title applicable to containers of specially denatured alcohol withdrawn for exportation, except that the words "For Export" will be followed by "via F. T. Z. No." and the number of the consignor foreign-trade zone, in lieu of the names of the ports and the export permit number.

(68A Stat. 639; 26 U. S. C. 5212)

§ 253.65 *Shipment from denaturing plant or bonded dealer's premises.* As soon as filling has been completed, tank cars or tank trucks shall be sealed in such manner as will effectively secure all openings affording access to the contents of the tank. Railroad or other appropriate seals, dissimilar in marking to the cap seals used by the Internal Revenue Service, shall be furnished and affixed by the proprietor or the carrier. The serial numbers of all seals used shall be noted on the Form 1701. Upon removal of the specially denatured alcohol the proprietor shall execute the report of removal on all copies of the Form 1701.

(68A Stat. 639, 658; 26 U. S. C. 5212, 5310)

§ 253.66 *Delivery to zone.* Specially denatured alcohol may be delivered directly to a zone by the denaturer or bonded dealer in vehicles owned or controlled by him, or to a carrier, holding permit under Part 182 of this title to transport specially denatured alcohol, for transportation to a zone. Where delivery is made to a carrier for transportation to a zone, a copy of the bill of lading, if any, covering such transportation shall be procured by the shipper for attachment to the copy of Form 1701 to be transmitted to the assistant regional commissioner.

(68A Stat. 655; 26 U. S. C. 5304)

§ 253.67 *Disposition of forms.* When the specially denatured alcohol has been withdrawn and a copy of the bill of lading, if any, has been procured by the denaturer or bonded dealer, as the case may be, the denaturer or the bonded dealer will forward immediately one copy of the Form 1701, and the bill of lading, if any, to the assistant regional commissioner of the region in which the denaturing plant or bonded dealer is located. He will mail two copies of Form 1701 to the customs officer in charge at the foreign-trade zone, except that in the case of transfers in tank trucks, he will mail one copy to such customs officer and enclose the other copy in a sealed envelope addressed to such customs officer and give the same to the driver of the tank truck for delivery to him. The denaturer or bonded dealer, as the case may be, will retain the remaining copy of Form 1701.

(68A Stat. 658; 26 U. S. C. 5310)

§ 253.68 *Deposit in foreign-trade zone.* Upon receipt at the zone, the specially denatured alcohol shall be inspected by a customs officer, who will determine if it agrees in all respects with the description thereof on Form 1701. The officer will carefully examine the contents of any containers which are broken or tampered with and will report on both copies of Form 1701 any shortage and the apparent cause thereof. If the inspection discloses evidence of fraud, as distinguished from losses by leakage, minor pilferage or theft in transit, the collector of customs will detain the specially denatured alcohol and report the facts immediately to the assistant regional commissioner of the region in which the zone is located, who will cause immediate investigation to be made and will take such action as the facts may warrant. Where specially denatured alcohol is so detained, it shall be deemed not to have been deposited in the zone, and customs officers will hold in abeyance the processing of Form 1701 and Zone Form D pertaining to such specially denatured alcohol, until the detained specially denatured alcohol will have been released in accordance with the provisions of § 253.69. Where the inspection discloses no shortage, or where a shortage is disclosed but there is no evidence to indicate fraud, the customs officer will execute his certificate of inspection on Form 1701 and forward both copies thereof to the collector of customs, who will execute his certificate of deposit on Form 1701, retain one copy, and forward one copy to the assistant regional commissioner who approved the permit.

(68A Stat. 658; 26 U. S. C. 5310)

§ 253.69 *Loss of specially denatured alcohol in transit.* Losses of specially denatured alcohol by leakage, casualty, or unavoidable cause during shipment or transfer from a denaturing plant or premises of a bonded dealer to a foreign-trade zone may be allowed, if satisfactory evidence establishes that such specially denatured alcohol has not been diverted to any illegal use by the exporter or carrier or other person having legal custody or control thereof or with connivance, collusion, fraud, or negligence on the part of the exporter or carrier or such other person or the employees of any of them. The investigation of losses, notice to exporter, procedure for filing claims, action by the assistant regional commissioner, and release of detained specially denatured

alcohol shall be in accordance with the procedure prescribed in §§ 253.52 through 253.55, insofar as applicable, governing losses of alcohol.

(68A Stat. 595; 604; 26 U. S. C. 5001, 5011)

DENATURED RUM

§ 253.75 *General.* Denatured rum may be withdrawn, without payment of tax, from distillery denaturing bonded warehouses established and operated under the provisions of Part 216 of this title, for deposit in foreign-trade zones for exportation or storage therein pending exportaton. Such withdrawals may be made in packages of any desired size, including tank cars and tank trucks. The withdrawal, transportation to and deposit in a foreign-trade zone, and the accounting for any losses, shall be in accordance with this subpart and Subpart J of this part. Except as otherwise provided in this subpart, the packaging, marking, and reporting of denatured rum prior to withdrawal, shall be in accordance with the provisions of Part 216 of this title which are applicable to the exportation of denatured rum.

(48 Stat. 999, 68A Stat. 661; 19 U. S. C. 81c, 26 U. S. C. 5331)

§ 253.76 *Application and entry.* Where the proprietor of a denaturing bonded warehouse desires to withdraw denatured rum for transportation to and deposit in a foreign-trade zone for exportation, he shall make application on Form 1701 to the assistant regional commissioner of the region in which the denaturing bonded warehouse is located, in accordance with the applicable provisions of § 253.41 covering the withdrawal of alcohol, except that an original and three copies will be prepared instead of an original and four copies.

(68A Stat. 661; 26 U. S. C. 5331)

§ 253.77 *Consent of surety.* The proprietor of the denaturing bonded warehouse must file a consent of surety, Form 1533, in triplicate, extending the terms of his bond, Form 572, which consent shall contain the undertaking that:

The obligors hereby agree to extend the terms of said bond to cover all liability that may be incurred by the principal on all denatured rum withdrawn by him for transportation to and deposit in a foreign-trade zone for which satisfactory evidence of deposit therein is not submitted to the assistant regional commissioner.

Consents of surety shall be executed and approved in accordance with Subpart J of this part.

(68A Stat. 661; 26 U. S. C. 5331)

§ 253.78 *Approval of application and issuance of permit.* The proprietor shall forward all copies of Form 1701 to the assistant regional commissioner. If the consent of surety, Form 1533, extending the terms of the bond, Form 572, has been approved and the bond is in a sufficient penal sum, the assistant regional commissioner shall issue permit on Form 1701 for removal and transportation of the denatured rum to the zone, and shall return all copies of Form 1701 to the applicant.

(68A Stat. 661; 26 U. S. C. 5331)

§ 253.79 *Marking of containers.* The containers will be marked in accordance with the provisions of Part 216 of this title which are applicable to containers of denatured rum withdrawn for exportation, except that the words "For Export" will be followed by "via F. T. Z. No." and the number of the consignor foreign-trade zone.

(68A Stat. 639, 661; 26 U. S. C. 5212, 5331)

§ 253.80 *Sealing of tank cars and tank trucks.* Immediately after the tank cars or tank trucks have been filled, all openings shall be sealed in such manner as will effectively prevent access to the contents of the tank. Railroad or other appropriate seals, dissimilar in marking to the cap seals used by the Internal Revenue Service shall be furnished and affixed by the proprietor or the carrier. The serial numbers of all seals used shall be noted on the Form 1701.

(68A Stat. 639, 661; 26 U. S. C. 5212, 5331)

§ 253.81 *Delivery to zone.* Denatured rum may be delivered directly to a zone by the proprietor in vehicles owned or controlled by him, or to a carrier holding permit under Part 182 of this title to transport specially denatured or tax-free alcohol, for transportation to a zone. Where delivery is made to a carrier for transportation to a zone, a copy of the bill of lading, if any, covering such transportation shall be procured by the shipper for attachment to the copy of Form 1701 to be transmitted to the assistant regional commissioner.

(68A Stat. 661; 26 U. S. C. 5331)

§ 253.82 *Disposition of forms.* When the denatured rum has been withdrawn, the proprietor shall execute the report of withdrawal on all copies of Form 1701, forward one copy of the Form 1701 and bill of lading (if any) to the assistant regional commissioner of the region in which the premises are located, and forward two copies of Form 1701 to the customs officer in charge at the foreign-trade zone. The proprietor will retain the remaining copy of Form 1701 for his files.

(68A Stat. 661; 26 U. S. C. 5331)

§ 253.83 *Deposit in foreign-trade zone.* Upon receipt at the zone, the denatured rum shall be inspected by a customs officer who will determine whether it agrees in all respects with the description thereof on Form 1701. The officer will carefully examine the contents of any containers which are broken or tampered with and will report on both copies of Form 1701 any shortage and the apparent cause thereof. If the inspection discloses evidence of fraud, as distinguished from losses by leakage, minor pilferage or theft in transit, the collector of customs will detain the denatured rum and report the facts immediately to the assistant regional commissioner of the region in which the zone is located, who will cause immediate investigation to be made and will take such action as the facts may warrant. Where denatured rum is so detained, it shall be deemed not to have been deposited in the zone, and customs officers will hold in abeyance the processing of Form 1701 and Zone Form D pertaining to such denatured rum, until the detained denatured rum will have been released in accordance with the provisions of § 253.84. Where the inspection discloses no shortage, or where a shortage is disclosed but there is no evidence to indicate fraud, the customs officer will execute his certificate of inspection on Form 1701 and forward both copies thereof to the collector of customs who will execute his certificate of deposit on Form 1701, retain one copy, and forward one copy to the assistant regional commissioner who approved the permit.

(68A Stat. 661; 26 U. S. C. 5331)

§ 253.84 *Loss of denatured rum in transit.* Losses of denatured rum by leakage, casualty, or unavoidable cause during shipment or transfer from a denaturing bonded warehouse to a foreign-trade zone may be allowed, if satisfactory evidence establishes that such denatured rum has not been diverted to any illegal use by the exporter or carrier or other person having legal custody or control thereof or with connivance, collusion, fraud, or negligence on the part of the exporter or carrier or such other person or the employees of any of them. The investigation of losses, notice to exporter, procedure for filing claims, action by assistant regional commissioner, and release of detained denatured rum shall be in accordance with the procedure prescribed in §§ 253.52 through 253.55, insofar as applicable, governing losses of alcohol.

(68A Stat. 595, 604, 661; 26 U. S. C. 5001, 5011, 5331)

SUBPART D—WITHDRAWAL OF DISTILLED SPIRITS FOR DEPOSIT IN AND SUBSEQUENT EXPORTATION FROM A FOREIGN-TRADE ZONE

§ 253.100 *General.* Distilled spirits authorized to be withdrawn without payment of tax, from a registered distillery, fruit distillery, or an internal revenue bonded warehouse, for export under the provisions of Part 220, 221, or 225 may be withdrawn from such establishments, in such containers as may be authorized by such parts for withdrawals for export, for transportation to and deposit in a forign-trade zone for exportation or storage therein pending exporation. The withdrawal, transportation to and deposit in the foreign-trade zone, and the accounting for any losses in transit shall be in accordance with this subpart and Subpart J. Except as otherwise provided in this subpart, the gauging, packaging, bottling, casing, marking, stamping, and reporting of distilled spirits prior to withdrawal shall be in accordance with the provisions of Part 220, 221 or 225 of this title applicable to the exportation of distilled spirits.

(48 Stat. 999, 68A Stat. 603, 633, 641, 645, 647; 19 U. S. C. 81c, 26 U. S. C. 5009, 5193, 5217, 5243 (e), 5247)

§ 253.101 *Application and entry.* Whenever an exporter desires to remove distilled spirits from a registered distillery, fruit distillery, or an internal revenue bonded warehouse, for transportation to and deposit in a foreign-trade zone for exportation, he shall make ap-

plication on Form 1701 to the assistant regional commissioner of the region in which such distillery or warehouse is located, in accordance with the requirements of § 253.41 covering withdrawal of alcohol, except that an original and five copies will be prepared instead of an original and four copies.

(68A Stat. 645, 647; 26 U. S. C. 5243, 5247)

§ 253.102 *Transportation bonds.* The exporter shall file a bond with the assistant regional commissioner of the region in which the registered distillery, fruit distillery, or internal revenue bonded warehouse is located, to cover the transportation of the distilled spirits from such distillery or warehouse to the foreign-trade zone. If a bond is given only for a specific lot of distilled spirits to be withdrawn, the bond shall be executed on Form 1702, in triplicate. The penal sum of such bond shall be not less than the tax at the distilled spirits rate on the quantity of spirits to be withdrawn, and in no case shall be less than $1,000. If distilled spirits are to be withdrawn from time to time for transfer to a foreign-trade zone, a continuing bond on Form 1703 shall be executed, in triplicate: *Provided*, That if the exporter has on file a bond on Form 657 or Form 658, he may file a consent of surety on Form 1533 extending the terms of such bond to cover the tax on all distilled spirits withdrawn for transportation to and deposit in a zone. The penal sum of the bond on Form 1703, or of the bond on Form 657 or Form 658 on which the consent has been filed, shall be sufficient to cover the tax at the distilled spirits rate on the maximum quantity of spirits to be withdrawn and that may remain unaccounted for at any one time, and in no case shall be less than $1,000. Bonds and consents of surety shall be executed and approved in accordance with Subpart J of this part.

(68A Stat. 645, 647; 26 U. S. C. 5243, 5247)

§ 253.103 *Tank cars and tank trucks of distilled spirits.* Except as otherwise provided in this subpart, where it is desired to withdraw distilled spirits in tank cars or tank trucks for deposit in a foreign-trade zone, the filling, sealing, marking, and stamping of such tank cars and tank trucks shall be in accordance with the provisions of Part 220, 221 or 225 of this title governing the removal of spirits in tank cars or tank trucks for exportation. The storekeeper-gauger shall prepare an original and five copies of the Form 1520 covering the gauge and removal of the spirits. After the tank cars or tank trucks have been filled, the storekeeper-gauger shall execute his report of gauge on all copies of the Form 1701, attach a copy of the Form 1520 to each copy of the Form 1701, deliver the original and four copies to the proprietor, and retain the remaining copy of each form.

(68A Stat. 647; 26 U. S. C. 5247)

§ 253.104 *Distiller's original packages and packages filled from distiller's original packages.* Except as otherwise provided in this subpart, where it is desired to withdraw distilled spirits in distiller's original packages and packages filled from distiller's original packages, the gauging, reduction in proof, recasking, and the marking of packages shall be in accordance with the provisions of Part 225 of this title governing the exportation of distilled spirits. The proprietor shall prepare an original and five copies of Form 1520, in the manner provided in Part 225 of this title, covering the packages listed in the application, execute his request for gauge on Form 1701, and deliver all copies of the Forms 1520, and 1701 to the storekeeper-gauger at the warehouse. If the spirits are to be reduced to not less than 90 degrees of proof, or if the spirits are to be transferred from distiller's original packages to new packages, the proprietor shall make request so to do at the time he executes his request for gauge. If spirits in original packages are reduced in proof or are transferred to new packages, the storekeeper-gauger will prepare an original and five copies of Form 1520, covering the gauge after reduction or the gauge of the new packages, as the case may be. The storekeeper-gauger shall then execute his report of gauge on Form 1701 and attach to each copy of the form a copy of the Form 1520 covering the first gauge (if any) of the spirits, and a copy of the Form 1520 covering the reduction in proof or the transfer to new packages. Where distilled spirits are reduced in proof or are transferred to new packages, the loss to be reported on Form 1701 at the time of withdrawal will represent the difference between the quantity reported withdrawn and the quantity (original gauge) shown in the application. The storekeeper-gauger will retain one copy of Form 1701 with Form 1520 attached, and deliver the remaining five copies of each form to the proprietor of the warehouse.

(68A Stat. 647; 26 U. S. C. 5247)

§ 253.105 *Wooden packages containing metallic cans.* Except as otherwise provided in this subpart, where it is desired to withdraw distilled spirits in wooden packages containing metallic cans, the marking, stamping, and removal of such wooden packages shall be in accordance with the provisions of Part 225 of this title governing the exportation of wooden packages containing metallic cans. The procedure prescribed in this subpart for the withdrawal of distiller's original packages shall be followed, insofar as applicable, except that the request for gauge shall not be executed.

(68A Stat. 633; 26 U. S. C. 5193)

§ 253.106 *Bottled spirits.* Except as otherwise provided in this subpart, where it is desired to withdraw distilled spirits bottled in bond for export for transportation to and deposit in a foreign-trade zone, the bottling, casing, marking, and removal of such distilled spirits shall be in accordance with the provisions of Part 225 of this title governing the exportation of distilled spirits bottled in bond.

(68A Stat. 645; 26 U. S. C. 5243)

§ 253.107 *Approval of application and issuance of permit.* The proprietor of the distillery or bonded warehouse shall forward to the assistant regional commissioner all copies of the Form 1701, with Forms 1520, if any, attached. If the bond, Form 1702 or Form 1703, has been approved and is in a sufficient penal sum, or if a consent of surety, Form 1533, extending the terms of a bond on Form 657 or Form 658, has been approved and such bond is in a sufficient penal sum, the assistant regional commissioner shall issue a permit on Form 1701 for transportation and deposit of the spirits in the zone, and shall return all copies of the Form 1701, with Forms 1520, if any, attached, to the proprietor.

(68A Stat. 647; 26 U. S. C. 5247)

§ 253.108 *Export stamps.* Every container of distilled spirits, except cases of bottled spirits, intended for transfer to a foreign-trade zone must have an export stamp affixed thereto at the time of its removal from the distillery or warehouse. Upon receipt of the assistant regional commissioner's permit for removal and transportation executed on Form 1701 with attached Form 1520, the proprietor will forward all copies to the district director of internal revenue who will issue the necessary number of export stamps, enter the kind and serial numbers of the stamps on all copies of Form 1520, retain one copy of each form, and return the remaining four copies of each form, with the export stamps, to the proprietor. The proprietor will deliver the export stamps and Form 1701 with the attached Forms 1520 to the storekeeper-gauger, who will verify the data on the stamps and affix his signature, or facsimile thereof, enter the serial numbers of the stamps on Form 1701 and his retained copy of Form 1520, and return the stamps to the proprietor.

(68A Stat. 603; 26 U. S. C. 5009)

§ 253.109 *Marking and stamping containers.* The containers, except cases of bottled spirits, will be marked and stamped in accordance with the provisions of Part 225 of this title for containers of distilled spirits withdrawn for exportation, except that the words "For Export via F. T. Z. No." and the number of the foreign-trade zone, will be shown in lieu of the names of ports. Cases of bottled spirits will be marked in accordance with the provisions of Part 225 of this title for cases of bottled spirits withdrawn for exportation, except that the words "For Export" will be followed by "via F. T. Z. No." and the number of the consignor foreign-trade zone, in lieu of the words "From U. S. A." and the names of the ports.

(68A Stat. 633, 645, 647; 26 U. S. C. 5193, 5243, 5247)

§ 253.110 *Release of spirits.* After the containers have been properly marked and, except in the case of bottled spirits, stamped, the storekeeper-gauger will release the spirits for shipment to the foreign-trade zone named in the application, Form 1701. Upon removal of the spirits from the premises, the storekeeper-gauger will execute the report of removal on Form 1701.

(68A Stat. 633, 645, 647; 26 U. S. C. 5193, 5243, 5247)

§ 253.111 *Delivery to zone.* Distilled spirits may be delivered directly to a zone by the exporter or to a carrier for transportation to a zone. Where delivery is made to a carrier for transportation to a zone, the proprietor shall procure a copy of the bill of lading, if any, covering such transportation and deliver it to the storekeeper-gauger.

(68A Stat. 647; 26 U. S. C. 5247)

§ 253.112 *Disposition of forms.* When the distilled spirits have been withdrawn, the storekeeper-gauger will forward immediately one copy of the Form 1701, with Form 1520, if any, attached, and a copy of the bill of lading, if any, to the assistant regional commissioner of the region in which the distillery or warehouse is located. He will mail two copies of the forms to the customs officer in charge at the foreign-trade zone, except that, in the case of transfers in tank trucks, he will mail one copy of each form to such customs officer and enclose the other copies in a sealed envelope addressed to such customs officer and give the same to the driver of the tank truck for delivery to him. The storekeeper-gauger will deliver one copy of the forms to the proprietor, and retain the remaining copy of the forms.

(68A Stat. 647; 26 U. S. C. 5247)

§ 253.113 *Deposit in foreign-trade zone.* Upon receipt at the zone, the containers of distilled spirits shall be inspected by a customs officer, who shall make such inspection or gauge as is necessary to establish that the shipment corresponds with the description thereof on Form 1701, and the accompanying gauge report on Form 1520, if any. The customs officer shall examine the contents of such containers as are found broken, damaged, or tampered with, or which he suspects do not contain the spirits originally packaged therein, and shall make a special report thereon. The customs officer shall note on his report any deficiency in quantity or discrepancy between the merchandise inspected or gauged and that described in the entry. Containers bearing evidence of loss may be deposited in the zone, unless the circumstances indicate fraud, as distinguished from losses by leakage, minor pilferage or theft in transit, in which event the collector of customs will detain the distilled spirits and report the facts immediately to the assistant regional commissioner of the region in which the zone is located, who will cause immediate investigation to be made and will take such action as the facts may warrant. Where distilled spirits are so detained, they shall be deemed not to have been deposited in the zone, and customs officers will hold in abeyance the processing of Forms 1701 and Zone Form D until the detained distilled spirits will have been released in accordance with § 253.125. Where the inspection or gauge discloses no loss, or where a loss is disclosed by such inspection or gauge and there is no evidence to indicate fraud, the officer shall execute his certificate of inspection on Form 1701, reporting thereon any discrepancy found, giving the serial numbers of the packages or cases, or the railroad tank car number, or the tank truck number and the State license number of the tank truck (if the tank truck is of the trailer type, the license number of the trailer will be shown), the original contents in proof gallons, and the nature an extent of any losses or discrepancies. The officer shall cut out that portion of each of the export stamps, if any, extending from the top to the bottom and embracing the entire width between the borders thereof, and attach them to one copy of the Form 1701 and shall then forward both copies of Form 1701 with attachments, if any, to the collector of customs. The collector of customs will execute his certificate on Form 1701 and forward one copy of the form with Forms 1520 an 696, if any, and the cut-out portions of the stamps, if any, to the assistant regional commissioner who approved the permit. The remaining copy of the Form 1701, with attachments, if any, will be retained by the collector of customs.

(68A Stat. 645, 647; 26 U. S. C. 5243, 5247)

LOSSES OF DISTILLED SPIRITS IN TRANSIT

§ 253.120 *Losses.* Tax shall not be collected in respect of distilled spirits lost while in transit to a zone, except that such tax shall be collected in the case of loss by theft unless the assistant regional commissioner shall find that the theft occurred without connivance, collusion, fraud, or negligence on the part of the distiller, warehouseman, owner, consignor, consignee, bailee, or carrier, or the employees of any of them.

(68A Stat. 604; 26 U. S. C. 5011)

§ 253.121 *Insurance coverage.* The remission of the tax on distilled spirits lost by theft while in transit to a zone may be allowed only to the extent that the claimant is not indemnified against or recompensed for such tax.

(68A Stat. 604; 26 U. S. C. 5011)

§ 253.122 *Notice to exporter.* If, upon examination of Form 1701, and Form 696, if any, received from the collector of customs, the assistant regional commissioner is of the opinion that a reported loss resulted from theft, he will advise the principal on the bond by letter (a) of the identity of the containers, (b) of the amount of the loss, (c) of the circumstances indicating loss by theft, and (d) that filing of proof of loss and claim for remission of tax is required.

(68A Stat. 604; 26 U. S. C. 5011)

§ 253.123 *Filing of claims.* When the exporter has received a notice of loss and a request from the assistant regional commissioner for the filing of a claim, he shall, within 30 days from the date of the notification, submit a claim for remission of the tax on the spirits lost. Such claim shall be made on letter-size paper (original only), showing the name and address of the claimant and setting forth the following information:

(a) The name of the distiller who produced the spirits, and the registry number and location of the distillery;

(b) The serial numbers of the packages or cases, or the railroad tank car number, or the tank truck number and the State license number of the tank truck (if the tank truck is of the trailer type, the license number of the trailer will be shown);

(c) The quantity of spirits lost from each package or other container, and the total quantity of spirits covered by the claim;

(d) The total amount of tax for which the claim is filed;

(e) The date of the loss, or, if such date is not known, the date on which the loss was discovered and the cause and nature thereof, together with all the facts surrounding the loss;

(f) The name of the carrier, if any;

(g) If lost by theft, the facts establishing whether the loss occurred as the result of any negligence, connivance, collusion, or fraud on the part of the distiller, owner, warehouseman, consignor, consignee, bailee, or carrier, or the employees of any of them;

(h) If lost by theft, whether the claimant is indemnified or recompensed for the loss, and, if so, the amount and nature of such indemnity or recompense. The actual value of the spirits, less the tax, must be stated explicitly and, where required, certified copies of all policies of insurance or other documents of indemnity covering the spirits must be furnished. The claim shall be signed by the exporter or his authorized agent and immediately above the signature there will appear the following statement: "I declare under the penalties of perjury that this claim has been examined by me and to the best of my knowledge and belief is a true and correct claim."

(68A Stat. 604, 749; 26 U. S. C. 5011, 6065)

§ 253.124 *Action by assistant regional commissioner.* Where large losses in transit are reported, the assistant regional commissioner will cause immediate investigation to be made. When a claim for remission of tax is received, the assistant regional commissioner will carefully examine it to see that the required information has been furnished and will cause such investigation to be made or require such additional evidence to be submitted as he may deem necessary. Upon completion of the claim investigation, the assistant regional commissioner will allow or disallow the claim in accordance with existing law and regulations. If the assistant regional commissioner finds that a loss of distilled spirits from a container resulted from theft and the proprietor or other person responsible for the tax fails to establish that the theft did not occur as a result of connivance, colusion, fraud, or negligence on the part of the distiller, warehouseman, owner, consignor, consignee, bailee, or carrier, or the employees of any of them, the tax will be assessed. In the event the exporter does not file proof of loss and claim for remission of tax as provided in this subpart, the tax will be assessed in accordance with prescribed procedure. The assistant regional commissioner will keep an account with each bond in accordance with Subpart J of this part.

(68A Stat. 604; 26 U. S. C. 5011)

§ 253.125 *Release of detained spirits.* When spirits have been detained at a foreign-trade zone pending the assistant

regional commissioner's investigation and determination of fraud in accordance with § 253.113, the collector of customs shall not release the spirits for deposit until he is advised so to do by the assistant regional commissioner.

SUBPART E—WITHDRAWAL OF WINES FOR DEPOSIT IN AND SUBSEQUENT EXPORTATION FROM A FOREIGN-TRADE ZONE

§ 253.150 *General.* Wines may be withdrawn, without payment of tax, from bonded wineries and bonded wine cellars established and operated under the provisions of Part 240 of this title, for transportation to and deposit in foreign-trade zones for exportation or storage therein pending exportation. The withdrawal, transportation to and deposit in the foreign-trade zone and the accounting for any losses shall be in accordance with this subpart and Subpart J of this part. Except as otherwise provided in this subpart, the packaging, bottling, casing, marking, and reporting of wines prior to withdrawal shall be in accordance with the provisions of Part 240 of this title which are applicable to the exportation of wine.

(48 Stat. 999, 68A Stat. 665; 19 U. S. C. 81c, 26 U. S. C. 5362)

§ 253.151 *Application and entry.* Whenever an exporter desires to remove wines from a bonded winery or bonded wine cellar for transportation to and deposit in a foreign-trade zone, he shall make application on Form 1701 to the assistant regional commissioner of the region in which such winery or wine cellar is located, in accordance with the requirements of § 253.41 covering withdrawal of alcohol, except that an original and three copies will be prepared instead of an original and four copies.

(68A Stat. 665; 26 U. S. C. 5362)

§ 253.152 *Transportation bonds.* The exporter shall file a bond with the assistant regional commissioner of the region in which the bonded winery or bonded wine cellar is located, to cover the transportation of the wine from such bonded winery or wine cellar to the foreign-trade zone: *Provided*, That if the exporter has on file a bond on Form 186 or Form 700, he may file a consent of surety on Form 1533 extending the terms of such bond to cover the tax on all wines withdrawn for transportation to and deposit in a zone. If a bond is given only for a specific lot of wine to be withdrawn, the bond shall be executed on Form 1702, in triplicate. The penal sum of such bond shall be not less than the tax on the quantity to be withdrawn, and in no case shall be less than $500. If wines are to be withdrawn from time to time for transfer to a foreign-trade zone, a continuing bond on Form 1703 shall be executed in triplicate. The penal sum of the bond on Form 1703 or of the bond on Form 186 or Form 700 on which the consent has been filed shall be sufficient to cover the tax on the maximum quantity of any wines to be withdrawn and that may remain unaccounted for at any one time, and in no case shall be less than $500. Bonds and consents of surety shall be executed and approved in accordance with Subpart J of this part.

(68A Stat. 665; 26 U. S. C. 5362)

§ 253.153 *Approval of application and issuance of permit.* The proprietor of the bonded winery or wine cellar shall forward to the assistant regional commissioner all copies of the Form 1701. If the bond, Form 1702 or Form 1703, has been approved and is in a sufficient penal sum, or if a consent of surety, Form 1533, extending the terms of a bond on Form 186 or Form 700, has been approved and such bond is in a sufficient penal sum, the assistant regional commissioner will issue a permit on Form 1701 for the removal and transportation of the wines to the zone, and shall return all copies of the Form 1701 to the proprietor.

(68A Stat. 665; 26 U. S. C. 5362)

§ 253.154 *Marking containers.* The containers will be marked in accordance with the provisions of Part 240 of this title for containers of wine withdrawn for exportation, except that the words "For Export" will be followed by "via F. T. Z. No." and the number of the consignor foreign-trade zone.

(68A Stat. 665, 666; 26 U. S. C. 5362, 5368)

§ 253.155 *Delivery to zone.* Wine may be delivered directly to a zone by the exporter or to a carrier for transportation to a zone. Where delivery is made to a carrier for transportation to a zone, the proprietor shall procure a copy of the bill of lading, if any, covering such transportation. When the wine is withdrawn from the bonded winery or wine cellar, the proprietor shall execute his report of removal on Form 1701 and forward immediately one copy, to which shall be attached the copy of the bill of lading, if any, to the assistant regional commissioner of the region in which the bonded winery or wine cellar is located. He will mail two copies to the customs officer in charge at the foreign-trade zone except that in the case of transfers in tank trucks, he will mail one copy of such forms to such customs officer and enclose the other copy in a sealed envelope addressed to such customs officer and give the same to the driver of the tank truck for delivery to him. The proprietor will retain the remaining copy.

(68A Stat. 665; 26 U. S. C. 5362)

§ 253.156 *Deposit in foreign-trade zone.* Upon receipt at the zone, the wine shall be inspected by a customs officer, who will determine whether it agrees with the description thereof on Form 1701. The officer will carefully examine the contents of any containers which are found broken or tampered with and will report on both copies of Form 1701 any shortage and the apparent cause thereof, as provided herein. If the inspection discloses evience of fraud, as distinguished from losses by leakage, minor pilferage or theft in transit, the collector of customs will detain the wines and report the facts immediately to the assistant regional commissioner of the region in which the zone is located, who will cause immediate investigation to be made and will take such action as the facts may warrant. Where wines are so detained, they shall be deemed not to have been deposited in the zone, and customs officers will hold in abeyance the processing of Forms 1701 and Zone Form D pertaining to such wines, until the detained wines will have been released in accordance with the provisions of § 253.162. Where the inspection discloses no shortage, or where a shortage is disclosed but there is no evidence to indicate fraud, the customs officer will execute his certificate of inspection on Form 1701, reporting thereon any discrepancy found, giving the serial numbers of the packages, cases, tanks, railroad tank car or tank truck, and, in addition, in the case of railroad tank cars, the railroad car number and, in the case of tank trucks, the State license number of the tank truck (if the tank truck is of the trailer type, the license number of the trailer), the original contents in gallons, and the nature and extent of any losses or discrepancies. The officer shall then forward both copies of Form 1701 to the collector of customs, who will execute his certificate of deposit on Form 1701, retain one copy, and forward one copy to the assistant regional commissioner who approved the permit.

(68A Stat. 665; 26 U. S. C. 5362)

LOSSES OF WINE IN TRANSIT

§ 253.157 *Losses.* Tax shall not be collected in respect of wine lost while in transit to a zone, except that such tax shall be collected in the case of loss by theft, unless the assistant regional commissioner shall find that the theft occurred without connivance, collusion, fraud or negligence on the part of the winemaker, owner, consignor, consignee, bailee, or carrier, or the employees of any of them.

(68A Stat. 666; 26 U. S. C. 5370)

§ 253.158 *Insurance coverage.* The remission of tax on wine lost by theft while in transit to a zone may be allowed only to the extent that the claimant is not indemnified against or recompensed for such tax.

(68A Stat. 667; 26 U. S. C. 5371)

§ 253.159 *Notice to exporter.* If, upon the examination of Form 1701 received from the collector of customs, the assistant regional commissioner is of the opinion that a reported loss resulted from theft, he will advise the principal on the bond by letter (a) of the identity of the containers, (b) of the amount of the loss, (c) of the circumstances indicating loss by theft, and (d) that filing proof of loss and claim for remission of the tax is required.

(68A Stat. 666; 26 U. S. C. 5370)

§ 253.160 *Filing of claims.* When the exporter has received a notice of loss and a request from the assistant regional commissioner for the filing of a claim, he shall, within 30 days from the date of the notification, submit a claim for remission of the tax on the wine lost. Such claim shall be made on letter-size paper (original only) showing the name and address of the claimant and setting forth the following information:

(a) The name of the producer of the wine, and the registry number and location of the bonded wine cellar;

(b) The serial numbers of the containers, or the railroad tank car number, or the tank truck number and the State license number of the tank truck (if the tank truck is of the trailer type, the li-

cense number of the trailer will be shown);

(e) The quantity of wine lost from each container, and the total quantity of wine covered by the claim;

(d) The total amount of tax for which the claim is filed;

(e) The date of the loss, or, if such date is not known, the date on which the loss was discovered and the cause and nature thereof, together with all the facts surrounding the loss;

(f) The name of the carrier, if any;

(g) If lost by theft, the facts establishing whether the loss occurred as the result of any negligence, connivance, collusion or fraud on the part of the winemaker, owner, consignor, consignee, bailee or carrier, or the employees of any of them;

(h) If lost by theft, whether the claimant is indemnified or recompensed for the loss, and, if so, the amount and nature of such indemnity or recompense. The actual value of the wine, less the tax, must be stated explicitly and, where required, certified copies of all policies of insurance or other documents of indemnity covering the wine must be furnished. The claim shall be signed by the exporter or his authorized agent and immediately above the signature there will appear the following statement: "I declare under the penalties of perjury that this claim has been examined by me and to the best of my knowledge and belief is a true and correct claim."

(68A Stat. 666, 667; 26 U. S. C. 5370, 5371)

§ 253.161 *Action by assistant regional commissioner.* Where large losses in transit are reported, the assistant regional commissioner will cause immediate investigation to be made. When a claim for remission of tax is received, the assistant regional commissioner will carefully examine it to see that the required information has been furnished and will cause such investigation to be made or require such additional evidence to be submitted as he may deem necessary. Upon completion of the claim investigation, the assistant regional commissioner will allow or disallow the claim in accordance with existing law and regulations. If the assistant regional commissioner finds that the loss of wine resulted from theft and the proprietor or other person responsible for the tax fails to establish that the theft did not occur as a result of connivance, collusion, fraud, or negligence on the part of the winemaker, owner, consignor, consignee, bailee, or carrier, or the employees of any of them, the tax will be assessed. In the event the exporter does not file proof of loss and claim for remission of tax as provided in this subpart, the tax will be assessed in accordance with prescribed procedure. The assistant regional commissioner will keep an account with each bond in accordance with Subpart J of this part.

(68A Stat. 666; 26 U. S. C. 5370)

§ 253.162 *Release of detained wines.* When wine has been detained at a foreign-trade zone pending the assistant regional commissioner's investigation and determination of fraud in accordance with § 253.156, the collector of customs shall not release the wine for deposit until he is advised so to do by the assistant regional commissioner.

(68A Stat. 665, 666; 26 U. S. C. 5362, 5370)

SUBPART F—REMOVAL OF BEER FOR DEPOSIT IN AND SUBSEQUENT EXPORTATION FROM A FOREIGN-TRADE ZONE

§ 253.175 *General.* Beer may be removed, without payment of tax, from the place of manufacture established and operated under the provisions of Part 245 of this title, for transportation to and deposit in foreign-trade zones for exportation or storage therein pending exportation. Such removals may be made in kegs, barrels, bottles or cans. The removal, transportation to and deposit in the foreign-trade zone and the accounting for any losses in transit shall be in accordance with this subpart and Subpart J of this part. Except as otherwise provided in this subpart, the packaging, bottling, casing, marking, and reporting of beer prior to removal shall be in accordance with the applicable provisions of Part 245 of this title.

(48 Stat. 999, 68A Stat. 612, 674; 19 U. S. C. 81c, 26 U. S. C. 5053, 5401)

§ 253.176 *Notice and entry.* Whenever a brewer intends to remove beer without payment of tax from the place of manufacture for transportation to and deposit in a foreign-trade zone, he shall prepare notice for each such withdrawal on Form 1689, in quadruplicate. Each Form 1689 shall be given a serial number in accordance with the instructions printed on the form. Where Form 1689 is signed by an agent, proper power of attorney on Form 1534, authorizing the agent to execute the form for the brewer, must be filed with the assistant regional commissioner of the region in which the place of manufacture is located. Upon removal of the beer for deposit in a foreign-trade zone, the brewer shall immediately forward one copy of Form 1689, to which shall be attached a copy of the bill of lading, if any, to the assistant regional commissioner of the region in which the place of manufacture is located. The brewer will forward the original and one copy of the form to the customs officer in charge of the foreign-trade zone, and retain the remaining copy for the brewery files.

(68A Stat. 612; 26 U. S. C. 5053)

§ 253.177 *Marking containers.* The containers will be marked in accordance with the provisions of Part 245 of this title applicable to containers removed for exportation, except that following the required export markings the words "via F. T. Z. No." followed by the number of the consignor foreign-trade zone will be added.

(68A Stat. 612; 26 U. S. C. 5053)

§ 253.178 *Delivery to zone.* Beer may be delivered directly to a zone by the brewer or to a carrier for transportation to a zone. Where delivery is made to a carrier for transportation to a zone, the name of the carrier to whom the beer is delivered shall be shown on all copies of Form 1689, and the brewer shall procure a copy of the bill of lading, if any, covering such transportation.

(68A Stat. 612; 26 U. S. C. 5053)

§ 253.179 *Bond requirements.* The brewer must file a consent of surety, Form 1533, in triplicate, extending the terms of his bond to cover the tax on all beer withdrawn for transportation to and deposit in a zone. The brewer's bond must be in such penal sum as is prescribed in Part 245 of this title.

(68A Stat. 674; 26 U. S. C. 5401)

§ 253.180 *Deposit in foreign-trade zone.* Upon receipt at the zone, the beer shall be inspected by a customs officer who will determine whether the shipment agrees with the description thereof on Form 1689. The officer will carefully examine the contents of any containers which are broken or tampered with and will report on both copies of Form 1689 any shortage and the apparent cause thereof. If the inspection discloses the shipment not to be as described on Form 1689 and there is evidence indicative of fraud, as distinguished from losses by leakage, minor pilferage or theft in transit, the collector of customs will detain the beer and report the facts to the assistant regional commissioner of the region in which the zone is located, who will cause immediate investigation to be made and will take such action as the facts may warrant. Where beer is so detained, it shall be deemed not to have been deposited in the zone, and customs officers will hold in abeyance the processing of Form 1689 and Zone Form D pertaining to such beer until the detained beer will have been released in accordance with the provisions of § 253.182. Where the inspection discloses no shortage, or where a shortage is disclosed but there is no evidence to indicate fraud, the customs officer shall execute his certificate of inspection and deposit on Form 1689, reporting thereon any discrepancy found and the nature and extent of any losses or discrepancies. The officer shall then forward the original Form 1689 to the assistant regional commissioner of the region in which the place of manufacture is located.

(68A Stat. 612; 26 U. S. C. 5053)

§ 253.181 *Losses in transit.* Where large losses in transit are reported, the assistant regional commissioner will cause immediate investigation to be made. If it is found that losses in transit have occurred by casualty, leakage, or spillage, the losses will be allowed as provided in § 253.312. Unless immediate detention or seizure of the beer is deemed necessary in the event the investigation discloses evidence indicating that the losses resulted from fraud, the assistant regional commissioner will afford the brewer opportunity to submit written explanation with respect to the causes of such losses before taking further action.

(68A Stat. 613; 26 U. S. C. 5057)

§ 253.182 *Release of detained beer.* When beer has been detained at a foreign-trade zone pending the assistant regional commissioner's investigation and determination of fraud in accordance with § 253.181, the collector of cus-

toms shall not release the beer for deposit until he is advised so to do by the assistant regional commissioner.

(68A Stat. 612; 26 U. S. C. 5053)

SUBPART G—WITHDRAWAL OF LIQUORS AND ARTICLES WITH BENEFIT OF DRAWBACK FOR DEPOSIT IN AND SUBSEQUENT EXPORTATION FROM A FOREIGN-TRADE ZONE

ARTICLES MANUFACTURED IN PART FROM TAXPAID DOMESTIC ALCOHOL

§ 253.200 *General.* The deposit in a foreign-trade zone, for exportation or storage pending exportation, of flavoring extracts and medicinal or toilet preparations (including perfumery) manufactured or produced in the United States in part from domestic taxpaid alcohol, shall be considered an exportation of such articles for the purpose of drawback of the internal revenue tax on the alcohol contained in such articles.

(46 Stat. 693, as amended, 48 Stat. 999; 19 U. S. C. 1313, 81c)

§ 253.201 *Regulations made applicable.* The provisions of Part 252 of this title relating to drawback on the alcohol contained in such articles, when exported, shall apply to the same extent to such articles when deposited in foreign-trade zones for exportation or storage therein pending exportation. In lieu of stating the port of destination and the date of clearance of such articles on customs Form 4539, as specified in Part 252 of this title, the collector of customs shall state on such form the number and location of the foreign-trade zone prior to transmittal of the form to the assistant regional commissioner of the region in which the product covered by the claim was manufactured.

BOTTLED OR PACKAGED DISTILLED SPIRITS AND WINES

§ 253.202 *General.* Taxpaid distilled spirits and wines, bottled or packaged especially for export with benefit of drawback, may be removed from export storage rooms established under the provisions of Part 225, 230, 231 or 235 of this title and deposited, with benefit of drawback of the internal revenue tax paid thereon, in foreign-trade zones for exportation or storage therein pending exportation. Except as otherwise provided in this subpart, the provisions of Part 252 of this title, relating to the drawback on distilled spirits and wines bottled or packaged especially for export, shall apply, to the extent applicable, to the rectification, if any, bottling and packaging, casing of bottles, marking of cases and packages, the transfer and storage pending transfer of such liquors to a zone, the filing of notice, claim, and entry (Form 1582, as to distilled spirits; or Form 1582–A, as to wines), the inspection and removal from export storage room, and the transfer to a zone: *Provided,* That no bond will be required respecting such removals.

(46 Stat. 690, as amended, 48 Stat. 999, 68A Stat. 614; 19 U. S. C. 81c, 1309, 26 U. S. C. 5062)

§ 253.203 *Marking of containers.* Each case or package shall be marked in accordance with the provisions of Part 252 of this title.

(46 Stat. 690, as amended, 68A Stat. 614; 19 U. S. C. 1309, 26 U. S. C. 5062)

§ 253.204 *Deposit in zone.* Upon receipt at the zone, the customs officer shall follow the procedure prescribed in Part 252 of this title governing the inspection, gauge, and detention of distilled spirits or wines (as the case may be) and the scalping of wholesale liquor dealer's stamps, if any. Where the distilled spirits or wines are detained, they shall be deemed not to have been deposited in the zone, and customs officers will hold in abeyance the processing of Forms 1582 or 1582–A and Zone Form D pertaining to such liquors, until the assistant regional commissioner has advised the collector of customs that the liquors may be released and deposited in the zone. Upon execution of his certificate, the customs officer will forward the original Form 1582 or Form 1582–A with the scalped stamps and other attachments, if any, to the assistant regional commissioner of the region in which is located the export storage room from which the spirits or wines were shipped, and retain the copy.

(46 Stat. 690, as amended, 68A Stat. 614; 19 U. S. C. 1309, 26 U. S. C. 5062)

§ 253.205 *Action on claim.* The assistant regional commissioner will complete and dispose of the claim in the manner prescribed by existing law and regulations. If the claim is disallowed, the assistant regional commissioner will so notify the claimant and state the reasons therefor.

(46 Stat. 690, as amended, 68A Stat. 614; 19 U. S. C. 1309, 26 U. S. C. 5062)

DISTILLERS' ORIGINAL PACKAGES

§ 253.206 *General.* Taxpaid distilled spirits in distillers' original packages to which prescribed stamps are affixed, containing not less than 20 wine gallons each, may be deposited, with the privilege of drawback of the internal revenue tax, in a foreign-trade zone for exportation or storage therein pending exportation. Except as otherwise provided in this subpart, the provisions of Part 252 of this title relating to the exportation of distilled spirits in distillers' original packages with benefit of drawback are hereby made applicable to the deposit of spirits in foreign-trade zones with respect to the filing of applications, entries, and claims on Form 1629, the filing of evidence as to ownership of the spirits, and the inspection and gauge of the spirits including the reporting of such gauge by customs officers.

(48 Stat. 999, 68A Stat. 605; 19 U. S. C. 81c, 26 U. S. C. 5012)

§ 253.207 *Application and entry.* Whenever an exporter desires to deposit distilled spirits in distillers' original packages in a foreign-trade zone for exportation or for storage therein pending exportation, with privilege of drawback, he shall present to the customs officer in charge of the foreign-trade zone application and entry (in triplicate) on Form 1629, with part 1 of the form executed: *Provided,* That the application shall be modified to the extent necessary to indicate that the spirits are to be deposited in a foreign-trade zone for exportation or storage therein pending exportation.

(68A Stat. 605; 26 U. S. C. 5012)

§ 253.208 *Deposit in zone.* Upon receipt at the zone, the spirits will be inspected, gauged, and marked by a customs officer in accordance with the provisions of Part 252 of this title, except that the words "via F. T. Z. No." and the number of the zone will be shown in addition to and immediately following the words "For Export from U. S. A." on the packages of such spirits. Upon completion of his inspection and gauge and the deposit of the spirits in the zone, the customs officer shall execute his certificate of inspection, gauge, and receipt of the packages in part 2 of the Form 1629, appropriately modified. The customs officer shall forward the original of Form 1629 and a copy of the report of gauge, Form 696, to the exporter, and shall forward a copy of Form 1629 and the original of Form 696 with the scalped stamps attached to the assistant regional commissioner of the region in which the exporter is located, and shall retain one copy of each form for his own records.

(68A Stat. 605; 26 U. S. C. 5012)

§ 253.209 *Claim.* The exporter, upon receipt of Forms 1629 and 696 from the officer in charge of the foreign-trade zone, shall, on the basis of the rate of tax paid, and the quantity, in proof gallons, of distilled spirits shown by the customs gauge on Form 696 to be contained in the packages, compute the amount of eligible drawback on the spirits, appropriately modify part 4 of the Form 1629 received from the customs officer, and execute his claim for drawback thereon. He shall then forward the claim with any required evidence of ownership to the assistant regional commissioner of the region in which he is located. The exporter shall retain the copy of Form 696.

(68A Stat. 605; 26 U. S. C. 5012)

§ 253.210 *Action on claim.* The assistant regional commissioner will, upon receipt of the claim and entry, Form 1629, complete and dispose of the claim in accordance with the provisions of existing law and regulations. If the claim is disallowed, the assistant regional commissioner will so notify the claimant and state the reasons therefor.

(68A Stat. 605; 26 U. S. C. 5012)

BOTTLED OR PACKAGED BEER

§ 253.211 *General.* Beer which has been brewed or produced in the United States, and has been packaged in kegs, barrels, bottles or cans, and on which the tax has been fully paid, may be deposited, with benefit of drawback, in foreign-trade zones for exportation or storage therein pending exportation. The transportation to and deposit in the foreign-trade zone shall be in accordance with this subpart. No bond will be required covering such transfer and deposit. Except as otherwise provided in this subpart, the provisions of Part 252 of this title relating to the exportation of beer with benefit of drawback are hereby made applicable to the shipment and deposit of beer in foreign-trade

zones with respect to the filing of notices, entries and claims on Form 1582–B, and the marking of containers.

(48 Stat. 999, 68A Stat. 613; 19 U. S. C. 81c, 26 U. S. C. 5056)

§ 253.212 *Marking of containers.* Each case or package shall be marked in accordance with the provisions of Part 252 of this title applicable to containers deposited for export, except that the words "via F. T. Z. No." and the number of the consignor foreign-trade zone, will be shown in addition to and immediately following the words "Beer for Export—Drawback Claimed."

(68A Stat. 613; 26 U. S. C. 5056)

§ 253.213 *Delivery to zone.* Taxpaid beer may be delivered directly to a foreign-trade zone or to a common carrier for transportation to a zone. Where delivery is made to a common carrier for transportation to a zone, the shipper shall procure a copy of the bill of lading, if any, covering such transportation and transmit it to the assistant regional commissioner with whom the claim is filed.

§ 253.214 *Deposit in foreign-trade zone.* Upon receipt at the zone, the beer shall be inspected by a customs officer who will determine if the shipment agrees with the description thereof on Form 1582–B. Any loss, breakage or shortage will be noted on both copies of Form 1582–B. If the inspection discloses evidence of fraud, the collector of customs will detain the shipment and report the facts immediately to the assistant regional commissioner of the region in which the zone is located, who will cause immediate investigation and will take such action as the facts may warrant. Beer so detained will be deemed not to have been deposited in the zone, and Form 1582–B and Zone Form D pertaining to such beer will not be processed until the assistant regional commissioner has advised the collector of customs that the beer may be released for deposit in the zone. Upon deposit of the beer, the customs officer will execute the certificate on both copies of Form 1582–B, and will forward one copy to the assistant regional commissioner of the region in which the claim for drawback is filed (as indicated in part 1 of the form) and retain the remaining copy.

(68A Stat. 613; 26 U. S. C. 5056)

§ 253.215 *Action on claim.* The assistant regional commissioner will complete and dispose of the claim in the manner prescribed by existing law and regulations. If any part of the claim is disallowed the assistant regional commissioner will so notify the claimant and state the reasons therefor.

SUBPART H—VOLUNTARY DESTRUCTION OF DISTILLED SPIRITS, WINES, OR BEER AFTER RECEIPT IN A FOREIGN-TRADE ZONE

§ 253.225 *General.* Liquors withdrawn for transportation to and deposit in a foreign-trade zone for exportation or for storage pending exportation, may be destroyed under the supervision of the collector of customs, where it is shown to the satisfaction of the assistant regional commissioner of the region in which the zone is located that the liquors, after deposit in a zone, have become unmerchantable or unfit for export.

§ 253.226 *Application.* Application, addressed to the assistant regional commissioner of the region in which the zone is located and filed as hereinafter provided, for authority to destroy domestic distilled spirits (including alcohol), wines, or beer on storage in a foreign-trade zone shall be made by the exporter on a letter-size paper, in duplicate, showing the name and address of the claimant and setting forth the following information:

(a) The kind and quantity of the liquor, the serial numbers, if any, of the containers thereof, and identification of the zone in which the liquor is stored;

(b) The name and address of the producer of the liquor, and the name, registry number, if any, and location of the plant, warehouse or other establishment from which such liquors were withdrawn for transportation to and deposit in the foreign-trade zone;

(c) The date of withdrawal, and the form and serial number, if any, of the withdrawal application; and, in the case of liquors on which drawback of internal revenue tax has been allowed, the claim number assigned thereto by the assistant regional commissioner;

(d) Whether the liquor has become unmerchantable or unfit for export after deposit in the zone, together with all the known facts relating thereto; and

(e) Whether the unmerchantable or unfit liquor is covered by valid insurance in excess of the market value thereof, exclusive of tax. If the liquor is insured, the application will show its market value, the amount and date of each and every policy of insurance, the name and location of the company by which each and every policy was issued, the name and address of the bona fide owner of the liquor and, to the best of the affiant's knowledge, whether any other person or party is indemnified against the loss of the liquor by reason of its spoilage or destruction. Such application shall be signed by the exporter or his authorized agent and immediately above the signature there will appear the following statement: "I declare under the penalties of perjury that this application has been examined by me and to the best of my knowledge and belief is true and correct." The assistant regional commissioner may require any further evidence as is deemed necessary. The operator of the foreign-trade zone shall countersign the application or otherwise indicate thereon his knowledge of and concurrence in the application to destroy the liquor. The exporter shall file the application with the collector of customs in whose district the foreign-trade zone is located; at the same time the exporter shall likewise file Zone Form E in accordance with Customs Regulations (19 CFR Chapter I). Upon receipt of the application the collector of customs will determine the completeness thereof and shall report any facts relating to the condition of the liquor of which he may have knowledge. The original application will be forwarded to the assistant regional commissioner and the collector of customs shall retain the copy for his files.

§ 253.227 *Action by assistant regional commissioner.* The assistant regional commissioner will carefully examine the application to see that all the required information has been furnished and will cause such investigation to be made or require such additional evidence, including samples, to be submitted as he may deem necessary. If the assistant regional commissioner finds that the domestic distilled spirits (including alcohol), wines, or beer were withdrawn for transportation to and deposit in a foreign-trade zone in good faith for the purpose of exportation or storage pending exportation, and that such liquors, after deposit in the zone, have become unmerchantable or unfit for export, he may approve the application and authorize the destruction of the liquor described therein under the supervision of the collector of customs. Upon approval or disapproval of the application, the assistant regional commissioner will advise the collector of customs of his action.

§ 253.228 *Action by collector of customs.* Upon receipt of the assistant regional commissioner's authorization for destruction of the liquor, or his disapproval of the application for destruction, the collector of customs will act upon the exporter's application on Zone Form E and dispose of it in accordance with the applicable provisions of Customs Regulations (19 CFR Chapter I). Where the assistant regional commissioner has authorized the destruction of the liquor, such destruction shall be accomplished under customs supervision.

SUBPART I—REMOVAL OF STILLS OR DISTILLING APPARATUS FOR DEPOSIT IN A FOREIGN-TRADE ZONE FOR EXPORTATION, DESTRUCTION, OR STORAGE PENDING EXPORTATION

REMOVALS FREE OF TAX

§ 253.250 *General.* Stills and worms or condensers, to be used for purposes other than distilling as defined by 26 CFR Part 196, may be withdrawn from the premises of the manufacturer or vendor, free of tax, for deposit in a foreign-trade zone for exportation, destruction, or storage therein pending exportation.

(48 Stat. 999; 19 U. S. C. 81c)

§ 253.251 *Regulations made applicable.* The provisions of Part 196 of this title relating to the withdrawal free of tax from the premises of the manufacturer or vendor, of stills, worms or condensers intended for use for purposes other than distilling as defined in Part 196 of this title, shall apply, to the extent applicable, to the removal of such apparatus for deposit in foreign-trade zones for exportation, destruction, or storage therein pending exportation. In the event the distilling apparatus is to be destroyed after its deposit in the zone, the exporter must file application for such destruction on Zone Form E with the collector of customs in accordance with the provisions of Customs Regulations (19 CFR Chapter I).

REMOVALS WITH BENEFIT OF DRAWBACK

§ 253.252 *General.* Stills and worms or condensers manufactured especially for export, upon which the excise (commodity) tax has been paid, may be removed with benefit of drawback from the premises of the manufacturer for deposit in a foreign-trade zone for exportation, destruction, or storage therein pending exportation.

(48 Stat. 999, 68A Stat. 618; 19 U. S. C. 81c, 26 U. S. C. 5106)

§ 253.253 *Regulations made applicable.* The provisions of Part 196 of this title relating to exportation of stills and worms or condensers with benefit of drawback shall apply, to the extent applicable, to the removal of such apparatus for deposit, with benefit of drawback, in foreign-trade zones for exportation, destruction, or storage therein pending exportation. Form 1610 prescribed by Part 196 of this title shall be modified to the extent necessary to indicate that the distilling apparatus is to be removed for deposit in a foreign-trade zone and has been so deposited. In the event the distilling apparatus is to be destroyed after its deposit in the zone, the exporter must file application for such destruction on Zone Form E with the collector of customs in accordance with the provisions of Customs Regulations (19 CFR Chapter I). After the distilling apparatus has been inspected, and destroyed if deposited in the zone for that purpose, the customs officer will modify and sign his certificate on Form 1610 indicating receipt, and where applicable the destruction under his supervision, of the apparatus. In lieu of showing the port of exportation and the date of clearance there shall be shown the number and location of the foreign-trade zone and the date of deposit, and where applicable the destruction of the apparatus.

SUBPART J—BONDS AND CONSENTS OF SURETY

§ 253.300 *General.* Every person required by Subparts C through G of this part to file a bond or consent of surety shall prepare an execute it on the prescribed form, in triplicate. Bonds shall be given with corporate surety or collateral security. Assistant regional commissioners are authorized to approve or disapprove all bonds and consents of surety required by Subparts C through G of this part.

§ 253.301 *Corporate surety.* Bonds may be given with corporate surety authorized by the Secretary of the Treasury to become surety on Federal bonds, subject to the limitations prescribed by the Secretary in Treasury Department Form 356. A bond executed by two or more corporate sureties shall be the joint and several liability of the principal and the sureties: *Provided,* That each corporate surety may limit its liability in terms upon the face of the bond in a definite, specified amount, which amount shall not exceed the limitations prescribed for such corporate surety by the Secretary, as set forth in Treasury Department Form 356. When the sureties so limit their liability, the aggregate of such limited liabilities must equal the required penal sum of the bond.

§ 253.302 *Powers of attorney.* Powers of attorney and other evidence of appointment of agents and officers to execute bonds on behalf of corporate sureties are required to be filed with, and passed upon by, the Commissioner of Accounts, Surety Bonds Branch, Treasury Department. Such powers and other evidence of appointment need not be filed with, or submitted to, assistant regional commissioners. Powers of attorney or other evidence of appointment of agents and officers to execute bonds on behalf of the principal, must be filed on Form 1534, in triplicate, with the assistant regional commissioner with whom the bond is filed.

§ 253.303 *Collateral security.* Except as provided in this section, bonds or notes of the United States, or other obligations which are unconditionally guaranteed as to both interest and principal by the United States, may be pledged and deposited by principals as collateral security in lieu of corporate surety, in accordance with the provisions of Department Circular No. 154, revised (31 CFR Part 225): *Provided,* That United States Savings, Defense Savings, and War Savings Bonds issued under the authority of section 22 of the Second Liberty Loan Act, as amended, and other bonds and notes of the United States, which are nontransferable or the hypothecation of which will not be recognized by the Treasury Department, may not be pledged and deposited as security in lieu of corporate surety.

(61 Stat. 646; 6 U. S. C. 15)

§ 253.304 *Consents of surety.* Consents of surety to a change in the terms of a bond must be executed on Form 1533, in as many copies as are required of the bond which they affect, by the principal and all sureties with the same formality and proof of authority to execute as are required for the execution of bonds. Form 1533 will be used by obligors on collateral bonds as well as those on surety bonds. The Form 1533 must properly identify the bond affected thereby and state specifically and precisely what is covered by the extended terms thereof. Consent of corporate surety may be executed by an agent or attorney in fact duly authorized so to do by power of attorney filed by the surety with the appropriate assistant regional commissioner, or the consent may be executed by the home office officials of such corporate surety.

§ 253.305 *Approval required.* No person intending to withdraw liquors or other articles under the provisions of Subparts C through G of this part for transportation to and deposit in a foreign-trade zone shall make any such withdrawal until all bonds required by law and Subparts C through G of this part have been approved by the assistant regional commissioner.

§ 253.306 *Additional or strengthening bonds.* In all cases where the penal sum of a bond on file and in effect is not sufficient, computed as prescribed by law and Subparts C through G of this part, the principal may give an additional or strengthening bond in a sufficient penal sum, provided the surety thereon is the same as on the bond already on file and in effect; otherwise a new bond covering the entire liability will be required. Such additional or strengthening bonds, being filed to increase the bond liability of the principal and the surety, shall not be construed in any sense to be substitute bonds, and the assistant regional commissioner will refuse to approve any additional or strengthening bond where any notation is made thereon which may be construed as a release of any former bond or as limiting the amount of either bond to less than its full penal sum. Additional or strengthening bonds must show the current date of execution and the effective date in the blank spaces provided therefor. Such bonds must have marked thereon, by the obligors at the time of execution, "Additional Bond," or "Strengthening Bond."

§ 253.307 *New or superseding bonds.* The principal on any bond filed pursuant to Subparts C through G of this part may, at any time, substitute a new bond therefor. Executors, administrators, assignees, receivers, trustees, or other persons acting in a fiduciary capacity, continuing or liquidating the business of the principal, must execute and file a new bond or obtain the consent of the surety or sureties on the existing bond or bonds. When, in the opinion of the assistant regional commissioner, the interests of the Government demand it or in any case where the security of the bond becomes impaired in whole or in part for any reason whatever, the principal will be required to give a new bond. A new bond shall be required immediately in case of the insolvency of a corporate surety. Where a bond is found to be not acceptable or for any reason becomes invalid or of no effect, the principal shall be required to file immediately a new and satisfactory bond, or discontinue operations thereunder forthwith. Superseding bonds must show the current date of execution and the date they are to be effective, and each such bond shall have marked thereon, by the obligors at the time of execution, "Superseding Bond." Where a new bond is submitted by the principal to supersede a bond or bonds then in effect, and such superseding bond has been approved, the superseded bond shall be released as to transactions occurring wholly subsequent to the effective date of the superseding bond and notice of termination of the superseded bond may be issued as provided in § 253.317.

ASSISTANT REGIONAL COMMISSIONER'S ACCOUNTS WITH BONDS

§ 253.308 *Alcohol and denatured rum.* The assistant regional commissioner will keep an account with each bond, Form 1702 and Form 1703. Where a consent of surety, Form 1533, is filed, specifically extending the terms of the exporter's continuing direct export bond (Form 1495), or continuing transportation for export bond (Form 1496), or the distiller's denaturing warehouse bond (Form 572), to cover withdrawals for deposit in a foreign-trade zone, the account shall be kept with such bond.

Only one account covering all transactions under each bond need be kept. The principal will be charged with the internal revenue tax, or an amount equal thereto, on each lot of alcohol or denatured rum withdrawn under a bond for transfer to a foreign-trade zone. Alcohol or denatured rum so withdrawn shall remain unaccounted for until the certificate of the collector of customs showing the deposit of the alcohol or denatured rum in the foreign-trade zone has been received by the assistant regional commissioner, or, where a loss is reported (a) until satisfactory evidence establishes that the alcohol or denatured rum has not been diverted to any illegal use by the exporter or carrier or other person having legal custody or control thereof, and that such loss occurred without connivance, collusion, fraud, or negligence on the part of the exporter or carrier or other such person, or the employees of any of them, or (b) until the tax on the loss has been paid or remitted.

(68A Stat. 647, 657, 661; 26 U. S. C. 5247, 5305, 5331)

§ 253.309 *Specially denatured alcohol.* The assistant regional commissioner will keep an account with each bond covering transportation to foreign-trade zones of specially denatured alcohol in accordance with the procedure prescribed in § 253.308 for keeping accounts with bonds covering transportation of alcohol and denatured rum: *Provided,* That the principal will be charged with an amount equal to the internal revenue tax at double the distilled spirits rate of tax on each wine gallon of specially denatured alcohol withdrawn under an outstanding bond for transportation to a zone.

(68A Stat. 595, 657, 661; 26 U. S. C. 5001, 5305, 5319)

§ 253.310 *Distilled spirits.* The assistant regional commissioner will keep an account with each bond, Form 1702 and Form 1703. Where a consent of surety, Form 1533, is filed, specifically extending the terms of the exporter's continuing direct export bond (Form 657), or continuing transportation for export bond (Form 658), to cover withdrawals for deposit in a foreign-trade zone, the account shall be kept with such bond. Only one account covering all transactions under each bond need be kept. The principal will be charged with the internal revenue tax on each lot of distilled spirits withdrawn under a bond for transfer to a foreign-trade zone. Spirits so withdrawn shall remain unaccounted for until the certificate of the collector of customs showing the deposit of the spirits in the foreign-trade zone has been received by the assistant regional commissioner, or, where a loss is reported, (a) until satisfactory evidence establishes that the loss, if from theft, occurred without connivance, collusion, fraud, or negligence on the part of the distiller, warehouseman, owner, consignor, consignee, bailee, or carrier, or the employees of any of them, or (b) until the tax on the loss has been paid or remitted.

(68A Stat. 645, 647; 26 U. S. C. 5243, 5247)

§ 253.311 *Wines.* The assistant regional commissioner will keep an account with each bond covering transportation of wines to foreign-trade zones. Where an approved consent of surety, Form 1533, which specifically extends the terms of the exporter's continuing bond on Form 186 or Form 700 to cover withdrawals for deposit in a foreign-trade zone is on file, only one account covering all transactions under such bond need be kept. The principal will be charged with the internal revenue tax on each lot of wine removed under an outstanding bond for deposit in a foreign-trade zone. Wine withdrawn for deposit in a zone will be carried as unaccounted for until the certificate of the collector of customs showing the deposit of the wine in the foreign-trade zone has been received by the assistant regional commissioner, or, where a loss is reported, (a) until satisfactory evidence establishes that the loss, if from theft, occurred without connivance, collusion, fraud, or negligence on the part of the wine maker, owner, consignor, consignee, bailee or carrier, or the employees of any of them, or (b) until the tax on the loss has been paid or remitted.

(68A Stat. 665, 666; 26 U. S. C. 5362, 5370)

§ 253.312 *Beer.* The assistant regional commissioner's account with each brewer's bond, Form 1566, will include removals of beer to a foreign-trade zone. The principal will be charged with the internal revenue tax at the rate imposed on beer on each lot of beer removed for transportation to a zone. Credit will be given on beer for which proof of deposit in a foreign-trade zone is filed with the assistant regional commissioner and for losses of beer in transit where there is no evidence that such losses resulted from theft or pilferage or from fraud by the brewer.

(68A Stat. 611, 612, 674; 26 U. S. C. 5051, 5053, 5401)

TERMINATION OF TRANSPORTATION BONDS

§ 253.313 *General.* Bonds on Form 1702, covering a specific lot of liquors withdrawn for deposit in a zone, will be terminated by the assistant regional commissioner immediately upon receipt from the collector of customs of a certification that the liquors had been deposited in the zone to which consigned: *Provided,* That where there is a deficiency reported by the collector of customs, the bond will not be terminated by the assistant regional commissioner until liability for the deficiency has been cleared. Upon termination, the assistant regional commisisoner will mark the bond "Canceled" followed by the date of cancellation, and will issue a notice of release, Form 1491, as provided in § 253.317. Continuing bonds on Form 1703 will be terminated by the assistant regional commissioner as to liability for liquors consigned to a foreign-trade zone after a specified future date (a) pursuant to a notice by the surety, as provided in § 253.314, (b) following approval of a superseding bond, as provided in § 253.307, or (c) following notification by the principal of the discontinuance of the business covered by the bond. Upon termination, the assistant regional commissioner will mark the bond "Canceled" followed by the date of cancellation, and will issue a notice of termination, Form 1490, or a notice of release, Form 1491, as provided in § 253.317.

§ 253.314 *Application of surety for release from bond.* A surety on any bond required by Subparts C through G of this part may at any time, in writing, notify the assistant regional commissioner in whose office the bond is on file and the principal that he desires to be relieved of liability under the bond at a date not less than 60 days after the date of the notification. One copy of the notice must be delivered to the principal and two copies shall be delivered to the assistant regional commissioner. If the notice is given by an agent of the surety it must be accompanied by a power of attorney authorizing the agent to give such notice, or by a verified statement that such power of attorney is on file with the Treasury Department. The surety must also file with the assistant regional commissioner an acknowledgment or other proof of service of such notice on the principal.

§ 253.315 *Extent of release of surety from liability under bond.* If the notice required by § 253.314 is not withdrawn thereafter in writing, the rights of the principal as supported by the said bond shall be terminated on the date named in the notice, and the surety will be relieved from liability for liquors withdrawn wholly subsequent to the date named. Liability under a bond on Form 1703 for liquors removed prior to the date named in the surety's notice will continue until such liquors are properly accounted for according to law and this part. Where the principal files a valid superseding bond, the surety on the bond superseded will be relieved from liability for liquors withdrawn wholly subsequent to the effective date of the superseding bond.

§ 253.316 *Action by assistant regional commissioner.* When an application by the surety for release as to future liability from a transportation bond required by Subparts C through G of this part is filed with the assistant regional commissioner, or when a superseding bond has been approved, or when the principal has discontinued business, the assistant regional commissioner will make a complete examination of records to determine whether there is any liability then due and payable outstanding against the bond. He shall also ascertain from the district director of internal revenue whether there are any outstanding unpaid assessments against the principal on liquors removed under the bond. If it is found that violations of law and regulations occurred during the period covered by the bond or that liabilities chargeable against the bond have not been paid or otherwise settled, no further action will be taken until all such liabilities have been settled. If the assistant regional commissioner finds that the bond may be properly terminated, he will issue notice of termination in accordance with the provisions of § 253.317.

§ 253.317 *Notice of termination.* Upon determining that a transportation bond filed pursuant to Subparts C through G of this part may be terminated, the assistant regional commissioner will execute a notice of termination, Form 1490, where a superseding bond has been approved, or a notice of release, Form 1491, where the principal has discontinued the business covered by the bond, or where the surety has made application for release from bond as provided in § 253.314. The notice of termination or the notice of release shall be prepared in triplicate where there is but one surety, and in quadruplicate where there are two sureties. The assistant regional commissioner will furnish one copy to each obligor, and retain one copy of the notice and the surety's application, if any, on file with the bond to which it relates.

§ 253.318 *Release of collateral.* The release of collateral pledged and deposited to support bonds required by Subparts C through G of this part will be in accordance with the provisions of Department Circular No. 154, revised (31 CFR Part 225), subject to the conditions governing issuance of notices on Forms 1490 and 1491 of the termination of such bonds. When the assistant regional commissioner determines that there is no outstanding liability against the bond, and has satisfied himself that the interests of the Government will not be jeopardized, the security may be released and returned to the principal.

(61 Stat. 646; 6 U. S. C. 15)

SUBPART K—TOBACCO PRODUCTS, CIGARETTE PAPERS AND TUBES

§ 253.375 *General.* The regulations in this subpart shall govern the removal of tobacco products (manufactured tobacco, cigarettes, and cigars), and cigarette papers and tubes, without payment of tax, from bonded domestic internal revenue factories and from bonded internal revenue tobacco export warehouses for delivery to foreign-trade zones.

§ 253.376 *Removals to be covered by bond.* No additional or special bonds will be required to cover removals of nontaxpaid tobacco products, or cigarette papers and tubes, from domestic internal revenue factories where produced, or removals of such articles from bonded internal revenue tobacco export warehouses, for delivery to foreign-trade zones under these regulations. Liability to tax on such removals shall be charged against the bonds under which the factories and warehouses are operated. However, a manufacturer, or proprietor of a bonded internal revenue tobacco export warehouse, who desires to make removals of nontaxpaid tobacco products, or cigarette papers and tubes, from his factory or warehouse for delivery to foreign-trade zones must furnish to the assistant regional commissioner of the region in which his factory or warehouse is located, an extension of coverage of bond, Form 2105, extending his factory or warehouse bond to cover such removals.

§ 253.377 *Packages, labels or notices.* Tobacco products, or cigarette papers and tubes, may be put up in any packages desired for delivery to a foreign-trade zone. Where such articles, removed under this subpart without payment of tax, bear a label or notice, such label or notice shall not be in the likeness or similitude of a United States tax stamp, or a stamp, label, or notice required on packages of similar articles to evidence United States tax.

§ 253.378 *Lottery features.* No certificate, coupon, or other device purporting to be or to represent a ticket, chance, share, or an interest in, or dependent on, the event of a lottery shall be contained in, attached to, or stamped, marked, written, or printed on any package of tobacco products, or cigarette papers or tubes, removed under this subpart to a foreign-trade zone.

(68A Stat. 713; 26 U. S. C. 5723)

§ 253.379 *Indecent or immoral material.* No indecent or immoral picture, print, or representation shall be contained in, attached to, or stamped, marked, written, or printed on any package of tobacco products, or cigarette papers or tubes, removed under this subpart to a foreign-trade zone.

(68A Stat. 713; 26 U. S. C. 5723)

§ 253.380 *Shipping containers.* Each shipping case, crate, or other package containing nontaxpaid tobacco products, or cigarette papers and tubes, to be delivered to a foreign-trade zone under this subpart shall bear a number, such number to be assigned by the manufacturer. Removals of articles from a warehouse to a foreign-trade zone shall be made, insofar as practicable, in the same containers in which received from factories. However, where it is necessary to break a manufacturer's original shipping container to remove a portion of the contents for export, a new container shall be provided for the portion to be removed, which container shall be marked with the same number as the manufacturer's original container number followed by the letter "A" for the removal of the first portion thereof, "B" for the second portion, and so on as may be necessary.

§ 253.381 *Notice of removal.* For each shipment of nontaxpaid tobacco products, or cigarette papers and tubes, removed from his factory for delivery to a foreign-trade zone under this subpart, the manufacturer shall prepare a notice of removal on Form 2149 (in quadruplicate) and for each shipment of nontaxpaid articles removed from his warehouse for similar delivery, the proprietor shall prepare a notice of removal on Form 2150 (in quadruplicate). Each such notice shall be given a number by the manufacturer or warehouse proprietor in a series beginning with number one for the first such shipment removed, under this subpart, and beginning again with number one on the first day of January of each year thereafter: *Provided,* That where removals are also made under the provisions of Part 290 (26 CFR) such forms may be numbered in the same series as that used for Forms 2149 and 2150, respectively, under that part. All copies of such notice of removal shall show the same serial number. Upon removal of the shipment described on the form, the manufacturer or warehouse proprietor shall fill in the date of actual removal of the shipment on all copies of the notice.

§ 253.382 *Disposition of copies of Forms 2149 or 2150.* After filling in on all copies of the notice of removal, Forms 2149 or 2150, as the case may be, the date of removal of the shipment described thereon, as required by § 253.381, the manufacturer or warehouse proprietor shall promptly file one copy with the assistant regional commissioner for the region in which is located the factory or warehouse from which the shipment is removed and shall retain one copy for his files. The manufacturer or warehouse proprietor shall forward the other two copies of the Form 2149 or Form 2150, as the case may be, to the customs officer in charge of the foreign-trade zone to which the shipment described on the form will be delivered.

§ 253.383 *Receipt of shipment into foreign-trade zone.* When a shipment of nontaxpaid tobacco products, or cigarette papers and tubes, removed from a factory or warehouse under this subpart, is received at the foreign-trade zone, the customs officers at the zone shall inspect the shipment to satisfy themselves that it agrees with that described on the copies of the related Forms 2149 or 2150, as the case may be, received from the manufacturer or warehouse proprietor making the shipment. The customs officers at the foreign-trade zone should not permit receipt into the zone of, tobacco products, or cigarette papers and tubes, other than those described on the related Form 2149 or 2150. After permitting receipt of the shipment into the zone, the officer in charge shall properly execute the certificate of receipt on the back of each of the two copies of the related Forms 2149 or 2150, retain one copy for the records of his office, and transmit the other completed copy of the form to the manufacturer or warehouse proprietor making the shipment who shall file the form promptly with the proper assistant regional commissioner.

§ 253.384 *Return of shipment to factory or warehouse.* If, after removal from his factory, or bonded internal revenue export warehouse, and prior to delivery to and receipt in a foreign-trade zone, the manufacturer or warehouse proprietor desires to return a shipment of tobacco products, or cigarette papers and tubes, to the premises of his factory or tobacco products or cigarette papers or tubes into his warehouse, he must give immediate notice thereof to the appropriate assistant regional commissioner. Such notice shall be given by transmitting to the assistant regional commissioner three copies of the Forms 2149 or 2150 under which the tobacco products, or cigarette papers and tubes, were originally removed after the manufacturer or warehouse proprietor has appropriately modified and executed the certificate of receipt on each copy of the form to indicate the tobacco products, or cigarette papers and tubes, returned to his factory or warehouse and debited in the records of the factory or ware-

house. If less than the entire shipment of tobacco products, or cigarette papers and tubes, as described on the form, is returned to the factory or warehouse, the manufacturer or warehouse proprietor shall not only set forth accurately the items returned, but shall show what disposition was made of the balance of the original shipment, and any other facts, pertinent to such shipment. The assistant regional commissioner shall indicate his acknowledgment of such notice by appropriate endorsement to that effect on each of the three copies of the related Forms 2149 or 2150, retain one copy for his records and return the other two copies thereof to the manufacturer or warehouse proprietor. Upon receipt of the two copies of the form bearing the endorsement of the assistant regional commissioner, the manufacturer or warehouse proprietor shall retain one copy for the records of his factory or warehouse and shall submit the other copy with his report for the month in which the tobacco products, or cigarette papers and tubes, are returned.

§ 253.385 *Tax liability.* Responsibility for the proper delivery of nontaxpaid tobacco products, or cigarette papers and tubes removed from the factory or warehouse under this subpart, shall rest upon the manufacturer or warehouse proprietor making the shipment and he will be liable for the internal revenue tax on such articles shipped or delivered otherwise than in accordance with this subpart, or for such articles shipped to a foreign-trade zone where satisfactory evidence of delivery is not received by the assistant regional commissioner.

§ 253.386 *Credit for shipment.* Upon receipt by the assistant regional commissioner of a copy of the notice of removal, Forms 2149 or 2150, on which the officer in charge of the foreign-trade zone has executed the certificate of receipt, or other satisfactory evidence of receipt of the articles described on the form, credit will be allowed the shipper for the merchandise actually received into the foreign-trade zone as indicated by the officer in charge of the zone. In case a shortage is reported, the shipper will be required to pay the amount of tax due on the shortage.

§ 253.387 *Penal provisions.* The provisions of sections 5762 and 5763 of the Internal Revenue Code apply to tobacco products, and cigarette papers and tubes, removed under this subpart.

[F. R. Doc. 56-3932; Filed, May 17, 1956; 8:48 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Parts 27, 28]

COTTON REGULATIONS

MISCELLANEOUS AMENDMENTS

Notice is hereby given, in accordance with section 4 of the Administrative Procedure Act (5 U. S. C. 1003), that the Agricultural Marketing Service is considering amendments of the regulations for cotton classification under cotton futures legislation (7 CFR Part 27, Subpart A, as amended) and the regulations under the United States Cotton Standards Act (7 CFR Part 28, Subpart A, as amended), pursuant to authority contained in section 4863 of the Internal Revenue Code of 1954 (68A Stat. 582; 26 U. S. C., Supp. II, 4863), and in section 4 of the United States Cotton Standards Act (42 Stat. 1517; 7 U. S. C. 54).

The primary purposes of the proposed amendments are to (1) clarify procedures for submitting requests for classification and Micronaire determinations for cotton futures purposes; (2) simplify procedures for the transfer of certificated bales of cotton from one futures delivery location to another delivery location; (3) delete obsolete provisions in cotton futures regulations; and (4) clarify the procedure for review classification by deleting the provision in both the cotton futures and Cotton Standards Act regulations which provides that the original classification shall be changed upon review "only when it shall appear upon the review that such classification was clearly erroneous."

The proposed amendments are as follows:

1. Section 27.10 would be amended by deleting the words "with full authority to perform the duties of a supervisor of cotton inspection in accordance with §§ 27.75 and 27.77", and the comma preceding such words.

2. Section 27.13 would be amended to read:

§ 27.13 *Micronaire determination request incidental to classification request.* The classification request may include a request for Micronaire determination.

3. Paragraph (b) of § 27.28 would be amended to read as follows:

(b) The sample may be removed, by the current holder of the cotton classification certificate covering the cotton represented by such sample, at any time within 30 days after whichever of the following occurs first: (1) such certificate becomes invalid as provided in § 27.42, or (2) the certificate (covering tenderable cotton) is surrendered for cancellation without the issuance of a new certificate in lieu thereof, or (3) the cotton is classified as untenderable and an application for review is not filed within the time specified in § 27.62, or (4) the cotton is classified as untenderable in review classification, or (5) the cotton is found untenderable in an official Micronaire determination.

4. Section 27.44 would be amended to read as follows:

§ 27.44 *Invalidity of cotton class certificates.* Any cotton class certificate shall become invalid for use in the tender or delivery of the cotton covered thereby on a section 4863 contract whenever such cotton shall be removed from the place of storage specified therein, except when it is handled and restored or transferred to a different place of storage and restored under the supervision of an exchange inspection agency.

5. Section 27.48 would be deleted in its entirety.

6. The sentence in § 27.64 (a), which reads as follows, would be deleted: "A copy of each such application shall be mailed by the person receiving it under this section to the other party in interest."

7. Section 27.68 would be deleted in its entirety.

8. Section 27.69 would be amended to read:

§ 27.69 *Classification review; notation on certificate.* If upon review the classification of the cotton is found to be the same as shown by the cotton class certificate, there shall be placed upon the certificate a notation, which shall be signed by the chairman of the board and dated, to the effect that the classification of the cotton covered by such certificate has been reviewed and determined to be as stated in such certificate. Thereupon the certificate shall be returned to the person who requested the review.

9. Sections 27.73 through 27.79 would be deleted and the following substituted for § 27.73:

§ 27.73 *Supervision of transfers of cotton.* Whenever the owner of any cotton inspected and sampled for classification pursuant to this subpart and for which he holds valid cotton class certificates, desires to transfer such cotton to a different place, or to a different warehouse at the same place, for the purpose of having it made available for delivery upon a section 4863 contract, such transfer shall be effected under the supervision of the exchange inspection agency in accordance with procedures approved by the Administrator or his representative. For transfers of cotton between different places the owner of the cotton shall surrender the cotton class certificates for the cotton involved to the exchange inspection agency at the place from which the cotton is being transferred. The exchange inspection agency shall cancel the cotton class certificates and forward them, together with other necessary transfer papers, to the exchange inspection agency at the location to which the cotton is being transferred. When the cotton has been delivered for storage at the place of its destination and

new warehouse receipts have been issued therefor, the exchange inspection agency at that point shall surrender the cancelled cotton class certificates, other transfer papers, and the new warehouse receipts for the cotton to the board of cotton examiners. Thereupon the board will issue a new cotton class certificate for each bale involved, valid for use at such destination without the reclassification of the cotton or a new Micronaire determination with respect to the cotton. Transfers between different warehouses at the same place shall be under the supervision of the exchange inspection agency at that place and the procedure as nearly as possible shall be the same as that for transfers between different places. The exchange inspection agency shall report the facts of all transfers to the board of cotton examiners in accordance with § 27.46. Supervision of transfers in accordance with this subpart shall not be granted, nor shall any certificate be issued with respect to any bale which appears, upon examination by the exchange inspection agency, or by a supervisor of cotton inspection or other authorized representative of the Service, to be in such condition that its grade or staple length or fiber fineness and maturity is different from that shown by the cotton class certificate, until such bale has been reclassified, and, if a Micronaire determination is shown on such certificate, until a new Micronaire determination has been made for the bale in accordance with this subpart.

10. The reference in § 27.81 to "§ 27.44" would be changed to "§ 27.73."

11. Section 27.84 would be deleted in its entirety.

12. Section 28.64 would be deleted in its entirety.

Any interested persons who wish to submit written data, views, or arguments concerning the proposed amendments may do so by filing them with the Director, Cotton Division, Agricultural Marketing Service, United States Department of Agriculture, Washington 25, D. C., not later than 15 days after publication of this notice in the FEDERAL REGISTER.

Done at Washington, D. C., this 15th day of May 1956.

[SEAL] ROY W. LENNARTSON,
Deputy Administrator,
Agricultural Marketing Service.

[F. R. Doc. 56-3944; Filed, May 17, 1956; 8:50 a. m.]

[7 CFR Part 53]

FEDERAL MEAT GRADING REGULATIONS

NOTICE OF PROPOSED RULE MAKING

On January 7, 1956, in accordance with section 4 of the Administrative Procedure Act (5 U. S. C. 1003), notice was published in the FEDERAL REGISTER (21 F. R. 134) that the Agricultural Marketing Service had under consideration a proposed revision of the Federal meat grading regulations (7 CFR Part 53, Subpart A, as amended) under sections 203 and 205 of the Agricultural Marketing Act of 1946 (7 U. S. C. 1622, 1624) as amended by Public Law 272, 84th Congress, and under the general language in the item for the Agricultural Marketing Service in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1956 (Pub. Law 40, 84th Congress). Numerous comments on the proposal were received from interested persons. After careful consideration of the comments, it is now proposed to revise the regulations to read as follows:

SUBPART A—REGULATIONS

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53.1 Meaning of words.
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APPEAL SERVICE

53.21 What is appeal service; requirements for appeal; certain determinations not appealable.
53.22 Request for appeal service.
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CHARGES FOR SERVICE

53.29 Fees and other charges for service.
53.30 Payment of fees and other charges.
53.31 Identification.
53.32 Errors in service.

DEFINITIONS

§ 53.1 *Meaning of words.* Words used in the regulations in this subpart in the singular form shall be deemed to import the plural, and vice versa, as the case may demand. For the purposes of such regulations, unless the context otherwise requires, the following terms shall be construed, respectively, to mean:

(a) *The acts.* The Agricultural Marketing Act of 1946 (Title II of the act of Congress approved August 14, 1946, 60 Stat. 1087, as amended, 7 U. S. C. 1621–1627, Pub. Law 272, 84th Cong., 69 Stat. 553), and the general language in the item for the Agricultural Marketing Service in the Department of Agriculture and Farm Credit Administration Appropriation Act, 1956 (Pub. Law 40, 84th Cong., 69 Stat. 51) or similar provisions of any future act of Congress conferring like authority.

(b) *The regulations.* The regulations in this subpart.

(c) *Department.* The United States Department of Agriculture.

(d) *Agricultural Marketing Service.* The Agricultural Marketing Service of the Department.

(e) *Administrator.* The Administrator of the Agricultural Marketing Service, or any officer or employee of the Agricultural Marketing Service to whom authority has heretofore been delegated, or to whom authority may hereafter be delegated, to act in his stead.

(f) *Division.* The Livestock Division of the Agricultural Marketing Service.

(g) *Director.* The Director of the Division, or any officer or employee of the Division to whom authority has heretofore been delegated, or to whom authority may hereafter be delegated, to act in his stead.

(h) *Branch.* The Meat Grading Branch of the Division.

(i) *Chief.* The Chief of the Branch, or any officer or employee of the Branch to whom authority has heretofore been delegated, or to whom authority may hereafter be delegated, to act in his stead.

(j) *Official grader.* An employee of the Department authorized to determine and certify or otherwise identify the class, grade, other quality, or compliance of products under the regulations.

(k) *Supervisor of grading.* An official grader or other person designated by the Chief to supervise and maintain uniformity in service under the regulations.

(l) *Office of grading.* The office of an official grader.

(m) *Person.* Any individual, partnership, corporation, or other legal entity, or Government agency.

(n) *Financially interested person.* Any person having a financial interest in the products involved, including but not limited to the shipper, receiver, or carrier of the products, or anyone acting on behalf of such person.

(o) *Applicant.* Any person who has applied for service under the regulations.

(p) *Grading service.* The service established and conducted under the regulations for the determination and certification or other identification of the class, grade, or other quality of products.

(q) *Compliance service.* The service established and conducted under the regulations for the determination and certification or other identification of the compliance of products.

(r) *Service.* Grading service or compliance service.

(s) *Class.* A subdivision of a product based on essential physical characteristics that differentiate between major groups of the same kind or species.

(t) *Grade.* (1) As a noun, this term means an important commercial subdivision of a product based on certain definite and preference determining factors, such as conformation, finish, and quality in meats.

(2) As a verb, this term means to determine the class, grade, or other quality of a product according to applicable standards for such product in Subpart B of this part.

(u) *Quality.* A combination of the inherent properties of a product which determines its relative degree of excellence.

(v) *Compliance.* Conformity of a product to the specifications under which the product was prepared, purchased, or sold, with particular reference to its cleanliness, state of refrigeration, method of processing, and trim.

(w) *Standards.* The standards of the Department contained in Subpart B of this part.

(x) *Specifications.* Descriptions with respect to the class, grade, other quality, quantity or condition of products, other than standards, prepared by Federal or other Government agencies or other persons.

(y) *Products.* Meats, prepared meats, meat by-products, or meat food products.

(z) *Animals.* Cattle, sheep, swine, or goats.

(aa) *Carcass.* The commercially prepared or dressed body of any animal intended for human food.

(bb) *Meat.* The edible part of the muscle of an animal which is skeletal, or which is found in the tongue, in the diaphragm, in the heart, or in the esophagus, and which is intended for human food, with or without the accompanying and overlying fat and the portions of bone, skin, sinew, nerve, and blood vessels which normally accompany the muscle tissue and which are not separated from it in the process of dressing. This term does not include the muscle found in the lips, snout, or ears.

(cc) *Prepared meats.* The products intended for human food which are obtained by subjecting meat to a process of drying, curing, smoking, cooking, comminuting, seasoning, or flavoring, or to any combination of such processes, and to which no considerable quantity of any substance other than meat or meat by-products has been added.

(dd) *Meat by-products.* All edible parts (other than meat and prepared meats) intended for human food, derived from one or more animals, and including but not limited to such organs and parts as livers, kidneys, sweetbreads, brains, lungs, spleens, stomachs, tripe, lips, snouts, and ears.

(ee) *Meat food products.* Any articles intended for human food (other than meat, prepared meats, and meat byproducts) which are derived or prepared, in whole or in substantial and definite part, from any portion of any animal, except such articles as organotherapeutic substances, meat juice, meat extract, and the like, which are only for medicinal purposes and are advertised only to the medical profession.

(ff) *Processing.* Subjecting meat to a process of drying, curing, smoking, cooking, seasoning, or flavoring, or to any combination of such processes, with or without fabricating.

(gg) *Fabricating.* Cutting into wholesale or retail cuts, or dicing or grinding.

(hh) *Immediate container.* The carton, can, pot, tin, casing, wrapper, or other receptacle or covering constituting the basic unit in which products are directly contained or wrapped when packed in the customary manner for delivery to the meat trade or to consumers.

(ii) *Shipping container.* The receptacle or covering in which one or more immediate containers of products are packed for transportation.

(jj) *Cooperative agreement.* A cooperative agreement between the Agricultural Marketing Service and another Federal agency or a State agency, or other agency, organization or person as specified in the Agricultural Marketing Act of 1946, as amended for conducting the service.

(kk) *Federal meat inspection.* The meat inspection system conducted under the Meat Inspection Act, as amended (21 U. S. C. 71 et seq.) and the import meat provisions of the Tariff Act (19 U. S. C. 1306 (b) and (c)), and the regulations thereunder (9 CFR Parts 1–28, as amended).

§ 53.2 *Designation of official certificates, memoranda, marks, other identifications, and devices for purposes of the Agricultural Marketing Act.* Subsection 203 (h) of the Agricultural Marketing Act of 1946, as amended by Public Law 272, 84th Congress, provides criminal penalties for various specified offenses relating to official certificates, memoranda, marks or other identifications, and devices for making such marks or identifications, issued or authorized under section 203 of said act, and certain misrepresentations concerning the inspection or grading of agricultural products under said section. For the purposes of said subsection and the provisions in this part, the terms listed below shall have the respective meanings specified:

(a) "Official certificate" means any form of certification, either written or printed, including that prescribed in § 53.16, used under the regulations to certify with respect to the inspection, class, grade, quality, size, quantity, or condition of products (including the compliance of products with applicable specifications).

(b) "Official memorandum" means any initial record of findings made by an authorized person in the process of grading, determining compliance, inspecting, or sampling pursuant to the regulations, any processing or plant-operation report made by an authorized person in connection with grading, determining compliance, inspecting, or sampling under the regulations, and any report made by an authorized person of services performed pursuant to the regulations.

(c) "Official mark" or "other official identification" means any form of mark or other identification, including those prescribed in § 53.19, used under the regulations in marking any products, or the containers thereof, to show inspection, class, grade, quality, size, quantity, or condition of the products (including the compliance of products with applicable specifications), or to maintain the identity of products for which service is provided under the regulations.

(d) "Official device" means any roller, stamp, brand or other device used under the regulations to mark any products, or the containers, thereof, with any official mark or other official identification.

ADMINISTRATION

§ 53.3 *Authority.* The Chief is charged with the administration, under the general supervision and direction of the Director, of the regulations and the acts insofar as they relate to the subject matter of the regulations.

SERVICE

§ 53.4 *Kind of service.* Grading service under the regulations shall consist of the determination and certification or other identification, upon request by the applicant, of the class, grade, or other quality of products under applicable standards in Subpart B of this part. Class, grade, and other quality may be determined under said standards for meat of cattle, sheep, or swine in carcass form or for wholesale cuts of such meat other than pork wholesale cuts. Compliance service under the regulations shall consist of the determination of the conformity of products to specifications, approved by the Chief and the certification and other identification of such products in accordance with the specifications, upon request by the applicant. Determination as to compliance with specifications for ingredient content or method of preparation may be based upon information received from the inspection system having jurisdiction over the products involved.

§ 53.5 *Availability of service.* Service under the regulations may be made available under a cooperative agreement with respect to products shipped or received in interstate commerce, and with respect to products not so shipped or received if the Chief determines that the furnishing of service for such products would facilitate the marketing, distribution, processing, and utilization of agricultural products through commercial channels. Service will be furnished only for products processed and fabricated, and derived from animals slaughtered, at establishments operated under Federal meat inspection, or at establishments, recognized under § 53.7, which are operated under some official meat inspection system recognized under § 53.6.

§ 53.6 *Recognition of non-Federal meat inspection systems; withdrawal of recognition*—(a) *Conditions of recognition.* Non-Federal meat inspection systems will be recognized by the Chief for the purpose of § 53.5 only if they are established under the authority of laws, ordinances, or similar provisions of a State, county, city, or other political subdivision; if the inspection is conducted by qualified inspectors who are veterinarians (or who are supervised by qualified veterinarians), who are employed, assigned and paid only by an agency of the State, county, city or other political subdivision conducting the meat inspection service, and who perform no work in or for an establishment operated un-

der the meat inspection system other than in their official capacities; if such laws, ordinances or similar enactments are consistent with the following applicable requirements; if such meat inspection systems are willing to enforce such requirements with respect to the establishments under their jurisdiction applying for recognition under § 53.7; and if such requirements are enforced in a manner satisfactory to the Chief:

(1) *Requirements for slaughtering establishments.* The following requirements shall be applicable to establishments where any animals are slaughtered for preparation as products for which grading or compliance service is desired under the regulations:

(i) The inspection of slaughtering operations shall include ante-mortem and post-mortem inspections.

(ii) Ante-mortem inspection of each animal shall be made immediately prior to slaughter for the purpose of eliminating all unfit animals and segregating, for more thorough examination, all animals suspected of being affected with a condition which might influence their disposition on post-mortem inspection. The unfit animals shall not be permitted to enter the slaughtering department of the establishment, and the suspected animals shall not be permitted to enter the slaughtering department until they have been found by veterinary inspection to be fit for slaughter. The suspected animals that are permitted to be slaughtered shall be handled separately and apart from the regular kill and shall be given a special post-mortem examination.

(iii) The post-mortem examination shall be made at the time the animals are slaughtered. The inspectors shall examine the cervical lymph glands, the skeletal lymph glands, the viscera and organs with their lymph glands, and all exposed surfaces of the carcasses of all animals. Such examination shall be conducted in the slaughtering department of the establishment (at the time of evisceration) during the slaughtering operations and shall not be conducted on a spot-check basis.

(iv) All carcasses and parts of carcasses, including the viscera, found to be diseased or otherwise unfit for human food shall be condemned and removed from the slaughtering department of the establishment in equipment designated for the purpose and shall be destroyed for food purposes under the supervision of an inspector. The disposition of all such carcasses and parts thereof, including the viscera, shall be under the control of a veterinary inspector.

(v) Each carcass and part thereof which has been inspected and passed shall be marked at the time of inspection with a mark assigned by and identifying the state, county, city, or other political subdivision. Such marking shall be done under the supervision of the inspector and the marking device shall be in the custody of the inspector at all times.

(2) *Requirements for processing establishments.* The following requirements shall be applicable to establishments processing products for which compliance service is desired under the regulations. At least daily inspection shall be made at each establishment to assure:

(i) That all processing operations are being conducted in a clean and sanitary manner.

(ii) That all products processed are clean and wholesome.

(iii) That products processed or fabricated, or derived from animals slaughtered, at plants not approved by the Chief are not permitted to enter the establishment.

(iv) That the inspectors shall be able to certify to the Agricultural Marketing Service the ingredient content and the manner of preparation of all products processed. In addition the requirements of subparagraph (1) of this paragraph shall be applicable to establishments within this subparagraph which also conduct slaughtering operations whether or not the products processed at such establishments are derived from the animals slaughtered.

(3) *Requirements for fabricating establishments.* Establishments fabricating products for which grading or compliance service is desired under the regulations shall meet the requirements of subparagraph (4) of this paragraph.

(4) *General requirements for all establishments and premises.* The following requirements shall be applicable to all establishments within subparagraph (1), (2), or (3) of this paragraph.

(i) The establishment as a whole and its facilities shall be well constructed, properly fitted and equipped for the purpose used, and so maintained that all products prepared therein will be clean and otherwise sound, healthful, wholesome, and fit for human food. The floors of the establishment shall be smooth and impervious and sloped so as to drain freely and rapidly to sewer connections. Walls and pillars in the slaughtering department, if any, must be tight, smooth, and free from crevices. All parts of the slaughtering department, if any, and other departments of the establishment in which products are processed, fabricated, or otherwise handled or stored shall be kept clean, and all of the operations in such departments shall be conducted in a clean and sanitary manner. Facilities shall be provided for the cleaning and sterilization of tools, utensils, and other equipment. All equipment used in the establishment shall be made of such materials and be so constructed as to be readily and thoroughly cleaned and shall be kept clean and in a sanitary condition. Contaminated equipment shall be promptly cleaned and sterilized. Rooms used for condemned products, inedible offal, hides, and other materials and supplies likely to contaminate products or render products inedible shall be completely partitioned from edible product departments, except for one aperture to the slaughtering department if there is one. This aperture shall be equipped with a close-fitting door and shall be of sufficient size to allow ready and free passage of materials designated as unfit for human food and all equipment used therewith.

(ii) Drainage and sewage disposal shall be adequate to maintain the establishment and premises in a sanitary condition.

(iii) Ventilation shall be sufficient to insure that the atmosphere in rooms where products are kept is free from obnoxious odors emanating from inedible product tanks, offal rooms, catch basins, toilet rooms, hide cellars, refuse heaps, livestock pens, and similar sources. Lighting shall be adequately maintained in all rooms of the establishment.

(iv) The establishment shall be provided with ample supplies of potable hot and cold water and steam, with outlets conveniently located and equipped with faucets for hose connections, for ready use during slaughtering, processing, or fabricating operations and for cleaning. Wash basins equipped with running hot and cold water, soap, and towels shall be placed in or near the dressing rooms and at such other places in the establishments as may be necessary to insure cleanliness of all persons handling products. Water for sterilizing purposes shall be maintained at a temperature of at least 180° F.

(v) Toilet rooms shall not communicate directly with any room in which animals are killed or products are processed, fabricated, otherwise handled, or stored. Dressing room facilities shall be adequate in size, convenient, equipped properly, and kept clean.

(vi) All departments in the establishment shall have adequate protection against flies, rodents, and other vermin. However, the use of poisons for any purpose in rooms or compartments where any unpacked products are processed, fabricated, otherwise handled, or stored is forbidden except under such restrictions and precautions as the chief veterinary inspector in charge of inspection at the establishment may require. So-called rat viruses shall not be used in any part of the establishment or its premises.

(vii) Barnyards, stock runs, pens, loading docks, and other facilities appurtenant to the establishment shall be kept clean. No nuisance shall be allowed on the premises, such as fly breeding places, dead stock, rat or cockroach infestation, rubbish heaps, decomposing animal material, polluted water supply, insanitary drainage disposal, or the like.

(b) *Withdrawal of recognition.* The Chief may at any time, without hearing, withdraw the recognition of any nonfederal meat inspection system recognized under paragraph (a) of this section if he finds that the laws, ordinances or similar enactments authorizing the system are not consistent with the applicable requirements prescribed in said paragraph or that the system has failed to take reasonable measures to assure that the applicable requirements are enforced in every respect in a satisfactory manner at each establishment recognized under § 53.7. Upon such withdrawal the recognition under § 53.7 of all establishments operating under said system shall be automatically terminated.

§ 53.7 *Survey and recognition of nonfederally inspected establishments; with-*

drawal of recognition—(a) *Conditions of recognition.* Recognition will be given by the Chief for the purposes of § 53.5 to a nonfederally inspected establishment only if it is operated in accordance with the applicable requirements of § 53.6 (a) under a meat inspection system recognized under § 53.6 and is otherwise eligible for recognition. A survey will be made to determine the eligibility for recognition under the regulations of any nonfederally inspected establishment preparing products for which an application for service is made.

(b) *Withdrawal or recognition.* (1) The Chief may at any time, without hearing, withdraw his recognition of any nonfederally inspected establishment when he finds that the operator of the establishment or any other person conducting slaughtering, processing, or fabricating operations at the establishment has failed to comply with the applicable requirements under § 53.6. Recognition will not be restored to such establishment until it has been demonstrated for at least 30 days after application is made for reinstatement of the recognition of such establishment that the establishment is being operated in accordance with the applicable requirements under § 53.6 For each subsequent withdrawal of recognition under this subparagraph, the minimum period of withholding of recognition shall be the same as the prior period of withholding, plus an additional 30 days.

(2) The Chief may at any time, without hearing, withdraw his recognition of any nonfederally inspected establishment when he finds that, for a period of 60 consecutive days, no request has been made for service for products prepared at such establishment.

(c) *Resurvey requirements.* Whenever recognition of an establishment is terminated or withdrawn under § 53.6 of this section, or service at a recognized establishment is denied or withdrawn under § 53.13 (b), a resurvey of the establishment under paragraph (a) of this section may be required before restoration of recognition or service.

§ 53.8 *How to obtain service*—(a) *Application.* Any financially interested person may apply to the Chief for service under the regulations with respect to products in which the applicant is financially interested. If made orally, the application shall be confirmed in writing or by telegram. If the service is intended to be furnished at a packing plant or other establishment not operated by the applicant, the application shall be approved by the operator of such establishment. The application shall state (1) the name and address of the establishment at which service is desired; (2) the name and post office address of the applicant; (3) the financial interest of the applicant in the products, except where application is made by an official of a government agency in his official capacity; (4) the signature and the title of the applicant or his representative; (5) the signature and the title of the establishment operator, or his representative, if other than the applicant; and such other information as may be required by the Chief. The application shall indicate the legal status of the applicant as an individual, partnership, corporation, or other form of legal entity. Any change in such status at any time while service is being received shall be promptly reported to the Chief by the person receiving the service.

(b) *Notice of eligibility for service.* The applicant for service at any establishment will be notified, whether his application is approved.

(c) *Requests for service by applicant.* Upon notification of the approval of an application for service, the applicant may, from time to time as desired, make requests for service under the regulations with respect to specific products for which the service is to be furnished under such application. Such requests shall be made at an office of grading either directly or through any employee of the Agricultural Marketing Service who may be designated for such purpose.

§ 53.9 *Order of furnishing service.* Service under the regulations shall be furnished to applicants in the order in which requests therefor are received, insofar as consistent with good management, efficiency and economy. Precedence may be given to requests made by any government agency, or any regular user of the service, and to requests for appeal service under § 53.22.

§ 53.10 *When request for service deemed made.* A request for service under the regulations shall be deemed to be made when received by an office of grading. Records showing the date and time of the request shall be made and kept in such office.

§ 53.11 *Withdrawal of application or request for service.* An application or a request for service under the regulations may be withdrawn by the applicant at any time before the application is approved or prior to performance of the service upon payment, in accordance with § 53.30, of any expenses already incurred by the Agricultural Marketing Service in connection therewith.

§ 53.12 *Authority of agent.* Proof of the authority of any person making an application or a request for service under the regulations on behalf of any other person may be required at the discretion of the official in charge of the office of grading or other employee receiving the application or request under § 53.8.

§ 53.13 *Denial or withdrawal of service*—(a) *For miscellaneous reasons.* An application or a request for service may be rejected, or service may be otherwise denied to, or withdrawn from, any person, without a hearing, by the official in charge of the appropriate office of grading, with the concurrence of the Chief (1) for administrative reasons such as the nonavailability of personnel to perform the service; (2) for the failure to pay for service; (3) in case the application or reques[t] relates to products which are not eligible for service under § 53.5, or which are unclean; (4) for other noncompliance with the conditions on which service is available as provided in the regulations, except matters covered by paragraph (b) of this section; or (5) in case the person is a partnership, corporation, or other person from whom the benefits of the service are currently being withheld under paragraph (b) of this section, or is a member of such a partnership or an officer or director of such a corporation, or was such a member, officer, or director at the time of the commission of any violation for which the benefits of the service are being so withheld. Notice of such denial or withdrawal, and the reasons therefor, shall promptly be given to the person involved.

(b) *For misconduct or where service would be obtained for ineligible person.* An application or a request for service may be rejected, or service may be otherwise denied to, or withdrawn from, any person who, or whose employee or agent in the scope of his employment or agency, (1) has wilfully made any misrepresentation or has committed any other fraudulent or deceptive practice in connection with any application or request for service; (2) has interfered with or obstructed, or attempted to interfere with or to obstruct, any employee of the Department in the performance of his duties under the regulations by intimidation, threats, assaults, abuse, or any other improper means; (3) has falsely made, issued, altered, forged, or counterfeited any official certificate, memorandum, mark, or other identification, or device for making any such mark or identification; (4) has knowingly uttered, published, or used as true any such falsely made, issued, altered, forged, or counterfeited certificate, memorandum, mark identification, or device; (5) after making an application for service, has used the designation "Prime," "Choice," "Good," "Standard," "Commercial," "Utility," "Cutter," "Canner," "Cull," "Medium," "No. 1," "No. 2," or "No. 3" on any carcasses or wholesale or retail cuts of products which have not been graded or derived from products graded under the regulations as being of the indicated grade; (6) has knowingly, and without promptly notifying the Chief, retained possession of any such falsely made, issued, altered, forged, or counterfeited certificate, memorandum, mark, identification, or device, or of any such official device, or of any product bearing any such falsely made, issued, altered, forged, or counterfeited mark or identification, or of any carcass or wholesale or retail cut of any product bearing any designation specified in subparagraph (5) of this paragraph which has not been federally graded or derived from products graded as being of the indicated grade; (7) has knowingly represented that any product has been graded as being of a certain class, grade, or other quality, or that compliance of any product has been determined under the regulations when such is not the case; (8) has otherwise violated subsection 203 (h) of the Agricultural Marketing Act of 1946, as amended by Public Law 272, 84th Congress; or (9) has given or attempted to give, as a loan or for any other purpose, any money, favor, or other thing of value, to any employee of the Department authorized to perform any function under the regulations. An application or a request for service may be rejected,

or service may be otherwise denied to or withdrawn from any person who operates an establishment for which he has made application for service if, with the knowledge of such operator, any other person conducting any operations in such establishment has committed any of the offenses specified in subparagraphs (1) through (9) of this paragraph. Moreover, an application or a request for service made in the name of a person otherwise eligible for service under the regulations may be rejected, or service may be otherwise denied to, or withdrawn from, such a person in case the service is or would be performed at an establishment operated by a partnership, corporation, or other person from whom the benefits of the service are currently being withheld under this paragraph, or by a person who is a member of such a partnership or an officer or director of, or substantial investor in, such a corporation, or was such a member, officer, director, or investor at the time of the commission of any offense under this paragraph for which service is currently being withheld from such partnership or corporation, or in case the service is or would be performed at an establishment or with respect to any product in which any such person, member, officer, director, or investor is otherwise financially interested. All cases arising under this paragraph shall be reported to the Director, for informal settlement of the controversy if possible. If the efforts at informal settlement are not successful, the matter shall be reported to the Administrator who will make the final determination as to the action to be taken, after opportunity for hearing before a proper official in the Department is accorded the persons involved. In any case of an offense under this paragraph, the official in charge of the appropriate office of grading may, with the concurrence of the Chief, deny or withdraw service, without hearing, pending efforts at informal settlement and final determination in accordance with this paragraph. Notice of any denial or withdrawal of service under this paragraph, and the reasons therefor, shall promptly be given to the persons involved.

(c) *Filing of records.* The final orders in formal proceedings under paragraph (b) of this section to deny or withdraw the service under the regulations (except orders required for good cause to be held confidential and not cited as precedents) and other records in such proceedings (except those required for good cause to be held confidential) shall be filed with the Hearing Clerk and shall be available for inspection by persons having a proper interest therein.

§ 53.14 *Financial interest of official grader.* No official grader shall grade or determine compliance of any products in which he or any of his relatives by blood or marriage is directly or indirectly financially interested.

§ 53.15 *Accessibility and refrigeration of products.* The applicant shall cause the products with respect to which service is requested to be made easily accessible for examination and to be so placed, with adequate illuminating facilities, as to disclose their class, grade, other quality, and compliance. Grading service will be furnished for meat in carcass form or wholesale cuts only if they are properly chilled. Determination of class, grade, or other quality of carcass meat or wholesale cuts of meat under the standards in Subpart B of this part will not be made if such carcass meat or wholesale cuts are in a frozen state. Compliance may be determined for any product in the fresh or frozen state as requested by the applicant.

§ 53.16 *Official certificates.*—(a) *Required; exception.* The official grader shall prepare, sign, and issue official certificates covering products graded by him, or for which he has determined compliance, unless through special arrangements approved by the Chief this is not required, in which case complete records of the service shall be furnished the office of grading.

(b) *Form.* (1) The following constitutes a form of official certificate for products under the regulations:

FORM LS-5
(8-26-55)

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

No.

MEAT GRADE CERTIFICATE

MAIN STATION _____ DATE _____

TO _____ _____
Applicant Address

_____ _____
Shipper or Seller Address

_____ _____
Receiver or Buyer Address

Establishment No. _____ Location _____

This certificate is receivable in all Courts of the United States as prima facie evidence of the truth of the statements therein contained (This certificate does not excuse failure to comply with any of the regulatory laws enforced by the United States Department of Agriculture.)

Service Performed in Cooperation with The National Live Stock and Meat Board.

KIND OF PRODUCT AND SERVICE	CLASS	USDA GRADE OR OTHER QUALITY	PIECES	WEIGHT

I certify that in compliance with the Federal meat grading regulations (7 CFR Subpart 53 A, as amended) under the Agricultural Marketing Act of 1946, as amended (7 U.S.C. 1621-1629), I examined the products described above, at the time and place stated, and found that at said time and place the class, grade, and other quality of such products were as stated above and/or such products complied with the specifications listed, with any qualifications noted above.

WEIGHTS NOT VERIFIED

Time _____ Hour (s)

Fee _____ Grader.

Expenses _____

Total _____ Address _____

PLEASE REFER TO THIS CERTIFICATE BY NUMBER AND MAIN STATION

Where the service rendered is or includes compliance service, the word "Grade" shall be deleted from the heading "Meat Grade Certificate." Where weight is certified, the word "Not" shall be deleted from the phrase "Weights Not Verified."

(2) Where compliance is determined for product in a frozen state, the certificate shall so specify and shall also specify that the indicated compliance is certified

only insofar as determinable for product in the frozen state.

(3) Where determination of ingredient content or method of preparation of products in compliance service is based upon a certification of the facts by the inspection system having jurisdiction of the products, this fact shall be stated on the certificate.

(c) *Distribution.* The original certificate and not to exceed two copies shall be delivered or mailed to the applicant or other person designated by him. One copy shall be filed in the office of the official grader, and one copy shall be forwarded to a central office designated by the Chief, and such copies shall be kept on file until other disposition is ordered by the Administrator. Additional copies will be furnished to any person financially interested in the products involved upon the payment of fees as provided in § 53.29 (g).

§ 53.17 *Advance information concerning service rendered.* Upon request of any applicant, all or any part of the contents of any certificate issued to him under the regulations, or other notification concerning the determination of class, grade, other quality, or compliance of products for such applicant may be transmitted by telegraph or telephone to him, or to any person designated by him, at his expense.

§ 53.18 *Marking of products.* All products for which class and grade under the standards in Subpart B of this part, or compliance, is determined under the regulations, or the immediate and shipping containers thereof, shall be stamped, branded, or otherwise marked with an appropriate official identification: *Provided*, That except as otherwise directed by the Chief, such marking will not be required when an applicant only desires official certificates of class and grade, or compliance. The marking of products, or their containers, as required by this section shall be done by official graders or under their supervision.

§ 53.19 *Official identifications.* (a) A shield enclosing the letters "USDA" as shown below, with the appropriate grade designation "Prime," "Choice," "Good," "Standard," "Commercial," "Utility," "Cutter," "Canner," or "Cull," as provided in the standards in Subpart B of this part, also enclosed in the shield, and accompanied when necessary by the class designation "Stag," "Bull," "Veal," "Calf," "Yearling Mutton" or "Mutton," constitutes a form of official identification under the regulations to show the grade, and where necessary the class, under said standards, of steer, heifer and cow beef, stag beef, bull beef, veal, calf, lamb, yearling mutton, and mutton.

(b) The following constitute forms of official identifications under the regulations to show compliance of products:

FIGURE 1.

FIGURE 2.

FIGURE 3.

FIGURE 4.

FIGURE 5.

The date, location, and letters "DN" and "AC" shown in figures 2, 3, and 4 are examples, respectively, of the date and place of service and the grader's identification initials in particular instances and such date, location and letters will vary.

§ 53.20 *Custody of identification devices.* All identification devices used in marking products, or the containers thereof, under the regulations, including those indicating compliance with specifications approved by the Chief, shall be kept in the custody of the Branch, and accurate records shall be kept by the Branch of all such devices. Each office of grading shall keep a record of the devices assigned to it. Such devices shall be distributed only to authorized employees of the Branch who shall keep the devices in their possession or control at all times and maintain complete records of such devices.

APPEAL SERVICE

§ 53.21 *What is appeal service; requirements for appeal; certain determinations not appealable.* (a) Appeal service is a redetermination of the class, grade, other quality, or compliance of product when the applicant for the appeal service formally challenges the correctness of the original determination. Examination requested to determine the class, grade, other quality, or compliance of a product which has been altered or has undergone a material change since the original service, or examination of product requested for the purpose of obtaining an up-to-date certificate and not involving any question as to the correctness of the original service for the product involved, shall be considered equivalent to original service and not appeal service.

(b) Grade determinations for the following cannot be appealed: any lot of a product consisting of less than ten similar units; wholesale cuts, or other subdivisions of meat originally graded as larger units; and veal and calf carcasses originally graded with hides on. Moreover, appeal service will not be furnished with respect to product that has been altered or has undergone any material change since the original service.

§ 53.22 *Request for appeal service.* Except as otherwise provided in § 53.21, a request for appeal service with respect to any product under the regulations may be made by any person who is financially interested in the product when he disagrees with the determination as to class, grade, other quality, or compliance of the product as shown by the markings on the product, or its containers, or as stated in the applicable certificate. A request for appeal service shall be filed with the Chief, directly or through the official grader who performed the original service or the official in charge of the office of grading to which such grader was assigned at the time of the service, or through the nearest office of grading. The request shall state the reasons therefor and may be accompanied by a copy of any previous meat certificate or report, or any other information which the applicant may have received regarding the product at the time of the original service. Such request may be made orally (including by telephone), in writing, by telegram, or otherwise. If made orally, the person receiving the request may require that it be confirmed in writing or by telegram. Requests for appeal service received through an official grader or an office of grading shall be transmitted promptly to the Chief for instructions.

§ 53.23 *When request for appeal service may be withdrawn.* A request for appeal service may be withdrawn by the applicant at any time before the appeal service has been performed, upon payment of any expenses already incurred by the Branch in connection therewith.

§ 53.24 *Denial or withdrawal of appeal service.* A request for appeal service

may be rejected or such service may be otherwise denied to or withdrawn from any person, without hearing, in accordance with the procedure set forth in § 53.13 (a), if it shall appear that the product involved is not eligible for appeal service under § 53.21, or that the identity of the product has been lost; or for any of the causes set forth in § 53.13 (a). Appeal service may also be denied to, or withdrawn from, any person in any case under § 53.13 (b), in accordance with the procedure set forth in said section.

§ 53.25 *Who shall perform appeal service.* Appeal service for products shall be performed by official graders designated by the Chief or by the official in charge of an office of grading when so authorized by the Chief, and shall be conducted jointly by two official graders, or more when practicable. No official grader shall perform appeal service for any product for which he previously performed the service.

§ 53.26 *Appeal certificates.* Immediately after appeal service has been performed for any products, a certificate designated as an "appeal certificate" shall be prepared, signed, and issued referring specifically to the original certificate and stating the class, grade, other quality, or compliance of the products as shown by the appeal service.

§ 53.27 *Superseded certificates.* The appeal certificate shall supersede the original certificate which, thereupon, shall become null and void and shall not thereafter be deemed to show the class, grade, other quality, or compliance of the products described therein. However, the fees charged for the original service shall not be remitted. If the original and all copies of the superseded certificate are not delivered to the official with whom the request for appeal service is filed, the official graders issuing the appeal certificate shall forward notice of such issuance and of the cancellation of the original certificate to such persons as they may deem necessary to prevent fraudulent use of the superseded certificate.

§ 53.28 *Application of other regulations to appeal service.* The regulations in §§ 53.1 through 53.20 and §§ 53.29 through 53.32 shall apply to appeal service except insofar as they are manifestly inapplicable.

CHARGES FOR SERVICES

§ 53.29 *Fees and other charges for service.* Fees and other charges equal as nearly as may be to the cost of the services rendered shall be assessed and collected from applicants in accordance with the following provisions unless otherwise provided in the cooperative agreement under which the services are furnished.

(a) *Fees based on hourly rates.* Except as otherwise provided in this section, fees for service shall be based on the time required to render the service, calculated to the nearest 15 minute period, including the time required for the preparation of certificates and travel of the official grader in connection with the performance of the service, and shall be at the base rate of $4.20 per hour for work performed between 6 a. m. and 6 p. m. on days other than Sundays or legal holidays; at the base rate of $4.20 per hour, plus ten percent, or $4.62, for work performed between 6 p. m. and 6 a. m. (night differential rate) on days other than Sundays or legal holidays; and at one and one-half times the base rate for work performed on Sundays, and at double the base rate for work performed on legal holidays, plus ten percent for work performed between 6 p. m. and 6 a. m. on Sundays or legal holidays. A minimum charge for one-half hour shall be made for service pursuant to each request notwithstanding that the time required to perform the service may be less than thirty minutes.

(b) *Fees for service on weekly commitment basis.* Minimum fees for service performed under a weekly commitment shall be on the basis of 40 hours of work between 6 a. m. and 6 p. m. on days other than Sundays or legal holidays calculated at the base rate in accordance with paragraph (a) of this section. Hours worked in excess of such 40 hours will be charged at the same base rate, except charges will be made for work performed on Sundays, legal holidays, and between 6 p. m. and 6 a. m. on any day as stated in paragraph (a) of this section. The Agricultural Marketing Service reserves the right under such a commitment to use any grader assigned to the plant on a weekly basis to perform service for other applicants, crediting the commitment applicant with the number of hours charged to the other applicants, provided the allowable credit hours, plus hours actually worked for the applicant, do not exceed 40 in any week.

(c) *Travel charges.* (1) When service is requested at a place so distant from an official grader's headquarters or place of prior assignment on a circuitous routing, that a total of one-half hour or more is required for the grader to travel to such place and back to the headquarters or to the next place of assignment on a circuitous routing, the charge for such service shall include a mileage charge at 7 cents per mile for such travel prorated against all the applicants furnished the service involved on an equitable basis, or, where the travel is made by public transportation (including hired vehicle), a fee equal to the actual cost thereof.

(d) *Per diem charges.* When service is requested at a place so distant from an official grader's headquarters that the work and travel required for such service cannot be performed within a calendar day, the fee for such service shall include a per diem charge at the rate paid the grader which shall not exceed $12.00 for each full day and $3.00 for each quarter portion of a day spent by the grader away from his headquarters in the performance of such work and travel.

(e) *Charges to applicants for recognition of nonfederally inspected establishments.* (1) The initial survey conducted to determine the eligibility of a nonfederally inspected establishment for service under § 53.7 shall be without cost to the applicant when the survey is made at the convenience of the Chief. Fees shall be charged, as provided in subparagraph (2) of this paragraph (i) when the applicant requests in writing that a special trip be made to conduct the initial survey, and such survey is conducted within 30 days from receipt of such request; (ii) when any survey subsequent to the initial one is required by the Chief to determine whether the establishment meets the specific requirements for recognition of which it has been previously notified as a result of the initial survey, such survey is made within 2 years after the initial survey, and there has been no change in ownership of the establishment since the initial survey; or (iii) when a survey is conducted to determine the eligibility for recognition of an establishment the recognition of which has been withdrawn under § 53.6 or § 53.7 or at which service has been denied or withdrawn under § 53.13 (b).

(2) A fee at the applicable hourly rate calculated in accordance with paragraph (a) of this section shall be charged for time spent by an authorized official in making any survey for which fees are required to be charged under subparagraph (1) of this paragraph, including time spent in traveling to the establishment from his normal route of assignment and return. In addition, there shall be a travel charge for such travel and a per diem charge for each day, or quarter portion thereof, spent by such official away from his headquarters in the performance of such survey, including travel, at the rates provided for in paragraphs (c) and (d) of this section.

(3) In no case shall the total fees chargeable under subparagraph (2) of this paragraph for any such survey be less than $15.00.

(f) *Fees for appeal service.* Fees for appeal service shall be determined on the basis of the time, of two official graders, required to render the service, calculated to the nearest fifteen minute period, including the time required for the preparation of certificates and travel of such graders in connection with the performance of the service, at the applicable hourly rate prescribed in paragraph (a) of this section, plus any travel charges and per diem for such graders ordinarily chargeable under paragraphs (c) and (d) of this section: *Provided*, That when on appeal it is found that there was error in the original determination equal to or exceeding ten percent of the total number of similar units of the products involved, no charge will be made for the appeal service unless a special agreement therefor was made with the applicant in advance.

(g) *Fees for extra copies of certificates.* In addition to copies of certificates furnished under § 53.16, any financially interested person may obtain not to exceed three copies of any such certificate within one year from its date of issuance upon payment of a fee of $1.00, and not to exceed three copies of any such certificate at any time thereafter, while a copy of such certificate is on file in the Department, upon payment of a fee of $5.00.

§ 53.30 *Payment of fees and other charges.* Fees and other charges for service shall be paid in accordance with the following provisions unless otherwise provided in the cooperative agreement under which the service is furnished. Upon receipt of billing for fees and other charges for service the applicant shall remit by check, draft, or money order,

made payable to the Agricultural Marketing Service, U. S. D. A., payment for the service in accordance with directions on the billing, and such fees and charges shall be paid in advance if required by the official grader or other authorized official.

MISCELLANEOUS

§ 53.31 *Identification.* All official graders and supervisors of grading shall have their Agricultural Marketing Service identification cards in their possession at all times while they are performing any function under the regulations and shall identify themselves by such cards upon request.

§ 53.32 *Errors in service.* When an official grader, supervisor of grading, or other responsible employee of the Branch has evidence of misgrading, or of incorrect certification or other incorrect determination or identification as to the class, grade, other quality, or compliance of a product, he shall report the matter to his immediate supervisor. The supervisor of grading will investigate the matter and, if he deems advisable, will report it to the owner or his agent. The supervisor of grading shall take adequate measures to prevent the recurrence of such errors.

The proposed revision is intended to clarify the Federal meat grading regulations and make various changes therein found advisable on the basis of experience in conducting the Federal meat grading service. The revision also would implement subsection 203 (h) of the Agricultural Marketing Act of 1946, as amended by Public Law 272, 84th Congress, by indicating the certificates, memoranda, marks and other identifications, and devices for making such marks and identifications, with respect to inspection, class, grade, quality, size, quantity, or condition of products (including compliance with specifications) under the regulations, that are official for purposes of said subsection.

Any person who wishes to submit written data, views, or arguments concerning the proposed revision of the regulations may do so by filing them with the Chief, Meat Grading Branch, Livestock Division, Agricultural Marketing Service, U. S. Department of Agriculture, Washington 25, D. C., not later than 45 days after date of publication of this document in the FEDERAL REGISTER.

Done at Washington, D. C., this 15th day of May 1956.

[SEAL] ROY W. LENNARTSON,
Deputy Administrator,
Agricultural Marketing Service.

[F. R. Doc. 56-3942; Filed, May 17, 1956; 8:50 a. m.]

[7 CFR Part 944]

[Docket No. AO-105-A-11]

MILK IN QUAD CITIES MARKETING AREA

NOTICE OF HEARING ON PROPOSED AMENDMENTS TO TENTATIVE MARKETING AGREEMENT AND TO ORDER, AS AMENDED

Pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and in accordance with the applicable rules of practice and procedure, as amended (7 CFR Part 900), notice is hereby given of a public hearing to be held in the City Hall, Rock Island, Illinois, beginning at 10:00 a. m., June 11, 1956, for the purpose of receiving evidence with respect to economic and marketing conditions which relate to the handling of milk in the Quad Cities marketing area and to the proposed amendments hereinafter set forth, or appropriate modifications thereof, to the tentative marketing agreement and to the order, as amended, regulating the handling of milk in the Quad Cities marketing area. These proposed amendments have not received the approval of the Secretary of Agriculture.

Proposed by Illinois-Iowa Milk Producers Association and Clinton Cooperative Milk Producers Association:

1. Delete § 944.3 and substitute therefor the following:

§ 944.3 *Quad Cities marketing area.* "Quad Cities marketing area" hereinafter called the "marketing area" means all the territory within Scott, Clinton, Jackson, and Muscatine Counties in the State of Iowa, and Rock Island and Mercer Counties in the State of Illinois.

2. Delete § 944.8 and substitute therefor the following:

§ 944.8 *Producer.* "Producer" means any person who, in conformity with the Grade A quality requirements of the milk ordinance of any of the several municipalities in the marketing area, the Grade A milk and Grade A Milk Products Law of the State of Illinois or a Grade A permit or Grade A rating issued by the State Health Department of the State of Iowa produces milk which (a) is received at a pool plant or (b) which is caused by a cooperative association to be diverted from a pool plant to a nonpool plant. This definition shall not include a person with respect to milk produced by him which is received by a handler who is subject to another Federal marketing order and who is partially exempt from the provisions of this subpart pursuant to § 944.56.

3. Substitute a colon (:) for the period (.) at the end of § 944.10 and add thereafter the following: *"Provided,* That during the months of September, October, November, and December such plant offers or disposes of as Class I milk to plants described in paragraph (a) of this section, an amount equal to 50 percent or more of such plant's receipts of milk from Grade A producers. Any plant which fulfills this requirement for each of the months of September, October, November, and December of the same year shall be a pool plant until September 1 of the following year: *Provided further,* That the milk received at the plant continues to be qualified under the applicable health requirements as a source of milk for the plants supplied by it during said months."

4. Add a new § 944.15 as follows:

§ 944.15 *Base.* (a) "Base" means a quantity of milk expressed in pounds per day computed pursuant to § 944.58.

(b) *Base milk.* "Base milk" means a quantity of producer milk received by a handler during each of the months of March, April, May and June which is not in excess of such producer's base multiplied by the number of days such milk was produced.

(c) *Excess milk.* "Excess milk" means producer milk received by a handler during each of the months of March, April, May and June which is in excess of the base milk received from such producer.

5. In § 944.41 redesignate present paragraphs (b) and (c) as paragraphs (c) and (d), respectively, and add a new paragraph (b) as follows: (b) Class IA milk shall be all skim milk used to produce cottage cheese.

6. Delete that portion of present § 944.41 (b) beginning with the words "Cottage cheese" and substitute therefor the following: "Cream used for creaming cottage cheese, butterfat in skim milk used to produce cottage cheese, or any other milk product not specified in paragraphs (a), (b) and (d) of this section, and (2) disposed of to wholesale bakeries, candy manufacturers or soup companies."

7. Delete that portion of § 944.50 (a) preceding the word "Provided" and substitute therefor the following: "(a) *Class I milk.* The price for Class II milk for the preceding delivery period plus $1.15 for the months of July through November, inclusive, and plus $.95 during the remaining months of each year."

8. In § 944.50 redesignate present paragraphs (b) and (c) as paragraphs (c) and (d), respectively, and add a new paragraph (b) as follows:

(b) The price for Class IA milk shall be the price determined for skim milk in Class II plus 25 cents.

9. Amend present § 944.50 (b) to provide that the price determined for skim milk in Class II shall not be lower than the price determined for skim milk in Class III: *Provided,* That any increase resulting from this paragraph shall not be reflected in the price used to determine the price for Class I milk.

10. Delete that portion of § 944.50 (c) (2) preceding the words "and multiply that result by 3.5" and substitute therefor the following: "(2) Multiply the simple average of the daily wholesale selling prices (using the midpoint of any price range as one price) of Grade A (92-score) bulk creamery butter per pound at Chicago as reported by the Department during the delivery period in which the milk was received by 1.15."

11. Delete § 944.51 (c) and substitute therefor the following:

(c) *Class III milk.* Multiply the simple average of the daily average wholesale selling prices (using the midpoint of any price range as one price) of Grade A (92-score) bulk creamery butter per pound at Chicago as reported by the Department during the delivery period in which the milk was received by 1.15 and divide the resulting amount by 10.

12. Add as § 944.53 the following:

§ 944.53 *Location adjustments to handlers.* For milk which is received from producers at a pool plant located outside the marketing area, the prices computed pursuant to § 944.50 shall be reduced 5 cents for each 15 miles or frac-

tion thereof that such plant is located more than 30 miles from the City Hall of Rock Island, Illinois, such distance to be the shortest highway distance as determined by the market administrator.

13. Amend § 944.56 by adding a new paragraph as follows:

(c) A handler operating a plant which is not a fully qualified pool plant during a month, shall in lieu of the payments required pursuant to § 944.60 through § 944.66, pay to the market administrator, for the producer-settlement fund, on or before the 12th day after the end of such month, the amount resulting from the following computation:

(1) The product of the quantity of milk received by such handler which was disposed of in the marketing area on routes or in plant stores as Class I milk during the month multiplied by the difference between the price for Class I milk and the uniform price computed pursuant to § 944.61.

14. Add a new § 944.58 as follows:

§ 944.58 *Computation of base and base rules.* (a) Subject to the conditions set forth in paragraph (b) of this section, the market administrator shall compute for each of the months of March, April, May and June, a base for each producer, as follows:

(1) Divide the total pounds of milk received by a handler from each producer during the months of September, October and November immediately preceding by the number of days such milk was produced (not to be less than 60 days): *Provided,* That any producer for whom a base has been computed may upon written notice to the market administrator postmarked not later than January 15 preceding the months in which the base applies, relinquish his base and be allotted a base computed pursuant to subparagraph (2) of this paragraph.

(2) Any producer who has not established a base or who elects to relinquish his base pursuant to the provisions of subparagraph (1) of this paragraph shall be assigned a base for each of the months of March, April, May and June computed as follows:

(i) From the total quantity of producer milk received by handlers during the same month of the previous year, subtract the total receipts from producers who did not establish bases or who had relinquished their bases.

(ii) Determine the percentage that base milk was of the remaining pounds, and subtract 10.

(iii) Multiply the resulting percentage by the total pounds of milk received by a handler from the producer during the applicable month and divide the result by the number of days such milk was produced.

(b) Any base computed pursuant to paragraph (a) (1) of this section shall be subject to the following rules:

(1) A base shall be held in the name of the producer and may be transferred only at his option.

(2) The milk to which the transferred base shall apply must be produced on the same farm from which such base was earned and the transferor must notify the market administrator in writing on or before the last day of the month that such base is to be transferred indicating the name of the transferee, the amount of base transferred, and the effective date of the transfer; and in the event of a producer's death his base may be so transferred upon written notice to the market administrator from any member of the producer's immediate family.

(3) Where two or more producers deliver milk from the same farm, the market administrator shall compute one base for each such farm, which base shall be held jointly in the names of the producers, and during March, April, May and June, each producer having an interest in a jointly held base shall share the base during each delivery period in the same proportion as he shares in the milk deliveries in such delivery period: *Provided,* That if the producers have earned bases separately, one or more of which was earned on another farm, each producer may retain his individual base if application is made in writing to the market administrator postmarked not later than the last day of the first month during which the base is to apply.

(4) When two or more producers holding a joint base cease delivering milk from the same farm, the base may be divided among the producers having an interest in such base by notification in writing to the market administrator postmarked not later than the last day of the month during which the division is to be effective, such notification to specify the terms of division of base and bearing the signatures of all interested producers: *Provided,* That in the event producers do not notify the market administrator of their agreed terms of division of base by letter postmarked not later than the last day of the month during which the division is effective, the market administrator shall divide the base among the producers in the same ratio as they shared in the milk deliveries during the base-making period, or if the base is held in the name of a partnership, it shall be divided equally among the interested producers.

(5) Where two or more producers deliver milk from the same farm, the market administrator shall compute one base for each such farm, which base shall be jointly held in the names of the producers. During March, April, May and June each producer having an interest in a jointly held base shall share the base in the same proportion as he shares in the milk delivery.

(6) Subject to the provisions set forth in subparagraphs (1) and (2) of this paragraph, a producer who discontinues shipping milk to a pool plant during September, October, or November may transfer to another producer credit for milk deliveries for base making purposes.

15. Amend § 944.61 to provide for the determination of a uniform price for base milk for the months of March, April, May and June and a uniform price for excess milk, which is the price for Class III milk.

16. Amend § 944.65 by adding a new paragraph (d) as follows:

(d) In making payments to producers for milk received at a pool plant located outside the marketing area, there shall be deducted 5 cents for each 15 miles or fraction thereof that such plant is located more than 30 miles from the City Hall in Rock Island, Illinois, such distance to be the shortest highway distance as determined by the market administrator.

17. Amend § 944.65 by adding a new paragraph (e) as follows:

(e) *Additional payments.* Any handler may make payments to producers in addition to payments made pursuant to this section: *Provided,* That such additional payments are made to all producers supplying such handler.

18. Make such other changes as may be required to make the entire marketing agreement and order conform with any amendments thereto that may result from this hearing.

Proposed by Quality Milk Association:

19. Amend § 944.3 to include the counties of Carroll, Whiteside, and Lee in the State of Illinois.

20. Amend § 944.41 to provide for a separate classification known as "Class IA" for skim milk used to produce cottage cheese, and provide for a price which will be the price determined for Class II skim milk plus 25 cents.

21. Amend § 944.50 (b) to provide that the price determined for skim milk in Class II shall not be lower than the price determined for skim milk in Class III.

22. Delete § 944.50 (a) and substitute therefor the following:

(a) *Class I milk.* The price for Class II milk for the preceding delivery period plus $1.15 for each month of each year. *Provided,* That in no month shall the price for Class I milk be less than the 70-mile zone price established per hundredweight of Class I milk under Order No. 41, as amended, regulating the handling of milk in the Chicago, Illinois, marketing area plus 20 cents.

23. Add as § 944.53 the following:

§ 944.53 *Location adjustments to handlers.* For milk which is classified as Class I milk and which is received from producers at a pool plant located more than 50 miles from the City Hall of Rock Island, Illinois, the price computed pursuant to § 944.50 shall be reduced 5 cents for each 15 miles or fraction thereof that such plant is located beyond the 50-mile zone, such distance to be the shortest highway distance as determined by the market administrator. This provision shall apply to reload points at which milk is moved from the farm in a tank truck and reloaded into another truck before entering a plant.

24. Add a new § 944.58 to provide for a base-rating plan in accordance with the plan contained in Order No. 41, as amended, regulating the handling of milk in the Chicago, Illinois, marketing area.

25. Amend § 944.65 by adding a new paragraph (d) as follows:

(d) In making payments to producers for milk received at a plant located more than 50 miles from the City Hall of Rock Island, Illinois, there shall be deducted

2 cents for each 15 miles or fraction thereof that such plant is located beyond the 50-mile zone, such distance to be the shortest highway distance as determined by the market administrator. This provision shall apply to reload points at which milk is moved from the farm in a tank truck and reloaded into another truck before entering a plant.

Proposed by Milk Foundation of the Quad Cities:

26. Delete § 944.50 (a) and substitute therefor the following:

(a) *Class I milk.* To the simple average of the prices reported paid by manufacturing plants pursuant to paragraph (b) (1) of this section during the period from the 16th day of the second preceding delivery period to the 15th day of the preceding delivery period add $1.00.

27. Delete in § 944.50 (b) the words "The higher of the prices resulting from the computations made pursuant to subparagraphs (1) and (2) of this paragraph" and substitute therefor the following:

(b) *Class II milk.* The highest of the prices resulting from the computations made pursuant to subparagraph (1) of this paragraph or to paragraph (c) of this section.

28. Delete in § 944.51 (a) the figure "1.40" and insert in lieu thereof the figure "1.20."

29. Delete § 944.61 (b) and substitute therefor the following:

(b) Add an amount representing not less than one-half of the cash balance in the producer-settlement fund exclusive of the amount retained in such fund pursuant to paragraph (d) of this section.

30. In § 944.61 redesignate paragraphs (d) and (e) as paragraphs (f) and (g), respectively, and insert new paragraphs (d) and (e) as follows:

(d) For the delivery period of April subtract an amount equal to 15 cents, and for the delivery periods of May and June subtract an amount equal to 25 cents per hundredweight of net pooled milk of all handlers whose reports are included in this computation.

(e) For each of the delivery periods of September, October, and November, add one-third of the total amount subtracted pursuant to paragraph (d) of this section.

31. Add a new § 944.53 as follows:

§ 944.53 *Location adjustment credits to handlers.* (a) The location adjustment credit with respect to that portion of milk received directly from producers at a pool plant, located outside of the marketing area, and as provided in the following sentence, which is moved as milk or skim milk in fluid form from such pool plant to a handler's plant within the marketing area, and is classified as Class I or Class II milk, shall be as computed pursuant to paragraphs (b) and (c) of this section. This provision shall apply to reload points at which milk is moved from producers in a bulk tank truck and reloaded into larger transports before entering a handler's plant within the marketing area: *Provided*, Such reload points are located more than 40 miles from the City Hall of Rock Island, Illinois, or more than 40 miles from the City Hall of Clinton, Iowa. Such reload point location to be determined as the point most often used.

(b) For each location of a pool plant or reload point the market administrator shall determine the shortest highway miles from the City Hall of Rock Island, Illinois, if such milk is delivered to handlers within the cities or areas known as Davenport and Bettendorf in the State of Iowa, and Rock Island, Moline, East Moline, and Silvis in the State of Illinois, or the shortest highway miles from the City Hall of Clinton, Iowa, if such milk is delivered to handlers within the city or area of Clinton, Iowa. The miles so determined shall be multiplied by two and the resulting answer multiplied by $0.25 to determine the mileage credit. The mileage credit divided by 30,000 pounds shall be the per hundredweight location credit to handlers.

(c) For milk received directly from producers, at a pool plant located outside of the milk marketing area and at a reload point as are defined in paragraphs (a) and (b) of this section, $0.12 per hundredweight shall be deducted from all such receipts.

32. Add a new § 944.54 as follows:

§ 944.54 *Location adjustment credits to producers.* (a) The location adjustment credit with respect to that portion of milk as defined in § 944.53 (a) shall be $0.07 per hundredweight.

33. In § 944.55 (Producer-handler) add after the phrase, "944.50 to § 944.52", the following, "§ 944.53 and § 944.54."

34. Delete § 944.60 and substitute therefor the following:

§ 944.60 *Net pool obligation(s) of handlers.* On or before the 10th day of each delivery period the market administrator shall examine for mathematical correctness and obvious errors the reports of receipts and utilization submitted by each handler for the preceding delivery period and shall make such corrections as such examination shall indicate to be appropriate. The net pool obligation for each handler (based upon his reports as corrected) shall be as follows:

(a) Multiply the producer milk in each class by the applicable price pursuant to § 944.50, adjusted by the butterfat differential pursuant to § 944.51, and add together the resulting amounts.

(b) Subtract location adjustment credits to handlers pursuant to § 944.53.

(c) If the handler had overrun of either skim milk or butterfat there shall be added to the value an amount computed by multiplying the pounds of overrun by the applicable class price.

Proposed by the Borden Company, Iowa Milk and Ice Cream Division:

35. Add a new section to read as follows:

§ 944.15 *Reload point.* "Reload point" means any location at which milk moved from the farm in a tank truck is reloaded into another truck before entering a plant.

36. In § 944.41 (b) delete the words "condensed milk."

37. In § 944.41 (c) add after American Type Cheddar cheese the words "condensed milk."

38. Delete § 944.50 and substitute therefor the following:

§ 944.50 *Class prices.* Subject to the provisions of § 944.51, § 944.52, § 944.53, and § 944.54 each handler, at the time and in the manner set forth in § 944.64 shall pay per hundredweight of milk received during each delivery period from producers or from cooperative associations, not less than the prices set forth in this section.

39. Delete § 944.50 (a) and substitute therefor the following:

(a) *Class I milk.* To the simple average of the prices reported paid by manufacturing plants pursuant to paragraph (b) (1) of this section during the period from the 16th day of the second preceding delivery period to the 15th day of the preceding delivery period, add $1.00.

40. Delete in § 944.50 (b) the words "The higher of the prices resulting from the computations made pursuant to subparagraphs (1) and (2) of this paragraph" and substitute therefor the following:

(b) *Class II milk.* The highest of the prices resulting from the computations made pursuant to subparagraph (1) of this paragraph or to paragraph (c) of this section.

41. Add a new § 944.53 as follows:

§ 944.53 *Location adjustment credits to handlers.* (a) The location adjustment credit with respect to that portion of milk received directly from producers at a pool plant, located outside of the marketing area, and as provided in the following sentence, which is moved as milk or skim milk in fluid form from such pool plant to a handler's plant within the marketing area, and is classified as Class I or Class II milk, shall be as computed pursuant to paragraphs (b) and (c) of this section. This provision shall apply to reload points at which milk is moved from producers in a bulk tank truck and reloaded into larger transports before entering a handler's plant within the marketing area: *Provided*, Such reload points are located more than 40 miles from the City Hall of Rock Island, Illinois, or more than 40 miles from the City Hall of Clinton, Iowa. Such reload point location to be determined as the point most often used.

(b) For each location of a pool plant or reload point the market administrator shall determine the shortest highway miles from the City Hall of Rock Island, Illinois, if such milk is delivered to handlers within the cities or areas known as Davenport and Bettendorf in the State of Iowa, and Rock Island, Moline, East Moline, and Silvis in the State of Illinois, or the shortest highway miles from the City Hall of Clinton, Iowa, if such milk is delivered to handlers within the city or area of Clinton, Iowa. The miles so determined shall be multiplied by two

and the resulting answer multiplied by $0.25 to determine the mileage credit. The mileage credit divided by 30,000 pounds and the resulting answer multiplied by 100 shall be the per hundredweight location credit to handlers.

(c) For milk received directly from producers, at a pool plant located outside of the milk marketing area and at a reload point as are defined in § 944.10 (c) and § 944.15, $0.12 per hundredweight shall be deducted from all such receipts.

42. Add a new § 944.54 as follows:

§ 944.54 *Location adjustment credits to producers.* (a) The location adjustment credit with respect to that portion of milk as defined in § 944.53 (a) shall be $0.07 per hundredweight.

43. In § 944.55 (Producer-handler) add after the phrase, "§ 944.50 to § 944.52", the following, "§ 944.53 and § 944.54."

44. Delete § 944.60 and substitute therefor the following:

§ 944.60 *Net pool obligation(s) of handlers.* On or before the 10th day of each delivery period the market administrator shall examine for mathematical correctness and obvious errors the reports of receipts and utilization submitted by each handler for the preceding delivery period and shall make such corrections as such examination shall indicate to be appropriate. The net pool obligation for each handler (based upon his reports as corrected) shall be as follows:

(a) Multiply the producer milk in each class by the applicable price pursuant to § 944.50, adjusted by the butterfat differential pursuant to § 944.51, and add together the resulting amounts.

(b) Subtract location adjustment credits to handlers pursuant to § 944.53.

(c) If the handler had overrun of either skim milk or butterfat there shall be added to the value an amount computed by multiplying the pounds of overrun by the applicable class price.

45. Delete § 944.61 and substitute therefor the following:

§ 944.61 *Computation of uniform prices.* For each delivery period the market administrator shall compute the uniform price per hundredweight of milk received from producers as follows:

(a) Combine into one total the net pool obligation of all handlers pursuant to § 944.60.

(b) Add the allowable location adjustments computed pursuant to § 944.65.

(c) Add an amount representing not less than one-half of the unobligated cash balance in the producer-settlement fund exclusive of the amount retained in such fund pursuant to paragraph (e) of this section.

a. Redesignate the present paragraph (c) as paragraph (d) and add new paragraphs (e) and (f) as follows:

(e) For the delivery period of April subtract an amount equal to 15 cents, and for the delivery periods of May and June subtract an amount equal to 25 cents per hundredweight of net pooled milk of all handlers whose reports are included in this computation.

(f) For each of the delivery periods of September, October and November, add one-third of the total amount subtracted pursuant to paragraph (e) of this section.

b. Redesignate the present paragraph (d) as paragraph (g).

c. Redesignate the present paragraph (e) as paragraph (h).

46. Redesignate "§ 944.65" as "§ 944.64."

47. In redesignated § 944.64 (a) remove period (.) at the end of paragraph and insert the phrase, "and subject to location adjustment to producers pursuant to § 944.65."

48. Add a new § 944.65 as follows:

§ 944.65 *Location adjustment to producers.* In making payments to producers pursuant to § 944.64 (a), each handler shall deduct from producers for milk received at a pool plant located outside of the marketing area or at a reload point as defined by § 944.15, twelve cents per hundredweight.

Proposed by Beatrice Foods Company:

49. Amend the order by adding the following definition:

§ 944.___ *Custom bottled milk.* "Custom bottled milk" shall be that quantity of producer milk which is transferred or diverted from the plant of a handler to the plant of a nonhandler plant and is equal to the quantity of milk received by the handler from the plant of a nonhandler in bottled (or package) form during the delivery period.

50. Amend § 944.14 by deleting the period (.) at the end of the present language in the section and adding the following language: "and custom bottled milk."

51. Amend § 944.44 by adding the following language at the beginning of the first paragraph: "Except for skim milk and/or butterfat moved for custom bottling as set forth pursuant to § 944.___."

52. Amend § 944.47 (a) (1) by renumbering the present section and adding the following language as § 944.47 (a) (1):

(1) Subtract from the total pounds of skim milk in Class I the pounds of skim milk transferred or diverted to the plant of a nonhandler which is equal to the pounds of skim milk contained in packaged Class I products received from such nonhandler's plant during the delivery period.

53. Amend § 944.56 by deleting paragraph (b) of such section.

Copies of this notice of hearing may be procured from the Market Administrator, 335 Federal Building, Sixteenth Street and Second Avenue, Rock Island, Illinois, or from the Hearing Clerk, Room 112, Administration Building, United States Department of Agriculture, Washington 25, D. C., or may be there inspected.

Dated: May 15, 1956.

[SEAL] ROY W. LENNARTSON,
Deputy Administrator.

[F. R. Doc. 56-3943; Filed, May 17, 1956; 8:50 a. m.]

NOTICES

DEPARTMENT OF THE INTERIOR

National Park Service

[Grand Canyon National Park Order 2]

ASSISTANT SUPERINTENDENT, ADMINISTRATIVE OFFICER, AND PROCUREMENT AND PROPERTY ASSISTANT

DELEGATION OF AUTHORITY TO EXECUTE AND APPROVE CERTAIN CONTRACTS

APRIL 25, 1956.

SECTION 1. *Assistant Superintendent.* The Assistant Superintendent may execute and approve contracts not in excess of $200,000 for construction, supplies, equipment or services in conformity with applicable regulations and statutory authority and subject to availability of appropriations. This authority may be exercised by the Assistant Superintendent in behalf of any area under the supervision of the Superintendent of Grand Canyon National Park.

SEC. 2. *Administrative Officer.* The Administrative Officer may execute and approve contracts not in excess of $50,000 for construction, supplies, equipment or services in conformity with applicable regulations and statutory authority and subject to availability of appropriations. This authority may be exercised by the Administrative Officer in behalf of any area under the supervision of the Superintendent of Grand Canyon National Park.

SEC. 3. *Procurement and Property Assistant.* The Procurement and Property Assistant may execute and approve contracts not in excess of $2,000 for supplies, equipment or services in conformity with applicable regulations and statutory authority and subject to availability of appropriations. This authority may be exercised by the Procurement and Property Assistant in behalf of any area under the supervision of the Superintendent of Grand Canyon National Park.

SEC. 4. *Revocation.* This order supersedes Grand Canyon National Park Delegation of Authority Order No. 1, issued February 3, 1955 (20 F. R. 1383).

(National Park Service Order No. 14; 39 Stat. 535; 16 U. S. C., 1952 ed., sec. 2; and Region Three Order No. 3 (21 F. R. 1494))

[SEAL] JOHN S. MCLAUGHLIN,
Superintendent,
Grand Canyon National Park.

[F. R. Doc. 56-3915; Filed, May 17, 1956; 8:45 a. m.]

DEPARTMENT OF COMMERCE

Bureau of Foreign Commerce

[Case No. 209]

CONFIDENTIAL OVERSEAS FORWARDING, INC., ET AL.

ORDER REVOKING EXPORT LICENSES AND DENYING EXPORT PRIVILEGES

In the matter of Confidential Overseas Forwarding, Inc., Guy Sorrentino, 15 Whitehall Street, New York, New York; General Export Clothing Corporation, Lila Kass, 145–147 Mulberry Street, New York, New York; respondents; Case No. 209.

The Director, Investigation Staff, Bureau of Foreign Commerce, having charged (a) the respondents General Export Clothing Corporation and Lila Kass with having inserted false export declaration numbers in dock receipts given for goods intended to be exported from the United States, with having placed on a dock for exportation goods for which no export declaration had been authenticated, and with having exported goods from the United States without first having authenticated an export declaration required for such exportation; and (b) the respondents Confidential Overseas Forwarding, Inc. and Guy Sorrentino with having aided in or induced and abetted such acts; and

The charging letter having been duly served on all the respondents, who duly appeared herein and demanded an oral hearing;

This proceeding was duly referred to the Compliance Commissioner, who, in accordance with the practice, held a hearing in New York City, at which hearing all respondents were present and represented by counsel. He has submitted his written report, including findings of fact and findings that violations have occurred.

Now, after reviewing and considering the entire record of this case, the Compliance Commissioner's Report and Recommendation, and the summations submitted on behalf of the respondents, I hereby make the following:

Findings of fact. 1. At all times hereinafter mentioned, General Export Clothing Corporation was engaged in the export business in the City of New York and Lila Kass was its employee and agent vested with the duty and responsibility for completing all details relating to the exportation of commodities on behalf of General Export Clothing Corporation, except insofar as she was assisted by Confidential Overseas Forwarding, Inc.

2. At all times hereinafter mentioned, Confidential Overseas Forwarding, Inc. was engaged in the freight forwarding business in the City of New York, and Guy Sorrentino, its president, performed on its behalf all the acts hereinafter found to have been performed by him.

3. American Export Lines, Inc., not a respondent in this case, is a steamship company carrying goods exported from the United States to various parts of the world. In connection with the receipt of goods on its pier for the purpose of being loaded on its ships to be exported from the United States, it has established a practice requiring that persons so tendering goods show on its form of dock receipt an export declaration number as evidence of or representation that an export declaration for such proposed exportation has been passed. This practice had been established prior to and was in effect at all times hereinafter mentioned.

4. All the respondents herein were informed of and knew of this practice and requirement at all times hereinafter mentioned.

5. Prior to November 1954, Kass attempted to deliver on behalf of General one or more loads of goods to American's pier and said goods were refused admission to the pier because the dock receipts tendered on General's behalf did not have endorsed thereon export declaration numbers.

6. She then telephoned Sorrentino and told him that the trucks were in line at the pier waiting to be unloaded but that American refused to accept the goods because export declaration numbers were not shown on the dock receipts.

7. Sorrentino at that time advised and instructed her that where she was "unable to get the steamship company to accept the 'goods' in the absence of a shipper's export declaration number on the dock receipt" she should "prepare a dock receipt anyway and show thereon the number of a prior shipper's export declaration."

8. Thereafter, Sorrentino failed and omitted to inform Kass of any export declaration number for any of the goods involved herein although at all times he well knew and was aware of the fact that Kass was delivering the goods involved herein to American's pier and that American invariably refused to accept goods on its pier unless and until an export declaration number was shown on the dock receipt tendered to it at the time of delivery to its pier.

9. Thereafter, Kass adopted a practice of placing fictitious export declaration numbers on dock receipts tendered to American for delivery to its pier in order to induce American to accept such goods for ultimate exportation from the United States on its ships.

10. In so doing, in about the months of November and December, 1954, Kass prepared and caused to be tendered to American, together with goods intended to be exported from the United States, eighteen dock receipts on each of which she endorsed or inserted a number said to be an export declaration number and thereby she represented to American that an export declaration had been duly passed and authenticated for the goods being delivered together with said dock receipt.

11. In each of said instances, American accepted the goods and relied on the insertion of the number in said dock receipts as evidence that the export declarations had been duly passed and authenticated.

12. In each of said instances, the number so inserted was false and fictitious and neither Kass nor anyone on General's behalf had, at the time of tender filed and had authenticated an export declaration for the goods delivered.

13. In the case of two of the dock receipts so tendered, American, believing that an export declaration had been passed and authenticated for the goods involved, loaded the goods aboard one of its ships and carried them out of the United States.

And from the foregoing, the following are my:

Conclusions. A. That General and Kass made and Confidential and Sorrentino caused, induced and permitted to be made false representations and statements and concealed material facts in connection with the preparation and submission of export control documents, to wit dock receipts in this case, for the purpose of and in connection with effecting exports of eighteen loads of commodities from the United States in violation of § 381.5 (a) and (b) or related sections of the export control regulations;

B. That General and Kass placed or caused to be placed and Confidential and Sorrentino caused, induced and permitted to be placed eighteen loads of commodities on a pier for the purpose of exportation from the United States without first having presented duly executed shippers' export declarations to and obtained authentication from a United States Collector of Customs, in violation of § 379.1 (a) or related sections of the export control regulations;

C. That all the respondents herein caused, induced and permitted to be exported from the United States two lots of commodities without the authorization of either a validated export license or a general license, in violation of § 370.2 (a) or related sections of the export control regulations.

In this case, in every instance except two, an export declaration was ultimately authenticated. In the two exceptions, the ship sailed before the parties were able to have the declaration authenticated and, in these instances, it is probable that, had the ship not sailed, the export declaration would have been authenticated. The violations came to light because of Sorrentino's prompt disclosure of the sailing prior to authentication and Kass' agreement to such disclosure. Sorrentino cooperated in the investigation. General and Kass did, to a limited extent. The prevarication of all the respondents started during the investigation and continued until the very end of the hearing. In this case, fortunately, no strategic goods were involved. The case at first does not seem to be too important but, considering the evil to be averted it becomes very important. If goods can be placed on a pier and then loaded on a ship leaving the United States without being subject to inspection merely by the device of using a fictitious export declaration number, then the door is opened to the illegal exportation of strategic goods to unauthorized consignees. To prevent this possibility, exporters must be made aware that conduct such as occurred here is illegal, that it will not be condoned and, in the future, it will be the subject of much stronger remedial action. Also, as far as Sorrentino is concerned, although he is a forwarder, he and his firm should

be treated in the same manner as the other respondents because, in the last analysis, it was he who started Kass on the practice and could have stopped it at any time and further because the violations herein occurred as late as November and December 1954. The Compliance Commissioner referred to these elements of the case as his reason for recommending that all the respondents be denied validated and general license privileges for two months commencing fifteen days after the date of the order to be entered herein. This recommendation appears to be fair and just and is necessary to achieve effective enforcement of the law. It is now therefore, after careful consideration of the entire record, the answers, the summations on behalf of the respondents and the report of the Compliance Commissioner, hereby ordered:

I. The respondents and each of them for a period of two months commencing May 30, 1956, be and they hereby are denied all privileges of participating directly or indirectly in any manner or capacity in an exportation of any commodity or technical data from the United States to any foreign destination, including Canada, whether such exportation has heretofore or hereafter been completed. Without limitation of the generality of the foregoing denial of export privileges, participation in an exportation is deemed to include and prohibit participation by any of the respondents, directly or indirectly, in any manner or capacity, (a) as a party or as a representative of a party to any validated export license application, (b) in the obtaining or using of any validated or general export license or other export control documents, (c) in the receiving, ordering, buying, selling, using, or disposing in any foreign country of any commodities in whole or in part exported or to be exported from the United States, and (d) in storing, financing, forwarding, transporting, or other servicing of such exports from the United States;

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

III. All outstanding validated export licenses held by or issued in the name of any of the respondents or in which they appear or participate as purchaser, intermediate or ultimate consignee, or otherwise, shall, on May 30, 1956, be deemed to be revoked and shall be returned on that day to the Bureau of Foreign Commerce for cancellation;

IV. No person, firm, corporation, partnership, or other business organization, whether in the United States or elsewhere, during any time when any respondent is prohibited under the terms hereof from engaging in any activity within the scope of Part I hereof, 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 such prohibited activity, (b) order, receive, buy, use, dispose of, finance, transport or forward, any commodity on behalf of or in any association with such respondent, or (c) do any of the foregoing acts with respect to any commodity or exportation in which such respondent may have any interest of any kind or nature, direct or indirect.

Dated: May 14, 1956.

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

[F. R. Doc. 56-3922; Filed, May 17, 1956; 8:46 a. m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket No. 11682; FCC 56M-468]

GENERAL-TIMES TELEVISION CORP. AND COLUMBIA BROADCASTING SYSTEM, INC.

ORDER SCHEDULING PREHEARING CONFERENCE

In re application of General-Times Television Corporation (Assignor) and Columbia Broadcasting System, Inc. (Assignee), Docket No. 11682, File No. BAPCT-159; for consent to the assignment of the construction permit for WGTH-TV Hartford, Connecticut.

It is ordered, This 11th day of May 1956, that all parties, or their counsel, in the above-entitled proceeding are directed to appear for a pre-hearing conference pursuant to the provisions of § 1.813 of the Commission's rules, at the offices of the Commission in Washington, D. C., at 10 o'clock a. m., May 16, 1956.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] MARY JANE MORRIS,
Secretary.

[F. R. Doc. 56-3934; Filed, May 17, 1956; 8:49 a. m.]

[Docket No. 11705; FCC 56-423]

HENRY COUNTY BROADCASTING CO.

ORDER DESIGNATING APPLICATION FOR HEARING ON STATED ISSUES

In re application of John Garrett tr/as Henry County Broadcasting Company, Mt. Pleasant, Iowa, Docket No. 11705, File No. BP-9983; for construction permit.

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 9th day of May 1956;

The Commission having under consideration the above-captioned application of John Garrett tr/as Henry County Broadcasting Company for a construction permit for a new standard broadcast station to operate on 1340 kilocycles with a power of 100 watts, unlimited time, at Mt. Pleasant, Iowa;

It appearing that the applicant is legally, technically, financially and otherwise qualified to operate the proposed station but that the proposed operation would be involved in objectionable interference with Stations KXGI, Fort Madison, Iowa (1360 kc, 500 w, Day), KROS, Clinton, Iowa (1340 kc, 250 w, U), and KXEO, Mexico, Missouri (1430 kc, 250 w, U); that the population loss resulting from interference received by the proposed operation would be excessive under § 3.28 (c) of the Commission's rules; and that the 25 mv/m contour of the proposed operation may overlap with the 2 mv/m contour of Station KXGI; and

It further appearing that, pursuant to section 309 (b) of the Communications Act of 1934, as amended, the subject applicant was advised by letter dated January 20, 1956, of the aforementioned deficiencies and that the Commission was unable to conclude that a grant of the application would be in the public interest; and

It further appearing that in a reply filed April 17, 1956, the applicant stated that the interference which would be caused to Stations KXGI, KROS, and KXEO would be slight, that a grant of the application should be made in the interest of public service, that approximately 10 percent of the people residing within the normally protected service area of the proposed station would receive objectionable interference but that a "percentage of more than (10 percent was) not recognized"; and

It further appearing that the Commission, after consideration of the above, is of the opinion that a hearing is necessary;

It is ordered, That, pursuant to section 309 (b) of the Communications Act of 1934, as amended, the said application is designated for hearing, at a time and place to be specified in a subsequent order, upon the following issues:

1. To determine the areas and populations which would receive primary service from the proposed operation, and the availability of other primary service to such areas and populations.

2. To determine whether the proposed operation would cause objectionable interference to Stations KXGI, Fort Madison, Iowa; KROS, Clinton, Illinois; and KXEO, Mexico, Missouri, or any other existing standard broadcast stations, and, if so, the nature and extent thereof, the areas and populations affected thereby, and the availability of other primary service to such areas and populations.

3. To determine whether, because of the interference received, the proposed operation would comply with § 3.28 (c) of the Commission's rules, and if compliance with § 3.28 (c) is not achieved, whether circumstances exist which would warrant a waiver of said election of the rules.

4. To determine whether the 25 mv/m contour of the proposed operation would overlap with the 2 mv/m contour of Station KXGI in violation of § 3.37 of the Commission's rules.

5. To determine, in the light of the evidence adduced pursuant to the foregoing issues, if a grant of the subject application would serve the public interest.

It is further ordered, That KXGI, Inc., the Clinton Broadcasting Corporation and the Audrain Broadcasting Corpora-

tion, licensees of Station KXGI, KROS, and KXEO, respectively, are made parties to the proceeding.

Released: May 14, 1956.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] MARY JANE MORRIS,
Secretary.

[F. R. Doc. 56-3935; Filed, May 17, 1956; 8:49 a. m.]

[Docket No. 11708; FCC 56-436]

AUSTIN RADIOPAGE

ORDER TO SHOW CAUSE WHY LICENSE SHOULD NOT BE REVOKED

In the matter of Greg Scott, d/b as Austin Radiopage, Austin, Texas, Docket No. 11708; order to show cause why the license of station KKH477 in the Domestic Public Land Mobile Radio Service should not be revoked.

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 9th day of May 1956;

The Commission having under consideration the matter of certain apparent violations of sections 214, 220 (c) and 303 (n) of the Communications Act of 1934, as amended, and sections 6.48, 6.504 and 6.602 of the Commission's rules committed by the licensee of the above-described station during the course of the operation thereof; and

It appearing that Greg Scott is the licensee of radio station KKH477, which is a one-way signaling station in the Domestic Public Land Mobile Radio Service subject to the provisions of Part 6 of the Commission's rules; and

It further appearing, that the Commission's Engineer-in-Charge of the district in which station KKH477 is located attempted to inspect the said station on November 5, 1955, pursuant to sections 220 (c) and 303 (n) of the Communications Act of 1934, as amended, and § 6.504 of the Commission's rules, but was unable to make such inspection because the station was unattended and locked and the licensee's telephone was unanswered; and

It further appearing that said Engineer-in-Charge apprised the licensee of station KKH477 by mail, on November 10, 1955, of the attempted inspection and requested to be advised if the station were still in operation, and, if so, the hours of operation; and

It further appearing, that the licensee of the said station has not answered the above-mentioned letter of November 10, 1955; and

It further appearing that the Commission then sent, by Registered Mail Return Receipt Requested, on December 7, 1955, a copy of the aforesaid letter of November 10, 1955, and requested a response thereto within seven days of the date of receipt thereof; and

It further appearing, that the return receipt for said letter of December 7, 1955, signed by Greg Scott on December 9, 1955, has been received by the Commission, but that the licensee has failed to reply thereto; and

It further appearing, that the Commission has reason to believe that the licensee of station KKH477 may have discontinued operation of the said station; and may have done so in violation of section 214 of the Communications Act of 1934, as amended, and §§ 6.48 and 6.602 of the Commission's rules;

It is ordered, That, pursuant to sections 312 (a) (1) and (2) and (c) of the Communications Act of 1934, as amended, Greg Scott show cause why the license of his Domestic Public Land Mobile Radio Service station KKH477 should not be revoked; and

It is further ordered, That a hearing in this matter will be held in Washington, D. C., on the 18th day of June 1956, in order to determine whether an order revoking said license should be issued and that Greg Scott is herewith called upon to appear at this hearing and give evidence upon the matters specified herein; and

It is further ordered, That the Secretary shall mail a copy of the Order to the licensee by Registered Mail—Return Receipt Requested.

NOTE: Section 1.402 of the Commission's rules provides that in order to avail himself of the opportunity to appear before the Commission at the time and place specified in the show cause order, the licensee shall within thirty (30) days from the date of receipt of this order inform the Commission in writing whether he will appear or whether he waives his rights to a hearing. Waiver of a hearing may be accompanied by a statement of reasons why said licensee believes that an order of revocation should not be issued. A waiver unaccompanied by such a statement will be deemed to be an admission of the allegations specified in this order. Failure to respond within the above 30 day period, or failure to appear at the hearing, will be deemed to be a waiver of the right to a hearing and an admission of the allegations specified in the order to show cause.

Released: May 14, 1956.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] MARY JANE MORRIS,
Secretary.

[F. R. Doc. 56-3936; Filed, May 17, 1956; 8:49 a. m.]

FEDERAL POWER COMMISSION

[Docket Nos. G-2867, etc.]

GAS LANDS CO. ET AL.

NOTICE OF SEVERANCE AND CONTINUANCE

MAY 14, 1956.

In the matters of Gas Lands Company, et al., Docket No. G-2867, et al., and Warren Petroleum Corporation, Docket No. G-4149.

Notice is hereby given that the application of Warren Petroleum Corporation, Docket No. G-4149, in the above consolidated proceedings and scheduled for a hearing on May 16, 1956, at 9:30 a. m., e. d. s. t., is hereby severed therefrom and continued for a hearing at a subsequent date to be set by further notice.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 56-3925; Filed, May 17, 1956; 8:47 a. m.]

[Docket No. G-3300, etc.]

SHAMROCK OIL AND GAS CORP. ET AL.

NOTICE OF SEVERANCE AND CONTINUANCE

MAY 14, 1956.

In the matters of Shamrock Oil and Gas Corporation, et al., Docket No. G-3300, et al. and Big Chief Drilling Company, Docket No. G-5224.

Notice is hereby given that the application of Big Chief Drilling Company in Docket No. G-5224 in the above consolidated proceedings and scheduled for a hearing on May 15, 1956, at 9:30 a. m., e. d. s. t., is hereby severed therefrom and continued for a hearing at a subsequent date to be set by further notice.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 56-3927; Filed, May 17, 1956; 8:47 a. m.]

[Docket No. G-8931]

TEXAS EASTERN TRANSMISSION CORP. AND TEXAS EASTERN PENN-JERSEY TRANSMISSION CORP.

NOTICE OF APPLICATION AND DATE OF HEARING

MAY 11, 1956.

Texas Eastern Transmission Corporation (Texas Eastern) and Texas Eastern Penn-Jersey Transmission Corporation (Penn-Jersey), wholly owned subsidiary of Texas Eastern (Applicant), both Delaware corporations with their principal place of business in Shreveport, Louisiana, filed a joint application on May 20, 1955, as supplemented on June 23, 1955, for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, authorizing the construction and operation of certain facilities and an order permitting the abandonment of certain facilities in Pennsylvania and New Jersey, subject to the jurisdiction of the Commission, all as more fully described in their joint application which is on file with the Commission and open for public inspection.

Penn-Jersey states that its system is interconnected with that of Texas Eastern, and is operated, under lease, by Texas Eastern. The Penn-Jersey system extends from the Oakford Storage field in western Pennsylvania to Texas Eastern's compressor station No. 26 at Lambertville, New Jersey, and its primary function is to supplement the winter gas supply on the eastern end of Texas Eastern's system by withdrawing storage gas from the Oakford field.

Applicant states in this application that the main proposal is to construct two new compressor stations on the Penn-Jersey line and thereby increase Penn-Jersey's delivery capacity from approximately 200,000 Mcf per day to approximately 300,000 Mcf per day.

In connection with the above construction, Texas Eastern proposes not to construct certain compressor horsepower which has been previously authorized in two compressor stations, on the Big and Little Inch lines between Connellsville and Phoenixville, Pennsylvania.

Applicant further states that the proposed rearrangement of these compressor facilities will effect a better distribution of compressor horsepower on the two systems with the resultant increase in capacity on the Penn-Jersey facilities. In total, it means the non-construction of 8,000 certificated horsepower at Texas Eastern's stations Nos. 23 and 25 [1] and the construction of two new gas turbine centrifugal compressor stations on the Penn-Jersey line at Perulack and Grantville, Pennsylvania, each having 5,000 horsepower.

Texas Eastern also proposes to construct two short pipeline loops in the Philadelphia area consisting of about 11 miles of 12-inch pipelines and a new 3,300 horsepower station on the site of station No. 27 near Linden, New Jersey, to obtain greater flexibility in its operations in the Philadelphia-New Jersey area where deliveries to its customers have been limited by the inadequate capacities of existing lateral line facilities.

Applicant has furnished data which shows past winter requirements and estimates of future winter requirements on its system east of station No. 21 A (Connellsville).

Texas Eastern alleges that its present delivery capacity on its system combined with that of Penn-Jersey, east of the Oakford Storage Area, is approximately 731,000 Mcf per day. This capacity has been adequate heretofore, but additional capacity must be installed this summer in order to meet anticipated peak requirements during the winter of 1955–56. Exhibit X–1, attached to the application, shows that Texas Eastern's 1954–55 firm delivery obligations east of station 21 A were 678,708 Mcf and that on the peak day in that area Texas Eastern actually delivered 755,397 Mcf by withdrawing approximately 24,000 Mcf from line pack. For the winter of 1955–56, Texas Eastern estimates that its firm delivery obligations east of station 21 A will be 727,478 Mcf per day, but based on its experience in the past winter, estimates that excess deliveries of 87,721 Mcf of winter peaking gas will be requested on peak days during the winter of 1955–56, making a total peak day requirement of 815,199 Mcf east of station 21 A. It is estimated that the rearrangement of facilities, as proposed herein, will result in a delivery capacity of about 843,000 Mcf per day which is an excess of approximately 28,000 Mcf per day over the estimated requirements for the winter season of 1955–56.

In support of its contention applicant filed a first supplement to its application on June 23, 1955. This supplement is a compilation of Texas Eastern's existing service agreements and letters of intent with certain customer companies for winter peaking service during the 1955–56 season.[2]

These contracts cover the delivery of 62,120 Mcf per day of winter peak service gas. To this Texas Eastern has added 87,721 Mcf per day which was shown to be delivered during the winter season of 1954–55 in excess of WPS contract obligations.

Applicant also alleges that the total cost of Texas Eastern's proposed new facilities is estimated at $2,595,700. The estimated cost of Penn-Jersey's proposed facilities is $2,836,000.

Texas Eastern states that it intends to finance its proposed construction from funds on hand and funds to be developed from operations.

Penn-Jersey states that it proposes to finance its construction from funds on hand and funds to be developed from operations, and from the proceeds of a $1,000,000 bank loan from Girard Trust Corn Exchange Bank, Philadelphia, Pennsylvania.

A confirming letter from the bank is attached to the application. This letter and other exhibits similarly attached indicate that Applicant will encounter no difficulty in financing the proposed construction as planned.

Applicant further states that the gas reserves behind the facilities authorized in Docket No. G–1012, which are proposed herein to be replaced through the rearrangement, were found adequate by the Commission in Docket No. G–1012. It is also noted that Texas Eastern will have substantial capacity and deliverability in the Oakford Field (about 23,000,000 Mcf in top storage as of November 1, 1955) of which only 12,240,000 Mcf is needed to perform a storage service for Transcontinental Gas Pipe Line Corp. Thus, about 10,710 Mcf will be available for winter peaking service next winter which will be transported through the facilities proposed herein.

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 June 14, 1956, at 9:30 a. m., e. d. 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 joint application: *Provided, however,* That the Commission may, after a non-contested hearing, dispose of the proceedings pursuant to the provisions of § 1.30 (c) (1) or (2) of the Commission's rules of practice and procedure. Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Applicant to appear or be represented at the hearing.

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 May 31, 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. 56-3926; Filed, May 17, 1956; 8:47 a. m.]

[Docket No. G–10,000]

TRANSCONTINENTAL GAS PIPE LINE CORP.

NOTICE OF HEARING

MAY 14, 1956.

Take 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 June 6, 1956, at 10:00 a. m., e. d. 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 application filed on February 27, 1956, by Transcontinental Gas Pipe Line Corporation, in the above-entitled matter.

Due notice of the application filed herein has been published in the FEDERAL REGISTER on April 26, 1956 (21 F. R. 2705). The last date for protests or petitions to intervene in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) was May 10, 1956.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 56-3928; Filed, May 17, 1956; 8:47 a. m.]

[Docket No. G–10149]

TEXAS EASTERN TRANSMISSION CORP. AND HOPE NATURAL GAS CO.

NOTICE OF APPLICATION AND DATE OF HEARING

MAY 14, 1956.

Texas Eastern Transmission Corporation (Texas Eastern) and Hope Natural Gas Company (Hope), a Delaware and West Virginia corporation, respectively, having their principal places of business located at Shreveport, Louisiana, and Clarksburg, West Virginia, respectively, filed a joint application on March 26, 1956, for a certificate of public convenience and necessity pursuant to section 7 of the Natural Gas Act, for authorization to construct and operate certain facilities in Marshall County, West Virginia, for delivery and sale of natural gas to Hope, all as more fully hereinafter described, subject to the jurisdiction of the Commission, all as more fully represented in the joint application which is on file with the Commission and open for public inspection.

[1] Station 23 will have 7,500 hp. (presently installed) of the total of 10,000 hp. authorized and station 25 will have 2,000 hp. (yet to be installed) of the total of 7,500 hp. authorized. The horsepower in these stations were originally authorized in Docket No. G–1012, but their completion has been delayed because of the unforeseen slow development of the load of Algonquin Gas Transmission Company.

[2] However, the subject application does not request authority to sell any gas, merely to construct and operate the enabling facilities.

Texas Eastern seeks authorization to construct and operate a meter station together with appurtenant equipment, on its existing 24-inch pipe line at Milepost 974 in Marshall County, West Virginia, to deliver and sell natural gas to Hope at such point; deliveries to Hope will be made by Texas Eastern into Hope's existing 12-inch line known as H197 which crosses Texas Eastern's existing 24-inch line at such point.

Hope seeks by this application to construct and operate at the proposed point of delivery a valve, together with the necessary fittings on its existing 12-inch pipeline to enable it to take the proposed deliveries from Texas Eastern.

Applicants state that the estimated overall capital cost of Texas Eastern's proposed facilities is approximately $35,000 and is to be financed from funds on hand, and the estimated overall capital cost of Hope's proposed facilities is approximately $7,000 and is to be financed from cash on hand.

Applicants also state that Texas Eastern at present has a service agreement, in accordance with Commission authorization, with three of the operating companies in the Consolidated Natural Gas System (East Ohio Gas Co., Peoples Natural Gas Co., and New York State Natural Gas Corp.) as joint buyers of a maximum 326,500 Mcf per day at 15.025 psia. Although this volume is available to these companies on a daily basis, they can no longer take full advantage of such available volumes of gas for storage purposes at all times, particularly during the summer, because of the limited capacity of their facilities. Eastern has another arrangement whereby it sells storage gas to New York State Natural at substantially less than the average price of firm gas at 100 percent load factor.

Applicants finally state that the estimated sales and revenues for the twelve months ending May 1957 are 119,172,500 Mcf for $40,323,216, or 33.8 cents per Mcf.

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 June 14, 1956, at 9:30 a. m., e. d. 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 joint application: *Provided, however*, That the Commission may, after a non-contested hearing, dispose of the proceedings pursuant to the provisions of § 1.30 (c) (1) or (2) of the Commission's rule of practice and procedure. Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Applicants to appear or be represented at the hearing.

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 May 31, 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. 56-3924; Filed, May 17, 1956; 8:47 a. m.]

[Docket No. G-10390]

GENERAL AMERICAN OIL COMPANY OF TEXAS

ORDER SUSPENDING PROPOSED CHANGES IN RATES

General American Oil Company of Texas (Applicant) on April 23, 1956, tendered for filing proposed changes in presently effective rate schedules for sales subject to the jurisdiction of the Commission. The proposed changes, which constitute increased rates and charges, are contained in the following designated filing which is proposed to become effective on the date shown:

Description; Purchaser; Rate Schedule Designation; and Effective Date [1]

Notice of change, undated; Louisiana Nevada Transit Company; Supplement No. 3 to Applicant's FPC Gas Rate Schedule No. 6; May 24, 1956.

The increased rates and charges proposed in the aforesaid filing have not been shown to be justified, and may be unjust, unreasonable, unduly discriminatory, or preferential, or otherwise unlawful.

The Commission finds it is necessary and proper in the public interest and to aid in the enforcement of the provisions of the Natural Gas Act that the Commission enter upon a hearing concerning the lawfulness of the said proposed changes, and that the above-designated supplement be suspended and the use thereof deferred as hereinafter ordered.

The Commission orders:

(A) Pursuant to the authority contained in sections 4 and 15 of the Natural Gas Act and the Commission's General rules and regulations (18 CFR, Chapter I), a public hearing be held upon a date to be fixed by notice from the Secretary concerning the lawfulness of said proposed changes in rates and charges; and, pending such hearing and decision thereon, the above-designated supplement be and the same hereby is suspended and the use thereof deferred until October 24, 1956, and until such further time as it is made effective in the manner prescribed by the Natural Gas Act.

(B) Neither the supplement hereby suspended nor the rate schedule sought to be altered thereby, shall be changed until this proceeding has been disposed of or until the period of suspension has expired, unless otherwise ordered by the Commission.

(C) Interested State commissions may participate as provided by §§ 1.8 and 1.37 (f) (18 CFR 1.8 and 1.37 (f)) of the Commission's rules of practice and procedure.

Issued: May 14, 1956.

By this Commission.

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

[1] The stated effective date is the first day after expiration of the required thirty days' notice, or the effective date proposed by Applicant if later.

[F. R. Doc. 56-3923; Filed, May 17, 1956; 8:46 a. m.]

UNITED STATES TARIFF COMMISSION

TOWELING, OF FLAX, HEMP, OR RAMIE

"ESCAPE CLAUSE" REPORT

MAY 15, 1956.

The Tariff Commission today submitted a report to the President of its findings and recommendation in "escape clause" Investigation No. 44 under section 7 of the Trade Agreements Extension Act of 1951, as amended, with respect to toweling of flax, hemp, or ramie, or of which these substances or any of them is the component material of chief value, classifiable under paragraph 1010 of the Tariff Act of 1930. Such toweling is subject to a rate of duty of 10 percent ad valorem, which reflects the prevailing concession granted under the General Agreement on Tariffs and Trade. The original rate provided in paragraph 1010 of the Tariff Act of 1930 was 40 percent ad valorem. The investigation was instituted by the Commission on the basis of an application for an escape-clause investigation by the Stevens Linen Associates, Inc., of Dudley, Mass.

The Commission found unanimously that the toweling in question is being imported into the United States in such increased quantities, both actual and relative to domestic production, as to cause serious injury to the domestic industry producing such toweling and that, in order to remedy the serious injury, it is necessary to restore for an indefinite period the original rate of duty established in the Tariff Act of 1930 for such toweling (40 percent ad valorem). Accordingly, the Commission recommended to the President the withdrawal of the tariff concession on this article granted in the General Agreement on Tariffs and Trade. If the President does not act on the Commission's recommendation within sixty days he is directed by the statute to submit a report stating his reasons to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate.

Copies of the Commission's report are available upon request so long as the limited supply lasts. Address requests to the United States Tariff Commission, Eighth and E Streets NW., Washington 25, D. C.

[SEAL] DONN N. BENT, *Secretary.*

[F. R. Doc. 56-3929; Filed, May 17, 1956; 8:48 a. m.]

INTERSTATE COMMERCE COMMISSION

FOURTH SECTION APPLICATIONS FOR RELIEF

MAY 15, 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. 32084: *Paper bags—Crossett, Ark., to Ada, Okla.* Filed by F. C. Kratzmeir, Agent, for interested rail carriers. Rates on paper bags, noibn, printed or not printed from Crossett, Ark., to Ada, Okla.

Grounds for relief: Circuitous routes.

Tariff: Supplement 32 to Agent Kratzmeir's I. C. C. 4151.

FSA No. 32085: *Gypsum rock—Indiana to Chattanooga, Tenn.* Filed by H. R. Hinsch, Agent, for interested rail carriers. Rates on gypsum rock, crude or crushed (not ground) in bulk, carloads from East Shoals and Willow Valley, Ind., to Chattanooga, Tenn.

Grounds for relief: Circuitous routes.

Tariff: Supplement 25 to Agent Hinsch's I. C. C. 4664.

FSA No. 32086: *Latex—Akron, Ohio, to Dalton, Ga.* Filed by H. R. Hinsch, Agent, for interested rail carriers. Rates on latex (liquid crude rubber), natural or synthetic, carloads from Akron, Ohio to Dalton, Ga.

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

Tariff: Supplement 25 to Agent Hinsch's I. C. C. 4664.

FSA No. 32087: *Sand—Indiana and Michigan to Memphis, Tenn.* Filed by H. R. Hinsch, Agent, for interested rail carriers. Rates on sand, moulding, bonded (naturally or otherwise), and other than moulding, bonded (naturally or otherwise), in closed or open-top cars, carloads from Muskegon, Mich., Michigan City, Ind., and other specified points in Indiana and Michigan to Memphis, Tenn.

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

Tariff: Supplement 104 to Agent Hinsch's I. C. C. 4367.

FSA No. 32088: *Silica gel catalyst, glass, and wax—Official territory to Southwest.* Filed by F. C. Kratzmeir, Agent, for interested rail carriers. Rates on silica gel or silica gel catalyst, airplane or automobile glass, and paraffin or petroleum wax, carloads, straight or mixed, as the case may be, from specified points in official territory, also Crystal City, Mo., to specified points in Arkansas, Louisiana, Oklahoma and Texas.

Grounds for relief: Carrier competition and circuity.

By the Commission.

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

[F. R. Doc. 56-3919; Filed, May 17, 1956; 8:46 a. m.]

DEPARTMENT OF JUSTICE

Office of Alien Property

[Vesting Order SA-35; F-57-406]

AQUILA ROMANO AMERICANA

In re: debts owing to Aquila Romano Americana also known as Aquila Romano Americana Company and as Aquilla Romano-Americana S. A.

Under the authority of Title II of the International Claims Settlement Act of 1949, as amended (69 Stat. 562), Executive Order 10644, November 7, 1955 (20 F. R. 8363), Department of Justice Order No. 106-55, November 23, 1955 (20 F. R. 8993), and pursuant to law, after investigation, it is hereby found and determined:

1. That the property described as follows: That certain debt or other obligation of Thomas A. Edison, Incorporated, West Orange, New Jersey, arising out of an account payable maintained by the aforesaid corporation in the name of Aquila Romano Americana, together with any and all rights to demand, enforce and collect the same,

is property within the United States which was blocked in accordance with Executive Order 8389, as amended, and remained blocked on August 9, 1955, and which is, and as of September 15, 1947, was, owned directly or indirectly by Aquila Romano Americana also known as Aquila Romano Americana Company and as Aquilla Romano-Americana S. A., Bucharest, Rumania, a national of Rumania as defined in said Executive Order 8389, as amended.

2. That the property described herein is not owned directly by a natural person.

There is hereby vested in the Attorney General of the United States the property described above, to be administered, sold, or otherwise liquidated, in accordance with the provisions of Title II of the International Claims Settlement Act of 1949, as amended.

It is hereby required that the property described above be paid, conveyed, transferred, assigned and delivered to or for the account of the Attorney General of the United States in accordance with directions and instructions issued by or for the Assistant Attorney General, Director, Office of Alien Property, Department of Justice.

The foregoing requirement and any supplement thereto shall be deemed instructions or directions issued under Title II of the International Claims Settlement Act of 1949, as amended. Attention is directed to Section 205 of said Title II (69 Stat. 562) which provides that:

Any payment, conveyance, transfer, assignment, or delivery of property made to the President or his designee pursuant to this title, or any rule, regulation, instruction, or direction issued under this title, shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same; and no person shall be held liable in any court for or in respect of any such payment, conveyance, transfer, assignment, or delivery made in good faith in pursuance of and in reliance on the provisions of this title, or of any rule, regulation, instruction, or direction issued thereunder.

Executed at Washington, D. C., on May 14, 1956.

For the Attorney General.

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

[F. R. Doc. 56-3938; Filed, May 17, 1956; 8:49 a. m.]

[Vesting Order SA-36; F-57-406]

AQUILA ROMANO AMERICANA

In re: debts owing to Aquila Romano Americana also known as Aquila Romano Americana Company and as Aquilla Romano-Americana S. A.

Under the authority of Title II of the International Claims Settlement Act of 1949, as amended (69 Stat. 562), Executive Order 10644, November 7, 1955 (20 F. R. 8363), Department of Justice Order No. 106-55, November 23, 1955 (20 F. R. 8993), and pursuant to law, after investigation, it is hereby found and determined:

1. That the property described as follows: That certain debt or other obligation of Martin-Decker Corporation, 3431 Cherry Avenue, Long Beach 7, California, arising out of an account payable maintained by the aforesaid corporation in the name of Aquila Romano Americana Company, together with any and all rights to demand, enforce and collect the same,

is property within the United States which was blocked in accordance with Executive Order 8389, as amended, and remained blocked on August 9, 1955, and which is, and as of September 15, 1947, was, owned directly or indirectly by Aquila Romano Americana also known as Aquila Romano Americana Company and as Aquilla Romano-Americana S. A., Bucharest, Rumania, a national of Rumania as defined in said Executive Order 8389, as amended.

2. That the property described herein is not owned directly by a natural person.

There is hereby vested in the Attorney General of the United States the property described above, to be administered, sold, or otherwise liquidated, in accordance with the provisions of Title II of the International Claims Settlement Act of 1949, as amended.

It is hereby required that the property described above be paid, conveyed, transferred, assigned and delivered to or for the account of the Attorney General of the United States in accordance with directions and instructions issued by or for the Assistant Attorney General, Director, Office of Alien Property, Department of Justice.

The foregoing requirement and any supplement thereto shall be deemed instructions or directions issued under Title II of the International Claims Settlement Act of 1949, as amended. Attention is directed to Section 205 of said Title II (69 Stat. 562) which provides that:

Any payment, conveyance, transfer, assignment, or delivery of property made to

the President or his designee pursuant to this title, or any rule, regulation, instruction, or direction issued under this title, shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same; and no person shall be held liable in any court for or in respect of any such payment, conveyance, transfer, assignment, or delivery made in good faith in pursuance of and in reliance on the provisions of this title, or of any rule, regulation, instruction, or direction issued thereunder.

Executed at Washington, D. C., on May 14, 1956.

For the Attorney General.

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

[F. R. Doc. 56-3939; Filed, May 17, 1956; 8:49 a. m.]

[Vesting Order SA-37; F-57-406]

AQUILA ROMANO AMERICANA

In re: debts owing to Aquila Romano Americana also known as Aquila Romano Americana Company and has Aquilla Romano-Americana S. A.

Under the authority of Title II of the International Claims Settlement Act of 1949, as amended (69 Stat. 562), Executive Order 10644, November 7, 1955 (20 F. R. 8363), Department of Justice Order No. 106-55, November 23, 1955 (20 F. R. 8993), and pursuant to law, after investigation, it is hereby found and determined:

1. That the property described as follows: That certain debt or other obligation of Union Carbide and Carbon Corporation, 30 East Forty-Second Street, New York 17, New York, arising out of an account payable entitled "Accounts Payable Sundries, Account No. 211012," maintained by the aforesaid corporation, together with any and all rights to demand, enforce and collect the same,

is property within the United States which was blocked in accordance with Executive Order 8389, as amended, and remained blocked on August 9, 1955, and which is, and as of September 15, 1947, was, owned directly or indirectly by Aquila Romano Americana also known as Aquila Romano Americana Company and as Aquilla Romano-Americana S. A., Bucharest, Rumania, a national of Rumania as defined in said Executive Order 8389, as amended.

2. That the property described herein is not owned directly by a natural person.

There is hereby vested in the Attorney General of the United States the property described above, to be administered, sold, or otherwise liquidated, in accordance with the provisions of Title II of the International Claims Settlement Act of 1949, as amended.

It is hereby required that the property described above be paid, conveyed, transferred, assigned and delivered to or for the account of the Attorney General of the United States in accordance with directions and instructions issued by or for the Assistant Attorney General, Director, Office of Alien Property, Department of Justice.

The foregoing requirement and any supplement thereto shall be deemed instructions or directions issued under Title II of the International Claims Settlement Act of 1949, as amended. Attention is directed to Section 205 of said Title II (69 Stat. 562) which provides that:

Any payment, conveyance, transfer, assignment, or delivery of property made to the President or his designee pursuant to this title, or any rule, regulation, instruction, or direction issued under this title, shall to the extent thereof be a full acquittance and discharge for all purposes of the obligation of the person making the same; and no person shall be held liable in any court for or in respect of any such payment, conveyance, transfer, assignment, or delivery made in good faith in pursuance of and in reliance on the provisions of this title, or of any rule, regulation, instruction, or direction issued thereunder.

Executed at Washington, D. C., on May 14, 1956.

For the Attorney General.

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

[F. R. Doc. 56-3940; Filed, May 17, 1956; 8:49 a. m.]