

THE NATIONAL ARCHIVES
LITTERA
SCRIPTA
MANET
OF THE UNITED STATES

FEDERAL REGISTER

1934

VOLUME 21 NUMBER 120

Washington, Thursday, June 21, 1956

TITLE 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 6—EXCEPTIONS FROM COMPETITIVE SERVICE

FEDERAL CIVIL DEFENSE ADMINISTRATION

Effective upon publication in the FEDERAL REGISTER, paragraph (f) of § 6.323 is revoked and paragraph (m) is added as set out below.

§ 6.323 *Federal Civil Defense Administration.* * * *

(m) One Deputy Executive Assistant Administrator.

(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. 56-4893; Filed, June 20, 1956; 8:53 a. m.]

TITLE 9—ANIMALS AND ANIMAL PRODUCTS

Chapter I—Agricultural Research Service, Department of Agriculture

Subchapter C—Interstate Transportation of Animals and Poultry

[B. A. I. Order 383, Rev., Amdt. 80]

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

SUBPART B—VESICULAR EXANTHEMA

CHANGES IN AREAS QUARANTINED

Pursuant to the provisions of sections 1 and 3 of the act of March 3, 1905, as amended (21 U. S. C. 123, 125), sections 1 and 2 of the act of February 2, 1903, as amended (21 U. S. C. 111-113, 120), and section 7 of the act of May 29, 1884, as amended (21 U. S. C. 117), § 76.27, as amended, Subpart B, Part 76, Title 9, Code of Federal Regulations (21 F. R. 3, 417, 786, 1165, 1461, 1743, 2230, 2611, 3005, 3923), which quarantines certain areas because of vesicular exanthema, a contagious, infectious, and communicable disease of swine, is hereby further amended in the following respects:

1. Subdivisions (i) and (iv) of subparagraph (8) of paragraph (c), relating to Worcester County in Massachusetts, are deleted.

2. A new subdivision (ix) is added to subparagraph (1) of paragraph (d), relating to Atlantic County in New Jersey, to read:

(ix) Lots 1A and 1B, Block 760, in Hamilton Township, owned and operated by Charles Michael.

3. New subdivisions (xxiii) and (xxiv) are added to subparagraph (9) of paragraph (d), relating to Monmouth County in New Jersey, to read:

(xxiii) That part of Manalapan Township lying west of the Oakland Mills-Millhurst Road, north of the Carrs Corner-Oakland Mill Road, and southeast of County Road No. 527; and

(xxiv) That part of Marlboro Township lying south of Harbor Road, east of County Road No. 3, north of County Road No. 320, and west of State Road No. 79.

Effective date. The foregoing amendment shall become effective upon issuance.

The amendment excludes certain areas in Massachusetts and New Jersey from the areas heretofore quarantined because of vesicular exanthema. Hereafter, the restrictions pertaining to the interstate movement of swine, and carcasses, parts and offal of swine, from or through quarantined areas, contained in 9 CFR 1955 Supp., Part 76, Subpart B, as amended, will not apply to such areas. However, the restrictions pertaining to such movement from non-quarantined areas, contained in said Subpart B, as amended, will apply thereto.

The amendment relieves certain restrictions presently imposed, and must be made effective immediately to be of maximum benefit to persons subject to the restrictions which are relieved. Accordingly, under section 4 of the Administrative Procedure Act (5 U. S. C. 1003), it is found upon good cause that notice and other public procedure with respect to the amendment are impracticable and contrary to the public interest, and the amendment may be made effective less than 30 days after publication in the FEDERAL REGISTER.

(Continued on next page)

CONTENTS

Agricultural Marketing Service	Page
Proposed rule making:	
Peppers; frozen, sweet; United States standards for grades...	4347
Agricultural Research Service	
Rules and regulations:	
Vesicular exanthema; changes in areas quarantined.....	4339
Agriculture Department	
See Agricultural Marketing Service; Agricultural Research Service.	
Alien Property Office	
Notices:	
Mannheimer Versicherungs-gesellschaft; vesting order.....	4378
Civil Aeronautics Board	
Notices:	
Hearings, etc.:	
Mackey Airlines, Inc., and Midet Aviation Corp.....	4350
Pan American World Airways, Inc.....	4350
Proposed rule making:	
Scheduled air carriers; certification and operation rules outside continental limits of United States.....	4349
Civil Service Commission	
Rules and regulations:	
Federal Civil Defense Administration; exceptions from competitive service.....	4339
Customs Bureau	
Notices:	
Isthmian Lines, Inc.; registration of house flag.....	4369
Defense Department	
Notices:	
Single manager assignments:	
Clothing-textiles.....	4357
Medical materiel.....	4362
Subsistence.....	4350
Traffic management within United States (Army).....	4355
Education Office	
Rules and regulations:	
Minimum school facilities; Federal assistance in construction in areas affected by Federal activities; deadline for applications for funds available during fiscal year 1956.....	4344



Published daily, except Sundays, Mondays, and days following official Federal holidays, by the Federal Register Division, National Archives and Records Service, General Services Administration, pursuant to the authority contained in the Federal Register Act, approved July 26, 1935 (49 Stat. 500, as amended; 44 U. S. C., ch. 8B), under regulations prescribed by the Administrative Committee of the Federal Register, approved by the President. Distribution is made only by the Superintendent of Documents, Government Printing Office, Washington 25, D. C.

The FEDERAL REGISTER will be furnished by mail to subscribers, free of postage, for \$1.50 per month or \$15.00 per year, payable in advance. The charge for individual copies (minimum 15 cents) varies in proportion to the size of the issue. Remit check or money order, made payable to the Superintendent of Documents, directly to the Government Printing Office, Washington 25, D. C.

The regulatory material appearing herein is keyed to the CODE OF FEDERAL REGULATIONS, which is published, under 50 titles, pursuant to section 11 of the Federal Register Act, as amended August 5, 1953. The CODE OF FEDERAL REGULATIONS is sold by the Superintendent of Documents. Prices of books and pocket supplements vary.

There are no restrictions on the republication of material appearing in the FEDERAL REGISTER, or the CODE OF FEDERAL REGULATIONS.

CFR SUPPLEMENTS

(As of January 1, 1956)

The following Supplements are now available:

Title 6 (\$1.75)

Title 7: Parts 210-899 (Rev., 1955) with Supplement (\$4.50)

Title 26 (1954) Parts 1-220 (Rev., 1955) (\$2.00)

Titles 47 and 48 (\$2.25)

Previously announced: Title 3, 1955 Supp. (\$2.00); Titles 4 and 5 (\$1.00); Title 7: Parts 1-209 (\$1.25), Parts 900-959 (Rev., 1955) (\$6.00), Part 960 to end (Rev., 1955) with Supplement (\$5.85); Title 8 (\$0.50); Title 9 (\$0.70); Titles 10-13 (\$0.70); Title 14: Parts 1-399 (\$2.50), Part 400 to end (\$1.00); Title 15 (\$1.00); Title 16 (\$1.25); Title 17 (\$0.60); Title 18 (\$0.50); Title 19 (\$0.50); Title 20 (\$1.00); Title 21 (Rev., 1955) (\$5.50); Titles 22 and 23 (\$1.00); Title 24 (\$0.75); Title 25 (\$0.50); Title 26: Parts 1-79 (\$0.35), Parts 80-169 (\$0.50), Parts 170-182 (\$0.30), Parts 183-299 (\$0.35), Part 300 to end, Ch. 1, and Title 27 (\$1.00); Titles 28 and 29 (\$1.25); Titles 30 and 31 (\$1.25); Title 32: Parts 1-399 (\$0.60), Parts 400-699 (\$0.65), Parts 700-799 (\$0.35), Parts 800-1099 (\$0.40), Part 1100 to end (\$0.35); Title 32A (Rev., 1955) (\$1.25); Title 33 (\$1.50); Titles 35-37 (\$1.00); Title 39 (Rev., 1955) (\$4.25); Titles 40-42 (\$0.65); Title 43 (\$0.50); Title 46: Parts 1-145 (\$0.60), Part 146 to end (\$1.25); Title 49: Parts 1-70 (\$0.60), Parts 71-90 (\$1.00), Parts 91-164 (\$0.50), Part 165 to end (\$0.65)

Order from Superintendent of Documents, Government Printing Office, Washington 25, D. C.

RULES AND REGULATIONS

CONTENTS—Continued

Federal Power Commission	Page
Notices:	
Hearings, etc.:	
Black Hills Power and Light Co. (2 documents).....	4370
City of Seward, Alaska.....	4369
United Gas Pipe Line Co.....	4370
Federal Trade Commission	
Rules and regulations:	
Reddi-Spred Corp.; cease and desist order; modification....	4341
Food and Drug Administration	
Rules and regulations:	
Drugs exempted from prescription-dispensing requirements of Federal Food, Drug, and Cosmetic Act; certain diamthazole dihydrochloride and dextromethorphan hydrobromide preparations.....	4341
Penicillin and penicillin-containing drugs; certification, tests and methods of assay; crystalline penicillin-streptomycin - polymyxin - oxytetracycline-carbomycin powder, veterinary.....	4341
General Services Administration	
Notices:	
Federal Office Buildings; prospectus for proposed buildings in southwest redevelopment area of District of Columbia..	4371
Health, Education, and Welfare Department	
See Education Office; Food and Drug Administration.	
Housing and Home Finance Agency	
See Public Housing Administration.	
Interior Department	
See Land Management Bureau; National Park Service.	
Internal Revenue Service	
Proposed rule making:	
Income tax; taxable years beginning after Dec. 31, 1953....	4344
Justice Department	
See Alien Property Office.	
Land Management Bureau	
Notices:	
Arizona; proposed withdrawal and reservation of lands (2 documents).....	4367
New Mexico; stock driveway withdrawal.....	4367
National Park Service	
Notices:	
National Park Service Superintendents; delegations of authority (5 documents).....	4368, 4369
Public Housing Administration	
Notices:	
Deputy Field Office Director, Fort Worth Field Office; revocation of certain powers....	4371

CONTENTS—Continued

Securities and Exchange Commission	Page
Notices:	
Hearings, etc.:	
Cheatham, James Connor....	4374
Dallas Transit Co.....	4377
Gething, Terence Arthur Peter Neville.....	4377
Grace, George Vincent.....	4374
Hampton, Jr., Byron Drue....	4373
Investors Diversified Services, Inc., and Investors Syndicate of America, Inc.....	4375
Investors Diversified Services, Inc., and Investors Syndicate Title & Guaranty Co....	4376
Leven, David Donald.....	4372
Lewisohn Copper Corp.....	4377
Troy, Graham and Co., Inc....	4372
Union Electric Co.....	4375
Western Empire Brokerage Co., Inc.....	4373
Treasury Department	
See Customs Bureau; Internal Revenue Service.	

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.

Title	Page
Title 5	
Chapter I:	
Part 6.....	4339
Title 7	
Chapter I:	
Part 52 (proposed).....	4347
Title 9	
Chapter I:	
Part 76.....	4339
Title 14	
Chapter I:	
Part 41 (proposed).....	4349
Title 16	
Chapter I:	
Part 13.....	4341
Title 21	
Chapter I:	
Part 130.....	4341
Part 141a.....	4341
Part 146a.....	4341
Title 26 (1954)	
Chapter I:	
Part 1 (proposed).....	4344
Title 45	
Chapter I:	
Part 110.....	4344

(Sec. 7, 23 Stat. 32, as amended, secs. 1, 2, 33 Stat. 791-792, as amended, secs. 1, 3, 33 Stat. 1264, as amended, 1265, as amended; 21 U. S. C. 111-113, 117, 120, 123, 125)

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

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

[F. R. Doc. 56-4898; Filed, June 20, 1956; 8:54 a. m.]

TITLE 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket 6228]

PART 13—DIGEST OF CEASE AND DESIST ORDERS

REDDI-SPRED CORP.

Subpart—Advertising falsely or misleadingly: § 13.135 Nature: Product or service: Oleomargarine amendment to FTC Act.¹

(Sec. 6, 38 Stat. 721; 15 U. S. C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; sec. 12, 52 Stat. 114; sec. 15, 64 Stat. 20-21; 15 U. S. C. secs. 45, 52, 55) [Order modifying cease and desist order, Reddi-Spred Corporation, Philadelphia, Pa., Docket 6228, June 5, 1956]

Order modifying prior cease and desist order issued May 5, 1955, 20 F. R. 4367, to conform to the order of the Court of Appeals for the Third Circuit, of January 18, 1956, by striking from the proviso under paragraph "1" the following language: "or of a truthful statement that said product contains butter or any other dairy product provided the percentage thereof contained is clearly and conspicuously set forth." The proviso as modified reads: "Provided, however, That nothing contained in this order shall prevent the use in advertisements of a truthful, accurate and full statement of all of the ingredients contained in said product."

Issued: June 5, 1956.

By the Commission.

[SEAL] ROBERT M. PARRISH,
Secretary.

[F. R. Doc. 56-4874; Filed, June 20, 1956; 8:48 a. m.]

TITLE 21—FOOD AND DRUGS

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

Subchapter C—Drugs

PART 130—DRUGS EXEMPTED FROM PRESCRIPTION - DISPENSING REQUIREMENTS OF SECTION 503 (b) (C) OF THE FEDERAL FOOD, DRUG, AND COSMETIC ACT.

EXEMPTION OF CERTAIN DIAMTHAZOLE DIHYDROCHLORIDE PREPARATIONS AND DEXTROMETHORPHAN HYDROBROMIDE PREPARATIONS FROM PRESCRIPTION-DISPENSING REQUIREMENTS

There was published in the FEDERAL REGISTER of May 11, 1956 (21 F. R. 3149) a notice and text of proposed amendments to § 130.1 Exemption for certain drugs limited by new-drug applications to prescription sale. No comments nor objections were filed with respect to the proposed amendments within the 30-day period stipulated in the above-referenced notice, and the amendments set out below are hereby ordered, effective 30 days from the date of publication of this order in the FEDERAL REGISTER.

¹New.

1. Section 130.1 Exemption for certain drugs limited by new-drug applications to prescription sale is amended by changing paragraph (a) (7) to read as follows:

(7) Diamthazole dihydrochloride (2-dimethylamino-6-(β -diethylamino ethoxy)-benzothiazole dihydrochloride) preparations meeting all the following conditions:

(i) The diamthazole dihydrochloride is prepared with or without other drugs, in a dosage form suitable for use in self-medication by external application to the skin, and containing no drug limited to prescription sale under the provisions of section 503 (b) (1) of the act.

(ii) The diamthazole dihydrochloride and all other components of the preparation meet their professed standards of identity, strength, quality, and purity.

(iii) If the preparation is a new drug, an application pursuant to section 505 (b) of the act is effective for it.

(iv) The preparation contains not more than 5 percent of diamthazole dihydrochloride.

(v) The preparation is labeled with adequate directions for use only for adults and children 12 years of age and over in those conditions for which it may be safely used without medical supervision.

(vi) The label bears a conspicuous warning to keep out of the reach of children, and the labeling bears, in juxtaposition with the directions for use, clear warning statements against:

(a) Application to infants or children under 6 years of age, because serious reactions may occur.

(b) Application to children 6 to 12 years of age, except as directed by a physician.

(c) Contact with mucous membranes.

(d) Use in the event of irritation or failure to obtain prompt relief.

2. Section 130.1 (a) is further amended by adding the following new subparagraph:

(15) Dextromethorphan hydrobromide (dextro-3-methoxy-N-methylmorphinan hydrobromide) preparations meeting all the following conditions:

(i) The dextromethorphan hydrobromide is prepared with or without other drugs, in tablet or other dosage form suitable for oral use in self-medication, and containing no drug limited to prescription sale under the provisions of section 503 (b) (1) of the act.

(ii) The dextromethorphan hydrobromide and all other components of the preparation meet their professed standards of identity, strength, quality, and purity.

(iii) If the preparation is a new drug, an application pursuant to section 505 (b) of the act is effective for it.

(iv) The preparation contains not more than 15 milligrams of dextromethorphan hydrobromide per dosage unit, or if it is in liquid form not more than 3 milligrams of dextromethorphan hydrobromide per milliliter.

(v) The preparation is labeled with adequate directions for use in the temporary relief of cough due to minor conditions in which it is indicated.

(vi) The dosages recommended or suggested in the labeling do not exceed: For adults, 30 milligrams of dextromethorphan hydrobromide per dose or 120 milligrams of dextromethorphan hydrobromide per 24-hour period; for children 4 to 12 years of age, 15 milligrams per dose or 60 milligrams per 24-hour period; for children 2 to 4 years of age, 7.5 milligrams per dose or 30 milligrams per 24-hour period.

(vii) The label bears a conspicuous warning to keep the drug out of the reach of children and the labeling bears, in juxtaposition with the dosage recommendations:

(a) A clear warning statement against administration of the drug to children under 2 years of age, except as directed by a physician.

(b) Clear warning statements against use of the drug in the presence of high fever or if cough persists, since persistent cough as well as high fever may indicate the presence of a serious condition.

(Sec. 701, 52 Stat. 1055; 21 U. S. C. 371. Interprets or applies secs. 503, 505, 52 Stat. 1052, 65 Stat. 649; 21 U. S. C. 353, 355)

Dated: June 18, 1956.

Geo. P. LARRICK,
Commissioner of Food and Drugs.

[F. R. Doc. 56-4891; Filed, June 20, 1956; 8:52 a. m.]

PART 141a—PENICILLIN AND PENICILLIN-CONTAINING DRUGS—TESTS AND METHODS OF ASSAY

PART 146a—CERTIFICATION OF PENICILLIN AND PENICILLIN-CONTAINING DRUGS

CRYSTALLINE PENICILLIN-STREPTOMYCIN- (OR DIHYDROSTREPTOMYCIN-) POLYMYXIN-OXYTETRACYCLINE-CARBOMYCIN POWDER VETERINARY

By virtue of the authority vested in the Secretary of Health, Education, and Welfare by the Federal Food, Drug, and Cosmetic Act (sec. 507, 59 Stat. 463, 61 Stat. 11; 21 U. S. C. 357) and delegated to the Commissioner of Food and Drugs by the Secretary (20 F. R. 1996), the regulations for tests and methods of assay and certification of penicillin and penicillin-containing drugs (21 CFR Parts 141a, 146a) are amended by adding the following new sections:

§ 141a.90 Crystalline penicillin-streptomycin-polymyxin-oxytetracycline-carbomycin powder veterinary; crystalline penicillin - dihydrostreptomycin - polymyxin-oxytetracycline-carbomycin powder veterinary—(a) Potency—(1) Penicillin content. Wash the contents of one immediate container of the sample into a 100-milliliter volumetric flask with approximately 70 milliliters of absolute methanol. Shake the mixture for 1 minute, dilute to 100 milliliters with absolute methanol, and mix thoroughly. Centrifuge a portion of this mixture to obtain a clear methanol solution. Dilute an aliquot of the clear solution with sufficient 1.0-percent phosphate buffer, pH 6.0, to obtain a concentration of 1.0 unit per milliliter (estimated) and proceed as directed in § 141a.1. Its content of peni-

cillin is satisfactory if it contains not less than 85 percent of the number of units that it is represented to contain.

(2) *Oxytetracycline content.* To an aliquot of the clear methanol solution prepared as directed in subparagraph (1) of this paragraph, add sufficient penicillinase to completely inactivate the penicillin and then dilute with sufficient 0.1 M monopotassium phosphate buffer, pH 4.5, to obtain a concentration of 0.24 microgram per milliliter (estimated) and proceed as directed in § 141c.218 (a) of this chapter, except use the oxytetracycline working standard as the standard of comparison. Its content of oxytetracycline is satisfactory if it contains not less than 85 percent of the number of milligrams that it is represented to contain.

(3) *Carbomycin content.* To an aliquot of the clear methanol solution prepared as directed in subparagraph (1) of this paragraph, add sufficient penicillinase to completely inactivate the penicillin and then dilute with sufficient 0.1 M potassium phosphate buffer, pH 8.0, to obtain a concentration of 1.0 microgram per milligram (estimated) and proceed as directed in paragraph (d) (1) of this section. Its content of carbomycin is satisfactory if it contains not less than 85 percent of the number of milligrams that it is represented to contain.

(4) *Streptomycin content.* Using 10 milliliters of a freshly prepared 2-percent solution of anhydrous trichloroacetic acid in acetone, wash the contents of an immediate container of the sample into an extraction funnel prepared by fusing a ground-glass joint to the top of a medium porosity sintered-glass funnel (30 millimeters diameter). Shake the mixture for 1 minute and draw off the liquid under vacuum. Repeat the extraction with four 10-milliliter portions of a 2-percent solution of trichloroacetic acid in acetone and discard the filtrates. Wash the residue in the funnel with five 10-milliliter portions of 0.1 M potassium phosphate buffer (pH 8.0), withdrawing the washings with vacuum. Collect and combine the washings and dilute them to 50 milliliters with 0.1 M potassium phosphate buffer, pH 8.0. Proceed as directed in § 141b.101 (a) to (i) of this chapter. Its content of streptomycin is satisfactory if it contains not less than 85 percent of the number of milligrams that it is represented to contain.

(5) *Dihydrostreptomycin content.* Using the dihydrostreptomycin working standard as the standard of comparison, proceed as directed in subparagraph (4) of this paragraph. Its content of dihydrostreptomycin is satisfactory if it contains not less than 85 percent of the number of milligrams that it is represented to contain.

(6) *Polymyxin content.* Dilute an aliquot of the buffer washings prepared as directed in subparagraph (4) of this paragraph with sufficient 10-percent potassium phosphate buffer, pH 6.0, to obtain a concentration of 10 units per milliliter (estimated). Proceed as directed in § 141b.112 (b) (1) of this chapter, except that the standard curve is prepared in the following concentra-

tions: 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 units per milliliter in 10-percent potassium phosphate buffer, pH 6.0, the 10 units per milliliter concentration being used as the reference point. Its content of polymyxin is satisfactory if it contains not less than 85 percent of the number of units that it is represented to contain.

(b) *Moisture.* Proceed as directed in § 141a.5 (a) of this chapter.

(c) *Oxytetracycline used in making the powder—(1) Potency.* Dilute the sample to be tested with sufficient 0.1 N HCl to give an appropriate stock solution. Further dilute with sufficient 0.1 M monopotassium phosphate buffer, pH 4.5, to obtain a concentration of 0.24 microgram per milliliter, and proceed as directed in § 141c.201 (a) (8) of this chapter, using the oxytetracycline working standard as the standard of comparison, except:

(i) Prepare the standard stock solution by dissolving an appropriate amount of the working standard in sufficient 0.1 N HCl to give a concentration of 1,000 micrograms per milliliter. This solution may be kept in the refrigerator for 1 week. Do not freeze.

(ii) To prepare solutions for the standard curve, make further dilution of the stock solution with 0.1 M monopotassium phosphate buffer, pH 4.5, to obtain concentrations of 0.08, 0.12, 0.16, 0.20, 0.24, 0.28, 0.32, 0.36, and 0.40 microgram per milliliter.

(2) *Moisture.* Proceed as directed in § 141a.5 (a).

(3) *Toxicity.* Proceed as directed in § 141a.4, using as a test dose 0.5 milliliter of an aqueous solution containing 2.0 milligrams per milliliter, prepared by dissolving 40 milligrams (as the anhydrous compound) in 2.0 milliliters of 0.1 N HCl (if it is the base) and diluting with the required amount of water.

(4) *pH.* Proceed as directed in § 141a.5 (b), using an aqueous solution containing 10 milligrams per milliliter.

(5) *Crystallinity.* Proceed as directed in § 141a.5 (c).

(d) *Carbomycin used in making the powder—(1) Potency—(i) Plate assay—(a) Cylinders (cups).* Use cylinders described under § 141a.1 (a)

(b) *Culture media.* Prepare the culture media for the base and seed layers and for carrying the test organism as directed in § 141a.1 (b) (1), except for the base and seed layers adjust the media to pH 8.0 after sterilization. Make the nutrient broth for preparing an inoculum of the test organism as directed in § 141a.1 (b) (3).

(c) *Working standard.* Keep the working standard at refrigeration in tightly stoppered vials, which in turn are kept in larger stoppered vials containing a suitable desiccant. Dry approximately 50 milligrams of the standard as described in § 141a.5 (a). Dissolve the weight of dry working standard in sufficient methyl alcohol to give a concentration of 10,000 micrograms per milliliter. Further dilute with sterile distilled water to give a stock solution of 100 micrograms per milliliter. This stock solution may be kept under refrigeration for 1 week. Make daily dilutions to a concentration of 1 microgram per milliliter

using 0.1 M potassium phosphate buffer, pH 8.0.

(d) *Preparation of sample.* Prepare the sample to be tested by dissolving in a small amount of methyl alcohol and then further dilute in 0.1 M phosphate buffer, pH 8.0, to make an appropriate stock solution.

(e) *Preparation of suspension.* Proceed as directed in § 141d.301 (a) (5) of this chapter, except add 0.2 milliliter of the adjusted bulk suspension to 100 milliliters of agar that has been melted and cooled to 48° C.

(f) *Preparation of plates.* Proceed as directed in § 141d.301 (a) (6) of this chapter.

(g) *Assay.* Place six cylinders on the inoculated agar surface so that they are at approximately 60° intervals on a 2.8-centimeter radius. Use three plates for each sample. Fill three cylinders on each plate with the 1.0 microgram per milliliter standard and three cylinders with the sample diluted to 1.0 microgram per milliliter (estimated) in 0.1 M potassium phosphate buffer, pH 8.0, alternating standard and sample. At the same time, prepare a standard curve, using concentrations of the standard of 0.6, 0.7, 0.8, 0.9, 1.0, 1.1, 1.2, 1.3, 1.4, and 1.5 micrograms per milliliter. Use three plates for the determination of each concentration on the curve except the 1.0 microgram per milliliter concentration, a total of 27 plates. The 1.0 microgram per milliliter concentration is the reference point of the curve. On each of three plates fill three cylinders with the 1.0 microgram per milliliter standard and the other three cylinders with the concentration of the standard under test. Thus there will be 81 of the 1.0 microgram determinations and nine determinations for each of the other points on the curve. Incubate the plates for 16 to 18 hours at 32° C. to 35° C. and measure the diameters of the circles of inhibition. Average the readings of the 1.0 microgram per milliliter concentrations and the readings of the concentration tested for each set of three plates and average also all 81 readings of the 1.0 microgram per milliliter concentration. The average of the 81 readings of the 1.0 microgram per milliliter concentration is the correction point for the curve. Correct the average value obtained for each concentration to the figure it would be if the average 1.0 microgram per milliliter reading for that set of three plates were the same as the correction point. Thus, if in correction of the 0.8 microgram concentration the average of the 81 readings of the 1.0 microgram concentration is 20.0 millimeters and the average of the 1.0 microgram concentration of this set of three plates is 19.8 millimeters, the correction is +0.2 millimeter.

If the average reading of the 0.8 microgram concentration of these same three plates is 19.0 millimeters, the corrected value is 19.2 millimeters. Plot these corrected values, including the average of the 1.0 microgram per milliliter concentration, on two-cycle semilogarithmic paper using the concentration in micrograms per milliliter as the ordinate (the logarithmic scale) and the diameter of the zone of inhibition as the abscissa.

Draw the standard curve through these points. To estimate the potency of the sample, average the zone readings of the standard and the zone readings of the sample on the three plates used. If the sample gives a larger zone size than the average of the standard, add the difference between them to the 1.0 microgram per milliliter unit zone on the standard curve. If the average value is lower than the standard value, subtract the difference between them from the 1.0 microgram per milliliter unit value on the curve. From the curves read the potencies corresponding to these corrected values of zone sizes.

(2) *Moisture*. Proceed as directed in § 141a.5 (a).

(3) *Toxicity*. Proceed as directed in § 141a.4, using as a test dose 0.5 milliliter of a solution containing 2 milligrams per milliliter.

(4) *pH*. Using an aqueous solution containing 10 milligrams per milliliter, proceed as directed in § 141a.5 (b).

(5) *Crystallinity*. Proceed as directed in § 141a.5 (c).

§ 146a.112 *Crystalline penicillin-streptomycin - polymyxin - oxytetracycline-carbomycin powder veterinary; crystalline penicillin-dihydrostreptomycin - polymyxin - oxytetracycline - carbomycin powder veterinary*—(a) *Standards of identity, strength, quality, and purity*. Crystalline penicillin-streptomycin - polymyxin - oxytetracycline-carbomycin powder veterinary and crystalline penicillin - dihydrostreptomycin - polymyxin-oxytetracycline-carbomycin powder veterinary are a mixture of crystalline penicillin, streptomycin or dihydrostreptomycin, polymyxin, crystalline oxytetracycline or crystalline oxytetracycline hydrochloride or a combination of these drugs, and crystalline carbomycin, with one or more suitable and harmless diluents. Each immediate container of powder contains not less than 200,000 units of penicillin, not less than 200 milligrams of streptomycin or dihydrostreptomycin, not less than 150,000 units of polymyxin, not less than 425 milligrams of oxytetracycline or oxytetracycline hydrochloride or a combination of these drugs, and not less than 100 milligrams of carbomycin. Its moisture content is not more than 6.0 percent. The crystalline penicillin used conforms to the standards prescribed therefor by § 146a.24 (a) except § 146a.24 (a) (2) and (4). The streptomycin used conforms to the standards prescribed therefor by § 146b.101 (a) of this chapter, except § 146b.101 (a) (2), (4), and (5). The dihydrostreptomycin used conforms to the standards prescribed therefor by § 146b.103 of this chapter, except the standards for sterility, pyrogens, and histamine. The polymyxin B used conforms to the standards prescribed therefor by § 146b.107 (a) of this chapter. The oxytetracycline used is produced by the growth of *Streptomyces remosus*. The crystalline oxytetracycline base has a potency of not less than 900 micrograms per milligram on the anhydrous basis, is nontoxic, has a moisture content of not more than 7.5 percent, and has a pH of from 5.5 to 7.5. The crystalline oxytetracycline hydrochloride has a potency of not less than

835 micrograms per milligram, is nontoxic, has a moisture content of not more than 1.5 percent, and has a pH of from 2.3 to 2.9. The crystalline carbomycin used is produced by the growth of *Streptomyces halstedii*, has a potency of not less than 750 micrograms per milligram, has a moisture content of not more than 5.0 percent, has a pH of from 5.0 to 8.0, and is nontoxic. Each other ingredient used, if its name is recognized in the U. S. P. or N. F., conforms to the standards prescribed therefor by such official compendium.

(b) *Packaging*. In all cases the immediate containers shall be tight containers as defined by the U. S. P. The composition of the immediate containers shall be such as will not cause any change in the strength, quality, or purity of the contents beyond any limit therefor in applicable standards, except that minor changes so caused that are normal and unavoidable in good packaging, storage, and distribution practice shall be disregarded.

(c) *Labeling*. Each package shall bear on its label or labeling, as herein-after indicated, the following:

(1) On the outside wrapper or container and the immediate container:

(i) The batch mark.

(ii) The number of units of penicillin; the number of milligrams of streptomycin or dihydrostreptomycin; the number of units of polymyxin; the number of milligrams of oxytetracycline, oxytetracycline hydrochloride, or the number of milligrams of each such drug where a combination of these two drugs is used; and the number of milligrams of carbomycin, in each gram of the batch.

(iii) The statement "For udder instillation of cattle only."

(iv) The statement "Expiration date _____," the blank being filled in with the date that is 24 months after the month during which the batch was certified: *Provided, however*, That such expiration date may be omitted from the immediate container if such immediate container is packaged in an individual wrapper or container.

(v) On the circular or other labeling within or attached to the package, adequate directions and warnings for the veterinary use of such drug by the laity. Such circular or other labeling may also bear a statement that a brochure or other printed matter containing information for other veterinary uses of such drug by a veterinarian licensed by law to administer it will be sent to such veterinarian on request.

(d) *Request for certification; samples*.

(1) In addition to complying with the requirements of § 146.2 of this chapter, a person who requests certification of a batch shall submit with his request a statement showing the batch mark, the number of packages of each size in such batch, the batch mark and (unless they were previously submitted) the dates of the latest tests and assays of the penicillin, streptomycin or dihydrostreptomycin, polymyxin, oxytetracycline, oxytetracycline hydrochloride, and carbomycin used in making the batch.

(2) Except as otherwise provided by subparagraph (4) of this paragraph, such person shall submit in connection

with his request results of the tests and assays listed after each of the following, made by him on an accurately representative sample of:

(i) The batch: Potency and moisture.

(ii) The penicillin used in making the batch: Potency, toxicity, moisture, pH, crystallinity, and heat stability.

(iii) The streptomycin or dihydrostreptomycin used in making the batch: Potency, toxicity, moisture, pH, streptomycin content if it is dihydrostreptomycin, and crystallinity if it is crystalline dihydrostreptomycin sulfate.

(iv) The polymyxin used in making the batch: Potency and toxicity.

(v) The oxytetracycline and oxytetracycline hydrochloride used in making the batch: Potency, moisture, toxicity, pH, and crystallinity.

(vi) The carbomycin used in making the batch: Potency, moisture, toxicity, pH, and crystallinity.

(3) Except as otherwise provided by subparagraph (4) of this paragraph, such person shall submit in connection with his request, in the quantities hereinafter indicated, accurately representative samples of the following:

(i) The batch: 1 package for each 5,000 packages in the batch, but in no case less than 6 packages or more than 12 packages.

(ii) The penicillin used in making the batch: 10 packages each containing equal portions of not less than 60 milligrams.

(iii) The streptomycin or dihydrostreptomycin used in making the batch: 5 packages each containing approximately equal portions of not less than 0.5 gram.

(iv) The polymyxin used in making the batch: 5 packages each containing approximately equal portions of not less than 0.5 gram.

(v) The oxytetracycline used in making the batch: 5 packages of each salt used, each containing approximately equal portions of not less than 0.5 gram.

(vi) The carbomycin used in making the batch: 5 packages each containing approximately equal portions of not less than 0.5 gram.

(vii) In case of an initial request for certification, each other ingredient used in making the batch: 1 package of each containing approximately 5 grams.

(4) No result referred to in subparagraph (2) (ii), (iii), (iv), (v), and (vi) of this paragraph, and no samples referred to in subparagraph (3) (ii), (iii), (iv), (v), and (vi) of this paragraph, is required if such result or samples have been previously submitted.

(e) *Fees*. The fee for the services rendered with respect to each batch under the regulations in this part shall be:

(1) \$4.00 for each package in the samples submitted in accordance with paragraph (d) (3) of this section.

(2) If the Commissioner considers that investigations other than examination of such packages are necessary to determine whether or not such batch complies with the requirements of § 146.3 of this chapter for the issuance of a certificate, the cost of such investigations.

The fee prescribed by subparagraph (1) of this paragraph shall accompany the request for certification unless such fee is covered by an advance deposit maintained in accordance with § 146.8 (d) of this chapter.

(Sec. 701, 52 Stat. 1055, as amended; 21 U. S. C. 371)

Notice and public procedure are not necessary prerequisites to the promulgation of this order, and I so find, since it was drawn in collaboration with interested members of the affected industry and since it would be against public interest to delay providing for the amendments set forth above.

Effective date. This order shall be effective on the date of publication of this order in the FEDERAL REGISTER, since both the public and the affected industry will benefit by the earliest effective date, and I so find.

Dated: June 15, 1956.

[SEAL] GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F. R. Doc. 56-4861; Filed, June 20, 1956;
8:45 a. m.]

TITLE 45—PUBLIC WELFARE

Chapter I—Office of Education, Department of Health, Education, and Welfare

PART 110—FEDERAL ASSISTANCE IN THE CONSTRUCTION OF MINIMUM SCHOOL FACILITIES UNDER TITLE III IN AREAS AFFECTED BY FEDERAL ACTIVITIES WITH RESPECT TO APPLICATIONS FILED AFTER JULY 15, 1955

FINAL DEADLINE FOR APPLICATIONS WITH RESPECT TO FUNDS AVAILABLE OR TO BE MADE AVAILABLE DURING FISCAL YEAR 1956

Subpart B of Part 110, 45 CFR (20 F. R. 7607, October 12, 1955) issued pursuant to title III (except sections 304 (b) and 308 (b) thereof) of Public Law 815, 81st Congress (64 Stat. 967) as added by Public Law 246, 83d Congress (67 Stat. 522) and as amended by Public Law 731, 83d Congress (68 Stat. 1005), and by Public Law 382, 84th Congress (69 Stat. 713), is hereby amended by inserting in § 110.21 the words, "or to be made available" immediately after the phrase "from funds then available," in order to provide for the possibility that funds appropriated after June 30, 1956, might become available to pay applications not reached on the priority list because of insufficient funds. The amended § 110.21 reads as follows:

§ 110.21 *Final deadline for applications with respect to funds available or to be made available during fiscal year 1956.* Pursuant to section 303 of the act, June 30, 1956, is fixed as the date on or before which all complete applications for payments to which applicants may be entitled under title III (except sections 304 (b) and 308 (b) thereof) from funds then available or to be made available shall be filed. Complete applications heretofore filed in compliance with the

act since June 30, 1954, and for which funds have not been reserved shall be considered as filed for the purposes of this section subject to the right of the applicant to modify or amend the same on or before June 30, 1956. Payments under section 304 (b) will be made upon request of the local educational agency filed within 90 days after the date on which funds are appropriated to make such payments.

(Sec. 208, 64 Stat. 975; 20 U. S. C. 278)

[SEAL] S. M. BROWNELL,
United States Commissioner
of Education.

Approved: June 15, 1956.

HEROLD C. HUNT,
Acting Secretary of Health,
Education and Welfare.

[F. R. Doc. 56-4892; Filed, June 20, 1956;
8:52 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF THE TREASURY

Internal Revenue Service

[26 CFR (1954) Part 1]

INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 1, 1953

RESEARCH AND EXPERIMENTAL EXPENDITURES

Notice is hereby given, pursuant to the Administrative Procedure Act, approved June 11, 1946, that the regulations set forth in tentative form below are proposed to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury or his delegate. Prior to the final adoption of such regulations, consideration will be given to any data, views, or arguments pertaining thereto which are submitted in writing, in duplicate, to the Commissioner of Internal Revenue, Attention: T:P, Washington 25, D. C., within the period of 30 days from the date of publication of this notice in the FEDERAL REGISTER. The proposed regulations are to be issued under the authority contained in sections 174 (b) and 7805 of the Internal Revenue Code of 1954 (68A Stat. 66, 917; 26 U. S. C. 174 (b), 7805).

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

The following regulations relating to research and experimental expenditures are hereby promulgated under section 174 of the Internal Revenue Code of 1954, and are effective for taxable years beginning after December 31, 1953, and ending after August 16, 1954, except that the regulations under section 174 (b) are effective for any taxable year beginning after December 31, 1953:

- Sec.
1.174 Statutory provisions; research and experimental expenditures.
1.174-1 Research and experimental expenditures; in general.
1.174-2 Definition of research and experimental expenditures.
1.174-3 Treatment as expenses.
1.174-4 Treatment as deferred expenses.

§ 1.174 Statutory provisions; research and experimental expenditures.

Sec. 174. *Research and experimental expenditures—(a) Treatment as expenses—(1) In general.* A taxpayer may treat research or experimental expenditures which are paid or incurred by him during the taxable year in connection with his trade or business as expenses which are not chargeable to capital

account. The expenditures so treated shall be allowed as a deduction.

(2) *When method may be adopted—(A) Without consent.* A taxpayer may, without the consent of the Secretary or his delegate, adopt the method provided in this subsection for his first taxable year—

(1) Which begins after December 31, 1953, and ends after the date on which this title is enacted, and

(2) For which expenditures described in paragraph (1) are paid or incurred.

(B) *With consent.* A taxpayer may, with the consent of the Secretary or his delegate, adopt at any time the method provided in this subsection.

(3) *Scope.* The method adopted under this subsection shall apply to all expenditures described in paragraph (1). The method adopted shall be adhered to in computing taxable income for the taxable year and for all subsequent taxable years unless, with the approval of the Secretary or his delegate, a change to a different method is authorized with respect to part or all of such expenditures.

(b) *Amortization of certain research and experimental expenditures—(1) In general.* At the election of the taxpayer, made in accordance with regulations prescribed by the Secretary or his delegate, research or experimental expenditures which are—

(A) Paid or incurred by the taxpayer in connection with his trade or business,

(B) Not treated as expenses under subsection (a), and

(C) Chargeable to capital account but not chargeable to property of a character which is subject to the allowance under section 167 (relating to allowance for depreciation, etc.) or section 611 (relating to allowance for depletion),

may be treated as deferred expenses. In computing taxable income, such deferred expenses shall be allowed as a deduction ratably over such period of not less than 60 months as may be selected by the taxpayer (beginning with the month in which the taxpayer first realizes benefits from such expenditures). Such deferred expenses are expenditures properly chargeable to capital account for purposes of section 1016 (a) (1) (relating to adjustments to basis of property).

(2) *Time for and scope of election.* The election provided by paragraph (1) may be made for any taxable year beginning after December 31, 1953, but only if made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof). The method so elected, and the period selected by the taxpayer, shall be adhered to in computing taxable income for the taxable year for which the election is made and for all subsequent taxable years unless, with the approval of the Secretary or his delegate, a change to a different method (or to a different period) is authorized with respect to part or all of such

expenditures. The election shall not apply to any expenditure paid or incurred during any taxable year before the taxable year for which the taxpayer makes the election.

(c) *Land and other property.* This section shall not apply to any expenditure for the acquisition or improvement of land, or for the acquisition or improvement of property to be used in connection with the research or experimentation and of a character which is subject to the allowance under section 167 (relating to allowance for depreciation, etc.) or section 611 (relating to allowance for depletion); but for purposes of this section allowances under section 167, and allowances under section 611, shall be considered as expenditures.

(d) *Exploration expenditures.* This section shall not apply to any expenditure paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of ore or other mineral (including oil and gas).

(e) *Cross reference.* For adjustments to basis of property for amounts allowed as deductions as deferred expenses under subsection (b), see section 1016 (a) (14).

§ 1.174-1 *Research and experimental expenditures; in general.* Section 174 provides two methods for treating research or experimental expenditures paid or incurred by the taxpayer in connection with his trade or business. These expenditures may be treated as expenses not chargeable to capital account and deducted in the year in which they are paid or incurred (see § 1.174-3), or they may be deferred and amortized (see § 1.174-4). Research or experimental expenditures which are neither treated as expenses nor deferred and amortized under section 174 are not deductible as trade and business expenses under section 162. The expenditures to which section 174 applies may relate either to a general research program or to a particular project. See § 1.174-2 for the definition of research and experimental expenditures. The term "paid or incurred", as used in section 174 and in §§ 1.174-1 to 1.174-4, inclusive, is to be construed according to the method of accounting used by the taxpayer in computing taxable income. See section 7701 (a) (25).

§ 1.174-2 *Definition of research and experimental expenditures—(a) In general.* The term "research or experimental expenditures", as used in section 174, means expenditures incurred in connection with the taxpayer's trade or business which are not deductible under any other provision of the internal revenue laws and which represent research and development costs in the experimental or laboratory sense. The term includes generally all such costs incident to the development of an experimental or pilot model, a plant process, a product, a formula, an invention, or similar property, and the improvement of already existing property of the type mentioned. The term does not include, for example, ordinary trade or business expenses (such as expenditures for the ordinary testing or inspection of materials or products for quality control) or expenditures for efficiency surveys, management studies, consumer surveys, and advertising and promotions; nor does it include expenditures leading toward the creation or acquisition of goodwill, or like expendi-

tures. Furthermore, the term does not include the cost of obtaining a patent or copyright, such as legal fees expended in making and perfecting a patent application; nor does it include the cost of acquiring another's patent, copyright, model, product, or process, or expenditures paid or incurred for research connected with literary, historical, or similar projects. The provisions of this section apply not only to costs paid or incurred by the taxpayer for research or experimentation undertaken directly by him but also to expenditures paid or incurred for research or experimentation carried on in his behalf by another person or organization (such as a research institute, foundation, engineering company, or similar contractor), but only to the extent that the activities for which the expenditures are made are of a type which would in general result in expenditures under section 174 if they had been undertaken directly by the taxpayer.

(b) *Certain expenditures with respect to land and other property.* (1) Generally, expenditures by the taxpayer for the acquisition or improvement of land, or for the acquisition or improvement of property which is subject to an allowance for depreciation under section 167 or depletion under section 611, are not deductible under section 174, irrespective of the fact that the property or improvements may be used by the taxpayer in connection with research or experimentation. However, allowances for depreciation or depletion of property are considered as research or experimental expenditures which may be amortized under section 174 (b) to the extent that the property to which the allowances relate is used in connection with research or experimentation. If any part of the cost of acquisition or improvement of depreciable property is attributable to research or experimentation (whether made by the taxpayer or another), see subparagraphs (2), (3), and (4) of this paragraph.

(2) Expenditures for research or experimentation may be allowable as a current expense deduction under section 174 (a) even though they result, as an end product of the research or experimentation, in depreciable property to be used in the taxpayer's trade or business. Such expenditures cannot be amortized under section 174 (b) except to the extent provided in § 1.174-4 (a) (4).

(3) If expenditures for research or experimentation are incurred in connection with the construction or manufacture of depreciable property by another, they are deductible under section 174 (a) only if made upon the taxpayer's order and at his risk. No deduction will be allowed (i) if the taxpayer purchases another's product under a performance guarantee (whether express, implied, or imposed by local law) unless the guarantee is limited, to engineering specifications or otherwise, in such a way that economic utility is not taken into account; or (ii) for any part of the purchase price of a product in regular production. For example, if a taxpayer orders a specially-built automatic milling machine under a guarantee that the machine will be capable of producing a given

number of units per hour, no portion of the expenditure is deductible since none of it is made at the taxpayer's risk. Similarly, no deductible expense is incurred if a taxpayer enters into a contract for the construction of a new type of chemical processing plant under a turn-key contract guaranteeing a given annual production and a given consumption of raw material and fuel per unit. On the other hand, if the contract contained no guarantee of quality of production and of quantity of units in relation to consumption of raw material and fuel, and if real doubt existed as to the capabilities of the process, expenses for research or experimentation under the contract are at the taxpayer's risk and are deductible under section 174 (a).

(4) The deductions referred to in subparagraphs (2) and (3) of this paragraph for expenditures in connection with the acquisition or production of depreciable property to be used in the taxpayer's trade or business are limited to amounts expended for research or experimentation. For the purpose of the preceding sentence, amounts expended for research or experimentation do not include the costs of the component materials of the depreciable property, the costs of labor or other elements involved in its construction and installation, or costs attributable to the acquisition or improvement of the property.

(c) *Exploration expenditures.* The provisions of section 174 are not applicable to any expenditures paid or incurred for the purpose of ascertaining the existence, location, extent, or quality of any deposit of ore, oil, gas or other mineral. See sections 615 and 263.

§ 1.174-3 *Treatment as expenses—(a) In general.* Research or experimental expenditures paid or incurred by a taxpayer during the taxable year in connection with his trade or business are deductible as expenses, and are not chargeable to capital account, if the taxpayer adopts the method provided in section 174 (a). See paragraph (b) of this section. If adopted, the method shall apply to all research and experimental expenditures paid or incurred in the taxable year of adoption and all subsequent taxable years, unless a different method is authorized by the Commissioner under section 174 (a) (3) with respect to part or all of the expenditures. See paragraph (b) (3) of this section. Thus, if a change to the deferred expense method under section 174 (b) is authorized by the Commissioner with respect to research or experimental expenditures attributable to a particular project or projects, the taxpayer, for the taxable year of the change and for subsequent taxable years, must apply the deferred expense method to all such expenditures paid or incurred during any of those taxable years in connection with the particular project or projects, even though all other research and experimental expenditures are required to be deducted as current expenses under this section. In no event will the taxpayer be permitted to adopt the method described in this section as to part of the expenditures relative to a particular project and adopt a different method of treating the

balance of the expenditures relating to the same project.

(b) *Adoption and change of method—*

(1) *Adoption without consent.* The method described in this section may be adopted for any taxable year beginning after December 31, 1953, and ending after August 16, 1954. The consent of the Commissioner is not required if the taxpayer adopts the method for the first such taxable year in which he pays or incurs research or experimental expenditures. The taxpayer may do so by stating in his income tax return that he is adopting the method of treating research or experimental expenditures as expenses under section 174 (a). If the taxpayer fails to adopt the method for the first taxable year in which he incurs such expenditures, he cannot do so in subsequent taxable years unless he obtains the consent of the Commissioner under section 174 (a) (2) (B) and subparagraph (2) of this paragraph. See, however, subparagraph (4) of this paragraph, relating to extensions of time.

(2) *Adoption with consent.* A taxpayer may, with the consent of the Commissioner, adopt at any time the method provided in section 174 (a). The method adopted in this manner shall be applicable only to expenditures paid or incurred during the taxable year for which the request is made and in subsequent taxable years. A request to adopt this method shall be in writing and shall be addressed to the Commissioner of Internal Revenue, Attention: T:R, Washington 25, D. C. The request shall set forth the name and address of the taxpayer, the first taxable year for which the adoption of the method is requested, and a description of the project or projects with respect to which research or experimental expenditures are to be, or have already been, paid or incurred. The request shall be signed by the taxpayer (or his duly authorized representative) and shall be filed not later than the last day of the first taxable year for which the adoption of the method is requested. See, however, subparagraph (4) of this paragraph, relating to extensions of time.

(3) *Change of method.* An application for permission to change to a different method of treating research or experimental expenditures shall be in writing and shall be addressed to the Commissioner of Internal Revenue, Attention: T:R, Washington 25, D. C. The application shall include the name and address of the taxpayer, shall be signed by the taxpayer (or his duly authorized representative), and shall be filed not later than the last day of the first taxable year for which the change in method is to apply. See, however, subparagraph (4) of this paragraph, relating to extensions of time. The application shall—

- (i) State the first year to which the requested change is to be applicable;
- (ii) State whether the change is to apply to all research or experimental expenditures paid or incurred by the taxpayer, or only to expenditures attributable to a particular project or projects;
- (iii) Include such information as will identify the project or projects to which the change is applicable;

(iv) Indicate the number of months (not less than 60) selected for amortization of the expenditures, if any, which are to be treated as deferred expenses under section 174 (b);

(v) State that, upon approval of the application, the taxpayer will make an accounting segregation on his books and records of the research or experimental expenditures to which the change in method is to apply; and

(vi) State the reasons for the change. If permission is granted to make the change, the taxpayer shall attach a copy of the letter granting permission to his income tax return for the first taxable year in which the different method is effective.

(4) *Special rules.* If the last day prescribed by law for filing a return for any taxable year (including extensions thereof) to which section 174 (a) is applicable falls before the ninetieth day after the date the regulations under section 174 are published in the FEDERAL REGISTER, consent is hereby given for the taxpayer to adopt the expense method or to change from the expense method to a different method, provided that on or before such ninetieth day he submits to the district director for the district in which the return was filed the information required by subparagraph (1) of this paragraph or the information required by subparagraph (3) of this paragraph, whichever is applicable. For any taxable year for which the expense method or a different method is adopted pursuant to this subparagraph, an amended return reflecting such method shall be filed on or before such ninetieth day.

§ 1.174-4 *Treatment as deferred expenses—*(a) *In general.* (1) If a taxpayer has not adopted the method provided in section 174 (a) of treating research or experimental expenditures paid or incurred by him in connection with his trade or business as currently deductible expenses, he may, for any taxable year beginning after December 31, 1953, elect to treat such expenses as deferred expenses under section 174 (b), subject to the limitations of subparagraph (2) of this paragraph. If a taxpayer has adopted the method of treating such expenditures as expenses under section 174 (a), he may not elect to defer and amortize any such expenditures unless permission to do so is granted under section 174 (a) (3). See paragraph (b) of this section.

(2) The election to treat research or experimental expenditures as deferred expenses under section 174 (b) applies only to those expenditures which are chargeable to capital account but which are not chargeable to property of a character subject to an allowance for depreciation or depletion under section 167 or 611, respectively. Thus, the election under section 174 (b) applies only if the property resulting from the research or experimental expenditures has no determinable useful life. If the property resulting from the expenditures has a determinable useful life, section 174 (b) is not applicable, and the capitalized expenditures must be amortized or depreciated over the determinable useful life.

Amounts treated as deferred expenses are properly chargeable to capital account for purposes of section 1016 (a) (1), relating to adjustments to basis of property. See section 1016 (a) (14). See section 174 (c) and § 1.174-2 (b) (1) for treatment of expenditures for the acquisition or improvement of land or of depreciable or depletable property to be used in connection with the research or experimentation.

(3) Expenditures which are treated as deferred expenses under section 174 (b) are allowable as a deduction ratably over a period of not less than 60 consecutive months beginning with the month in which the taxpayer first realizes benefits from the expenditures. The length of the period shall be selected by the taxpayer at the time he makes the election to defer the expenditures. If a taxpayer has two or more separate projects, he may select a different amortization period for each project. In the absence of a showing to the contrary, the taxpayer will be deemed to have begun to realize benefits from the deferred expenditures in the month in which the taxpayer first puts the process, formula, invention, or similar property to which the expenditures relate to an income-producing use. See section 1016 (a) (14) for adjustments to basis of property for amounts allowed as deductions under section 174 (b) and this section. See section 165 and the regulations thereunder for rules relating to the treatment of losses resulting from abandonment.

(4) If expenditures which the taxpayer has elected to defer and deduct ratably over a period of time in accordance with section 174 (b) result in the development of depreciable property, deductions for the unrecovered expenditures, beginning with the time the asset becomes depreciable in character, shall be determined under section 167 (relating to depreciation) and the regulations thereunder. For example, for the taxable year 1954, A, who reports his income on the basis of a calendar year, elects to defer and deduct ratably over a period of 60 months research and experimental expenditures made in connection with a particular project. In 1956, the total of the deferred expenditures amounts to \$60,000. At that time, A has developed a process which he seeks to patent. On July 1, 1956, A first realized benefits from the marketing of products resulting from this process. Therefore, the expenditures deferred are deductible ratably over the 60-month period beginning with July 1, 1956 (when A first realized benefits from the project). In his return for the year 1956, A deducted \$6,000; in 1957, A deducted \$12,000 (\$1,000 per month). On July 1, 1958, a patent protecting his process is obtained by A. In his return for 1958, A is entitled to a deduction of \$6,000, representing the amortizable portion of the deferred expenses attributable to the period prior to July 1, 1958. The balance of the unrecovered expenditures (\$60,000 minus \$24,000, or \$36,000) is to be recovered as a depreciation deduction over the life of the patent commencing with July 1, 1958. Thus, one-half of the annual depreciation deduction based upon the useful life of the patent is also

deductible for 1956 (from July 1 to December 31).

(5) The election shall be applicable to all research and experimental expenditures paid or incurred by the taxpayer or, if so limited by the taxpayer's election, to all such expenditures with respect to the particular project, subject to the limitations of subparagraph (2) of this paragraph. The election shall apply for the taxable year for which the election is made and for all subsequent taxable years, unless a change to a different treatment is authorized by the Commissioner under section 174 (b) (2). See paragraph (b) (2) of this section. Likewise, the taxpayer shall adhere to the amortization period selected at the time of the election unless a different period of amortization with respect to a part or all of the expenditures is similarly authorized. However, no change in method will be permitted with respect to expenditures paid or incurred before the taxable year to which the change is to apply. In no event will the taxpayer be permitted to treat part of the expenditures with respect to a particular project as deferred expenses under section 174 (b) and to adopt a different method of treating the balance of the expenditures relating to the same project for the same taxable year. The election under this section shall not apply to any expenditures paid or incurred before the taxable year for which the taxpayer makes the election.

(b) *Election and change of method*—
(1) *Election.* The election under section 174 (b) shall be made not later than the time (including extensions) prescribed by law for filing the return for the taxable year for which the method is to be adopted. The election shall be made by attaching a statement to the taxpayer's return for the first taxable year to which the election is applicable. The statement shall be signed by the taxpayer (or his duly authorized representative), and shall—

(i) Set forth the name and address of the taxpayer;

(ii) Designate the first taxable year to which the election is to apply;

(iii) State whether the election is intended to apply to all expenditures within the permissible scope of the election, or only to a particular project or projects, and, if the latter, include such information as will identify the project or projects as to which the election is to apply;

(iv) Set forth the amount of all research or experimental expenditures paid or incurred during the taxable year for which the election is made;

(v) Indicate the number of months (not less than 60) selected for amortization of the deferred expenses for each project; and

(vi) State that the taxpayer will make an accounting segregation in his books and records of the expenditures to which the election relates.

(2) *Change to a different method or period.* Application for permission to change to a different method of treating research or experimental expenditures or to a different period of amortization for deferred expenses shall be in writing

and shall be addressed to the Commissioner of Internal Revenue, Attention: T:R, Washington 25, D. C. The application shall include the name and address of the taxpayer, shall be signed by the taxpayer (or his duly authorized representative), and shall be filed not later than the end of the first taxable year in which the different method or different amortization period is to be used (unless subparagraph (3) of this paragraph, relating to extensions of time, is applicable). The application shall set forth the following information with regard to the research or experimental expenditures which are being treated under section 174 (b) as deferred expenses:

(i) Total amount of research or experimental expenditures attributable to each project;

(ii) Amortization period applicable to each project; and

(iii) Unamortized expenditures attributable to each project at the beginning of the taxable year in which the application is filed.

In addition, the application shall set forth the length of the new period or periods proposed, or the new method of treatment proposed, the reasons for the proposed change, and such information as will identify the project or projects to which the expenditures affected by the change relate. If permission is granted to make the change, the taxpayer shall attach a copy of the letter granting the permission to his income tax return for the first taxable year in which the different method or period is to be effective.

(3) *Special rules.* If the last day prescribed by law for filing a return for any taxable year for which the deferred method provided in section 174 (b) has been adopted falls before the ninetieth day after the date the regulations under section 174 are published in the FEDERAL REGISTER, consent is hereby given for the taxpayer to change from such method and adopt a different method of treating research or experimental expenditures, provided that on or before such ninetieth day he submits to the district director for the district in which the return was filed the information required by subparagraph (2) of this paragraph, relating to a change to a different method or period. For any taxable year for which the different method is adopted pursuant to this subparagraph, an amended return reflecting such method shall be filed on or before such ninetieth day.

(c) *Transferee taxpayers.* Amounts chargeable to capital account under section 174 (b) and reflected in the basis (determined under section 1016 (a)) of property transferred to another taxpayer succeeding to the transferor's basis shall be allowed as a deduction to the transferee ratably over the period (or remaining period) selected by the transferor in his election under section 174 (b). The transferee may, with the permission of the Commissioner, change to a different method, or to a different period of amortization, but may not change the method of treating expenditures paid or incurred before the taxable

year to which the change is to apply. See paragraph (b) (2) of this section.

(d) *Example.* The application of this section is illustrated by the following example:

Example. N Corporation is engaged in the business of manufacturing chemical products. On January 1, 1955, work is begun on a special research project. N Corporation elects, pursuant to section 174 (b), to defer the expenditures relating to the special project and to amortize the expenditures over a period of 72 months beginning with the month in which benefits from the expenditures are first realized. On January 1, 1955, N Corporation also purchased for \$57,600 a building having a remaining useful life of 12 years as of the date of purchase and no salvage value at the end of the period. Fifty percent of the building's facilities are to be used in connection with the special research project. During 1955, N Corporation pays or incurs the following expenditures relating to the special research project:

Salaries	\$15,000
Heat, light and power	700
Drawings	2,000
Models	6,500
Laboratory materials	8,000
Attorneys' fees	1,400
Depreciation on building attributable to project (50 percent of \$4,800 allowable depreciation)	2,400

Total research and development expenditures

36,000
The above expenditures result in a process which is marketable but not patentable and which has no determinable useful life. N Corporation first realizes benefits from the process in January 1956. N Corporation is entitled to deduct the amount of \$6,000 ($\frac{\$36,000 \times 12 \text{ months}}{72 \text{ months}}$) as deferred expenses under section 174 (b) in computing taxable income for 1956.

[F. R. Doc. 56-4890; Filed, June 20, 1956; 8:52 a. m.]

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Part 52]

FROZEN SWEET PEPPERS¹

UNITED STATES STANDARDS FOR GRADES

Notice is hereby given that the United States Department of Agriculture is considering the issuance of United States Standards for Grades of Frozen Sweet Peppers pursuant to the authority contained in the Agricultural Marketing Act of 1946, (60 Stat. 1087 et seq., 7 U. S. C. 1621 et seq.). These standards, if made effective, will be the first issue by the Department of grade standards for this product.

All persons who desire to submit written data, views or arguments for consideration in connection with the proposed standards should file the same with the Chief, Processed Products Standardization and Inspection Branch, Fruit and Vegetable Division, Agricultural Marketing Service, U. S. Department of Agriculture, Washington 25, D. C., not later than 60 days after publication hereof in the FEDERAL REGISTER.

¹ Compliance with these standards does not excuse failure to comply with the provisions of the Federal Food, Drug, and Cosmetic Act.

The proposed standards are as follows:

PRODUCT DESCRIPTION, STYLES, AND GRADES	
Sec.	
52.3001	Product description.
52.3002	Types of frozen sweet peppers.
52.3003	Styles of frozen sweet peppers.
52.3004	Grades of frozen sweet peppers.
FACTORS OF QUALITY	
52.3005	Ascertaining the grade.
52.3006	Ascertaining the rating for the factors which are scored.
52.3007	Color.
52.3008	Uniformity of size and symmetry.
52.3009	Defects.
52.3010	Character.
LOT CERTIFICATION TOLERANCES	
52.3011	Tolerances for certification of officially drawn samples.
SCORE SHEET	
52.3012	Score sheet for frozen sweet peppers.

AUTHORITY: §§ 52.3001 to 52.3012 issued under sec. 205, 60 Stat. 1090, as amended; 7 U. S. C. 1624.

PRODUCT DESCRIPTION, STYLES, AND GRADES

§ 52.3001 *Product description.* "Frozen sweet peppers" is the frozen product prepared from fresh, clean, sound, firm pods of the common commercial varieties of sweet peppers, which have been properly prepared, may or may not be blanched and are then frozen in accordance with good commercial practice and maintained at temperatures necessary for the preservation of the product.

§ 52.3002 *Types of frozen sweet peppers.* (a) Type I, green.

(b) Type II, red.

(c) Type III, mixed (green and red).

§ 52.3003 *Styles of frozen sweet peppers.* (a) "Whole stemmed" means whole unpeeled pepper pods with stem and core removed.

(b) "Whole unstemmed" means whole unpeeled pepper pods with stems trimmed to not more than 1/2 inch length.

(c) "Halved" means whole stemmed, unpeeled, pepper pods which have been cut approximately in half from stem to blossom end.

(d) "Sliced" means whole stemmed, unpeeled pepper pods or pieces of pepper pods which have been cut into strips.

(e) "Diced" means whole stemmed, unpeeled pepper pods or pieces of pepper pods which have been cut into approximate square pieces.

(f) "Unit" means a whole unpeeled pepper pod or portion of a pepper pod in frozen sweet peppers.

§ 52.3004 *Grades of frozen sweet peppers.* (a) "U. S. Grade A" or "U. S. Fancy" is the quality of frozen sweet peppers that possess similar varietal characteristics; that possess a normal flavor; that possess a good color; that are practically uniform in size and symmetry; that are practically free from defects; that possess a good character; and for those factors which are scored in accordance with the scoring system outlined in this subpart the total score is not less than 85 points: *Provided*, That the frozen sweet peppers may be reasonably uniform in size and symmetry if the total score is not less than 85 points.

(b) "U. S. Grade B" or "U. S. Extra Standard" is the quality of frozen sweet

peppers that possess similar varietal characteristics; that possess a normal flavor; that possess a reasonably good color; that are reasonably uniform in size and symmetry; that are reasonably free from defects; that possess a reasonably good character; and that score not less than 70 points when scored in accordance with the scoring system outlined in this subpart.

(c) "Substandard" is the quality of frozen sweet peppers that fail to meet the requirements of U. S. Grade B or U. S. Extra Standard.

FACTORS OF QUALITY

§ 52.3005 *Ascertaining the grade—(a) General.* In addition to considering other requirements outlined in the standards the following quality factors are evaluated:

(1) *Factors not rated by score points.*

(i) Varietal characteristics.

(ii) Flavor.

(2) *Factors rated by score points.*

The relative importance of each factor which is scored is expressed numerically on the scale of 100. The maximum number of points that may be given such factors are:

Factors:	Points
Color.....	20
Uniformity of size and symmetry.....	20
Defects.....	30
Character.....	30
Total score.....	100

The evaluation of the factor of quality is made immediately after thawing to the extent that the product is substantially free from ice crystals and can be handled as individual units.

(b) *Normal flavor.* "Normal flavor" means that the product is free from objectionable flavor and objectionable odors of any kind.

§ 52.3006 *Ascertaining the rating for the factors which are scored.* The essential variations within each factor which is scored are so described that the value may be ascertained for each factor and expressed numerically. The numerical range within each factor which is scored is inclusive. (For example, "27 to 30 points" means 27, 28, 29, or 30 points).

§ 52.3007 *Color—(a) General.* The color of frozen sweet peppers has reference to the predominating and characteristic color of the exterior surface of the units of frozen sweet peppers.

(b) (A) *classification.* Frozen sweet peppers that possess a good color may be given a score of 17 to 20 points. "Good color" means a good characteristic bright color for the type and that variation from the predominating color of the type does not materially effect the appearance of the product.

(c) (B) *classification.* Frozen sweet peppers that possess a reasonably good color a score of 14 to 16 points may be given. Frozen sweet peppers that fall into this classification shall not be graded above U. S. Grade B or U. S. Extra Standard regardless of the total score for the product (this is a limiting rule). "Reasonably good color" means a reasonably bright characteristic color for the type and that variation from the predominating color of the type does not

seriously affect the appearance of the product.

(d) (*Std.*) *classification.* Frozen sweet peppers that fail to meet the requirements of paragraph (c) of this section or are definitely off color for any reason may be given a score of 0 to 13 points and shall not be graded above Substandard regardless of the total score for the product (this is a limiting rule).

§ 52.3008 *Uniformity of size and symmetry—(a) General.* Uniformity of size and symmetry refers to the degree of variation in size and symmetry of the units in the respective styles of frozen sweet peppers.

(b) (A) *classification.* Frozen sweet peppers that are practically uniform in size and symmetry may be given a score of 17 to 20 points. "Practically uniform in size and symmetry" has the following meanings with respect to the following styles of frozen sweet peppers:

(1) *Whole stemmed; whole unstemmed; halved.* Not less than 90 percent, by count, of the pods shall be at least 2 1/2 inches in length, exclusive of the stem, and 2 1/2 inches in diameter and shall be practically uniform in size and symmetry.

(2) *Sliced.* The units are practically uniform in size and the aggregate weight of all strips less than 1 1/4 inches in length does not exceed 20 percent, by weight, of all the units.

(3) *Diced.* The units are practically uniform in size and the aggregate weight of all the units which are noticeably smaller than one-half the area of an average sized unit and of all markedly large and irregular-shaped units does not exceed 10 percent, by weight, of all the units.

(c) (B) *classification.* If the frozen sweet peppers are reasonably uniform in size and symmetry a score of 14 to 16 points may be given. "Reasonably uniform in size and symmetry" has the following meanings with respect to the following styles of frozen sweet peppers:

(1) *Whole stemmed; whole unstemmed; halved.* Not less than 80 percent, by count, of the pods shall be at least 2 1/2 inches in length, exclusive of the stem, and 2 1/2 inches in diameter and shall be reasonably uniform in size and symmetry.

(2) *Sliced.* The units are reasonably uniform in size and the aggregate weight of all strips less than 1 1/4 inches in length does not exceed 30 percent, by weight, of all the units.

(3) *Diced.* The units are reasonably uniform in size and the aggregate weight of all units which are noticeably smaller than one-half the area of an average sized unit and of all markedly large and irregular-shaped units does not exceed 20 percent, by weight, of all the units.

(d) (*Std.*) *classification.* Frozen sweet peppers that fail to meet the requirements of paragraph (c) of this section may be given a score of 0 to 13 points and shall not be graded above Substandard regardless of the total score for the product (this is a limiting rule).

§ 52.3009 *Defects—(a) General.* The factor of defects refers to the freedom from grit, sand, or silt; the trimming;

and damaged and seriously damaged units.

(1) "Grit, sand, or silt" means any particle of earthy material.

(2) "Well trimmed" means that the unit is free from gouges or knife marks and with respect to whole untrimmed style that the stem is trimmed to not more than one-half inch and with respect to whole trimmed and halved styles the stem, core, seeds and placenta tissue are neatly removed so as to retain substantially the appearance of a whole or halved unit.

(3) "Reasonably well trimmed" means that the unit is practically free from gouges or knife marks and with respect to whole untrimmed style that the stem is trimmed to not more than one-half inch and with respect to whole trimmed and halved styles the stem, core, seeds and placenta tissue have been removed so as to retain to a reasonable extent the appearance of a whole or halved unit.

(4) "Damage" means any injury or blemish which materially affects the appearance or eating quality of the unit.

(5) "Serious damage" means any injury or blemish which seriously affects the appearance or eating quality of the unit.

(b) (A) classification. Frozen sweet peppers that are practically free from defects may be given a score of 26 to 30 points. "Practically free from defects" means that the pods in whole unstemmed, whole stemmed, and halved styles are well trimmed; that no grit, sand, or silt may be present that affects the appearance and eating quality; and that damaged and seriously damaged units do not materially affect the appearance and eating quality of the product.

(c) (B) classification. Frozen sweet peppers that are reasonably free from defects may be given a score of 21 to 25 points. Frozen sweet peppers that fall into this classification shall not be graded above U. S. Grade B or U. S. Extra Standard regardless of the total score for the product (this is a limiting rule). "Reasonably free from defects" means that the pods in whole unstemmed, whole stemmed and halved styles are reasonably well trimmed; that no grit, sand or silt may be present that affects the appearance or eating quality; and that damaged and seriously damaged units do not seriously affect the appearance and eating quality of the product.

(d) (SStd.) classification. Frozen sweet peppers that fall to meet the requirements of paragraph (c) of this section may be given a score of 0 to 20 points and shall not be graded above Substandard regardless of the total score for the product (this is a limiting rule).

§ 52.3010 Character—(a) (A) classification. Frozen sweet peppers that possess a good character may be given a score of 25 to 30 points. "Good character" means that the units are firm, full fleshed and tender.

(b) (B) classification. If the frozen sweet peppers possess a reasonably good character a score of 21 to 24 points may be given. Frozen sweet peppers that fall into this classification shall not be graded above U. S. Grade B or U. S. Extra Standard regardless of the total score for the product (this is a limiting rule). "Reasonably good character" means that the units are reasonably full fleshed, may lack firmness but are not soft or mushy.

(c) (SStd.) classification. Frozen sweet peppers that fall to meet the requirements of paragraph (b) of this section may be given a score of 0 to 20 points and shall not be graded above Substandard regardless of the total score for the product (this is a limiting rule).

LOT CERTIFICATION TOLERANCES

§ 52.3011 Tolerances for certification of officially drawn samples. (a) When certifying samples that have been officially drawn and which represent a specific lot of frozen sweet peppers the grade for such lot will be determined by averaging the total scores of the containers comprising the sample, if, (1) such containers meet all of the applicable grade requirements of the factors of quality that are not rated by score points; (2) all containers comprising the sample meet all applicable standards of quality promulgated under the Federal Food, Drug, and Cosmetic Act and in effect at the time of the aforesaid certification; and (3) with respect to those factors which are rated by score points:

(i) Not more than one-sixth of the containers falls to meet the grade indicated by the average of such total scores;

(ii) None of the containers falls more than four points below the minimum score for the grade indicated by the average of such total scores;

(iii) None of the containers falls more than one grade below the grade indicated by the average of such total scores; and

(iv) The average score of all containers for any factor subject to a limiting rule is within the score range of that factor for the grade indicated by the average of the total scores of the containers comprising the sample.

SCORE SHEET

§ 52.3012 Score sheet for frozen sweet peppers.

Size and kind of container.....		
Container mark or identification.....		
Label.....		
Net weight (ounces).....		
Type.....		
Style.....		
Count of peppers (whole, halved).....		
	Factors	Score points
Color.....	20	(A) 17-20 (B) 14-16 (SStd.) 10-13
Uniformity of size and symmetry.....	20	(A) 17-20 (B) 14-16 (SStd.) 10-13
Defects.....	30	(A) 26-30 (B) 21-25 (SStd.) 10-20
Character.....	30	(A) 26-30 (B) 21-24 (SStd.) 10-20
Total score.....	100	
Grade.....		
Flavor.....		

1 Indicates limiting rule.

Dated: June 18, 1956.

[SEAL] ROY W. LENNARTSON,
Deputy Administrator,
Marketing Services.

[F. R. Doc. 56-4855; Filed, June 20, 1956; 8:45 a. m.]

CIVIL AERONAUTICS BOARD

[14 CFR Part 41]

CERTIFICATION AND OPERATION RULES FOR SCHEDULED AIR CARRIER OPERATIONS OUTSIDE CONTINENTAL LIMITS OF UNITED STATES

NOTICE OF INSTITUTION OF RULE MAKING PROCEEDING

Notice is hereby given that the Bureau of Safety Regulation is instituting rule making proceedings by circulating Civil Air Regulations Draft Release No. 56-17 to persons on the Bureau's current distribution list. Other interested persons may secure a copy of this draft release upon request made to the Civil Aeronautics Board, attention Bureau of Safety Regulation, Washington 25, D. C.

This draft release proposes a general revision of Part 41 of the Civil Air Regulations, Certification and Operation Rules for Scheduled Air Carrier Operations Outside the Continental Limits of the United States. This proposal is being circulated as the first step in the rule making process in the hope that it will serve to narrow or eliminate the areas of substantive difference between interested persons as to the adequacy or the desirability of the proposed rules.

The Bureau desires that all persons who will be affected by the requirements of this proposal be given an opportunity to participate in the consideration of these rules and to submit such comment as they may desire not only in the final rule making stage, but throughout the entire rule making process. Draft Release No. 56-17 requires that comment be submitted on or before September 20, 1956. If the nature of the comment is such that a discussion between the Board's staff and interested members of the public would be of constructive assistance in the further development of the proposed rules, all interested parties will be invited to participate in such a discussion to be held in Washington, D. C. Notice of the time and place of such a meeting, together with advance documentation, will be circulated to persons who have signified their interest prior to September 20, 1956.

Since it is intended that these rules as finally evolved as a result of the foregoing procedure will be published in their entirety as a notice of proposed rule making, interested persons who do not care to participate in the rule making proceedings at this stage will have a further opportunity for commenting thereon.

The foregoing procedure is proposed under the authority of section 4 of the Administrative Procedure Act, and Title VI of the Civil Aeronautics Act of 1938, as amended.

(Sec. 205, 52 Stat. 984, 49 U. S. C. 425. Interpret or apply secs. 601-610, 52 Stat. 1007-1012, as amended, 49 U. S. C. 551-560)

Dated at Washington, D. C., June 12, 1956.

By the Bureau of Safety Regulation.

[SEAL] JOHN M. CHAMBERLAIN,
Director.

[F. R. Doc. 56-4897; Filed, June 20, 1956; 8:54 a. m.]

NOTICES

CIVIL AERONAUTICS BOARD

[Docket No. 7336]

PAN AMERICAN WORLD AIRWAYS, INC.

POSTPONEMENT OF HEARING

In the matter of the application of Pan American World Airways, Inc., under section 401 of the Civil Aeronautics Act, as amended, for amendment of its certificate of public convenience and necessity authorizing air transportation between the United States, Europe, the Middle East and India, so as to include San Juan, Puerto Rico, as a coterminal, and for amendment of said certificate and of its certificate of public convenience and necessity authorizing air transportation between the United States and South Africa, so as to authorize service to Madrid, Spain.

Notice is hereby given, pursuant to the Civil Aeronautics Act of 1938, as amended, that the hearing in the above-entitled proceeding, now assigned to be held on June 25, 1956, is postponed to July 31, 1956, 10:00 a. m., e. d. s. t., in Room E-224, Temporary Building No. 5, Sixteenth Street and Constitution Avenue NW., Washington, D. C., before Examiner Leslie G. Donahue.

Dated at Washington, D. C., June 14, 1956.

[SEAL]

FRANCIS W. BROWN,
Chief Examiner.[F. R. Doc. 56-4896; Filed, June 20, 1956;
8:53 a. m.]

[Docket No. 8007]

MACKAY AIRLINES, INC. AND MIDET AVIATION CORP.; ACQUISITION CASE

NOTICE OF HEARING

In the matter of the joint application of Mackey Airlines, Inc. and Midet Aviation Corporation for approval of an agreement providing for the acquisition by Mackey of the business and assets of Midet and for approval of the transfer of Midet's certificate.

Notice is hereby given, pursuant to the Civil Aeronautics Act of 1938, as amended, that a hearing in the above-entitled proceeding will be held on June 26, 1956, at 10:00 a. m. (local time) in the Marlin Beach Hotel, 17 South Atlantic Boulevard, Fort Lauderdale, Florida, before Examiner Barron Fredricks.

Without limiting the scope of the issues presented by the application herein, particular attention will be directed to the following matters:

1. Whether the acquisition by Mackey Airlines, Inc. of the assets and business of Midet Aviation Corporation will result in creating a monopoly or restraining competition or jeopardizing another air carrier and whether such acquisition is consistent with the public interest within the meaning of section 408 of the act.

2. Whether the agreement of April 30, 1956, providing for such acquisition is consistent with the public interest and in compliance with the act.

3. What terms and conditions, if any, should be attached to the Board's approval of such acquisition?

4. Whether the transfer of the certificate of public convenience and necessity held by Midet Aviation Corporation is consistent with the public interest.

For further details of the issues involved interested persons are referred to the application and the prehearing conference report contained in the docket of this proceeding.

Notice is further given that any person not a party of record desiring to be heard on the issues involved in this proceeding must file with the Board on or before June 26, 1956 a written statement setting forth the matters of fact or law which he desires to advance. Any person filing such a statement may appear at and participate in the hearing in accordance with Rule 14 of the Board's rules of practice in economic proceedings.

Dated at Washington, D. C., June 18, 1956.

[SEAL]

FRANCIS W. BROWN,
Chief Examiner.[F. R. Doc. 56-4895; Filed, June 20, 1956;
8:53 a. m.]

DEPARTMENT OF DEFENSE

Office of the Secretary of Defense

[DOD Directive Number 5160.11, May 3,
1956]SINGLE MANAGER ASSIGNMENT FOR
SUBSISTENCEReferences:¹

(a) Directive 4000.8, Basic Regulations for the Military Supply System, November 17, 1952.

(b) Directive 5160.12, Policies for Implementation of Single Manager Assignments, January 31, 1956.

(c) Directive 5160.11, Single Manager Commodity Assignment for Subsistence, November 4, 1955.

(d) Directive 7420.1, Regulations Governing Stock Fund Operations, February 1, 1954.

I. *Authority and purpose.* A. Pursuant to the authority vested in the Secretary of Defense by the National Security Act of 1947, as amended, a Single Manager Commodity Assignment is hereby directed within the Department of Defense with authority, functions, responsibilities, and relationships as set forth below, recognizing that the primary mission is to effectively support the military effort of the country.

B. The purposes and objectives of this assignment are:

1. To provide the most effective and economical means of supplying subsistence to the Armed Services.

2. To eliminate duplication and overlapping of effort between and among the military services.

3. To apply the basic pattern for all organizations performing a Single Manager support mission, as prescribed in reference (b) above, to the mission of supplying subsistence to the Armed Services.

¹ Not filed with Federal Register Division.

II. *Scope.* The Single Manager plan will be employed, as appropriate, for the management of Subsistence within the Continental United States, and may be extended to include operations outside the Continental United States, when directed by the Secretary of Defense.

III. *Cancellation.* Reference (c) is superseded and cancelled on the effective date of this directive.

IV. *Definitions*—A. *Single Manager.* The Secretary of the military department who is designated by the Secretary of Defense to be responsible for the organization and operation of the Single Manager assignment for subsistence.

B. *Executive Director for Subsistence.* The individual designated by the Single Manager to manage the Single Manager operating agency for subsistence.

C. *Single Manager Operating Agency.* An organization which, under the direction of the Executive Director for Subsistence, shall direct and control all assigned functions of supply management for subsistence for all military services. It shall be titled the Military Subsistence Supply Agency.

D. *Administrative Committee.* A group designated to assist the Executive Director in identifying and overcoming problems concerning the operation of this assignment. The Committee shall be neither a policy board nor an executive directorate, but rather a group of specialists meeting to recommend solutions to particular problems and to promote the effectiveness and economy with which the Agency meets the needs of the military services. Its membership shall be as follows:

1. Executive Director, Chairman.
2. A representative each from the Army, Navy, Marine Corps, and the Air Force.

3. The Assistant Secretaries of Defense (Comptroller, and Supply and Logistics), or their representatives.

4. Such technical or professional personnel augmentations from the military services as the Single Manager determines to be necessary and as subsistence supply problems under consideration dictate.

E. *Administrative support.* The provision of personnel, space, equipment, facilities, and supplies, including the related budgeting, funding fiscal control, training, manpower control and utilization, personnel administration, security administration, mobilization planning, and other administrative provisions and services, necessary to carry out assigned missions.

F. *Subsistence.* All items classified under Group 89 in the Federal Supply Classification, except for Class 8965.

G. *Supply management of subsistence.* The exercise of direction and control of subsistence supply operations, including the functions of cataloging, standardization, net requirements determination, procurement, production, inspection, storage, distribution, disposal, transportation, maintenance, and mobilization planning.

H. *Single Manager stocks.* Subsistence acquired by and maintained in the

wholesale distribution system, under the control and ownership of the Single Manager, down to but excluding retail stocks. This includes operating stocks and economic, contingency, and mobilization reserves.

I. Single Manager Subsistence Stock Fund Division. An administrative division of the Army Stock Fund established pursuant to Regulations Covering Operations of Stock Funds (DOD Directive 7420.1) to finance Single Manager subsistence stocks.

J. Retail Subsistence Stock Fund Divisions or Categories. The division or category established within each of the military departments stock funds to finance retail subsistence stocks.

K. Wholesale distribution. An area depot distribution system designed to distribute and issue subsistence in bulk quantities to the post, camp, station, or base level of all services. This distribution system shall employ the facilities best suited to the requirements of the area served, regardless of military service ownership.

L. Retail stocks. Subsistence not included in Single Manager stocks which is necessary to be held and controlled by individual military services for issue or resale to final consumers in performance of assigned missions, and which is not under the direct management of the Single Manager.

V. Delegation of authorities and responsibilities. A. The Secretary of the Department of the Army is hereby designated as the Single Manager for Subsistence, subject to over-all guidance, policies, and programs of the Office of the Secretary of Defense, with the responsibilities and authorities assigned under this Directive. Additions or deletions of specific items from the cognizance of the Single Manager will be authorized only by the Office of the Secretary of Defense. Requests for change may be initiated by a military service and shall be forwarded through the Single Manager, for his recommendation, to the Secretary of Defense.

B. As Single Manager for Subsistence, the primary responsibility of the Secretary of the Army shall be to effectively meet the supply support requirements of the military services in terms of centrally managed subsistence. He shall also be responsible for fulfilling other support responsibilities placed upon the Department of Defense for subsistence. He shall be responsible for utilization of all applicable portions of reference (b) except where such portions are specifically modified or amplified herein.

C. The Secretary of each military department shall be responsible for the administrative support of all installations and activities under his jurisdiction, including administrative support required to perform those functions assigned by the Single Manager. Military departments will furnish to the Single Manager complete data regarding administrative support costs incurred on the basis of missions assigned by the Single Manager. Such data shall be compiled on a comparable basis and, as soon as practicable, derived from a uniform expense classification and related to budget and appropriation requests.

D. The Secretary of each military department shall be responsible for requirements determination, for supply of subsistence to using elements at retail level, and for control of reserve stocks at levels below the wholesale distribution level. Departmental planned requirements will be submitted to the Military Subsistence Supply Agency on a cyclical basis, in accordance with policies and procedures established by the Assistant Secretary of Defense (Supply and Logistics).

E. The Secretary of each military department shall be responsible for full cooperation with the Single Manager in carrying out the provisions of the applicable portions of reference (b) and the provisions of this Directive.

VI. Authorities and responsibilities of the Single Manager—A. Organization and management. 1. Designate an Executive Director for Subsistence, subject to approval by the Secretary of Defense. The Executive Director shall have no other duties but to direct the operations of the Subsistence Supply Agency. The Executive Director shall be responsible to the Secretary of the Army through channels prescribed by that Secretary.

2. Establish and organize the Military Subsistence Supply Agency in accordance with reference (b) above, except as otherwise specifically modified herein.

3. The Agency shall be staffed by civilian personnel employed by the Department of the Army and by military personnel from all military services, as appropriate, not necessarily with equal representation. Positions within the Agency staff will be identified as military or civilian, based on criteria established by the Secretary of Defense. Key military staff positions subordinate to the Executive Director shall be subject to rotation on a periodic basis among the military services, as agreed to by the Single Manager and the Secretaries of the other two military departments, with due consideration being given to the qualifications of the individuals concerned and the career program needs of each military service. The Department of the Army will be responsible for providing the administrative support for the Agency. Initially, however, personnel, personnel spaces, funds, facilities and equipment will be adjusted among the military services for responsibilities assigned to the Agency in order to meet the support requirements of the Single Manager created by this directive. Such personnel adjustments will be accomplished in accordance with the provisions of DOD Instruction 1404.4, dated April 9, 1955.

4. Organize the Administrative Committee in accordance with paragraph IV. D. above.

5. Assign the distribution mission for subsistence for each distribution area to specific area distribution depots from which all military installations in the area will requisition.

B. Requirements. 1. Receive from the military services on a cyclical basis statements of peacetime and mobilization requirements, computed and submitted in accordance with policies and procedures established by the Assistant Secretary of Defense (Supply & Logistics), together with necessary data in-

cluding basic assumptions and factors upon which the requirements were promised, to enable review and comment on the validity of the requirements.

2. Direct the submissions on a periodic basis of inventory status reports at the retail level, by distribution area, of the total stocks on hand and the quantities of those stocks held for operating needs, and those stocks held for reserves. This refers to those stocks owned and positioned by the military services.

3. In accordance with policies and procedures established by the Assistant Secretary of Defense (Supply & Logistics), develop the total Department of Defense requirements program and compute net peacetime and mobilization requirements for the Agency, for purposes of procurement, distribution, and disposal.

4. Receive from the military departments the requirements for Mutual Defense Assistance Programs and civilian aid program.

C. Procurement. 1. Conduct or direct procurement, pursuant to the provisions of the Armed Services Procurement Act (Armed Services Procurement Regulation), and (Army Procurement Procedures), including contract administration, as a single service purchase assignment to the Single Manager for all centrally procured items. Designate those items to be procured locally. The designation or redesignation of items from local procurement to central procurement or vice versa will be coordinated with the military services with sufficient time allowed for an orderly adjustment of the affected programs. Stock Fund items authorized to be procured locally shall be financed by allotments of the retail stock funds.

2. Obtain and furnish to the military services procurement and production data for use in requirements and supply studies.

3. The Single Manager shall be responsible for accounting and control of Government-furnished material in the hands of contractors and Government manufacturing plants in connection with procurement of end items.

4. Procure materiel for the Mutual Defense Assistance Programs and civilian aid programs to fulfill requirements submitted by the departments which are not available from stocks owned by the Single Manager.

5. Administer the priorities and allocation authority delegated to the Secretaries of the military departments by the Assistant Secretary of Defense (Supply & Logistics) in accordance with the Department of Defense Priorities and Allocations Manual, pursuant to DOD Instruction 4410.1, and plan for administration in accordance with Department of Defense Emergency Priorities Allocation Manual (4410.2).

D. Inspection. Direct the program of Inspection and Quality Control for Subsistence, utilizing established inspection services and facilities to the maximum degree; this program shall apply to the procurement, storage, and maintenance of supplies.

E. Mobilization planning. 1. Coordinate and direct mobilization planning in assigned areas of supply management responsibility. Recommend related mobi-

lization policies and procedures to responsible Assistant Secretaries of Defense for inter-agency agreements and coordination with over-all Department of Defense mobilization plans.

2. Arrange for or conduct industrial mobilization planning for all items under the Single Manager for which advance planning is necessary to assure adequate wartime production to meet military needs. Such actions may include but are not limited to:

a. Developing with industry, under the policies and procedures of the Production Allocation Program, mobilization production schedules for all items on the Department of Defense Preferential Planning List and the several approved Departmental Planning Lists.

b. Developing procedures for locating potential sources of supply for other items and conducting such planning as may be appropriate.

c. Negotiating industry preparedness measures contracts as appropriate.

d. Determining needs for reserve production facilities, production equipment, stockpiles of critical materials, etc., and recommending appropriate action for acquisition and maintenance thereof.

F. *Storage.* 1. Determine requirements for storage space and related activities. Request necessary space and related activities from owning services. Establish and maintain records of space utilization.

2. Assign specific storage missions, when storage space can be made available, to installations other than area distribution depots, regardless of military service ownership, when necessary to store subsistence.

G. *Inventory control.* 1. Establish and maintain central control over subsistence inventories owned by the Single Manager, and prescribe quantitative stockage objectives for such inventories, at the area distribution depots, which are necessary to meet the area distribution requirements.

2. Prescribe an inventory reporting system which will provide current, accurate, repetitive and cyclic stock status information to the Agency for all subsistence owned by the Single Manager.

3. Prescribe requisitioning procedures to be utilized by the military services in requisitioning against Single Manager stocks, and direct the phased submission of requisitions to the appropriate depots or market centers.

4. Establish prices and pricing procedures in accordance with policy as established in reference (d).

5. Direct distribution and redistribution, down to and including shipments from distribution depots, of stocks owned by the Single Manager.

6. Direct, when necessary for rotation purposes, the reallocation of assets and the utilization and consumption by all military services of common stocks.

7. Institute such measures as forced issue when necessary for utilization of existing stocks.

8. Coordinate program for the positioning of mobilization reserve stocks to obtain maximum availability and minimum loss in the event of enemy attack, in accordance with Department of Defense policies.

9. Prescribe reports to be furnished to the Military Subsistence Supply Agency by area distribution depots, or other activities performing a mission assigned by the Single Manager, as may be necessary to carry out the responsibilities of this assignment.

10. Screen all excesses of subsistence, including returned material, either owned by the Single Manager or reported by the military services, and determine the utilization or disposition of such excesses.

11. Report to General Services Administration, in accordance with Department of Defense policy, those items excess to Department of Defense requirements.

12. Prepare inventory and supply reports, as required by the military services, for the development of requirements and supply studies.

H. *Stock Fund.* Establish and administer the Single Manager Subsistence Stock Fund Division, in accordance with reference (d) and the charter authorizing the establishment thereof.

I. *Research and development.* The Single Manager will be kept informed of all research and development pertaining to this commodity area. He may recommend to the military services research and development into improved materials, items, and methods within his commodity jurisdiction, and will recommend to the Assistant Secretary of Defense (Research and Development) any changes in the program he considers desirable. The military departments, under the policies and procedures of the Secretary of Defense, are responsible for research and development programs; the Assistant Secretary of Defense (Research and Development) is responsible for reviewing these programs.

J. *Cataloging and standardization.* 1. Responsible for coordinating the cataloging operations of the military services for subsistence in accordance with prescribed Department of Defense policies, procedures, and operations established for the Federal Catalog System; operate as a single submitting activity in the Federal Catalog System for Department of Defense subsistence.

2. Develop and direct a program of standardization and of standards and specification preparation and maintenance within the over-all Department of Defense policies and guidance.

K. *Transportation.* Arrange for required transportation or traffic management services from the respective Single Managers assigned responsibilities for traffic management (Single Managers for Military Traffic Management, Military Sea Transportation Service and Military Air Transport Service), in accordance with criteria and procedures established by those Single Managers, or as may otherwise be authorized by the Secretary of Defense.

L. *Maintenance and manufacture.* Coordinate the operation of all military activities engaged in maintenance, manufacture, assembly, or approved rehabilitation of subsistence materiel owned by or entering the wholesale distribution system.

M. *Personnel and training.* 1. In planning the organization and staffing re-

quired for the Agency, establish military and civilian career development patterns which shall be coordinated with and supplement programs of the military departments. Personnel training requirements peculiar to a particular military service will be considered in the development of the program and incorporated therein by the Single Manager.

2. Coordinate the execution of an adequate and well integrated, specialized training program with industry (regular and reserve). Review training programs of the Services and recommend measures to provide for maximum cross-servicing in the training of units and individuals within available facilities.

N. *General.* 1. Prepare reports as required by the Office of the Secretary of Defense.

2. The Single Manager is authorized and expected to maintain close liaison with nongovernmental organizations, associations, and industry on matters affecting the responsibilities under this Directive, subject to the provisions of Department of Defense Directive 5500.2, dated September 13, 1954.

VII. *Implementation.* A. Implementation of the Single Manager Assignment for Subsistence will obviate the requirement for any military service to perform the management functions assigned herein to the Single Manager, except when performing missions assigned by the Single Manager. Thus, all existing organizations within the military services which perform such functions shall have their missions, status, and manning modified, redefined, and adjusted, as early as possible, so as to exclude the functions assumed by the Military Subsistence Supply Agency and to reflect their reduced mission status.

B. The operating agency shall be so organized that, as a minimum, it will perform directly within its organization, at one location, the responsibilities designated in paragraphs VI. B., VI. C., VI. G., and VI. H. above.

C. Within ninety days, regulations, procedures, organizational arrangements, and adjustments among military services as to personnel, personnel spaces and funds, required to implement the provisions of this Directive, will be developed and coordinated with the military services by the Single Manager and transmitted to the Office of the Secretary of Defense for approval. The Assistant Secretary of Defense (Supply and Logistics) will coordinate the approval of such matters with other cognizant elements of the Office of the Secretary of Defense.

D. Regulations and procedures implementing reference (c) will remain in effect until separately superseded or cancelled.

VIII. *Annex.* The following Annex is incorporated as part of this Directive:

Annex A—Statement of the related responsibilities of the Single Manager and the military services in connection with this commodity assignment.

IX. *Effective date.* Development of implementation measures will be commenced immediately.

REUBEN B. ROBERTSON, Jr.,
Deputy Secretary of Defense.

ANNEX A

RELATED RESPONSIBILITIES OF SINGLE MANAGER AND THE MILITARY SERVICES

Single Manager

1. Organization and Management

a. Designate the Executive Director and establish the Military Subsistence Supply Agency under his control.

b. Provide administrative support to the Agency. Provide all civilian personnel and Army military personnel as required. Identify positions as military or civilian, based on criteria established by Office of the Secretary of Defense.

c. Determine requirements for officer personnel from other services with Secretaries of other military departments. Integrate such officer personnel into operational assignments in the Agency. Rotate key military staff positions among the services on a periodic basis, as agreed with other military departmental secretaries.

d. Organize the Administrative Committee under the chairmanship of the Executive Director.

e. Determine specific distribution areas. Assign to military services, distribution areas to be supported, as agents of the Single Manager. Furnish necessary operating procedures to the military services responsible for distribution area.

2. Requirements

Receives from the military departments, on a cyclical basis, peacetime and mobilization requirements; directs submissions of inventory status reports for the retail level, by distribution area, including statement of stocks held for operating needs and for reserves; and, in accordance with the Assistant Secretary of Defense (Supply & Logistics) policies and procedures, computes net peacetime and mobilization requirements for the Agency and develops the total Department of Defense requirements program for the items under his single managership. Provide for the Mutual Defense Assistance Programs and civilian aid programs as necessary.

3. Procurement

Conduct or direct procurement pursuant to the Armed Services Procurement Act, Armed Services Procurement Regulation and the Army Procurement Procedures, including contract administration, as a single service purchase assignment to the Single Manager for all centrally procured items. Designate those items to be procured locally.

4. Inspection

Direct the program of Inspection and Quality Control for Subsistence, utilizing established inspection services and facilities to the maximum degree; the program applies to procurement, storage, and maintenance of supplies.

5. Mobilization Planning

a. Coordinate and direct mobilization planning in assigned areas of supply management responsibility. Recommend to the Office of the Secretary of Defense related mobilization policies and procedures for inter-agency agreements and coordination with over-all Department of Defense mobilization plans. Arrange for or conduct industrial mobilization planning for all items for which advance planning is necessary to assure adequate wartime production to meet military needs.

b. Under the policies and procedures of the Production Allocation Program, serve as Claimant Procurement Planning Officer (CPPO) providing desired mobilization production requirements to ASPPO's for negotiation with industry and approving final schedules after negotiation. Serve as ASPPO for such plants for which planning responsibility has been or may be assigned by the Assistant Secretary of Defense (Supply & Logistics).

c. Develop procedures for locating potential sources of supply for other items for which Production Allocation Program procedures are not applicable and conduct such planning thereunder as may be appropriate.

d. Negotiate industry preparedness measures contracts with potential producers, research organizations, educational institutions, etc., as may be appropriate.

e. Determine needs for reserve production facilities, production equipment, stockpiles of critical materials, etc., and recommend appropriate action for acquisition and maintenance thereof.

6. Storage

Determine requirements for storage space and related activities. Request necessary space and related activities from the owning service. Establish and maintain records of space utilization. Assign specific storage missions, when storage space can be made available, to installations other than area distribution depots, whenever necessary to store Single Manager reserve stocks.

Military Services

a. Not applicable.

b. Not applicable. (Initially there will be a readjustment of personnel, personnel spaces and funds among the military services to provide the Single Manager with ceiling, etc.)

c. Furnish officer personnel, as required, for the staffing of the Agency.

d. Provide departmental representatives and such augmentation personnel as the Single Manager may request.

e. Perform distribution functions in accordance with the procedures prescribed by the Single Manager. Provide administrative support for designated area distribution depots.

Provide the Single Manager with information regarding requirements data, quantities of stocks on hand at the retail level by distribution depot area, as directed, on a cyclical basis. Also, report significant changes in these areas as they occur. Furnish necessary data, including basic assumptions and factors upon which the requirements were premised, to the Single Manager to enable him to review and comment on the validity thereof. Furnish the Mutual Defense Assistance Programs and civilian aid programs requirements as authorized.

Procure locally those items designated by the Single Manager, financing such purchases by allotments from the retail stock funds. Conduct such central purchase as directed and funded by the Single Manager.

Conduct inspection and maintain control of quality when requested, and as directed, by the Single Manager.

a. Provide mobilization planning data as required by the Single Manager for this purpose.

b. Serve as Armed Services Procurement Planning Officers (ASPPO's), for those plants for which planning responsibility may be assigned by the Assistant Secretary of Defense (Supply & Logistics), negotiating Tentative Mobilization Production Schedules with industrial management, and securing final approval by the Single Manager and industrial management.

c. Assist the Single Manager through field procurement offices or the Armed Services Procurement Officers organization in conducting such planning, other than the Production Allocation Program, as may be appropriate.

d. Provide assistance through field procurement offices.

e. Provide required information, assistance, and appropriate action through the Technical Services, Bureaus, Commands or field installations.

Conduct storage and related functions at designated area distribution depots, providing effective logistical support to consuming agencies, irrespective of service, in accordance with the policies and procedures of the Single Manager. Maintain records, and submit space and operating reports as prescribed by the Single Manager. Perform additional storage functions, at storage points other than area distribution depots, for the Single Manager, when space can be made available.

ANNEX A—Continued

RELATED RESPONSIBILITIES OF SINGLE MANAGER AND THE MILITARY SERVICES—continued

*Single Manager**Military Services***7. Inventory Control**

a. Establish and maintain central control over inventories owned by the Single Manager Subsistence Stock Fund Division, and prescribe stockage objectives for such inventories, at the area distribution depots, which are necessary to meet area distribution requirements. Establish prices and pricing procedures in accordance with DOD Directive 7420.1.

b. Prescribe an inventory reporting system to provide current, accurate information regarding the stock status of inventories.

c. Prescribe requisitioning procedures to be utilized by the military services in requisitioning against distribution depots, and direct phased submission of requisitions to appropriate area distribution depots or market centers.

d. Direct distribution and redistribution of Single Manager owned stocks, down to and including shipments from distribution depots to retail level. Control redistribution of retail stocks between distribution areas.

e. Direct, when necessary for rotation purposes, the utilization and consumption, by all military services, of common stocks, regardless of where held.

f. Direct, when appropriate and necessary, such as to balance stocks or to meet mission deadlines, the utilization of suitable substitutes.

g. Coordinate program among the military services and with civilian agencies of the Government for positioning of mobilization reserve stocks to obtain maximum availability and minimum loss in the event of enemy attack, in accordance with Department of Defense policies.

h. Prescribe such reports as may be necessary to carry out the responsibilities of this assignment.

i. Screen all excesses of subsistence, including returned materiel, either owned by the Single Manager or reported by the military services, and determine the utilization of such excesses. Report to the General Services Administration those items in excess to Department of Defense requirements.

8. Stock Fund

Establish and administer the Single Manager Subsistence Division of the Army Stock Fund for the management of Single Manager controlled stocks.

9. Research and Development

Recommend to a military service or services Research and Development into improved materials, items, and methods within his commodity jurisdiction. He will be kept informed on research and development in this commodity area. Recommend to the Assistant Secretary of Defense (Research & Development) any changes in the program he considers desirable.

10. Cataloging and Standardization

a. Responsible for coordinating the cataloging operations of the military services for subsistence in accordance with prescribed Department of Defense policies, procedures, and operations established for the Federal Catalog System; operate as a single submitting activity in the Federal Catalog System for Department of Defense subsistence.

b. Develop and direct a program of standardization and of standards and specifications within the over-all Department of Defense policies and guidance.

11. Maintenance and Manufacture

Coordinate the operation of all military activities engaged in maintenance, manufacture, assembly, or approved rehabilitation of material owned by or entering the wholesale distribution system.

12. Personnel and Training

a. Provide a civilian personnel program and training standards for all personnel assigned under direction of the Single Manager.

b. Coordinate specialized military training programs with respect to Subsistence. Recommend measures for interdepartmental training.

a. Maintain control over retail stocks.

b. Provide inventory reports for Single Manager stocks as prescribed.

c. Requisition subsistence as prescribed by Single Manager.

d. Redistribution of retail stocks will be controlled by the owning military services, except that such redistribution shall not be effected between distribution areas unless authorized by the Single Manager.

e. Participate as necessary to provide rotation and full utilization of stocks.

f. Participate as necessary to provide full utilization of stocks.

g. Participate as necessary to obtain the objectives of this program.

h. Submit reports as required by the Single Manager.

i. Screen all excesses of subsistence owned and held at retail level and determine those items to be redistributed among the requisitioning activities of the military service concerned; such redistribution will be confined to the same distribution area unless approved by the Single Manager. Items not required within the service will be reported to the Single Manager as excess.

Maintain a retail stock fund division or category which will reimburse the Single Manager Subsistence Division of the Army Stock Fund for withdrawals from Single Manager owned stocks, and to finance inventories acquired through local purchase. Military services will prepare and support their own budgets in the normal manner and administer their respective retail stock funds.

Initiate requirements for research and development, and perform research and development. The services may initiate and perform research and development in areas of peculiar interest to their requirements in accordance with established coordinating procedures.

a. Perform those functions of the Federal Catalog System for subsistence as prescribed by the Single Manager; utilize Federal catalog data as the prime identification data in all supply and logistics operations, consistent with Department of Defense policies.

b. Accomplish such standards and specifications work as is assigned by the Single Manager. Inform the Single Manager of use needs, and recommend or concur in adoption, and standardization or rejection of material. Determinations on items peculiar to a single military service will remain with that service, but will be subject to review and action by the Single Manager in consonance with his responsibilities for standardization under the over-all Department of Defense policies in this field.

Perform as requested by the Single Manager the maintenance, manufacture, assembly or approved rehabilitation of materiel owned by or entering the wholesale distribution system.

a. The existing civilian personnel and training offices of the military services will be utilized in carrying out the civilian personnel and training program.

b. Participate in specialized training programs.

ANNEX A—Continued

RELATED RESPONSIBILITIES OF SINGLE MANAGER AND THE MILITARY SERVICES—continued

Single Manager

Military Services

13. General

Prepare or prescribe such reports as required to perform Single Manager responsibilities or as required by the Office of the Secretary of Defense.

Provide such information to Single Manager as may be required.

[F. R. Doc. 56-4856; Filed, June 20, 1956; 8:45 a. m.]

[DOD Directive 5160.14, May 1, 1956]

SINGLE MANAGER SERVICE ASSIGNMENT FOR TRAFFIC MANAGEMENT WITHIN THE UNITED STATES (ARMY)

References:¹

- (a) DOD Directive 4000.8, November 17, 1952.
 (b) DOD Directive 5160.12, January 31, 1956.
 (c) DOD Directive 4500.10, March 10, 1952.

I. Authority and purpose. A. Pursuant to the authority vested in the Secretary of Defense by the National Security Act of 1947, as amended, a Single Manager Service Assignment is hereby directed within the Department of Defense, with authority, functions, responsibilities and relationships as set forth below.

B. The purposes and objectives of this assignment are:

1. To provide the most effective and economical freight and passenger transportation service for the Armed Services from commercial transportation companies (including rail, highway, air, inland waterway, coastwise and inter-coastal carriers) operating between points within the United States, (reference to coastwise and intercoastal commercial transportation is not intended to affect those responsibilities for ocean carrier functions assigned to MSTs, but has reference to the traffic management authority necessary to determine the proper mode of shipment).

2. To eliminate duplication and overlapping of effort between and among military departments.

3. To apply to the functions of traffic management within the Department of Defense the basic pattern for all organizations performing a multiple-service support mission, as prescribed in reference (b) above.

4. To assure under all conditions, efficiency and economy within the Department of Defense in the procurement, use, cost and control of commercial transportation services required by military agencies for the movement of freight and passengers between points within the United States.

5. To effectively develop plans to assure efficient use and control of commercial transportation resources utilized by the military within the United States in support of types of military missions.

6. To assure adequate practical training for military personnel to fit them for traffic management assignments at posts, camps and stations within the United States, and in overseas areas.

II. Cancellation. This Directive cancels and supersedes reference (c).

III. Definitions—A. Single Manager. The Secretary of the Department who is designated by the Secretary of Defense

to be responsible for the organization and operation of the Single Manager assignment within the United States for traffic management.

B. Executive Director for Traffic Management. The individual designated by the Single Manager to manage the Single Manager operating agency for traffic management.

C. Single Manager Operating Agency. An organization which, under the direction of the Executive Director for Traffic Management, will direct and control all assigned functions of traffic management for all military departments. It shall be titled the Military Traffic Management Agency.

D. Administrative Committee. A group designated to assist the Executive Director in identifying and overcoming problems concerning the operation of this assignment. The committee will be neither a policy board nor an executive directorate, but rather a group of specialists meeting to recommend solutions to particular problems and to promote the effectiveness and economy with which the agency meets the needs of the military departments. Its membership will be as follows:

1. Executive Director—Chairman.
2. A representative from the Army, the Navy (or Marine Corps at the discretion of the Secretary of the Navy), and the Air Force.
3. The Assistant Secretaries of Defense (Supply and Logistics) and (Comptroller) or their representatives.
4. Such technical or professional personnel augmentations from the military departments as determined by the Single Manager to be necessary as traffic management problems under consideration dictate.

E. Administrative support. The provision of personnel, space, facilities, equipment, and supplies, including the related budgeting, funding, fiscal control, training, manpower control and utilization, personnel administration, security administration, mobilization planning, and any other administrative provisions and services, necessary to carry out assigned missions.

F. Traffic Management. The direction, control and supervision of all functions incident to the effective and economical procurement and use of freight and passenger transportation service from commercial for-hire transportation companies (including rail, highway, air, inland waterway, coastwise and inter-coastal carriers). The basic functional areas of traffic management can normally be broken down into three major functional areas: the management functions, the cost functions and the service functions. The major functional areas are indicated by, but not limited to, those set forth in Annex A.

G. Commercial transportation. Service provided by privately owned land, air or water carriers on a for-hire basis to the Government or the general public.

H. Military transportation. Transportation provided through the use of military owned and operated transportation equipment such as aircraft, motor trucks, barges, ships, etc.

I. Movement control. The exercise of judgment and the determination by a military shipping agency or command as to:

1. Materiel or personnel requiring transportation.
2. Where the materiel or personnel must be moved.
3. The time at which such materiel and personnel must arrive at destination.

IV. Delegation of authorities and responsibilities. A. The Secretary of the Army is hereby designated as the Single Manager for Traffic Management, subject to over-all Department of Defense guidance, policies, and programs, with the responsibilities and authorities assigned under this Directive.

B. The Secretary of the Army will be responsible for utilization of all applicable portions of reference (b), which portions will be considered to be policy pertinent to this assignment, except where such portions are specifically modified or amplified herein.

C. Each military department will be responsible for the administrative support and performance of all traffic management operations assigned by the Single Manager which are performed by their local shipping installations or activities. The military departments will furnish to the Single Manager data regarding administrative support costs incurred on the basis of such functional assignment.

D. The Departments of the Navy and Air Force, in those instances wherein regional or branch offices are located at installations or facilities under their jurisdiction, will provide to such regional or branch offices such housekeeping or administrative support as is agreed to between them and the Single Manager, on a reimbursable basis.

E. The Secretary of each department will be responsible for determining the total transportation requirements of his department including shipping installation and regional requirements; and for submitting them to the Single Manager Operating Agency on the basis established by the Single Manager.

F. The Secretary of each department will be responsible for full cooperation with the Single Manager in carrying out the provisions of the applicable portions of reference (b) and the provisions of this Directive.

G. Transportation allocations apportioning transportation capacity to the

¹ Not filed with Federal Register Division.

military departments will be provided by the Joint Chiefs of Staff.

V. *Authorities and responsibilities of the Single Manager.* The Secretary of the Army as Single Manager will:

A. *Organization and management.* 1. Establish and organize the Military Traffic Management Agency in accordance with the principles contained in reference (b) above except as specifically modified herein.

2. Designate an Executive Director for Traffic Management subject to approval by the Secretary of Defense. The Executive Director will have no other duties but to direct the operations of the Military Traffic Management Agency and the agency will have no functions other than those assigned to it by this Directive. The Executive Director will be responsible to the Secretary of the Army through channels prescribed by that Secretary.

3. Organize the administrative committee in accordance with paragraph III D above.

4. Assign the regional mission for traffic management to a minimum number of regional offices from which all shipping installations or offices of the military departments within each region will receive traffic management services.

5. Locate the regional offices as strategically as possible, from the standpoint of lack of vulnerability, access to channels of operations of transportation companies, and the shipping and traffic evaluation operations of all the military departments.

6. Where necessary establish branch offices to the regional offices, subject to the approval of the Secretary of Defense.

7. Provide or arrange for administrative support to the agency and its regional or branch offices.

8. Prepare reports as required by the Office of the Secretary of Defense.

B. *Requirements.* 1. Prescribe the methods and format for the shipper departments to develop and advise the Single Manager through the Executive Director as to their transportation requirements by the mode or modes (including the assumptions and computations on which they are based), which in their judgment assures responsiveness to their individual logistic systems. The Single Manager, however, will be expected to evaluate and question, when necessary, the validity of the requirements specified.

2. Prescribe for the submission, by the military departments, of administrative and statistical reports in accordance with methods and procedures considered necessary by the agency to permit it to effectively and economically accomplish the objectives of this assignment.

C. *Personnel, training and support.* 1. Staff the agency, its regional and branch offices with civilian personnel who will be employees of the Department of the Army, and military personnel from all military services, as appropriate, not necessarily with equal representation. Initially, existing personnel, personnel spaces, funds, facilities and equipment will be adjusted among the military departments for responsibilities assigned to the agency in order to meet the support requirements of the Single Manager created by this directive. Such per-

sonnel adjustments will be effected in accordance with Department of Defense Instruction No. 1404.4, dated April 19, 1955, and other applicable directives.

2. Positions within the agency will be identified as military or civilian based on criteria established by the Secretary of Defense. Military staff positions subordinate to the Executive Director, at either the agency headquarters or its regional or branch offices, will be alternated among the military services as agreed to by the Single Manager and the Secretaries of the other two military departments, with due consideration being given to the qualifications of the individuals concerned and career program needs of each military department.

3. Name as the head of each regional office an individual with the highest qualifications obtainable.

4. Accommodate the need for training of military personnel by establishing training billets to permit training association with key elements of the agency, its regional and branch offices. The military personnel training billets will be established and divided among the departments on a basis to be agreed upon by the Single Manager and the Secretaries of the Navy and Air Force, subject to the approval of the Secretary of Defense.

5. In planning the organization and staffing required for the agency establish military and civilian career development patterns which will be coordinated with and supplement programs of the military departments. Personnel training requirements peculiar to a particular military department will be considered in the development of the program and incorporated therein by the Single Manager.

D. *General traffic management functions.* The Single Manager will be responsible for the management functions, cost functions and service functions as indicated in Annex A and such other related and incidental traffic management functions as required to accomplish the objectives of this assignment.

E. *Emergency control of military transportation equipment.* When the land transportation resources (and other resources determined by the Secretary of Defense) of commercial transportation companies operating within the United States are inadequate to meet military requirements the Single Manager will, as directed by the Secretary of Defense, control the use, and as directed, the operation of military owned surface transportation resources required to supplement the capability of the commercial transportation companies.

F. *Planning.* Develop and have in a state of readiness plans for the utilization, control and operation of military owned domestic surface transportation resources and such domestic transportation resources and facilities as are allocated or otherwise made available to support military missions under all conditions.

VI. *Responsibilities of the Departments of the Army, Navy and Air Force.* A. Provide such services and facilities to the Single Manager as he determines necessary for the accomplishment of his mission.

B. Assign military personnel to the Military Traffic Management Agency as agreed to with the Single Manager.

C. Each of the military services will establish an office whose functions will be to coordinate the transportation requirements of their shipping agencies with the agency and its regional offices and will not duplicate functions assigned to the agency.

D. Each military department may assign a liaison officer to each regional office to coordinate their movement control requirements within the geographical area for which each regional office is responsible.

VII. *Implementation.* A. It is the express intent of this directive that implementation of the Single Manager Assignment for traffic management within the United States will obviate the requirement for any activity in any military service to perform departmental headquarters or regional type traffic management functions, except when performing missions assigned by the Single Manager. Thus, the Army Zone Transportation offices, the Navy Central Freight Control offices, the Air Force District Traffic offices, the Marine Corps Freight Control office, those portions of Departmental and Command headquarters offices, and any other existing, regional or command offices for performance of traffic management functions, will cease to exist as soon as the Military Traffic Management Agency has assumed its responsibilities for such activities. However, traffic management functions at the local shipping installations of the military departments, to the extent assigned by the Single Manager, will be performed by the individual departments in accordance with regulations and procedures prescribed by the Single Manager.

B. Regulations and procedures, including plans showing the proposed organization, staffing and personnel requirements of the agency, together with statements of the adjustments to be made among the military departments on personnel, personnel spaces, funds, facilities and equipment required to implement the provisions of this directive, will be developed and coordinated with the military departments by the Single Manager and transmitted to the Secretary of Defense for approval. The statements on adjustments should clearly indicate the functions and activities to be abolished, personnel to be reduced, and money to be saved in the current organization and operations of each of the military departments, together with statements of any additional requirements for personnel and costs that will be created by the Single Manager as a result of the establishment of the Military Traffic Management Agency. The Assistant Secretary of Defense (Supply and Logistics) will coordinate the approval of such matters with other cognizant elements of the Office of the Secretary of Defense.

C. The Secretary of the Army, within thirty days after the date of this directive, will submit to the Secretary of Defense for approval, Terms of Reference and plans for implementing his responsibilities as Single Manager. Such Terms of Reference and plans will pertain to:

(a) Relationships between the departments (including Military Sea Transportation Service and Military Air Transport Service),

(b) Operations of the agency,

(c) The detailed organizational structure, together with personnel requirements and staffing plans, and

(d) The schedule of implementing actions for carrying out this assignment.

D. The Secretary of the Army, during the first year from the date of this directive, will submit to the Secretary of Defense, monthly performance and progress reports regarding the establishment and operations of the agency, including statements of functions and operations assumed by the agency, and personnel and personnel spaces transferred, reassigned, or reduced, or any money saved in each of the military departments as a result of the Single Manager Service Assignment for Traffic Management. In reporting all personnel, personnel spaces and personnel transferred, the reports will indicate the personnel and personnel spaces in all affected offices and organizations as of December 1, 1955. Reports will be submitted in triplicate fifteen days after the close of the month reported. Report Control Symbol DD-S&L(M) 265 is assigned to this reporting requirement.

E. In order to effect better current management control transportation funds, the Single Manager, within one year from the date of activation of the Military Traffic Management Agency, in conjunction with the Departments of the Navy and Air Force, the Assistant Secretaries of Defense (Supply and Logistics) and (Comptroller) will develop and place on a current basis appropriate funding, audit, cost and statistical reporting procedures which will provide such information as is necessary for the efficient management, adjustment, budgeting and control of transportation costs, provided however, there will be no change in the principle that each Service will budget for and be charged for the cost of its own transportation.

F. All matters pertaining to this assignment, which cannot be resolved by the Single Manager will be referred to the Secretary of Defense.

VIII. Annex. The following annex is incorporated as part of this Directive: Annex A—Statement of the management, cost and service functions of traffic management.

IX. Effective date. This Directive is effective immediately.

REUBEN B. ROBERTSON, Jr.,
Deputy Secretary of Defense.

ANNEX A

GENERAL TRAFFIC MANAGEMENT FUNCTIONS

- A. Management functions. 1. Cooperate, by the application of adequate cost, rate and traffic data services, in advising and assisting:
- Procurement agencies in developing the most economical sources of supply;
 - Production activities in programming the processing of raw materials, semi-finished and finished products through government operated facilities;
 - Distribution agencies in programming the positioning of stocks;
 - Site selection authorities in evaluating transportation considerations in the selection of plant and facilities' sites;

e. Fiscal agencies in the development and improvement of cost data techniques;

f. Appropriate agencies as to the effect of packing and packaging costs on transportation and distribution costs and the utilization of transportation equipment.

2. Control and operate military owned railway rolling stock registered for interchange service other than that permanently assigned to intra-base or intra-plant operations.

3. Develop and research improvements on small shipment consolidation programs.

4. Develop loss and damage prevention programs.

5. Develop and improve procedure for facilitating and assuring the control and expeditious movement of traffic, etc.

B. Cost functions. 1. Determination or establishment of proper freight classification, proper freight and passenger rates, fares, charges, rules and regulations on Department of Defense traffic.

2. Negotiation (when and where necessary) with all for-hire commercial carriers of cargo or passengers of their rate-making agencies, for the classifications, rates, fares, charges, rules and regulations contemplated by 1. above.

3. Establishment of intransit arrangements by for-hire commercial carriers of cargo to permit the stopping of military shipments short of final destination for various purposes (processing, storage, etc.) without payment of combination of separately established rates to and from the transit point.

4. The reviewing and maintaining of constant surveillance of reissued freight and passenger tariffs and of tariff supplements to determine changes made thereby which would affect the cost of moving, or the routing of, military traffic.

5. Reviewing of all for-hire commercial carrier (freight and passenger) dockets or other proposals to determine the extent to which military traffic would be affected thereby, and action required.

6. Recommending litigation in the transportation and traffic management areas when necessary to protect or promote the interests of the Department of Defense.

7. Preparation of billing guides for use by the military departments in the matter of properly describing property on shipping documents.

8. Developing and maintaining current transportation cost and statistical data necessary to facilitate intelligent and effective performance with regard to items 1., 2., 3., 4., 5., and 6. above.

C. Service functions. 1. Maintaining tariff files.

2. Obtaining and quoting rates.

3. Determination of the type of service required to move traffic.

4. Arranging with carriers for transportation equipment to effect shipment.

5. Routing of traffic.

6. Preparation and accomplishment of bills of lading, transportation requests and other shipping documents.

[F. R. Doc. 56-4857; Filed, June 20, 1956; 8:45 a. m.]

[DOD Directive Number 5160.15, May 4, 1956]

SINGLE MANAGER ASSIGNMENT FOR CLOTHING-TEXTILES

References:¹

(a) Directive 4000.8, Basic Regulations for the Military Supply System, November 17, 1952.

(b) Directive 5160.12, Policies for Implementation of Single Manager Assignments, January 31, 1956.

¹ Not filed with Federal Register Division.

(c) Directive 7420.1, Regulations Governing Stock Fund Operations, February 1, 1954.

I. Authority and purpose. A Pursuant to the authority vested in the Secretary of Defense by the National Security Act of 1947, as amended, a Single Manager Commodity Assignment is hereby directed within the Department of Defense, with authority, functions, responsibilities, and relationships as set forth below, recognizing that the primary mission is to effectively support the military effort of the country.

B. The purposes and objectives of this assignment are:

1. To provide the most effective and economical means of supplying clothing and textile materiel to the Armed Services.

2. To eliminate duplication and overlapping of effort between and among military services.

3. To apply the basic pattern for all organizations performing a Single Manager support mission, as prescribed in reference (b) above, to the mission of supplying clothing and textile materiel to the Armed Services.

II. Scope. The Single Manager Plan will be employed, as appropriate, for the management of clothing and textile materiel within the Continental United States, and may be extended to include operations outside the Continental United States, as directed by the Secretary of Defense.

III. Definitions—A. Single Manager. The Secretary of a military department who is designated by the Secretary of Defense to be responsible for the organization and operation of the Single Manager assignment for clothing and textile materiel.

B. Executive Director for Clothing and Textile Materiel. The individual designated by the Single Manager to manage the Single Manager operating agency for clothing and textile materiel.

C. Single Manager Operating Agency. An organization which, under the direction of the Executive Director for Clothing and Textile Materiel, shall direct and control all assigned functions of supply management of clothing and textile materiel for all military services. It shall be titled the Military Clothing and Textile Supply Agency.

D. Administrative Committee. A group designated to assist the Executive Director in identifying and overcoming problems concerning the operation of this assignment. The committee shall be neither a policy board nor an executive directorate, but rather a group of specialists meeting to recommend solutions to particular problems and to promote the effectiveness and economy with which the agency meets the needs of the military services. Its membership shall be as follows:

1. Executive Director, Chairman.

2. A representative each from the Army, Navy, Marine Corps, and the Air Force.

3. The Assistant Secretaries of Defense, Comptroller, and Supply and Logistics, or their representatives.

4. Such technical or professional personnel augmentations from the military services as the Single Manager deter-

mines to be necessary and as clothing and textile supply problems under consideration dictate.

E. Administrative support. The provision of personnel, space, equipment, facilities and supplies, including the related budgeting, funding, fiscal control, training, manpower control and utilization, personnel administration, security administration, mobilization planning, and other administrative provisions and services, necessary to carry out assigned missions.

F. Clothing and textile materiel. All items falling within Federal Supply Groups 83 and 84, class 7210 and mattresses from class 7105, and all other items of related materiel authorized by the Office of the Secretary of Defense. (Annex B)

G. Supply management of clothing and textile materiel. The exercise of direction and control of clothing and textile materiel supply operations, including the functions of cataloging, standardization, net requirements determination, procurement, production, inspection, storage, distribution, disposal, transportation, maintenance, and mobilization planning.

H. Single Manager Stocks. Clothing and textile materiel acquired by and maintained in the wholesale distribution system, under the control and ownership of the Single Manager, down to but excluding retail stocks. This includes operating stocks and economic contingency, and mobilization reserves.

I. Single Manager Clothing and Textile Materiel Stock Fund Division. An administrative division of the Army Stock Fund established pursuant to Regulations Governing Operations of Stock Funds (DOD Directive 7420.1), to finance Single Manager clothing and textile materiel stocks.

J. Retail Clothing and Textile Stock Fund Divisions or Categories. The division or category established within each of the military departmental stock funds to finance retail clothing and textile materiel stocks.

K. Wholesale distribution. An area depot distribution system designed to distribute and issue clothing and textile materiel in bulk quantities to the post, camp, station, or base level of all services. This distribution system shall employ the facilities best suited to the requirements of the area served, regardless of military service ownership.

L. Retail stocks. Clothing and textile materiel not included in Single Manager stocks which is necessary to be held and controlled by the individual military services for issue or resale to final consumers in performance of assigned missions, and which is not under the direct management of the Single Manager.

IV. Delegation of authorities and responsibilities. A. The Secretary of the Department of the Army is hereby designated as the Single Manager for clothing and textile materiel, subject to overall guidance, policies, and programs of the Office of the Secretary of Defense, with the responsibilities and authorities assigned under this Directive. Additions or deletions of specific items from the cognizance of the Single Manager

will be authorized only by the Office of the Secretary of Defense. Requests for change may be initiated by a military service and shall be forwarded through the Single Manager for his recommendation to the Secretary of Defense.

B. As Single Manager for clothing and textile materiel, the primary responsibility of the Secretary of the Army shall be to effectively meet the supply support requirements of the military services in terms of centrally managed clothing and textile items. He shall also be responsible for fulfilling other support responsibilities placed upon the Department of Defense for such items. He shall be responsible for utilization of all applicable portions of reference (b), except where such portions are specifically modified or amplified herein.

C. The Secretary of each military department shall be responsible for the administrative support of all installations and activities under his jurisdiction, including administrative support required to perform those functions assigned by the Single Manager. Military departments will furnish to the Single Manager complete data regarding administrative support costs incurred on the basis of missions assigned by the Single Manager. Such data shall be compiled on a comparable basis and as soon as practicable derived from a uniform expense classification and related to budget and apportionment requests.

D. The Secretary of each military department shall be responsible for requirements determination, for supply of clothing and textile materiel to using elements at retail level, and for control of reserve stocks at levels below the wholesale distribution level. Departmental planned requirements will be submitted to the Military Clothing and Textile Supply Agency on a cyclical basis, in accordance with policies and procedures established by the Assistant Secretary of Defense (Supply and Logistics).

E. The Secretary of each military department shall be responsible for full cooperation with the Single Manager in carrying out the provisions of the applicable portions of reference (b) and the provisions of this Directive.

V. Authorities and Responsibilities of the Single Manager—A. Organization and Management. 1. Designate an Executive Director for Clothing and Textile Materiel, subject to approval by the Secretary of Defense. The Executive Director shall have no other duties but to direct the operations of the Military Clothing and Textile Supply Agency. The Executive Director shall be responsible to the Secretary of the Army through channels prescribed by that Secretary.

2. Establish and organize the Military Clothing and Textile Supply Agency in accordance with reference (b) above, except as otherwise specifically modified herein.

3. The Agency shall be staffed by civilian personnel employed by the Department of the Army and by military personnel from all military services, as appropriate, not necessarily with equal representation. Positions within the Agency staff will be identified as military or civilian, based on criteria established

by the Secretary of Defense. Key military staff positions subordinate to the Executive Director shall be subject to rotation on a periodic basis among the military services, as agreed to by the Single Manager and the Secretaries of the other two military departments, with due consideration being given to the qualifications of the individuals concerned and the career program needs of each military service. The Department of the Army will be responsible for providing the administrative support for the Agency. Initially, however, personnel, personnel spaces, funds, facilities and equipment will be adjusted among the military services for responsibilities assigned to the Agency in order to meet the support requirements of the Single Manager created by this Directive. Such personnel adjustments will be accomplished in accordance with the provisions of DOD Instruction 1404.4, dated April 19, 1955.

4. Organize the Administrative Committee in accordance with Paragraph III. D. above.

5. Assign the distribution mission for clothing and textile materiel for each distribution area to specific area distribution depots, from which all military installations in the area will requisition.

6. Direct the operations of the Department of Defense Duck and Webbing Pool.

B. Requirements. 1. Receive from the military services on a cyclical basis statements of peacetime and mobilization requirements, computed and submitted in accordance with policies and procedures established by the Assistant Secretary of Defense (Supply and Logistics), together with necessary data including basic assumptions, and factors upon which the requirements were premised, to enable review and comment on the validity of the requirements.

2. Direct the submissions on a periodic basis, of inventory status reports at the retail level, by distribution area, of the total stocks on hand and the quantities of those stocks held for operating needs, and those stocks held for reserves. This refers to those stocks owned and positioned by the military services.

3. In accordance with policies and procedures established by the Assistant Secretary of Defense (Supply and Logistics), develop the total Department of Defense requirements program and compute net peacetime and mobilization requirements for the Agency, for purposes of procurement, distribution and disposal.

4. Receive from the military services the requirements for Mutual Defense Assistance Programs and civilian aid programs.

C. Procurement. 1. Conduct or direct procurement, pursuant to the provisions of the Armed Services Procurement Act, Armed Services Procurement Regulations (ASPR), and Army Procurement Procedure (APP), including contract administration, as a single service purchase assignment to the Single Manager for all centrally procured items. Designate those items to be procured locally. The designation or redesignation of items from local procurement to central procurement or vice versa will be coordinated with the military services

with sufficient time allowed for an orderly adjustment of the affected programs. Stock Fund Items authorized to be procured locally shall be financed by allotments of the retail stock funds.

2. Obtain and furnish to the military services procurement and production data for use in requirements and supply studies.

3. The Single Manager shall be responsible for accounting and control of government-furnished materiel in the hands of contractors and government manufacturing plants in connection with procurement of end items.

4. Procure materiel for the Mutual Defense Assistance Program and civilian aid programs to fulfill requirements submitted by the departments which are not available from stocks owned by the Single Manager.

5. Administer the priorities and allocation authority in the purchase of clothing and textile materiel delegated by the Assistant Secretary of Defense (Supply and Logistics), in accordance with the Department of Defense Priorities and Allocations Manual, pursuant to Department of Defense Instruction 4410.1, and plan for administration in accordance with Department of Defense Emergency Priorities Allocations Manual (4410.2).

D. *Inspection.* Direct the program of inspection and quality control for clothing and textile materiel, utilizing established inspection services and facilities to the maximum degree; this program shall apply to the procurement, storage and maintenance of supplies.

E. *Mobilization Planning.* 1. Coordinate and direct mobilization planning in assigned areas of supply management responsibility. Recommend related mobilization policies and procedures to responsible Assistant Secretaries of Defense for inter-agency agreements and coordination with over-all Department of Defense mobilization plans.

2. Arrange for or conduct industrial mobilization planning for all items under the Single Manager for which advance planning is necessary to assure adequate wartime production to meet military needs. Such actions may include, but are not limited to:

a. Developing with industry, under the policies and procedures of the Production Allocation Program, mobilization production schedules for all items on the Department of Defense Preferential Planning List and the several approved Departmental Planning Lists.

b. Developing procedures for locating potential sources of supply for other items and conducting such planning as may be appropriate.

c. Negotiating industry preparedness measures contracts as appropriate.

d. Determining needs for reserve production facilities, production equipment, stockpiles of critical materials, etc., and recommending appropriate action for acquisition and maintenance thereof.

F. *Storage.* 1. Determine requirements for storage space and related activities. Request necessary space and related activities from owning services. Establish and maintain records of space utilization.

2. Assign specific storage missions, when storage space can be made avail-

able, to installations other than area distribution depots, regardless of military service ownership, when necessary to store clothing and textile materiel.

G. *Inventory control.* 1. Establish and maintain central control over clothing and textile materiel inventories owned by the Single Manager, and prescribe quantitative stockage objectives for such inventories, at the area distribution depots, which are necessary to meet the area distribution requirements.

2. Prescribe an inventory reporting system which will provide current, accurate, repetitive, and cyclic stock status information to the agency for all clothing and textile materiel owned by the Single Manager.

3. Prescribe requisitioning procedures to be utilized by the military services in requisitioning against Single Manager stocks and direct the phased submission of requisitions to the appropriate depots.

4. Establish prices and pricing procedures in accordance with policy as established in reference (c).

5. Direct distribution and redistribution, down to and including shipments from distribution depots, of stocks owned by the Single Manager.

6. Direct, when necessary for rotation purposes, the reallocation of assets and the utilization and consumption, by all military services, of common stocks.

7. Institute such measures as forced issue when necessary for utilization of suitable substitutes, as agreed upon between the Single Manager and the military services concerned.

8. Coordinate program for the positioning of mobilization reserve stocks to obtain maximum availability and minimum loss in the event of enemy attack, in accordance with Department of Defense policies.

9. Prescribe reports to be furnished to the Military Clothing and Textile Supply Agency by area distribution depots, or other activities, performing a mission assigned by the Single Manager, as may be necessary to carry out the responsibilities of this assignment.

10. Screen all excesses of clothing and textile materiel, including returned used materiel either owned by the Single Manager or reported by the military services and determine the utilization or disposition of such excesses.

11. Report to General Services Administration, in accordance with Department of Defense policies, those items in excess to Department of Defense requirements.

12. Prepare inventory and supply reports, as required by the military services, for the development of requirement and supply studies.

H. *Stock fund.* Establish and administer the Single Manager Clothing and Textile Materiel Stock Fund Division, in accordance with reference (c) and the charter authorizing the establishment thereof.

I. *Research and development.* The Single Manager will be kept informed of all research and development pertaining to his commodity area. He may recommend to the military services research and development into improved materials, items and methods within his commodity jurisdiction, and will recommend to the Assistant Secretary of De-

fense (Research and Development) any changes in the program he considers desirable. The military services, under the policies and procedures of the Secretary of Defense, are responsible for research and development programs; the Assistant Secretary of Defense (Research and Development) is responsible for reviewing these programs.

J. *Cataloging and standardization.* 1. Responsible for coordinating the cataloging operations of the military services for clothing and textile materiel in accordance with prescribed Department of Defense policies, procedures, and operations established for the Federal Catalog System; operate as a single submitting activity in the Federal Catalog System for Department of Defense clothing and textile materiel.

2. Develop and direct a program of standardization and of standards and specification preparation and maintenance within the over-all Department of Defense policies and guidance.

K. *Transportation.* Arrange for required transportation or traffic management services from the respective Single Managers assigned responsibilities for traffic management (Single Managers for Military Traffic Management, Military Sea Transportation Service and Military Air Transport Service) in accordance with criteria and procedures established by those Single Managers, or as may otherwise be authorized by the Secretary of Defense.

L. *Maintenance and manufacture.* Coordinate the operation of all military activities engaged in maintenance, manufacture, assembly, or approved rehabilitation of clothing and textile materiel owned by or entering the wholesale distribution system.

M. *Personnel and training.* 1. In planning the organization and staffing required for the Agency, establish military and civilian career development patterns which shall be coordinated with and supplement programs of the military services. Personnel training requirements peculiar to a particular military service will be considered in the development of the program and incorporated therein by the Single Manager.

2. Coordinate the execution of an adequate and well integrated, specialized training program with industry (regular and reserve). Review training programs of the services and recommend measures to provide for maximum cross-servicing in the training of units and individuals within available facilities.

N. *General.* 1. Prepare reports as required by the Office of the Secretary of Defense.

2. The Single Manager is authorized and expected to maintain close liaison with non-Governmental organizations, associations and industry on matters affecting the responsibilities under this Directive, subject to the provisions of Department of Defense Directive 5500.2, dated 13 September 1954.

VI. *Implementation.* A. Implementation of the Single Manager assignment for clothing and textile materiel will obviate the requirement for any military service to perform the management functions assigned herein to the Single Manager, except when performing mis-

sions assigned by the Single Manager. Thus, all existing organizations within the military services, which perform such functions, shall have their missions, status, and manning modified, redefined, and adjusted, as early as possible, so as to exclude the functions assumed by the Military Clothing and Textile Supply Agency and to reflect their reduced mission status.

B. The operating agency shall be so organized that, as a minimum, it will perform directly within its organization, at one location, the responsibilities designated in Paragraph V. B., V. C., V. G. and V. H. above.

C. Within ninety days, regulations, procedures organizational arrangements, and adjustments among military services as to personnel, personnel spaces and funds, required to implement the provisions of this Directive, will be developed and coordinated with the military services by the Single Manager and copies transmitted to the Assistant Secretary of Defense (Supply and Logistics) for approval. The Assistant Secretary of Defense (Supply and Logistics) will coordinate the approval of such matters with other cognizant elements of the Office of the Secretary of Defense.

VII. *Annexes.* The following annexes are incorporated as part of this Directive:—

Annex A—Statement of the related responsibilities of the Single Manager and the military services in connection with this commodity assignment.

Annex B—Listing of items, within the Federal Supply Groups and Classes, assigned to the Single Manager for Clothing and Textile Materiel (to follow).

VIII. *Effective date.* Development of implementation measures will be commenced immediately.

REUBEN B. ROBERTSON, Jr.,
Deputy Secretary of Defense.

ANNEX A

RELATED RESPONSIBILITIES OF SINGLE MANAGER AND THE MILITARY SERVICES

Single Manager

1. Organization and Management

a. Designate the Executive Director and establish the Military Clothing and Textile Supply Agency under his control.

b. Provide administrative support to the agency. Provide all civilian personnel and Army military personnel as required. Identify positions as military or civilian, based on criteria established by the Office of the Secretary of Defense.

c. Determine requirements for officer personnel from other services with Secretaries of the other military departments. Integrate such officer personnel into operational assignments in the Agency. Rotate key military staff positions among the military services on a periodic basis, as agreed with the other military departmental Secretaries.

d. Organize the Administrative Committee under the chairmanship of the Executive Director.

e. Determine specific distribution areas. Assign to military services distribution areas to be supported as agents of the Single Manager. Furnish necessary operating procedures to the military service responsible for a distribution area.

f. Administer and manage the Department of Defense Duck and Webbing Pool which will include but not limited to control over and reinvestment of pool funds.

2. Requirements

Receives from the military services on a cyclical basis, peacetime and mobilization requirements; directs submissions of inventory status reports for the retail level, by distribution area, including statement of stocks held for operating needs and for reserves; and, in accordance with Assistant Secretary of Defense (Supply and Logistics) policies and procedures, computes net peacetime and mobilization requirements for the Agency and develops the total Department of Defense requirements program for the items under his single managership. Provide for Mutual Defense Assistance Program and civilian aid programs as necessary.

3. Procurement

Conduct or direct procurement pursuant to the Armed Services Procurement Act, Armed Services Procurement Regulation and Army Procurement Procedures, including contract administration, as a single service purchase assignment to the Single Manager for all centrally procured items. Designate those items to be procured locally.

4. Inspection

Direct the program of Inspection and Quality Control for clothing and textile materiel, utilizing established inspection services and facilities to the maximum degree; this program shall apply to the procurement, storage, and maintenance of supplies.

5. Mobilization Planning

a. Coordinate and direct mobilization planning in assigned area of supply management responsibility. Recommend to the Office of the Secretary of Defense related mobilization policies and procedures for interagency agreements and coordination with over-all Department of Defense mobilization plans. Arrange for or conduct mobilization planning for all items for which advance planning is necessary to assure adequate wartime production to meet military needs.

b. Under the policies and procedures of the Production Allocation Program, serve as Claimant Procurement Planning Officer (CPPO) providing desired mobilization production requirements to Armed Services Procurement Planning Officers for negotiation with industry and approving final schedules after negotiation. Serve as Armed Services Procurement Planning Officer for such plants for which planning responsibility has been or may be assigned by the Assistant Secretary of Defense (Supply and Logistics).

Military Services

a. Not applicable.

b. Not applicable. (Initially there will be a re-adjustment of personnel, personnel spaces and funds among the military services to provide the Single Manager with ceiling, etc.)

c. Furnish officer personnel, as required, for the staffing of the Agency.

d. Provide departmental representatives and such augmentation personnel as the Single Manager may request.

e. Perform distribution functions in accordance with the procedures prescribed by the Single Manager. Provide administrative support for designated area distribution depots.

f. Provide such information to the Single Manager as may be required for the operation of the Department of Defense Duck and Webbing Pool.

Provide the Single Manager with information regarding requirements data, quantities of stocks on hand at the retail level, by distribution depot area, as directed, on a cyclical basis. Also, report significant changes in these areas as they occur. Furnish necessary data, including basic assumptions and factors upon which the requirements were promised, to the Single Manager to enable him to review and comment on the validity thereof. Furnish Mutual Defense Assistance Program and civilian aid program requirements as authorized.

Procure locally those items designated by the Single Manager, financing such purchase by allotments from the retail stock funds. Conduct such central purchase as directed and funded by the Single Manager.

Conduct inspection and maintain control of quality when requested and as directed by the Single Manager.

a. Provide mobilization planning data as required by the Single Manager for this purpose.

b. Serve as Armed Services Procurement Planning Officers (ASPPO's) for those plants for which planning responsibility may be assigned by the Assistant Secretary of Defense (Supply and Logistics), negotiating Tentative Mobilization Production Schedules with industrial management, and securing final approval by the Single Manager and industrial management.

ANNEX A—Continued

RELATED RESPONSIBILITIES OF SINGLE MANAGER AND THE MILITARY SERVICES—continued

Single Manager

c. Develop procedures for locating potential sources of supply for other items for which Production Allocation Program procedures are not applicable and conduct such planning thereunder as may be appropriate.

d. Negotiate industry preparedness measures contracts with potential producers, research organizations, educational institutions, etc., as may be appropriate.

e. Determine needs for reserve production facilities, production equipment, stockpiles of critical materials, etc., and recommend appropriate action for acquisition and maintenance thereof.

6. Storage

Determine requirements for storage space and related activities. Request necessary space and related activities from the owning service. Establish and maintain records of space utilization. Assign specific storage missions, when storage space can be made available, to installations other than area distribution depots, whenever necessary to store Single Manager reserve stocks.

7. Inventory Control

a. Establish and maintain central control over inventories owned by the Single Manager Clothing and Textile Materiel Stock Fund Division, and prescribe quantitative stockage objectives for such inventories at the area distribution depots, which are necessary to meet the area distribution requirements. Establish prices and pricing procedures in accordance with DOD Directive 7420.1.

b. Prescribe an inventory reporting system to provide current, accurate information regarding the status of inventories.

c. Prescribe requisitioning procedures to be utilized by the military services in requisitioning against area distribution depots, and direct the phased submission of requisitions to the appropriate area distribution depot.

d. Direct distribution and redistribution of Single Manager owned stocks, down to and including shipments from distribution depots to retail level. Control redistribution of retail stocks between distribution areas.

e. Direct, when necessary for rotation purposes, the utilization and consumption, by all military services, of common stocks, regardless of where held or for whom procured.

f. Direct when appropriate and necessary, such as to balance stocks or to meet mission deadlines, the utilization of suitable substitutes.

g. Coordinate program among the military services and with civilian agencies of the Government for positioning of mobilization reserve stocks to obtain maximum availability and minimum loss in the event of enemy attack, in accordance with Department of Defense policies.

h. Prescribe such reports as may be necessary to carry out the responsibilities of this assignment.

i. Screen all excesses of clothing and textile materiel, including returned used materiel, either owned by the Single Manager or reported by the military services, and determine the utilization of such excesses. Report to General Services Administration those items excess to Department of Defense requirements.

8. Stock Fund

Establish and administer the Single Manager Clothing and Textile Materiel Division of the Army Stock Fund for the management of Single Manager controlled stocks.

9. Research and Development

Recommend to a military service or services Research and Development into improved materials, items, and methods within his commodity jurisdiction. He will be kept informed on research and development in his commodity area. He will recommend to the Assistant Secretary of Defense (Research and Development) any changes in the program he considers desirable.

10. Cataloging and Standardization

a. Responsible for coordinating the cataloging operations of the military services for clothing and textile materiel in accordance with prescribed Department of Defense policies, procedures and operations established for the Federal Catalog System; operate as a single submitting activity in the Federal Catalog System for Department of Defense clothing and textile materiel.

Military Services

c. Assist the Single Manager through field procurement offices or the ASPPO organization in conducting such planning, other than Production Allocation Program, as may be appropriate.

d. Provide assistance through field procurement offices.

e. Provide required information, assistance, and appropriate action through the Technical Services, Bureaus, Commands, or field installations.

Conduct storage and related functions at designated area distribution depots, providing effective logistical support to consuming agencies, irrespective of service, in accordance with the policies and procedures of the Single Manager. Maintain records, and submit space and operating records as prescribed by the Single Manager. Perform additional storage functions, at storage points other than area distribution depots, for the Single Manager, when space can be made available.

a. Maintain control over retail stocks.

b. Provide inventory reports for Single Manager stocks as prescribed.

c. Requisition clothing and textile materiel as prescribed by the Single Manager.

d. Redistribution of retail stocks will be controlled by the owning military services, except that such redistribution shall not be effected between distribution areas except as authorized by the Single Manager.

e. Participate as necessary to provide rotation and full utilization of stocks.

f. Participate as necessary to provide full utilization of stocks.

g. Participate as necessary to obtain the objectives of this program.

h. Submit reports as required by the Single Manager.

i. Screen all excesses owned and held at retail level and determine those items to be redistributed among requisitioning activities of military service concerned. Such redistribution shall be confined to the same distribution area unless otherwise approved by the Single Manager. Items not required within the service will be reported to the Single Manager as excess.

Maintain a retail stock fund which will reimburse the Single Manager Clothing and Textile Materiel Division, of the Army Stock Fund for withdrawals from Single Manager owned stocks, and to finance inventories acquired through local purchase. Military services will prepare and support their own budgets in the normal manner and administer their respective retail stock funds.

Initiate requirements for research and development, and perform research and development. The services may initiate and perform research and development in areas of peculiar interest to their requirements in accordance with established coordinating procedures.

a. Perform those functions of the Federal Catalog System for clothing and textile materiel as prescribed by the Single Manager; utilize Federal Catalog Data as the prime identification data in all supply and logistics operations, consistent with Department of Defense policies.

ANNEX A—Continued

RELATED RESPONSIBILITIES OF SINGLE MANAGER AND THE MILITARY SERVICES—continued

Single Manager

b. Develop and direct a program of standardization and of standards and specifications within the over-all Department of Defense policies and guidance.

11. *Maintenance and Manufacture*

Coordinate the operation of all military activities engaged in maintenance, manufacture, assembly, or approved rehabilitation of materiel owned by or entering the wholesale distribution system.

12. *Personnel and Training*

a. Provide a civilian personnel program and training standards for all personnel assigned under direction of the Single Manager.

b. Coordinate specialized military training programs with respect to clothing and textile materiel and recommend measures for interdepartmental training.

13. *General*

Prepare or prescribe such reports as required to perform Single Manager responsibilities or as required by the Office of the Secretary of Defense.

[F. R. Doc. 56-4858; Filed, June 20, 1956; 8:45 a. m.]

Military Services

b. Accomplish such standards and specifications work as is assigned by the Single Manager. Inform the Single Manager of use needs, and recommend or concur in adoption and standardization or rejection of materiel. Determinations on items peculiar to a single military service will remain with that service, but will be subject to review and action by the Single Manager in consonance with his responsibilities under the over-all Department of Defense policies in this field.

Perform as requested by the Single Manager the maintenance, manufacture, assembly or approved rehabilitation of materiel owned by or entering the wholesale distribution system.

a. The existing civilian personnel and training offices of the military services will be utilized in carrying out the civilian personnel and training program.

b. Participate in specialized training program.

Provide such information to Single Manager as may be required.

[DOD Directive Number 5160.16, May 4, 1956]
SINGLE MANAGER ASSIGNMENT FOR MEDICAL MATERIEL

References:¹

(a) Directive 4000.8, Basic Regulations for the Military Supply System, November 17, 1952.

(b) Directive 5160.12, Policies for Implementation of Single Manager Assignments, January 31, 1956.

(c) Directive 7420.1, Regulations Governing Stock Fund Operations, February 1, 1954.

I. *Authority and purpose.* A. Pursuant to the authority vested in the Secretary of Defense by the National Security Act of 1947, as amended, a Single Manager Commodity Assignment is hereby directed within the Department of Defense, with authority, functions, responsibilities, and relationships as set forth below, recognizing that the primary mission is to effectively support the military effort of the country.

B. The purposes and objectives of this assignment are:

1. To provide the most effective and economical means of supplying medical materiel to the Armed Services.

2. To eliminate duplication and overlapping of effort between and among military services.

3. To apply the basic pattern for all organizations performing a Single Manager support mission, as prescribed in reference (b) above, to the mission of supplying medical materiel to the Armed Services.

II. *Scope.* The Single Manager Plan will be employed, as appropriate, for the management of medical materiel within the continental United States, and may be extended to include operations outside the continental United States when directed by the Secretary of Defense.

III. *Definitions*—A. *Single Manager.* The Secretary of a Military Department

who is designated by the Secretary of Defense to be responsible for the organization and operation of the Single Manager assignment for medical materiel.

B. *Executive Director for Medical Materiel.* The individual designated by the Single Manager to manage the Single Manager operating agency for medical materiel.

C. *Single Manager Operating Agency.* An organization which, under the direction of the Executive Director for Medical Materiel, shall direct and control all assigned functions of supply management of medical materiel for all military services. It shall be titled the Military Medical Supply Agency.

D. *Administrative Committee.* A group designated to assist the Executive Director in identifying and overcoming problems concerning the operation of this assignment. The committee shall be neither a policy board nor an executive directorate, but rather a group of specialists meeting to recommend solutions to particular problems and to promote the effectiveness and economy with which the agency meets the needs of the military services. Its membership shall be as follows:

1. Executive Director, Chairman.

2. A representative each from the Army, Navy, Marine Corps, and the Air Force.

3. The Assistant Secretaries of Defense, Comptroller, Health and Medical, and Supply and Logistics, or their representatives.

4. Such technical or professional personnel augmentations from the military services as the Single Manager determines to be necessary and as medical materiel supply problems under consideration dictate.

E. *Administrative support.* The provision of personnel, space, equipment, facilities, and supplies, including the related budgeting, funding, fiscal control,

training, manpower control and utilization, personnel administration, security administration, mobilization planning, and other administrative provisions and services necessary to carry out assigned missions.

F. *Medical materiel.* All items of medical, dental, and veterinary supplies and equipment falling within Federal Supply Group 65, and all other items of related materiel authorized by the Office of the Secretary of Defense (Annex B).

G. *Supply management of medical materiel.* The exercise of direction and control of medical materiel supply operations, including the functions of cataloging, standardization, net requirements determination, procurement, production, inspection, storage, distribution, disposal, transportation, maintenance, and mobilization planning.

H. *Single Manager Stocks.* Medical materiel acquired by and maintained in the wholesale distribution system, under the control and ownership of the Single Manager, down to but excluding retail stocks. This includes operating stocks and economic, contingency, and mobilization reserves.

I. *Single Manager Medical Materiel Stock Fund Division.* An administrative division of the Navy Stock Fund established pursuant to regulations governing operations of Stock Funds (Department of Defense Directive 7420.1) to finance Single Manager medical materiel stocks.

J. *Retail Medical Materiel Stock Fund Divisions or Categories.* The division or category established within each of the military departmental stock funds to finance retail medical materiel stocks.

K. *Wholesale distribution.* An area depot distribution system designed to distribute and issue medical materiel in bulk quantities to the post, camp, station, or base level of all services. This distribution system shall employ the facilities best suited to the requirements

¹ Not filed with Federal Register Division.

of the area served, regardless of military service ownership.

L. *Retail stocks.* Medical materiel not included in Single Manager stocks which is necessary to be held and controlled by individual military services for issue or resale to final consumers in performance of assigned missions, and which is not under the direct management of the Single Manager.

IV. *Delegation of authorities and responsibilities.* A. The Secretary of the Department of the Navy is hereby designated as the Single Manager for medical materiel, subject to over-all guidance, policies, and programs of the Office of the Secretary of Defense, with the responsibilities and authorities assigned under this Directive. Additions or deletions of specific items from the cognizance of the Single Manager will be authorized only by the Office of the Secretary of Defense. Requests for change may be initiated by a military service and shall be forwarded through the Single Manager for his recommendation to the Secretary of Defense.

B. As Single Manager for medical materiel, the primary responsibility of the Secretary of the Navy shall be to effectively meet the supply support requirements of the military services in terms of centrally managed medical items. He shall also be responsible for fulfilling other support responsibilities placed upon the Department of Defense for such items. He shall be responsible for utilization of all applicable portions of reference (b), except where such portions are specifically modified or amplified herein.

C. The Secretary of each military department shall be responsible for the administrative support of all installations and activities under his jurisdiction, including administrative support required to perform those functions assigned by the Single Manager. Military departments will furnish to the Single Manager complete data regarding administrative support costs incurred on the basis of missions assigned by the Single Manager. Such data shall be compiled on a comparable basis and, as soon as practicable, derived from a uniform expense classification and related to budget and appropriation requests.

D. The Secretary of each military department shall be responsible for requirements determination, for supply of medical materiel to using elements at retail level, and for control of reserve stocks at levels below the wholesale distribution level. Departmental planned requirements will be submitted to the Military Medical Supply Agency on a cyclical basis, in accordance with policies and procedures established by the Assistant Secretary of Defense (Supply and Logistics).

E. The Secretary of each military department shall be responsible for full cooperation with the Single Manager in carrying out the provisions of the applicable portions of reference (b) and the provisions of this Directive.

V. *Authorities and responsibilities of the Single Manager—A. Organization and Management.* 1. Designate an Executive Director for Medical Materiel, subject to approval by the Secretary of

Defense. The Executive Director shall have no other duties but to direct the operations of the Military Medical Supply Agency. The Executive Director shall be responsible to the Secretary of the Navy through channels prescribed by that Secretary.

2. Establish and organize the Military Medical Supply Agency in accordance with reference (b) above, except as otherwise specifically modified herein.

3. The Agency shall be staffed by civilian personnel employed by the Department of the Navy and by military personnel from all military services, as appropriate, not necessarily with equal representation. Positions within the Agency staff will be identified as military or civilian, based on criteria established by the Secretary of Defense. Key military staff positions subordinate to the Executive Director shall be subject to rotation on a periodic basis among the military services, as agreed to by the Single Manager and the Secretaries of the other two military departments, with due consideration being given to the qualifications of the individuals concerned and the career program needs of each military service. The Department of the Navy will be responsible for providing the administrative support for the Agency. Initially, however, personnel, personnel spaces, funds, facilities and equipment will be adjusted among the military services for responsibilities assigned to the Agency in order to meet the support requirements of the Single Manager created by this Directive. Such personnel adjustments will be accomplished in accordance with the provisions of DOD Instruction 1404.4, dated April 19, 1955.

4. Organize the Administrative Committee in accordance with paragraph III.D. above.

5. Assign the distribution mission for medical materiel for each distribution area to specific area distribution depots, from which all military installations in the area will requisition.

B. *Requirements.* 1. Receive from the military services on a cyclical basis statements of peacetime and mobilization requirements, computed and submitted in accordance with policies and procedures established by the Assistant Secretary of Defense (Supply and Logistics), together with necessary data including basic assumptions, and factors upon which the requirements were premised, to enable review and comment on the validity of the requirements.

2. Direct the submissions, on a periodic basis, of inventory status reports at the retail level, by distribution area, of the total stocks on hand and the quantities of those stocks held for operating needs, and those stocks held for reserves. This refers to stocks owned and positioned by the military services.

3. In accordance with policies and procedures established by the Assistant Secretary of Defense (Supply and Logistics), develop the total Department of Defense requirements program and compute net peacetime and mobilization requirements for the Agency, for purposes of procurement, distribution, and disposal.

4. Receives from the military departments the requirements for Mutual De-

fense Assistance Program and civilian aid programs.

C. *Procurement.* 1. Conduct or direct procurement, pursuant to the provisions of the Armed Services Procurement Act, Armed Services Procurement Regulations (ASPR), and the Navy Purchase Directives, including contract administration, as a single service purchase assignment to the Single Manager for all centrally procured items. Designate those items to be procured locally. The designation or redesignation of items from local procurement to central procurement or vice versa will be coordinated with the military services with sufficient time allowed for an orderly adjustment of the affected programs. Stock Fund Items authorized to be procured locally shall be financed by allotments of the retail stock funds.

2. Obtain and furnish to the military services procurement and production data for use in requirements and supply studies.

3. The Single Manager shall be responsible for accounting and control of government-furnished materiel in the hands of contractors and government manufacturing plants in connection with procurement of end items.

4. Procure materiel for the Mutual Defense Assistance Program and civilian aid programs to fulfill requirements submitted by the departments which are not available from stocks owned by the Single Manager.

5. Administer the priorities and allocation authority, in the purchase of medical materiel, delegated by the Assistant Secretary of Defense (Supply and Logistics), in accordance with the Department of Defense Priorities and Allocations Manual, pursuant to Department of Defense Instruction 4410.1, and plan for administration in accordance with Department of Defense Emergency Priorities Allocation Manual (4410.2).

6. Purchase medical materiel for the Federal Civil Defense Administration on the basis of mutual agreement.

D. *Inspection.* Direct the program of inspection and quality control for medical materiel, utilizing established inspection services and facilities to the maximum degree; this program shall apply to the procurement, storage, and maintenance of supplies.

E. *Mobilization planning.* 1. Coordinate and direct mobilization planning in assigned areas of supply management responsibility. Recommend related mobilization policies and procedures to responsible Assistant Secretaries of Defense for interagency agreements and coordination with over-all Department of Defense mobilization plans.

2. Arrange for or conduct industrial mobilization planning for all items under the Single Manager for which advance planning is necessary to assure adequate wartime production to meet military needs. Such actions may include, but are not limited to:

a. Developing with industry, under the policies and procedures of the Production Allocation Program, mobilization production schedules for all items on the Department of Defense Preferential Planning List and the several approved Departmental Planning Lists.

b. Developing procedures for locating potential sources of supply for other items and conducting such planning as may be appropriate.

c. Negotiating industry preparedness measures contracts as appropriate.

d. Determining needs for reserve production facilities, production equipment, stockpiles of critical materials, etc., and recommending appropriate action for acquisition and maintenance thereof.

F. Storage. 1. Determine requirements for storage space and related activities. Request necessary space and related activities from owning services. Establish and maintain records of space utilization.

2. Assign specific storage missions, when storage space can be made available, to installations other than area distribution depots, regardless of military service ownership, when necessary to store medical materiel.

G. Inventory control. 1. Establish and maintain central control over medical materiel inventories owned by the Single Manager, and prescribe quantitative stockage objectives for such inventories, at the area distribution depots, which are necessary to meet the area distribution requirements.

2. Prescribe an inventory reporting system which will provide current, accurate, repetitive, and cyclic stock status information to the Agency for all medical materiel owned by the Single Manager.

3. Prescribe requisitioning procedures to be utilized by the military services in requisitioning against Single Manager stocks and direct the phased submission of requisitions to the appropriate depots.

4. Establish prices and pricing procedures in accordance with policy as established in reference (c).

5. Direct distribution and redistribution, down to and including shipments from distribution depots, of stocks owned by the Single Manager.

6. Basing actions on policies approved by the Assistant Secretary of Defense (Health and Medical) direct, when necessary for rotation purposes, the reallocation of assets and the utilization and consumption, by all military services, of common stocks.

7. Institute such measures as forced issue when necessary for utilization of suitable substitutes. Substitutions of medical materiel will be made only in accordance with lists of substitute items developed by the Surgeons General and furnished to the Single Manager for consolidation and distribution.

8. Coordinate program for the positioning of mobilization reserve stocks to obtain maximum availability and minimum loss in the event of enemy attack, in accordance with Department of Defense policies and with consideration of the Federal Civil Defense Administration medical reserve program.

9. Prescribe reports to be furnished to the Military Medical Supply Agency by area distribution depots, or other activities performing a mission assigned by the Single Manager, as may be necessary to carry out the responsibilities of this assignment.

10. Screen all excesses of medical materiel, including returned used material

either owned by the Single Manager or reported by the military services and determine the utilization or disposition of such excesses.

11. Report to General Services Administration, in accordance with Department of Defense policies, those items excess to Department of Defense requirements.

12. Prepare inventory and supply reports, as required by the military services, for the development of requirement and supply studies.

H. Stock Fund. Establish and administer the Single Manager Medical Materiel Stock Fund Division, in accordance with reference (c) and the charter authorizing the establishment thereof.

I. Research and development. The Single Manager will be kept informed of all research and development pertaining to his commodity area. He may recommend to the military services research and development into improved materiel, items and methods within his commodity jurisdiction, and will recommend to the Assistant Secretary of Defense (Research and Development) any changes in the program he considers desirable. The military departments, under the policies and procedures of the Secretary of Defense, are responsible for research and development programs; the Assistant Secretary of Defense (Research and Development) is responsible for reviewing these programs.

J. Cataloging and standardization. 1. Responsible for coordinating the cataloging operations of the military services for medical materiel in accordance with prescribed Department of Defense policies, procedures, and operations established for the Federal Catalog System; operate as a single submitting activity in the Federal Catalog System for Department of Defense medical materiel.

2. Develop and direct a program of standardization and of standards and specification preparation and maintenance within the over-all Department of Defense policies and guidance.

K. Transportation. Arrange for required transportation or traffic management services from the respective Single Managers assigned responsibilities for traffic management (Single Managers for Military Traffic Management, Military Sea Transportation Service, and Military Air Transport Service) in accordance with criteria and procedures established by those Single Managers, or as may otherwise be authorized by the Secretary of Defense.

L. Maintenance and manufacture. Coordinate the operation of all military activities engaged in maintenance, manufacture, assembly, or approved rehabilitation of medical materiel owned by or entering the wholesale distribution system.

M. Personnel and training. 1. In planning the organization and staffing required for the Agency, establish military and civilian career development patterns which shall be coordinated with and supplement programs of the military services. Personnel training requirements peculiar to a particular military service will be considered in the development of the program and incorporated therein by the Single Manager.

2. Coordinate the execution of an adequate and well integrated, specialized training program with industry (regular and reserve). Review training programs of the services and recommend measures to provide for maximum cross-servicing in the training of units and individuals within available facilities.

N. General. 1. Prepare reports as required by the Office of the Secretary of Defense.

2. The Single Manager is authorized and expected to maintain close liaison with non-Governmental organizations, associations and industry on matters affecting the responsibilities under this Directive, subject to the provisions of Department of Defense Directive 5500.2, dated September 13, 1954.

VI. Implementation. A. Implementation of the Single Manager assignment for medical materiel will obviate the requirement for any military service to perform the management functions assigned herein to the Single Manager, except when performing missions assigned by the Single Manager. Thus, all existing organizations within the military services which perform such functions shall have their missions, status, and manning modified, redefined, and adjusted as early as possible so as to exclude the functions assumed by the Military Medical Supply Agency and to reflect their reduced mission status. Industrial mobilization planning functions under the Production Allocation Program—both as Armed Services Procurement Planning Officer (ASPPO) and as Claimant Procurement Planning Officer (CPPO)—currently being performed by ASMPA for the Assistant Secretary of Defense (Supply and Logistics) be transferred without change to the Military Medical Supply Agency.

B. The operating agency shall be so organized that, as a minimum, it will perform directly within its organization, at one location, the responsibilities designated in Paragraph V. B., V. C., V. G., and V. H. above.

C. Within ninety days, regulations, procedures, organizational arrangements, and adjustments among military services as to personnel, personnel spaces and funds, required to implement the provisions of this Directive, will be developed and coordinated with the military services by the Single Manager and transmitted to the Office of the Secretary of Defense for approval. The Assistant Secretary of Defense (Supply and Logistics) will coordinate the approval of such matters with other cognizant elements of the Office of the Secretary of Defense.

VII. Annexes. The following annexes are incorporated as part of this Directive:

Annex A—Statement of the related responsibilities of the Single Manager and the military services in connection with this commodity assignment.

Annex B—Listing of items, within the Federal Supply Groups and Classes, assigned to the Single Manager for Medical Materiel (to follow).

VIII. Effective date. Development of implementation measures will be commenced immediately.

REUBEN B. ROBERTSON, Jr.,
Deputy Secretary of Defense.

ANNEX A

RELATED RESPONSIBILITIES OF SINGLE MANAGER AND THE MILITARY SERVICES

Single Manager

Military Services

1. Organization and Management

- a. Designate the Executive Director and establish the Military Medical Supply agency under his control.
- b. Provide administrative support to the Agency. Provide all civilian personnel and Navy military personnel as required. Identify positions as military or civilian based on criteria established by the Office of the Secretary of Defense.
- c. Determine requirements for officer personnel from other services with Secretaries of the other military departments. Integrate such officer personnel into operational assignments in the Agency. Rotate key military staff positions among the military services on a periodic basis, as agreed with the other military departmental Secretaries.
- d. Organize the Administrative Committee under the chairmanship of the Executive Director.
- e. Determine specific distribution areas. Assign to military services distribution areas to be supported, as agents of the Single Manager. Furnish necessary operating procedures to the military service responsible for a distribution area.

2. Requirements

Receives from the military departments, on a cyclical basis, peacetime and mobilization requirements; directs submissions of inventory status reports for the retail level by distribution area including statement of stocks held for operating needs and for reserves; and, in accordance with Assistant Secretary of Defense (Supply and Logistics) policies and procedures, computes net peacetime and mobilization requirements for the Agency and develops the total Department of Defense requirements program for the items under his single managership. Provide for Mutual Defense Assistance Program and civilian aid programs as necessary.

3. Procurement

Conduct or direct procurement pursuant to the Armed Services Procurement Act (ASPR), and Navy Purchase Directives, including contract administration, as a single service purchase assignment to the Single Manager for all centrally procured items. Designate those items to be procured locally.

4. Inspection

Direct the program of inspection and quality control for medical materiel utilizing established inspection services and facilities to the maximum degree; this program shall be applicable to procurement, storage, and maintenance of supplies.

5. Mobilization Planning

- a. Coordinate and direct mobilization planning in assigned area of supply management responsibility. Recommend to the Office of the Secretary of Defense related mobilization policies and procedures for interagency agreements and coordination with over-all Department of Defense mobilization plans. Arrange for or conduct mobilization planning for all items for which advance planning is necessary to assure adequate wartime production to meet military needs.
- b. Under the policies and procedures of the Production Allocation Program, serve as Claimant Procurement Planning Office (CPPO) providing desired mobilization production requirements to ASPPO's for negotiation with industry and approving final schedules after negotiation. Serve as ASPPO for such plants for which planning responsibility has been or may be assigned by the Assistant Secretary of Defense (Supply and Logistics).

c. Develop procedures for locating potential sources of supply for other items for which Production Allocation Program procedures are not applicable and conduct such planning thereunder as may be appropriate.

d. Negotiate industry preparedness measures contracts with potential producers, research organizations, educational institutions, etc., as may be appropriate.

e. Determine needs for reserve production facilities, production equipment, stockpiles of critical materials, etc., and recommend appropriate action for acquisition and maintenance thereof.

6. Storage

Determine requirements for storage space and related activities. Request necessary space and related activities from the owning service. Establish and maintain records of space utilization. Assign specific storage missions, when storage space can be made available, to installations other than area distribution depots, whenever necessary to store Single Manager reserve stocks.

a. Not applicable.

b. Not applicable. (Initially there will be a re-adjustment of personnel, personnel spaces, and funds among the military services to provide the Single Manager with ceiling, etc.)

c. Furnish officer personnel as required for the staffing of the Agency.

d. Provide departmental representative and such augmentation personnel as the Single Manager may request.

e. Perform distribution functions in accordance with procedures prescribed by the Single Manager. Provide administrative support for designated area distribution depots.

Provide the Single Manager with information regarding requirements data, quantities of stocks on hand at the retail level by distribution depot area, as directed, on a cyclical basis. Also, report significant changes in these areas as they occur. Furnish necessary data, including basic assumptions and factors upon which the requirements were premised, to the Single Manager to enable him to review and comment on the validity thereof. Furnish Mutual Defense Assistance Program and civilian aid program requirements as authorized.

Procure locally those items designated by the Single Manager, financing such purchase by allotments from the retail stock funds. Conduct such central purchase as directed and funded by the Single Manager.

Conduct inspection and maintain control of quality when requested and as directed by the Single Manager.

a. Provide mobilization planning data as required by the Single Manager for this purpose.

b. Serve as Armed Services Procurement Planning Officers (ASPPO's) for those plants for which planning responsibility may be assigned by the Assistant Secretary of Defense (Supply and Logistics), negotiating tentative mobilization production schedules with industrial management, and securing final approval by the Single Manager and industrial management.

c. Assist the Single Manager through field procurement offices or the ASPPO organization in conducting such planning, other than Production Allocation Programs, as may be appropriate.

d. Provide assistance through field procurement offices.

e. Provide required information, assistance, and appropriate action through the Technical Services Bureaus, Commands, or field installations.

Conduct storage and related functions at designated area distribution depots, providing effective logistical support to consuming agencies, irrespective of service, in accordance with the policies and procedures of the Single Manager. Maintain records and submit space and operating reports as prescribed by the Single Manager. Perform additional storage functions, at storage points other than area distribution depots, for the Single Manager, when space can be made available.

ANNEX A—Continued

RELATED RESPONSIBILITIES OF SINGLE MANAGER AND THE MILITARY SERVICES—continued

*Single Manager**Military Services***7. Inventory Control**

a. Establish and maintain central control over inventories owned by the Single Manager Medical Materiel Stock Fund Division, and prescribe quantitative stockage objectives for such inventories, at the area distribution depots, which are necessary to meet the area distribution requirements. Establish prices and pricing procedures in accordance with Department of Defense Directive 7420.1.

b. Prescribe an inventory reporting system to provide current, accurate information regarding the status of inventories.

c. Prescribe requisitioning procedures to be utilized by the military services in requisitioning against area distribution depots, and direct phased submission of requisitions to appropriate area distribution depots.

d. Direct distribution and redistribution of Single Manager owned stocks, down to and including shipments from distribution depots to retail level. Control redistribution of retail stocks between distribution areas.

e. Basing actions on policies approved by the Assistant Secretary of Defense (Health and Medical), direct, when necessary for rotation purposes, the reallocation of assets and the utilization and consumption, by all military services, of common stocks regardless of where held.

f. Basing actions on policies approved by the Assistant Secretary of Defense (Health and Medical), direct, when appropriate and necessary, such as to balance stocks or to meet mission deadlines, the utilization of suitable substitutes in accordance with lists of substitute items developed by the Surgeons General and furnished to the Single Manager for consolidation and distribution.

g. Coordinate program among the military services and with civilian agencies of the government for positioning of mobilization reserve stocks to obtain maximum availability and minimum loss in the event of enemy attack, in accordance with Department of Defense policies.

h. Describe such reports as may be necessary to carry out the responsibilities of this assignment.

i. Screen all excesses of medical materiel, including returned used material, either owned by the Single Manager or reported by the military services, and determine the utilization of such excesses. Report to General Services Administration those items excess to Department of Defense requirements.

8. Stock Fund

Establish and administer the Single Manager Medical Materiel Division Stock Fund for the management of Single Manager controlled stocks.

9. Research and Development

Recommend, to a military service or services, research and development into improved materials, items, and methods within his commodity jurisdiction. He will be kept informed on research and development in his commodity area. Recommend to the Assistant Secretary of Defense (Research and Development) any changes in the program he considers desirable.

10. Cataloging and Standardization

a. Responsible for coordinating the cataloging operations of the military services for medical materiel in accordance with prescribed Department of Defense policies, procedures, and operations established for the Federal Catalog System; operate as a single submitting activity in the Federal Catalog System for Department of Defense medical materiel.

b. Develop and direct a program of standardization and of standards and specifications within the overall Department of Defense policies and guidance.

11. Maintenance and Manufacture

Coordinate the operation of all military activities engaged in maintenance, manufacture, assembly, on approved rehabilitation of materiel owned by or entering the wholesale distribution system.

12. Personnel and Training

a. Provide a civilian personnel program and training standards for all personnel assigned under direction of the Single Manager.

a. Maintain control over retail stocks.

b. Provide inventory reports for Single Manager stocks as prescribed.

c. Requisition medical materiel as prescribed by the Single Manager.

d. Redistribution of retail stocks will be controlled by the owning military services, except that such redistribution shall not be effected between distribution areas unless authorized by the Single Manager.

e. Participate as necessary to provide rotation and full utilization of stocks.

f. Participate as necessary to provide full utilization of stocks.

g. Participate as necessary to obtain the objectives of this program.

h. Submit reports as required by the Single Manager.

i. Screen all excesses owned and held at retail level and determine those items to be redistributed among requisitioning activities of military service concerned. Such redistribution shall be confined to the same distribution area unless otherwise approved by the Single Manager. Items not required within the service will be reported to the Single Manager as excess.

Maintain a retail stock fund which will reimburse the Single Manager Medical Materiel Division Stock Fund for withdrawals from Single Manager owned stocks, and to finance inventories acquired through local purchase. Military services will prepare and support their own budgets in the normal manner and administer their respective retail stock funds.

Initiate requirements for research and development, and perform research and development. The services may initiate and perform research and development in areas of peculiar interest to their requirements in accordance with established coordinating procedures.

a. Perform those functions of the Federal Catalog System for medical materiel as prescribed by the Single Manager; utilize Federal catalog data as the prime identification data in all supply and logistics operations, consistent with Department of Defense policies.

b. Accomplish such standards and specifications work as is assigned by the Single Manager. Inform the Single Manager of use needs, and recommend or concur in adoption, and standardization or rejection of material. Determinations on items peculiar to a single military service will remain with that service, but will be subject to review and action by the Single Manager in consonance with his responsibilities for standardization under the over-all Department of Defense policies in this field.

Perform as requested by the Single Manager the maintenance, manufacture, assembly or approved rehabilitation of materiel owned by or entering the wholesale distribution system.

a. The existing civilian personnel and training offices of the military services will be utilized in carrying out the civilian personnel and training program.

ANNEX A—Continued

RELATED RESPONSIBILITIES OF SINGLE MANAGER AND THE MILITARY SERVICES—Continued

Single Manager

b. Coordinate specialized military training programs with respect to medical material and recommend measures for interdepartmental training.

13. General

Prepare or prescribe such reports as required to perform Single Manager responsibilities or as required by the Office of the Secretary of Defense.

[F. R. Doc. 56-4859; Filed, June 20, 1956; 8:45 a. m.]

Military Services

b. Participate in specialized training programs.

Provide such information to Single Manager as may be required.

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

NEW MEXICO

STOCK DRIVEWAY WITHDRAWAL NO. 81
NEW MEXICO NO. 12, REDUCED

JUNE 13, 1956.

Pursuant to the authority contained in section 10 of the act of December 29, 1916 (39 Stat. 865; 43 U. S. C. 300), as amended, and pursuant to the authority delegated to me by Order No. 541, section 25 (b) (1) (a) of the Director, Bureau of Land Management, approved April 21, 1954, 19 F. R. 2473, it is ordered as follows:

Departmental order of April 29, 1919 establishing Stock Driveway No. 81, New Mexico No. 12 is hereby revoked in so far as it affects the following described lands:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

T. 13 N., R. 4 E.,

Sec. 30, NW $\frac{1}{4}$ SW $\frac{1}{4}$.

T. 29 N., R. 9 W.,

Sec. 17, N $\frac{1}{2}$;

Sec. 18, SE $\frac{1}{4}$ SE $\frac{1}{4}$;

Sec. 19, Lots 5 and 7;

Sec. 20, NW $\frac{1}{4}$;

Sec. 21, Lots 1, 2, 3, 4, NW $\frac{1}{4}$, S $\frac{1}{2}$;

Sec. 26, Lots 9 to 16, inclusive;

Sec. 27, W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$, S $\frac{1}{2}$;

Sec. 28, NE $\frac{1}{4}$;

Sec. 34, NE $\frac{1}{4}$;

Sec. 35, Lots 1 to 10, inclusive and Lots 15 and 16.

The areas described above aggregate 2,921.61 acres.

The lands lying in Sec. 30, NW $\frac{1}{4}$ SW $\frac{1}{4}$, T. 13 N., R. 4 E., have been classified as suitable for lease and sale for homestead purposes under the Small Tract Act of June 1, 1938 (52 Stat. 609, U. S. C. 682a), as amended, by Classification Order No. 42, New Mexico, dated February 23, 1956. Veterans preference has been allowed to persons entitled to such preference by the above mentioned Classification Order No. 42.

The lands in Section 18, SE $\frac{1}{4}$ SE $\frac{1}{4}$, T. 29 N., R. 9 W., are patented lands.

The lands lying within T. 29 N., R. 9 W., are located in the Chaco Grazing District, and lie along the Largo Canyon from one to six miles distant in a southeasterly direction from Blanco, San Juan County, New Mexico. The topography of the land varies from arroyo bottom with no cover and subject to periodic flooding to gentle mesa slopes with a good cover of galleta, greasewood, chamisa and cheatgrass, with scattered sage brush to rough mesa slopes with a juniper cover. Soils are sandy and are highly susceptible to erosion. Little, if any, of the lands are suitable for farming. The lands will not be subject to

occupancy or disposition until they have been classified.

Subject to any valid existing rights and the requirements of applicable law, the public lands released from withdrawal by this order, are hereby opened to filing of applications and selections in accordance with the following:

1. All valid applications for lands under the Homestead, Desert Land and Small Tract Laws by qualified veterans of World War II or of the Korean Conflict, and by others entitled to preference rights under the act of September 27, 1944 (58 Stat. 747; 43 U. S. C. 279-284) as amended, presented prior to 10:00 a. m. July 19, 1956, will be considered as simultaneously filed at that hour. Preference right applications filed after that hour and before 10:00 a. m. on October 18, 1956, will be governed by the time of filing.

2. All valid applications and selections under the nonmineral public-land laws, other than those coming under paragraph 1 above, presented prior to 10:00 a. m. on October 18, 1956, will be considered as simultaneously filed at that hour. Such applications and selections filed after that hour will be governed by the time of filing.

Veterans claiming veterans preference rights under paragraph 1 above, must enclose with their applications proper evidence of military or naval service, preferably a complete photostatic copy of the certificate of honorable discharge. Persons claiming preference rights based upon valid settlement, statutory preference, or equitable claims must enclose properly corroborated statements in support of their claims. Detailed rules and regulations governing applications which may be filed pursuant to this notice can be found in Title 43 of the Code of Federal Regulations.

Inquiries concerning the lands shall be addressed to the Manager, Land Office, P. O. Box 1251, Santa Fe, New Mexico.

E. R. SMITH,
State Supervisor.

[F. R. Doc. 56-4862; Filed, June 20, 1956; 8:45 a. m.]

[Doc. No. 130]

ARIZONA

NOTICE OF PROPOSED WITHDRAWALS AND RESERVATION OF LANDS

JUNE 13, 1956.

The Arizona State Highway Department has filed an application, Serial No. AR-07202, for the withdrawal of the lands described below, from all forms of appropriation including the mining and

mineral leasing laws. The applicant desires the land for a source of road construction materials.

For a period of 30 days from the date of publication of this notice, persons having cause may present their objections in writing to the undersigned official of the Bureau of Land Management, Department of the Interior, 233A Main Post Office Building, Phoenix, Arizona.

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

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

The lands involved in the application are:

GILA AND SALT RIVER MERIDIAN

T. 8 N., R. 27 E.,

Sec. 31: SE $\frac{1}{4}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$.

The area described totals 20 acres in the Apache National Forest.

E. R. TRAGITT,
State Lands and Minerals
Staff Officer.

[F. R. Doc. 56-4863; Filed, June 20, 1956; 8:46 a. m.]

[Doc. No. 131]

ARIZONA

NOTICE OF PROPOSED WITHDRAWAL AND RESERVATION OF LANDS

JUNE 13, 1956.

The Arizona State Highway Department has filed an application, Serial No. AR-06475, for the withdrawal of the lands described below, from all forms of appropriation including the mining and mineral leasing laws. The applicant desires the land for a source of road construction materials.

For a period of 30 days from the date of publication of this notice, persons having cause may present their objections in writing to the undersigned official of the Bureau of Land Management, Department of the Interior, 233A Main Post Office Building, Phoenix, Arizona.

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

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

The lands involved in the application are:

GILA AND SALT RIVER MERIDIAN

T. 21 N., R. 2 W.,

Sec. 12: SW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$,
W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$.

The area described totals 25 acres in the Kaibab National Forest.

E. R. TRAGITT,
State Lands and Minerals
Staff Officer.

[F. R. Doc. 56-4864; Filed, June 20, 1956;
8:46 a. m.]

National Park Service

[Region One, Order 3, Amdt. 1]

NATIONAL PARK SERVICE SUPERINTENDENTS

DELEGATION OF AUTHORITY

1. Paragraph (e) of section 1 of Order 3 (21 F. R. 1493) is amended so that the introductory portion of the section and paragraph (e) will read as follows:

SECTION 1. The National Park Service Superintendents in Region One whose positions are allocated to Civil Service grades GS-13 and above, in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(e) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

2. Paragraph (f) of section 2 of Order 3 (21 F. R. 1493) is amended so that the introductory portion of the section and paragraph (f) will read as follows:

Sec. 2. The Superintendents whose positions are allocated to Civil Service grades GS-11 and GS-12, inclusive, in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(f) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

3. Paragraph (k) of section 3 of Order 3 (21 F. R. 1493) is amended so that the introductory portion of the section and paragraph (k) will read as follows:

Sec. 3. The Superintendents whose positions are allocated to Civil Service grades GS-10 and below in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(k) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and

(3) payment of the full amount of the damages is offered.

(National Park Service Order 14)

[SEAL]

ELBERT COX,
Regional Director,
Region One.

[F. R. Doc. 56-4865; Filed, June 20, 1956;
8:46 a. m.]

[Region Two, Order 3, Amdt. 1]

NATIONAL PARK SERVICE SUPERINTENDENTS

DELEGATION OF AUTHORITY

1. Paragraph (e) of section 1 of Order 3 (21 F. R. 1494) is amended so that the introductory portion of the section and paragraph (e) will read as follows:

SECTION 1. The National Park Service Superintendents in Region Two whose positions are allocated to Civil Service grades GS-13 and above, in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(e) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

2. Paragraph (f) of section 2 of Order 3, Region Two (21 F. R. 1494) is amended so that the introductory portion of the section and paragraph (f) will read as follows:

Sec. 2. The Superintendents whose positions are allocated to Civil Service grades GS-11 and GS-12, inclusive, in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(f) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

3. Paragraph (k) of section 3 of Order 3 (21 F. R. 1494) is amended so that the introductory portion of the section and paragraph (k) will read as follows:

Sec. 3. The Superintendents whose positions are allocated to Civil Service grades GS-10 and below in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(k) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

(National Park Service Order 14)

[SEAL]

I. J. CASTRO,
Acting Regional Director,
Region Two.

[F. R. Doc. 56-4866; Filed, June 20, 1956;
8:46 a. m.]

[Region Three, Order 3, Amdt. 1]

NATIONAL PARK SERVICE SUPERINTENDENTS

DELEGATION OF AUTHORITY

1. Paragraph (e) of section 1 of Order 3 (21 F. R. 1494) is amended so that the introductory portion of the section and paragraph (e) will read as follows:

SECTION 1. The National Park Service Superintendents in Region Three whose positions are allocated to Civil Service grades GS-13 and above, in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(e) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

2. Paragraph (f) of section 2 of Order 3 (21 F. R. 1494) is amended so that the introductory portion of the section and paragraph (f) will read as follows:

Sec. 2. The Superintendents whose positions are allocated to Civil Service grades GS-11 and GS-12, inclusive, in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(f) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

3. Paragraph (k) of section 3 of Order 3 (21 F. R. 1494) is amended so that the introductory portion of the section and paragraph (k) will read as follows:

Sec. 3. The Superintendents whose positions are allocated to Civil Service grades GS-10 and below in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, ex-

cept with respect to the following matters:

(k) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

(National Park Service Order 14)

[SEAL] HUGH M. MILLER,
Regional Director,
Region Three.

[F. R. Doc. 56-4867; Filed, June 20, 1956;
8:46 a. m.]

[Region Four, Order 3, Amdt. 1]

NATIONAL PARK SERVICE SUPERINTENDENTS
DELEGATION OF AUTHORITY

1. Paragraph (e) of section 1 of Order 3 (21 F. R. 1495) is amended so that the introductory portion of the section and paragraph (e) will read as follows:

SECTION 1. The National Park Service Superintendents in Region Four whose positions are allocated to Civil Service grades GS-13 and above, in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(e) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

2. Paragraph (f) of section 2 of Order 3 (21 F. R. 1495) is amended so that the introductory portion of the section and paragraph (f) will read as follows:

Sec. 2. The Superintendents whose positions are allocated to Civil Service grades GS-11 and GS-12, inclusive, in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(f) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

3. Paragraph (k) of section 3 of Order 3 (21 F. R. 1495) is amended so that the introductory portion of the section and paragraph (k) will read as follows:

Sec. 3. The Superintendents whose positions are allocated to Civil Service grades GS-10 and below in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the author-

ity now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(k) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

(National Park Service Order 14)

[SEAL] LAWRENCE C. MERRIAM,
Regional Director,
Region Four.

[F. R. Doc. 56-4868; Filed, June 20, 1956;
8:47 a. m.]

[Region Five, Order 2, Amdt. 1]

NATIONAL PARK SERVICE SUPERINTENDENTS
DELEGATION OF AUTHORITY

1. Paragraph (e) of section 1 of Order 2 (21 F. R. 1496) is amended so that the introductory portion of the section and paragraph (e) will read as follows:

SECTION 1. The National Park Service Superintendents in Region Five whose positions are allocated to Civil Service grades GS-13 and above, in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(e) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

2. Paragraph (f) of section 2 of Order 2 (21 F. R. 1496) is amended so that the introductory portion of the section and paragraph (f) will read as follows:

Sec. 2. The Superintendents whose positions are allocated to Civil Service grades GS-11 and GS-12, inclusive, in the administration, operation, and development of the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(f) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

3. Paragraph (k) of section 3 of Order 2 (21 F. R. 1496) is amended so that the introductory portion of the section and paragraph (k) will read as follows:

Sec. 3. The Superintendents whose positions are allocated to Civil Service grades GS-10 and below in the administration, operation, and development of

the areas under their supervision, are authorized to exercise all of the authority now or hereafter delegated to the Regional Director by the Director, except with respect to the following matters:

(k) Acceptance of an offer in settlement of a timber trespass unless (1) the trespass is an innocent one, (2) the damages therefrom do not exceed \$500, and (3) payment of the full amount of the damages is offered.

(National Park Service Order 14)

[SEAL] DANIEL J. TOBIN,
Regional Director,
Region Five.

[F. R. Doc. 56-4869; Filed, June 20, 1956;
8:47 a. m.]

DEPARTMENT OF THE TREASURY

Bureau of Customs

[T. D. 54111]

ISTHMIAN LINES, INC.

REGISTRATION OF HOUSE FLAG

The Commissioner of Customs by virtue of the authority vested in him and in accordance with § 3.81 (a), Customs Regulations (19 CFR 3.81 (a)), has registered the house flag of the Isthmian Lines, Inc. as described below.

The house flag is rectangular in shape. The hoist is 4 feet in height; the fly is 6 feet. The field of the flag is blue and is divided horizontally and vertically by a white cross or band one foot in width which divides the blue field in equal portions so there remains a blue rectangle in each corner measuring 2½ feet horizontally and 1½ feet vertically. Superimposed in the middle of the cross or white band is a red 15-inch square with points vertical and horizontal in the form of a diamond. The colors are identical with those in the United States Ensign.

A colored drawing of the house flag described above is on file with the Federal Register Division.

The registration of a house flag in the name of Isthmian Steamship Company under date of August 31, 1953 (T. D. 53331, 18 F. R. 5368), is hereby cancelled.

[SEAL] C. A. EMERICK,
Acting Commissioner of Customs.

[F. R. Doc. 56-4839; Filed, June 20, 1956;
8:52 a. m.]

FEDERAL POWER COMMISSION

[Project No. 2171]

CITY OF SEWARD, ALASKA

APPLICATION FOR LICENSE

JUNE 15, 1956.

Public notice is hereby given that City of Seward, Alaska, has filed application under the Federal Power Act (16 U. S. C. 791a-825r) for license for proposed water-power Project No. 2171 to be located on Crescent and Carter Lakes on Kenai Peninsula in the Third Judicial Division, Territory of Alaska, and to consist of an earth fill dam 20 feet high

across the outlet of Crescent Lake which would raise the level of the lake 11 feet (from 1,454 m. s. l. to 1,465 feet m. s. l.), creating 21,000 acre-feet of usable power storage; side channel spillway; equalizing channel 5,000 feet long between Crescent and Carter Lakes; an intake channel 1,500 feet long at outlet of Carter Lake; 4,150 feet of steel penstock; reinforced concrete powerhouse with initial installation of one 5,400 horsepower impulse turbine connected to a 3,500 kw generator; a tailrace channel about 2,400 feet long; substation; and a 69 kv transmission line 32 miles in length to Seward.

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 of the Commission (18 CFR 1.8 or 1.10). The last date upon which protests or petitions may be filed is July 30, 1956. The application is on file with the Commission for public inspection.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 56-4870; Filed, June 20, 1956;
8:47 a. m.]

[Docket No. E-6688]

BLACK HILLS POWER AND LIGHT CO.
APPLICATION AUTHORIZING ISSUANCE OF
COMMON STOCK

JUNE 14, 1956.

Take notice that on June 12, 1956, an application was filed with the Federal Power Commission, pursuant to section 204 of the Federal Power Act, by Black Hills Power and Light Company ("Applicant"), a corporation organized under the laws of the State of South Dakota, and doing business in the States of Wyoming and South Dakota, with its principal business office at Rapid City, South Dakota, seeking an order authorizing the issuance of such number of shares of Common Stock as will equal an aggregate offering price not in excess of \$300,000, computed upon the basis of market value of Applicant's Common Stock, as determined from transactions or quotations in the over-the-counter market on a date to be specified hereafter, and the issuance of \$1,000,000 principal amount of First Mortgage Bonds, Series G, 4 percent, to be dated June 1, 1956, and to mature June 1, 1986. Applicant proposes to offer the Common Stock to holders of the presently outstanding Common Stock pro rata according to their preemptive rights, with additional rights to such stockholders to subscribe for any shares not taken upon the exercise of the preemptive rights. The offering of said Common Stock will not be underwritten. Applicant, however, proposes to pay compensation of 25 cents per share to security dealers who are members of the National Association of Security Dealers, Inc., who assist stockholders in the exercise of their warrants.

Applicant alleges that it does not propose to issue said bonds by cooperative bidding. Applicant proposes to sell said series G Bonds to The Equitable Life Assurance Society of the United States at a price of 99 1/8% and accrued interest.

Any person desiring to be heard or to make any protest with reference to said application should on or before the 5th day of July 1956, file with the Federal Power Commission, Washington 25, D. C., a petition or protest in accordance with the Commission's rules of practice and procedure. The application is on file and available for public inspection.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 56-4871; Filed, June 20, 1956;
8:47 a. m.]

[Docket No. E-6689]

BLACK HILLS POWER AND LIGHT CO.
APPLICATION FOR ORDER AUTHORIZING APPLICANT TO ASSUME LIABILITY OF GUARANTOR
JUNE 14, 1956.

Take notice that on June 12, 1956, an application was filed with the Federal Power Commission, pursuant to section 204 of the Federal Power Act, by Black Hills Power and Light Company ("Applicant"), a corporation organized under the laws of the State of South Dakota, and doing business in the States of Wyoming and South Dakota, with its principal business office at Rapid City, South Dakota, seeking an order authorizing Applicant to assume the liability of guarantor with respect to the purchase money obligations of Wyodak Resources Development Corp. ("Wyodak Corp."), which it proposes to organize as a wholly owned subsidiary. Applicant has an option to lease certain coal properties and to purchase certain equipment and structures belonging to Wyodak Coal Co. ("Coal Company"), located in Campbell County, Wyoming. Applicant proposes to guarantee the purchase money obligations covering the purchase of the properties of Coal Company by Wyodak Corp. The application states that the base purchase price for the structure and equipment of the Coal Company is \$557,141.

Any person desiring to be heard or to make any protest with reference to said application should on or before the 5th day of July 1956, file with the Federal Power Commission, Washington 25, D. C., a petition or protest in accordance with the Commission's Rules of Practice and Procedure. The application is on file and available for public inspection.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 56-4872; Filed, June 20, 1956;
8:47 a. m.]

[Docket No. G-10592]

UNITED GAS PIPE LINE CO.
ORDER SUSPENDING REVISED TARIFF SHEETS
AND FIXING DATE OF HEARING

United Gas Pipe Line Company (United), on May 15, 1956, tendered for filing Second Revised Sheets Nos. 1, 4, 6, 10, 12, 16, 17, 17-A, 18, 19, 20, 21, 23, 25, 27, 28, 30, 32, 99, 100, 101, 102, 103, and 104 to its FPC Gas Tariff, First Revised Volume No. 1, proposed to take effect as of June 16, 1956. By said filing United

proposes a general rate increase for all of its sales of natural gas for resale, subject to the jurisdiction of the Commission, except for sales in the isolated Mississippi Zone. No increased rate was proposed for the transportation of gas for others. It is estimated that the increase in rates will be approximately \$5,856,000 per year, or an increase of 7.1 per cent over the rates pending in Docket No. G-9547.

United bases part of its proposed rate increase on claimed increases in the cost of purchased gas which are expected to occur by August 31, 1956. The extent to which United's claimed purchased gas costs will be realized cannot now be determined. Additionally United is claiming a rate of return of 6 1/2 percent and associated income taxes, acquisition adjustment costs, and allocations of costs which do not appear justifiable. The proposed rate structure is also questionable. These, as well as other items of cost, have not been adequately established, and it appears that the increased rates and charges proposed in United's filing have not been shown to be justified, and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful.

The Louisiana Public Service Commission, as well as several customers of United, request that the proposed rates be suspended and investigated, and that a hearing be held to determine just and reasonable rates. Willmut Gas and Oil Company and Tyler Gas Service Company jointly with the City of Tyler, Texas, customers of United, have filed petitions for an order rejecting United's filing of May 15, 1956, on the basis of the decisions in United Gas Pipe Line Co. v. Mobile Gas Service Corp., et al., 350 U. S. 332 and Federal Power Commission v. Sierra Pacific Power Co., 350 U. S. 348. Another customer of United, Mississippi Valley Gas Company, filed a motion to reject United's proposed increases in rates as to it, Texas Gas Transmission Corporation and Southern Natural Gas Company, predicated the motion on the Mobile case. The City of Memphis, Tennessee, and the Memphis Light, Gas and Water Division filed joint motions to reject, cancel and dismiss the filing insofar as it would apply to Texas Gas. Southern Natural filed an answer in opposition to Mississippi Valley's motion.

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 rates of United and the increased rates proposed in its filing of May 15, 1956, and that the above-designated tariff sheets¹ be suspended and the use thereof deferred as hereinafter ordered.

The Commission orders:

(A) Pursuant to the authority contained in and subject to the jurisdiction

¹ Second Revised Sheets Nos. 16, 17, 17-A, 18, 19 and 20 to FPC Gas Tariff, First Revised Volume No. 1 appear to pertain to sales of gas for resale for industrial use only and therefore may not be suspended pursuant to section 4 of the Natural Gas Act.

conferred upon the Federal Power Commission by sections 4, 5, 15, and 16 of the Natural Gas Act and the Commission's general rules and regulations, including rules of practice and procedure (18 CFR Ch. D), a public hearing hereby is set to commence on September 24, 1956 at 10 a. m., e. d. s. t., in a hearing room of the Federal Power Commission, 441 G Street NW., Washington, D. C., concerning the lawfulness of the rates and charges of United and as proposed by United in its filing of May 15, 1956.

(B) Pending such hearing and decision thereon, United's proposed Second Revised Sheets 1, 4, 6, 10, 12, 21, 23, 25, 27, 28, 30, 32, 99, 100, 101, 102, 103 and 104 to its FPC Gas Tariff, First Revised Volume No. 1, be and the same hereby are suspended and the use thereof deferred until November 16, 1956, and until such further time as they may be made effective in the manner prescribed by the Natural Gas Act.

(C) United shall serve upon each party to this proceeding copies of the testimony and exhibits it proposes to offer in the hearing provided in paragraph (A) above, including five (5) copies thereof upon Commission Staff Counsel. Such copies of the testimony and exhibits shall be served at such time as to permit delivery to all parties, including Staff Counsel, not later than September 17, 1956.

(D) Interested State commissions may participate as provided by §§ 1.8 and 1.37 (f) of the Commission's rules of practice and procedure (18 CFR 1.8 and 1.37 (f)).

(E) This order is without prejudice to any decision which may hereafter be made by this Commission on the issues raised in the pending motions and petitions in the proceedings in Docket No. G-9547 which were argued before the Commission on May 25, 1956, nor to any decision which may hereafter be made by the Commission on the issues raised in the above-mentioned motion of Mississippi Valley Gas Company, the above-mentioned joint motions of the City of Memphis, Tennessee and the Memphis Light, Gas and Water Division, the above-mentioned petitions of Willmut Gas and Oil Company, and Tyler Gas Service Company and the City of Tyler, Texas, filed and pending herein.

Issued: June 15, 1956.

By the Commission.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 56-4873; Filed, June 20, 1956;
8:48 a. m.]

HOUSING AND HOME FINANCE AGENCY

Public Housing Administration

DEPUTY FIELD OFFICE DIRECTOR, FT.
WORTH FIELD OFFICE

REVOCATION OF CERTAIN POWERS

Section II, Delegations of Final Authority, is amended as follows:
Paragraphs C4; D2, 3, 5, and 6; and E2, 6, and 7 are amended by deleting

No. 120—5

from the list of officials designated therein "Deputy Field Office Director, Fort Worth Field Office."

Paragraph E16, delegating certain powers to the Deputy Field Office Director, Fort Worth Field Office, is hereby revoked.

Date approved: June 15, 1956.

[SEAL] CHARLES E. SLUSSER,
Commissioner.

[F. R. Doc. 56-4875; Filed, June 20, 1956;
8:48 a. m.]

GENERAL SERVICES ADMINISTRATION

[Project 3-DC-01]

FEDERAL OFFICE BUILDINGS

PROSPECTUS FOR PROPOSED BUILDINGS IN SOUTHWEST REDEVELOPMENT AREA OF DISTRICT OF COLUMBIA

EDITORIAL NOTE: This prospectus of proposed Project Number 3-DC-01 is published pursuant to section 412 (f) of the Public Buildings Purchase Contract Act of 1954 as amended by Public Law 150, 84th Congress, which requires publication in the FEDERAL REGISTER, for a period of ten consecutive days from date of submission to the Committees on Public Works of the Senate and House of Representatives.

Project Number 3-DC-01 (Revised)

MARCH 14, 1956.

FORMAL PROSPECTUS FOR PROPOSED BUILDING UNDER TITLE I PUBLIC LAW 519, 83D CONGRESS, 2D SESSION

FEDERAL OFFICE BUILDING, WASHINGTON, D. C.

1. *Brief description of proposed building.* The project contemplates the erection of a group of three Federal Office Buildings on a site to be acquired by the Government facing on the proposed Tenth Street Mall in the southwest redevelopment area of Washington, D. C. Each building will be multi-storied. An aggregate of approximately 643,000 square feet of net assignable space will be provided.

2. *Estimated maximum cost and financing.* a. Maximum cost of site and buildings, \$25,250,000.

b. Proposed contract term, 30 years.

c. Maximum rate of interest on purchase contract, 4 percent.

3. *Certificates of need.* As the project is intended to provide relocation of numerous Federal agencies now in temporary buildings, no specific allocation of space can be made at this time. Upon completion of the facility, assignment and reassignment will be made in accordance with existing law. Therefore, requirement for Certificate of Need otherwise required by section 411 (e) of the Public Buildings Purchase Contract Act of 1954 was waived in Public Law 150, 84th Congress. Certification is hereby made as to the need for service and garage space.

4. *Non-availability of existing space.* Suitable space owned by the Government is not available; and suitable rental space is not available at a price commensurate with that to be afforded through the contract proposed.

5. *Estimated annual managerial, custodial, heat, and utility costs.* (Services to be supplied by Government), \$675,000.

6. *Estimated annual tax liability, upkeep and maintenance.* a. Taxes, post construction (contract period), \$321,625.

b. Upkeep and maintenance (to be provided by Government), \$96,000.

7. *Current annual housing costs.* Rents and other housing costs currently paid by

the Government for agencies to be housed in the building to be erected, \$509,000 p. a.

Determination of need. It has been determined that (1) the needs for space for the permanent activities of the Federal Government in this particular area cannot be satisfied by utilization of any existing suitable property now owned by the Government, and (2) the best interests of the United States will be served by taking action hereunder.

Submitted at Washington, D. C., on June 1, 1956.

Approved:

FRANKLIN G. FLOETE,
Administrator of General Services.

8. *Statement of Director, Bureau of the Budget.* Reflected in letter (copy attached).

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

JUNE 13, 1956.

Project 3-DC-01 (Revised 3-14-56).
3 Multi-storied Federal Office Buildings,
Southwest Redevelopment Area, Washington,
D. C.

MY DEAR MR. FLOETE: Pursuant to section 411 (e) (8) of the Public Buildings Purchase Contract Act of 1954 (Public Law 519), the (Revised March 14, 1956) proposal for a group of three Federal Office Buildings, transmitted with your letter of June 1, 1956, has been examined and in my opinion "is necessary and in conformity with the policy of the President." This approval is given with the following understanding:

1. Revision reflects the application of more definite plans for integration of the facility with the proposed Tenth Street Mall developed subsequent to approval of the project last July. Effective integration requires construction of three building units in lieu of one, as originally proposed. Garage space of 134,250 square feet not contemplated in original project is provided. Number of employees, utilization of space and cost factors are relatively the same.

2. That the stated project cost of \$25,250,000 (including \$2,500,000 for a site to be acquired) is a maximum figure.

3. That the reported annual operating cost of existing Tempos 4, 5, and T; i. e., \$1.00 per square foot, represents minimum maintenance in anticipation of demolition, and that temporary Government buildings actually cost more to maintain than the proposed new buildings.

4. That the proposed buildings will house approximately 10% of Federal employees presently housed in temporary buildings, and that the specific allocation of agencies in the proposed buildings is to be determined later by General Services Administration.

5. That every effort will be made to design and construct space conducive to maximum efficient utilization of both site and buildings and to take advantage of any revision of cost downward which may be found possible as the plans develop and negotiations are advanced.

6. That this approval supersedes Mr. Hughes' letter of July 22, 1955.

You appreciate, of course, that this project will receive a more detailed review as to cost and space utilization prior to the approval of the lease-purchase agreement.

Sincerely yours,

(Signed) PERCIVAL BRUNDAGE,
Director.

HON. FRANKLIN G. FLOETE,
Administrator,
General Services Administration,
Washington 25, D. C.

[F. R. Doc. 56-4960; Filed, June 18, 1956;
11:38 a. m.]

SECURITIES AND EXCHANGE COMMISSION

TROY, GRAHAM AND CO., INC.

ORDER FOR PROCEEDINGS AND NOTICE OF HEARING

At a regular session of the Securities and Exchange Commission held at its office in the city of Washington, D. C., on the 15th day of June 1956.

In the matter of Troy, Graham and Company, Incorporated, Harris Trust Building, 111 West Monroe Street, Chicago 3, Illinois.

I. The Commission's public official files disclose that Troy, Graham and Company, Incorporated, an Illinois corporation, hereinafter referred to as registrant, is registered as a broker-dealer pursuant to section 15 (b) of the Securities Exchange Act of 1934.

II. The Records Officer of the Commission has filed with the Commission a statement, a copy of which is attached hereto and made a part hereof,¹ stating that registrant did not file with the Commission reports of his financial condition during the calendar year 1955, as required by section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted thereunder.

III. The information reported to the Commission by its Records Officer as set forth in Paragraph II hereof tends, if true, to show that registrant violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section.

IV. The Commission, having considered the aforesaid information, deems it necessary and appropriate in the public interest and for the protection of investors that proceedings be instituted to determine:

(a) Whether the statement referred to in Paragraph II hereof is true;

(b) Whether registrant has wilfully violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section;

(c) Whether, pursuant to section 15 (b) of the Securities Exchange Act of 1934, it is in the public interest to revoke registration of registrant; and

(d) Whether, pursuant to section 15 (b) of the Securities Exchange Act of 1934, pending final determination, it is necessary or appropriate in the public interest or for the protection of investors to suspend the registration of registrant.

V. *It is ordered*, That registrant be given an opportunity for hearing as set forth in Paragraph IV hereof at 10 a. m. on the 20th day of July 1956 at the main office of the Securities and Exchange Commission, located at 425 Second Street NW., Washington 25, D. C., before a Hearing Examiner to be designated by the Commission. At such time the Hearing Room Clerk in Room 193, North Building, will advise the parties and the Hearing Examiner as to the room in which such hearing will be held. The Commission will consider any motion with respect to a change of place of said hearing if said motion is filed with the Secretary of the Commission on or before July 6, 1956. Upon completion of any

such hearing in this matter the Hearing Examiner shall prepare a recommended decision pursuant to Rule IX of the rules of practice unless such decision is waived.

It is further ordered, That in the event registrant does not appear personally or through a representative at the time and place herein set or as otherwise ordered, the Hearing Room Clerk shall file with the Records Officer of the Commission a written statement to that effect and thereupon the Commission will take the record under advisement for decision.

This order and notice shall be served on registrant personally or by registered mail forthwith, and published in the FEDERAL REGISTER not later than fifteen (15) days prior to July 20, 1956.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision upon the matter except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of section 4 (c) of the Administrative Procedure Act, it is not deemed to be subject to the provisions of the section delaying the effective date of any final Commission action.

By the Commission.

[SEAL]

ORVAL L. DuBOIS,
Secretary.

[P. R. Doc. 56-4877; Filed, June 20, 1956;
8:49 a. m.]

DAVID DONALD LEVEN

ORDER FOR PROCEEDINGS AND NOTICE OF HEARING

At a regular session of the Securities and Exchange Commission held at its office in the city of Washington, D. C., on the 15th day of June 1956.

In the matter of David Donald Leven dba Leven Brothers, c/o Donald Publications, Inc., 400 Madison Avenue, New York 17, New York.

I. The Commission's public official files disclose that David Donald Leven, a sole proprietor, dba Leven Brothers, hereinafter referred to as registrant, is registered as a broker-dealer pursuant to section 15 (b) of the Securities Exchange Act of 1934.

II. The Records Officer of the Commission has filed with the Commission a statement, a copy of which is attached hereto and made a part hereof,¹ stating that registrant did not file with the Commission reports of his financial condition during the calendar years 1949, 1952, and 1955, as required by section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted thereunder.

III. The information reported to the Commission by its Records Officer as set forth in Paragraph II hereof tends, if true, to show that registrant violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section.

IV. The Commission, having considered the aforesaid information, deems it necessary and appropriate in the public interest and for the protection of investors that proceedings be instituted to determine:

(a) Whether the statement referred to in Paragraph II hereof is true;

(b) Whether registrant has wilfully violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section;

(c) Whether, pursuant to section 15 (b) of the Securities Exchange Act of 1934, it is in the public interest to revoke registration of registrant; and

(d) Whether, pursuant to section 15 (b) of the Securities Exchange Act of 1934, pending final determination, it is necessary or appropriate in the public interest or for the protection of investors to suspend the registration of registrant.

V. *It is ordered*, That registrant be given an opportunity for hearing as set forth in Paragraph IV hereof at 10 a. m. on the 20th day of July 1956, at the main office of the Securities and Exchange Commission, located at 425 Second Street NW., Washington 25, D. C., before a Hearing Examiner to be designated by the Commission. At such time the Hearing Room Clerk in Room 193, North Building, will advise the parties and the Hearing Examiner as to the room in which such hearing will be held. The Commission will consider any motion with respect to a change of place of said hearing if said motion is filed with the Secretary of the Commission on or before July 6, 1956. Upon completion of any such hearing in this matter the Hearing Examiner shall prepare a recommended decision pursuant to Rule IX of the rules of practice unless such decision is waived.

It is further ordered, That in the event registrant does not appear personally or through a representative at the time and place herein set or as otherwise ordered, the Hearing Room Clerk shall file with the Records Officer of the Commission a written statement to that effect and thereupon the Commission will take the record under advisement for decision.

This order and notice shall be served on registrant personally or by registered mail forthwith, and published in the FEDERAL REGISTER not later than fifteen (15) days prior to July 20, 1956.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision upon the matter except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of section 4 (c) of the Administrative Procedure Act, it is not deemed to be subject to the provisions of the section delaying the effective date of any final Commission action.

By the Commission.

[SEAL]

ORVAL L. DuBOIS,
Secretary.

[P. R. Doc. 56-4878; Filed, June 20, 1956;
8:49 a. m.]

¹ Filed as part of the original document.

BYRON DRUE HAMPTON, JR.

ORDER FOR PROCEEDINGS AND NOTICE OF HEARING

At a regular session of the Securities and Exchange Commission held at its office in the city of Washington, D. C., on the 15th day of June 1956.

In the matter of Byron Drue Hampton, Jr., dba Stallion Royalties, 201 Market Street, Baird, Texas.

I. The Commission's public official files disclose that Byron Drue Hampton, Jr., a sole proprietor, dba Stallion Royalties, hereinafter referred to as registrant, is registered as a broker-dealer pursuant to section 15 (b) of the Securities Exchange Act of 1934.

II. The Records Officer of the Commission has filed with the Commission a statement, a copy of which is attached hereto and made a part hereof,¹ stating that registrant did not file with the Commission reports of his financial condition during the calendar year 1955, as required by section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted thereunder.

III. The information reported to the Commission by its Records Officer as set forth in Paragraph II hereof tends, if true, to show that registrant violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section.

IV. The Commission, having considered the aforesaid information, deems it necessary and appropriate in the public interest and for the protection of investors that proceedings be instituted to determine:

(a) Whether the statement referred to in Paragraph II hereof is true;

(b) Whether registrant has wilfully violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section;

(c) Whether, pursuant to section 15 (b) of the Securities Exchange Act of 1934, it is in the public interest to revoke registration of registrant; and

(d) Whether, pursuant to section 15 (b) of the Securities Exchange Act of 1934, pending final determination, it is necessary or appropriate in the public interest or for the protection of investors to suspend the registration of registrant.

V. It is ordered, That registrant be given an opportunity for hearing as set forth in Paragraph IV hereof at 10 a. m. on the 20th day of July 1956 at the main office of the Securities and Exchange Commission, located at 425 Second Street NW., Washington 25, D. C., before a Hearing Examiner to be designated by the Commission. At such time the Hearing Room Clerk in Room 193, North Building, will advise the parties and the Hearing Examiner as to the room in which such hearing will be held. The Commission will consider any motion with respect to a change of place of said hearing if said motion is filed with the Secretary of the Commission on or before July 13, 1956. Upon completion of any such hearing in this matter the Hearing Examiner shall prepare a recommended decision pursuant to Rule IX of the rules

of practice unless such decision is waived.

It is further ordered, That in the event registrant does not appear personally or through a representative at the time and place herein set or as otherwise ordered, the Hearing Room Clerk shall file with the Records Officer of the Commission a written statement to that effect and thereupon the Commission will take the record under advisement for decision.

This order and notice shall be served on registrant personally or by registered mail forthwith, and published in the FEDERAL REGISTER not later than fifteen (15) days prior to July 20, 1956.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision upon the matter except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of section 4 (c) of the Administrative Procedure Act, it is not deemed to be subject to the provisions of the section delaying the effective date of any final Commission action.

By the Commission.

[SEAL]

ORVAL L. DUBOIS,
Secretary.

[F. R. Doc. 56-4879; Filed, June 20, 1956;
8:49 a. m.]

WESTERN EMPIRE BROKERAGE CO., INC.

ORDER FOR PROCEEDINGS AND NOTICE OF HEARING

JUNE 15, 1956.

In the matter of Western Empire Brokerage Company, Inc., 303 Newhouse Bldg., Salt Lake City, Utah.

I. The Commission's public official files disclose that Western Empire Brokerage Company, Inc., a Utah corporation, hereinafter referred to as registrant, is registered as a broker-dealer pursuant to section 15 (b) of the Securities Exchange Act of 1934, and is a member of the National Association of Securities Dealers, Inc., a national securities association, registered pursuant to section 15A of said act.

II. The Records Officer of the Commission has filed with the Commission a statement, a copy of which is attached hereto and made a part hereof,¹ stating that registrant did not file with the Commission reports of his financial condition during the calendar year 1955, as required by section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted thereunder.

III. The information reported to the Commission by its Records Officer as set forth in Paragraph II hereof tends, if true, to show that registrant violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section.

IV. The Commission, having considered the aforesaid information, deems it necessary and appropriate in the public

interest and for the protection of investors that proceedings be instituted to determine:

(a) Whether the statement referred to in Paragraph II hereof is true;

(b) Whether registrant has wilfully violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section;

(c) Whether, pursuant to section 15 (b) of the Securities Exchange Act of 1934, it is in the public interest to revoke registration of registrant;

(d) Whether, pursuant to section 15 (b) of the Securities Exchange Act of 1934, pending final determination, it is necessary or appropriate in the public interest or for the protection of investors to suspend the registration of registrant; and

(e) Whether, pursuant to section 15A (1) (2) of the Securities Exchange Act of 1934, it is necessary or appropriate in the public interest or for the protection of investors or to carry out the purposes of said section, to suspend for a period not to exceed twelve (12) months or to expel registrant from membership in the National Association of Securities Dealers, Inc.

V. It is ordered, That registrant be given an opportunity for hearing as set forth in paragraph IV hereof at 10 a. m. on the 20th day of July 1956 at the main office of the Securities and Exchange Commission, located at 425 Second Street NW., Washington 25, D. C., before a Hearing Examiner to be designated by the Commission. At such time the Hearing Room Clerk in Room 193, North Building, will advise the parties and the Hearing Examiner as to the room in which such hearing will be held. The Commission will consider any motion with respect to a change of place of said hearing if said motion is filed with the Secretary of the Commission on or before July 13, 1956. Upon completion of any such hearing in this matter the Hearing Examiner shall prepare a recommended decision pursuant to Rule IX of the rules of practice unless such decision is waived.

It is further ordered, That in the event registrant does not appear personally or through a representative at the time and place herein set or as otherwise ordered, the Hearing Room Clerk shall file with the Records Officer of the Commission a written statement to that effect and thereupon the Commission will take the record under advisement for decision.

This order and notice shall be served on registrant personally or by registered mail forthwith, and published in the FEDERAL REGISTER not later than fifteen (15) days prior to July 20, 1956.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision upon the matter except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of section 4 (c) of the Administrative Procedure Act, it is not deemed to be subject to the provisions of

¹Filed as part of the original document.

the section delaying the effective date of any final Commission action.

By the Commission.

[SEAL] ORVAL L. DuBois,
Secretary.

[F. R. Doc. 56-4860; Filed, June 20, 1956;
8:49 a. m.]

GEORGE VINCENT GRACE

ORDER FOR PROCEEDINGS AND NOTICE OF HEARING

JUNE 15, 1956.

In the matter of George Vincent Grace, dba G. V. Grace Company, Pine Hollow Road, East Norwich, L. I., New York.

I. The Commission's public official files disclose that George Vincent Grace, a sole proprietor, dba G. V. Grace Company, hereinafter referred to as registrant, is registered as a broker-dealer pursuant to section 15 (b) of the Securities Exchange Act of 1934, and is a member of the National Association of Securities Dealers, Inc., a national securities association registered pursuant to section 15A of said act.

II. The Records Officer of the Commission has filed with the Commission a statement, a copy of which is attached hereto and made a part hereof,¹ stating that registrant did not file with the Commission reports of his financial condition during the calendar years 1949, 1951, 1953, and 1955, as required by section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted thereunder.

III. The information reported to the Commission by its Records Officer as set forth in Paragraph II hereof tends, if true, to show that registrant violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section.

IV. The Commission, having considered the aforesaid information, deems it necessary and appropriate in the public interest and for the protection of investors that proceedings be instituted to determine:

(a) Whether the statement referred to in Paragraph II hereof is true;

(b) Whether registrant has wilfully violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section;

(c) Whether, pursuant to section 15 (b) of the Securities Exchange Act of 1934, it is in the public interest to revoke registration of registrant;

(d) Whether, pursuant to section 15 (b) of the Securities Exchange Act of 1934, pending final determination, it is necessary or appropriate in the public interest or for the protection of investors to suspend the registration of registrant; and

(e) Whether, pursuant to section 15A (1) (2) of the Securities Exchange Act of 1934, it is necessary or appropriate in the public interest or for the protection of investors or to carry out the purposes of said section; to suspend for a period not to exceed twelve (12) months or to

expel registrant from membership in the National Association of Securities Dealers, Inc.

V. It is ordered, That registrant be given an opportunity for hearing as set forth in Paragraph IV hereof at 10 a. m. on the 20th day of July 1956 at the main office of the Securities and Exchange Commission, located at 425 Second Street NW., Washington 25, D. C., before a Hearing Examiner to be designated by the Commission. At such time the Hearing Room Clerk in Room 193, North Building, will advise the parties and the Hearing Examiner as to the room in which such hearing will be held. The Commission will consider any motion with respect to a change of place of said hearing if said motion is filed with the Secretary of the Commission on or before July 6, 1956. Upon completion of any such hearing in this matter the Hearing Examiner shall prepare a recommended decision pursuant to Rule IX of the rules of practice unless such decision is waived.

It is further ordered, That in the event registrant does not appear personally or through a representative at the time and place herein set or as otherwise ordered, the Hearing Room Clerk shall file with the Records Officer of the Commission a written statement to that effect and thereupon the Commission will take the record under advisement for decision.

This order and notice shall be served on registrant personally or by registered mail forthwith, and published in the FEDERAL REGISTER not later than fifteen (15) days prior to July 20, 1956.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision upon the matter except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of section 4 (c) of the Administrative Procedure Act, it is not deemed to be subject to the provisions of the section delaying the effective date of any final Commission action.

By the Commission.

[SEAL] ORVAL L. DuBois,
Secretary.

[F. R. Doc. 56-4881; Filed, June 20, 1956;
8:50 a. m.]

JAMES CONNOR CHEATHAM

ORDER FOR PROCEEDINGS AND NOTICE OF HEARING

At a regular session of the Securities and Exchange Commission held at its office in the city of Washington, D. C., on the 15th day of June 1956.

In the matter of James Connor Cheatham dba James C. Cheatham & Co., 111-A Peoples Bank Building, P. O. Box 812, Tyler, Texas.

I. The Commission's public official files disclose that James Connor Cheatham,

a sole proprietor dba James C. Cheatham & Co., hereinafter referred to as registrant, is registered as a broker-dealer pursuant to section 15 (b) of the Securities Exchange Act of 1934.

II. The Records Officer of the Commission has filed with the Commission a statement, a copy of which is attached hereto and made a part hereof,¹ stating that registrant did not file with the Commission reports of his financial condition during the calendar years 1953 and 1955, as required by section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted thereunder.

III. The information reported to the Commission by its Records Officer as set forth in Paragraph II hereof tends, if true, to show that registrant violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section.

IV. The Commission, having considered the aforesaid information, deems it necessary and appropriate in the public interest and for the protection of investors that proceedings be instituted to determine:

(a) Whether the statement referred to in Paragraph II hereof is true;

(b) Whether registrant has wilfully violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section;

(c) Whether, pursuant to section 15 (b) of the Securities Exchange Act of 1934, it is in the public interest to revoke registration of registrant; and

(d) Whether, pursuant to section 15 (b) of the Securities Exchange Act of 1934, pending final determination, it is necessary or appropriate in the public interest or for the protection of investors to suspend the registration of registrant.

V. It is ordered, That registrant be given an opportunity for hearing as set forth in Paragraph IV hereof at 10 a. m. on the 20th day of July 1956 at the main office of the Securities and Exchange Commission, located at 425 Second Street NW., Washington 25, D. C., before a Hearing Examiner to be designated by the Commission. At such time the Hearing Room Clerk in Room 193, North Building, will advise the parties and the Hearing Examiner as to the room in which such hearing will be held. The Commission will consider any motion with respect to a change of place of said hearing if said motion is filed with the Secretary of the Commission on or before July 13, 1956. Upon completion of any such hearing in this matter the Hearing Examiner shall prepare a recommended decision pursuant to Rule IX of the rules of practice unless such decision is waived.

It is further ordered, That in the event registrant does not appear personally or through a representative at the time and place herein set or as otherwise ordered, the Hearing Room Clerk shall file with the Records Officer of the Commission a written statement to that effect and thereupon the Commission will take the record under advisement for decision.

This order and notice shall be served on registrant personally or by registered mail forthwith, and published in the FEDERAL REGISTER not later than fifteen (15) days prior to July 20, 1956.

¹ Filed as part of the original document.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision upon the matter except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of section 4 (c) of the Administrative Procedure Act, it is not deemed to be subject to the provisions of the section delaying the effective date of any final Commission action.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 56-4882; Filed, June 20, 1956;
8:50 a. m.]

[File No. 70-3485]

UNION ELECTRIC CO.

NOTICE OF FILING OF DECLARATION REGARDING THE ISSUANCE AND SALE OF NEW BONDS

JUNE 15, 1956.

Notice is hereby given that Union Electric Company ("Union"), a registered holding company and a public utility company, has filed a declaration with this Commission pursuant to the provisions of the Public Utility Holding Company Act of 1935 ("act") and has designated sections 6 (a) and 7 of the act and Rule U-50 thereunder as applicable to the proposed transactions.

All interested persons are referred to the declaration on file in the offices of the Commission for a statement of the transactions therein proposed, which are summarized as follows:

Union proposes to issue and sell, pursuant to the competitive bidding requirements of Rule U-50, \$40,000,000 principal amount of its First Mortgage Bonds ("New Bonds"), -- Percent Series due July 1, 1986. The New Bonds will be issued under and secured by a Mortgage and Deed of Trust dated June 15, 1957, as heretofore amended and supplemented and as to be amended and supplemented by a further supplemental indenture to be dated as of July 1, 1956. The interest rate on the New Bonds, which is to be a multiple of $\frac{1}{8}$ of 1 percent, and the price thereof to Union, which price, exclusive of accrued interest, is to be not less than 100 percent and not more than 102.75 percent of the principal amount, will be determined by the competitive bidding.

The declaration states that the net proceeds to be received from the issuance and sale of the New Bonds will be used by the company to provide funds, through reimbursement of its treasury for capital expenditures heretofore made, to retire short-term bank loans, to finance in part the cost of continuing additions and improvements to its utility plant, and for other corporate purposes.

Union has received permission from the Commission (Holding Company Act Release No. 13174 (May 10, 1956)) for

a temporary increase in the amount of promissory notes it may issue to evidence short-term bank loans from 5 percent as specified in section 6 (b) of the act to 8 percent, such increase to remain in effect until September 14, 1956, or such earlier date upon which Union shall have completed the sale of the New Bonds, and it is expected that such short term bank loans will aggregate approximately \$21,000,000 by the time the New Bonds are sold. The declaration states that approximately \$41,950,000 of construction expenditures are budgeted for the year 1956, and for the two years 1956 and 1957 are expected to aggregate approximately \$90,850,000. It is estimated by Union that the proceeds from the sale of the New Bonds, together with cash to be derived from operations, will be sufficient to provide for the above purposes in 1956 and in part for construction in 1957, but that its cash requirements for construction and other purposes in 1957 will require short-term borrowings or some other form of financing, the type and amount of which have not been determined.

The declaration states that the issue and sale of the New Bonds must be authorized by the Public Service Commission of Missouri and the Illinois Commerce Commission and that applications for such authorization are being filed with such commissions. No Federal commission, other than this Commission, has jurisdiction over the proposed transaction.

Notice is further given that any interested person may, not later than July 6, 1956, at 5:30 p. m., e. d. s. t., request the Commission in writing that a hearing be held on such matter, stating the nature of his interest, the reasons for such request, and the issues of fact or law raised by said filing which he desires to controvert, or he may request that he be notified if the Commission should order a hearing thereon. Any such request should be addressed: Secretary, Securities and Exchange Commission, Washington 25, D. C. At any time after said date, the declaration, as filed or as it may hereafter be amended, may be permitted to become effective as provided in Rule U-23 of the rules and regulations promulgated under the act, or the Commission may grant exemption from its rules as provided in Rules U-20 (a) and U-100 or take such other action as it may deem appropriate.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 56-4883; Filed, June 20, 1956;
8:50 a. m.]

[File No. 812-102]

INVESTORS DIVERSIFIED SERVICES, INC., AND
INVESTORS SYNDICATE OF AMERICA, INC.

NOTICE OF FILING OF APPLICATION FOR AMENDMENT OF ORDER EXEMPTING TRANSACTIONS BETWEEN AFFILIATES

JUNE 15, 1956.

Notice is hereby given that Investors Diversified Services, Inc. ("IDS") and In-

vestors Syndicate of America, Inc. ("ISA"), both registered under the Investment Company Act of 1940 ("act") as face-amount certificate companies, have filed a joint application for an order amending certain terms and provisions of an order of the Commission pursuant to sections 6 (c) and 17 (b) of the act, dated March 1, 1946, as amended September 22, 1947, which exempted from the provisions of sections 17 (a) (1) and 17 (a) (2) of the act certain transactions between the applicants involving the sale and purchase of mortgages and loans secured by real estate.

IDS is engaged in servicing its outstanding face-amount certificates sold prior to the enactment of the act, in acting as principal underwriter and investment adviser for certain of its subsidiary and other affiliated investment companies, and in acquiring and servicing mortgages for its subsidiaries and servicing mortgages for non-affiliated investors. ISA, a wholly owned subsidiary of IDS, is engaged in the issuance of face-amount certificates and investment of the proceeds principally in mortgages.

The applicants request the amendment of the existing amended order of the Commission to eliminate the provision thereof which permits IDS to charge ISA a premium of not to exceed 1½ percent in connection with the sale of mortgages by IDS to ISA. The application states that since November 1953 IDS has been selling mortgages to ISA under the provisions of the Commission's order without the imposition of a premium, and that sales on this basis are proposed to be continued in the future. The proposed amendment would establish amortized cost to the vendor at the time of sale or purchase, plus accrued interest, as the basis of sales of mortgages between the applicants. Amortized cost would be determined in accordance with generally accepted accounting principles, but would not include any general or indirect costs incurred in acquiring such mortgages.

The applicants also request that the order be amended to establish a reducing scale of charges for servicing larger mortgages in lieu of the present fixed annual rate of $\frac{1}{2}$ of 1 percent. The proposed annual rate would be $\frac{1}{2}$ of 1 percent on the unpaid principal balances of residential mortgages; on other mortgages the annual rates would be $\frac{1}{2}$ of 1 percent on the first \$50,000, $\frac{1}{4}$ of 1 percent on the next \$150,000, and $\frac{1}{8}$ of 1 percent on the amount over \$200,000. The servicing rate for residential mortgages is stated by the applicants to be the usual rate charged and paid by IDS under mortgage servicing agreements with non-affiliates, as well as the rate considered standard for mortgage servicing in the industry. The reducing scale of fees for servicing larger mortgages is similar to those typically charged in servicing arrangements of IDS with non-affiliates and elsewhere in the industry, in recognition of the relationship of the size of the mortgage to the services performed.

It is requested by the applicants that the order also be amended to permit ISA to sell mortgages to IDS and to service mortgages for IDS on the same basis as

[File No. 812-296]

**INVESTORS DIVERSIFIED SERVICES, INC., AND
INVESTORS SYNDICATE TITLE & GUARANTY
CO.**

**NOTICE OF FILING OF APPLICATION FOR ORDER
EXEMPTING TRANSACTIONS BETWEEN AF-
FILIATES**

JUNE 15, 1956.

Notice is hereby given that Investors Diversified Services, Inc. ("IDS") and Investors Syndicate Title & Guaranty Company ("Title") have filed an amended joint application pursuant to sections 6 (c) and 17 (b) of the Investment Company Act of 1940 ("act") for an order exempting from the provisions of sections 17 (a) (1) and 17 (a) (2) of the act certain transactions between the applicants involving the sale and purchase of mortgages and loans secured by real estate.

IDS is registered under the act as a face-amount certificate company. It is engaged in servicing its outstanding face-amount certificates sold prior to the enactment of the act, in acting as principal underwriter and investment adviser for certain of its subsidiary and other affiliated investment companies, and in acquiring and servicing mortgages for its subsidiaries and servicing mortgages for non-affiliated investors. Title, a wholly-owned subsidiary of IDS, is engaged in the issuance and sale of participation certificates to residents of the State of New York and investment of the proceeds in mortgages. Title is exempt as an investment company under the act pursuant to section 6 (a) (5) of the act.

The application requests an order exempting the sale and purchase of mortgages between IDS and Title at prices equal to the amortized cost of such mortgages to the vendor at the time of sale or purchase plus accrued interest; the purchase, endorsement, guarantee or fulfillment by IDS of any commitment with respect to any mortgage which is owned by Title, in pursuance of the terms of, and at prices and subject to the terms and conditions set forth in, certificates (and related agreements, endorsements or guarantees) issued by Title prior to the date of the requested order; and the servicing of mortgages between IDS and Title for (a) a charge at the annual rate of $\frac{1}{2}$ of 1 percent on the unpaid principal balances of residential mortgages, and on other mortgages $\frac{1}{2}$ of 1 percent on the first \$50,000, $\frac{1}{4}$ of 1 percent on the next \$150,000, and $\frac{1}{8}$ of 1 percent on the amount over \$200,000, and (b) the reimbursement of any expenses or disbursements of one applicant incident to the foreclosure of any such mortgage serviced for the other.

The application states that IDS has been a leading originator and purchaser of real estate mortgages and that it has substantial facilities for the acquisition and servicing of mortgages. It is stated that since it is necessary that Title have mortgages for its own investment purposes, it is desirable that it utilize IDS as a source upon which it can depend for

the acquisition and servicing of such mortgages, and that at times when Title has mortgages in excess of its own requirements such mortgages be available for purchase by IDS. Applicants state that these arrangements are beneficial to both companies in that they furnish a source from which mortgages can be purchased when needed, provide diversification as to location and types of mortgages, and permit each company to operate to better advantage in the mortgage field.

Amortized cost at which mortgages are proposed to be sold and purchased is to be determined in accordance with generally accepted accounting principles, but will not include any general or indirect costs incurred in acquiring mortgages. Existing commitments of IDS under which it may purchase mortgages owned by Title are pursuant to the terms of certificates issued by Title between 1930 and 1941, or related agreements, and mortgages will be purchased by IDS thereunder only in accordance with the terms of such certificates or agreements.

The proposed servicing rate for residential mortgages is stated by the applicants to be the usual rate charged and paid by IDS under mortgage servicing agreements with non-affiliates, as well as the rate considered standard for mortgage servicing in the industry. The reducing scale of fees for servicing larger mortgages is similar to those typically charged in servicing arrangements of IDS with non-affiliates and elsewhere in the industry, in recognition of the relationship of the size of the mortgage to the services performed.

Section 17 (a) (1) and 17 (a) (2) of the act prohibit an affiliated person of a registered investment company, or an affiliated person of such a person, from selling to or purchasing from such registered investment company or any company controlled by such registered investment company, any security or other property, subject to certain exceptions, unless the Commission upon application pursuant to section 17 (b) grants an exemption from the provisions of section 17 (a), after finding that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, that the proposed transaction is consistent with the policy of each registered investment company concerned, as recited in its registration statement and reports filed under the act, and is consistent with the general purposes of the act. Section 6 (c) of the act provides that the Commission may conditionally or unconditionally exempt any transaction or class of transactions from any provision of the act if and to the extent such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the act.

Since IDS and Title are affiliated persons, transactions involving the sale and purchase of mortgages between such companies are subject to the provisions

of the sales and servicing by IDS to and for ISA, thus enabling either company to acquire mortgages or utilize mortgage servicing facilities of the other on a mutually advantageous basis.

Sections 17 (a) (1) and 17 (a) (2) of the act prohibit an affiliated person of a registered investment company, or an affiliated person of such a person, from selling to or purchasing from such registered investment company or any company controlled by such registered investment company, any security or other property, subject to certain exceptions, unless the Commission upon application pursuant to section 17 (b) grants an exemption from the provisions of section 17 (a), after finding that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, that the proposed transaction is consistent with the policy of each registered investment company concerned, as recited in its registration statement and reports filed under the act, and is consistent with the general purposes of the act. Section 6 (c) of the act provides that the Commission may conditionally or unconditionally exempt any transaction or class of transactions from any provision of the act if and to the extent such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the act.

Since IDS and ISA are affiliated persons, transactions involving the sale and purchase of mortgages between such companies are subject to the provisions of sections 17 (a) (1) and 17 (a) (2) of the act. The application requests an order under sections 6 (c) and 17 (b) exempting the mortgage transactions proposed to be made under the terms of the amended order.

Notice is further given that any interested person may, not later than June 29, 1956, at 5:30 p. m., submit to the Commission in writing any facts bearing upon the desirability of a hearing upon the matter and may request that a hearing be held, such request stating the nature of his interest, the reasons for such request, and the issues, if any, of fact or law proposed to be controverted, or he may request that he be notified if the Commission should order a hearing thereon. Any such communication or request should be addressed: Secretary, Securities and Exchange Commission, Washington 25, D. C. At any time after said date, the application may be granted as provided in Rule N-5 of the rules and regulations promulgated under the act, upon such terms and conditions as the Commission may impose.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 56-4884; Filed, June 20, 1956;
8:50 a. m.]

of sections 17 (a) (1) and 17 (a) (2) of the act. The application requests an order under section 6 (c) and 17 (b) exempting the proposed mortgage transactions between IDS and Title.

Notice is further given that any interested person may, not later than June 29, 1956, at 5:30 p. m., submit to the Commission in writing any facts bearing upon the desirability of a hearing on the matter and may request that a hearing be held, such request stating the nature of his interest, the reasons for such request, and the issues, if any, of fact or law proposed to be controverted, or he may request that he be notified if the Commission should order a hearing thereon. Any such communication or request should be addressed: Secretary, Securities and Exchange Commission, Washington 25, D. C. At any time after said date, the application may be granted as provided in Rule N-5 of the rules and regulations promulgated under the act, upon such terms and conditions as the Commission may impose.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 56-4885; Filed, June 20, 1956;
8:51 a. m.]

[File No. 70-366]

DALLAS TRANSIT CO.

ORDER APPROVING CHARGES TO PAID-IN
SURPLUS

JUNE 15, 1956.

In 1942 Dallas Railway & Terminal Company, which subsequently changed its name to Dallas Transit Company ("Dallas Company"), a nonutility company, and its then parent company, Electric Power & Light Corporation ("Electric"), which was then a registered holding company, filed a joint application-declaration pursuant to sections 6 (a), 7, 9 (a) (1), 10 and 12 of the Public Utility Holding Company Act of 1935 ("act") and Rule U-45 promulgated thereunder. This filing concerned, among other things, the donation to Dallas Company by Electric of certain securities as a consequence of which there was created on the books of Dallas Company a paid-in surplus of \$2,650,000 (in the Matter of Electric Power & Light Corporation et al., 12 S. E. C. 254 (1942)). The Commission by order dated October 5, 1942 (Holding Company Act Release No. 3836) granted the application and permitted the declaration to become effective, subject to the condition that, "Dallas [Company] shall not hereafter use, for any purpose, any part of the paid-in surplus, created under the transactions proposed herein, except after notice to and approval by this Commission." Dallas Company has now requested this Commission to approve the writing off of its earned surplus deficit against its paid-in surplus account as of July 1, 1954.

The Commission finding that the charges to paid-in surplus, as set forth in the Memorandum Opinion of the Commission filed this day herein have been

approved by the Council of the City of Dallas and by the Board of Directors and stockholders of the company; and further finding that the use of the paid-in surplus in the manner proposed meets the standards of section 12 (c) of the act and Rule U-46 promulgated thereunder and is in accord with sound accounting principles;

It is ordered, That the charge of the earned surplus deficit in the accounts of Dallas Company as of July 1, 1954, against its paid-in surplus be and hereby is approved;

It is further ordered, That the jurisdiction heretofore reserved in respect of any use of the company's paid-in surplus be and hereby is released.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 56-4886; Filed, June 20, 1956;
8:51 a. m.]

TERENCE ARTHUR PETER NEVILLE GETHING
ORDER FOR PROCEEDINGS AND NOTICE OF
HEARING

At a regular session of the Securities and Exchange Commission held at its office in the city of Washington, D. C., on the 15th day of June 1956.

In the matter of Terence Arthur Peter Neville Gething dba Peter Gething & Company, 803 Peoples Building, Box 346, Charlestown, South Carolina.

I. The Commission's public official files disclose that Terence Arthur Peter Neville Gething, a sole proprietor dba Peter Gething & Company, hereinafter referred to as registrant, is registered as a broker-dealer pursuant to section 15 (b) of the Securities Exchange Act of 1934.

II. The Records Officer of the Commission has filed with the Commission a statement, a copy of which is attached hereto and made a part hereof, stating that registrant did not file with the Commission reports of his financial condition during the calendar year 1955, as required by section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted thereunder.

III. The information reported to the Commission by its Records Officer as set forth in Paragraph II hereof tends, if true, to show that registrant violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section.

IV. The Commission, having considered the aforesaid information, deems it necessary and appropriate in the public interest and for the protection of investors that proceedings be instituted to determine:

(a) Whether the statement referred to in Paragraph II hereof is true;

(b) Whether registrant has wilfully violated section 17 (a) of the Securities Exchange Act of 1934 and Rule X-17A-5 adopted under said section;

(c) Whether, pursuant to section 15 (b) of the Securities Exchange Act of

¹ Filed as part of the original document.

1934, it is in the public interest to revoke registration of registrant; and

(d) Whether, pursuant to section 15 (b) of the Securities Exchange Act of 1934, pending final determination, it is necessary or appropriate in the public interest or for the protection of investors to suspend the registration of registrant.

V. It is ordered, That registrant be given an opportunity for hearing as set forth in Paragraph IV hereof at 10 a. m. on the 20th day of July 1956 at the main office of the Securities and Exchange Commission, located at 425 Second Street NW, Washington 25, D. C., before a Hearing Examiner to be designated by the Commission. At such time the Hearing Room Clerk in Room 193, North Building, will advise the parties and the Hearing Examiner as to the room in which such hearing will be held. The Commission will consider any motion with respect to a change of place of said hearing if said motion is filed with the Secretary of the Commission on or before July 6, 1956. Upon completion of any such hearing in this matter the Hearing Examiner shall prepare a recommended decision pursuant to Rule IX of the rules of practice unless such decision is waived.

It is further ordered, That in the event registrant does not appear personally or through a representative at the time and place herein set or as otherwise ordered, the Hearing Room Clerk shall file with the Records Officer of the Commission a written statement to that effect and thereupon the Commission will take the record under advisement for decision.

This order and notice shall be served on registrant personally or by registered mail forthwith, and published in the FEDERAL REGISTER not later than fifteen (15) days prior to July 20, 1956.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision upon the matter except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of section 4 (c) of the Administrative Procedure Act, it is not deemed to be subject to the provisions of the section delaying the effective date of any final Commission action.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 56-4887; Filed, June 20, 1956;
8:51 a. m.]

[File 24SF-2164]

LEWISOHN COPPER CORP.

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

JUNE 15, 1956.

I. Lewisohn Copper Corp., a Delaware corporation with its principal office at 128 North Church Street, Tucson, Arizona-

na, filed with the Commission, on September 22, 1955, a notification on Form 1-A relating to an offering of 200,000 shares of its common stock, 10 cents par value, purportedly at \$1.50 per share, for the purpose of obtaining an exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to the provisions of section 3 (b) thereof and Regulation A promulgated thereunder;

II. The Commission has reasonable cause to believe:

A. That no exemption was available under Regulation A for the securities purported to be offered thereunder, that the terms and conditions of the regulation have not been complied with, and that the offering circular and other material used in connection with the offering contained untrue statements of material facts and omitted to state material facts necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading, particularly with respect to the following:

1. The statement in the offering circular that the public offering price was \$1.50 per share, the failure to disclose in the offering circular the method of offering whereby the stock would be offered to the public at higher and undetermined prices by a small number of persons purchasing from the principal underwriter with a view to distribution and who in fact did so distribute the stock, and the failure to disclose the profit of such persons.

2. The offering of securities, purportedly under said notification and regulation, when the aggregate public offering price of said securities and the aggregate gross proceeds actually received from their sale to the public exceeded \$300,000.

3. The failure to use an offering circular, as required by Rule 219, in connection with the offering of said securities to the public.

4. The failure to file with the Commission copies of other material used in connection with the offering, as required by Rule 221.

5. The dissemination in connection with the offering of materially misleading information regarding the company, its plans and its properties.

B. That said offering did operate as a fraud and deceit upon the purchasers.

III. *It is ordered*, Pursuant to Rule 223 (a) of the general rules and regulations under the Securities Act of 1933, as amended, that the exemption under Regulation A of securities of Lewisohn Copper Corp. pursuant to said notifica-

tion be, and hereby is, temporarily suspended.

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

It is further ordered, That this order and notice shall be served upon Lewisohn Copper Corp., 128 North Church Street, Tucson, Arizona; George F. Breen, 115 Broadway, New York 6, New York; United States Corporation Company, 160 Broadway, New York 38, New York; and Alfred W. Green, Esq., 30 Broad Street, New York 4, New York; personally or by registered mail or confirmed telegraphic notice, and shall be published in the FEDERAL REGISTER.

By the Commission.

[SEAL]

ORVAL L. DuBois,
Secretary.

[F. R. Doc. 56-4888; Filed, June 20, 1956;
8:51 a. m.]

DEPARTMENT OF JUSTICE

Office of Alien Property

[Vesting Order 13557, Amdt.]

MANNHEIMER VERSICHERUNGSGESELLSCHAFT

In re: Bonds owned by Mannheimer Versicherungsgesellschaft; F-28-6160-E-1.

Vesting Order 13557, dated July 13, 1949, is hereby amended to read as follows:

Under the authority of the Trading With the Enemy Act, as amended, Executive Order 9193, as amended, and Executive Order 9788, and pursuant to law, after investigation, it is hereby found:

1. That Mannheimer Versicherungsgesellschaft, the last known address of which is Meckesheim/Baden, Germany, is a corporation, partnership, association or other business organization, organized under the laws of Germany, and which has or, since the effective date of Executive Order 8389, as amended, has

had its principal place of business in Mannheim, Germany and is a national of a designated enemy country (Germany);

2. That the property described as follows: Those certain debts or other obligations, matured or unmatured, of the Hudson & Manhattan Railroad Company, 30 Church Street, New York, New York, evidenced by three (3) Hudson & Manhattan Railroad Company, first and refunding 5 percent Gold Bearer Bonds, Series A of \$1,000 face value each, bearing the numbers 1118, 1119 and 1120, and evidenced by coupons attached to or detached from said bonds and due August 1, 1940, to August 1, 1944, inclusive and on or after February 1, 1947, and any and all rights to demand, enforce and collect the aforesaid debts or other obligations, together with any and all rights in, to and under the said bonds and coupons,

is property within the United States owned or controlled by, payable or deliverable to, held on behalf of or on account of, or owing to, or which is evidence of ownership or control by Mannheimer Versicherungsgesellschaft, the the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That to the extent that the person named in subparagraph 1 hereof is not within a designated enemy country, the national interest of the United States requires that such person be treated as a national of a designated enemy country (Germany).

All determinations and all action required by law, including appropriate consultation and certification, having been made and taken, and, it being deemed necessary in the national interest,

There is hereby vested in the Attorney General of the United States the property described above, to be held, used, administered, liquidated, sold or otherwise dealt with in the interest of and for the benefit of the United States.

The terms "national" and "designated enemy country" as used herein shall have the meanings prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on June 15, 1956.

For the Attorney General.

[SEAL]

PAUL V. MYRON,
Deputy Director,
Office of Alien Property.

[F. R. Doc. 56-4894; Filed, June 20, 1956;
8:53 a. m.]