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TITLE 3—THE PRESIDENT PROCLAMATION 2965

REDEFINING THE BOUNDARIES OF THE SITKA NATIONAL MONUMENT, ALASKA
BY THE PRESIDENT OF THE UNITED STATES
OF AMERICA
A PROCLAMATION

WHEREAS errors have been discovered in the description of the area now constituting the Sitka National Monument, Alaska, as contained in Proclamation No. 959 of March 23, 1910 (36 Stat. 2601), establishing the said monument; and

WHEREAS a certain tract of land adjoining the said monument has been donated to the United States to provide a suitable entrance to the monument, and a certain tract of public land near the monument is needed for the administration thereof; and

WHEREAS certain privately-owned lands adjoining the said monument are needed for the administration and protection thereof, and the United States desires to acquire such lands for such purposes; and

WHEREAS it appears that it would be in the public interest to redefine the boundaries of the Sitka National Monument (1) to correct the above-mentioned errors of description, (2) to add to the monument the said tract donated to the United States and the said tract of public land, and (3) to include within the boundaries of the monument the said privately-owned lands, with a view to making such lands parts of the monument upon acquisition of title thereto by the United States:

NOW, THEREFORE, I, HARRY S. TRUMAN, President of the United States of America, under and by virtue of the authority vested in me by section 2 of the act of Congress approved June 8, 1906, 34 Stat. 225 (16 U. S. C. 431), do proclaim that, subject to valid existing rights, (1) the lands now owned by the United States within the exterior boundaries of the following-described tracts of land shown on the diagram attached hereto and hereby made a part hereof shall constitute the Sitka National Monument, and (2) the privately-owned lands within such boundaries shall be-

come parts of the monument upon acquisition of title thereto by the United States:

TRACT No. 1

Beginning at corner No. 1, M. C., of U. S. Survey No. 1258, which is corner No. 2 of U. S. Survey No. 407, Tract B, on the west shore of Baranof Island on Sitka Bay, Alaska, at mean high tide, in latitude 57°02'45" N., longitude 135°19'56" W., from which U. S. R. L. M. No. 1 bears N. 79° 08' 10" W., 3,965.61 ft. distant.

From the initial point,
With U. S. Survey No. 407, Tract B, meanders of Sitka Bay,

S. 72° 42' W., 236.28 ft.,
N. 60° 18' W., 153.78 ft.,

S. 73° 34' W., 39.38 ft. to east line of Kelly Street, as delineated on Mission Plat Addition to Town of Sitka dated June 14-21, 1923, produced southerly;

Thence with street lines as delineated on said Mission Plat Addition to Town of Sitka, and, as enumerated hereinafter,

Along east line of Kelly Street, produced southerly,

N. 20° 21' E., 51.41 ft. to south line of Lincoln Street,

Along south line of Lincoln Street,
S. 80° 44' E., 97.12 ft.,

S. 89° 58' E., 140.09 ft. to east line of Metlakahla Street,

Along east line of Metlakahla Street,
N. 23° 46' E., 528.47 ft. to south line of a road leading to Indian River,

Along south line of said road,
N. 71° 06' E., 190.66 ft., more or less;

Thence leaving the said road, with north-east line of Lot 1, Block IV of aforementioned plat,

S. 28° 49' E., 22.85 ft., more or less, to a point in the west line of U. S. Survey No. 1258 and east line of U. S. Survey No. 407, Tract B;

Thence with the exterior boundaries of U. S. Survey No. 1258 to the hereinafter enumerated corners,

N. 25° 18' E., 513.34 ft., crossing Indian River to corner No. 6,

S. 42° 00' E., 1,805.10 ft. to corner No. 7,
S. 30° 00' E., 673.86 ft. to corner No. 8 M. C.,

at mean high tide of Sitka Bay;

Thence with the meanders of Sitka Bay,
N. 65° 38' W., 123.42 ft.,

N. 10° 00' W., 142.56 ft.,
N. 76° 54' W., 66.00 ft.,

S. 9° 21' W., 88.44 ft.,
N. 52° 08' W., 224.40 ft.,

S. 71° 50' W., 234.96 ft.,
S. 12° 45' W., 85.80 ft.,

S. 39° 28' E., 169.62 ft.,
S. 9° 13' E., 62.04 ft.,

S. 59° 51' W., 204.60 ft.,
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retary of the Interior, shall have the supervision, management, and control of this monument, as provided in the act of August 25, 1916, ch. 408, 39 Stat. 535 (16 U. S. C. 1-3), and acts supplementary thereto or amendatory thereof.

Warning is hereby expressly given to all unauthorized persons not to appropriate, injure, destroy, or remove any feature of this monument and not to locate or settle upon any of the lands thereof.

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

DONE at the City of Washington this 25th day of February in the year of our Lord nineteen hundred and [SEAL] fifty-two, and of the Independence of the United States of America the one hundred and seventy-sixth.

HARRY S. TRUMAN

By the President:

JAMES E. WEBB,
Acting Secretary of State.

[F. R. Doc. 52-2388; Filed, Feb. 27, 1952;
11:24 a. m.]

RULES AND REGULATIONS

TITLE 7—AGRICULTURE

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

[Amdt. 3]

PART 959—IRISH POTATOES GROWN IN THE COUNTIES OF CROOK, DESCHUTES, JEFFERSON, KLAMATH, AND LAKE IN OREGON, AND MODOC AND SISKIYOU IN CALIFORNIA

LIMITATION OF SHIPMENTS

Findings. 1. Pursuant to Marketing Agreement No. 114 and Order No. 59, as amended (7 CFR Part 959), regulating the handling of Irish potatoes grown in the counties of Crook, Deschutes, Jefferson, Klamath, and Lake in the State of Oregon, and Modoc and Siskiyou in the State of California, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (48 Stat. 31, as amended; 7 U. S. C. 601 et seq.), and upon the basis of the recommendation and information submitted by the Oregon-California Potato Committee, established under said marketing agreement and amended order, and other available information, it is hereby found that such limitation of shipments as hereinafter provided will tend to effectuate the declared policy of the act.

2. It is hereby found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until thirty days after publication hereof in the FEDERAL REGISTER (5 U. S. C. 1001 et seq.) in that (i) shipments of the 1951 crop of Irish potatoes grown in the production area will have begun; (ii) more orderly marketing in the public interest than would otherwise prevail will be promoted by limiting the shipment of potatoes, in the manner set forth below, on and after the effective date hereinafter provided; (iii) compliance with this section will not require any preparation on the part of handlers

which cannot be completed by such effective date; (iv) a reasonable time is permitted, under the circumstances, for such preparation; (v) information regarding the committee's recommendation has been made available to producers and handlers in the production area, and (vi) this amendment relieves restrictions on Irish potatoes grown in the aforesaid production area.

Order as amended. The provisions of subparagraphs (1) and (5) of paragraph (b), § 959.307 (16 F. R. 8234) are hereby amended to read as follows:

(b) *Order.* (1) During the period from March 1, 1952 to June 30, 1952, both dates inclusive, no handler shall ship potatoes which do not meet the following grade and size requirements: (i) U. S. No. 2 or better grade, 1 $\frac{1}{8}$ inches minimum, or larger, diameter, or (ii) U. S. No. 1 grade, Size B.

(5) The terms used in this section shall have the same meaning as when used in Order No. 59 (7 CFR Part 959), and the aforementioned grades and sizes shall have the same meanings assigned these terms in the U. S. Standards for Potatoes (7 CFR 51.366), including the tolerances set forth therein.

(Sec. 3, 49 Stat. 753, as amended; 7 U. S. C. and Sup. 608c)

Done at Washington, D. C., this 26th day of February 1952, to become effective on March 1, 1952.

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

[F. R. Doc. 52-2354; Filed, Feb. 28, 1952;
8:59 a. m.]

PART 972—MILK IN THE TRI-STATE MARKETING AREA

ORDER SUSPENDING CERTAIN PROVISIONS

Pursuant to the applicable provisions of Public Act No. 10, 73d Congress, as

amended and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 1940 ed. 601 et seq.), hereinafter referred to as the "act," and of the order, as amended, regulating the handling of milk in the Tri-State marketing area, hereinafter referred to as the "order," it is hereby found and determined as a result of evidence received at a public hearing held in Gallipolis, Ohio, on January 24, 1952 (17 F. R. 613), with respect to proposed amendments to the order that certain of the provisions appearing in § 972.5 (b) and (c) of the order do not tend to effectuate the declared policy of the act.

It is hereby further found and determined that compliance with the effective date requirements of the Administrative Procedure Act (Pub. Law 404, 79th Cong.; 60 Stat. 237) in connection with the issuance hereof is impracticable, unnecessary and contrary to the public interest, in that the issuance of this suspension order effective as set forth below is necessary to reflect current marketing conditions and to facilitate, promote and maintain the orderly marketing of milk produced for the said marketing area. The changes caused by this suspension order do not require of persons affected substantial or extensive preparation prior to its effective date.

It is therefore ordered, That the following words and figures

(1) "for the delivery periods indicated" appearing in § 972.5 (b);

(2)

Delivery period:

May and June-----	\$1.10	\$0.90
March, April, July, and August-----	1.20	1.00
September, October, November, December, January, and February.		

appearing in the table in § 972.5 (b);

(3) "for the following October, November, December and January" appearing in the first proviso contained in § 972.5 (b);

(4) "for the delivery periods indicated" appearing in § 972.5 (c); and

(5)

Delivery period:

May and June-----	\$0.80	\$0.60
March, April, July, and August-----	0.90	0.70
September, October, November, December, January, and February.		

appearing in the table in § 972.5 (c) be and they are hereby suspended effective at 12:01 a. m., e. s. t., March 1, 1952.

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

Done at Washington, D. C., this 26th day of February 1952.

[SEAL] C. J. McCORMICK,
Acting Secretary of Agriculture.

[F. R. Doc. 52-2353; Filed, Feb. 28, 1952;
8:58 a. m.]

TITLE 32—NATIONAL DEFENSE
Chapter IV—Joint Regulations of the
Armed Forces

Subchapter A—Armed Services Procurement
Regulations

PART 407—TERMINATION OF CONTRACTS

The following part relating to termination of contracts has been added to the Armed Services Procurement Regulations.

WILLIAM C. FOSTER,
Acting Secretary of Defense.

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407.712-1	Settlement agreement for use in settling fixed-price prime contracts after complete termination.
407.712-2	Settlement agreement for use in settling fixed-price prime contracts after partial termination.
407.712-3	Partial settlement agreement, for use in settling fixed-price prime contracts after complete or partial termination where settlement pertains only to settlements with subcontractors.
407.712-4	Settlement agreement for use in settling cost type prime contracts after complete termination where settlement includes costs.
407.712-5	Settlement agreement for use in settling cost type prime contracts after complete termination where settlement is limited to fixed-fee.
407.712-6	No cost settlement agreement; partial termination.
407.712-7	No cost settlement agreement; complete termination.

AUTHORITY: §§ 407.100 to 407.712-7 issued under R. S. 161; 5 U. S. C. 22. Interpret or apply 62 Stat. 21; 41 U. S. C. Sup., 151-161.

SUBPART A—INTRODUCTION

§ 407.100 *Scope of part.* This part establishes for the Departments of the Army, Navy, and Air Force uniform policies relating to the termination of contracts of any Department entered into under the Armed Services Procurement Act of 1947 (hereinafter referred to as "the act"). It sets forth: (a) The policies and methods to be followed in connection with the termination of contracts for the convenience of the Government; (b) provisions as to the settlement of contracts so terminated, including disposition of property incident to termination; and (c) approved forms for use in terminating contracts for the convenience of the Government and in the settlement of such contracts.

§ 407.101 *Applicability of this part.* This part applies to contracts entered into under the act which by their terms provide for termination thereof for the convenience of the Government. Contracts entered into under the act which do not contain a termination clause for the convenience of the Government or which contain a termination clause different from any of the Standard Clauses set forth in Subpart G of this part may be amended to include or substitute a Standard Clause. This part does not apply to any modification of a contract pursuant to the provisions of the clause therein entitled "Changes," except that the head of a procuring activity may authorize the use of methods and procedures of applicable provisions of this part in determining an equitable adjustment as a result of such modification and in disposing of contractor inventory arising out of such modification. (See § 407.630.)

§ 407.102 *Effective date of part.* Notwithstanding any earlier effective date prescribed elsewhere in this subchapter, the appropriate Standard Termination Clause set forth in Subpart G of this part shall be inserted, to the extent prescribed in said subpart, in contracts executed as of a date on or after March 1, 1952 or with respect to which procurement is initiated on or after February 1, 1952 and the provisions of this part shall apply to the termination of contracts in which said Standard Termination Clauses are inserted. Use of said Standard Termination Clauses is authorized from the date of issuance.

§ 407.103 *Cancellation for default.* This part does not cover the cancellation of fixed-price contracts for default of the Contractor. Cancellations of this nature will be governed by the clause of the contract entitled "Default" (see § 406.103-11 of this subchapter) and by procedures prescribed by each respective department. The Standard Termination Clause for cost-type contracts set forth in § 407.702 includes provision for termination for default and the provisions of this part shall apply to such terminations except as otherwise provided in said clause, or except as otherwise provided in the particular contract involved.

§ 407.104 *Special purpose clauses.* Special purpose clauses when authorized by departmental procedures and consis-

tent with the policies set forth in this subchapter may be used in appropriate cases.

§ 407.105 *Expeditious settlements.* When a contract is terminated, the basic objective is to make a fair and prompt settlement with the contractor to compensate it for the work done and the preparations made for the terminated part of the contract. This generally can be done most effectively by negotiated agreement based on adequate information.

SUBPART B—DEFINITION OF TERMS

§ 407.200 *Scope of subpart.* This subpart sets forth applicable definitions of terms used in this part.

§ 407.201 *Acquire or acquisition.* The terms "acquire" and "acquisition" refer to any purchase by the Contractor at an agreed price of any item of termination inventory.

§ 407.202 *Amount of claim or settlement.* When any action under this part depends upon the amount of a termination claim or settlement, then, unless specifically provided otherwise, in determining such amount, (a) credits for retention or other disposal of termination inventory allocated to the claim and for advance or partial payments shall not be deducted from the gross claim or settlement; but (b) amounts payable for completed articles or work at the contract price, or for the settlement or discharge of termination claims of subcontractors, shall be deducted.

§ 407.203 *Catalog items.* The term "catalog items" means any items included in the Stock Catalog of the General Services Administration (formerly the Stock Catalog of the Bureau of Federal Supply), or any items readily interchangeable with such items because they serve the same or a similar purpose.

§ 407.204 *Common item.* The term "common item" means any items of material which are reasonably usable on other work because they are materials, parts, or components, common in nature both to the terminated contract and the contractor's other work currently being performed or scheduled for production.

§ 407.205 *Completed portion of contract.* The term "completed portion of the contract" means that portion of the contract which relates to work or articles completed and accepted prior to the effective date of termination.

§ 407.206 *Continued portion of the contract.* The term "continued portion of the contract" means that portion of a partially terminated contract which is not already completed at the effective date of termination, and which the contractor must continue to perform.

§ 407.207 *Contracting Officer.* As used in this part, the term "Contracting Officer" shall include, in addition to the Officers and employees named in § 400.201-5 of this subchapter, and except as otherwise specifically provided in this part, any authorized representative of a Contracting Officer acting within the limits of his authority.

§ 407.208 *Contractor-acquired property; contractor-furnished property.*

The terms "contractor-acquired property" and "contractor-furnished property" include all items of material, equipment, and other property (other than Government-furnished property) furnished, supplied, purchased, manufactured, or otherwise acquired by the Contractor for its performance of the terminated contract.

§ 407.209 *Contractor inventory.* The term "contractor inventory" means (a) any property acquired by and in the possession of a contractor or subcontractor (including Government-furnished property) under a contract pursuant to the terms of which title is vested in the Government, and in excess of the amounts needed to complete full performance under the entire contract; and (b) any property which the Government is obligated to or has an option to take over under any type of contract as a result either of any changes in the specifications or plans thereunder or of the termination of such contract (or subcontract thereunder), prior to completion of the work, for the convenience or at the option of the Government.

§ 407.210 *Disbursing officer.* The term "disbursing officer" means the appropriate officer or agent of the office designated as the paying office under the contract. It shall be deemed to include Army Finance Officers; Air Force Accounting and Disbursing Officers; and Navy Regional Accounts Officers.

§ 407.211 *Effective date of termination and date fixed for termination.* The terms "effective date of termination" and "date fixed for termination" mean the date upon which the notice of termination first requires the Contractor (a) to reduce or stop deliveries under his contract, or (b) if no deliveries are being made or are called for under the contract, to reduce or stop performance under the contract: *Provided, however,* That if such notice is received subsequent to the date fixed for termination, then the effective date of termination shall be the date on which such notice is received.

§ 407.212 *Government - furnished property.* The term "Government-furnished property" includes all items of material, equipment, and other property, title to which is in the Government, which is furnished by the Government to a Contractor in connection with the performance of the terminated contract. The term does not include items of material, equipment, or other property manufactured by the Contractor, purchased or otherwise acquired by the Contractor from third parties, or furnished by the Contractor out of its own stocks for the performance of the terminated contract even though under the terms of such contract title thereto vests in the Government, but such items may become Government-furnished property under a subsequent contract with the Contractor.

§ 407.213 *Material.* The term "material" means any article, commodity, machinery, equipment, accessory, part, component, assembly, work in process, or other item of physical property.

§ 407.214 *Other work.* The term "other work" means any work, whether Government or commercial, of the Contractor, current or scheduled, other than that related to the terminated contract.

§ 407.215 *Partial settlement.* The term "partial settlement" means a settlement of a severable portion of a termination claim or settlement proposal, evidenced by a partial settlement agreement.

§ 407.216 *Partial termination.* The term "partial termination" means termination of a portion of the uncompleted work under a contract.

§ 407.217 *Plant clearance period.* The term "plant clearance period" means the period beginning with the effective date of termination and ending 60 days after receipt by the Contracting Officer of acceptable inventory schedules covering all items of a particular property classification, such as raw materials, purchased parts, and work in process of the Contractor's termination inventory at any one plant or location, or ending on such later date as may be agreed to by the Contracting Officer and the Contractor. The term "final phase" of the plant clearance period shall mean the period of 60 days beginning with receipt of each of such acceptable inventory schedules covering all items of a particular property classification, or such period as extended by agreement.

§ 407.218 *Prime contract.* The term "prime contract" means any contract, as defined in § 400.201-6 of this subchapter, entered into by any Department or procuring activity under this subchapter.

§ 407.219 *Retain or retention.* The terms "retain" and "retention" refer to the retention at cost by the Contractor of any items of Contractor-acquired property.

§ 407.220 *Salvage.* The term "salvage" means property which, because of its worn, damaged, deteriorated, or incomplete condition, or its specialized nature, has no reasonable prospect of sale or use as serviceable property, without major repairs or alterations, but which has some value in excess of its basic material content.

§ 407.221 *Scrap.* The term "scrap" means property that has no reasonable prospect of sale except for its basic material content.

§ 407.222 *Scrap warranty.* The term "scrap warranty" means a written warranty by a buyer that property purchased as scrap will in fact be sold or used only as scrap.

§ 407.223 *Serviceable or usable property.* The term "serviceable or usable property" means property that has reasonable prospect of sale or use either in its existing form or after minor repairs or alterations.

§ 407.224 *Settlement proposal.* The term "settlement proposal" means a termination claim duly submitted by Contractor or subcontractor in the form and supported by the data required by this part.

§ 407.225 *Special machinery and equipment.* The term "special machinery and equipment" means machinery and equipment of a type which would be normally capitalized, which was acquired or constructed under a facilities contract or solely for the performance of a supply or service contract or of such contract and other Government contracts.

§ 407.226 *Special tools; special tooling and equipment.* The terms "special tools," "special tooling," and "special tooling and equipment" include jigs, dies, fixtures, molds, gauges, and other similar equipment acquired or produced by the Contractor especially for the terminated contract and other Government contracts. The term does not include buildings, building equipment, machine tools, or similar items which usually lose their utility through wear and tear rather than through obsolescence.

§ 407.227 *Subcontract.* The term "subcontract" means any contract, agreement, or purchase order, and any preliminary contractual instrument, other than a prime contract, calling for the performance of any work, or for the making or furnishing of any material, required for the performance of any one or more prime contracts. The term also includes any such contract, agreement, purchase order, or other instrument, placed under any one or more subcontracts as defined in this section.

§ 407.228 *Terminate, terminated, and termination.* The terms "terminate," "terminated," and "termination" refer to the termination, in whole or in part, of work under a prime contract for the convenience or at the option of the Government (except for default of the price contractor) or of work under a subcontract for any reason except the default of the subcontractor.

§ 407.229 *Terminated portion of contract.* The term "terminated portion of the contract" means that portion of a terminated contract which does not relate either (a) to completed work or material delivered and accepted under the contract or (b) to any continued portion of the contract.

§ 407.230 *Termination claim.* The term "termination claim" means any claim or demand by a prime contractor or subcontractor for fair compensation for the termination of any contract or subcontract and any other claim under a terminated contract or subcontract, which this part authorizes to be asserted and settled in connection with any termination settlement.

§ 407.231 *Termination inventory.* The term "termination inventory" means any items of physical property purchased, supplied, manufactured, furnished, or otherwise acquired for performance of the terminated contract which are properly allocable to the terminated portion of the contract. The term does not include any facilities, machinery, material, special tooling or equipment which are subject to a separate contract or a special contract provision governing the use or disposition thereof. Termination inventory may

comprise: (a) Government-furnished property; and (b) Contractor-acquired or Contractor-furnished property.

SUBPART C—TERMINATION FOR CONVENIENCE

§ 407.300 *Scope of subpart.* This subpart deals with (a) the authority of Contracting Officers to terminate in whole or in part contracts for the convenience of the Government, (b) certain duties of the Contracting Officer and the Contractor after notice of termination, (c) general procedures for settlement of terminated contracts, and (d) settlement agreements.

§ 407.301 *Termination clause.* A termination clause, as provided in Subpart G of this Part, shall be included in any fixed-price, cost-plus-a-fixed-fee, or other contract under which the right to terminate for the convenience of the Government is to be reserved. (For deviation, see § 407.104.)

§ 407.302 *Authority of Contracting Officers.* The authority of the Contracting Officer to terminate a contract for the convenience of the Government and to enter into settlement agreement under this subchapter is set forth in the termination clause. Contracting Officers may terminate contracts for the convenience of the Government to the extent authorized by procedures prescribed by each respective department.

§ 407.303 *Partial termination.* Claims arising out of a partial termination of a contract shall be processed and settled in accordance with this part in the same manner as claims arising out of a complete termination.

§ 407.304 *Notice of Termination.* Contracts subject to termination for convenience shall be terminated only by written notice to the Contractor conforming substantially to the form of Notice of Termination set forth in Subpart G of this part. Modification of such form is authorized, but in any event each such Notice shall state: (a) That the contract is being terminated for the convenience of the Government under the provisions of the termination for convenience clause thereof, (b) the effective date of termination, (c) the extent of termination and if a partial termination, the portion of the contract to be continued, and (d) any special instructions. A copy of the Notice of Termination shall be sent to any known assignee, guarantor or surety of the Contractor.

§ 407.305 *Duties of prime-contractor after Termination Notice.* Under the termination for convenience clauses set forth in Subpart G, of this part, the Contractor, after receipt of a Notice of Termination, and except as otherwise directed by the Contracting Officer, is obligated to:

(a) Stop work immediately on the terminated portion of the contract and discontinue placing any subcontracts or purchase orders thereunder (any special circumstances precluding an immediate stoppage of work should be brought to the immediate attention of the Contracting Officer);

(b) If the termination is partial, perform the continued portion of the contract, submitting as promptly as possible a request, if any, for an equitable adjustment of price with respect to the continued portion of the contract, supported by evidence of any increase in the cost thereof;

(c) Terminate all unperformed or partially performed subcontracts and purchase orders related to the terminated portion of the prime contract;

(d) Take such action as may be reasonably necessary, or as the Contracting Officer may direct, to protect and preserve property in the possession of the Contractor in which the Government has or may acquire an interest; and, when and as directed by the Contracting Officer, deliver such property to the Government.

(e) Promptly notify the Contracting Officer in writing of any legal proceedings against the Contractor growing out of any subcontract or other commitment related to the terminated portion of the contract;

(f) Proceed as promptly as possible to obtain from subcontractors and vendors settlement proposals, with supporting schedules, with respect to all terminated subcontracts and purchase orders, and settle same or obtain signed releases where no claims are to be presented in accordance with the requirements of this part.

(g) Proceed as promptly as possible to prepare its own settlement proposal, if any, supported by appropriate schedules;

(h) Subject to such direction or approval of the Contracting Officer, as is provided in this section, dispose of any termination inventory allocable to the terminated portion of the contract.

§ 407.306 *Duties of the Contracting Officer after notice of termination.* In general, the duties of a Contracting Officer are: (a) To take such steps as are required of him by the termination clause in the contract; (b) to direct and supervise the steps required to be taken by the prime contractor; (c) to examine carefully, or cause to be examined carefully, the settlement proposals of the prime contractor and of its subcontractors to the extent required herein; (d) to promptly negotiate settlement with the Contractor, or failing to negotiate full settlement after due and diligent effort, to promptly settle by determination those portions of the claim for which settlement could not be negotiated; (e) to enter into a settlement agreement with the prime contractor in the form of an amendment to the contract; and (f) effect a financial settlement under such agreement or determination in accordance with applicable procedures.

§ 407.307 *Settlement agreements.* (a) Where a settlement has been agreed upon with respect to the terminated portion of a contract, the agreement shall be evidenced by an amendment to the contract, in substantially the form set forth in Subpart G of this part.

(b) If no costs have been incurred by the Contractor in respect of the terminated portion of the contract, or if the Contractor is willing to waive the costs

incurred by it, and no amounts are due to the Government under the contract, a no-cost settlement agreement, substantially in the form set forth in Subpart G of this part, shall be executed with the Contractor.

§ 407.308 *Partial settlements.* Ordinarily, the Contracting Officer should not attempt to make partial settlements covering particular items of the prime contractor's proposal during the course of the negotiations. However, when a Contracting Officer cannot promptly effect a complete settlement of rights and liabilities under the terminated contract, a partial settlement may be entered into, provided (a) the issues on which agreement has been reached are clearly severable from other issues, and (b) such agreement will not prejudice the interests of the Government or the Contractor in disposing of the unsettled part of the claim.

§ 407.309 *Settlement by determination.* To the extent that the Contractor and the Contracting Officer are unable to agree upon the settlement of a terminated contract, or if a termination claim is not submitted within the period required by the termination clause contained in the contract, the Contracting Officer shall determine the amount due and advise the Contractor thereof in accordance with the termination clause, and the principles set forth in Subpart D of this part.

§ 407.310 *Fraud or other criminal conduct.* Whenever the Contracting Officer has reason to suspect fraud or other criminal conduct in connection with the settlement of a terminated contract under this part, he shall discontinue all further negotiations with the Contractor and shall report the facts of the case to higher authority in accordance with procedures prescribed by each respective Department. See § 400.111 of this subchapter.

§ 407.311 *Settlement of two or more claims jointly.* With the consent of the Contractor, the Contracting Officer or Officers concerned may make or approve the joint settlement of two or more termination claims of the same Contractor under several contracts or of a joint claim under several contracts whether such contracts are with one or more of the military departments. In such cases, accounting work should be consolidated to the greatest extent practicable. One settlement agreement covering the several contracts or several settlement agreements may be used. The agreement should apportion the total amount of the settlement among the several contracts on some reasonable basis, but precise allocations to the particular contracts are not required.

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

§ 407.400 *Scope of subpart.* This subpart establishes the guiding principles and policies in connection with arriving at fair compensation for the settlement of terminated fixed-price contracts.

§ 407.401 *General standards for use of cost principles.* (a) The primary objective in negotiating a settlement is to agree on an amount to compensate the Contractor fairly and fully for the work done and the preparations made for the terminated portion of the contract, with such allowance for profit thereon as is reasonable under the circumstances.

(b) Fair compensation for termination is inherently a matter of judgment and therefore cannot be measured exactly. In a given case, various methods may be equally appropriate for arriving at fair compensation; and differing amounts, resulting from reasonable variations of method and of sound judgment, may all be regarded as constituting fair compensation. The ability to apply standards of business judgment as distinct from strict accounting principles is at the heart of a negotiated settlement.

(c) Cost and accounting data may provide guides for ascertaining fair compensation but are not rigid measures of it. Other types of data, criteria, or standards may furnish equally reliable guides to fair compensation. Settlement by agreement should be facilitated to the maximum extent feasible. The amount of record keeping, reporting, and accounting, in connection with settlement of termination claims, will be reduced to the minimum compatible with the reasonable protection of the public interest.

§ 407.402 *Statement of Principles for consideration of costs.* In considering cost data as a basis for negotiation, the Statement of Principles set forth in this subpart shall be used as a guide. The cost principles reflect certain policy determinations regarding the types of costs which should ordinarily be taken into account in determining fair compensation in the settlement of a fixed-price contract terminated for the convenience of the Government. Costs contemplated by this Statement of Principles are intended to include the direct costs incurred which are reasonably necessary for the performance of the contract and which are properly allocable to the terminated portion thereof, and the indirect costs incurred which are properly allocable to such terminated portion. In applying this Statement of Principles to any particular case, the following factors will govern: reasonableness, generally accepted accounting principles and practices, any limitations or special provisions as to types or amounts of cost items as set forth in the contract or in the written records of the contract negotiations, and allocability. Failure to mention any item of cost herein is not intended to imply either that it may or may not be considered.

(a) *General policy for treatment of cost as relates to specific areas—*(1) *Direct costs—*(i) *Materials.* (a) Material claimed to be termination inventory, the cost of which is included for consideration in the settlement proposal, must be properly allocable, both as to type and quantity, to the terminated portion of the contract. The cost of materials includes the cost of all items purchased, supplied, manufactured, or fabricated,

which enter directly into the product called for by the contract or which are used or consumed directly on the product or in connection with furnishing such product.

(b) The cost of items of material reasonably usable on other work of the Contractor, without loss to it, should not be considered. In deciding whether such items are reasonably usable on other work of the Contractor, the Contracting Officer should consider the Contractor's plans and orders for current and scheduled production. Contemporaneous purchases of similar items by the Contractor from other sources will be regarded as evidence that such items are reasonably usable on the Contractor's other work, but in any such case the Contracting Officer will consider any evidence submitted by the Contractor showing that it could not retain such items at cost without sustaining a loss. Any allocation of such costs to the terminated portion of the contract should be made only to the extent that the quantities of the common items on hand, in transit and on order, are in excess of the reasonable quantitative requirements of other work.

(ii) *Labor.* Direct labor cost consists of salaries and wages properly chargeable directly to the performance of the contract and allocable to the terminated portion thereof. Such compensation will generally be charged at the actual rates paid by the Contractor and will include bonuses, pensions, and shift differentials. However, if it is the Contractor's consistent accounting practice to make such charges on the basis of average rates, this practice will be acceptable if it is demonstrated by the Contractor that the Government will not be prejudiced thereby.

(iii) *Other direct costs.* There are numerous items of cost which are generally classified as indirect costs but which may, in particular cases, properly be chargeable directly to the contract, where the Contractor demonstrates that such costs are specifically related to the terminated portion of the contract.

(2) *Indirect costs.* Indirect costs consist of those items of manufacturing and production expenses, and of general and administrative expenses, which are not ordinarily chargeable directly to the contract, but a part of which may be properly apportioned to the terminated portion thereof.

In apportioning indirect costs, consideration should be given to any unusual circumstances involved in the Contractor's operations. Whenever items ordinarily chargeable as indirect costs are considered as direct costs, the cost of similar items applicable to other work of the Contractor must be eliminated from indirect costs apportioned to the contract.

(b) *Specific examples of costs which may be included.* Subject to the general principles set forth in paragraph (a) of this section, and irrespective of whether the particular costs are treated by the Contractor as direct or indirect, the costs which are described in subparagraphs (1) to (31) of this paragraph should be included to the extent that they are allocable to or should be apportioned to the

contract or the part thereof under consideration.

(1) *Advertising:* Costs directly and primarily related to the advertising of the Contractor's products to the extent reasonably allocable to the terminated portion of the contract.

The amount of advertising expense properly allowable should be measured by its consistency with the Contractor's established program for advertising its products, unless such program does not provide an adequate basis for comparison, as in the case of newly organized companies. Where the consistency basis is not applicable, the reasonableness of the amount of advertising expense to be included in the settlement proposal will be determined in the light of the circumstance in each case.

(2) *Bonds and insurance,* including self-insurance (but see subparagraph (21) of this paragraph).

(3) *Common claims of subcontractors:* The claims of subcontractors which are common to the contract and to other work of the Contractor.

(4) *Compensation of Officials.* This includes all amounts paid, accrued or set aside by way of salaries, fees, royalties, license fees, bonuses and pensions, retired and deferred compensation benefits, to or for officers, executive heads, department heads, and similar officials of corporations and unincorporated associations, or those holding similar positions in partnerships or individual proprietorships. The amount allowed must be (i) reasonable, when considered in the over-all standpoint, in the light of the services rendered, and (ii) allocable to the terminated portion of the contract.

(5) *Cost continuing after termination.* If in a particular case it is impossible, despite all reasonable efforts by the Contractor, to discontinue certain costs and expenses immediately after the effective date of termination, such costs and expenses may, within the limitations set forth in this section, be considered.

(6) *Depreciation:* An allowance for depreciation at appropriate rates on buildings, machinery, and equipment, and other facilities including such amounts for obsolescence due to progress in the arts and other factors as are ordinarily given consideration in determining depreciation rates. Depreciation as defined in this subparagraph shall not include loss of useful value of the type covered by subparagraph (16) of this paragraph.

(7) *Directors' and executive committee fees and expenses;* the expense of stockholders' meetings, annual reports, and reports and returns prepared for governmental authorities; and registry and transfer charges resulting from changes in ownership of securities issued by the Contractor.

(8) *Engineering and development and special tooling:* Costs of engineering and development and of special tooling: *Provided,* That the Contractor protects any interests of the Government by transfer of title or by other means deemed appropriate by the Contracting Officer.

(9) *Expenditures for the improvement of working conditions, employer-employee relations, and standards of*

performance may be allowed to the extent considered reasonable and necessary.

(10) Experimental, research, and development expense: Experimental research, and development specifically applicable to the types of supplies or services covered by the contract.

(11) Freight, transportation, and material handling.

(12) General research. General experimental and research expense may be allowed to the extent that it is consistent with an established program of the Contractor and to the extent that it is reasonably related to defense purposes.

(13) Initial costs. (i) Initial costs (frequently referred to as "starting load costs") are costs of a non-recurring nature which arise in the early stages of production and which have not been absorbed on the completed portion of the contract due to the fact that fewer articles were produced by the Contractor, because of termination, than were called for in the contract. Initial costs may include labor costs and a proper portion of the related overhead which are particularly high in the early stages of production due to such causes, among others as (a) excessive defective work resulting from inexperienced labor, (b) idle time and subnormal production occasioned by testing and changing methods of processing, (c) the cost of training employees, and (d) unfamiliarity or lack of experience with the product, materials, manufacturing processes or techniques. They may also include high material costs incurred in the early stages of production due to abnormal scrap losses. Such costs are includible because of their special nature and not merely because they are high.

(ii) It is not necessary that the initial or starting load costs be segregated and amortized on the books of the Contractor. Such segregation may be made from cost reports and schedules which reflect the high unit costs incurred during the early stages of the contract.

(iii) When the settlement proposal is on the inventory basis, a reasonable amount representing the excess production costs incurred during the initial period may be segregated and allocated between the completed and terminated portions of the contract. Such allocation of initial costs should normally be made on the basis of units delivered and to be delivered. However, if the contract includes products of a diverse nature, some other equitable basis may be used, such as machine or labor hours.

(iv) When initial costs are included in the settlement proposal as a direct charge, such costs shall not also be included in overhead.

(v) The initial costs of one contract may not be apportioned to other contracts.

(14) Interest on borrowings.

(15) Legal, accounting, and consulting services and related expenses, except where incurred in connection with organization or re-organization, prosecution of patent infringement litigation, defense of anti-trust suits, or the prosecution of claims against the United States. (But see paragraphs (b) (27) and (c) (9)).

(16) Loss of useful value of special machinery and equipment acquired by the Contractor solely for the performance of the contract which has been terminated, or of the terminated contract and other Government contracts, may be considered subject to the following conditions: (i) Such machinery or equipment is not reasonably capable of use in the other business of the Contractor; (ii) the interests of the Government are protected by transfer of title or by other means deemed adequate by the Contracting Officer; and (iii) the amount which may be considered shall be limited to that proportion of the total loss of useful value as the uncompleted portion of the terminated contract bears to the total amount of the terminated contract and of the other Government contracts for which the machinery or equipment was acquired.

(17) Materials and supplies. (But see paragraph (a) (1) (i) (b) of this section.)

(18) Membership in trade, business, and professional organizations.

(19) Miscellaneous office and administrative services and supplies including communication expenses.

(20) Overtime compensation for direct or indirect labor to the extent determined reasonable and necessary in the light of policies enunciated by the Department concerned.

(21) Pension, retirement, group health, accident and life insurance plans to the extent required by law, by employer-employee agreement, or by the Contractor's established policy. However, programs for insurance on the lives of directors, officers, proprietors, or other persons, where the Contractor is the beneficiary and retains the proceeds, should not be considered.

(22) Plant maintenance, including necessary plant rearrangement during the life of the contract.

(23) Plant protection.

(24) Preparatory expenses: "Preparatory expenses" refers to expenses incurred in preparing to operate specially under the contract, or the contract and other Government contracts. It includes the reasonable costs of plant rearrangement and alterations, organization, planning, and similar activities carried on specially for the contract, or the contract and other Government contracts. It does not include special facilities or initial costs.

(i) When the settlement proposal is on the inventory basis, a reasonable amount representing the excess production costs incurred during the initial period may be segregated and allocated between the completed and terminated portions of the contract. Such allocation of preparatory expense should normally be made on the basis of units delivered and to be delivered. However, if the contract includes products of a diverse nature, some other equitable basis may be used, such as machine or labor hours.

(ii) The phrase "other Government contracts", as used in this subparagraph, refers only to such Government contracts as were in existence at the time the costs of preparatory work were incurred; or such contracts as were at that time so

certain to be entered into that the costs of this character could reasonably have been incurred for them, as well as for the terminated contract.

(25) Recruiting (including "help-wanted" advertising) and training of personnel.

(26) Salaries and wages, direct and indirect.

(27) Settlement expenses: Reasonable accounting, legal, clerical, and other expenses necessary in connection with the termination and settlement of the contract and subcontracts and purchase orders thereunder, including expenses incurred for the purpose of obtaining payment from the Government but only to the extent reasonably necessary for the preparation and presentation of settlement proposals and cost evidence in connection therewith. Settlement expenses include reasonable storage, transportation, and other costs incurred for the protection of property acquired or produced for the contract or in connection with the disposition of such property.

(28) Special leases: Rental under a bona fide lease clearly shown to have been reasonably necessary for the performance of the terminated contract, less the residual value of such lease, may be considered, provided that (i) the amount of such rental which may be considered shall not exceed the reasonable use value of the premises leased for the period of the contract and such further period as may be reasonable, and (ii) the Contractor makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease. Subject to the foregoing limitations, there may also be considered the cost of reasonable alterations of premises so leased, provided such alterations were necessary for the performance of the contract, and reasonable restoration costs to the extent required by the provisions of the lease.

(29) Taxes, except Federal taxes on income and excess profits.

(30) Traveling expenses.

(31) Vacation, holiday, or severance pay, sick leave and military leave, to the extent required by law, by employer-employee agreement, or by the Contractor's established policy.

(c) *Specific examples of costs which may not be included.* The following items should not be considered either as direct or indirect costs:

(1) Bad debts (including expense of collection) and reserves for such debts.

(2) Commissions and bonuses (under whatever name) in connection with obtaining or negotiating for a Government contract to the extent that payment of such commissions and bonuses by the Contractor violate the clause of the contract entitled "Covenant Against Contingent Fees." (See § 406.103-20 of this subchapter.)

(3) Contingency reserves.

(4) Contributions and donations.

(5) Conversion. The expense of conversion of the Contractor's facilities to uses other than the performance of the contract are generally disallowed. However, in some circumstances certain of such costs may be considered as allowable. An example is property damage which has resulted from the removal of

a contractor-owned special facility for delivery to or disposal at the direction of the Government. Realignment or relocation of production lines for performance of other work shall not be considered.

(6) Dividend payments.

(7) Entertainment expenses which are solely in the nature of entertainment. However, meals purchased and expenses incident to group meetings of a business nature for employees or with subcontractors designed (i) to furnish information as to production needs or processes and administrative requirements; (ii) to stimulate increased production; or, (iii) to gain like objectives may be allowed.

(8) Expenses due to the negligent or wilful failure of the contractor to discontinue with reasonable promptness the incurring of expenses after the effective date of the termination notice.

(9) Legal, accounting and consulting services and related expenses incurred by a prime contractor or a subcontractor in any formal appeal or submission, either within a contracting or other Government agency, or in any arbitration, mediation, or suit in court, where such proceeding is instituted by such Contractor for the purpose of obtaining payment in excess of the settlement amount determined to be due by the Government or an intervening higher tier Contractor. Nothing in this subparagraph shall be deemed to preclude recovery by a Contractor of the reasonable costs and expenses incurred by it in settling termination claims of subcontractors related to the terminated portion of the contract, including in appropriate cases the cost of defending itself against the assertion of such claims.

(10) Losses from sales or exchanges of capital assets, including investments.

(11) Losses on other contracts.

(12) Maintenance, depreciation, and other costs incidental to facilities (including machinery and equipment) in excess of planned requirements under the terminated contracts and other Government contracts. The phrase "other Government contracts", as used in this subparagraph, refers only to such Government contracts as were in existence at the time the purchase of the facilities occurred, or such contracts as were at that time so certain to be entered into that costs of this character could reasonably have been incurred for them, as well as the terminated contract.

(13) Materials or services purchased or worked on in excess of the reasonable requirements of the contract. However, see § 407.502.

(14) Taxes and expenses in connection with financing, refinancing, or refunding operations (including listing of securities or exchanges).

(d) *Limitation on certain costs.* In no event shall the aggregate of the amounts allowed in respect of initial costs and preparatory expenses; loss of useful value on special machinery and equipment; experimental, research and development expense; special leases; engineering and development and special tooling, exceed the amount which would have been available from the contract price to cover these items if the contract had been completed, after considering all other costs

which would have been required to complete it.

§ 407.403 *Adjustment for loss.* If it appears that the Contractor would have suffered a loss on the entire contract had it been completed, an adjustment should be made reducing the amount of the settlement to reflect the indicated rate of loss. No part of the loss on the completed portion should be considered as an item of cost. In the case of a partial termination, no part of the anticipated loss on the continued portion of the work should be considered as an item of cost. This section shall not preclude the allocation to the terminated portion of the initial and preparatory cost in accordance with § 407.402 (b) (13) and (23).

§ 407.404 *Allowance for profit on fixed-price contracts — General.* The Contractor should be allowed a profit only on preparations made and work done for the terminated portion of the contract, and there should be excluded any allowance of profit on post-termination and settlement expenses, such as protection, preservation and disposition of termination inventory, settlement of the prime contract and any subcontracts thereunder, and like costs. There shall also be excluded any allowance for profit on interest on borrowings allowed as a cost. Subject to these limitations, any reasonable method may be used to arrive at a fair profit. The most satisfactory criterion of a fair profit is ordinarily what the parties agreed upon, as evidenced by the amount of profit—

(a) Which both parties agreed upon or contemplated at the time the contract was negotiated; or

(b) Which the Contractor would have earned had the contract been completed; or

(c) Which the Contractor agreed to accept in the event the contract was terminated.

Ordinarily, ascertaining the profit the Contractor would have earned, if the contract had been completed, would be complicated, time consuming, and in practice would frequently be inaccurate. Generally, the best substitute for this criterion will be the amount of profit which the parties agreed upon or contemplated at the outset. In arriving at a reasonable profit, whether determined separately or as a part of the whole amount of the settlement §§ 407.404-1 to 407.404-3 should be considered.

§ 407.404-1 *Proportion of agreed profit.* (a) One method of arriving at a fair profit on the terminated portion of the contract is to allow the Contractor the same proportion of the dollar amount of the profit which both parties agreed upon or contemplated at the time the contract was negotiated as the work performed by him on the terminated portion of the contract bears to the work contemplated by the entire contract.

(b) This proportion does not necessarily depend on the ratio of the costs incurred on the terminated portion to the total estimated costs, nor on the ratio of materials acquired for the terminated portion to the total materials needed. Thus, where the Contractor has acquired

materials not processed by him, these costs are not a fair index of the proportion of the work done by him. These factors should be considered, but the primary test is the extent and difficulty of the work done by the Contractor (including engineering work, production scheduling, planning, technical study and supervision, arrangement and supervision of subcontracts, as well as other services) as compared with the total work required of him by the contract. Engineering estimates of the percentage of completion should not ordinarily be required but should be properly considered if available.

(c) Where the contract has required the arrangement of subcontracts and the supervision of their performance, this work should be considered in estimating the extent of completion, but the profit should not be measured by the amount of the prime contractor's payments to subcontractors for their termination claims.

§ 407.404-2 *Other factors to be considered.* In applying the above criteria recognition should also be given to the following factors to the extent they may exist in relation to the terminated portion of the contract:

(a) The efficiency of the Contractor or subcontractor, with particular regard to attainment of quantity and quality production, reduction of costs, and economy in the use of materials, facilities, and manpower;

(b) The amount and source of capital employed;

(c) Extent of risk assumed;

(d) Inventive and developmental contributions and cooperation with the Government and other Contractors in supplying technical assistance;

(e) Character of business, including source and nature of materials, complexity of manufacturing techniques, character, and extent of subcontracting;

(f) Such other factors as fair and equitable dealing may require.

§ 407.404-3 *Profit formula.* The formula for determining profit, set forth in subparagraph (e) (2) (iii) of the standard termination clause for fixed-price contracts (§ 407.701) and subpar. (e) (1) (iii) of the clause for fixed-price construction contracts (§ 407.703), is applicable only to a settlement by determination under § 407.505, and its use shall be so confined: *Provided, however,* That this shall not be construed as qualifying in any way the amount of profit which should be allowed in a settlement by negotiation.

§ 407.405 *Anticipatory profit.* Except as may be permitted under § 407.518, no allowance for anticipatory profits or consequential damages may be made.

SUBPART E—SETTLEMENT OF CONTRACTS TERMINATED FOR CONVENIENCE

GENERAL

§ 407.500 *Scope of subpart.* This subpart deals with (a) the various methods of settling contracts terminated for the convenience of the Government, (b) the policies relating to such settlements, (c) the review of such settlements, and (d) the evidencing of such settlements by appropriate Settlement Agreements.

§ 407.501 *Methods of settlement.* Settlement of contracts terminated for the convenience of the Government may be effected by (a) negotiated agreement, (b) determination by the Contracting Officer, or (c) a combination of these two methods. The negotiated agreement is the most expeditious and most satisfactory method of settling termination claims. This method will be used for settlement whenever feasible. Other methods of settlement should be resorted to only when a termination claim cannot be fairly settled by agreement.

FIXED-PRICE CONTRACTS

§ 407.502 *Fixed-price contracts; completed articles.* Promptly after giving the prime contractor notice of termination, the Contracting Officer shall take steps to inspect and accept all undelivered completed articles which comply with the provisions of the prime contract and which do not represent unreasonable anticipation of production schedules established thereunder. The production of completed articles in advance of production schedules will not be considered unreasonable where such production was requested or approved by the Government, or was reasonably required for economical or efficient performance of the contract. The Contracting Officer shall determine which items shall be delivered under the contract. The Contractor should obtain payment for completed articles so accepted and delivered by invoicing them at the contract price in the usual manner and omitting them from his termination claim. Where completed articles, though accepted, are not required by the Government to be delivered under the terms of the contract, the Contractor may include such articles in his settlement proposal at the contract price, appropriately adjusted for any saving of freight or other charges, together with any credits for their retention or other disposition. In appropriate cases, (a) the method of determining the cost of completed articles may be agreed upon at the time the contract is awarded and included in the contract, and (b) any proportion of such cost which is not reflected in the contract unit price (exclusive of the profit factor) and which is properly allocable to the contract may be considered as an element of cost under the principles set forth in § 407.402 (b) (13) and (24).

§ 407.503 *Fixed-price contracts; settlement proposals.*

§ 407.503-1 *Submission of settlement proposals.* (a) Subject to the provisions of the Termination Clause in the contract, the Contractor, after receipt of a notice of termination, shall promptly submit to the Contracting Officer a settlement proposal, setting forth the amount claimed to be due by reason of the termination. No such proposal shall be submitted later than 2 years from the effective date of termination, unless such period has been extended in accordance with the terms of the contract. Each proposal shall be submitted in accordance with Subpart G of this part. But see § 407.503-2 (c) for unusual cases.

(b) Normally, a settlement proposal should cover all elements of the Con-

tractor's claim, including its own costs and settlements with subcontractors. With the consent of the Contracting Officer, proposals may be filed in successive steps covering separate portions of a claim. If such interim proposals are submitted, they should include all costs of a particular type, except as the Contracting Officer may authorize otherwise.

(c) Every settlement proposal must be set forth in reasonable detail and must be supported by adequate accounting data. Actual, standard (appropriately adjusted), or average costs may be used in preparing settlement proposals: *Provided*, That such costs are determined in accordance with generally recognized accounting principles consistently followed by the Contractor. Where actual, standard, or average costs are not reasonably available, estimated costs may be used, provided the method of arriving at the estimates is reasonable and has the approval of the Contracting Officer. The Government will not require a Contractor to maintain unduly elaborate cost accounting systems for fixed-price contracts merely because they may be terminated.

§ 407.503-2 *Bases for settlement proposals.* The bases upon which settlement proposals may be prepared are as follows:

(a) *Inventory basis.* Under this basis the termination inventory is priced at purchase or manufacturing costs. To this amount are added the costs of the Contractor in settling with subcontractors and other applicable costs, and an allowance for profit or an adjustment for loss, if any, is made. Use of the inventory basis will be generally preferred.

(b) *Total cost basis.* When use of the inventory basis is not practicable or will unduly delay settlement, the total cost basis may be used, provided its use is approved by the Contracting Officer. Under this basis all the costs incurred under the contract up to the effective date of the termination are summarized and an allowance for profit or an adjustment for loss, if any, is made. All payments previously made or to be made by the Government for completed units are then deducted. To this amount are added the costs of the Contractor in settling with subcontractors and other applicable settlement costs. This amount represents the gross termination claim, from which are deducted disposal and other credits.

(c) *Other bases.* Termination claims will not be submitted on any basis other than paragraphs (a) or (b) of this section without the prior approval of the Secretary of the Department concerned or his duly designated representative.

§ 407.503-3 *Forms for settlement proposals.* (a) The forms which shall be used by the Contractor in submitting its claim for the termination of a fixed-price contract are set forth in Subpart G of this part. They consist of the following:

(1) *DD Form 540.* Designed for settlement proposals on the inventory basis;

(2) *DD Form 541.* Designed for settlement proposals on the total cost basis;

(3) *DD Forms 542, 543, 544, and 545.* Termination Inventory Schedules for use in supporting settlement proposals on DD Forms 540 or 541;

(4) *DD Form 546.* Schedule of Accounting Information.

(b) DD Form 546, Schedule of Accounting Information, is required to be filed only once with respect to any termination.

(c) Where the standard forms for settlement proposals set forth in Subpart G of this part are not appropriate for any particular contract, the head of the procuring activity concerned may authorize appropriate modifications thereof.

§ 407.504 *Fixed-price contracts; negotiated settlements.*

§ 407.504-1 *General principles.* (a) The purpose of a negotiated settlement is, by agreement with the Contractor, to arrive at an amount which will fairly and equitably compensate the Contractor for work done and preparation made for the terminated portion of the contract, with such allowance for profit thereon as is reasonable under the circumstances.

(b) Cost and accounting data may provide guides for ascertaining fair compensation but are not rigid measures of it. Other types of data may also furnish guides to fair compensation.

(c) If the contract has been terminated in its entirety, every effort shall be exerted by the Contracting Officer to settle in one agreement all rights and liabilities of the parties under the contract. If the contract has been terminated in part, the Contracting Officer shall endeavor to settle in one agreement all rights and liabilities of the parties under the contract, except those which may arise out of the continued portion of the work thereunder.

§ 407.504-2 *Basis for negotiation.* In negotiating the amount to be paid the Contractor as fair and equitable compensation, the parties may agree upon a total amount without agreeing on the particular elements entering into this amount. It is not necessary to agree on the separate items to be allowed either for costs or profit. Cost data should be considered as a basis for negotiation but it is not necessary to attempt an exact determination of costs. In appropriate cases, costs may be estimated, differences compromised, and doubtful questions settled by agreement.

§ 407.505 *Fixed-price contracts; settlements by determination.* A settlement of a fixed-price contract by determination, as provided for in paragraph 8-309 above, shall be governed by the provisions of the Termination for Convenience Clause of the contract and shall be made in general conformance with the standards set forth in Subpart D of this part.

§ 407.506 *Fixed-price contracts; settlements by determination; procedure.*

§ 407.506-1 *Notice to Contractor.* The Contracting Officer will give the Contractor not less than 15 days' notice by registered mail (with return receipt requested) to produce, on or before a

stated date, written evidence bearing on the amount claimed to be due.

§ 407.506-2 *Submission of evidence.* (a) The Contractor has the burden of establishing by proof satisfactory to the Contracting Officer the amount claimed to be due him on its termination claim.

(b) The Contractor may submit such vouchers, verified transcripts of books of account, affidavits, audit reports, and other documents as it may wish. The Contracting Officer may request that the Contractor submit such additional documents and data, and may cause such accounting and other investigations and audits to be made, as he deems necessary or appropriate.

(c) The Contracting Officer should generally accept photostatic or other copies of documents and records, and should not require original documents, unless there is a question of authenticity.

(d) If the Contractor wishes to present oral testimony, or if the Contracting Officer wishes testimony presented on behalf of the Government or by independent experts, or wishes to examine persons whose affidavits or reports have been submitted, the Contracting Officer, in his discretion, may hold a hearing, after due notice in writing to the Contractor.

§ 407.506-3 *Previously approved action.* The Contracting Officer need not reconsider any settlement with a subcontractor, and may treat as final any disposition of property, or any other action relating to the terminated portion of the contract, where such settlement, disposition, or other action has been previously ratified or approved by him or another duly authorized Contracting Officer.

§ 407.506-4 *Determinations and findings.* After reviewing the information submitted or otherwise available to him, the Contracting Officer shall determine the amount due and shall transmit a copy of his determination and findings to the Contractor by registered mail (with return receipt requested). The findings shall set forth the amounts due the Contractor and shall be supported by detailed schedules conforming generally to the standard forms for settlement proposals set forth in Subpart G of this part, and by such additional information, schedules, and analyses as are necessary or appropriate. An adequate explanation shall be given for each major item of disallowance.

§ 407.506-5 *Preservation of evidence.* The Contracting Officer shall retain in the appropriate files of the contracting agency all written evidence and other data relied upon by him in making his determination and findings, or copies thereof, except that copies of original books of account need not be made. Such books of account, together with other original papers and documents, should be returned to the Contractor within a reasonable time.

§ 407.507 *Limitation on settlements.* The total amount payable to the Contractor on account of a settlement, whether made through negotiation or by determination, before deducting dis-

posal credits and exclusive of sums paid to compensate the Contractor for settlement expenses, shall not exceed the contract price less payments otherwise made or to be made under the contract.

§ 407.507-1 *Deductions—(a) Disposal credits.* From the amount payable to the Contractor under a settlement, there shall be deducted the agreed price for any part of the termination inventory acquired by the Contractor, and the proceeds of sale of any materials sold by it, which have not otherwise been paid or credited to the Government.

(b) *Property undeliverable due to loss or damage.* Except for normal spoilage and to the extent that the Government shall not have otherwise expressly assumed the risk of loss, there shall be excluded from the amount payable to the Contractor under a settlement the fair value of the property, as determined by the Contracting Officer, which is destroyed, lost, stolen, or damaged so as to become undeliverable prior to the transfer of title to the Government or to a buyer pursuant to Subpart F of this part.

COST-TYPE CONTRACTS

§ 407.508 *Settlement of cost-type contracts; general considerations.* The standard Termination Clause for Cost-Plus-Fixed-Fee Contracts (set forth in Subpart G of this part) provides for settlement by negotiation with respect to costs and with respect to the fixed-fee, if any. The provisions of the particular contract governing the types of reimbursable costs will determine what costs are properly allowable. The standard Termination Clause further provides that the Contractor may limit the negotiations for settlement to the fixed-fee, in which event any costs allocable to the terminated portion of the contract shall be presented for payment by the Contractor on Form 1034 cost vouchers.

Promptly upon issuance of the notice of termination, the Contractor shall inform the Contracting Officer, in writing, either:

(a) That the settlement will be limited to the fixed-fee; or

(b) That the settlement will include costs and fixed-fee.

§ 407.509 *Cost-type contracts; negotiated settlements; procedure where settlement limit to fixed-fee.*

§ 407.509-1 *Submission of settlement proposal.* Subject to the provisions of the Termination Clause of the contract, the Contractor, after receipt of a notice of termination and after it has been decided that the settlement is to be limited to the fixed-fee, shall submit to the Contracting Officer a settlement proposal covering its claim in respect of the fixed-fee. No such proposal shall be received later than 2 years from the effective date of termination, unless such period has been extended in accordance with the terms of the contract. Such proposal shall be submitted in the form prescribed in Subpart G of this part.

§ 407.509-2 *Adjustment of fixed-fee.* The fee under a terminated cost-plus-a-fixed-fee contract should be adjusted in the manner permitted or required by the

contract. Percentage of completion is one basis which may be used. Where the adjustment is to be made on the basis of percentage of completion, factors such as the extent and difficulty of the work done by the Contractor (including but not limited to planning, scheduling, technical study, engineering work, production and supervision, the placement and supervision of subcontracts to the extent reasonably required and work done by the Contractor in terminating the contract, in settling claims of subcontractors, and in disposing of termination inventory), as compared with the total work required by the contract, should be considered. The ratio of costs incurred to the total estimated costs of performing the contract is only one factor in computing the percentage of completion of the contract, which percentage of completion may be either greater or less than that indicated by the ratio of costs incurred, depending upon the evaluation of the Contracting Officer of the above factors and other relevant considerations.

§ 407.509-3 *Submission of cost vouchers.* The Contractor should submit on Form 1034 cost voucher all reimbursable costs under the contract, including its own costs allocable to the terminated portion of the contract, its costs of settling with subcontractors, and any other applicable settlement costs. Before submitting for reimbursement any costs for settlements with subcontractors, the Contractor should obtain whatever approvals or ratifications of such settlements as are required by § 407.518.

§ 407.509-4 *Copy of termination notice.* The Contracting Officer, promptly upon the decision that the settlement is limited to the fixed-fee, will so advise the General Accounting Office and send a copy of the notice of termination to the General Accounting Office.

§ 407.510 *Cost-Type Contracts; negotiated settlements including costs; preliminary procedure.*

§ 407.510-1 *Discontinuance of vouchers.* (a) Upon the effective date of complete termination, or in the case of a partial termination upon receipt of notice from the Contracting Officer that performance is complete or that performance on any continued portion is only on subsidiary items or spare parts, or is otherwise not substantial, the Contractor shall promptly discontinue the presentation of Form 1034 cost vouchers, except reclaim vouchers, and except as provided in paragraph (b) of this section.

(b) Although discontinuance of the use of Form 1034 cost vouchers will permit more expeditious settlement, a Contractor may elect to continue presenting costs on Form 1034 cost vouchers. A Contractor who continues presentation of Form 1034 cost vouchers may at any time thereafter elect to discontinue the use of such vouchers. A Contractor will not, however, be permitted during the same period of time to use both Form 1034 cost vouchers and settlement proposals in presenting his costs, except that during the continued use of Form 1034 cost vouchers a Contractor may present settlement proposals which are to serve

as a basis for the negotiation of a partial settlement.

(c) The Contractor's election to discontinue the use of Form 1034 cost vouchers shall be made in such manner as the Contracting Officer (in the case of the Navy, the Cost Inspection Service) may require. A Contractor who elects to discontinue Form 1034 cost vouchers will not be permitted to resume the use of such vouchers.

(d) After discontinuance of Form 1034 cost vouchers, the Contractor will present unreimbursed costs on the settlement proposal form prescribed in Subpart G of this part. On the basis of such settlement proposals, partial settlements may be made from time to time as appropriate.

§ 407.510-2 *Submission of settlement proposal.* The Contractor, after receipt of a notice of termination and after it has been decided that the settlement is to include costs and fixed-fee, shall submit to the Contracting Officer a settlement proposal covering such costs as are claimed by it and covering its claim in respect of the fixed-fee. The form for such settlement proposal is set forth in Subpart G of this part. Where the standard forms set forth in Subpart G of this part are not appropriate for any particular contract, the head of the procuring activity concerned may authorize appropriate modifications thereof. The Contractor may include in its settlement proposal all costs incurred by it in the performance of the contract which have not been previously reimbursed or finally disallowed, whether or not such costs have been previously submitted for reimbursement on Form 1034 cost vouchers. (See §§ 407.512-2 and 407.512-3.)

§ 407.510-3 *Interim negotiations.* The Contracting Officer and the Contractor will proceed immediately to take all possible preliminary steps, looking toward a final settlement as required by the Termination Clause of the contract and by this part (including negotiation of settlements by the Contractor with its fixed-price subcontractors), but no final settlement agreement will be executed until the provisions of § 407.511 have been fully complied with.

§ 407.511 *Cost-type contracts; negotiated settlements including costs; audit status date.*

§ 407.511-1 *Copy of termination notice.* The Contracting Officer will, promptly upon the decision that the settlement is to include costs, so advise the General Accounting Office and send a copy of the notice of termination to the General Accounting Office.

§ 407.511-2 *Preparation of information on cost vouchers.* (a) The Contracting Officer (in the case of the Department of the Navy, the appropriate representative of the Cost Inspection Service, or the Audit Section of the Bureau of Yards and Docks, as the case may be) will notify the appropriate Disbursing Officer in writing of the number of the last Form 1034 cost voucher submitted to him for payment.

(b) The Disbursing Officer will promptly prepare a list of all Form 1034

vouchers paid under the contract showing:

- (1) D. O. voucher number.
- (2) Amount of voucher.
- (3) Date of payment.
- (4) Disbursing Officer's name, symbol, and address.
- (5) Total amount of vouchers paid.

(c) Within 10 days from the date of payment of the last Form 1034 cost voucher, or from the date of receipt of the notice referred to in paragraph (a) of this section, the Disbursing Officer will transmit the list of Form 1034 cost vouchers referred to in paragraph (b) of this section to the Contracting Officer, who will verify the number and amounts of the vouchers listed against the records of the procuring activity, and if any discrepancies exist, will request the Disbursing Officer to reconcile them. After reconciliation, the verified list will be returned to the Disbursing Officer. In the case of the Department of the Navy, the Disbursing Officer will, in lieu of transmitting the list of vouchers to the Contracting Officer, transmit it to the appropriate representative of the Cost Inspection Service, who will verify it against the records of said Service.

§ 407.511-3 *Notice to General Accounting Office of Audit Status Date.* The Disbursing Officer will, upon receipt of the verified list of vouchers, immediately transmit by registered mail (return receipt requested) to the Zone Senior Chief Cost Auditor of the General Accounting Zone in which the work on the terminated contract was being performed, a notice fixing as the "Audit Status Date" (a) the day 60 days from the date of the receipt of the notice by the General Accounting Office, or (b) the date of the receipt by the procuring activity of the final General Accounting Office Audit Status letter, whichever is earlier. Said notice shall be prepared in the form set forth in Subpart G of this part. The Disbursing Officer shall send a copy of said notice to the Contracting Officer, and, in the case of the Navy, to the Cost Inspection Service, together with information as to the date on which said notice was received by the General Accounting Office, and shall send such other copies as may be required by procedures prescribed by each respective Department.

§ 407.511-4 *Clearance of exceptions.* (a) The General Accounting Office has advised the Departments as follows:

(1) During the first 30 days after receipt by it of the Audit Status Notice, the General Accounting Office will continue to issue informal inquiries before issuing exceptions; thereafter and until the Audit Status Date it will issue exceptions without issuing informal inquiries.

(2) Only those exceptions listed in the General Accounting Office final Audit Status letter will be considered as outstanding at that time; all informal inquiries either will be converted by the General Accounting Office to exceptions at the time of issuance of that letter or will be deemed to have been cleared.

(3) Upon receipt of replies to exceptions the General Accounting Office will promptly furnish notice that the reply

is satisfactory or will promptly issue a revised exception.

(4) No exceptions (other than pro forma exceptions) will be issued after the Audit Status Date.

(b) All replies to exceptions and informal inquiries shall contain complete information justifying the payments in question, and shall be made promptly, in accordance with procedures prescribed by each respective Department. A reply to an informal inquiry to an exception which merely advises the General Accounting Office of the disposition to be made of the particular item in the final settlement is not sufficient.

(c) After the Audit Status Date a final attempt should be made by the Contracting Officer to clear with the General Accounting Office all outstanding exceptions and reclaim vouchers prior to final settlement.

§ 407.511-5 *Authority to proceed with settlement.* The Contracting Officer may proceed with completion of the settlement and execution of an appropriate settlement agreement at any time after receipt of the final Audit Status letter. If no such letter has been received on or before the 15th day following the Audit Status Date, the Contracting Officer may proceed thereafter on the basis that there are no outstanding exceptions.

§ 407.512 *Cost-Type Contracts; negotiated settlements including costs; general provisions for settlement.*

§ 407.512-1 *Adjustment of fixed-fee.* The fee under a terminated cost-plus-a-fixed-fee contract should be adjusted as provided in § 407.509-2.

§ 407.512-2 *Costs which may be included.* There may be included in the final settlement agreement all claims of the Government and the Contractor under the terminated contract, except that no amount may be allowed for any item of cost which is the subject of a General Accounting Office exception, either cleared by deduction or uncleared, or any other item of cost of the same nature, unless a reclaim voucher covering such cost has been presented by the Contractor and authorized by the General Accounting Office for payment.

§ 407.512-3 *Basis for negotiation of costs.* The provisions of the contract governing the types of reimbursable costs shall constitute the basis of negotiation, but it is not necessary to agree on each separate element of cost, if an over-all settlement of costs is agreed upon. In appropriate cases differences may be compromised and doubtful questions settled by agreement. An over-all settlement will not, however, under any circumstances be made the means of reimbursing Contractors for costs which under the provisions of the contract are not allowable.

§ 407.513 *Cost-Type Contracts; settlement by determination.* If the Contractor and the Contracting Officer cannot agree upon a settlement, the Contracting Officer will determine the amount due to the Contractor in accordance with the provisions of Termination Clause of the contract, using the proce-

dures set forth in § 407.506, insofar as applicable.

§ 407.514 *Cost-Type Contracts; partial termination.* In the event of a partial termination of a cost or cost-plus-a-fixed-fee contract, the settlement shall be limited to adjustment of the fixed-fee, if any, unless:

(a) The Contracting Officer determines that the terminated portion is clearly severable from the balance of the contract; or

(b) The Contracting Officer determines that performance of the contract is virtually complete, or that performance of any continued portion is only on subsidiary items or spare parts, or is otherwise not substantial.

Subject to the foregoing exceptions, all costs under the contract, including those arising out of the partial termination, will continue to be presented in the same manner as prior to the notice of termination.

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

§ 407.515 *Audit of settlement proposals and of subcontract settlements.* (a) Each settlement proposal submitted by a prime contractor shall be referred by the Contracting Officer to the audit agency of the Department concerned or the cognizant audit agency, whichever is applicable, for appropriate examination and recommendation. The request of the Contracting Officer shall be made in writing and shall recommend the scope of the audit but such recommendation shall in no way limit the extent thereof should the auditor in his professional opinion find expansion necessary. The report and recommendations of the audit agency thereon shall be submitted to the Contracting Officer, in writing, in accordance with the procedures of the Department concerned.

(b) A settlement of a subcontract submitted by the prime contractor to the Contracting Officer for approval or ratification in accordance with § 407.518 shall be submitted to the audit agency of the Department concerned for review and recommendations if any one of the following conditions is present:

(1) Such settlement involves an amount of \$25,000 or more; or

(2) The Contracting Officer considers an audit, in whole or in part, desirable.

The report and recommendations of the audit agency thereon shall be submitted, in writing, to the Contracting Officer. (See § 407.523.)

§ 407.516 *Contracting Officer's negotiation memorandum.* The Contracting Officer shall, at the conclusion of the negotiations, prepare a memorandum setting forth the principal elements of the settlement for inclusion in the contract file and for the use of reviewing authorities. Such memorandum shall make specific reference to any items included in the settlement proposal which are listed in paragraph § 407.402 (c). If the settlement was negotiated on the basis of individual items, the Contracting Officer shall set out his recommendations or the factors considered with respect to treatment of each item. If the

settlement was negotiated on an overall lump sum basis, it is not necessary that the Contracting Officer evaluate each item or group of items individually, but the total amount of the recommended settlement must be supported in sufficient detail as to the factors involved. All memoranda will include explanations of matters as to which differences were compromised or doubtful questions were settled by agreement and the factors taken into consideration in connection therewith, and any other matters which, in the opinion of the Contracting Officer, would assist reviewing bodies in understanding the basis for the proposed or accomplished settlement.

§ 407.517 *Review of proposed settlements.*

§ 407.517-1 *Required review.* Every proposed settlement of a prime contract, and every settlement of a subcontract requiring approval or ratification, will, before its approval or ratification by the Contracting Officer, be submitted to a Settlement Review Board when:

(a) Such settlement involves an amount of \$25,000 or more (see § 407.202); or

(b) Such settlement is limited to adjustment of the fixed-fee of a cost-plus-a-fixed-fee contract or subcontract and the total fee exceeds \$25,000; or

(c) The head of the procuring activity concerned determines that a review of such settlement is desirable; or

(d) The Contracting Officer, in his discretion, desires the decision of the Settlement Review Board on any proposed settlement or matter in connection therewith.

§ 407.517-2 *Settlement-Review Boards—(a) Appointment by head of procuring activity.* The head of each procuring activity is authorized to establish one or more Settlement Review Boards to review proposed settlements as set forth in § 407.517-3. Such Board or Boards may be established in the office of the head of the procuring activity, or in the field or regional procurement offices, as may be appropriate.

(b) *Membership of Settlement Review Boards.* Each Settlement Review Board shall be composed of at least three qualified officers or civilian employees of the Department concerned, who shall be persons with broad business and contracting experience. The membership of each such Board should include at least one lawyer, one accountant and, in appropriate cases, an engineer or industrial specialist. No person shall serve as a member of a Settlement Review Board in reviewing a settlement in which he has participated.

§ 407.517-3 *Jurisdiction of Review Boards.* All proposed settlements in excess of the amounts designated in this section shall be submitted, in turn, to the following Boards for approval, after any necessary prior Board approval, when the proposed settlement is in excess of the designated amounts as follows:

Over \$25,000—Approval of a Board at procurement office level required.

Over \$500,000—Approval of a Board at head of procuring activity level required.

§ 407.517-4 *Submission of information.* In any case in which review is required under §§ 407.517-1 and 407.517-3, the Contracting Officer shall, in accordance with procedures prescribed by each respective Department, submit to the appropriate Settlement Review Board a statement of the proposed settlement, supported by such detailed information as is required for an adequate review. The minimum presentation to be furnished any Settlement Review Board should normally consist of copies of (a) the Contractor's settlement proposal, (b) the audit report, (c) the property disposal report and any required approvals in connection therewith, (d) the Contracting Officer's or negotiator's memorandum explaining the settlement, and, when appropriate, (e) the decision of such other Settlement Review Board as may have previously approved the proposed settlement. The Board may, in its discretion, require the submission of additional information.

§ 407.517-5 *Scope of review.* The function of a Settlement Review Board is to determine the over-all reasonableness of the proposed settlement, from the standpoint of protecting the Government's interest. The Board may vary the scope and intensity of the review according to the size and complexity of the proposed settlement and any other relevant factors. It is not intended that a Board examine in detail every element entering into the settlement but, in order to determine that negotiations have been conducted competently and are based on adequate information, the Board may properly inquire into selected items of the proposed settlement.

§ 407.517-6 *Action by Board.* The Settlement Review Board will submit to the Contracting Officer an appropriate written opinion, similar in substance to the Contracting Officer's memorandum (see § 407.516), with respect to each proposed settlement or other matter considered by a Board, setting forth its approval or disapproval thereof, or other decision with respect thereto. Failure of a Board to act upon any proposed settlement within 30 days after submission to the Board of all the information it requires shall operate as approval by the Board.

§ 407.517-7 *Authority of Contracting Officer to proceed.* The Contracting Officer shall not conclude any proposed settlement until the approvals required by §§ 407.517 to 407.517-6 have been obtained.

§ 407.518 *Settlement of subcontract claims.*

§ 407.518-1 *Subcontractor's rights against the Government.* A subcontractor has no contractual rights directly against the Government upon the termination of a prime contract. The rights of such subcontractor are against the prime contractor or intermediate subcontractor who is directly obligated to it on the subcontract which it holds.

§ 407.518-2 *Duty of prime contractor and subcontractor.* Upon termination of a prime contract, the prime contractor

and each subcontractor is responsible for settling the termination claims of its immediate subcontractors. However, reimbursement to or through the prime contractor in respect of any such settlement, in accordance with the Termination Clause of the contract, shall be subject to the approval or ratification of the Contracting Officer except as provided in § 407.518-6.

§ 407.518-3 *Subcontract termination clause.* Each termination clause provides that after receipt of a notice of termination and, except as otherwise directed by the Contracting Officer, the prime contractor shall terminate all subcontracts to the extent that they relate to the performance of any work terminated by the notice of termination. Prime contractors should therefore, for their own protection, include a termination clause in their subcontracts. A suggested subcontract termination clause is set forth in Subpart G of this part. The failure of a prime contractor to include an appropriate termination clause in any subcontract, or to exercise its rights thereunder, will not, however, (a) affect the right of the Government to direct and require the termination of such subcontract, or (b) increase the obligation of the Government beyond the amount allowable under and allocable to the prime contract. In any such case, the reasonableness of the prime contractor's settlement with the subcontractor will normally be measured by the aggregate amount which would be due under subparagraphs (1), (2), and (3) of paragraph (c) of the suggested subcontract termination clause, as reasonably estimated by the parties, with the approval or ratification of the Contracting Officer where required, and reimbursement in excess of such amount will be allowed only in unusual cases, and then only when the Contracting Officer is satisfied that the terms of the subcontract were negotiated in good faith and did not unreasonably increase the rights of the subcontractor.

§ 407.518-4 *Basis of settlement.* Settlements with subcontractors should be made in general conformity with the policies and principles set forth in Subparts D and E of this part relating to settlement of prime contracts. However, subject to the provisions of § 407.518-5, the basis and form of submission of the subcontractor's settlement proposal shall be acceptable to the prime contractor or the next higher tier subcontractor. Each such settlement must be supported by accounting or other data sufficient to provide a basis for adequate review by the Government. In no event will the Government pay to the prime contractor any amount for loss of anticipatory profits or consequential damages resulting from the termination or cancellation of any subcontract or order relating to the terminated portion of the prime contract except as provided in § 407.518-8.

§ 407.518-5 *Submission of subcontract settlements.* Subject to the provisions of § 407.518-6, the Contracting Officer shall require the prime contractor to submit to him for approval or ratification

every termination settlement with any subcontractor. In submitting its settlement proposal the prime contractor must certify that it has examined the subcontractor claims included therein and that the settlement of its immediate subcontractors' claims are fair and reasonable, are allocable to the terminated portion of the prime contract, were negotiated in good faith, and are not more favorable to the subcontractor than if the Government were not involved. The Contractor must also certify that it has received from all its immediate subcontractors certificates substantially in the form of its own certificate. With respect to settlements with more remote subcontractors the Contractor must certify that it has no information leading it to doubt their reasonableness or their allocability to the terminated portion of the prime contract.

§ 407.518-6 *Authorization for settlement of subcontractors' termination proposals under \$1,000 without approval or ratification.* (a) The Contracting Officer may, if satisfied with the adequacy of the procedures used by the Contractor in settling the termination claims (including proposals for retention, sale, or other disposal of termination inventory) of its immediate and lower tier subcontractors, upon the written request by the Contractor, authorize the Contractor to conclude settlements of his terminated subcontracts, which settlements shall thereupon be reimbursable in accordance with this part and the Termination Clause of the contract, without requiring approval or ratification by the Contracting Officer, subject however to the following conditions and requirements:

(1) The amount of any such subcontract termination proposal does not exceed \$1,000, computed in accordance with § 407.202;

(2) Any termination inventory involved has been disposed of in accordance with the procedures set forth in § 407.614, except that screening is not required;

(3) Each such settlement is accompanied by a certificate in the form set forth in § 407.703.

(b) The Contracting Officer granting the above defined authorization to a Contractor shall be responsible for periodically making a selective review of settlements to determine whether the Contractor is making adequate reviews and fair settlements, and whether such authorization shall remain in effect. Whenever the Contracting Officer determines that the Contractor's procedures are not adequate or that improper settlements are being made, he may revoke the authorization by written notice to the Contractor. The revocation of the authority shall take effect only from the date of receipt of written notice by the Contractor.

(c) Any number of separate settlements of \$1,000 or less may be made with a single subcontractor. Claims which would normally be included in a single settlement proposal, such as those based on a series of separate orders for the same item under one contract, should be consolidated wherever possible, and must not be divided in such a way as to bring

them within the authorization provided for in this paragraph.

§ 407.518-7 *Approval or ratification of subcontract settlements.* The Contracting Officer shall examine each subcontract settlement in any tier required to be submitted to him (including the basis and form of the proposal upon which it was based) to satisfy himself that such settlement is based upon a termination or cancellation of a subcontract made necessary by the termination of the prime contract by the Government, that it was arrived at in good faith, that it is reasonable in amount, and that it is allocable to the terminated portion of the contract, or if allocable only in part, that the proposed allocation is reasonable. In considering the reasonableness of any subcontract settlement, the Contracting Officer will be guided generally by the provisions of Subparts D, E, and F of this part relating to the settlement of prime contracts, and will comply with any applicable requirements of §§ 407.515 and 407.517 relating to audit and review. After such examination, the Contracting Officer will notify the Contractor in writing of his approval or ratification, or will inform the Contractor in writing of his reasons for disapproval.

§ 407.518-8 *Judgments of subcontractors against prime contractors.* (a) In the event a subcontractor obtains a final judgment against a prime contractor, the Contracting Officer shall, for the purposes of settling the prime contract, treat the amount of the judgment as a cost of settling with subcontractors, to the extent such judgment is properly allocable to the terminated portion of the prime contract: *Provided, That:*

(1) The prime contractor has made reasonable efforts to include in its subcontract or purchase order the suggested subcontract termination clause set forth in § 407.706 or one substantially similar excluding payment of anticipatory profits or consequential damages; and

(2) The provisions of the subcontract relating to the rights of the parties thereto upon its termination or cancellation in whole or in part are fair and reasonable and do not unreasonably increase the common law rights of the subcontractor; and

(3) The Contractor has made reasonable efforts to settle the claim of the subcontractor; and

(4) The Contractor has given prompt notice to the Contracting Officer of the initiation of the proceedings in which such judgment was rendered and has offered in writing to give the Government control of the defense of the proceedings; and

(5) The Contractor has diligently defended the suit or, if the Government has assumed control of the defense of the proceedings, has rendered such reasonable assistance as has been requested by the Government.

(b) If the foregoing conditions are not all met, the Contracting Officer may allow the Contractor such part of the judgment as he considers a fair amount for settling the termination claim under the subcontract, giving due regard to the policies for settlement of such claims which are set forth in this subpart.

§ 407.518-9 *Recognition of arbitration awards.* Where a Contractor and his subcontractor submit a subcontractor termination claim to arbitration under any applicable law or contract provision, the Contracting Officer will recognize the amount of the award as the cost of settling the claim of the subcontractor to the extent he deems it properly allocable to the prime contract, under the same conditions applicable to a judgment under § 407.518-8.

§ 407.518-10 *Delay in settlement of subcontractor claims.* Where a prime contractor is unable to settle with a subcontractor and such inability is delaying the settlement of the prime contract, the Contracting Officer may settle with the prime contractor excepting from the settlement the whole or any part of the claim of such subcontractor, reserving the rights of the Government and of the prime contractor with respect thereto.

§ 407.518-11 *Direct settlement of subcontracts.* When such action is in the interest of the Government, and the prime contractor consents, an agreement may be entered into among the Government, the prime contractor, and a subcontractor covering the settlement of one or more subcontracts. In any such case, payment to the subcontractor should be effected through the prime contractor as part of the over-all settlement with the latter.

§ 407.518-12 *Assignment of rights under subcontracts.* In accordance with the provisions of paragraph (b) (4) of the standard Termination Clause (both for fixed-price and cost-plus-a-fixed-fee contracts), the prime contractor is obligated to assign to the Government, in the manner, at the times, and to the extent directed by the Contracting Officer, all its right, title and interest under any orders or subcontracts terminated by reason of their relation to the terminated portion of the prime contract. If such an assignment is made, the Contracting Officer shall proceed with direct settlement of the orders or subcontracts assigned, and in such case payment to the vendors or subcontractors concerned shall be made direct. Any settlement agreement made should protect the interests of the prime contractor.

§ 407.518-13 *Subcontract termination inventory.* All termination inventory of a subcontractor must be disposed of and be accounted for in accordance with Subpart F of this part, except as otherwise provided in § 407.518-6.

§ 407.519 *Settlement agreements.*

§ 407.519-1 *Form of settlement agreement.* When a settlement has been agreed upon with respect to the terminated portion of a contract, and all required approvals have been obtained, the Contractor and the Contracting Officer will enter into a settlement agreement substantially in the form set forth in Subpart G of this part, which agreement shall constitute an amendment to the contract.

§ 407.519-2 *Scope of settlement agreement.* See §§ 407.504-1 (c) and 407.512-2. The settlement should cover any

set-offs and counter claims which the Government may have against the Contractor in connection with the terminated contract. The agreement should cover all claims of subcontractors except those which remain unsettled, which should be specifically excepted from the agreement.

§ 407.519-3 *Reserved items.* Where any rights or claims of the Government or of the Contractor are to be reserved or excepted from the settlement, the settlement agreement should specify the nature, and, in appropriate cases, the extent of such reserved or excepted rights or claims. However, no such reservation or exception shall create, or be deemed to create, any new rights in the parties, beyond those in existence prior to the execution of the settlement agreement. In any such case, settlement of such reserved or excepted rights or claims will be made in accordance with the provisions of this part and will be covered by a separate settlement agreement or agreements.

§ 407.519-4 *Government property.* Before any settlement agreement is finally executed, the Contracting Officer will determine the status of the Government Property account in respect of the terminated contract. If a clear certificate of audit with respect to such property has not been issued, a provision will be included in the settlement agreement reserving the rights of the Government with respect to such property, or an appropriate deduction will be made in arriving at the amount due the Contractor.

§ 407.519-5 *No cost settlement.* If no costs have been incurred by the Contractor in respect of the terminated portion of the contract, or if the Contractor is willing to waive the costs incurred by it, and no amounts are due to the Government under the contract, a no-cost settlement agreement substantially in the form set forth in Subpart G of this part shall be executed by the Contractor and the Contracting Officer.

§ 407.520 *Appeals.* The Contractor shall have a right of appeal, under the clause of the contract entitled "Disputes," from any determination made by the Contracting Officer under § 407.505 or § 407.513, except that if the Contractor has failed to submit its settlement proposal within the time provided in the contract (see §§ 407.503-1 and 407.509-1), and has failed to request extension of such time, he shall have no such right of appeal. The pendency of any such appeal shall not affect the authority of the Contracting Officer to settle the termination claim or any part thereof by a negotiated agreement with the Contractor at any time before the appeal is decided.

§ 407.521 *Payment.*

§ 407.521-1 *Negotiated settlement.* Where a termination claim has been settled by agreement, in whole or in part, a voucher or invoice showing the amount agreed upon, less amounts previously paid thereon, will be prepared and certified in the usual form and will be presented to the disbursing officer for payment. The voucher or invoice will be

supported by a copy of the settlement agreement.

§ 407.521-2 *Settlement by determination.* (a) Where the amount due the Contractor has been determined by the Contracting Officer, in whole or in part, under § 407.505 or § 407.513, and no appeal is taken, a voucher or invoice showing the amount so determined to be due, less amounts previously paid thereon, will be prepared in the usual form and will be presented to the disbursing officer for payment.

(b) Where the amount due the Contractor has been determined, in whole or in part, by the Contracting Officer under § 407.505 or § 407.513, and an appeal has been taken under the clause of the contract entitled "Disputes" (see § 407.520), a voucher or invoice showing the amount finally determined on such appeal to be due, less amounts previously paid thereon, will be prepared in the usual form and will be presented to the disbursing officer for payment. Pending determination of such appeal, and subject to § 407.517, an invoice or voucher showing the amount originally determined by the Contracting Officer to be due (excluding from such amount, in the case of a cost-type contract, any costs previously reimbursed to the Contractor), less amounts previously paid thereon, may be presented to the disbursing officer for payment, without prejudice to the rights of either party on the appeal.

(c) An invoice or voucher prepared under paragraph (a) or (b) of this section shall be supported by an appropriate certificate, in such form as may be required by procedures prescribed by each respective department.

§ 407.521-3 *Interest.* No interest will be payable by the Government on any termination settlement, whether a negotiated settlement or a settlement by determination.

§ 407.522 *Partial payments upon termination.* It is recognized that in certain cases contractors and subcontractors, in any tier, may need partial payments between the effective date of termination and final settlement. Accordingly, if the contract authorizes such partial payments, and, subject to the conditions set forth below, a Contracting Officer may, in his discretion, make partial payments to a fixed-price prime contractor, or to a cost-type prime contractor where the settlement is to include costs, on account of its termination claim, upon written application therefor, in the form set forth in Subpart G of this part (DD Form 548) made at any time after submission of partial or complete settlement proposals. Partial payments to a subcontractor will be made only through the prime contractor.

§ 407.522-1 *Amount of partial payment.* Where the Contractor's or subcontractor's settlement proposals are supported by the data required by this part, or by other substantial accounting data deemed adequate by the Contracting Officer, and a preliminary examination of such data indicates that the application is proper and is supported by the data submitted, the Contracting

Officer may authorize payment as follows:

(a) An amount up to 100 percent of the contract price, adjusted in accordance with § 407.502, may be paid for undelivered acceptable items completed prior to the termination date under the terms of the contract, or completed thereafter with the approval of the Contracting Officer, which have been properly included in the Contractor's settlement proposals under § 407.502.

(b) One hundred percent of the amount of any settlement of a subcontract effected and paid by the prime contractor, provided such settlement has been approved or ratified by the Contracting Officer under § 407.518 after necessary review as required by said section, may be paid to the prime contractor.

(c) An amount up to 90 percent of the direct cost of termination inventory, including costs of raw materials, purchased parts, supplies, and direct labor may be paid to the Contractor.

(d) A reasonable percentage, not to exceed 90 percent, of other allowable costs, including manufacturing and administrative overhead, allocable to the terminated portion of the contract, and not included in the foregoing, may be paid to the Contractor.

(e) One hundred percent of the amount of partial payments made to subcontractors in conformance with §§ 407.522 to 407.522-7. No partial payments on account of profit or fixed-fee which may be claimed in respect of the terminated portion of the contract will be made.

(f) One hundred percent of the amount paid to subcontractors under subcontract settlements authorized by § 407.518-6.

§ 407.522-2 *Review required.* The Contracting Officer shall cause to be made such accounting, engineering, technical, and other specialized reviews as he deems proper, of the data submitted by the Contractor, before approving any proposed partial payment thereon.

§ 407.522-3 *Recognition of assignments.* Partial payments shall be made in such a manner as not to impair or modify any valid assignment of a claim under a contract without the consent of the parties thereto.

§ 407.522-4 *Security for partial payments.* Any partial payment made under this section shall be accompanied by adequate provision to protect the interest of the Government, when the circumstances of the individual case may warrant. To the extent that such partial payment is made in respect of completed articles or against direct or indirect costs of termination inventory, the interests of the Government shall be protected by transfer of title to the Government of the completed articles or the termination inventory concerned, or by the creation of a lien in favor of the Government, paramount to all other liens, on such completed articles or termination inventory, or by such other means as may be authorized by procedures prescribed by each respective department.

§ 407.522-5 *Deductions in computing amount of partial payments.* In determining the amount of a partial payment of any type to be made, there shall be deducted from the gross amount otherwise payable under this section any unliquidated balances or partial payments and advance payments (including interest thereon) theretofore made to the Contractor, which are allocable to the terminated contract or to the terminated portion of the contract, and the amounts of all credits arising from the sale or retention of property the costs of which are included in the application. The sum of any such credits and unliquidated balances and all partial payments made on the same termination claim shall not exceed any limitation imposed by this subchapter or by the contract on the amount of a partial payment of any particular type.

§ 407.522-6 *Limitation on total amount; effect of overpayment.* The total amount of any partial payment or payments made under this section shall not exceed the amount which will in the opinion of the Contracting Officer, become due to the Contractor by reason of the termination. If the total of partial payments made to the Contractor should exceed the amount finally determined to be due to the Contractor on its termination claim, the excess shall be repayable to the Government on demand, together with interest computed at the rate of 6 percent per annum from the date such excess payment was made to the date of repayment: *Provided, however,* That no interest shall be charged with respect to any such excess payment attributable to a reduction in the contract termination claim by reason of retention or other disposition of termination inventory. Where credits for disposition of termination inventory reduce the amount of the termination claim below the total amount of partial payments previously made, the difference shall be repayable to the Government without interest within 10 days after notice to Contractor that such payments have become excessive. If not repaid within such time, the Government may demand repayment, with interest, computed at the rate of 6 percent per annum from the date such payments became excessive.

§ 407.522-7 *Disbursement of partial payments to prime contractors.* A partial payment to a prime contractor under this section will be made on the basis of a voucher or invoice certified by the Contractor and approved by the Contracting Officer, or his authorized representative, in a specific amount by noting thereon the following:

Payment in the amount of \$----- approved.

The certification of the voucher or invoice by the prime contractor shall include the following, in addition to any other provisions ordinarily required to be included in such certificate:

The payment covered by this voucher is a partial payment on account of the Contractor's termination claim under contract No. -----, made pursuant to Section VIII of the Armed Services Procurement Regulation.

SUBPART F—TERMINATION INVENTORY

§ 407.600 *Scope of subpart.* This subpart sets forth the policies governing the disposition of termination inventory. Applicable provisions of this subpart may, to the extent authorized by the head of a procuring activity, also be followed in disposing of contractor inventory generally.

§ 407.601 *General policies.*

§ 407.601-1 *Methods of disposal.* Subject to the detailed provisions set forth in this subpart, and subject to the Government's right under the Standard Termination Clause to acquire title to, and to require delivery to it of, any items of termination inventory, it is the policy of the Government to dispose of all termination inventory in the manner most favorable to the Government by one of the following methods, in the order of priority indicated:

(a) By retention by the prime contractor or subcontractor at cost; or

(b) By sale (including acquisition by the prime contractor or subcontractor); or

(c) By other disposition as provided in this subpart.

§ 407.601-2 *Responsibility for sales.* The primary responsibility for any sales under § 407.601-1 (b) rests with the Contractor. Under the Standard Termination Clause, the Contractor is required to use its best efforts to sell termination inventory, in the manner, at the times, to the extent, and at the price or prices directed or authorized by the Contracting Officer, provided that the Contractor (a) is not required to extend credit to any purchaser, and (b) may acquire any items of termination inventory, not retained by it at cost under § 407.601-1 (a), in accordance with the provisions of § 407.608.

§ 407.601-3 *Government-furnished property.* Government-furnished property which is included in termination inventory, delivery of which has not been required by the Government, may be disposed of in the same manner as other termination inventory after screening in accordance with the requirements of § 407.606 and determination that such property is surplus to the needs of the Government. The Contracting Officer is required to approve all such dispositions and may specify methods for preparing and routing inventory schedules covering such property.

§ 407.601-4 *General restrictions on Contractor's authority.* The authority of a Contractor to retain or dispose of termination inventory or to authorize or approve a retention or disposition by a subcontractor is subject to the following general restrictions, in addition to the restrictions specifically set forth in this subpart.

(a) Any applicable Government restrictions upon the disposition of material classified by reason of military security or existing contract provisions regarding the disposition of material subject to a lien shall govern such retention or disposition, notwithstanding the provisions of this subchapter.

(b) Contractors shall not sell termination inventory to persons known by them to be officers, enlisted personnel, or civilian employees of the Department of Defense or of a military department.

(c) The authority of a Contractor to approve a sale or acquisition by a subcontractor and the authority of a subcontractor to acquire or sell termination inventory with the approval of the next higher-tier contractor does not extend (1) to a sale by a subcontractor to the next higher-tier contractor or to an affiliate of such contractor, or (2) to an acquisition or sale by a subcontractor affiliated with the next higher-tier contractor. Such sales or acquisitions require the specific approval of the Contracting Officer. For purposes of this section, a Contractor is considered to be affiliated with another Contractor if they are under common control or if there is any common interest between them by reason of stock ownership or otherwise, which is sufficient to create a reasonable doubt that the bargaining between them, is completely at arm's length.

§ 407.602 Retention of property by Contractor.

§ 407.602-1 In general. Except for property which is needed by the Government, Contractors are encouraged to retain termination inventory at cost.

§ 407.602-2 Fixed-price contracts. In the case of a fixed-price contract, where the Notice of Termination has not required the transfer to the Government of a particular item or class of Contractor-acquired property, and the Contractor desires to retain any such property, the Contractor shall omit or withdraw such property from its inventory schedules and shall not include any part of the cost thereof (including any applicable handling charges and overhead) in its settlement proposal.

§ 407.602-3 Cost-type contracts. Whether or not the Government has previously acquired title thereto under the provisions of the contract, the Contractor may, with the approval of the Contracting Officer, retain any item of Contractor-acquired termination inventory at cost (including any applicable handling charges and overhead), upon appropriate adjustment of any previously reimbursed costs.

§ 407.603 Inventory schedules.

§ 407.603-1 Submission of inventory schedules. The prime contractor shall, as promptly as possible after receipt of a Notice of Termination, submit inventory schedules to the Contracting Officer in the form set forth in Subpart G of this part, covering all items of termination inventory relating to the terminated portion of the contract, except as provided in § 407.602. Inventory schedules may be submitted prior to submission on the settlement proposal. They should not be delayed in order to supply complete cost data on items of work in process where such data is not readily available. Partial schedules may be submitted from time to time provided they cover substantial portions of the inventory.

§ 407.603-2 General classifications. Contractor-acquired property and Government-furnished property shall be listed separately to the extent practicable. Within each of these categories, separate sets of schedules shall be submitted (as set forth in Subpart G of this part) covering the following:

(a) Serviceable aircraft or aircraft components;

(b) Other serviceable or usable materials;

(c) Scrap or salvage.

The classification proposed by the Contractor in his schedules shall be subject to the approval of the Contracting Officer.

§ 407.603-3 Inventory descriptions. A commercial description adequate for disposal and screening purposes of all items having commercial value should be included in the inventory schedules. Where any items of termination inventory bear a Government identification number, such number will be listed on the inventory schedules. In the case of other items, the Contractor should furnish a description sufficient to enable the Contracting Officer to determine the proper disposition thereof. Where the Contractor is in doubt as to the extent of the description required, he should consult with the Contracting Officer. The Contractor need not itemize material believed to be scrap or salvage, provided (a) such material is physically segregated in the Contractor's plant; and (b) the Contractor prepares a statement describing the material generally, setting forth its approximate cost, and giving such other information as may be necessary for a determination by the Contracting Officer whether the material is scrap or salvage. If the material is thereupon determined to be scrap or salvage, the Contractor may make a single descriptive entry on an inventory schedule covering such material and indicating its approximate total cost.

§ 407.603-4 Inventory schedule certificate. Each inventory schedule or set of schedules shall be accompanied by a certificate executed by the Contractor in the form set forth in subpart G of this part.

§ 407.603-5 Tender of title. The Contractor shall, at the time of submission of its inventory schedules, tender title to the Government of the property listed therein, unless the Government already has title thereto.

§ 407.603-6 Common items. Under no circumstances will the Contractor's inventory schedules include any items (except for property delivery of which has been required by the Government and except for Government-furnished property) reasonably usable on other work of the Contractor without loss to it. See § 407.402 (a) (1) (i).

§ 407.603-7 Withdrawals from inventory schedules. If at any time prior to final disposition hereunder of such items, any items of property listed in the Contractor's inventory schedules become reasonably usable on other work of the Contractor without loss to it, and this fact is known to the Contractor, such

items shall be withdrawn, and the Contractor's inventory schedules and its settlement proposal amended accordingly. Except for items being screened, the Contractor may, at any time prior to final disposition thereof under this part, voluntarily withdraw any items of property included in its inventory schedules and amend its settlement proposal accordingly.

§ 407.604 Plant clearance period. The plant clearance period, as defined in § 407.217, begins on the effective date of termination.

§ 407.604-1 Rejection of inadequate schedules. (a) Contracting Officers will verify, or cause to be verified, to the extent deemed practicable, the physical count and condition of inventories claimed on the Contractor's inventory schedule. If any inventory schedule furnished by a Contractor is inadequate, the Contractor shall be promptly notified and required to correct or supplement the schedules in respect of the items which are deficient. Inventory schedules should not be rejected if the information contained therein is adequate for disposal purposes, even if complete cost data on work in process are not available. Rejection of an inventory schedule shall be limited where possible to specific items thereon and shall not necessarily render the balance of such schedule unacceptable.

(b) Where only individual items on the inventory schedule are in need of correction or amplification, the submission of the inventory schedules will be considered as acceptable for purposes of the starting of the final phase of a plant clearance period. However, where the inadequacy of an inventory schedule requires the return of the entire schedule to the Contractor for correction or revision, the final phase of the plant clearance period as to the plant covered thereby shall not begin until final, complete, and acceptable schedules covering such plant have been submitted.

(c) The Contracting Officer shall advise the Contractor of any deficiencies apparent in the inventory schedules within 15 days after receipt thereof or the schedules shall be deemed acceptable for purposes of starting the final phase of a plant clearance period. However, should substantial errors develop which were not apparent in an inventory schedule previously deemed acceptable, the final phase of a plant clearance period shall not be deemed to have commenced until corrected schedules have been submitted unless the Contracting Officer determines that no unwarranted delay in disposal operations was occasioned thereby.

§ 407.605 Scrap and salvage. Promptly after the submission of inventory schedules by the Contractor, the Contracting Officer will review, or cause to be reviewed, any recommendations by the Contractor concerning scrap and salvage. Such review shall include careful examination of the inventory schedules and in appropriate cases physical inspection of the property involved. Prior to approval of the Contractor's scrap or salvage recommendations, the

Contracting Officer will obtain such further approvals as may be required by procedures prescribed by each respective department. If the Contracting Officer determines that any of the materials recommended for scrap or salvage by the Contractor are serviceable or usable materials, the Contractor shall, in accordance with such determination, submit revised inventory schedules, as provided in § 407.603. Property determined to be scrap and which, by other Government regulations, is required to be segregated by alloy or otherwise, shall be so segregated by the Contractor. Property determined to be scrap or salvage under this section may, with the approval of the Contracting Officer, be sold or otherwise disposed of by the Contractor in accordance with the provisions of § 407.607, § 407.608, or § 407.610. In appropriate cases, when approved by the Contracting Officer, such sales may be consolidated with the Contractor's sales of scrap and salvage generated from its other work and, in such cases, the scrap warrantably provided for below may be waived in the discretion of the Contracting Officer.

§ 407.605-1 *Scrap warranty.* If any such property is sold or disposed of as scrap, a scrap warranty, substantially as set forth in Subpart G of this part, should be obtained unless waived in accordance with §§ 407.605 to 407.605-2.

§ 407.605-2 *Release of scrap warranty.* The scrap warranty may be released in behalf of the Government by the Contracting Officer under the following conditions:

(a) The consideration to the Government for the release shall be the difference between (1) the amount at which the material was acquired or sold as scrap and (2) an amount not less than that which the material would bring were it then sold or acquired for purposes other than use as scrap at a fair and reasonable price as set forth in § 407.608½ (a). The amount of the consideration shall be approved by the Contracting Officer as a condition precedent to release of the scrap warranty.

(b) The release of the scrap warranty in behalf of the Government will be given by the Government and the consideration paid to the Government, even though the contract containing the warranty was not made directly with the Government.

(c) In the event of resale of any such material as scrap, the seller should obtain an appropriate scrap warranty from the purchaser thereof. Upon tender of this warranty to the Government, the seller shall be released by the Government from liability under his own warranty.

§ 407.606 *Screening of serviceable and usable property.*

§ 407.606-1 *Scope of screening.* Serviceable and usable property included in the Contractor's inventory schedules will be screened as follows:

(a) Inventories of aircraft and aircraft components will be screened for possible redistribution within the Air Force and the Navy;

(b) Inventories of other items will be screened to the extent required by the procuring activity;

(c) The residue will be screened for possible redistribution within the other Departments of the Department of Defense. The term "residue" as used in this subparagraph shall mean only those items which are required to be reported to General Services Administration in accordance with its regulations;

(d) Items excess to the Department of Defense will be submitted as required by regulations of General Services Administration to the General Services Administration for further screening; subject to the following provisions:

(1) If the Contractor has been directed by the Notice of Termination to deliver any items of termination inventory to the Government no further screening of those items will be required.

(2) If the total serviceable and usable property included in the Contractor's inventory schedules has an original cost of \$500 or less, such property need not be screened unless the Contracting Officer determines that screening is desirable.

(3) Line items included in the Contractor's inventory, having an original cost of \$100 or less, need not be screened (unless the Contracting Officer determines that screening is desirable) provided that such items are listed by the Contractor on a separate schedule or schedules. The term "line item" as used in this section means all substantially similar articles under any one contract at any one location and which should be listed as a single entry in an inventory schedule.

§ 407.606-2 *Screening period.* If screening under §§ 407.606 to 407.606-2 has not been completed within 60 calendar days after the date the property involved is reported by the procuring activity to the Department of Defense Screening Agency, and no instructions with respect to such property have been received by the Contracting Officer within such 60-day period, the Contracting Officer shall promptly notify the Contractor and thereafter such property may be sold or otherwise disposed of as set forth in this subpart: *Provided, however,* That property which must be referred by the Department of Defense Screening Agency to the General Services Administration, under applicable regulations of said Administration, may not be disposed of until its release in writing, or appropriate instructions for its distribution within the Government, have been received from General Services Administration.

§ 407.607 *Acquisition by Government.* If any item of serviceable or usable property is desired by or for any activity of the Department of Defense, or other agency of the Government, for stock, diversion to other contracts, or other purposes, the Contractor shall transfer title to such property to the Government (unless title thereto is already in the Government), and shall deliver such property in the manner, to the extent, and at the time directed by the Contracting Officer. Priority of such acquisition shall rest in (a) the procuring activity,

(b) other activities of the Department of Defense, and (c) other agencies of the Government in that order.

§ 407.608 *Sale or other disposition of termination inventory.*

§ 407.608-1 *General.* Any property which is included in the Contractor's inventory schedules, which has not been acquired by the Government under § 407.607, may be acquired by the Contractor or sold by the Contractor to a third party, at any time after notification by the Contracting Officer that screening has been accomplished or will not be required. Generally, any such acquisition by the Contractor or sale to a third party shall be on a competitive basis. Any acquisition or sale shall be in accordance with applicable laws and regulations such as price ceilings and material allocation. Any such acquisition or sale shall be subject to the approval of the Contracting Officer, as part of or prior to the final settlement.

§ 407.608-2 *Competitive sales.* (a) Except as provided in § 407.608-2, competitive bids, generally not less than three, one of which may be submitted by the Contractor, shall be obtained prior to any such acquisition or sale, and such acquisition or sale shall be made by or to that responsible bidder whose bid is most advantageous to the Government, price and other factors considered, provided that such price is fair and reasonable and is adequate in the light of reasonable knowledge or test of the market, due regard being had for current prices for any raw materials or products for which quotations are published, and to the circumstances, nature, condition, quantity, and location of property. Any bid by the Contractor shall be submitted in the same manner as and concurrently with other bids. The Contractor shall not be entitled to preference in any sale.

(b) Bids shall be solicited in any of the methods set forth in this paragraph, or any combination thereof, as deemed necessary by the Contractor in order to assure full and free competition: *Provided,* That (1) bids shall be solicited sufficiently in advance of the opening of bids to allow bidders an adequate opportunity to prepare and submit their bids, and (2) where the original acquisition cost of serviceable material available for sale at any one time at any one location is \$25,000 or more, the sale shall be advertised in a newspaper of general circulation as provided in subdivision (iv) below:

(i) A notice of the proposed sale may be mailed (or delivered) to all prospective bidders. If this method is used, the bidders' list should include all known responsible prospective purchasers located in the general area in which the sale is to be held.

(ii) A notice of the proposed sale may be displayed at an appropriate public place or places.

(iii) A notice of the proposed sale may be published in appropriate trade journals or magazines.

(iv) A notice of the proposed sale may be published in a newspaper of general circulation in the locality in which the property is located.

(v) Where the amount or value of the property is not large enough to warrant preparation of a formal notice of the proposed sale, or other special circumstances are present, invitations to submit bids may be issued orally, by telephone, or other informal media, provided the Contracting Officer has approved the use thereof, the element of competition is maintained, and each such sale is fully documented.

(c) Any notice of a proposed sale under paragraph (b) of this section shall indicate in general terms the types of material which are expected to be available for sale, shall name the date on or after which such material will be available for sale, and shall reserve the right to reject any or all bids submitted. So far as feasible, lots will be offered in such reasonable quantities as to permit all bidders, small as well as large, to compete on equal terms.

§ 407.608-3 *Other sales.* Only in exceptional or unusual cases will acquisition or sale be made without obtaining competitive bids. Any such sale to the Contractor at market price may be approved by the Contracting Officer without reference to a Property Disposal Board. Any other such sale without competitive bids shall be at a price which is fair and reasonable, as set forth in § 407.608-2. Any such sale without competitive bids in which the original acquisition cost of the materials involved exceeds \$1,000 shall be subject to the prior approval of a Property Disposal Board, or such other reviewing agency as may be designated by departmental procedures, in addition to the required approval of the Contracting Officer under § 407.608-1. Where time is of the essence, such approvals as are required may be obtained orally by the Contracting Officer.

§ 407.608-4 *Proceeds of sale.* In accordance with the provisions of the Standard Termination Clause, the proceeds of any such sale or acquisition shall be credited to the Government as part of the settlement agreement, or deducted from the total amount payable thereunder, or otherwise credited to the price or cost of the work covered by the contract or paid in such other manner as the Contracting Officer may direct.

§ 407.608-5 *Extension of credit.* The Contractor shall not be required under this section to extend credit to any purchaser, and any sales made by the Contractor on credit shall be at its own risk.

§ 407.608-6 *Applicability of antitrust laws.* Whenever any holding agency shall begin negotiations for the disposition to private interests of property which cost the Government \$1,000,000 or more, or of patents, processes, techniques, or inventions, irrespective of cost, the agency shall promptly notify the Attorney General and the Administrator of the proposed disposal and the probable terms or conditions thereof; and shall await advice from the Attorney General who will advise both the Administrator and holding agency whether, insofar as he can determine, the proposed disposition would tend to create or maintain a situation incon-

sistent with the antitrust laws. In the event that the Attorney General advises that the proposed disposition would tend to create or maintain a situation inconsistent with the antitrust laws, the holding agency shall solicit further instructions from the Administrator before completing any disposition.

§ 407.609 *Donations.* The Contracting Officer, subject to applicable laws and applicable General Services Administration and Departmental regulations, may donate items of termination inventory which have no commercial value except as scrap or salvage, or as to which the cost of care and handling exceeds the probable return to the Government upon sale, to educational institutions for use for educational purposes. Determinations that property is donable must be made in writing by the Contracting Officer and are subject to review and approval by a Property Disposal Board as provided in § 407.613. Such determinations shall not be made by persons directly accountable for the property covered thereby.

§ 407.610 *Destruction or abandonment.* (a) Any termination inventory, which is Contractor-acquired or Contractor-furnished property and which is not otherwise disposed of under this part, may, subject to and in accordance with General Services Administration and Departmental regulations, be destroyed or abandoned, provided that the Contracting Officer has determined that it has no commercial value and no value to the Government, or that the estimated cost of its care and handling is greater than the probable return to the Government therefrom, or that because of its nature it constitutes a danger to public health, safety or welfare.

(b) Termination inventory, which is Government-furnished property and which is not otherwise disposed of under this part, may be destroyed or abandoned in accordance with any applicable departmental regulations and upon compliance with any applicable regulations issued by the Administrator of General Services.

(c) Termination inventory which has been classified by reason of military security and which is not required for the Government's needs, shall, unless such classification is removed by proper authority, be disposed of in accordance with applicable security regulations.

(d) Notwithstanding the above, no termination inventory shall be abandoned on the Contractor's premises without the Contractor's consent.

(e) Any determination by a Contracting Officer under this section shall be subject to review in accordance with procedures established by each respective department.

§ 407.611 *Special machinery, tooling and equipment.* Except as otherwise provided in the contract, if the settlement is to include any item of cost on account of special machinery and equipment, or of special tooling and equipment, as defined in §§ 407.225 and 407.226, the Contracting Officer shall take appropriate steps to protect the Government's interest by:

(a) Requiring transfer to the Government of title to such property; or

(b) Requiring the inclusion of such property in the Contractor's inventory schedules, to be treated in the same manner as termination inventory; or

(c) In the event of acquisition by the Contractor, making an equitable adjustment of the costs to be included in the settlement in respect of such property, which adjustment should take into account the rate of amortization thereon, the possible use thereof on other work of the Contractor, the ultimate disposal value thereof, and the rights, if any, to be retained by the Government therein or in the use thereof.

§ 407.612 *Removal and storage.*

§ 407.612-1 *In general.* Subject to the provisions of this section, the Contractor shall comply with any instructions from the Contracting Officer concerning removal, transportation, preservation, or storage of any items of termination inventory.

§ 407.612-2 *Storage at the expense and risk of the Contractor.* Unless the contract provides otherwise, the Contractor may, at any time during the plant clearance period, upon written notice to the Contracting Officer of its intention so to do, store any items of termination inventory, not previously disposed of, either upon its own premises or elsewhere, unless otherwise directed by the Contracting Officer within 10 days of the receipt by the Contracting Officer of such notice. Such storage shall in no way modify the responsibility of the Contractor with respect to such property under the provisions of the contract. The expenses of such storage, including any removal incident thereto, shall be borne by the Contractor, unless the Contracting Officer determines that such removal or storage is for the convenience of the Government.

§ 407.612-3 *Storage at the expense and risk of the Government.* At any time after expiration of the plant clearance period, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of any or all items of termination inventory not previously disposed of, exclusive of items the disposition of which has been directed or authorized by the Contracting Officer and may request the Government to remove such items or enter into a storage agreement covering them. Not later than 15 days thereafter, the Government will accept title to such items and remove them or enter them into a storage agreement covering the same, provided that the list submitted shall be subject to verification by the Contracting Officer upon removal of the items, or if the items are stored, within 45 days from the date of submission of the list, and any necessary adjustment to correct the list as submitted shall be made prior to final settlement.

§ 407.613 *Review of property disposal.*

§ 407.613-1 *Property Disposal Review Boards.* The head of each procuring activity is authorized to establish one or more Property Disposal Review Boards. Each such Board shall be composed of at

least three qualified officers or civilian employees. No person shall serve as a member of a Property Disposal Review Board in reviewing any property action in which he has participated.

§ 407.613-2 *Required review.* The following property disposal matters shall be reviewed by a Property Disposal Review Board prior to approval or ratification by the Contracting Officer:

(a) A determination that material is scrap or salvage, if the original acquisition cost of the material is \$25,000 or more.

(b) A release from a scrap warranty, if the original acquisition cost of the material is \$10,000 or more.

(c) Any sale made without competitive bids in accordance with § 407.608-3, if the original acquisition cost of the material exceeds \$1,000.

(d) A determination that property is donable in accordance with § 407.609 and a determination to destroy or abandon material in accordance with § 407.610, if the original acquisition cost of the material exceeds \$1,000.

(e) Whenever the Contracting Officer deems it appropriate.

§ 407.614 *Subcontractor termination inventory.*

§ 407.614-1 *General policy.* The prime contractor and each subcontractor is primarily responsible for disposing of the termination inventory of its immediate subcontractors, but all such disposals shall be subject to review by the Contracting Officer as to reasonableness in connection with the approval or ratification (except as otherwise provided in § 407.518-6) of the prime contractor's settlements with its subcontractors under paragraph § 407.518-7. The policy relating to methods of disposal, responsibility for sales, and Government-furnished property and the general restrictions on Contractors' authority, as set forth in § 407.601, shall be applicable in the case of subcontractors. Any rights which the prime contractor has or acquires in the termination inventory of its immediate or lower-tier subcontractors shall, to the extent directed by the Contracting Officer, be exercised for the benefit of the Government, in accordance with the provisions of the contract between the Government and the prime contractor.

§ 407.614-2 *Retentions at cost.* The provisions of § 407.602 shall apply to retentions of subcontractor termination inventory, whether by a subcontractor, higher-tier subcontractor, or the prime contractor.

§ 407.614-3 *Inventory schedules.* The prime contractor or next higher-tier subcontractor should obtain adequate information concerning the termination inventory in respect of which its subcontractors claim reimbursement. For this purpose the forms of inventory schedules set forth in Subpart G of this part may be used, but their use is not required if substantially equivalent information is obtained. In any event, full information on the condition and usability of such inventory should be furnished, and the certificates set forth in such forms (see § 407.708) should be obtained from the subcontractor. See § 407.603.

§ 407.614-4 *Scrap and salvage.* The prime contractor or next higher-tier subcontractor should review any recommendations of a subcontractor concerning scrap and salvage. If the prime contractor or next higher-tier subcontractor determines that any of the materials are servicable and usable materials, it should require the subcontractor to submit revised inventory data in accordance with such determination. If the prime contractor or next higher-tier subcontractor determines that such material is scrap or salvage, the Government shall not be bound thereby unless such determination, and any sale of such property as scrap or salvage, have had the prior approval of the Contracting Officer. A scrap warranty running to the Government shall be obtained wherever such property is sold as scrap.

§ 407.614-5 *Serviceable and usable property.* Subcontractor termination inventory, which is not retained at cost, and which is determined to be serviceable and usable property shall be disposed of as follows:

(a) Submission of inventory schedules for screening and possible redistribution within the Government shall be in conformity with the requirements of § 407.606 as to termination inventory of a prime contractor. Acquisitions by the Government shall be in accordance with § 407.607.

(b) Sales to third parties (including acquisitions by the subcontractor, a higher-tier subcontractor, or the prime contractor) shall be made in general conformity with § 407.608, subject, however, to the restrictions contained in § 407.601-4, and except that the prior approval of the Contracting Officer shall not be required. See § 407.614-1.

§ 407.614-6 *Donations; destruction or abandonment.* The provisions of §§ 407.609 and 407.610 shall apply to subcontractor termination inventory not retained at cost under § 407.614-2.

§ 407.614-7 *Review of property disposal.* The provisions of § 407.613 shall apply.

§ 407.615 *Adjustment prior to final settlement.*

§ 407.615-1 *Duty of Contractors to inform Government.* By the terms of the Termination Inventory Schedule Certificate set forth in § 407.708 the Contractor or subcontractor is required to inform the Government of any substantial change in the status of its termination inventory arising between the date of submission of its termination inventory schedules and final disposition of such inventory.

§ 407.615-2 *Rights of Government to review inventory schedules after disposition.* The disposition of any termination inventory under this Part 6 shall not affect the right of the Government, prior to final settlement, to require additional information thereon, to contest the allocability of such inventory to the terminated portion of the contract, or to exclude such inventory from the settlement on any proper grounds. If, prior to final settlement, it is determined by the Government that any portion of the termi-

nation inventory is not allocable to the terminated contract, or should be excluded from the settlement on any other grounds, the cost thereof shall be excluded from the settlement and the Government shall, at its election—

(a) Return such property to the Contractor at the latter's expense and risk; or

(b) Pay or credit to the Contractor the fair value of such inventory at the date of its disposition as determined by the Contracting Officer; or

(c) Pay or credit to the Contractor the proceeds realized from the disposition of such inventory.

Any adjustment made under this paragraph shall be included as part of the final settlement.

§ 407.616 *Accounting for termination inventory.* (a) Prior to final settlement with the prime contractor, all termination inventory of the prime contractor and its subcontractors must be accounted for as follows:

(1) By retention by the Contractor of subcontractor and omission or withdrawal of such inventory from the Contractor's inventory schedules (see § 407.602); or

(2) By transfer to the Government (see § 407.607); or

(3) By sale (including acquisition by the Contractor or subcontractor) and application of the proceeds or agreed value in reduction of the Contractor's claim, or otherwise to the credit of the Government (see §§ 407.605 and 407.608); or

(4) By destruction or abandonment in accordance with § 407.610; or

(5) By donation in accordance with § 407.609; or

(6) By other disposition in accordance with the terms of the contract and of this part.

(b) In the event that any termination inventory not disposed of is lost, destroyed, damaged, or for any reason cannot be delivered by the Contractor at the time of settlement of its termination claim, such termination inventory, unless the Government has expressly assumed the risk involved, or unless the contract provides otherwise, shall be accounted for as inventory retained by the Contractor, and the fair value of the inventory, as determined by the Contracting Officer shall be deducted from its termination claim.

SUBPART G—FORMS

§ 407.700 *Scope of subpart.* This subpart contains certain contract clauses and other forms related to the termination of contracts for the convenience of the Government.

§ 407.701 *Termination clause for fixed-price contracts.* The following standard clause shall be used in any fixed-price contract in excess of \$1,000, except as otherwise permitted under § 407.705-1, for supplies or experimental, developmental, or research work other than (a) construction, alterations, or repair of buildings, bridges, roads, or other kinds of real property, or (b) experimental, developmental, or research work with educational or nonprofit institutions.

TERMINATION FOR CONVENIENCE OF THE
GOVERNMENT

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

(b) After receipt of a Notice of Termination, and except as otherwise directed by the Contracting Officer, the Contractor shall (1) stop work under the contract on the date and to the extent specified in the Notice of Termination; (2) place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract as is not terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination; (4) assign to the Government, in the manner, at the times, and to the extent directed by the Contracting Officer, all of the right, title, and interest of the Contractor under the orders and subcontracts so terminated; (5) settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Contracting Officer, to the extent he may require, which approval or ratification shall be final for all the purposes of this clause; (6) transfer title and deliver to the Government, in the manner, at the times, and to the extent, if any, directed by the Contracting Officer, (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced as a part of, or acquired in connection with the performance of, the work terminated by the Notice of Termination, and (ii) the completed or partially completed plans, drawings, information, and other property which, if the contract had been completed, would have been required to be furnished to the Government; (7) use its best efforts to sell, in the manner, at the times, to the extent, and at the price or prices directed or authorized by the Contracting Officer, any property of the types referred to in provision (6) of this paragraph: *Provided, however,* That the Contractor (1) shall not be required to extend credit to any purchaser, and (ii) may acquire any such property under the conditions prescribed by and at a price or prices approved by the Contracting Officer: *And provided further,* That the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by the Government to the Contractor under this contract or shall otherwise be credited to the price or cost of the work covered by this contract or paid in such other manner as the Contracting Officer may direct; (8) complete performance of such part of the work as shall not have been terminated by the Notice of Termination; and (9) take such action as may be necessary, or as the Contracting Officer may direct, for the protection and preservation of the property related to this contract which is in the possession of the Contractor and in which the Government has or may acquire an interest. At any time after expiration of the plant clearance period, as defined in Section VIII, Armed Services Procurement Regulation, as it may be amended from time to time, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of any or all items of termination inventory not previously disposed of, exclusive of items the disposition of which has been directed or authorized by the Contracting Officer, and may request the Government to remove such items or enter into a storage

agreement covering them. Not later than fifteen (15) days thereafter, the Government will accept title to such items and remove them or enter into a storage agreement covering the same: *Provided,* That the list submitted shall be subject to verification by the Contracting Officer upon removal of the items, or if the items are stored, within forty-five (45) days from the date of submission of the list, and any necessary adjustment to correct the list as submitted shall be made prior to final settlement.

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

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

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

(1) For completed supplies accepted by the Government (or sold or acquired as provided in paragraph (b) (7) above) and not theretofore paid for, a sum equivalent to the aggregate price for such supplies computed in accordance with the price or prices specified in the contract, appropriately adjusted for any saving of freight or other charges;

(2) The total of—
(i) The cost incurred in the performance of the work terminated, including initial costs and preparatory expense allocable thereto, but exclusive of any costs attributable to supplies paid or to be paid for under paragraph (e) (1) hereof;

(ii) The cost of settling and paying claims arising out of the termination of work under subcontracts or orders, as provided in paragraph (b) (5) above, which are properly chargeable to the terminated portion of the contract (exclusive of amounts paid or payable on account of supplies or materials delivered or services furnished by subcon-

tractors or vendors prior to the effective date of the Notice of Termination, which amounts shall be included in the costs payable under (1) above).

(iii) A sum equal to 2 percent of that part of the amount determined under (1) which represents the cost of articles and materials not processed by the Contractor, plus a sum equal to 8 percent of the remainder of such amount, but the aggregate of such sums shall not exceed 6 percent of the whole of the amount determined under subdivision (1) above, which amount for the purpose of this subdivision (iii) shall exclude any charges for interest on borrowings.

(3) The reasonable costs of settlement, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the contract and for the termination and settlement of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of property allocable to this contract. The total sum to be paid to the Contractor under (1) and (2) of this paragraph (e) shall not exceed the total contract price as reduced by the amount of payments otherwise made and as further reduced by the contract price of work not terminated. Except for normal spoilage, and except to the extent that the Government shall have otherwise expressly assumed the risk of loss, there shall be excluded from the amounts payable to the Contractor as provided in paragraph (e) (1) and paragraph (e) (2) (1), the fair value, as determined by the Contracting Officer, in connection with property which is destroyed, lost, stolen, or damaged so as to become undeliverable to the Government, or to a buyer pursuant to paragraph (b) (7).

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

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

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

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

adjustment as may be agreed upon shall be made in such price or prices.

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

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

§ 407.702 *Termination clause for cost-type contracts.* The following standard clause shall be used in any cost-type contract, as defined in §§ 402.405 and 402.406 of this subchapter, for supplies and experimental, developmental, or research work other than (a) construction, alterations, or repair of buildings, bridges, roads, or other kinds of real property, or (b) experimental, developmental, or research work with educational or non-profit institutions.

TERMINATION

(a) The performance of work under the contract may be terminated by the Government in accordance with this clause in whole, or from time to time in part, (1) whenever the Contractor shall default in performance of this contract in accordance with its terms (including in the term "default" any such failure by the Contractor to make progress in the prosecution of the work hereunder as endangers such performance), and shall fail to cure such default within a period of ten days (or such longer period as the Contracting Officer may allow) after receipt from the Contracting Officer of a notice specifying the default, or (2) whenever for any reason the Contracting Officer shall determine that such termination is in the best interests of the Government. Any such termination shall be effected by delivery to the Contractor of a Notice of Termination specifying whether termination is for the default of the Contractor or for the convenience of the Government, the extent to which performance of work under the contract is terminated, and the date upon which such termination becomes effective. If, after notice of termination of this contract for default under (1) above, it is determined that the Contractor's failure to perform or to make progress in performance is due to causes beyond

the control and without the fault or negligence of the Contractor pursuant to the provisions of the clause of this contract relating to excusable delays, the Notice of Termination shall be deemed to have been issued under (2) above, and the rights and obligations of the parties hereto shall in such event be governed accordingly.

(b) After receipt of a Notice of Termination and except as otherwise directed by the Contracting Officer, the Contractor shall (1) stop work under the contract on the date and to the extent specified in the Notice of Termination; (2) place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract as is not terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the Notice of Termination; (4) assign to the Government, in the manner and to the extent directed by the Contracting Officer, all of the right, title, and interest of the Contractor under the orders or subcontracts so terminated; (5) with the approval or ratification of the Contracting Officer, to the extent he may require, which approval or ratification shall be final and conclusive for all purposes of this clause, settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, the cost of which would be reimbursable, in whole or in part, in accordance with the provisions of this contract; (6) transfer title (to the extent that title has not already been transferred) and, in the manner, to the extent, and at the times directed by the Contracting Officer, deliver to the Government (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced as a part of, or acquired in respect of the performance of, the work terminated by the Notice of Termination, (ii) the completed or partially completed plans, drawings, information, and other property which, if the contract had been completed, would be required to be furnished to the Government, and (iii) the jigs, dies, and fixtures, and other special tools and tooling acquired or manufactured for the performance of this contract for the cost of which the Contractor has been or will be reimbursed under this contract; (7) use its best efforts to sell in the manner, at the times, to the extent, and at the price or prices directed or authorized by the Contracting Officer, any property of the types referred to in provision (6) of this paragraph: *Provided, however,* That the Contractor (1) shall not be required to extend credit to any purchaser, and (11) may acquire any such property under the conditions prescribed by and at a price or prices approved by the Contracting Officer: *And provided further,* That the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by the Government to the Contractor under this contract or shall otherwise be credited to the price or cost of the work covered by this contract or paid in such other manner as the Contracting Officer may direct; (8) complete performance of such part of the work as shall not have been terminated by the Notice of Termination; and (9) take such action as may be necessary, or as the Contracting Officer may direct, for the protection and preservation of the property related to this contract which is in the possession of the Contractor and in which the Government has or may acquire an interest. The Contractor shall proceed immediately with the performance of the above obligations notwithstanding any delay in determining or adjusting the amount of the fixed-fee, or any item of reimbursable cost, under this clause. At any time after expiration of the plant clearance period, as defined in Section VIII, Armed Services Procurement Regulation, as it may be amended from time to

time, the Contractor may submit to the Contracting Officer a list, certified as to quantity and quality, of any or all items of termination inventory not previously disposed of, exclusive of items the disposition of which has been directed or authorized by the Contracting Officer, and may request the Government to remove such items or enter into a storage agreement covering them. Not later than fifteen (15) days thereafter, the Government will accept title to such items and remove them or enter into a storage agreement covering the same, provided that the list submitted shall be subject to verification by the Contracting Officer upon removal of the items, or if the items are stored, within forty-five (45) days from the date of submission of the list, and any necessary adjustment to correct the list as submitted shall be made prior to final settlement.

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

(d) Subject to the provisions of paragraph (c), the Contractor and the Contracting Officer may agree upon the whole or any part of the amount or amounts to be paid (including an allowance for the fixed-fee) to the Contractor by reason of the total or partial termination of work pursuant to this clause. The contract shall be amended accordingly, and the Contractor shall be paid the agreed amount.

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

(1) If the settlement includes cost and fixed-fee

(i) There shall be included therein all costs and expenses reimbursable in accordance with this contract, not previously paid to the Contractor for the performance of this contract prior to the effective date of the Notice of Termination, and such of these costs as may continue for a reasonable time thereafter with the approval of or as directed by the Contracting Officer, provided, however, that the Contractor shall proceed as rapidly as practicable to discontinue such costs.

(ii) There shall be included therein so far as not included under (i) above, the cost of settling and paying claims arising out of the termination of work under subcontracts or orders, as provided in paragraph (b) (5) above, which are properly chargeable to the terminated portion of the contract.

(iii) There shall be included therein the reasonable costs of settlement, including accounting, legal, clerical, and other expenses

reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the contract and for the termination and settlement of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of termination inventory; provided, however, that if the termination is for default of the Contractor there shall not be included any amounts for the preparation of the Contractor's settlement proposal.

(iv) There shall be included therein a portion of the fixed-fee payable under the contract determined as follows:

(A) In the event of the termination of this contract for the convenience of the Government and not for the default of the Contractor, there shall be paid a percentage of the fee equivalent to the percentage of the completion of work contemplated by the contract, less fixed-fee payments previously made hereunder.

(B) In the event of the termination of this contract for the default of the Contractor, the total fixed-fee payable shall be such proportionate part of the fee (or, if this contract calls for articles of different types, of such part of the fee as is reasonably allocable to the type of article under consideration) as the total number of articles delivered to and accepted by the Government bears to the total number of articles of a like kind called for by this contract.

If the amount determined under this paragraph is less than the total payment of fixed-fee theretofore made to the Contractor, the Contractor shall repay to the Government the excess amount.

(2) If the settlement includes only the fixed fee, the amount thereof will be determined in accordance with subparagraph (e) (1) (iv) above.

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

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

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

(i) The Government may from time to time, under such terms and conditions as it may prescribe, make partial payments and payments on account against costs incurred by the Contractor in connection with the terminated portion of the contract whenever in the opinion of the Contracting Officer the

aggregate of such payments shall be within the amount to which the Contractor will be entitled hereunder. If the total of such payments is in excess of the amount finally determined to be due under this clause, such excess shall be payable by the Contractor to the Government upon demand, together with interest computed at the rate of 6 percent per annum, for the period from the date such excess payment is received by the Contractor to the date on which such excess is repaid to the Government: *Provided, however*, That no interest shall be charged with respect to any such excess payment attributable to a reduction in the Contractor's claim by reason of retention or other disposition of termination inventory until ten days after the date of such retention or disposition.

(j) The provisions of this clause relating to the fixed-fee shall be inapplicable if this contract does not provide for payment of a fixed-fee.

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

§ 407.703 Termination clause for fixed-price construction contracts. The following standard clause shall be inserted in all fixed-price construction contracts amounting to more than \$1,000, except that Contracting Officers may, at their discretion, omit the termination clause from fixed-price construction contracts under \$5,000 when the probability of termination for convenience is remote, as in contracts for repair, improvements, or additions to existing structures:

TERMINATION FOR CONVENIENCE OF THE GOVERNMENT

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

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

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

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

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

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

(1) In respect of all contract work performed prior to the effective date of the Notice of Termination, the total (without duplication of any items) of—

(i) The cost of such work;

(ii) The cost of settling and paying claims arising out of the termination of work under subcontracts or orders as provided in paragraph (b) (5) above, exclusive of the amounts paid or payable on account of supplies or materials delivered or services furnished by the subcontractor prior to the effective date of the Notice of Termination of work under this contract, which amounts shall be included in the cost on account of which payment is made under subdivision (i) above; and

(iii) A sum, equal to 2 percent of the part of the amount determined under subdivision (i) which represents the cost of articles or materials delivered to the site but not incorporated in the work in place on the effective date of the Notice of Termination, plus a sum equal to 8 percent of the remainder of such amount, but the aggregate of such sums shall not exceed 6 percent of the whole of the amount determined under subdivision (i) above, which amount for purposes of this subdivision (iii) shall exclude any charges for interest on borrowings.

(2) The reasonable cost of the preservation and protection of property incurred pursuant to paragraph (b) (9) hereof; and any other reasonable cost incidental to termination of work under this contract, including expense incidental to the determination of the amount due to the Contractor as the result of the termination of work under this contract. The total sum to be paid to the Contractor under subdivision (1) of this paragraph (e) shall not exceed the total contract price as reduced by the amount of payments otherwise made and as further reduced by the contract price of work not terminated. Except for normal spoilage, and except to the extent that the Government shall have otherwise expressly assumed the risk of loss, there shall be excluded from the amounts payable to the Contractor as provided in paragraph (e) (1), the fair value, as determined by the Contracting Officer, of property which is destroyed, lost, stolen, or damaged so as to become undeliverable to the Government, or to a buyer pursuant to paragraph (b) (7).

(f) Any determination of costs under paragraph (c) or (e) hereof shall be governed by the Statement of Principles for Consideration of Costs set forth in Part 4 of Section VIII

of the Armed Services Procurement Regulation, as in effect on the date of this contract.

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

(i) If there is no right of appeal hereunder or if no timely appeal has been taken, the amount so determined by the Contracting Officer, or

(ii) If an appeal has been taken, the amount finally determined on such appeal.

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

(i) If the termination hereunder be partial, prior to the settlement of the terminated portion of this contract, the Contractor may file with the Contracting Officer a request in writing for an equitable adjustment of the price or prices specified in the contract relating to the continued portion of the contract (the portion not terminated by the Notice of Termination), and such equitable adjustment as may be agreed upon shall be made in such price or prices; however, nothing contained herein shall limit the right of the Government and the Contractor to agree upon the amount or amounts to be paid to the Contractor for the completion of the continued portion of the contract when said contract does not contain an established contract price for such continued portion.

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

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

terminated hereunder, or, to the extent approved by the Contracting Officer, photographs, micro-photographs, or other authentic reproductions thereof.

§ 407.704 *Termination clause for research and development contracts with educational and other non-profit institutions.* [Reserved.]

§ 407.705 *Short form termination clauses.* In order to facilitate (a) the handling of small purchases under fixed-price contracts above \$1,000 but under \$5,000, and (b) the obtaining of certain services such as rental of unreserved garage space, meals for inductees, laundry and dry-cleaning service, etc., the "short form" termination clauses set forth in §§ 407.705-1 and 407.705-2 are authorized for use in appropriate contracts provided such contracts obligate the Government to order or otherwise to be liable for a minimum quantity.

§ 407.705-1 *Fixed-price supply contracts over \$1,000 and under \$5,000.* The following clause may be inserted in fixed-price supply contracts over \$1,000 and under \$5,000 in lieu of any other termination for convenience of the Government clause:

TERMINATION FOR THE CONVENIENCE OF THE GOVERNMENT

The performance of work under this contract may be terminated by the Government whenever the Contracting Officer shall determine that such action is for the best interests of the Government. If this contract is so terminated, fair compensation, within the meaning of and as provided by Section VIII of the Armed Services Procurement Regulations, as in effect on the date of this contract, will be paid to the Contractor, and any termination inventory will be disposed of in accordance with said Section VIII.

§ 407.705-2 *Fixed-price service contracts.* The following clause may be inserted in certain fixed-price service contracts, such as for the rental of unreserved garage space, meals for inductees, laundry and dry-cleaning services, etc., in lieu of any other termination for convenience of the Government clause:

TERMINATION FOR CONVENIENCE OF THE GOVERNMENT

The performance of work (services) under this contract may be terminated, in whole or in part, whenever the Contracting Officer shall determine that termination of this contract is in the best interests of the Government. In such event, the Government shall be liable only for payment in accordance with the payment provisions of this contract for work (services) performed (finished) prior to the effective date of termination. Termination of work hereunder shall be effected by delivery to the Contractor of a Notice of Termination ----- days prior to the date upon which termination shall become effective.

§ 407.706 *Subcontract termination clause.* The following form of termination clause is suggested for use in fixed-price subcontracts:

TERMINATION

(a) The performance of work under this contract may be terminated in whole or from time to time in part by the buyer in accordance with this clause. Termination of work hereunder shall be effected by delivery to the seller of a Notice of Termination specifying the extent to which performance of work under the contract is terminated.

and date upon which such termination becomes effective.

(b) After receipt of a Notice of Termination and except as otherwise directed by the buyer, the seller shall, (1) stop work under the contract on the date and to the extent specified in the Notice of Termination; (2) place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portions of the work under the contract as may not be terminated; (3) terminate all orders and subcontracts to the extent that they relate to the performance of any work terminated by the Notice of Termination; (4) assign to the buyer, in the manner and to the extent directed by the buyer, all of the right, title and interest of its seller under the orders or subcontracts so terminated; (5) settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts subject to the approval or ratification of the buyer to the extent he may require, which approval or ratification shall be final for all the purposes of this clause; (6) transfer title and deliver to the buyer in the manner, to the extent, and at the times directed by the buyer (i) the fabricated or unfabricated parts, work in process, completed work, supplies and other material produced as a part of, or acquired in connection with the performance of, the work terminated by the Notice of Termination, and (ii) the completed or partially completed plans, drawings, information, and other property which, if the contract had been completed, would be required to be furnished to buyer; (7) use his best efforts to sell in the manner, to the extent, at the time, and at the price or prices directed or authorized by the buyer, any property of the types referred to in provision (6) of this paragraph: *Provided, however,* That the seller (i) shall not be required to extend credit to any purchaser and (ii) may acquire any such property under the conditions prescribed by and at a price or prices approved by buyer: *And provided further,* That the proceeds of any such transfer or disposition shall be applied in reduction of any payments to be made by the buyer to the seller under this contract or shall otherwise be credited to the price or cost of the work covered by this contract or paid in such other manner as the buyer may direct; (8) complete performance of such part of the work as shall not have been terminated by the Notice of Termination; and (9) take such action as may be necessary or as the buyer may direct for protection and preservation of the property related to this contract which is in the possession of the seller and in which the buyer or the Government has or may acquire an interest.

(c) After receipt of a Notice of Termination, the seller shall submit to the buyer its termination claim, in the form and with the certification prescribed by the buyer. Such claim shall be submitted promptly, but not later than twelve (12) months from the effective date of termination. Upon failure of the seller to submit its termination claim within the time allowed, the buyer may determine, on the basis of information available to it, the amount, if any, due to the seller in respect to the termination and such determination shall be final. After the buyer has made a determination under this paragraph, it shall pay the seller the amount so determined.

(d) Subject to the provisions of paragraph (c) the seller and the buyer may agree upon the whole or any part of the amount or amounts to be paid to the seller by reason of the total or partial termination of work pursuant to this clause, which amount or amounts may include a reasonable allowance for profit on work done and the buyer shall pay the agreed amount or amounts. Nothing in paragraph (e) of this clause, prescribing the amount to be paid to the seller in the event of the failure of the seller and the

buyer to agree upon the whole amount to be paid to the seller by reason of the termination of work pursuant to this clause, shall be deemed to limit, restrict, or otherwise determine or effect the amount or amounts which may be agreed upon to be paid to the seller pursuant to this paragraph (d).

(e) In the event of the failure of the seller and the buyer to agree as provided in paragraph (d) upon the whole amount to be paid to the seller by reason of the termination of work pursuant to this clause, the buyer, but without duplication of any amounts agreed upon in accordance with paragraph (d), shall pay to the seller the following amounts:

(1) For completed supplies accepted by the buyer (or sold or acquired as provided in paragraph (b) (7) above) and not theretofore paid for, forthwith a sum equivalent to the aggregate price for such supplies computed in accordance with the price or prices specified in the contract, appropriately adjusted for any saving of freight or other charges.

(2) In respect of the work terminated as permitted by this clause, the total (without duplication of any items) of (i) the cost of such work, including initial costs and preparatory expenses allocable thereto, exclusive of any costs attributable to supplies paid or to be paid for under paragraph (e) (1) hereof; and (ii) the cost of settling and paying claims arising out of the termination of work under subcontracts or orders as provided in paragraph (b) (5) above, exclusive of the amounts paid or payable on account of supplies or materials delivered or services furnished by the subcontractor prior to the effective date of the Notice of Termination of work under this contract, which amounts shall be included in the cost on account of which payment is made under subdivision (1) above; and (iii) a sum equal to 2 percent of the part of the amount determined under subdivision (1) which represents the cost of articles and materials not processed by the seller, plus a sum equal to 8 percent of the remainder of such amount, but the aggregate of such sum shall not exceed 6 percent of the whole of the amount determined under subdivision (1) above, which amount for the purpose of this subdivision (iii) shall exclude any charges for interest on borrowings.

(3) The reasonable costs of settlement, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the contract and for the termination and settlement of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of the property allocable to this contract.

The total sum to be paid to the seller under subdivisions (1) and (2) of this paragraph (e) shall not exceed the total contract price reduced by the amount of payments otherwise made and as further reduced by the contract price of work not terminated. Except for normal spoilage and except to the extent that the buyer or the Government shall have otherwise expressly assumed the risk of loss, there shall be excluded from the amounts payable to the seller as provided in paragraph (e) (1) and paragraph (e) (2) (i), the fair value as determined by the buyer of property which is destroyed, lost, stolen, or damaged so as to become undeliverable to the buyer or to a purchaser pursuant to paragraph (b) (7).

(f) The obligation of the buyer to make any payments under this clause shall be subject to deductions in respect of (1) all unliquidated advance or other payments on account theretofore made to the seller, (2) any claim which the buyer may have against the seller, in connection with this contract, and (3) the agreed price for, or the proceeds of sale of, any materials, supplies, or other

things retained by the seller or sold, and not otherwise recovered by or credited to the buyer.

(g) If the termination hereunder be partial, prior to the settlement of the terminated portion of this contract, the seller may file with the buyer a request in writing that an equitable adjustment be made in the price or prices specified in the contract for the work in connection with the continued portion not terminated by the notice of termination, and the appropriate fair and reasonable adjustment shall be made in such price or prices.

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

(i) For the purpose of paragraph (c) and (e) hereof, the amounts of the payments to be made by the buyer to the seller shall be determined in conformity with the policies and principles set forth in Section VIII, Parts 4 and 5 of the Armed Services Procurement Regulation in effect at the date of this contract. Unless otherwise provided for in this contract, or by applicable statute, the seller, for a period of six (6) years after final settlement under the contract shall make available to the buyer and the Government at all reasonable times at the office of the seller all its books, records, documents, or other evidence bearing on the costs and expenses of the seller under the contract and in respect of the termination of work hereunder or, to the extent approved by the Government, photographs, micro-photographs, or other authentic reproductions thereof.

§ 407.707 Notice of Termination.

§ 407.707-1 Telegraphic Notice of Termination. (a) The following form of telegraphic notice is approved for use where a contract is being completely terminated:

TELEGRAPHIC NOTICE—COMPLETE TERMINATION

Date.....

XYZ CORPORATION,

New York, New York.

Your Contract No. is hereby terminated in its entirety pursuant to clause of the contract effective [here insert "immediately" or "on 19...." (Inserting the date) or "as soon as you have delivered thereunder including previous deliveries the following items" (listing items)]. Immediately stop all work, terminate subcontracts and place no further orders except to extent (insert if applicable—necessary to perform any portion thereof not terminated hereby or) that you or a subcontractor wish to retain and continue for own account any work in process or other materials. Telegraph similar instructions to all subcontractors and suppliers. Letter and instruction follow.

(Name and Rank)
Contracting Officer

(b) The following form of telegraphic notice is approved where a contract is being partially terminated:

TELEGRAPHIC NOTICE OF PARTIAL TERMINATION

Date-----

XYZ CORPORATION,
New York, New York.

Your Contract No. ----- is hereby partially terminated pursuant to clause ----- of the contract effective on -----, 195..., on which date you will reduce its total number of items to be delivered as follows (Inserting instructions as to reduced deliveries) immediately stop all work, terminate subcontracts and place no further orders except to extent necessary to perform any portion thereof not terminated hereby or that you or a subcontractor wish to retain and continue for own account any work in process or other materials. Telegraph similar instructions to all subcontractors and suppliers. Letter and instructions follow.

(Name and Rank)
Contracting Officer

§ 407.707-2 *Letter Notice of Termination.* (a) In accordance with § 407.304, the following form of Notice of Termination of prime contract is approved for use. With appropriate modifications it is suitable for use in terminating subcontracts.

LETTER NOTICE OF TERMINATION TO PRIME CONTRACTORS

[At the top of the Notices set out all special details relating to the particular termination: e. g., name and address of company, number of prime contract terminated, service involved, appropriation or allotment, etc.]

Two alternative forms of paragraph No. 1 are set out below. If this written termination notice confirms a telegraphic notice previously sent, use the first of the alternative paragraphs No. 1 below. If no previous telegraphic notice has been sent, use the second].

1. *Effective date of termination.* This letter will confirm the Government's telegram to you dated -----, 19...., terminating [in part] your Contract No. ----- (hereinafter referred to as "the contract") for the convenience of the Government, in accordance with the clause thereof entitled "Termination for the Convenience of the Government" [or, in the case of a cost-type contract, "Termination"]. Such termination is effective on the date and in the manner stated in such telegram, reference to which is hereby made [or copy of which is attached hereto].

(or)

1. *Effective date of termination.* You are notified that your Contract No. ----- (hereinafter referred to as "the contract") is hereby terminated [in part] for the convenience of the Government, in accordance with the clause thereof entitled "Termination for the Convenience of the Government" [or, in the case of cost-type contract, "Termination"]. Such termination will be effective:

[Here insert either "Immediately upon your receipt of this Notice" or "on -----, 19...." (inserting the date), or "as soon as you have delivered under the contract the following number of each of the items listed below, including those heretofore delivered, to wit: -----" or, "on -----, 19...., on which date you are hereby directed to reduce the total number of items to be delivered under the contract as follows": (here insert instructions as to reduced deliveries.)]

2. *Cessation of work and notification to your immediate subcontractors.* (a) You

shall stop all work, make no further shipments, and place no further orders in connection with the contract, except (1) to the extent necessary to perform any portion thereof not terminated by this Notice, or (2) to the extent that you may wish to retain and continue any work in process or other materials for your own account, or (3) to the extent the Contracting Officer authorizes you to continue work-in-process for reasons of safety, or to clear [or avoid damage to] equipment or to avoid immediate complete spoilage of work-in-process having a definite commercial value, or otherwise to prevent undue loss to the Government. [If you believe the authorization referred to in subparagraph (3) above is necessary or advisable you shall immediately notify the Contracting Officer by telephone or personal conference and obtain instructions.] You shall keep adequate records of your compliance with this paragraph 2 (a) showing (i) the date you received your Notice of Termination, (ii) the effective date of such termination, and (iii) the extent of completion of performance on such effective date.

(b) You shall give notice of termination to each of your immediate subcontractors (including suppliers) who will be affected by the termination of your Contract. In such notice you shall (1) give him the number of your Contract with the Government, (2) state that it has been terminated (or terminated in part, if that is the case) for the convenience of the Government, (3) give him the name and address of the Contracting Officer, (4) instruct him to stop all work, to make no further shipments, to place no more orders, and to terminate all subcontracts under this contract with you (subject to the same exceptions stated in paragraph 2 (a)), (5) direct him to submit his settlement proposal promptly in order to expedite settlement, and (6) request him to give similar notice and instructions to his immediate subcontractors.

(c) You shall notify the Contracting Officer of the number of articles completed under the Contract and still on hand, and arrange with him for their delivery or other disposal.

(d) You shall forthwith transfer title to and deliver to the Government, in accordance with any instructions of the Contracting Officer, all items of termination inventory (including subcontractor termination inventory which under the terms of the subcontract or purchase order concerned you have the right to take over) of the following types or classes: [Insert proper identification or "none."]

(e) You shall notify the Contracting Officer of any pending legal proceedings which relate to any subcontracts or purchase orders under the terminated contract or which have resulted in or which are intended to result in a lien or encumbrance on any termination inventory other than termination inventory you propose and are authorized to purchase, retain, or dispose of. (The Contracting Officer shall also be promptly notified of any such proceedings brought after receipt of this Notice.)

(f) You shall take such other action as may be required by the Contracting Officer or under the termination clause contained in your contract.

3. *Termination inventory.* In connection with settlement of your claim, it will be necessary to establish that all your termination inventory and that of your subcontractors has been properly accounted for. For detailed information, see Part 6 of Section VIII of ASPR.

4. *Completed articles.* Subject to paragraph 8-502 of ASPR, you will invoice acceptable completed articles under the contract in the usual way and not include them in your settlement proposal.

5. *Submission of settlement proposal.* To assist you in prompt submission of your

settlement proposal, there is inclosed one set of the standard forms.

6. *Patents.* Your attention is called to any provisions of the contract which may require you to make a disclosure of, and to deliver to the Government instruments of license or assignment respecting all inventions, discoveries, and patent applications made by you in the performance of the contract. You are urged to forward such disclosures and instruments of license or assignment to the Contracting Officer promptly, inasmuch as these contractual obligations must be complied with before execution of the final settlement agreement. This paragraph may be disregarded if the contract contains no such patent provisions.

7. *Settlements with subcontractors.* You remain liable to your subcontractors and suppliers for claims arising by reason of the termination of their subcontracts or orders. You are requested to settle such termination claims as promptly as possible. For purposes of reimbursement by the Government, such settlements will be governed by the provisions of Parts 4 and 5 of Section VIII of ASPR.

8. The Office named below will be in charge of the settlement of your claim. As to any matters not covered by this Notice, you should consult the Office named below.

9. Please acknowledge receipt of this Notice as shown below. Enclosures:

(Contracting Officer)

(Name of Office)

(Address)

ACKNOWLEDGEMENT OF NOTICE

The undersigned hereby acknowledges receipt of a signed copy of the foregoing Notice on -----, 19.... Two copies of this Notice, both signed, are herewith returned.

(Name of Contractor)

By -----

(Title)

§ 407.708 *Standard forms for settlement of fixed-price contracts.* The standard forms listed below are prescribed for use in settling fixed-price contracts terminated under this part. Copies may generally be obtained at the Contracting Offices of the procuring agency concerned.

Forms to be used by the contractor in submitting its claim for the termination of a fixed price contract:

DD Form No. 540: Settlement Proposal—Inventory Basis.

DD Form No. 541: Settlement Proposal—Total Cost Basis.

DD Form No. 542: Inventory Schedule A—Metals.

DD Form No. 543: Inventory Schedule B—Raw Materials.

DD Form No. 544: Inventory Schedule C—Work in Process.

DD Form No. 545: Inventory Schedule D—Dies, Jigs, Fixtures, etc., and Special Tools.

DD Form No. 546: Schedule of Accounting Information (To be used by prime contractors submitting termination claims under Section VIII [Termination for Convenience of the Government] of the Armed Services Procurement Regulation. Also suitable for use by subcontractor in effecting subcontract settlements with prime contractor or intermediate subcontractors).

DD Form No. 548: Application for partial payments (For use by prime contractor or subcontractor under contracts terminated for the convenience of the government).

§ 407.709 *Settlement proposal form for cost-type contracts.* DD Form No. 547 is prescribed for use by prime contractors submitting termination claims on cost-type contracts under this part. It is also suitable for use in connection with terminated cost-type subcontracts. Copies of DD Form No. 547 may generally be obtained at the Contracting Offices of the procuring agency concerned.

§ 407.710 *Notice of audit status date.* DD Form No. 547-1: This form is for use by disbursing officers in accordance with § 407.511-3.

§ 407.711 *Scrap warranty.* A warranty in the general format set forth in this section is to be used by a purchaser of material as scrap (on direct purchase from the Government or on subsequent resale) in accordance with the requirements of § 407.605.

SCRAP WARRANTY

In consideration of the transfer to the undersigned of the property covered by this Agreement at a value based upon its being used as scrap, the undersigned represents and warrants to the United States as follows:

(1) The property covered by this Agreement will be used only as scrap, either in its existing condition or after further preparation, unless and until the undersigned is released from this warranty.

(2) In the event the undersigned is released from this warranty, any payment agreed on as consideration for such release shall be made to the United States, regardless of whether this warranty shall have been executed at the request of the United States.

(3) In the event the undersigned sells the property covered by this Agreement prior to release of this warranty, the undersigned will obtain from the purchaser and tender to the United States a warranty identical to this executed by the purchaser, and upon receipt of such other warranty this warranty will be released by the United States.

(4) All obligations of the undersigned under this warranty shall expire five years from the date hereof.

(Name)

(Address)

(Date)

§ 407.712 *Forms of settlement agreement.* See §§ 407.307 and 407.519.

§ 407.712-1 *Settlement agreement for use in settling fixed-price prime contracts after complete termination.*

This supplemental agreement of settlement, entered into this _____ day of _____ 19____ between the United States of America (hereinafter called "the Government") and _____ (hereinafter called "the Contractor"):

Whereas, the Contractor and the Government have entered into Contract No. _____ under date of _____ 19____ which, together with any and all amendments, changes, modifications, and supplements thereto, is hereinafter referred to as "the Contract"; and

Whereas, the "Termination for Convenience of the Government" clause of the Contract provides that the performance of work under the Contract may at the convenience of the Government be terminated by the Government in whole, or from time to time in part, whenever the Contracting Officer shall determine that such termination is in the

best interests of the Government, and that the Contractor and the Contracting Officer may agree upon the whole or any part of the amount to be paid to the Contractor by reason of such termination; and

Whereas, by notice of termination dated _____ the Government advised the Contractor of the complete termination of the Contract for the convenience of the Government; and

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

The term "termination inventory" shall mean any items of physical property purchased, supplied, manufactured, furnished or otherwise acquired for performance of the Contract which are properly allocable to the terminated portion of the Contract, but shall not include any facilities, machinery, material, special tooling, or equipment which are subject to a separate contract or a special contract provision governing the use or disposition thereof. It includes "Contract termination inventory" which consists of all items of termination inventory properly allocable directly to the terminated portion of the Contract, and "subcontract termination inventory" which consists of all items of termination inventory properly allocable to the terminated portion of any subcontract under the Contract.

The term "subcontract" means any contract, agreement, or purchase order, and any preliminary contractual instrument, calling for the performance of any work, or for the making or furnishing of any material, required for the performance of the Contract. The term also includes any such contract, agreement, purchase order, or other instrument, placed under any one or more subcontracts as herein defined.

The term "scrap" shall mean any items of termination inventory which have no reasonable prospect of sale except for their basic material content.

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

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

ART. 2. a. The Contractor certifies that, prior to the execution of this Agreement, each of the Contractor's immediate subcontracts whose claim is included in the claim settled by this Agreement has furnished to the Contractor a certificate stating (1) that all of its subcontract termination inventory (including scrap) has been retained or otherwise acquired by it, sold to third parties, returned to suppliers, stored for the Government, delivered to the Government, or otherwise properly accounted for, and all proceeds or retention prices thereof, if any, were taken into account in arriving at the settlement of the subcontract or subcontracts, and (2) that the subcontractor has received from each of the immediate subcontractors whose claim was included in its claim a substantially similar certificate.

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

ART. 3. The Contractor certifies that, with respect to all items of termination inventory the costs of which were taken into account in arriving at the amount of this settlement, or in the settlement of any subcontract claim included in this settlement:

(1) all such items are properly allocable to

the terminated portion of the Contract; (ii) such items are not in excess of the reasonable quantitative requirements of the terminated portion of the Contract; (iii) such items do not include any items reasonably usable, without loss to the Contractor, on its other work; and (iv) the Contractor has informed the Contracting Officer of any substantial change in the status of such items between the dates of its termination inventory schedules and the date of this agreement.

ART. 4. It is hereby agreed that all funds paid or to be paid hereunder to the Contractor for the benefit of subcontractors or suppliers shall be held in trust by the Contractor for the benefit of such subcontractors or suppliers until such time as payment of such funds to the respective subcontractors or suppliers is accomplished or until refund by the Contractor to the Government as hereinafter provided. In all cases where the Contractor has not previously made such payments, the Contractor shall within ten (10) days after receipt of the payment provided for hereunder, pay to each of its immediate subcontractors and suppliers (or to their respective assignees) the respective amounts to which they are entitled, after deducting, if the Contractor so elects, any amounts then due and payable to the Contractor by such subcontractors and suppliers. If the Contractor fails to make any such payment within ten (10) days, the Contractor will, upon request, return to the Government the amount so payable to such immediate subcontractors and suppliers, less any amount then due and payable to the Contractor by them.

ART. 5. a. The Contractor has received the sum of \$_____ on account of work and services performed, or articles delivered, under the completed portion of the Contract. The Government as part of this negotiated settlement hereby confirms and acknowledges the right of the Contractor, subject to the provisions of Article 6 hereof, to retain such sum heretofore paid and agrees that such sum constitutes a portion of the total amount to which the Contractor is entitled in settlement of the Contract.

b. In addition, upon execution of this Agreement the Government agrees to pay to the Contractor or its assignee, upon presentation of properly certified invoices or vouchers, the sum of \$_____ [insert net amount of settlement], arrived at by deducting from the sum of \$_____ [for claim submitted on inventory basis, insert gross amount of settlement; for claim submitted on total cost basis, insert gross amount of settlement less amount set forth in 4a above], (1) the amount of \$_____ representing all unliquidated partial or progress payments previously made on account to the Contractor or its assignee and all unliquidated advance payments (with interest, if any, thereon), and (2) the amount of \$_____ representing all applicable property disposal credits [and (3) the amount of \$_____ representing all other amounts due the Government under this contract except as hereinafter provided in Article 6].* Said sum, together with all other sums heretofore paid, constitutes payment in full and complete settlement of the amount due the Contractor by reason of the complete termination of work under the Contract and of all other claims and liabilities of the Contractor and the Government under the Contract, except as hereinafter provided in Article 6.

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

[The following list of reserved or excepted rights and liabilities is intended to cover those which should most frequently be reserved, and which should in any event be scrutinized at the time a settlement agree-

*To be inserted where appropriate.

ment is signed. (See ASPR 8-519.3.) The suggested language of the enumerated excepted items on the list may be varied in the discretion of the Contracting Officer to cover more accurately the exceptions needed in a particular case. Where greater accuracy or completeness may be achieved by a reference to the number of the Contract clause or provision covering the matter in question, this method of enumerating reserved rights and liabilities may be followed. Omit any of the following which are not applicable and add any additional exceptions or reservations required.]

(1) All rights and liabilities, if any, of the parties under the Rencogitation Act of 19____ [insert reference to applicable Rencogitation Act].

(2) All rights and liabilities of the parties arising under the Contract articles, if any, or otherwise which relate to reproduction rights, patent infringements, inventions, applications for patent and patents, including rights to assignments, invention reports and licenses, covenants of indemnity against patent risks and bonds for patent indemnity obligations, together with all rights and liabilities under any such bond.

(3) All rights of the Government to take the benefit of any adjustments of royalties under the Royalty Adjustment Act of 1942 (35 U. S. C. 89-96) and to take the benefit of agreements reducing or otherwise affecting royalties paid or payable in connection with the performance of the Contract.

(4) All rights and liabilities of the parties under the Contract relating to options (except options to continue or increase the work under the Contract), covenants not to compete, covenants of indemnity.

(5) All rights and liabilities of the parties under agreements with respect to the future care and disposition by the Contractor of Government-owned property remaining in its custody.

(6) All rights and liabilities of the parties under the Contract with respect to any contract termination inventory stored for the Government pursuant to Article 1 hereof.

(7) All rights and liabilities of the parties under the Contract with respect to any and all Government property furnished to the Contractor for the performance of this Contract.

(8) All rights and liabilities of the parties arising under the Contract, or otherwise, concerning defects in, or guarantees or warranties relating to, any articles or component parts furnished to the Government by the Contractor pursuant to the Contract or this Agreement.

(9) All rights and liabilities, if any, of the parties under those clauses inserted in the Contract because of the requirements of Acts of Congress and Executive Orders, including without limitation, any applicable clauses relating to the following topics: labor law, contingent fees, domestic articles, employment of aliens, "officials not to benefit." [If the Contract contains clauses of this character inserted for reasons other than requirements of Acts of Congress or Executive Orders, the suggested language should be appropriately modified.]

In witness whereof, etc.;

§ 407.712-2 Settlement Agreement for use in settling fixed-price prime contracts after partial termination.

This supplemental agreement of settlement, entered into this _____ day of _____ 19____ between the United States of America (hereinafter called "the Government") and _____ (hereinafter called "the Contractor"):

Whereas, the Contractor and the Government have entered into Contract No. _____ under date of _____ 19____ which, together with any and all amendments, changes, modifications, and supplements

thereto, is hereinafter referred to as "the Contract"; and

Whereas, the "Termination for Convenience of the Government" clause of the Contract provides that the performance of work under the Contract may at the convenience of the Government be terminated by the Government in whole, or from time to time in part, whenever the Contracting Officer shall determine that such termination is in the best interests of the Government, and that the Contractor and Contracting Officer may agree upon the whole or any part of the amount to be paid to the Contractor by reason of such termination; and

Whereas, by notice of termination dated _____ the Government advised the Contractor of the partial termination of the Contract for the convenience of the Government as of the date and to the extent provided in such Notice, to which reference is hereby made as to the part terminated, and said part is hereinafter referred to as "the terminated portion of the Contract"; and

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

The term "termination inventory" shall mean any items of physical property purchased, supplied, manufactured, furnished, or otherwise acquired for performance of the Contract which are properly allocable to the terminated portion of the Contract, but shall not include any facilities, machinery, materials, special tooling, or equipment which are subject to a separate contract or a special contract provision governing the use or disposition thereof. It includes "Contract termination inventory" which consists of all items of termination inventory properly allocable directly to the terminated portion of the Contract, and "subcontract termination inventory" which consists of all items of termination inventory properly allocable to the terminated portion of any subcontract under the Contract.

The term "subcontract" means any contract, agreement, or purchase order, and any preliminary contractual instrument, calling for the performance of any work, or for the making or furnishing of any material, required for the performance of the Contract. The term also includes any such contract, agreement, purchase order, or other instrument, placed under any one or more subcontracts as herein defined.

The term "scrap" shall mean any items of termination inventory which have no reasonable prospect of sale except for their basic material content.

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

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

ART. 2. a. The Contractor certifies that, prior to the execution of this Agreement, each of the Contractor's immediate subcontractors whose claim is included in the claim settled by this Agreement has furnished to the Contractor a certificate stating (i) that all its subcontract termination inventory (including scrap) has been retained or otherwise acquired by it, sold to third parties, returned to suppliers, stored for the Government, delivered to the Government, or otherwise properly accounted for, and all proceeds or retention prices thereof, if any, were taken into account in arriving at the settlement of the subcontract or subcontracts and (ii) that the subcontractor has received from each of the immediate subcontractors whose

claim was included in its claim a substantially similar certificate.

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

ART. 3. The Contractor certifies that, with respect to all items of termination inventory the costs of which were taken into account in arriving at the amount of this settlement, or in the settlement of any subcontract claim included in this settlement: (i) all such items are properly allocable to the terminated portion of the Contract; (ii) such items are not in excess of the reasonable quantitative requirements of the terminated portion of the Contract; (iii) such items do not include any items reasonably usable, without loss to the Contractor, on its other work; and (iv) the Contractor has informed the Contracting Officer of any substantial change in the status of such items between the dates of its termination inventory schedules and the date of this agreement.

ART. 4. In all cases where the Contractor has not previously made such payments, the Contractor shall, within ten days after receipt of the payment provided for hereunder, pay to each of its immediate subcontractors and suppliers (or to their respective assignees) the respective amounts to which they are entitled, after deducting, if the Contractor so elects, any amounts then due and payable to the Contractor by such subcontractors and suppliers.

ART. 5. Upon execution of this Agreement, the Government agrees to pay to the Contractor or its assignee, upon presentation of properly certified invoices or vouchers, the sum of \$_____ [insert net amount of settlement], arrived at by deducting from the sum of \$_____ [insert gross amount of settlement], (1) the amount of \$_____ representing all unliquidated partial or progress payments previously made on account to the Contractor or its assignee and all unliquidated advance payments (with interest, if any, thereon) applicable to the terminated portion of the Contract and (2) the amount of \$_____ representing all applicable property disposal credits. Said sum, together with all other sums heretofore paid, constitutes payment in full and complete settlement of the amount due the Contractor with respect to the terminated portion of the Contract, except as hereinafter provided in Article 6.

ART. 6. Upon payment of said sum of \$_____ [insert net amount of settlement], all obligations of the Contractor to perform further work or services or to make further deliveries under the terminated portion of the Contract and all obligations of the Government to make further payments or to carry out other undertakings in connection therewith shall cease; provided, however, that nothing herein contained shall impair or affect in any way any covenants, terms or conditions of the Contract relating to the completed or continued portion thereof; and provided further that, with respect to the terminated portion of the Contract, the following rights and liabilities of the parties are reserved:

[The following list of reserved or excepted rights and liabilities relating to the terminated portion of the Contract is intended to cover those which should most frequently be reserved, and which should in any event be scrutinized at the time a settlement agreement is signed. (See ASPR 8-519.3.) The suggested language of the enumerated excepted items on the list may be varied in the discretion of the Contracting Officer to cover more accurately the exceptions needed in a particular case. Where greater accu-

racy or completeness may be achieved by a reference to the number of the Contract clause or provision covering the matter in question, this method of enumerating reserved rights and liabilities may be followed. Omit any of the following which are not applicable and add any additional exceptions or reservations required.]

(1) All rights and liabilities, if any, of the parties under the Renegotiation Act of 1944 [insert reference to applicable Renegotiation Act].

(2) All rights of the Government to take the benefit of any adjustments of royalties under the Royalty Adjustment Act of 1942 (35 U. S. C. 89-96) and to take the benefit of agreements reducing or otherwise affecting royalties paid or payable in connection with the performance of the Contract.

(3) All rights and liabilities, if any, of the parties under those clauses inserted in the Contract because of the requirements of Acts of Congress and Executive Orders, including, without limitation, any applicable clauses relating to the following topics: labor law, contingent fees, domestic articles, employment of aliens, "officials not to benefit." [If the Contract contains clauses of this character inserted for reasons other than requirements of Acts of Congress or Executive Orders, the suggested language should be appropriately modified.]

(4) All rights and liabilities of the parties arising under the contract articles, if any, or otherwise which relate to reproduction rights, patent infringements, inventions, applications for patent and patents, including rights to assignments, invention reports and licenses, covenants of indemnity against patent risks and bonds for patent indemnity obligations, together with all rights and liabilities under any such bond.

(5) All rights and liabilities of the parties arising under the Contract, or otherwise, concerning defects in, or guarantees or warranties relating to, any articles or component parts furnished to the Government by the Contractor pursuant to the Contract or this Agreement.

(6) All rights and liabilities of the parties with respect to any contract termination inventory stored for the Government pursuant to Article 1 hereof.

In witness whereof, etc.:

§ 407.712-3 *Partial settlement agreement, for use in settling fixed-price prime contracts after complete or partial termination where settlement pertains only to settlements with subcontractors.*

This supplemental agreement of settlement, entered into this _____ day of _____, 19____ between the United States of America (hereinafter called "the Government") and _____ (hereinafter called "the Contractor"):

Whereas, the Contractor and the Government have entered into Contract No. _____ under date of _____, 19____ which, together with any and all amendments, changes, modifications, and supplements thereto, is hereinafter referred to as "the Contract"; and

Whereas, the "Termination for Convenience of the Government" clause of the Contract provides that the performance of work under the Contract may at the convenience of the Government be terminated by the Government in whole, or from time to time in part, whenever the Contracting Officer shall determine that such termination is in the best interests of the Government, and that the Contractor and Contracting Officer may agree upon the whole or any part of the amount to be paid to the Contractor by reason of such termination; and

Whereas, by notice of termination dated _____ the Government advised the Contractor of the [complete termination of the Contract for the convenience of

the Government;]* [partial termination of the Contract for the convenience of the Government as of the date and to the extent provided in such Notice, to which reference is hereby made as to the part terminated, and said part is hereinafter referred to as "the terminated portion of the Contract";]* and

Whereas, the Contractor, in connection with the performance of the Contract, has entered into the following subcontracts [among others]:** [Insert here a list of the terminated subcontracts included in this settlement], which subcontracts were terminated by the Contractor in accordance with the "Termination for Convenience" clause of the Contract and in accordance with the Notice of Termination received by it from the Government; and

Whereas, the parties desire to settle that portion of the termination claim of the Contractor which is based upon the termination of the subcontracts listed herein; and

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

The term "termination inventory" shall mean any items of physical property purchased, supplied, manufactured, furnished, or otherwise acquired for performance of the Contract which are properly allocable to the terminated portion of the Contract, but shall not include any facilities, machinery, material, special tooling, or equipment which are subject to a separate contract or a special contract provision governing the use or disposition thereof.

The term "subcontract termination inventory" shall mean all items of termination inventory which are properly allocable to the terminated portion of any subcontract under the Contract.

The term "subcontract" means any contract, agreement, or purchase order, and any preliminary contractual instrument, calling for the performance of any work, or for the making or furnishing of any material, required for the performance of the Contract. The term also includes any such contract, agreement, purchase order, or other instrument, placed under any one or more subcontracts as herein defined.

The term "scrap" shall mean any items of termination inventory which have no reasonable prospect of sale except for their basic material content.

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

ARTICLE 1. a. The Contractor certifies that, prior to the execution of this Agreement, each of the Contractor's immediate subcontractors whose claim is included in the claim settled by this Agreement has furnished to the Contractor a certificate stating (i) that all its subcontract termination inventory (including scrap), has been retained or otherwise acquired by it, sold to third parties, returned to suppliers, stored for the Government, delivered to the Government, or otherwise properly accounted for, and all proceeds or retention prices thereof, if any, were taken into account in arriving at the settlement of the subcontract or subcontracts and (ii) that the subcontractor has received from each of the immediate subcontractors whose claim was included in its claim a substantially similar certificate.

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

ART. 2. It is hereby agreed that all funds paid or to be paid hereunder to the

*Insert appropriate phrase.

**Insert where appropriate.

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

ART. 3. The Contractor certifies that, with respect to all items of subcontract termination inventory the costs of which were taken into account in arriving at the amount of this settlement, or in the settlement of any subcontract claim included in this settlement: (i) all such items are properly allocable to the terminated portion of the Contract; (ii) such items are not in excess of the reasonable quantitative requirements of the terminated portion of the Contract; (iii) such items do not include any items reasonably usable, without loss to the Contractor, on its other work; and (iv) the Contractor has informed the Contracting Officer of any substantial change in the status of such items between the dates of its termination inventory schedules and the date of this agreement.

ART. 4. Upon execution of this Agreement the Government agrees to pay to the Contractor or its assignee, upon presentation of properly certified invoices or vouchers, the sum of \$_____, which sum [together with the amount of \$_____ heretofore paid the Contractor as partial, progress or advance payments,]* constitutes payment in full and complete settlement, except as hereinafter provided in Article 5, of the amount due the Contractor with respect to that portion of its termination claim which is based upon termination of the subcontracts listed hereinabove. [The first sum to be inserted above should be the net amount of this partial settlement, arrived at by deducting from the gross amount of settlements with subject subcontractors as approved by the Contracting Officer the second amount to be inserted above, which is that portion of partial, progress, or advance payments liquidated by this Agreement.]

ART. 5. Notwithstanding any other provision of this Agreement, the following rights and liabilities of the parties under the Contract are hereby reserved:

[Insert here a list of the reserved or excepted rights and liabilities of the Government and the Contractor. (See ASPR 8-519.3.) Reference is made to instructions set forth in Article 6 of ASPR 8-712.1 and 8-712.2, and to the reserved or excepted rights and liabilities set forth in such sections, which may be used as appropriately modified to meet the requirements of any given settlement hereunder.]

In witness whereof, etc.

§ 407.712-4 *Settlement agreement for use in settling cost type prime contracts after complete termination where settlement includes costs.*

This supplemental agreement of settlement, entered into this _____ day of _____, 19____ between the United States

*Insert where appropriate.

of America (hereinafter called "the Government") and _____ (hereinafter called "the Contractor"):

Whereas, the Contractor and the Government have entered into Contract No. _____ under date of _____ 19____ which, together with any and all amendments, changes, modifications and supplements thereto, is hereinafter referred to as "the Contract"; and

Whereas, the "Termination" clause of the Contract provides that the performance of work under the Contract may at the convenience of the Government be terminated by the Government in whole, or from time to time in part, whenever the Contracting Officer shall determine that such termination is in the best interests of the Government, and that the Contractor and Contracting Officer may agree upon the whole or any part of the amount to be paid to the Contractor by reason of such termination; and

Whereas, by notice of termination dated _____ the Government advised the Contractor of the complete termination of the Contract for the convenience of the Government; and

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

The term "termination inventory" shall mean any items of physical property purchased, supplied, manufactured, furnished, or otherwise acquired for performance of the Contract which are properly allocable to the terminated portion of the Contract, but shall not include any facilities, machinery, material, special tooling, or equipment which are subject to a separate contract or a special contract provision governing the use or disposition thereof. It includes "Contract termination inventory" which consists of all items of termination inventory properly allocable directly to the terminated portion of the Contract, and "subcontract termination inventory" which consists of all items of termination inventory properly allocable to the terminated portion of any subcontract under the Contract.

The term "subcontract" means any contract, agreement, or purchase order, and any preliminary contractual instrument, calling for the performance of any work, or for the making or furnishing of any material, required for the performance of the Contract. The term also includes any such contract, agreement, purchase order, or other instrument, placed under any one or more subcontracts as herein defined.

The term "scrap" shall mean any items of termination inventory which have no reasonable prospect of sale except for their basic material content.

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

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

ART. 2. a. The Contractor certifies that, prior to the execution of this Agreement, each of the Contractor's immediate subcontractors whose claim is included in the claim settled by this Agreement has furnished to the Contractor a certificate stating (1) that all of its subcontract termination inventory (including scrap), has been retained or otherwise acquired by it, sold to third parties, returned to suppliers, stored for the Government, delivered to the Government, or otherwise properly accounted for, and all proceeds or retention prices thereof, if any, were taken into account in arriving at the settlement of the subcontract or subcontracts and (2) that the subcontractor has received from each of the immediate subcontractors whose claim was included in its claim a substantially similar certificate.

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

ART. 3. The Contractor certifies that, with respect to all items of termination inventory the costs of which were taken into account in arriving at the amount of this settlement, or in the settlement of any subcontract claim included in this settlement: (i) all such items are properly allocable to the terminated portion of the Contract; (ii) such items are not in excess of the reasonable quantitative requirements of the terminated portion of the Contract; (iii) such items do not include any items reasonably usable, without loss to the Contractor, on its other work; and (iv) the Contractor has informed the Contracting Officer of any substantial change in the status of such items between the dates of its termination inventory schedules and the date of this agreement.

ART. 4. It is hereby agreed that all funds paid or to be paid hereunder to the Contractor for the benefit of subcontractors or suppliers shall be held in trust by the Contractor for the benefit of such subcontractors or suppliers until such time as payment of such funds to the respective subcontractors or suppliers in accomplished or until refund by the Contractor to the Government as hereinafter provided. In all cases where the Contractor has not previously made such payments, the Contractor shall, within ten (10) days after receipt of the payment provided for hereunder, pay to each of its immediate subcontractors and suppliers (or to their respective assignees) the respective amounts to which they are entitled, after deducting, if the Contractor so elects, any amounts then due and payable to the Contractor by such subcontractors and suppliers. If the Contractor fails to make any such payment within ten (10) days, the Contractor will, upon request, return to the Government the amount so payable to such immediate subcontractors and suppliers, less any amount then due and payable to the Contractor by them.

ART. 5. a. The Contractor has received the sum of \$_____ on account of work and services performed, or articles delivered, under the Contract prior to the effective date of termination. The Government as part of this negotiated settlement hereby confirms and acknowledges the right of the Contractor, subject to the provisions of Article 6 hereof, to retain such sum heretofore paid and agrees that such sum constitutes a portion of the total amount to which the Contractor is entitled in complete and final settlement of the Contract.

b. In addition, upon execution of this Agreement the Government agrees to pay to the Contractor or its assignee, upon presentation of properly certified invoices or vouchers, the sum of \$_____ [insert net amount of settlement], arrived at by deducting from the sum of \$_____ [insert gross amount of settlement less amount set forth in Article 5a above], (1) the amount of \$_____ representing all unliquidated partial or progress payments previously made on account to the Contractor or its assignee and all unliquidated advance payments (with interest, if any, thereon), and (2) the amount of \$_____ representing all applicable property disposal credits [and (3) the amount of \$_____ representing all other amounts due the Government under this contract except as hereinafter provided in Article 6].* Said sum, together with all

*To be inserted where appropriate.

other sums heretofore paid, constitutes payment in full and complete settlement of the amount due the Contractor by reason of the complete termination of work under the Contract and of all other claims and liabilities of the Contractor and the Government under the Contract, except as hereinafter provided in Article 6.

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

[The following list of reserved or excepted rights and liabilities is intended to cover those which should most frequently be reserved, and which should in any event be scrutinized at the time a settlement agreement is signed. (See ASPR 8-519.3.) The suggested language of the enumerated excepted items on the list may be varied in the discretion of the Contracting Officer to cover more accurately the exceptions needed in a particular case. Where greater accuracy or completeness may be achieved by a reference to the number of the Contract Clause or provision covering the matter in question, this method of enumerating reserved rights and liabilities may be followed. Omit any of the following which are not applicable and add any additional exceptions or reservations required.]

(1) Claims by the Contractor against the Government for items of cost which are the subject of General Accounting Office exceptions (or other items of cost of the same nature), which are excluded from the settlement without prejudice to the rights of either party, as follows: [Insert the amounts and describe the claims not waived by Contractor.]

(2) Claims by the Contractor against the Government, as to which his right of reimbursement is disputed, which are excluded without prejudice to the rights of either party as follows: [Insert the amounts and describe the claims with respect to which findings have been made by the Contracting Officer disallowing the item and with respect to which the Contractor has taken, or intends to take, timely appeal.]

(3) Claims by the Contractor against the Government which are unknown in amount and which involve costs claimed to be reimbursable under the Contract, as follows: [Insert the estimated amounts and describe the claims.]

(4) Claims by the Contractor against the Government whose existence is unknown, based upon responsibility of the Contractor to third parties and which involve costs reimbursable under the Contract.

(5) Claims by the Government against the Contractor which are based upon refunds, rebates, credits, or other accounts not now known to the Government, together with interest thereon, now due or which may become due the Contractor from third parties to the extent that such amounts arise out of transactions for which reimbursement has been made to the Contractor under the Contract. Any such amounts which may hereafter become due to the Contractor from any third party or other source shall be paid to the Government within 30 days after receipt by the Contractor. Interest at 6 percent per annum shall accrue and shall be paid to the Government on any such amounts as remain unpaid after the 30-day period.

(6) All rights and liabilities, if any, of the parties under the Renegotiation Act of 19... [Insert reference to applicable Renegotiation Act].

(7) All rights and liabilities of the parties arising under the Contract articles, if any, or otherwise which relate to reproduction rights, patent infringements, inventions, applications for patent and patents, including rights to assignments, invention reports and licenses, covenants of indemnity against patent risks and bonds for patent indemnity obligations, together with all rights and liabilities under any such bond.

(8) All rights of the Government to take the benefit of any adjustments of royalties under the Royalty Adjustment Act of 1942 (35 U. S. C. 89-96) and to take the benefit of agreements reducing or otherwise affecting royalties paid or payable in connection with the performance of the Contract.

(9) All rights and liabilities of the parties under the Contract relating to options (except options to continue or increase the work under the Contract), covenants not to compete, covenants of indemnity.

(10) All rights and liabilities of the parties under agreements with respect to the future care and disposition by the Contractor of Government-owned property remaining in its custody.

(11) All rights and liabilities of the parties under the Contract with respect to any contract termination inventory stored for the Government pursuant to Article 1 hereof.

(12) All rights and liabilities of the parties under the Contract with respect to any and all Government property, furnished to or acquired by the Contractor for the performance of this Contract.

(13) All rights and liabilities of the parties arising under the Contract, or otherwise, concerning defects in, or guarantees or warranties relating to, any articles or component parts furnished to the Government by the Contractor pursuant to the Contract or this Agreement.

(14) All rights and liabilities, if any, of the parties under those clauses inserted in the Contract because of the requirements of Acts of Congress and Executive Orders, including, without limitation, any applicable clauses relating to the following topics: labor law, contingent fees, domestic articles, employment of aliens, "officials not to benefit." [If the Contract contains clauses of this character inserted for reasons other than requirements of Acts of Congress or Executive Orders, the suggested language should be appropriately modified.]

In witness whereof, etc.

§ 407.712-5 Settlement agreement for use in settling cost type prime contracts after complete termination where settlement is limited to fixed-fee.

This supplemental agreement of settlement, entered into this _____ day of _____, 19____, between the United States of America (hereinafter called "the Government") and _____ (hereinafter called "the Contractor"):

Whereas, the Contractor and the Government have entered into Contract No. _____ under date of _____ 19____ which, together with any and all amendments, changes, modifications, and supplements thereto, is hereinafter referred to as "the Contract"; and

Whereas, the "Termination" clause of the Contract provides that the performance of work under the Contract may at the convenience of the Government be terminated by the Government in whole, or from time to time in part, whenever the Contracting Officer shall determine that such termination is in the best interests of the Government, and that the Contractor and Contracting Officer may agree upon the whole or any part of the amount to be paid to the Contractor by reason of such termination; and

Whereas, by notice of termination dated _____ the Government advised the Contractor of the complete termination of the Contract for the convenience of the Government; and

Whereas, settlement of said terminated contract has been limited to adjustment of the fixed-fee.

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

ARTICLE 1. a. The contractor has received the sum of \$_____ on account of its fixed-fee under the Contract prior to the effective date of termination.

b. In addition, upon execution of this Agreement, the Government agrees to pay to the Contractor or its assignee, upon presentation of properly certified invoices or vouchers, the sum of \$_____ [Insert net amount to be paid on account of fixed-fee]. Said sum, together with all other sums heretofore paid on account of fixed-fee, constitutes payment in full and complete settlement of the amount due the Contractor on account of its fixed-fee under the contract.

ART. 2. The Contractor's allowable costs under the contract will continue to be reimbursed on Form 1034 cost vouchers in accordance with the applicable provisions of the contract and of Section VIII of the Armed Services Procurement Regulation.

ART. 3. Notwithstanding any other provision of this Agreement the following rights and liabilities of the parties under the Contract are hereby reserved:

[The following list of reserved or excepted rights and liabilities is intended to cover those which should most frequently be reserved, and which should in any event be scrutinized at the time a settlement agreement is signed. (See ASPR 8-519.3) The suggested language of the enumerated excepted items on the list may be varied in the discretion of the Contracting Officer to cover more accurately the exceptions needed in a particular case. Where greater accuracy or completeness may be achieved by a reference to the number of the Contract clause or provision covering the matter in question, this method of enumerating reserved rights and liabilities may be followed. Omit any of the following which are not applicable and add any additional exceptions or reservations required.]

(1) All rights and liabilities, if any, of the parties under the Renegotiation Act of 19____ [Insert reference to applicable Renegotiation Act].

(2) All rights and liabilities of the parties arising under the Contract articles, if any, or otherwise which relate to reproduction rights, patent infringement, inventions, applications for patent and patents, including rights to assignments, invention reports and licenses, covenants of indemnity against patent risks and bonds for patent indemnity obligations, together with all rights and liabilities under any such bond.

(3) All rights of the Government to take the benefit of any adjustments of royalties under the Royalty Adjustment Act of 1942 (35 U. S. C. 89-96) and to take the benefit of agreements reducing or otherwise affecting royalties paid or payable in connection with performance of the Contract.

(4) All rights and liabilities of the parties under the Contract relating to options (except options to continue or increase the work under the Contract), covenants not to compete, covenants of indemnity.

(5) All rights and liabilities of the parties under agreements with respect to the future care and disposition by the Contractor of Government-owned property remaining in its custody.

(6) All rights and liabilities of the parties under the Contract with respect to any and all Government property, furnished to or acquired by the Contractor for the performance of this Contract.

(7) All rights and liabilities of the parties arising under the Contract, or otherwise, concerning defects in, or guarantees or warranties relating to, any articles or component parts furnished to the Government by the Contractor pursuant to the Contract or this Agreement.

(8) All rights and liabilities, if any, of the parties under those clauses inserted in the Contract because of the requirements of Acts of Congress and Executive Orders, including, without limitation, any applicable clauses relating to the following topics: labor law, contingent fees, domestic articles, employment of aliens, "officials not to benefit." [If the Contract contains clauses of

this character inserted for reasons other than requirements of Acts of Congress or Executive Orders, the suggested language should be appropriately modified.]

In witness whereof, etc.

§ 407.712-6 No cost settlement agreement; partial termination.

This supplemental settlement agreement, entered into by the United States of America (hereinafter called "the Government"), represented by the Contracting Officer executing this contract, and the contractor named above (hereinafter called "the Contractor"),

Witnesseth that:

Whereas, the Contractor and the Government have entered into the Government prime contract described above, which contract, together with any and all amendments, changes, and supplements thereto, is hereinafter referred to as "the Contract," and

Whereas, by the Notice of Termination described above the Government advised the Contractor of the partial termination of the Contract for the convenience or at the option of the Government as of the date and to the extent provided in such Notice, to which reference is hereby made as to the part terminated, and said part is hereinafter referred to as "the terminated portion of the Contract"; and

Whereas, the Contractor provides that the performance of work thereunder may at the convenience or option of the Government be terminated by the Government in whole, or from time to time in part, whenever any such termination is determined to be for the best interest of the Government, and that the Contractor and Contracting Officer may agree upon the whole or any part of the amount or amounts to be paid to the Contractor by reason of such termination; and

Whereas, the Contractor is willing to waive unconditionally any claim against the Government by reason of such termination;

Now, therefore, the parties hereto agree as follows:

ARTICLE 1. The Contractor hereby unconditionally waives any claim against the Government arising under the terminated portion of the Contract or by reason of its termination including, without limitation, all obligations of the Government to make further payments or to carry out other undertakings in connection with said terminated portion, and the Government acknowledges that the Contractor has no obligation to perform further work or services or to make further deliveries of articles or materials under the terminated portion of the Contract; provided, however, that nothing herein contained shall impair or affect in any way any other covenants, terms, or conditions of the Contract. And provided further that, with respect to the terminated portion of the Contract, the following rights and liabilities of the parties are reserved:

(List reserved or excepted rights and liabilities; see paragraph 8-519.3 and Article 6 of 8-712.2.)

In witness whereof, etc.

§ 407.712-7 No cost settlement agreement; complete termination.

This supplemental settlement agreement, entered into by the United States of America (hereinafter called "the Government"), represented by the Contracting Officer executing this contract, and the contractor named above (hereinafter called "the Contractor"),

Witnesseth that:

Whereas, the Contractor and the Government have entered into the Government prime contract described above, which contract, together with any and all amendments, changes, and supplements thereto, is hereinafter referred to as "the Contract," and

Whereas, the Contract provides that the performance of work thereunder may at the convenience or option of the Government be terminated by the Government in whole, or from time to time in part, whenever any such termination is determined to be for the best interest of the Government, and that the Contractor and Contracting Officer may agree upon the whole or any part of the amount or amounts to be paid to the Contractor by reason of such termination; and

Whereas, by the Notice of Termination described above the Government advised the Contractor of the termination of the Contract for the convenience or at the option of the Government; and

Whereas, the Contractor is willing to waive unconditionally any claim against the Government by reason of such termination;

Now, therefore, the parties hereto agree as follows:

ARTICLE 1. The Contractor hereby unconditionally waives any claim against the Government by reason of the termination of the Contract and, except as set forth below, releases it from any and all obligations arising under the Contract or by reason of its termination, and the Government agrees that all obligations arising under the Contract or by reason of its termination, shall be deemed to be concluded; except as follows:

(List reserved or excepted rights and liabilities; see paragraph 8-519.3 and Article 6 of 8-712.1).

In witness whereof, etc.

[F. R. Doc. 52-1742; Filed, Feb. 27, 1952; 8:45 a. m.]

TITLE 8—ALIENS AND NATIONALITY

Chapter I—Immigration and Naturalization Service, Department of Justice

Subchapter B—Immigration Regulations

PART 151—DEPORTATION PROCEEDINGS: HEARING AND ADJUDICATION

ASSIGNMENT OF ADDITIONAL OFFICER

FEBRUARY 1, 1952.

Paragraph (f) of § 151.2 *Conduct of hearing*, Chapter I, Title 8 of the Code of Federal Regulations, is hereby amended to read as follows:

(f) *Assignment of examining officer in addition to hearing officer; duties.* An additional officer shall be assigned by the officer in charge of the district in which the case is pending in any case in which the warrant of arrest contains a charge, or an additional charge is to be lodged during the course of the hearing, that the alien is subject to deportation under (1) the act of October 16, 1918, as amended (40 Stat. 1012, 41 Stat. 1008, 54 Stat. 673, Pub. Law 831, 81st Cong.; 8 U. S. C. 137); (2) so much of section 19 of the Immigration Act of 1917, as amended (39 Stat. 889-890, 54 Stat. 671-673, 56 Stat. 1044; 8 U. S. C. 155) as relates to anarchists and subversives; or in any other case in the discretion of the officer in charge of the district. If such assignment is made prior to the commencement of the hearing, such assigned officer shall act at the hearing as the "examining officer." If such assignment is made after the commencement of the hearing, the hearing shall continue with such assigned officer acting as

the "examining officer" and another hearing officer presiding instead of the original hearing officer. In no instance shall a hearing officer be assigned as the "examining officer." The "examining officer" shall, in such a case, conduct the interrogation of the alien and of the witnesses on behalf of the Government, and the examination or cross-examination of the alien's witnesses, present all available evidence bearing upon the alien's liability to deportation, lodge such additional charges as he may find to be applicable, and, if the alien has applied for relief from deportation, inquire thoroughly into the alien's statutory eligibility for such relief. The hearing officer in such cases shall exercise all his regular functions not herein assigned to the examining officer, and he may, in addition, take such part in the interrogation of the alien and witnesses as he may deem necessary to assure that a full and proper hearing is held.

This order shall become effective on the date of its publication in the FEDERAL REGISTER. Compliance with the provisions of section 4 of the Administrative Procedure Act (60 Stat. 238; 5 U. S. C. 1003) relative to notice of proposed rule making and delayed effective date is impracticable and contrary to the public interest in this instance, since such compliance would unduly delay and impede the administration and enforcement of the immigration laws.

(Sec. 23, 39 Stat. 892, sec. 24, 43 Stat. 166, sec. 37, 54 Stat. 675; 8 U. S. C. 102, 222, 458)

ARGYLE R. MACKEY,
Commissioner,
Immigration and Naturalization.

Approved: February 21, 1952.

J. HOWARD McGRATH,
Attorney General.

[F. R. Doc. 52-2338; Filed, Feb. 28, 1952; 8:53 a. m.]

TITLE 9—ANIMALS AND ANIMAL PRODUCTS

Chapter I—Bureau of Animal Industry, Department of Agriculture

[B. A. I. Order 373, Amdt. 3]

PART 94—RINDERPEST, FOOT-AND-MOUTH DISEASE, FOWL PEST (FOWL PLAGUE), AND NEWCASTLE DISEASE (AVIAN PNEUMOENCEPHALITIS): PROHIBITED AND RESTRICTED IMPORTATIONS

CANADA; DESIGNATION OF COUNTRIES WHERE RINDERPEST OR FOOT-AND-MOUTH DISEASE EXISTS; IMPORTATIONS PROHIBITED

Pursuant to the authority vested in the Secretary of Agriculture by section 306 of the Tariff Act of 1930 (Sec. 306, 46 Stat. 689, 19 U. S. C. 1306) and by section 2 of the act of February 2, 1903, as amended (sec. 2, 32 Stat. 792, as amended, 21 U. S. C. 111), § 94.1 of the regulations relating to prohibitions and restrictions upon importations of certain animals and products because of rinderpest, foot-and-mouth disease, fowl pest (fowl plague), and Newcastle disease (avian pneumoencephalitis) (9 CFR, 1950 Supp. 94.1), is hereby amended by inserting the word "Canada" before the

word "Mexico" in the first sentence thereof.

The above action is taken because the Secretary of Agriculture has determined that foot-and-mouth disease now exists in Canada and so notified the Secretary of the Treasury. The primary effect of the amendment is to prohibit the importation of cattle, sheep, other domestic ruminants and swine, and fresh, chilled, or frozen beef, veal, mutton, lamb, and pork from Canada, and to prohibit or restrict the importation of meat and meat products of wild ruminants and swine, and certain other meats and products.

The protection of the livestock interests of the United States demands that this amendment be made effective at the earliest possible moment. Accordingly, pursuant to section 4 of the Administrative Procedure Act (5 U. S. C. 1003), it is found upon good cause that notice and public procedure concerning this amendment are impracticable and contrary to the public interest, and good cause is found, under the said section 4, for making the amendment effective less than 30 days after publication in the FEDERAL REGISTER. Such notice and hearing are not required by any other statute.

This amendment shall become effective immediately.

(Sec. 2, 32 Stat. 792, as amended, sec. 307, 46 Stat. 699; 19 U. S. C. 1306, 21 U. S. C. 111)

Done at Washington, D. C., this 26th day of February 1952.

[SEAL] C. J. McCORMICK,
Acting Secretary of Agriculture.

[F. R. Doc. 52-2352; Filed, Feb. 28, 1952; 8:53 a. m.]

TITLE 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket 5743]

PART 3—DIGEST OF CEASE AND DESIST ORDERS

KOKEN COMPANIES, INC.

Subpart—*Advertising falsely or misleadingly: § 3.170 Qualities or properties of product or service.* In connection with the offering for sale, sale, or distribution of respondent's product designated "Vanish," or any product of substantially similar composition or possessing substantially similar properties, whether sold under the same name or any other name, disseminating, etc., any advertisements by means of the United States mails, or in commerce, or by any means to induce, etc., directly or indirectly, the purchase in commerce, etc., of said product, which advertisements represent, directly or by implication, (a) that said product is a cure or remedy for dandruff; or that it has any beneficial effect in the treatment of dandruff other than facilitating the removal of loose dandruff scales; or (b) that said product has any therapeutic effect in the treatment of any scalp disorder, or that it promotes the health of the scalp or hair; prohibited.

(Sec. 6, 38 Stat. 722; 15 U. S. C. 46. Interprets or applies sec. 5, 38 Stat. 719, as

amended; 15 U. S. C. 45) [Cease and desist order, Koken Companies, Inc., Docket 5743, December 20, 1951]

This proceeding was heard by William L. Pack, trial examiner, upon the complaint of the Commission, respondent's answer, and hearings at which testimony and other evidence, duly recorded and filed in the office of the Commission, in support of and in opposition to the allegations of the complaint, were introduced before said trial examiner, theretofore duly designated by the Commission.

Thereafter the proceeding regularly came on for final consideration by said trial examiner, on the complaint, the answer thereto, testimony and other evidence, and said trial examiner, having duly considered the record in the matter and having found that the proceeding was in the interest of the public, made his initial decision, comprising certain findings as to the facts, conclusion drawn therefrom, and order to cease and desist.

Thereafter the matter was disposed of by the Commission's "order denying respondent's appeal from initial decision of the hearing examiner, decision of the Commission and order to file report of compliance," Docket 5743, December 20, 1951, as follows:

This matter came on to be heard by the Commission upon the respondent's appeal from the hearing examiner's initial decision herein and brief in opposition thereto filed by counsel in support of the complaint (oral argument not having been requested).

The facts in this matter are as follows: Respondent manufactures and sells in commerce a drug preparation designated as "Vanish." In connection with the sale of this preparation, respondent has disseminated in commerce advertisements which represented that this preparation would prevent and cure dandruff and unhealthy scalp conditions. In fact, this preparation has no beneficial effect in the treatment of dandruff other than facilitating the removal of loose dandruff scales, has no therapeutic effect in the treatment of any scalp disorder and does not promote the health of the scalp or hair. Upon this record, the hearing examiner issued an initial decision in which he found that respondent had disseminated false advertisements in violation of the Federal Trade Commission Act and ordered respondent to cease and desist from such dissemination in connection with its " * * * product designated 'Vanish,' or any product of substantially similar composition or possessing substantially similar properties, whether sold under the same name or any other name, * * * " From this initial decision, respondent made its appeal now being considered.

The grounds relied upon in support of this appeal are (1) that respondent, pursuant to an agreement to cease and desist, discontinued the dissemination of all false advertisements, and (2) that the order, by relating to advertisements of any product possessing substantially similar properties, could prohibit respondent

from truthfully advertising other products and, therefore, is not warranted by the Federal Trade Commission Act.

The record shows that in 1948 respondent entered into with the Commission an agreement to cease and desist from disseminating advertisements containing the representations alleged to be false in the complaint herein. Since the time of the said stipulation, respondent, in connection with the sale of said preparation, has disseminated in commerce the following advertisement:

Guaranteed?

Vanish for Dandruff

Vanish for dandruff is unconditionally guaranteed, but users write us they want to be guaranteed Vanish is always available. Profitable Vanish dandruff treatments in the shop increase sales of the retail bottle.

After advising respondent that the new advertising was not in compliance with respondent's agreement to cease and desist, and upon respondent's continued use of this advertisement, the Commission issued its complaint in this proceeding alleging that respondent was disseminating false advertisements in violation of the Federal Trade Commission Act. The advertisements referred to in the complaint included those disseminated by respondent prior to its agreement to cease and desist.

The Commission is of the opinion that the facts of record show that respondent has violated its agreement to cease and desist by the dissemination of the above-quoted advertisement. Although some of the phrases in this advertisement are vague and obscure in their meaning, taken in its entirety this advertisement has the effect of representing that respondent's preparation is an effective treatment for the causes of dandruff. This violation of the stipulation was continued even after it was brought to the attention of the respondent by the Commission. Furthermore, this record does not contain any assurance by respondent or any of its officials that they do not intend to continue to so advertise. Under these circumstances the Commission is of the opinion that the public interest requires that respondent be ordered to cease and desist from the dissemination of false advertisements in the form of order contained in the hearing examiner's initial decision.

The Commission is of the further opinion that the order in this matter properly applies to advertisements relating not only to this preparation but also to any other of respondent's products of substantially similar composition or possessing substantially similar properties. The Commission's power to prevent unfair and deceptive acts and practices is not limited to prohibiting only repetition of the identical acts found to be illegal. The purpose of an order to cease and desist is to prevent unfair and deceptive acts and practices, the threat of which in the future is indicated because of their similarity or relation to those unlawful acts found to have been committed by the respondent in the past. If respondent should decide in the future to market a preparation of substantially

similar composition or possessing substantially similar properties which could truthfully be represented in any respect prohibited by this order to cease and desist, respondent may at that time petition the Commission to modify this order to permit such truthful representations.

The Commission, therefore, being of the opinion that the respondent's appeal is without merit and that the hearing examiner's initial decision is appropriate in all respects to dispose of this proceeding:

It is ordered, That the respondent's appeal from the hearing examiner's initial decision be, and it hereby is, denied.

It is further ordered, That the initial decision of the hearing examiner shall on the 20th day of December 1951, become the decision of the Commission.

It is further ordered, That the respondent Koken Companies, Inc., shall, within sixty (60) days after service upon it of this order, file with the Commission a report in writing setting forth in detail the manner and form in which it has complied with the attached order to cease and desist.

The order to cease and desist in said initial decision, thus affirmed and adopted, is as follows:

It is ordered, That the respondent, Koken Companies, Inc., a corporation, and its officers, representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale, or distribution of respondent's product designated "Vanish," or any product of substantially similar composition or possessing substantially similar properties, whether sold under the same name or any other name, do forthwith cease and desist from directly or indirectly:

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

(a) That said product is a cure or remedy for dandruff; or that it has any beneficial effect in the treatment of dandruff other than facilitating the removal of loose dandruff scales.

(b) That said product has any therapeutic effect in the treatment of any scalp disorder, or that it promotes the health of the scalp or hair.

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

Issued: December 20, 1951.

By the Commission.

[SEAL] WM. P. GLENDENING, JR.,
Acting Secretary.

[F. R. Doc. 52-2320; Filed, Feb. 28, 1952;
8:50 a. m.]

TITLE 21—FOOD AND DRUGS**Chapter I—Food and Drug Administration, Federal Security Agency****PART 144—CERTIFICATION OF BATCHES OF DRUGS COMPOSED WHOLLY OF PARTLY OF INSULIN****MISCELLANEOUS AMENDMENTS**

By virtue of the authority vested in the Federal Security Administrator by the provisions of the Federal Food, Drug, and Cosmetic Act (sec. 506, 55 Stat. 851; 21 U. S. C. 356), the regulations for the certification of batches of drug composed wholly or partly of insulin (21 CFR, 1950 Supp., 144) are amended as set forth below:

1a. Section 144.6 (c) is amended to read as follows:

§ 144.6 Labeling. * * *

(c) If the batch contains 40, 80, or 100 U. S. P. units of insulin per cubic centimeter, on the circular or other labeling of the retail package:

b. Section 144.6 (d) is amended to read as follows:

(d) On the circular or other labeling of the retail package, if the batch is insulin U. S. P. (in addition to the information required by paragraphs (a), (b), and (c) or (h) of this section), a caution against use if the drug has become viscous or if its color has become other than water clear.

c. Section 144.6 is amended by adding the following new paragraphs:

(g) If the batch contains 500 U. S. P. Units of insulin per cubic centimeter, on the outside container or wrapper and the immediate container of the retail package:

(1) The statement "Caution: Federal law prohibits dispensing without prescription"; and

(2) The statement "Warning—High potency—Not for ordinary use."

(h) If the batch contains 500 U. S. P. Units of insulin per cubic centimeter, on the circular or other labeling of the retail package:

(1) Information adequate for the safe and effective use of the drug, by practitioners licensed by law to administer it, in insulin shock therapy and for the treatment of diabetic patients with high insulin resistance (daily requirements more than 200 units);

(2) A prominently placed and conspicuous statement: "Warning—This insulin preparation contains 500 units of insulin in each cubic centimeter. Extreme caution must be observed in measurement of dosage because inadvertent overdose may result in irreversible insulin shock. Serious consequences may result if it is used other than under constant medical supervision";

(3) A caution against intravenous use; and

(4) A caution against use after the expiration date shown on the outside wrapper or container.

2. In § 144.7 *Distinguishing colors on packages*, paragraph (a) is amended by

inserting after "Orange, if it contains 100 U. S. P. Units of insulin per cubic centimeter;" the statement:

Narrow (at least 5 but not more than 20 to each inch) brown and white diagonal stripes, if it contains 500 U. S. P. Units of insulin per cubic centimeter.

These amendments provide for special labeling requirements to permit the certification of a new insulin preparation containing 500 U. S. P. Units of insulin per cubic centimeter. This preparation has been found to be safe and effective when used as provided in the prescribed labeling. Suitable standards of identity, strength, quality, and purity are set forth in an official compendium. The special labeling requirements have been drawn in collaboration with the affected industry. Therefore, notice and public proceedings are not necessary prerequisites to the promulgation of this order and would cause a delay in its promulgation, contrary to the public interest, and I so find.

This order, which provides for the certification of a new insulin product, shall become effective upon publication in the FEDERAL REGISTER, since both the public and the affected industry will benefit by the earliest effective date, and I so find.

(Sec. 701, 52 Stat. 1055; 21 U. S. C. 371. Interprets or applies sec. 506, 55 Stat. 851; 21 U. S. C. 356)

Dated: February 25, 1952.

[SEAL] JOHN L. THURSTON,
Acting Administrator.

[F. R. Doc. 52-2335; Filed, Feb. 28, 1952;
8:52 a. m.]

TITLE 31—MONEY AND FINANCE: TREASURY**Chapter I—Monetary Offices, Department of the Treasury****PART 102—INSTRUCTIONS RELATING TO REPORTS OF CURRENCY TRANSACTIONS****REVISION**

FEBRUARY 21, 1952.

Pursuant to section 5 (b) of the act of October 6, 1917 (40 Stat. 415), as amended, and other authority vested in me by law, the following amended instructions are prescribed:

- Sec.
102.1 Reports of currency transactions required.
102.2 Filing of reports.
102.3 Identification required.
102.4 Definitions.

AUTHORITY: §§ 102.1 to 102.4 issued under R. S. 251, sec. 5 (b), 40 Stat. 415, as amended; 31 U. S. C. 427, 12 U. S. C. 95a and note. E. O. 8389, April 10, 1940, as amended by E. O.'s 8405, 8446, 8484, 8493, 8565, 8701, 8711, 8721, 8746, 8785, 8832, 8963, 8998, 9760, 3 CFR, 1943 Cum. Supp., 1946 Supp. E. O.'s 9193, July 6, 1942, as amended by E. O.'s 9567, 9788, 3 CFR, 1943 Cum. Supp., 1945 Supp., 1946 Supp.

§ 102.1. *Reports of currency transactions required.* Commencing with transactions occurring in the month of March 1952, every financial institution in the United States shall file monthly reports

on Form TCR-1 concerning each deposit or withdrawal, or other payment or transfer, effected by, through, or to such financial institution, which involves transactions in United States currency as follows:

(a) Transactions involving \$2,500 or more of United States currency in denominations of \$100 or higher;

(b) Transactions involving \$10,000 or more of United States currency in any denominations, and

(c) Transactions involving any amount in any denominations, which in the judgment of the financial institution exceed those commensurate with the customary conduct of the business, industry or profession of the person or organization concerned.

§ 102.2 *Filing of reports.* Reports on Form TCR-1 shall be filed in duplicate on or before the 15th day of the month following that in which the reported transactions occur, with the Federal Reserve Bank of the district in which the reporting financial institution is located. All information called for in such form shall be furnished.

§ 102.3 *Identification required.* No financial institution shall effect any transaction with respect to which a report is required unless the person or organizations with whom such transaction is to be effected has been satisfactorily identified.

§ 102.4 *Definitions.* As used in this part "payment or transfer" shall include exchange of currency; and "financial institutions" shall mean banks, trust companies, savings banks, private bankers, investment bankers, building and loan associations, securities and commodities brokers, and currency exchanges and other persons or organizations engaged primarily in cashing checks and exchanging currency.

JOHN W. SNYDER,
Secretary of the Treasury.

[F. R. Doc. 52-2285; Filed, Feb. 28, 1952;
8:45 a. m.]

TITLE 32A—NATIONAL DEFENSE, APPENDIX**Chapter III—Office of Price Stabilization, Economic Stabilization Agency**

[Ceiling Price Regulation 89, Amendment 1]

CPR 89—INDUSTRIAL MOLASSES**PRICE DIFFERENTIALS FOR SALE IN LESS THAN CARLOAD LOTS**

Pursuant to the Defense Production Act of 1950, as amended, (Pub. Law 774, 81st Cong., Pub. Law 96, 82d Cong.), Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2 (16 F. R. 738), this amendment 1 to Ceiling Price Regulation 89 is hereby issued.

STATEMENT OF CONSIDERATIONS

This amendment to Ceiling Price Regulation (CPR) 89 allows producers and distributors of industrial molasses to charge price differentials between sales of industrial molasses in tank car lots

and sales in less than tank car lots. In addition it provides a price for sales in Hawaii on the basis of a ton of at least 42° Baume.

Ceiling Price Regulation 89 established ceiling prices for producers' and distributors' sales of industrial molasses on the basis of vessel or tank car lot sales. It also allowed distributors price differentials of 4 cents a gallon or \$6.84 a ton for sales in less than tank car or tank truck lots and provided that under certain conditions producers could sell at distributor prices.

One of these conditions was that a producer, to be eligible for a distributor's ceiling price, must have made at least 25 percent of his sales as a distributor during the year ending June 30, 1950. Many producers have been unable to avail themselves of distributor prices on sales in less than tank car lots due to their customarily small volume of distributor-type sales. Prior to the issuance of CPR 89, these producers made sales to distributors in less than tank car lots and received a small differential to cover the additional cost of filling tank trucks or drums for the distributor. Accordingly, this amendment allows those producers who made sales in less than tank car lots during the year ending December 31, 1950 to add to their ceiling prices for sales in at least tank car lots an amount which represents the customary dollars-and-cents differential charged by them during that year for such sales, but not in excess of 4 cents per gallon or \$6.84 per ton, the differential provided for distributors.

The amendment also allows distributors to charge differentials between sales made in tank car lots and those made from tank trucks. Since the issuance of CPR 89, it has been ascertained that it is customary to charge higher prices for molasses sold in bulk from tank trucks than for molasses sold in tank car lots. Tank truck distribution is generally from tank trucks to several buyers, the molasses being pumped into storage tanks of the different buyers in the manner of a gasoline truck distributing gasoline to filling station owners. Therefore, this amendment allows distributors who, during the year ending December 31, 1950, customarily charged higher prices for tank truck sales than for tank car lot sales to continue, within limits, their customary price differentials charged during that year.

It has been called to the attention of the Director that sales for feeding livestock in Hawaii have been on the basis of a 42° Baume molasses. In order to relieve Hawaiian sellers of the burden of making unnecessary calculations, this amendment fixes prices for these sales in the terms customary in Hawaii.

FINDINGS OF THE DIRECTOR

In formulating this amendment the Director of Price Stabilization has consulted with interested members of the industry to the extent practicable and has given full consideration to their recommendations. In his judgment the provisions of this amendment are generally fair and equitable and necessary

to effectuate the purposes of Title IV of the Defense Production Act, as amended.

So far as practicable, the Director of Price Stabilization gave due consideration to the national effort to achieve maximum production in furtherance of the Defense Production Act of 1950, as amended, and to relevant factors of general applicability.

AMENDATORY PROVISIONS

Ceiling Price Regulation 89 is amended in the following respect:

1. A new paragraph 3 (b) (4) is added at the end of section 3 (b) (3) to read as follows:

(4) Your ceiling price for cane blackstrap molasses of at least 42° Baume sold for feeding to livestock in Hawaii is \$42.00 per ton (2,000 lbs.) f.o.b. vessel or tank car at your mill, factory or storage tank.

2. The title of section 4 is amended to read as follows: "Sec. 4. *Distributor prices for industrial molasses sold in at least tank car lots.*"

3. A new paragraph (3) to section 4 (b) is added at the end of section 4 (b) (2), to read as follows:

(3) Your ceiling price for cane blackstrap molasses of at least 42° Baume sold for feeding to livestock in Hawaii is \$45.00 per ton (2,000 lbs.) f. o. b. point of shipment.

4. The title of section 5 is amended to read as follows: "Sec. 5. *Prices for sale of industrial molasses in less than tank car lots.*"

5. Sec. 5 (a) is amended to read as follows:

(a) If you are a producer or distributor of cane blackstrap molasses, beet final sugar molasses, citrus molasses, or Hydrol who ships it from a point within the continental United States, and if you customarily charged during the year ending December 31, 1950 a differential over your tank car price for sales in less than tank car lots, your ceiling price for sales of any particular type of molasses in the smaller lots is the ceiling price otherwise established in this regulation for tank car lots of that type of molasses plus the lower of (1) your customary dollars-and-cents differential during the year ending December 31, 1950 between sales in tank car and less than tank car lots or (2) 4 cents a gallon or \$6.84 a ton, depending on whether the sales are made on the basis of a gallon or a ton price.

6. The first paragraph of section 5 (b) is amended to delete "or tank truck" so that it reads as follows:

(b) If you are a distributor of industrial molasses, who ships it from a point or otherwise make delivery within the continental United States, and all of your sales of molasses during the calendar year ending December 31, 1951 were made in less than tank car lots, your ceiling price for sales of that type is the figure resulting from the following computation:

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

Effective date. This amendment is effective March 3, 1952.

JOSEPH H. FREEHILL,
Acting Director of Price Stabilization.

FEBRUARY 28, 1952.

[F. R. Doc. 52-2461; Filed, Feb. 28, 1952; 11:23 a. m.]

[General Ceiling Price Regulation, Supplementary Regulation 90]

GCPR, SR 90—ADJUSTABLE PRICING FOR DISTILLERS' DRIED PRODUCTS

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161, and Economic Stabilization Agency General Order No. 2, this Supplementary Regulation 90 to the General Ceiling Price Regulation is hereby issued.

STATEMENT OF CONSIDERATIONS

Prices for distillers' dried products were frozen at depressed levels, first under the General Ceiling Price Regulation (GCPR), and then under Supplementary Regulation (SR) 18 to the GCPR as a result of the abnormally heavy production and oversupply of the dried products during the base period common to both these regulations. Prices of the majority of the feed grains, although still below parity, have increased. Processors of distillers' dried products, however, have been unable to adjust their prices upward under the parity pass-through provisions of the GCPR and SR 18 in order to reflect their increased grain costs. Processors are prevented from taking pass-throughs under these regulations because grain costs are not customarily allocated to the dried products. Their selling prices for the dried products are usually treated as credits on the cost of producing distilled spirits or industrial alcohol.

A "tailored" regulation, providing adjustments of distillers' dried products ceiling prices to levels more representative of normal price relationships, is in the process of preparation. Until such time as this regulation is issued, interim pricing relief is necessary so that processors may realize more equitable prices for their dried products.

The temporary pricing method authorized by this supplementary regulation permits the processor to sell at a price agreed upon between him and his buyer provided that such contract price does not exceed the processor's ceiling price as established under SR 18, Revision 1 to the GCPR, plus \$10.00 per ton. However, the processor must agree with his buyer that the final sales price will be either the contract price or the ceiling price for such products subsequently established by the "tailored" regulation, whichever is lower. Also, the seller must agree to refund to his buyer the difference between the two prices if the subsequent ceiling price is lower than the contract price, and if payment has been made.

The Director of Price Stabilization has decided to place an upper limit on a contract price consisting of the sum of the SR 18, Rev. 1 ceiling price and \$10.00

per ton for two reasons. First, a preliminary examination of the data presently available indicates that the ceiling prices ultimately fixed in the "tailored" regulation will not exceed that level. Second, fixing an upper limit on contract prices in this way minimizes the possibilities of interim inflationary prices and of inconveniences to sellers and buyers in case contract prices are rolled back by the "tailored" regulation.

In the judgment of the Director of Price Stabilization, the provisions of this supplementary regulation are generally fair and equitable and are necessary to effectuate the purposes of the Defense Production Act of 1950, as amended. So far as practicable, the Director has given due consideration to the national effort to achieve maximum production in furtherance of the Defense Production Act of 1950, as amended, to prices prevailing during the periods named in section 402 of the act, and to relevant factors of general applicability.

This regulation is issued to meet an emergency problem. It was not practicable, therefore, to consult with official advisory committees, including trade association representatives. Prior to the issuance of this regulation, however, the Director consulted with representatives of the industry and has given consideration to their recommendations.

REGULATORY PROVISIONS

Sec.

1. Coverage.
2. Adjustable pricing.
3. Automatic revocation.
4. Applicability of Supplementary Regulation 18, Revision 1 to the General Ceiling Price Regulation.

AUTHORITY: Sections 1 to 4 issued under sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154. Interpret or apply Title IV, 64 Stat. 803, as amended; 50 U. S. C. App. Sup. 2101-2110; E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.

SECTION 1. Coverage. This supplementary regulation applies to all sales by a processor of distillers' dried products (that is, distillers' dried grains, distillers' solubles, distillers' dried residue with solubles and distillers' specialty products), if he has established his ceiling prices for such products under Supplementary Regulation 18, Revision 1, to the General Ceiling Price Regulation (SR 18, Rev. 1, to the GCPR).

SEC. 2. Adjustable pricing. A processor of a distillers' dried product may offer to sell, or sell and deliver, and may receive payment for sales and deliveries of such product at a contract price agreed upon in writing between the processor and his buyer, subject to the following conditions:

(a) Such contract price shall not exceed the sum of the processor's ceiling price, per ton, for such product, as established under SR 18, Rev. 1, to the GCPR, plus \$10.00 per ton:

(b) The processor and his buyer shall agree in writing that the final price for any sale or delivery of such product shall be either

- (1) The contract price, or
- (2) The ceiling price for such product under any applicable ceiling price regulation hereafter issued fixing ceiling

prices for such product, whichever price is lower.

(c) The processor shall agree in writing with the buyer to refund promptly to the buyer the difference between the contract price for such product and any lower ceiling price which may hereafter be established.

SEC. 3. Automatic revocation. This regulation shall be automatically revoked on the effective date of a specific ceiling price regulation fixing ceiling prices for distillers' dried products.

SEC. 4. Applicability of SR 18, Rev. 1, to the GCPR. All provisions of SR 18, Rev. 1 to the GCPR not inconsistent with the provisions of this supplementary regulation remain in full force and effect.

Effective date. This supplementary regulation shall become effective February 28, 1952.

ELLIS ARNALL,

Director of Price Stabilization.

FEBRUARY 28, 1952.

[F. R. Doc. 52-2463; Filed, Feb. 28, 1952; 11:23 a. m.]

Chapter VI—National Production Authority, Department of Commerce

[NPA Order M-69 as Amended February 28, 1952]

M-69—SULFUR

This order as amended is found necessary and appropriate to promote the national defense and is issued pursuant to the authority granted by the Defense Production Act of 1950, as amended. In the formulation of this amended order there has been consultation with industry representatives and consideration has been given to their recommendations. Since there is no trade association in this industry, consultation with trade association representatives was not possible.

NPA Order M-69 is revised by making the following changes:

1. The wording of section 5 is changed to make clear that the unit of measure referred to is the short ton.

2. Section 9 is changed by redesignating paragraph (c) as paragraph (e) and by adding new paragraphs (c) and (d) which require specified monthly reports by users and suppliers of sulfur.

As amended, NPA Order M-69 reads as follows:

Sec.

1. What this order does.
2. Definitions.
3. Restrictions on use.
4. Restrictions on sales and deliveries.
5. Certification.
6. Directives.
7. Exemption.
8. Limitations on inventory.
9. Records and reports.
10. Request for adjustment or exception.
11. Communications.
12. Violations.

AUTHORITY: Sections 1 to 12 issued under sec. 704, 64 Stat. 816, Pub. Law 96, 82d Cong.; 50 U. S. C. App. Sup. 2154. Interpret or apply sec. 101, 64 Stat. 799, Pub. Law 96, 82d Cong.; 50 U. S. C. App. Sup. 2071; sec. 101,

E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.; sec. 2, E. O. 10200, Jan. 3, 1951, 16 F. R. 61; secs. 402, 405, E. O. 10231, Aug. 28, 1951; 16 F. R. 8789.

SECTION 1. What this order does. This order restricts the quantity of sulfur which any person may use to 90 percent of his use during the calendar year 1950. This restriction applies on a company, rather than a plant, basis. If, however, NPA finds that interplant transfers of sulfur by any company have caused severe maldistribution of any material produced from sulfur, NPA will take appropriate remedial action. In addition, this order prohibits suppliers from delivering sulfur to purchasers who do not furnish written certification of compliance with its provisions.

SEC. 2. Definitions. As used in this order: (a) "Person" means any individual, corporation, partnership, association, or any other organized group of persons, and includes any agency of the United States Government or of any other government.

(b) "Sulfur" means elemental sulfur (brimstone) which has been mined, recovered, or otherwise produced, of a purity of 97 percent or greater.

(c) "Supplier" means any person who produces or imports sulfur for sale or for his own use.

(d) "Base period" means the year ended December 31, 1950.

(e) "Toll agreement" means any agreement or arrangement by which title to the material remains vested in a person other than the one processing such material.

(f) "NPA" means the National Production Authority.

SEC. 3. Restrictions on use. (a) Subject to the provisions of paragraph (b) of this section, no person shall use sulfur for any purpose during the month of January 1952, or during any calendar month thereafter, in a quantity by weight in excess of 90 percent of his average monthly use of sulfur for such purpose during the base period.

(b) If in any calendar month a person uses less sulfur than he may use in that month under paragraph (a) of this section, he may use an additional amount during the next succeeding 5 months equal to the difference between the amount authorized and the amount actually used.

(c) In addition to the quantity of sulfur which may be used under paragraph (a) of this section, sulfur mined or recovered by means of facilities or equipment installed and in production no earlier than June 24, 1950, may be used for any purpose (including processing under a toll agreement) during any calendar month. Such sulfur may be used in accordance with this paragraph (c) only by the person who mines or recovers it, or who owns the material from which it is recovered.

SEC. 4. Restrictions on sales and deliveries. No person shall sell or deliver sulfur to any other person if he knows, or has reason to believe, that such material is to be used in violation of the provisions of this order, and no person shall purchase or accept delivery of sul-

fur if such material is to be used in violation of the provisions of this order.

SEC. 5. Certification. No person shall sell or deliver more than 20 short tons of sulfur to any other person, and no person shall purchase or accept delivery of sulfur, unless the purchaser furnishes to the seller a signed certification as follows:

Certified under NPA Order M-69.

This certification constitutes a representation by the purchaser to the seller and to NPA that delivery of such sulfur may be accepted by the purchaser under this order, and will not be used by the purchaser in violation of the order.

SEC. 6. Directives. NPA may, from time to time, issue specific directives concerning the delivery and use of sulfur and, unless otherwise provided therein, such directives will prevail over the provisions of this order.

SEC. 7. Exemption. The provisions of paragraph (a) of section 3 of this order shall not apply to the use by any person of no more than 20 short tons of sulfur during any calendar month.

SEC. 8. Limitations on inventory. (a) In addition to the provisions of NPA Reg. 1, relating to inventory control, it is considered that a more exact requirement applying to users of sulfur is necessary. No person shall receive sulfur at any plant if his inventory at such plant is, or by such receipt would become, in excess of his requirements for the next succeeding 25 calendar days at his currently scheduled rate and method of operation, or in excess of a practicable minimum working inventory (as defined in NPA Reg. 1), whichever is less.

(b) The provisions of paragraph (d) of section 5 of NPA Reg. 1, relating to seasonal deliveries, shall not apply to sulfur, except that any person, whose inventory at any plant does not exceed his requirements for the next succeeding 25 calendar days, and who during the base period, regularly received sulfur shipped by vessel or barge in quantities in excess of his requirements for the next succeeding 25 calendar days, may receive sulfur shipped by vessel or barge at such plant without regard to the provisions of paragraph (a) of this section: *Provided*, That after receipt of any such shipment he may not receive any additional delivery of sulfur so long as his inventory continues to exceed his requirements for the next succeeding 25 calendar days.

SEC. 9. Records and reports. (a) Each person participating in any transaction covered by this order shall make and preserve, for at least 3 years thereafter, accurate and complete records of receipts, deliveries, inventories, production, and use, in sufficient detail to permit the determination, after audit, whether each transaction complies with the provisions of this order. This order does not specify any particular accounting method and does not require alteration of the system of records customarily used, provided such records supply an adequate basis for audit. Records may be retained in the form of microfilm or other photographic copies instead of the originals by those persons who, at the time such

microfilm or other photographic records are made, maintain such copies of records in the regular and usual course of business.

(b) All records required by this order shall be made available for inspection and audit by duly authorized representatives of the National Production Authority, at the usual place of business where maintained.

(c) Every person who uses more than 20 short tons of sulfur during any calendar month shall file with NPA on or before March 15, 1952, and on or before the fifteenth day of each month thereafter, a report of his use of sulfur on Forms NPAF-157 and NPAF-158, and shall furnish all other information required by those forms, in accordance with the instructions accompanying these forms. Reports for the months of December 1951 and January 1952 shall be filed as soon as possible.

(d) Every supplier shall file with the Bureau of Mines on or before March 10, 1952, and on or before the tenth day of each month thereafter, a report of his sales, production, imports, shipments, and stocks of sulfur during the preceding calendar month on Bureau of Mines' Forms 6-1230-M and 6-1238-M, and shall furnish all other information required by those forms, in accordance with the instructions accompanying those forms. Reports for the month of January 1952 shall be filed as soon as possible.

(e) Persons subject to this order shall make such records and submit such reports to the National Production Authority as it shall require, subject to the terms of the Federal Reports Act of 1942 (5 U. S. C. 139-139f).

SEC. 10. Request for adjustment or exception. Any person affected by any provision of this order may file a request for adjustment or exception upon the ground that his business operation was commenced during or after the base period, that any provision otherwise works an undue or exceptional hardship upon him not suffered generally by others in the same trade or industry, or that its enforcement against him would not be in the interest of the national defense or in the public interest. In examining requests for adjustment or exception claiming that the public interest is prejudiced by the application of any provision of this order, consideration will be given to the requirements of the public health and safety, civilian defense, and dislocation of labor and resulting unemployment that would impair the defense program. Each request shall be in writing, by letter in triplicate, and shall set forth all pertinent facts, the nature of the relief sought, and the justification therefor.

SEC. 11. Communications. All communications concerning this order shall be addressed to the National Production Authority, Washington 25, D. C., Ref: NPA Order M-69.

SEC. 12. Violations. Any person who willfully violates any provision of this order, or any other order or regulation of NPA, or who willfully furnishes false information or conceals any material

fact in the course of operation under this order, is guilty of a crime and upon conviction may be punished by fine or imprisonment or both. In addition, administrative action may be taken against any such person to suspend his privilege of making or receiving further deliveries of materials or using facilities under priority or allocation control and to deprive him of further priorities assistance.

NOTE: All reporting and record-keeping requirements of this order have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

This order, as amended, shall take effect February 28, 1952.

NATIONAL PRODUCTION,
AUTHORITY,
By JOHN B. OLVERSON,
Recording Secretary.

[F. R. Doc. 52-2458; Filed, Feb. 28, 1952;
10:56 a. m.]

[NPA Order M-94, as Amended, February
28, 1952]

M-94—SULFURIC ACID

This order as amended is found necessary and appropriate to promote the national defense and is issued pursuant to the authority granted by the Defense Production Act of 1950, as amended. In the formulation of this amendment there has been consultation with industry representatives and consideration has been given to their recommendations. Since there is no trade association in this industry, consultation with trade association representatives was not possible.

NPA Order M-94 is amended in the following respects:

1. Section 8 is amended so that paragraph (c) is redesignated as paragraph (e) and new paragraphs (c) and (d) are added. These new paragraphs require specified monthly reports by users and suppliers of sulfuric acid.

2. Sections 2 (d) and 5 (a) are amended to conform to the pattern established by new section 8 (d), so that persons who receive less than 20 tons of sulfuric acid for any one end use are exempted from the requirement of certifying to that particular end use.

3. Section 6 is amended to make clear that the 60-short-ton-per-quarter provision affords an exemption from NPA Reg. 1.

4. Section 7 is amended to require that requests for directive assistance by NPA be submitted on a specified form.

As amended, NPA Order M-94 reads as follows:

- Sec.
1. What this order does.
 2. Definitions.
 3. Restrictions on use by supplier.
 4. Exemption.
 5. Certified statement of proposed use.
 6. Limitations on inventory.
 7. Directives.
 8. Records and reports.
 9. Request for adjustment and exception.
 10. Communications.
 11. Violations.

AUTHORITY: Sections 1 to 11 issued under sec. 704, 64 Stat. 816, Pub. Law 96, 82d Cong.;

50 U. S. C. App. Sup. 2154. Interpret or apply sec. 101, 64 Stat. 799, Pub. Law 96, 82d Cong.; 50 U. S. C. App. Sup. 2071; sec. 101, E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.; sec. 2, E. O. 10200, Jan. 3, 1951, 16 F. R. 61; secs. 402, 405, E. O. 10281, Aug. 28, 1951, 16 F. R. 8789.

SECTION 1. What this order does. The purpose of this order is to prevent serious maldistribution of sulfuric acid by compelling producers to maintain the same ratio between sales and captive use of their total production of sulfuric acid which they maintained in the calendar year 1950. The effect of this order will be to require each producer to offer for sale each month a percentage of his scheduled monthly production of sulfuric acid equal to the percentage thereof of which he sold in 1950, unless otherwise authorized by the National Production Authority. Schedule 3 of NPA Order M-45 is revoked simultaneously with the issuance of this order.

Sec. 2. Definitions. As used in this order: (a) "Person" means any individual, corporation, partnership, association, or any other organized group of persons, and includes any agency of the United States Government or of any other government.

(b) "Sulfuric acid" means all grades, strengths, and qualities of sulfuric acid, both virgin and fortified, and includes oleum and recovered or spent acid.

(c) "Sulfur-bearing raw materials" does not include sulfuric acid which is usable for any purpose other than for decomposition to sulfur dioxide (SO₂).

(d) "Supplier" means any person who produces sulfuric acid for his own use or for sale, or who accepts physical delivery of sulfuric acid for redelivery as such with or without concentration or refinement in any month to any person in an amount in excess of 20 short tons (basis 100 percent H₂SO₄) for any one end use, or who purchases sulfuric acid for his own use and delivers recovered or spent sulfuric acid resulting from such use.

(e) "Base period" means the year ended December 31, 1950.

(f) "NPA" means the National Production Authority.

Sec. 3. Restrictions on use by supplier. Unless otherwise authorized by NPA, no supplier shall use from his production of sulfuric acid (basis 100 percent H₂SO₄) during the month of January 1952, or during each calendar month thereafter, a percentage of such monthly production in excess of the percentage of his base period production of sulfuric acid (basis 100 percent H₂SO₄) which he used during the base period.

Sec. 4. Exemption. The provisions of section 3 of this order shall not apply to sulfuric acid which has been:

(a) Produced from elemental sulfur mined or recovered by the producer by means of facilities or equipment installed and in operation no earlier than June 24, 1950; or

(b) Produced from sulfur-bearing raw materials other than elemental sulfur by means of facilities or equipment installed and in operation no earlier than June 24, 1950.

Sec. 5. Certified statement of proposed use.

(a) No supplier shall deliver to any person and no person shall accept delivery from a supplier during the month of January 1952, or during any calendar month thereafter, of a quantity of sulfuric acid in excess of 20 short tons (basis 100 percent H₂SO₄) for any one end use, unless the purchaser has entered on or attached to his purchase order a statement of his proposed use or uses of the sulfuric acid in terms of the list of end uses set forth in Form NPAF-161, and the amount requested for each separate use of 20 short tons or more, together with a signed certification as follows:

Certified under NPA Order M-94

Such certification constitutes a representation by the purchaser to his supplier and to NPA that the material so ordered will be used only for the purpose or purposes set forth in such statement and that the purchaser will comply with the provisions of this order restricting inventory.

(b) A statement of proposed use shall not be required for the participation by a broker or sales agent when sulfuric acid is ordered through a broker or sales agent and is to be delivered by the supplier direct to the purchaser. In such cases the purchaser shall furnish the broker or sales agent with the certified statement and the broker or sales agent shall transmit the statement to the supplier.

Sec. 6. Limitations on inventory. Inventories of sulfuric acid are governed by NPA Reg. 1. Under that regulation, inventories are limited to a practicable minimum working inventory, and any person whose inventory falls below that level is allowed to order and receive only what he needs to bring his inventory up to that level. Nevertheless, any such person whose inventory of sulfuric acid falls below a practicable minimum working inventory in any calendar quarter may order and receive a single shipment of not more than 60 short tons of sulfuric acid in such calendar quarter, even though his inventory is thereby increased beyond a practicable minimum working inventory.

Sec. 7. Directives. NPA may from time to time issue specific directives concerning the delivery of sulfuric acid and, unless otherwise provided therein, such directives will prevail over the provisions of this order. Each request for directive assistance shall be submitted to NPA in duplicate on Form NPAF-138-b.

Sec. 8. Records and reports. (a) Each person participating in any transaction covered by this order shall make and preserve, for at least 3 years thereafter, accurate and complete records of receipts, deliveries, inventories, production, and use, in sufficient detail to permit the determination, after audit, whether each transaction complies with the provisions of this order. This order does not specify any particular accounting method and does not require alteration of the system of records customarily used, provided such records supply an

adequate basis for audit. Records may be retained in the form of microfilm or other photographic copies instead of the originals by those persons who, at the time such microfilm or other photographic records are made, maintain such copies of records in the regular and usual course of business.

(b) All records required by this order shall be made available for inspection and audit by duly authorized representatives of NPA, at the usual place of business where maintained.

(c) Every supplier shall file with NPA on Form NPAF-162, on or before March 15, 1952, and on or before the fifteenth day of each calendar month thereafter, a report of his production, purchases, and inventory for the preceding calendar month, and of his estimated production, purchases, and proposed deliveries during the following calendar month, and all other information required by that form, in accordance with the instructions accompanying that form. Reports on production, purchases, and inventory for January 1952, and for estimated production, purchases, and proposed deliveries during March 1952, shall be filed as soon as possible.

(d) Every person who uses more than 20 short tons of sulfuric acid (basis 100 percent H₂SO₄) for a particular purpose during the month of February 1952, or who uses more than 20 short tons thereof for a particular purpose during any calendar month thereafter, shall file with NPA on or before the twentieth day of the next succeeding month, a report of his use of sulfuric acid on Form NPAF-161, and of his inventory and receipts thereof on Form NPAF-160, and all other information required by these forms, in accordance with the instructions accompanying these forms.

(e) Persons subject to this order will make such records and submit such reports to NPA as it shall require, subject to the terms of the Federal Reports Act of 1942 (5 U. S. C. 139-139F).

Sec. 9. Request for adjustment or exception. Any person affected by any provision of this order may file a request for adjustment or exception upon the ground that any provision works an undue or exceptional hardship upon him not suffered generally by others in the same trade or industry, or that its enforcement against him would not be in the interest of the national defense or in the public interest. In examining requests for adjustment or exception claiming that the public interest is prejudiced by the application of any provision of this order, consideration will be given to the requirements of the public health and safety, civilian defense, and dislocation of labor and resulting unemployment that would impair the defense program. Each request shall be in writing, by letter in triplicate, and shall set forth all pertinent facts, the nature of the relief sought, and the justification therefor.

Sec. 10. Communications. All communications concerning this order shall be addressed to the National Production Authority, Washington 25, D. C., Ref.: NPA Order M-94.

SEC. 11. Violations. Any person who wilfully violates any provision of this order, or any other order or regulation of NPA, or who wilfully furnishes false information or conceals any material fact in the course of operation under this order, is guilty of a crime and upon conviction, may be punished by fine or imprisonment or both. In addition, administrative action may be taken against any such person to suspend his privilege of making or receiving further deliveries of materials or using facilities under priority or allocation control and to deprive him of further priorities assistance.

NOTE: All reporting and record-keeping requirements of this order have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

This order, as amended, shall take effect February 28, 1952.

NATIONAL PRODUCTION
AUTHORITY,

By JOHN B. OLVERSON,
Recording Secretary.

[F. R. Doc. 52-2459; Filed, Feb. 28, 1952;
10:56 a. m.]

[NPA Order M-45, Schedule 3, Revocation]
M-45—ALLOCATION OF CHEMICALS AND
ALLIED PRODUCTS

CROSS REFERENCE: For revocation of
Schedule 3 of NPA Order M-45, see F. R.
Doc. 52-2459, *supra*.

**TITLE 38—PENSIONS, BONUSES,
AND VETERANS' RELIEF**

Chapter I—Veterans' Administration

PART 17—MEDICAL

MISCELLANEOUS AMENDMENTS

1. In § 17.36, the introduction is amended and a new paragraph (d) is added as follows:

§ 17.36 *Eligibility for medical treatment in foreign countries.* No person shall be entitled to receive domiciliary, medical or hospital care, including treatment, who resides outside of the continental limits of the United States or its territories or possessions, except that the chief medical director may authorize services as provided in paragraphs (a), (b), (c), and (d) of this section, provided the applicants are temporarily sojourning or temporarily residing in a foreign country and are citizens of the United States.

(d) Hospital or outpatient treatment for persons who served in the active military or naval forces on or after December 7, 1941, and before January 1, 1947, or on or after June 27, 1950, and prior to such date as shall thereafter be determined by the President or the Congress pursuant to Public Law 28 of the 82d Congress, who are in need of treatment for an active psychosis adjudicated by the Veterans' Administration as service-connected under the provisions of Public Law 239, 82d Congress.

(Sec. 4, 54 Stat. 1195, Public Laws 28 and 239, 82d Congress; 38 U. S. C. ch. 12 note)

2. In § 17.47 (a), a new subparagraph (7) is added as follows:

§ 17.47 *Eligibility for hospital treatment or domiciliary care of persons discharged, released, or retired from active military or naval service.* * * *

(a) *Hospital treatment for:* * * *

(7) Persons who served in the active military or naval forces on or after December 7, 1941, and before January 1, 1947, or on or after June 27, 1950, and prior to such date as shall thereafter be determined by the President or the Congress pursuant to Public Law 28 of the 82d Congress, who are in need of treatment for an active psychosis adjudicated by the Veterans Administration as service-connected under the provisions of Public Law 239, 82d Congress.

(Sec. 4, 53 Stat. 1070, as amended, sec. 10, 57 Stat. 556, Public Laws 28 and 239, 82d Congress; 38 U. S. C. 706b, 730)

3. In § 17.50, paragraph (j) is amended and a new paragraph (k) is added as follows:

§ 17.50 *Utilization of facilities other than those under direct and exclusive jurisdiction of the Veterans' Administration.* * * *

(j) Payment or reimbursement for emergency medical treatment and hospitalization through facilities other than governmental as provided in paragraph (i) of this section may be authorized where a veteran granted vocational rehabilitation pursuant to the provisions of Public Law 16, 78th Congress, as amended, or Public Law 894, 81st Congress, as amended, is furnished transportation and ordered to report to a designated school, proceeds in accordance with said orders and becomes ill while en route, if there is no intervening factor for which he is responsible which would affect or change his status.

(k) The qualifying term "service-connected" as used in paragraphs (b) (1), (c), (e), (f), (h), and (i) of this section is applicable to an active psychosis adjudicated by the Veterans Administration as service-connected under the provisions of Public Law 239, 82d Congress.

4. In § 17.60, paragraph (a) (10) is added and paragraph (b) is amended to read as follows:

§ 17.60 *Outpatient treatment.* (a) * * *

(10) Persons who served in the active military or naval forces on or after December 7, 1941, and before January 1, 1947, or on or after June 27, 1950, and prior to such date as shall thereafter be determined by the President or the Congress pursuant to Public Law 28 of the 82d Congress, who are in need of treatment for an active psychosis adjudicated by the Veterans' Administration as service-connected under the provisions of Public Law 239, 82d Congress.

(b) While outpatient treatment is primarily authorized only for service-connected or service-aggravated conditions, adjunct outpatient treatment for a non-service-connected condition which is associated with and held to be aggra-

vating disability from a disease or injury service-connected or service-aggravated may be also authorized in accordance with prescribed principles for persons defined in paragraph (a) (1) through (4), (9), and (10) of this section. The opinion of the chief medical director may be requested in any individual case where advice as to the propriety of furnishing adjunct treatment is desired.

(45 Stat. 735, as amended, 57 Stat. 21, 60 Stat. 526, Public Laws 28 and 239, 82d Cong.; 38 U. S. C. 488 note, 483a, 581, 582, ch. 12 note)

5. In § 17.141, paragraph (c) is amended to read as follows:

§ 17.141 *Classes of claims comprehended.* * * *

(c) As to claims for reimbursement of expenses or payment for repairs of prosthetic appliances used by beneficiaries for treatment of a service-connected disability or a non-service-connected disability determined as aggravating the basic service-connected disability and for repairs of prosthetic appliances used and required by beneficiaries to prevent interruption of the pursuit of a course of training authorized under Public Law 16, 78th Congress, as amended, or Public Law 894, 81st Congress, as amended, the following eligibility criteria in lieu of those defined in paragraph (a) of this section will apply:

(1) The repairs were secured from locally available sources.

(2) The cost of the repairs does not exceed \$35.

(3) There is a showing that the repairs were necessary and that it was more expedient to have such repairs made through private arrangements.

Reimbursement or payment as provided in this paragraph will be made in the amount claimed unless determined unreasonable, in which event only a reasonable amount for the service rendered will be paid. Reimbursement or payment will not be made for expense incurred by a beneficiary for transportation.

6. Section 17.142 is amended to read as follows:

§ 17.142 *Filing and perfecting claim.* As to claims filed on or after July 25, 1950, payment or reimbursement of expenses for unauthorized medical services may be authorized for not more than 2 years prior to date of receipt of claim therefor. Further, as to service-connection granted pursuant to Public Law 573, 81st Congress, enacted June 23, 1950, or Public Law 239, 82d Congress, enacted October 30, 1951, payment or reimbursement for unauthorized medical services for treatment of the disability held service-connected or a disability determined adjunct thereto may not be authorized for any period prior to the date of enactment of the law under which service-connection is authorized. An informal claim identifying the benefit sought may be accepted if followed by the submission of a formal application within 1 year from the date of receipt of the informal claim. If necessary supporting evidence is not received within 1 year from the date of request therefor, no payment may be made on the basis of the claim in

connection with which the supporting evidence was required. Claims pending on July 25, 1950, will be adjudicated under the prior practice.

(Sec. 5, 43 Stat. 608, as amended, sec. 2, 46 Stat. 1016, sec. 7, 48 Stat. 9; 38 U. S. C. 11a, 426, 707. Interpret or apply secs. 1, 6, 48 Stat. 9, 301, 53 Stat. 652, as amended; 38 U. S. C. 706, 706a)

This regulation is effective February 29, 1952.

[SEAL]

O. W. CLARK,
Deputy Administrator.

[F. R. D. c. 52-2351; Filed, Feb. 28, 1952;
8:58 a. m.]

PART 21—VOCATIONAL REHABILITATION AND
EDUCATION

SUBPART B—EDUCATION AND TRAINING

TYPES OF COURSES

In § 21.201 (c) (3) (iv), subdivisions (a) and (b) are amended to read as follows:

§ 21.201 *Types of courses.* * * *

(c) *Combination course.* * * *

(3) *Institutional on-farm course.*
* * *

(iv) The course, in addition, shall satisfy the requirements of either of the following:

(a) The course may provide for the veteran to perform the on-farm part of his course on a farm under his own control, in which case:

(1) There shall be a plan for training the veteran which shall consist of:

(i) A complete, written survey of the farm on which the veteran is to pursue training made by a Veterans' Administration training officer at the veteran's farm prior to induction of the veteran into training and showing for each of the farming enterprises on the farm and for all other factors thereon all characteristics which stand as favorable and unfavorable indications to the pursuit of satisfactory farming on that farm; and showing as further basis for approval or disapproval of the farm for purposes of training under part VII, an evaluation of the practical potentialities of the farm.

(ii) An over-all, long term farm and home plan based upon the survey of the farm showing all farm enterprises which are to be operated and showing for each enterprise the goal in terms of size and/or increased production to which the enterprise must be developed incident to the training and during the training period in order to afford the veteran training to employability as required by the law—not necessarily the maximum potential of each enterprise, showing also the projects and improved practices necessary and which are planned to accomplish the goal in each enterprise; and showing the improvements to be made in family living, i. e., food, shelter, etc.

(iii) An annual farm and home plan prepared before the beginning of each crop year of the prescribed course based upon the over-all, long term farm and home plan and showing the veterans' assets and liabilities at the beginning of

the crop year and, for each enterprise, the portion of the over-all goal that is to be accomplished that crop year and the improvements including projects to be undertaken to accomplish each of the annual goals with the date that each improvement or project is to be started; and the planned expenses and income. The annual farm and home plan also will provide for posting the date that each improvement or project is satisfactorily completed and the actual expenses and income.

(iv) A detailed individual training program showing the kind and amount of instructions—classroom and individual—needed and planned for each farm enterprise and/or each assigned project to make the veteran able to accomplish the projects and improved practices in the farm and home plans and providing for recording under each enterprise the total time spent on those projects and the total time devoted to instruction—classroom and individual—and to related home study assignments.

(2) The course shall provide for not less than 100 hours of individual instruction per year, not less than 50 hours of which shall be on such farm (with at least two visits by the instructor to such farm each month).

(3) The individual instruction shall be directly concerned with carrying out the over-all and annual farm and home plans and the individual training program based thereon and shall consist of teaching the veteran the specific practices and methods appropriate to his particular farm; and teaching him the managerial aspects of farming appropriate to the efficient operation of his particular farm and which are necessary to carry out the veteran's farm and home plan, including the setting up and maintaining of farm and home accounts. It shall include also assigning home studies directly related to particular assigned jobs or projects the successful accomplishment of which requires the technical information from such related study.

(4) The major part of the classroom instruction shall have direct relation to the farming activities on the veteran's farm.

(5) The individual instruction on the farm shall be given by the veteran's school instructor.

(6) The operation of the farm shall be under the complete control of the veteran by ownership, lease, or other written tenure arrangement affording such control.

(7) The farm at the time of induction of the veteran into training shall be of such size and character that, together with the classroom instruction part of the course, it will occupy the full time of the veteran, will permit instruction in planning, management, and operation of most of the major farming enterprises in the veteran's farm and home plan and, at least by the end of the necessary minimum period of training, will assure him a reasonably satisfactory living under normal economic conditions.

(8) The farm must be equipped with the necessary buildings and equipment to enable the veteran satisfactorily to commence pursuit of the course of institutional on-farm training and there

must be present conditions which give reasonable promise that any additional items required for pursuit of the course, including livestock, will be available as they become necessary.

(9) The duration of the prescribed course shall represent a reasonable estimate—subject to lengthening or shortening, as necessary—of how long it will take to accomplish the goals set out in the over-all farm and home plan. The estimate will be arrived at by determining what portions of the over-all goals can be started and completed in the year covered by the first annual farm and home plan; by determining what portions remain uncompleted at the end of the first year; and by determining in what part of what subsequent year the uncompleted portions of the over-all goals can be completed.

(b) The course may provide for the veteran to perform the on-farm part of his course as a trainee on the farm of another, in which case:

(1) The employer-trainer shall have agreed to employ the veteran as manager of the farm on which he is being trained (provided the veteran's conduct and progress are satisfactory) or there is definite assurance that the veteran will be employed as manager of a specified comparable farm, *Provided however, That:*

(i) A veteran may be provided a brief period of training not to exceed 1 year as a trainee on a farm of another preparatory to entering training on a farm under his own control if a course pursued on his own farm cannot be approved at the outset because the veteran lacks the necessary experience in the fundamentals of farming or the history of his past performance is such as to preclude good promise of success in training by the self-proprietorship method. In the first case, a foundation of training in the common farming operations may be provided with an experienced farmer for a brief period not to exceed 1 year at the end of which period training on a farm under the veteran's control may be entered into contingent upon the successful completion of the training under the employer-trainer. Such a veteran's training program must be carefully developed and must include the arrangement described in this paragraph. In the second case, training may be provided with an experienced farmer for a brief period not to exceed 1 year, carefully observing the veteran throughout the period to determine whether the weaknesses earlier displayed have been satisfactorily overcome. If so, the veteran may be entered into training on a farm under his own control. In either case the plan to train the veteran must be carefully developed and must include the arrangement described in this paragraph.

(2) The course on the employer-trainer's farm shall consist of not less than 50 hours of individual instruction per year by the school instructor (with at least one visit by the instructor to such farm each month).

(3) The individual instruction on the farm shall be given by the veteran's school instructor.

(4) The employer-trainer's farm shall be of a size and character which, together with the group instruction part of the course, will occupy the full time of the veteran and will permit instruction in all aspects of the management of a farm of the type for which the veteran is being trained.

(5) The employer-trainer shall agree to instruct the veteran in various aspects of farm management in accordance with the individual training program developed for the veteran by the Veterans Administration in collaboration with the instructor and the employer-trainer.

(6) The employer-trainer's farm shall be equipped with the necessary supplies and equipment which will permit instruction in all aspects of the management and operation of a farm of the type on which the veteran is being trained.

(7) The employer-trainer shall have agreed to pay the veteran for each successive period of training a salary or wage rate commensurate with the value of the veteran's productive labor and not less than that customarily paid to a nonveteran trainee in the same or similar training situation in the community.

(Sec. 2, 46 Stat. 1016, sec. 7, 48 Stat. 9, sec. 2, 57 Stat. 43, as amended, sec. 400, 58 Stat.

287, as amended; 38 U. S. C. 11a, 701, 707, ch. 12 note. Interpret or apply secs. 3, 4, 57 Stat. 43, as amended, secs. 300, 1500-1504, 1506, 1507, 58 Stat. 286, 300, as amended; 38 U. S. C. 693g, 697-697d, 697f, g, ch. 12 note.)

This regulation is effective February 29, 1952.

[SEAL]

O. W. CLARK,
Deputy Administrator.

[F. R. Doc. 52-2350; Filed, Feb. 28, 1952;
8:58 a. m.]

TITLE 45—PUBLIC WELFARE

Chapter IV—Office of Vocational Rehabilitation, Federal Security Agency

PART 401—PLANS AND PROGRAMS OF VOCATIONAL REHABILITATION

PROGRAM DIRECTOR

Pursuant to the authority conferred by the Vocational Rehabilitation Amendments of 1943, Public Law 113, 78th Congress, 1st session, approved July 6, 1943, § 401.23 (formerly § 600.23) of the regulations published on July 29, 1948 (13 F. R. 4353), is hereby amended by substituting a comma for the period at the end of such section and adding the fol-

lowing: "except that the State plan may provide that such official may also be responsible for the direction of other programs of the State Board primarily concerned with mentally or physically handicapped persons."

(Sec. 7, 57 Stat. 374; 29 U. S. C. 37)

[SEAL]

JOHN L. THURSTON,
Acting Federal Security
Administrator.

FEBRUARY 25, 1952.

[F. R. Doc. 52-2337; Filed, Feb. 28, 1952;
8:53 a. m.]

TITLE 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

PART 1—PRACTICE AND PROCEDURE

CROSS REFERENCE: Section 1.404 is amended by deleting the words "Bureau of Law" and inserting in lieu thereof the words "the Chief or, in his absence, the Acting Chief of the Field Engineering and Monitoring Bureau." See F. R. Doc. 52-2309, Federal Communications Commission, in Notices section, *infra*.

PROPOSED RULE MAKING

FEDERAL SECURITY AGENCY

Food and Drug Administration

[21 CFR Ch. I]

[Docket No. FDC-56]

CANNED PINEAPPLE AND CANNED PINEAPPLE JUICE

NOTICE OF POSTPONEMENT OF HEARING

On November 2, 1951, by order of the Presiding Officer, the above-entitled hearing was postponed until March 4, 1952, solely for the purpose of receiving further evidence with respect to standards of fill of container for canned pineapple. Interested parties have filed an application, stating reasonable grounds, for a further postponement of the hearing. It is hereby ordered that the hearing be postponed until April 22, 1952, at 10:00 o'clock in the morning, at which time the hearing will be resumed in Room 5542, Federal Security Building, Fourth Street and Independence Avenue SW., Washington, D. C.

Dated: February 25, 1952.

[SEAL]

JOHN L. THURSTON,
Acting Administrator.

[F. R. Doc. 52-2334; Filed, Feb. 28, 1952;
8:52 a. m.]

[21 CFR Part 1]

COAL-TAR HAIR DYES

NOTICE OF PROPOSED RULE MAKING

By virtue of the authority vested in the Federal Security Administrator by the provisions of the Federal Food, Drug, and Cosmetic Act (sec. 701 (a), 52 Stat. 1055; 21 U. S. C. 371 (a)), it is proposed that § 1.200 of Part 1 Regulations for the Enforcement of the Federal Food, Drug, and Cosmetic Act be revoked and a new § 1.200 be added to read as follows:

§ 1.200 *Cosmetic; coal-tar hair dye defined.* The term "coal-tar hair dye" means an article intended for use solely for altering the color of the hair, and which contains a coal-tar color but does not contain any other poisonous or dele-

terious substance. It does not include a color shampoo or any other article composed wholly or in part of a coal-tar color the use of which, under the conditions of use prescribed in the labeling thereof or under such conditions of use as are customary or usual, may bring either coal-tar color or any other poisonous or deleterious substance into contact with "the area of the eye" as defined in 21 CFR 135.1 (p), whereby it may be injurious to the user.

Interested persons are invited to submit written comments with respect to this proposed order to the Hearing Clerk, Federal Security Agency, Room 5440, Federal Security Building, Fourth Street and Independence Avenue SW., Washington 25, D. C., within 30 days from the date of publication of this notice in the FEDERAL REGISTER.

Dated: February 25, 1952.

[SEAL]

JOHN L. THURSTON,
Acting Administrator.

[F. R. Doc. 52-2336; Filed, Feb. 28, 1952;
8:53 a. m.]

NOTICES

DEPARTMENT OF THE TREASURY

Fiscal Service, Bureau of Accounts

[Dept. Circ. 570, Rev. Apr. 20, 1943, 1950, 73d Supp.]

QUEEN INSURANCE CO. OF AMERICA
SURETY COMPANY ACCEPTABLE ON FEDERAL BONDS

FEBRUARY 20, 1952.

A Certificate of Authority has been issued by the Secretary of the Treasury to the above company under the Act of Congress approved July 30, 1947, 6 U. S. C. secs. 6-13, as an acceptable surety on Federal bonds. An underwriting limitation of \$2,138,000.00 has been established for the company. Further details as to the extent and localities with respect to which the company is acceptable as surety on Federal bonds will appear in the next issue of Treasury Department Form 356, copies of which, when issued, may be obtained from the Treasury Department, Bureau of Accounts, Section of Surety Bonds, Washington 25, D. C.

[SEAL] E. H. FOLEY,
Acting Secretary of the Treasury.

[F. R. Doc. 52-2340; Filed, Feb. 28, 1952;
8:55 a. m.]

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[Misc. 276769]

IDAHO

ORDER PROVIDING FOR THE OPENING OF
PUBLIC LANDS RESTORED FROM THE BOISE
PROJECT

FEBRUARY 25, 1952.

An order of the Bureau of Reclamation dated July 17, 1951, concurred in by the Acting Director, Bureau of Land Management, July 25, 1951, revoked the Departmental orders of February 24, 1910, and November 6, 1912, so far as they withdrew under the provisions of the Reclamation Act of June 17, 1902 (32 Stat. 338), the following described land in connection with the Boise Project, Idaho, and provided that such revocation shall not affect the withdrawal of any other lands by said order or affect any other order withdrawing or reserving the lands described:

BOISE MERIDIAN

T. 1 S., R. 1 W.,
Sec. 5, SW $\frac{1}{4}$, NW $\frac{1}{4}$;
Sec. 6, lot 2;
Sec. 7, SE $\frac{1}{4}$, NE $\frac{1}{4}$.

The above areas aggregate 113.10 acres.

The lands are chiefly valuable for grazing.

No applications for these lands may be allowed under the homestead, small tract, desert-land, or any other nonmineral public-land laws, unless the lands have already been classified as valuable or suitable for such type of application, or shall be so classified upon the consideration of an application.

This order shall not otherwise become effective to change the status of such lands until 10:00 a. m. on the 35th day after the date of this order. At that time the said lands shall, subject to valid existing rights and the provisions of existing withdrawals, become subject to application, petition, location, and selection as follows:

(a) *Ninety-one day period for preference-right filings.* For a period of 91 days, commencing at the hour and on the day specified above, the public lands affected by this order shall be subject only to (1) application under the homestead or the desert-land laws or the Small Tract Act of June 1, 1938, 52 Stat. 609 (43 U. S. C. 682a), as amended, by qualified veterans of World War II and other qualified persons entitled to preference under the act of September 27, 1944, 58 Stat. 747 (43 U. S. C. 279-284), as amended, subject to the requirements of applicable law, and (2) application under any applicable public-land law, based on prior existing valid settlement rights and preference rights conferred by existing laws or equitable claims subject to allowance and confirmation. Applications under subdivision (1) of this paragraph shall be subject to applications and claims of the classes described in subdivision (2) of this paragraph. All applications filed under this paragraph either at or before 10:00 a. m. on the 35th day after the date of this order shall be treated as though filed simultaneously at that time. All applications filed under this paragraph after 10:00 a. m. on the said 35th day shall be considered in the order of filing.

(b) *Date for non-preference-right filings.* Commencing at 10:00 a. m. on the 126th day after the date of this order, any lands remaining unappropriated shall become subject to such application, petition, location, selection, or other appropriation by the public generally as may be authorized by the public-land laws. All such applications filed either at or before 10:00 a. m. on the 126th day after the date of this order, shall be treated as though filed simultaneously at the hour specified on such 126th day. All applications filed thereafter shall be considered in the order of filing.

A veteran shall accompany his application with a complete photostatic, or other copy (both sides), of his certificate of honorable discharge, or of an official document of his branch of the service which shows clearly his honorable discharge as defined in § 181.36 of Title 43 of the Code of Federal Regulations, or constitutes evidence of other facts upon which the claim for preference is based and which shows clearly the period of service. Other persons claiming credit for service of veterans must furnish like proof in support of their claims. Persons asserting preference rights, through settlement or otherwise, and those having equitable claims, shall accompany their applications by duly corroborated statements in support thereof, setting forth in detail all facts relevant to their claims.

Applications for these lands, which shall be filed in the Land and Survey Office, Boise, Idaho, shall be acted upon in accordance with the regulations contained in § 295.8 of Title 43 of the Code of Federal Regulations and Part 296 of that title, to the extent that such regulations are applicable. Applications under the homestead laws shall be governed by the regulations contained in Parts 166 to 170, inclusive, of Title 43 of the Code of Federal Regulations, and applications under the desert-land laws and the said Small Tract Act of June 1, 1938, shall be governed by the regulations contained in Parts 232 and 257, respectively, of that title.

Inquiries concerning these lands shall be addressed to the Manager, Land and Survey Office, Boise, Idaho.

WILLIAM ZIMMERMAN, Jr.,
Associate Director.

[F. R. Doc. 52-2339; Filed, Feb. 28, 1952;
8:54 a. m.]

CIVIL AERONAUTICS BOARD

[Docket No. 5209]

AMERICAN AIR TRANSPORT AND FLIGHT
SCHOOL, INC.

NOTICE OF HEARING

In the matter of the revocation of Letter of Registration No. 4 issued to American Air Transport and Flight School, Inc.

Notice is hereby given that pursuant to the Civil Aeronautics Act of 1938, as amended, particularly sections 401 (a) and 1005 (e) of said act, and Part 291 of the Board's Economic Regulations, as alleged in the Motion for institution of enforcement proceedings filed herein, that hearing in the above-entitled proceeding is assigned to be held on March 3, 1952, at 10:00 a. m., e. s. t. in Conference Room "A", Departmental Auditorium, 14th Street and Constitution Avenue NW., Washington, D. C., before Examiner Walter W. Bryan.

For further details in this proceeding interested parties are referred to the Board's Order Serial No. E-5907, and other papers filed in the docket of this proceeding in the Docket Section of the Civil Aeronautics Board.

Without limiting the scope of the issues presented by this proceeding, particular attention will be directed to the following matters and questions:

1. Has respondent violated sections 401 (a) and 1005 (e) of the Civil Aeronautics Act of 1938, as amended, Board's Order Serial No. E-3906, dated February 15, 1950, Docket No. 3405, and Part 291 of the Board's Economic Regulations as alleged in the motion for institution of enforcement proceedings herein?

2. If any such violations are established, were and are they knowing and willful?

3. If any such violations are established, whether knowing and willful or otherwise, should the Board issue an or-

der to cease and desist or other order to compel compliance with the applicable provisions of the act and Part 291 of the Board's Regulations?

4. If any such knowing and willful violations are established, should the Letter of Registration heretofore issued to the respondent by the Board be revoked?

Dated at Washington, D. C., February 25, 1952.

[SEAL] FRANCIS W. BROWN,
Chief Examiner.

[F. R. Doc. 52-2296; Filed, Feb. 28, 1952; 8:45 a. m.]

ECONOMIC STABILIZATION AGENCY

Office of the Administrator

[Determination 40, Amdt. 1]

LONE STAR, TEXAS, CRITICAL DEFENSE HOUSING AREA

APPROVAL OF EXTENT OF RELAXATION OF CREDIT CONTROLS

In view of the joint certification by the Acting Secretary of Defense and the Director of Defense Mobilization, dated February 5, 1952 (17 F. R. 1166), that the Lone Star, Texas, area is a critical defense housing area as defined by Section 204 (1) of the Housing and Rent Act of 1947, as amended, Section 2 of Economic Stabilization Agency Determination No. 40 (17 F. R. 1369) is hereby amended to apply to the area described as:

Lone Star, Texas (this area consists of all of Camp and Morris Counties; precincts 1, 2, and 8, including Hughes Springs, Linden, and Avinger, in Cass County; precincts 1, 2, 3, and 6, including Jefferson City, in Marion County; precincts 1, 4, 5, 6, and 7, including Mount Pleasant, in Titus County; and precincts 2, 6, and 8, including Ore City, in Upshur County; all in Texas).

ROGER L. PUTNAM,
Administrator.

FEBRUARY 21, 1952.

[F. R. Doc. 52-2373; Filed, Feb. 28, 1952; 8:59 a. m.]

[Determination 86, Amdt. 1]

KNOB NOSTER, MISSOURI, CRITICAL DEFENSE HOUSING AREA

APPROVAL OF EXTENT OF RELAXATION OF CREDIT CONTROLS

In view of the joint certification by the Acting Secretary of Defense and the Director of Defense Mobilization, dated February 5, 1952 (17 F. R. 1166), that the Knob Noster, Missouri, area is a critical defense housing area as defined by section 204 (1) of the Housing and Rent Act of 1947, as amended, section 2 of Economic Stabilization Agency Determination No. 86 (17 F. R. 1376) is hereby amended to apply to the area described as:

Knob Noster, Missouri (this area consists of Johnson County; Pettis County; and the

township of Windsor and the city of Windsor in Henry County; all in Missouri).

ROGER L. PUTNAM,
Administrator.

FEBRUARY 21, 1952.

[F. R. Doc. 52-2374; Filed, Feb. 28, 1952; 8:59 a. m.]

Office of Price Stabilization

[Region VI, Redelegation of Authority No. 25]

DIRECTORS OF DISTRICT OFFICES, REGION VI

DELEGATION OF AUTHORITY UNDER CPR 98

By virtue of the authority vested in me as Director of the Regional Office of Price Stabilization No. VI, pursuant to Delegation of Authority No. 53 (17 F. R. 1236), this redelegation of authority is hereby issued.

1. Authority is hereby redelegated to the Directors of the Cincinnati, Ohio; Cleveland, Ohio; Columbus, Ohio; Detroit, Michigan; Grand Rapids, Michigan; Louisville, Kentucky; and Toledo, Ohio, District Offices of the Office of Price Stabilization to accept applications for the establishment of ceiling prices or adjustment in extras made in accordance with the provisions of section 40 of Ceiling Price Regulation 98, to request further information in connection with such applications, to approve, disapprove or revise proposed ceiling prices or extras, to establish ceiling prices or extras, and to modify or revoke ceiling prices or extras established under that section.

2. Any official to whom authority is redelegated by or under this redelegation may, in the exercise of that authority, refer for review and advice any filing or application in connection with the establishment of a ceiling price or extra to the Director of the Regional Office of Price Stabilization, No. VI.

This redelegation of authority shall take effect as of February 25, 1952.

SYDNEY A. HESSE,
Director of Regional Office No. VI.

FEBRUARY 26, 1952.

[F. R. Doc. 52-2371; Filed, Feb. 26, 1952; 5:06 p. m.]

[Delegation of Authority No. 54]

DIRECTORS OF REGIONAL OFFICES

DELEGATION OF AUTHORITY TO ACT UNDER SECTION 8 OF SR 1 TO CPR 7

By virtue of the authority vested in the Director of Price Stabilization, pursuant to the Defense Production Act of 1950, as amended (64 Stat. 798, 803; 65 Stat. 131), Executive Order 10161 (15 F. R. 6105), and Economic Stabilization Agency General Order No. 2, as amended (16 F. R. 738, 11626), this delegation of authority is hereby issued.

1. Authority is hereby delegated to the Directors of the Regional Offices of the Office of Price Stabilization to act under

section 8 of Supplementary Regulation 1 to Ceiling Price Regulation 7.

2. The authority herein delegated may be redelegated to the Directors of the District Offices of the Office of Price Stabilization.

This delegation of authority shall take effect on February 29, 1952.

JOSEPH H. FREEHILL,
Acting Director of Price Stabilization.

FEBRUARY 28, 1952.

[F. R. Doc. 52-2462; Filed, Feb. 28, 1952; 11:23 a. m.]

[Ceiling Price Regulation 83, Section 2, Special Order 12, Amdt. 2]

HUDSON MOTOR CO.

BASIC PRICES AND CHARGES FOR NEW PASSENGER AUTOMOBILES

Statement of considerations. Special Order 12 established a schedule of prices and charges under section 2 of Ceiling Price Regulation 83 for sellers of new passenger automobiles and factory installed extra equipment manufactured by the Hudson Motor Company. Since the issuance of Special Order 12, the Hudson Motor Company has increased the prices to dealers of four items of factory installed equipment, which were below its ceiling prices. This amendment is accordingly issued to establish retail sellers' charges on the four items which will reflect increased cost to dealers and markups thereon.

In addition, this amendment adds to the list of factory installed extra equipment contained in Special Order 12, two items which Hudson Motor Company has not previously offered for sale.

Special provisions. For the reasons set forth in the Statement of Considerations and pursuant to section 2 of Ceiling Price Regulation 83, this amendment to Special Order 12 is hereby issued.

1. The following changes are made in the list of charges for factory installed extra, special or optional equipment contained in paragraph 2 of Special Order 12:

The item which reads,	
Hydromatic transmission (Left-hand drive only, all lines and series)...	\$157.34
is corrected to read as follows:	
"Hydromatic transmission (Left-hand drive only, all lines and series)....."	\$162.84
The item which reads,	
Overdrive (all lines and series)....	\$39.65
is corrected to read as follows:	
Overdrive (all lines and series).....	\$103.14
The item which reads,	
Radio (all lines and series).....	\$87.33
is corrected to read as follows:	
Radio (all lines and series).....	\$90.37
The item which reads,	
Weather control, with remote control (all lines and series).....	\$67.56
is corrected to read as follows:	
Weather control, with remote control (all lines and series).....	\$69.91

2. The following charges for factory installed extra, special or optional equipment are added to the list of extra, special or optional equipment contained in paragraph 2 of Special Order 12.

Special engine, 127 horsepower (Pace-maker only)----- \$34.09
Twin-H Power Carburetor (for all 6 cylinder lines and series)----- \$80.00

Effective date. This amendment 2 to Special Order 12 shall become effective February 28, 1952.

ELLIS ARNALL,
Director of Price Stabilization.

FEBRUARY 28, 1952.

[F. R. Doc. 52-2460; Filed, Feb. 28, 1952;
11:22 a. m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket Nos. 8602, 9442]

DELTA BROADCASTERS, INC., AND CHARLES WILBUR LAMAR, JR. (KCIL)

ORDER SCHEDULING FURTHER HEARING

In re applications of Delta Broadcasters, Inc., Thibodaux, Louisiana, Docket No. 8602, File No. BP-6734; Charles Wilbur Lamar, Jr. (KCIL), Houma, Louisiana, Docket No. 9442, File No. BP-7282; for construction permits.

It is ordered, This 19th day of February 1952, that, in accordance with the Commission's order of February 13, 1952, remanding the proceeding herein to the Examiner, further hearing in the matter will commence on March 6, 1952, in Washington, D. C.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2305; Filed, Feb. 28, 1952;
8:47 a. m.]

[Docket No. 9345]

JAMES CULLEN LOONEY (KURV)

ORDER SCHEDULING FURTHER HEARING

In re application of James Cullen Looney (KURV), Edinburg, Texas, for construction permit; Docket No. 9345, File No. BP-6473.

It is ordered, This 19th day of February 1952, that in accordance with the Commission's order of December 18, 1951, remanding the proceeding herein to the Examiner, further hearing in the matter will commence on March 13, 1952, in Washington, D. C.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2306; Filed, Feb. 28, 1952;
8:47 a. m.]

[Docket Nos. 9984, 9985]

BLUE RIDGE BROADCASTING CO. (WGGA), AND LAMAR LIFE INSURANCE CO. (WJDX)

ORDER CONTINUING HEARING

In re applications of Blue Ridge Broadcasting Company (WGGA), Gainesville,

Georgia, Docket No. 9984, File No. BP-7661; Lamar Life Insurance Company (WJDX), Jackson, Mississippi, Docket No. 9985, File No. BP-7909; for construction permit.

The Commission having under consideration a petition filed February 12, 1952 by the Lamar Life Insurance Company requesting (1) continuance to April 21, 1952, of the hearing presently scheduled for March 17, 1952 (2) that the taking of depositions authorized by Commission orders of September 18, November 1, November 7, November 16, 1951, and January 16, 1952, be continued so as to commence on March 27, 1952, at Starkville, Mississippi, on March 29, 1952, at Raymond, Mississippi, and on March 31, 1952, at Jackson, Mississippi, and (3) waiver of § 1.745 of the rules; and

It appearing that the continuance requested is desired to afford the petitioner an opportunity to consider changes in its proposal which, if made, would simplify the pending proceeding; and

It further appearing that all parties have agreed to a grant of the petition and immediate action thereon and therefore the requirements of § 1.745 of the Commission's rules have been met;

It is ordered, This 15th day of February 1952, that the petition be and it is hereby granted, the hearing is continued to April 21, 1952, in Washington, D. C., and the taking of depositions is continued to March 27, 1952, for the depositions authorized for Starkville, Mississippi, to March 29, 1952, for the depositions authorized for Raymond, Mississippi, and to March 31, 1952, for the depositions authorized for Jackson, Mississippi.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2304; Filed, Feb. 28, 1952;
8:47 a. m.]

[Docket No. 10023]

DESERT RADIO AND TELECASTING CO.

ORDER CONTINUING HEARING

In re application of Jobe L. Hamman and Melvin Sullivan, d/b as Desert Radio and Telecasting Company, Palm Springs, California, for construction permit; Docket No. 10023, File No. BP-7847.

The Commission having under consideration a petition filed February 14, 1952, by Valradio, Inc., licensee of Radio Station KXO, El Centro, California, and a respondent in the above-entitled proceeding, requesting continuance for a period of at least sixty days of the hearing in such proceeding presently scheduled for March 3, 1952; and

It appearing, that the president of the respondent corporation will be out of the United States on a Government mission at the time of the scheduled hearing on March 3, 1952, and for several weeks thereafter; and

It further appearing, that it is necessary for the attorney for Desert Radio and Telecasting Company to be absent from Washington on March 3, 1952, be-

cause of business commitments in the western part of the United States; and

It further appearing, that counsel for Desert Radio and Telecasting Company and counsel for the Broadcast Bureau have consented to a waiver of § 1.745 of the Commission's rules and regulations to permit the early consideration and grant of such petition;

It is ordered, This 20th day of February 1952, that the petition be and it is hereby granted; and that the hearing on the above-entitled application be and it is hereby continued to May 5, 1952, at 10 o'clock, in Washington, D. C.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2307; Filed, Feb. 28, 1952;
8:48 a. m.]

ESTABLISHMENT OF FIELD ENGINEERING AND MONITORING BUREAU

At a meeting of the Federal Communications Commission held at its offices in Washington, D. C., this 14th day of February 1952;

It is ordered, Under authority of the Communications Act of 1934, as amended, that:

A. The Field Engineering and Monitoring Division, Commercial Operator Branch, Experimental and Miscellaneous Branch and the Antenna Survey Branch of the Office of the Chief Engineer are hereby abolished;

B. A Field Engineering and Monitoring Bureau be established. This Bureau shall consist of an Office of the Chief, an Engineering Division, an Inspection and Examination Division, a Monitoring Division, and a Field Operating Division and its associated field organization consisting of regional offices, district offices, and monitoring stations.

The Bureau shall be responsible for all Commission engineering activities relating to radio stations performed in the field, including station inspections, surveys, monitoring, direction finding, signal measurement, and investigations; for those enforcement activities performed in the field dealing with the suppression of interference and the inspection of devices possessing electromagnetic radiation characteristics, and such other field inspections or investigations as might be required by the Commission, or the Bureaus and Staff Offices.

The Bureau shall develop rules and regulations which will provide such classes of commercial operators as may be required in the various radio services regulated by the Commission, and shall administer and enforce such rules and regulations; prepare and conduct commercial radio operator examinations and issue commercial operators' licenses; conduct amateur examinations, and upgrade amateur licenses in situations where the upgrading can be accomplished by endorsements.

The Bureau shall be responsible for processing data with respect to proposed new or modified antenna structures

covered in Part 17 of the rules to determine whether such proposed construction will create hazards to air navigation.

The Bureau shall participate in international conferences with respect to matters for which the Bureau is responsible.

The Bureau shall be responsible for enforcement and administration of Parts 15 and 18 of the Commission's rules and regulations relative to equipment, interference, and related problems in the industrial, scientific and medical services and arising from restricted radiation devices.

C. The Bureau shall be under the direction of the Chief of the Bureau who, subject to the policy determination of the Commission, shall plan, direct, and coordinate the activities of the Bureau and shall have within his immediate office the following duties and responsibilities:

1. To formulate operating policies and plans consistent with the policies of the Commission.

2. To develop an operating program for the Bureau and translate this program into effective, succinctly stated budget estimates.

3. To establish controls to insure the accomplishment of the Bureau's program.

4. To advise, make recommendations, and periodically report to the Commission on the Bureau's activities, accomplishments and the status of pending problems and projects.

5. To coordinate the activities of the Bureau internally and with other bureaus and offices within the Commission.

6. To represent the Commission on inter-agency committees and international conferences on matters for which the Bureau is responsible.

7. To participate in policy-making and planning of those activities which involve field administration.

8. To exercise such authority as may be assigned or referred by the Commission pursuant to section 5 (e) of the Communications Act of 1934, as amended.

9. To provide guidance and general supervision to the several subordinate divisions.

D. The immediate office of the Chief of the Bureau shall include an Administrative Branch headed by an Administrative Assistant who shall have the following duties and responsibilities:

1. To coordinate personnel action requests for the Bureau with the Personnel Division; maintain personnel and time and leave records for the Bureau in accordance with procedures established by the Office of Administration; and maintain a control of mail, files, supplies, and equipment; coordinate space changes and perform similar administrative activities, and in so doing serve as the point of contact for the Bureau with the Service Division.

2. To maintain control records and prepare reports and statistics.

3. To assist the Bureau Chief in the preparation and justification of the budget and allotment estimates and in the administration of the Bureau's finances, subject to budget procedures, in-

structions, and advice from the Office of Administration.

4. To perform such other administrative tasks as might be necessary for the effective operation of the Bureau.

E. There shall be assigned to the Office of the Chief an Attorney-Advisor who shall advise the Chief of the Bureau and the divisions of the Bureau on legal questions relative to such matters as applications for commercial operators' licenses, interference problems, investigation and other activities of the Bureau or other special assignments.

F. There is hereby established the Field Operating Division. This Division shall be under the immediate supervision of the Assistant Chief of the Bureau who, within the policies set forth by the Chief of the Bureau, shall be responsible for all field operations of the Bureau, including the management and supervision of all field offices and monitoring stations and who shall have the following duties and responsibilities:

1. To directly supervise the activities of the Regional Managers, delegating to them such authority as is necessary to act in matters involving inspection, examination, monitoring and investigation and related functions and activities.

2. To direct and coordinate the monitoring and direction-finding network operations in the field through the Monitoring Control Center in his Division in cases involving more than one region and in special or emergency situations, provided the respective Regional Managers are kept constantly informed of all such actions, and provided further that the operational instructions from the Monitoring Control Center are an exception to the general delegation of monitoring responsibilities to the Regional Managers and supplement their administrative supervision of this work.

3. To review proposed projects with the originating divisions for the purpose of developing clear operating instructions, and to insure that the work required by the project is reasonable in view of the objective, and that the project may be performed within the funds available.

4. To advise the staff divisions and the Bureau Chief regarding operating difficulties which might require changes in operating policy or procedures.

5. To assure the necessary liaison with other governmental and private agencies or groups in matters which arise in the field by appropriate instructions to the Regional Manager or other field officials.

6. To perform those administrative and management activities which will insure the most effective performance of the field operations of the Bureau.

7. To act for the Chief of the Bureau in his absence or otherwise when designated.

G. There is hereby established an Inspection and Examination Division, to be headed by a Chief. The Chief of this Division, under the supervision of the Chief of the Bureau, shall have the following duties and responsibilities:

1. To formulate the standards, methods and facilities of the inspection and examination functions of the Bureau.

2. To evaluate the performance of these functions.

3. To execute staff responsibility for matters involving rules and regulations concerning licensing of commercial radio operators.

4. To maintain up-to-date sets of examination questions and a study guide for prospective applicants.

5. To recommend action on matters of non-compliance with rules, acts, or treaties by commercial radio operators.

6. To develop and make recommendations with respect to the priority and frequency of station inspections.

H. There is hereby established an Engineering Division to be headed by a Chief who, under the supervision of the Chief of the Bureau, shall have the following duties and responsibilities:

1. To establish standards and methods for accomplishing technical projects.

2. To evaluate the performance of technical field operations and prescribe standards therefor.

3. To develop and make recommendations with respect to technical facilities required for field operations, including the selection of monitoring station sites.

4. To process the data concerning proposed new or modified antenna construction to insure that no hazard to air navigation results from the proposed construction.

5. To administer Parts 15 and 18 of the Commission's rules and regulations relative to equipment, interference, and related problems in the industrial, scientific, and medical services and arising from restricted radiation devices.

6. To maintain liaison with the Office of the Chief Engineer on technical engineering matters.

I. There is hereby established a Monitoring Division headed by a Chief. Under the supervision of the Chief of the Bureau, the Chief of this Division shall have the following duties and responsibilities:

1. To exercise staff responsibility for standards, techniques, and facilities in the monitoring procedures.

2. To evaluate the performance of direction finding and measuring techniques, and other monitoring activities carried out in the field.

3. To initiate monitoring and evaluate results regarding band occupancy studies, coordinating same with the Office of the Chief Engineer.

4. To exercise staff responsibility for surveillance techniques, including standards, methods and facilities relating to identification of all radio transmissions.

5. To exercise staff responsibility for methods and procedures relating to the detection and suppression of interference through monitoring and the evaluation thereof.

6. To maintain liaison with governmental organizations such as CIA, CAA, the military, etc., pertaining to monitoring operations.

7. To exercise staff responsibility for investigative methods and procedures.

8. To coordinate investigative activities with other activities within the Commission, and with other Government agencies.

9. To review important investigative cases for evaluating the sufficiency of

methods and procedures in the light of results achieved.

10. To exercise staff responsibility for methods and procedures relating to the detection and suppression of interference through investigative action and evaluating the results thereof.

This order shall become effective March 2, 1952.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2308; Filed, Feb. 28, 1952;
8:48 a. m.]

ESTABLISHMENT OF FIELD ENGINEERING DISTRICT No. 24

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 14th day of February 1952;

It is ordered, Under the authority of the Communications Act of 1934, as amended, that:

There is hereby established a new Field Engineering District which shall encompass the District of Columbia and extend ten miles beyond the boundary of said District of Columbia in each direction. This office, known as District Office No. 24 shall be under the direction of an Engineer in Charge, who under the general supervision and direction of the Regional Manager of the North Atlantic Region, shall perform all the duties normal to district offices such as station inspections, operator examinations, investigations, monitoring, etc.

This order shall become effective March 2, 1952.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2310; Filed, Feb. 23, 1952;
8:48 a. m.]

ABOLITION OF LOS ANGELES FIELD OFFICE OF OFFICE OF GENERAL COUNSEL

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 14th day of February 1952;

It is ordered, Under the authority of the Communications Act of 1934, as amended, that:

The field office of the Office of the General Counsel, Federal Communications Commission, at Los Angeles, California, be hereby abolished.

This order shall become effective March 30, 1952.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2311; Filed, Feb. 28, 1952;
8:48 a. m.]

DEFINITION OF FUNCTIONS OF OFFICE OF GENERAL COUNSEL AND ESTABLISHMENT OF ORGANIZATIONAL STRUCTURE

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 14th day of February 1952;

It is ordered, Under the authority of the Communications Act of 1934, as amended, that:

A. The Technical Branch and the Administrative Branch of the Office of the General Counsel are hereby abolished.

B. The Office of the General Counsel shall consist of the immediate office of the General Counsel, a Litigation Division, and a Legislation, Treaties, and Rules Division.

C. The immediate office of the General Counsel shall be under the direct supervision of the General Counsel and with the aid of an Assistant to the General Counsel and such other staff as might be necessary to perform the work of the office, shall have the following duties and responsibilities:

1. To advise and represent the Commission in matters of litigation.

2. To advise and make recommendations to the Commission with respect to proposed legislation and to coordinate the preparation of Commission views thereon for submission to Congress.

3. To participate in preparation for international conferences, represent the Commission at international conferences and to participate in the implementation of international agreements.

4. To interpret the statutes, international agreements, and international regulations affecting the Commission.

5. To prepare and make recommendations and interpretations concerning procedural rules of general applicability; review all rules for consistency with other rules, uniformity, and legal sufficiency.

6. To conduct research in legal matters as directed by the Commission.

7. In conjunction with the Chief Engineer and the Chief Accountant, to participate in, render advice to the Commission, and coordinate the staff work with respect to general frequency allocation proceedings and other proceedings not within the jurisdiction of any single Bureau, and to render advice with respect to rule-making matters and proceedings affecting more than one Bureau.

8. To perform all legal functions with respect to

(a) International broadcast stations;

(b) Rules, establishment of technical standards, encouragement, authorization and regulation of experimentation in the electronic arts or the incidental use of them for general research and scientific purposes: *Provided*, That experimentation which has the primary purpose of improving the established classes of services shall continue to be handled by the Bureau responsible under the rules for the administration of such services.

(c) The development of and promulgation of rules for the operation of restricted and incidental radiation devices, and for industrial, scientific and medical

devices, with a view to eliminating interference to established services.

(d) The type approval and type acceptance of radio frequency equipment in accordance with the various parts of the Commission's rules and regulations.

9. In respect to any matters involving the functions of the Office of the General Counsel.

(a) To maintain liaison with other agencies of government.

(b) To provide representation for the office on Commission-wide and interdepartmental committees; and

(c) To deal with members of the public and of the industries concerned.

10. To exercise such authority as may be assigned or referred by the Commission pursuant to section 5 (e) of the Communications Act of 1934, as amended.

11. To advise the Commission in adjudicatory proceedings.

12. To perform such other duties as may be assigned or referred by the Commission.

D. There is hereby established a Litigation Division. This Division shall be under the direction of an Assistant General Counsel who, under the supervision of the General Counsel, shall have the following duties and responsibilities:

1. To advise and represent the Commission in matters of litigation.

2. To interpret the statutes.

3. To conduct research in legal matters as directed by the Commission.

4. To advise the Commission in adjudicatory proceedings.

E. There is hereby established a Legislation, Treaties, and Rules Division. This Division shall be under the direction of an Assistant General Counsel who, under the supervision of the General Counsel, shall have the following duties and responsibilities:

1. To advise and represent the Commission on matters pertaining to proposed legislation.

2. To coordinate and make recommendations on proposed legislation.

3. In conjunction with the Chief Engineer and the Chief Accountant, to participate in, render advice to the Commission, and coordinate the staff work with respect to general frequency allocation proceedings, and other proceedings not within the jurisdiction of any single Bureau, and to render advice with respect to rule-making matters and proceedings affecting more than one Bureau.

4. To interpret general and procedural rules.

5. To review all proposed rules for consistency with existing rules and for legal sufficiency.

6. To advise and represent the Commission in matters with respect to international conferences, treaties or agreements.

7. To interpret international treaties and agreements.

F. The General Counsel or, in his absence, the Acting General Counsel is designated to assume all authority which is delegated to the Office of the General Counsel by the Commission's rules and regulations or by orders properly issued by this Commission.

The Commission's order of May 2, 1951, defining the Office of the General Counsel (FCC 51-425) is hereby superseded by this order.

The effective date of this order shall be March 2, 1952.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2312; Filed, Feb. 28, 1952;
8:48 a. m.]

DEFINITION OF FUNCTIONS OF OFFICE OF
CHIEF ENGINEER AND ESTABLISHMENT OF
ORGANIZATIONAL STRUCTURE

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 14th day of February 1952;

It is ordered, Under the authority of the Communications Act of 1934, as amended, that:

A. The Office of the Chief Engineer shall consist of the immediate office of the Chief Engineer, a Technical Research Division, a Laboratory Division, and a Frequency Allocation and Treaty Division.

B. The Office of the Chief Engineer shall be under the immediate direction of the Chief Engineer and with the aid of an Assistant Chief Engineer, an Assistant to the Chief Engineer, and such other staff as might be necessary to perform the functions of the office shall have the following authority, duties and responsibilities:

1. To plan and direct broad programs looking toward the more effective use of communications in the public interest.
2. To advise the Commission and the various Bureaus on matters of applied technical research.
3. To advise and represent the Commission on the allocation of radio frequencies, including international agreements pertaining to frequency allocations.
4. With respect to matters involving functions of the Office of the Chief Engineer:
 - (a) To maintain liaison with other agencies of government.
 - (b) To provide representation for the office on Commission-wide and interdepartmental meetings.
 - (c) To deal with members of the public and industries.
5. In conjunction with the General Counsel, and the Chief Accountant, to participate in, render advice to the Commission, and coordinate the staff work with respect to general frequency allocation proceedings and other proceedings not within the jurisdiction of any single Bureau, and to render advice with respect to rule-making matters and proceedings affecting more than one Bureau.
6. To collaborate with the Bureaus in the formulation of standards of engineering practice and the rules and regulations related thereto, and to advise the Commission on such matters.
7. To perform all engineering functions with respect to:
 - (a) International broadcast stations;

(b) Rules, establishment of technical standards, encouragement, authorization and regulation of experimentation in the electronic arts or the incidental use of them for general research and scientific purposes; provided that experimentation which has the primary purpose of improving the established classes of services shall continue to be handled by the Bureau responsible under the rules for the administration of such services.

(c) The development of and promulgation of rules for the operation of restricted and incidental radiation devices and industrial, scientific and medical equipment with a view to eliminating interference to established services.

(d) The type approval and type acceptance of radio frequency equipment in accordance with the various parts of the Commission's rules and regulations.

8. To exercise such authority as may be assigned or referred by the Commission pursuant to section 5 (e) of the Communications Act of 1934, as amended.

9. To advise the Commission in adjudicatory proceedings.

10. To perform such other duties as may be assigned or referred by the Commission.

C. The Technical Research Division shall be under the direction of an Assistant Chief Engineer who, under the supervision and direction of the Chief Engineer, shall have the following duties and responsibilities:

1. To analyze, coordinate, and disseminate technical data and scientific information relating to advanced engineering phases of communications.
2. To provide a technical consulting service to the Commission and the various operating bureaus.
3. To conduct technical studies in radio wave propagation, equipment studies and other engineering matters.
4. To develop practical applications for the results of the Division's technical research activities including the development of technical rules and specifications relating to all radio services.
5. To analyze data and make recommendations concerning type acceptance of radio frequency equipment and issue lists of equipment acceptable for licensing and to issue certificates of type approval.
6. To study new uses for radio, and provide for experimental uses of frequencies.

D. The Laboratory Division shall be under the direction of an Assistant Chief Engineer who, under the supervision and direction of the Chief Engineer, shall have the following duties and responsibilities:

1. To design and assemble apparatus for special tests and studies.
2. To develop, design, and construct equipment for use in connection with the Commission's Field Engineering and Monitoring activities.
3. To determine capabilities of newly developed equipment.
4. To conduct tests, analyze data, and make recommendations concerning type approval of radio frequency equipment.
5. To develop and coordinate such laboratory tests and investigations for the purpose of accumulating engineer-

ing data or statistics in any of the broad fields of the communications art, as might be directed by the Chief Engineer.

E. The Frequency Allocation and Treaty Division shall be under the direction of an Assistant Chief Engineer who, under the supervision and direction of the Chief Engineer, shall have the following duties and responsibilities:

1. To make studies of utilization of the frequencies between the several radio services to establish their allocation requirements.
2. To keep informed of the state of the radio art as it pertains to the use of frequencies in all parts of the radio spectrum.
3. To propose adjustments in the Table of Frequency Allocation when necessary.
4. To maintain the Interdepartment Radio Advisory Committee (IRAC) Secretariat which performs all secretarial functions for the IRAC including the maintenance of the file of applications by Government agencies and the official IRAC Station List.
5. To effect coordination of frequency assignments between the Interdepartment Radio Advisory Committee and the Commission.
6. To maintain the Commission's master frequency record of assignments made.
7. To notify United States frequency assignments to the Bureau of the International Telecommunications Union.
8. To maintain and distribute current information regarding all international communication conferences in which the Commission has direct interest.
9. To coordinate engineering staff activities in preparation for international conferences having to do with the various communications services and allocation of frequencies.

F. The Chief Engineer, or, in his absence, the Acting Chief Engineer, of the Commission is hereby designated to assume all authority which the Commission's rules and regulations delegate to the Chief Engineer, except for such authority as is or has been specifically delegated by Commission order to the Chiefs of the Bureaus.

The Commission's Order of May 2, 1951, defining the office of the Chief Engineer (FCC 51-427) is hereby superseded by this order.

The effective date of this order shall be March 2, 1952.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2313; Filed, Feb. 28, 1952;
8:49 a. m.]

DEFINITION OF FUNCTIONS OF OFFICE OF
CHIEF ACCOUNTANT AND ESTABLISHMENT
OF ORGANIZATIONAL STRUCTURE

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 14th day of February 1952;

It is ordered, Under the authority of the Communications Act of 1934, as amended, that:

A. The Office of the Chief Accountant shall consist of the immediate office of the Chief Accountant, the Accounting Systems Division, and the Economics Division.

B. The immediate office of the Chief Accountant shall be under the direct supervision of the Chief Accountant and, with the aid of an Assistant Chief Accountant and such other staff as might be necessary to perform the work of the office, shall have the following duties and responsibilities:

1. To develop and make recommendations and interpretations concerning accounting rules and principles to be observed by industries subject to Commission's jurisdiction.

2. To conduct research in and advise the Commission on economic matters to be considered in policy determinations.

3. To advise the Commission and its Bureaus regarding accounting, economic and statistical matters.

4. With respect to matters involving the functions of the Office of the Chief Accountant:

(a) To maintain liaison with other agencies of Government.

(b) To provide representation for the office on Commission-wide and inter-departmental meetings.

(c) To deal with members of the public and industries.

5. In conjunction with the General Counsel and the Chief Engineer, to participate in, render advice to the Commission, and coordinate the staff work with respect to general frequency allocation proceedings and other proceedings not within the jurisdiction of any single Bureau, and to render advice with respect to rule-making matters and proceedings affecting more than one Bureau.

6. To perform such other duties as may be assigned or referred by the Commission.

7. To advise the Commission in adjudicatory proceedings.

8. To exercise such authority as may be assigned or referred by the Commission pursuant to section 5 (e) of the Communications Act of 1934, as amended.

C. The Accounting Systems Division shall be under the direction of an Assistant Chief Accountant who, under the supervision and direction of the Chief Accountant, shall have the following duties and responsibilities:

1. Recommends the formulation, revision, and amendment, in collaboration with the Common Carrier Bureau and in cooperation with the Office of Administration, of (1) the Commission's Uniform Systems of Accounts, (2) regulations for the preservation of records, (3) reporting requirements and related rules and regulations.

2. Recommends the formulation, revision, and amendment, in collaboration with the Broadcast Bureau and in cooperation with the Office of Administration, of the forms of financial and statistical reports required to be filed with the Commission, and related rules and regulations.

3. Interprets (1) the Commission's Uniform Systems of Accounts, (2) regulations for the preservation of records, (3) reporting requirements and related rules and regulations.

4. Participates in activities and work of the National Association of Railroads and Utilities Commissioners' Committee on Accounts and Statistics and Committee on Depreciation; corresponds with members on accounting matters of mutual concern; and prepares for and participates in periodic conferences.

D. The Economics Division shall be under the direction of an Assistant Chief Accountant who, under the supervision and direction of the Chief Accountant, shall have the following duties and responsibilities:

1. Conducts economic research activities:

(a) Prepares and compiles economic data and cooperates with the Bureaus in the compilation of regular economic reports to the Commission on condition and status of the industries subject to the Commission's jurisdiction.

(b) Studies the social and economic factors affecting the public demand with respect to communications.

(c) Prepares studies, or suggests studies to the Bureaus, in order to provide an over-all view of the structure and operations of the communications industries, for the assistance of the Commission, the industry, and the public.

(d) Serves as a clearing house for the staff on sources for obtaining pertinent economic data within the Commission and available from governmental and private organizations.

2. Provides statistical consultation and economic information service:

(a) Reviews and advises the Bureaus on content and form of statistical schedules required by the Commission of communications companies and of statistical reports prepared by the Commission.

(b) Provides technical advice and assistance to the staff and the Commission on statistical aspects of questionnaires, sampling, industry economic trends, national economic trends and statistical methods.

(c) Reviews statistical reports and prepares digests to inform the Commission on basic industry developments.

(d) Serves as Commission representative on inter-agency statistical projects.

E. The Chief Accountant, or, in his absence, the Acting Chief Accountant of the Commission, is hereby designated to assume all authority which the Commission's rules and regulations delegate to the Chief Accountant.

The Commission's Order of May 2, 1951, defining the functions of the Office of Chief Accountant (FCC 51-426) as amended by its order of May 29, 1951 (FCC 51-549) is hereby superseded by this order.

This order shall become effective March 2, 1952.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2314; Filed, Feb. 28, 1952;
8:49 a. m.]

DEFINITION OF FUNCTIONS AND ESTABLISHMENT OF ORGANIZATIONAL STRUCTURE OF THE OFFICE OF THE SECRETARY

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 14th day of February 1952;

It is ordered, Under the authority of the Communications Act of 1934, as amended, that:

A. The License Division, the Service Division, the Mail and Files Branch, and the Messenger Branch of the Bureau of the Secretary are hereby abolished.

B. The functions of the Common Carrier Reference Room and the Engineering Library are hereby transferred from the Common Carrier Bureau and the Office of the Chief Engineer to the Library Division of the Office of the Secretary.

C. The Office of the Secretary will be under the direction of the Secretary of the Commission and shall consist of a Dockets Division, a Minute Division, a Library Division, and a Technical Assistance Division.

D. The Secretary shall have the following duties and responsibilities:

1. To maintain minutes and records of official Commission action and sign official Commission correspondence and documents.

2. To maintain dockets of all Commission hearing proceedings.

3. To maintain library and reference facilities.

4. To direct and supervise the development and execution of a technical assistance program in cooperation with the Mutual Security Agency and other Government agencies.

E. The Dockets Division shall be under the direction of a division chief who under the supervision of the Secretary shall have the following duties and responsibilities:

1. To maintain official dockets of all Commission hearing cases.

F. The Minute Division shall be under the direction of the Chief of the Division who under the supervision of the Secretary shall have the following duties and responsibilities:

1. To maintain official minutes of all Commission actions and notations of Commission meetings.

2. To prepare and distribute the agenda for Commission consideration.

3. To review agenda items for completeness.

4. To maintain an official current copy of the Commission's rules and regulations.

5. To submit to the FEDERAL REGISTER all official Commission documents which require publication.

G. The Library Division shall be under the direction of the Chief Librarian under the supervision of the Secretary who shall have the following duties and responsibilities:

1. To procure, catalogue, classify, and maintain books, periodicals and other reference material.

2. To provide a legislative reference service.

3. To provide reading and reference rooms, facilities, and service.

4. To circulate technical and scientific material of interest to various professional staff members.

5. To provide library research and reference service to Commissioners and staff members.

H. The Technical Assistance Division shall be under the direction of the Chief of the Division who under the supervision of the Secretary shall have the following duties and responsibilities:

1. To develop technical assistance programs with respect to communications in accordance with Commission policies and in cooperation with the Mutual Security Agency.

2. To maintain liaison with the Mutual Security Agency and other government agencies concerning technical assistance.

3. To coordinate and administer the Commission's technical assistance activities.

Insofar as this order is inconsistent with any previous order, the previous order is superseded hereby.

This order shall be effective March 2, 1952.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2315; Filed, Feb. 28, 1952;
8:49 a. m.]

DEFINITION OF FUNCTIONS OF OFFICE OF ADMINISTRATION AND ESTABLISHMENT OF ORGANIZATIONAL STRUCTURE

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 14th day of February 1952;

It is ordered, Under the authority of the Communications Act of 1934, as amended, that:

A. The Office of Administration shall be under the direction of the Executive Officer and shall consist of a Budget and Fiscal Division, an Organization and Methods Division, a Personnel Division, and an Administrative Services Division.

B. The Executive Officer, under the direction and supervision of the Chairman, shall have the following duties and responsibilities:

1. To review in cooperation with the heads of the several bureaus and offices the program and procedures of the Commission and make recommendations thereon to the Chairman for use by the Commission in adjusting the program and procedures as may be necessary to administer the Communications Act most effectively in the public interest, at the least cost to the Government, and with the minimum burden on the industry;

2. To plan, direct, coordinate, and manage the administrative affairs of the agency with respect to the functions of personnel, budget, planning, and administrative services.

C. The Budget and Fiscal Division shall be under the direction of the Budget Officer, who, under the supervision and direction of the Executive Officer, shall have the following duties and responsibilities:

1. To prepare for the Chairman recommended policies, procedures, and practices governing the preparation and administration of the budget and to promote improved budgetary practices in the Commission;

2. To advise and assist the constituent units of the Commission in the preparation of budget estimates and supporting data, and in the administration of the budget program; to analyze budget estimates from the constituent units of the Commission and to make recommendations to the Chairman with respect thereto and to advise and assist the Commission in determining the Commission budget policy and estimates;

3. To coordinate budget estimates and justifications for presentation to the Bureau of the Budget and Congressional appropriation committees; and to arrange and participate in the presentation of estimates at hearings before the Bureau of the Budget and Congressional appropriations committees;

4. To serve as liaison between the Commission and the Bureau of the Budget and the appropriations committees on budgetary matters;

5. To prescribe systems of records and reports for budget purposes;

6. To prepare for the Chairman proposed allotments and apportionments of the Commission's appropriations;

7. To determine the significant workload factors, to establish procedures for collecting workload data, to collect and make available to the Commission the workload data, and to make workload evaluations of activities in connection with the budget and allotment work;

8. To ascertain the availability of funds, and to audit the expenditure of Commission funds;

9. To maintain the Commission's central fiscal records, leave records, to prepare financial reports, and to perform the payroll functions of the Commission.

D. The Organization and Methods Division shall be under the direction of the Planning Officer who, under the supervision and direction of the Executive Officer, shall have the following duties and responsibilities:

1. To study and make recommendations to the Chairman upon problems and proposals concerning organization and administrative procedure within the Commission and to make studies of programs and procedures for use in reviewing the Commission's activities;

2. To examine and analyze workload data in order to ascertain operating difficulties and to evaluate the operating efficiencies;

3. To study and analyze operating procedures, methods, and office equipment with a view toward coordination, simplification, standardization, reduction of costs, and increased efficiency;

4. To develop and revise administrative, application, and report forms in cooperation with the operating bureaus and staff offices; to work with representatives of industry and with bureau heads and staff officers, and to serve as liaison between the Federal Communications Commission and the Bureau of the Budget in the clearance of all matters covered by the Federal Reports Act of 1942;

5. To advise the Chairman on the procurement, utilization, and allocation of space, and its related problems;

6. To develop and supervise the execution of a program of records and management.

E. The Personnel Division shall be under the direction of the Personnel Officer who, under the supervision and direction of the Executive Officer, shall have the following duties and responsibilities:

1. To supervise all phases of personnel administration within the Commission including position classification, selection and placement, promotion-from-within, performance rating program, training, employee counselling and other employee services, handling employee grievances, and reduction in force, except that all actions affecting the appointment or promotion of employees in Grade GS-11 and above shall be submitted to the Commission for approval;

2. To develop for the Chairman recommended policies, practices, and procedures governing the above phases of personnel administration in the Commission; and to advise and assist the Commission in determining its personnel program;

3. To assist and advise the several bureaus and constituent units of the Commission in executing the objectives of personnel administration and to enforce uniform observance of personnel practices and procedures throughout the Commission;

4. To maintain the central personnel records of the Commission and compile personnel statistics;

5. To keep Commission employees informed concerning personnel policies and programs;

6. To serve as central point of contact and collaboration for the Commission in its relationships with the Civil Service Commission, Federal Personnel Council; and other agencies concerned with personnel administration in the Federal Government.

F. The Administrative Services Division shall be under the direction of the Chief of the Division who under the supervision and direction of the Executive Officer shall have the following duties and responsibilities:

1. To act as Purchasing and Contracting Officer for the Commission in the procurement, maintenance, and administration of supplies, equipment, services, and printed matter.

2. To establish and maintain duplicating facilities and to process all duplicating material required for Commission activities.

3. To receive and record incoming and outgoing Commission mail.

4. To maintain central correspondence files.

5. To provide messenger service.

6. To establish and maintain machine tabulating facilities and to process statistical and other data required for Commission activities.

7. To maintain a typing and stenographic pool and to provide typing and stenographic services.

8. To establish and maintain telephone facilities and to provide telephone service.

9. To provide for all building management services and related facilities required by the Commission at the seat of government.

In so far as this order is inconsistent with any prior order, the prior order is hereby superseded.

This order shall become effective March 2, 1952.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2316; Filed, Feb. 28, 1952;
8:49 a. m.]

ESTABLISHMENT OF AND DEFINITION OF FUNCTIONS OF BROADCAST BUREAU

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 14th day of February 1952;

It is ordered, Under the authority of the Communications Act of 1934, as amended, that:

A. The Broadcast Bureau shall consist of an Office of the Chief, an Aural Facilities Division, a Television Facilities Division, a Renewal and Transfer Division, a Hearing Division, a Rules and Standards Division, and a License Division.

The Bureau shall assist, advise, and make recommendations to the Commission with respect to the development of a regulatory program for the radio broadcast services except the international broadcast services and shall be responsible for the performance of any work, function, or activities to carry out that program in accordance with applicable statutes, international agreements, rules, and regulations and policies of the Commission.

The Bureau shall perform the following functions:

1. Receive, examine, file, index and record applications in the radio broadcast services, issue authorizations in accordance with Commission instructions and directions, and make recommendations to the Commission thereon.

2. Participate in hearings involving applications, rule making and other matters which pertain to the radio broadcast services.

3. Make recommendations to the Commission concerning the promulgation of rules and standards in the radio broadcast services.

4. Participate in international conferences with respect to radio broadcast services.

5. Study frequency requirements in the radio broadcast services and make recommendations with respect to the allocation of frequencies and the drafting of frequency assignment plans in such services.

6. Confer with government and industry groups interested in the problems of radio broadcast services.

7. Study and establish technical requirements for equipment in the radio

broadcast services in accordance with standards established by the Commission.

8. Perform all other functions or activities essential to carrying out the above duties and responsibilities.

9. Exercise such authority as may be assigned or referred by the Commission pursuant to section 5 (e) of the Communications Act of 1934, as amended.

B. The Bureau shall be under the direction of the Chief of the Bureau, who, subject to the decisions and policy determinations of the Commission, shall plan, direct, and coordinate the radio broadcast services functions listed in paragraph A above.

C. The Aural Facilities Division shall be under the direction of a Chief, who, under the supervision and direction of the Chief of the Bureau, shall exercise responsibility for all functions indicated in the statement contained in A above, in so far as such functions pertain to standard (AM) and FM broadcast services, excluding functions enumerated in E, F, G, and H below.

D. The Television Facilities Division shall be under the direction of a Chief, who, under the supervision and direction of the Chief of the Bureau, shall exercise responsibility for all functions indicated in the statement contained in A above, in so far as such functions pertain to the television and auxiliary broadcast services, excluding functions enumerated in E, F, G, and H below.

E. The Renewal and Transfer Division shall be under the direction of a Chief, who, under the supervision and direction of the Chief of the Bureau, shall exercise responsibility for all functions indicated in the statement contained in A above, in so far as such functions pertain to applications for renewals of licenses, transfer of control and assignment of licenses or construction permits, and shall exercise responsibility for maintaining the enforcement of applicable statutes, the rules and regulations and orders of the Commission in so far as they relate to radio broadcast stations.

F. The Hearing Division shall be under the direction of a Chief, who, under the supervision and direction of the Chief of the Bureau, shall exercise responsibility for all functions indicated in the statement contained in A above, in so far as such functions pertain to applications which have been designated for hearing and revocations of licenses or construction permits in the radio broadcast services.

G. The Rules and Standards Division shall be under the direction of a Chief, who, under the supervision and direction of the Chief of the Bureau, shall exercise responsibility for all functions indicated in the statement contained in A above, in so far as such functions relate to development or revision of rules and standards, international conferences, and special projects in the radio broadcast services.

H. The License Division shall be under the direction of a Chief, who, under the supervision and direction of the Chief of the Bureau, shall exercise responsibility for the receipt, initial examination, filing, indexing, recording, and routing of all applications in the broadcast services, the clerical functions with

respect to the issuance of broadcast authorizations, and for the maintenance of a public reference room in cooperation with the Docket Division of the Office of the Secretary where public information with respect to all broadcast matters and all docketed proceedings may be examined.

In so far as this order is inconsistent with any preceding order, said preceding order is hereby superseded.

The effective date of this order shall be the 2d day of March 1952.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2317; Filed, Feb. 28, 1952;
8:50 a. m.]

CHANGE OF NAME OF OFFICE OF FORMAL HEARING ASSISTANTS

At a session of the Federal Communications Commission held at its offices on the 14th day of February 1952;

It is ordered, Under the authority of the Communications Act of 1934, as amended, that those sections of the Commission's rules and regulations which refer to "The Office of Formal Hearing Assistants" be amended to refer to "The Office of Opinions and Review."

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2318; Filed, Feb. 28, 1952;
8:50 a. m.]

CHANGE OF NAME OF OFFICE OF FORMAL HEARINGS

At a session of the Federal Communications Commission held at its offices on the 14th day of February 1952;

It is ordered, Under the authority of the Communications Act of 1934, as amended, that those sections of the Commission's rules and regulations which refer to "The Office of Formal Hearings" be amended to refer to "The Office of Hearing Examiners."

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2319; Filed, Feb. 28, 1952;
8:50 a. m.]

CHIEF OF THE FIELD ENGINEERING AND MONITORING BUREAU

DELEGATION OF AUTHORITY

At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 14th day of February 1952.

It appearing, that the Commission on the 14th day of February 1952, issued an order effective March 2, 1952, establishing the Field Engineering and Monitoring Bureau, it is, therefore, necessary that the authority heretofore delegated by the Commission to its Chief Engineer, General Counsel, and Secretary, or

their respective offices, now be transferred to the Chief of the Field Engineering and Monitoring Bureau and to its district field offices with respect to certain matters within the functions of the Bureau.

It is ordered, Under the authority of the Communications Act of 1934, as amended, that:

1. The delegated authority set forth in the following sections of the Commission's rules is hereby transferred to the Chief of the Field Engineering and Monitoring Bureau or, in his absence, the Acting Chief of said Bureau:

Sections 0.121 (d) and 0.144 (f), (g), (h), provided that action taken under paragraph (h) shall conform to policies developed in cooperation with the service Bureau concerned.

2. The delegated authority set forth in the following sections of the Commission's rules is hereby transferred to the Engineers in Charge or, in their absence, the Acting Engineers in Charge of the Bureau's district field offices:

Sections 0.142 (b) (1), (2); (g) and 0.144 (a) with respect to the Citizens Radio Service when the equipment proposed for use has been type approved by the Commission. If FCC Form 401-A is required, this phase of the application shall be acted upon by the Chief or, in his absence, the Acting Chief of the Field Engineering and Monitoring Bureau.

3. With respect to the following sections of the rules which deal with motions, briefs, and other pleadings and procedure in hearing cases before the Commission arising from the functions of the Field Engineering and Monitoring Bureau:

Sections 1.746, 1.747, 1.843 (c), 1.846, 1.848, 1.849, 1.852, 1.853, 1.854, such authority as is provided for the General Counsel is, in any proceeding within the functions of the Field Engineering and Monitoring Bureau, hereby vested in the Chief or, in his absence, the Acting Chief of the Field Engineering and Monitoring Bureau.

4. Section 1.404 is amended by deleting the words "Bureau of Law" and inserting in lieu thereof the words "the Chief or, in his absence, the Acting Chief of the Field Engineering and Monitoring Bureau."

5. Actions taken by the Chief or Acting Chief of the Field Engineering and Monitoring Bureau in accordance with the foregoing delegations shall be recorded each week in writing and filed in the official minutes of the Commission.

6. The authorizations issued by the Bureau in accordance with its assigned functions and the delegations of authority transferred hereby shall bear the Seal of the Commission and the signature of the Secretary of the Commission.

This order shall become effective March 2, 1952.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] T. J. SLOWIE,
Secretary.

[F. R. Doc. 52-2305; Filed, Feb. 28, 1952;
8:48 a. m.]

FEDERAL POWER COMMISSION

[Docket No. G-1890]

PUBLIC SERVICE CO. OF NORTH CAROLINA,
INC.

NOTICE OF APPLICATION

FEBRUARY 25, 1952.

Take notice that on February 5, 1952, the Public Service Company of North Carolina, Incorporated (Applicant), a North Carolina corporation with its principal place of business at Gastonia, North Carolina, filed an application requesting that the Commission determine that Applicant's proposed construction and operation of certain natural-gas transmission pipeline facilities, connecting its presently authorized system¹ with certain of its present and proposed local distribution systems, are not subject to the jurisdiction of the Commission under the Natural Gas Act, or, in the alternative, should the Commission determine that the construction and operation of such facilities are subject to the act, that it issue to the Applicant a certificate of public convenience and necessity, pursuant to section 7 of the act, authorizing Applicant to construct and operate certain transmission pipeline laterals, together with appurtenant facilities, all as more fully described in its application. By means of such facilities, in conjunction with its certificated project in Docket No. G-1407, Applicant proposes to supply natural gas in the following market areas in North Carolina:

- (1) Area from Gastonia to Mount Holly and Belmont, including Ranlo, Lowell, McAdenville, Cramerton, Belmont, and Mount Holly.
- (2) Forest City Area.
- (3) Kannapolis - Concord - China Grove Area.
- (4) Davidson-Cornelius Area.
- (5) Gary Area.
- (6) Carrboro Area.
- (7) Durham-Chapel Hill Area.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before the 14th day of March 1952. The application is on file with the Commission for public inspection.

[SEAL]

J. H. GUTRIDE,
Acting Secretary.

[F. R. Doc. 52-2297; Filed, Feb. 28, 1952;
8:45 a. m.]

[Docket No. G-1893]

MANUFACTURERS LIGHT AND HEAT CO. ET AL.

NOTICE OF APPLICATION

FEBRUARY 25, 1952.

In the matter of The Manufacturers Light and Heat Company, Natural Gas Company of West Virginia, Home Gas Company, Docket No. G-1893.

Take notice that The Manufacturers Light and Heat Company (Manufactur-

¹See In the Matter of Public Service Company of North Carolina, Incorporated, Docket No. G-1407.

ers), a Pennsylvania corporation, Natural Gas Company of West Virginia (Natural Gas), a West Virginia corporation, and Home Gas Company (Home), a New York corporation, each having as its address, Pittsburgh, Pennsylvania (all hereinafter sometimes referred to as "Applicants"), filed on February 14, 1952, a joint application for certificates of public convenience and necessity pursuant to section 7 of the Natural Gas Act, authorizing the construction and operation of certain natural-gas transmission pipeline facilities, and for orders pursuant to section 7 (b) of the Natural Gas Act, authorizing and approving the abandonment and retirement of certain natural-gas facilities, as hereinafter described.

Manufacturers proposes to construct and operate approximately 6.75 miles of 16-inch, 19.10 miles of 12-inch, 2.08 miles of 10-inch, 4.0 miles of 8-inch, 4.93 miles of 6-inch, and 3.44 miles of 4-inch natural-gas transmission pipelines at various points on its system in Pennsylvania and Ohio, and in connection therewith, to abandon or retire and sell or salvage approximately 6.12 miles of 12-inch, 10.37 miles of 10-inch, 8.98 miles of 8-inch, 1.33 miles of 6-inch, 7.06 miles of 5½-inch, 6-inch and 6¼-inch, 0.76 miles of 3-inch, and 2.68 miles of 2-inch existing pipeline. Manufacturers also proposes to retire and dismantle its Slippery Rock Compressor Station in Slippery Rock Township, Lawrence County, Pennsylvania, consisting of two 700 horsepower gas engine driven compressor units, and to retire and sell a 125 horsepower compressor unit at its Brinker Compressor Station, Salem Township, Columbiana County, Ohio.

Natural Gas proposes to construct and operate approximately 16.5 miles of 10-inch transmission pipeline between the village of Hanoverton and the City of Alliance in Ohio, and approximately 4.5 miles of 10-inch transmission pipeline from a point on said proposed 16.5 mile pipeline to a connection with Natural Gas' existing 8-inch pipeline in Columbiana County, Ohio. Natural Gas also proposes to retire and sell two 125 horsepower compressor units at its Stark Compressor Station in Sandy Township, Belmont County, Ohio.

Home proposes to construct and operate approximately 32.5 miles of 12-inch natural-gas transmission pipeline with a regulation station, from a point in the town of Erin, Chemung County, New York, to a point in the town of Union, Broome County, New York, which said line will further loop a portion of Home's multiple transmission system which extends from the vicinity of Olean, New York, east to the Hudson River.

Applicants state that through the means of the additional facilities they propose to improve and increase the deliverability of their transmission systems in the interest of flexibility, continuity of delivery, and adequacy of facilities, and that the retirement of facilities no longer used or useful in the public service, as proposed, will eliminate expenses in connection with the operation thereof. Applicants state that none of the pro-

posed facilities is being installed to serve new markets.

The total estimated net cost of retirement of existing facilities and of construction of additional facilities for Manufacturers is \$2,111,077, for Natural Gas is \$618,600 and for Home is \$1,100,000. Such cost is proposed to be paid for by money provided or cause to be provided by Applicants' parent company, The Columbia Gas System, Inc., and advanced to Applicants during the year 1952.

Protests or petitions to intervene may be filed with the Federal Power Commission, Washington 25, D. C., in accordance with the rules of practice and procedure (18 CFR 1.8 or 1.10) on or before the 14th day of March 1952. The joint application is on file with the Commission for public inspection.

[SEAL] J. H. GUTRIDE,
Acting Secretary.

[F. R. Doc. 52-2298; Filed, Feb. 28, 1952;
8:46 a. m.]

[Docket Nos. G-1677, G-1760, G-1859]

COLORADO INTERSTATE GAS CO. ET AL.

NOTICE OF FINDINGS AND ORDERS ISSUING
CERTIFICATES OF PUBLIC CONVENIENCE
AND NECESSITY

FEBRUARY 25, 1952.

In the matters of Colorado Interstate Gas Company, Docket No. G-1677; Cities Service Gas Company, Docket No. G-1760; Consolidated Gas Utilities Corporation, Docket No. G-1859.

Notice is hereby given that on February 21, 1952, the Federal Power Commission issued its orders entered February 20, 1952, issuing certificates of public convenience and necessity in the above-entitled matters.

[SEAL] J. H. GUTRIDE,
Acting Secretary.

[F. R. Doc. 52-2299; Filed, Feb. 28, 1952;
8:46 a. m.]

[Project No. 120]

SOUTHERN CALIFORNIA EDISON CO.

NOTICE OF ORDER FURTHER AMENDING
LICENSE (MAJOR)

FEBRUARY 25, 1952.

Notice is hereby given that on December 3, 1951, the Federal Power Commission issued its order entered November 27, 1951, further amending license (Major) in the above-entitled matter.

[SEAL] J. H. GUTRIDE,
Acting Secretary.

[F. R. Doc. 52-2300; Filed, Feb. 28, 1952;
8:46 a. m.]

GENERAL SERVICES ADMINISTRATION

HEADS OF THE SERVICES, STAFF OFFICERS,
AND REGIONAL DIRECTORS

GENERAL DELEGATION OF AUTHORITY WITH
RESPECT TO DISTRICT OF COLUMBIA HOSPITAL PROGRAM

1. Consonant with the provisions of section 3 (a) (1) of the Administrative

Procedure Act, 60 Stat. 238; 5 U. S. C. 1002 (a) (1), and pursuant to authority vested in me as Administrator of General Services by the Federal Property and Administrative Services Act, 63 Stat. 378; 41 U. S. C. 201, the General Delegation of Authority to Heads of the Services, Staff Officers, and Regional Directors (15 F. R. 7775) is hereby supplemented by adding paragraph 5a (9), providing as follows:

(9) *District of Columbia hospital program.* To exercise the authority contained in Public Law 648, 79th Congress, 60 Stat. 896, approved August 7, 1946, as amended by Public Law 221, 82d Congress, 65 Stat. 657, approved October 25, 1951, to acquire land, construct buildings, make grants to private agencies, and take any and all other and further action in exercise of the powers and in discharge of the duties assigned to the Administrator of General Services pursuant to the aforesaid Public Law 648, as amended, and as modified by said Federal Property and Administrative Services Act of 1949, as amended.

2. This supplement shall be effective as of February 1, 1952.

Dated: February 25, 1952.

JESS LARSON,
Administrator.

[F. R. Doc. 52-2341; Filed, Feb. 28, 1952;
8:55 a. m.]

OFFICE OF DEFENSE MOBILIZATION

[CDHA No. 39]

FINDING AND DETERMINATION OF CRITICAL
DEFENSE HOUSING AREAS UNDER THE DE-
FENSE HOUSING AND COMMUNITY FACILI-
TIES AND SERVICES ACT OF 1951

FEBRUARY 28, 1952.

Upon a review of the construction of new defense plants and installations, and the reactivation or expansion of operations of existing defense plants and installations, and the in-migration of defense workers or military personnel to carry out activities at such plants or installations, and the availability of housing and community facilities and services for such defense workers and military personnel in each of the areas set forth below, I find that all of the conditions set forth in section 101 (b) of the Defense Housing and Community Facilities and Services Act of 1951 (Public Law 139, 82d Cong., 1st Sess.), exist.

Accordingly, pursuant to section 101 of the Defense Housing and Community Facilities and Services Act of 1951 and by virtue of the authority vested in me by paragraph number 1 of Executive Order 10296 of October 2, 1951, I hereby determine that each of said areas is a critical defense housing area.

Rockdale, Texas, Area. (The area consists of all of the County of Milam, Texas.)

Parsons, Kansas, Area. (The area consists of all of Labette County, Kansas.)

Arlington, Washington, Area. (The area consists of Census Divisions 2 and 3 in Snohomish County, Washington. The principal community in the area is Arlington, Washington.)

Charleston, South Carolina, Area. (The area consists of the Townships of Christ

Church, First St. James Goose Creek, Folly Island, James Island, Johns Island, St. Andrews, St. Michael and St. Philip, St. Paul, Second St. James Goose Creek, Sullivans Island and Wadmalow, the City of Charleston and the towns of Mount Pleasant, Hollywood, Meggett, Ravenel and Lincolnville in Charleston County; the Townships of St. Dennis and St. Thomas, and Second St. James Goose Creek in Berkeley County; the Townships of Collins and Dorchester, and the Town of Summerville and the unincorporated community of Pinehurst-Sheppard Park in Dorchester County; all in South Carolina.)

C. E. WILSON,
Director.

Office of Defense Mobilization.

[F. R. Doc. 52-2436; Filed, Feb. 28, 1952;
10:15 a. m.]

INTERSTATE COMMERCE COMMISSION

[4th Sec. Application 26836]

POLYPROPYLENE GLYCOL FROM THE
SOUTHWEST TO ILLINOIS AND WESTERN
TRUNK-LINE TERRITORIES

APPLICATION FOR RELIEF

FEBRUARY 26, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: F. C. Kratzmeir, Agent, for carriers parties to his tariff I. C. C. No. 3721.

Commodities involved: Polypropylene glycol, carloads.

From: Points in Arkansas, Louisiana, Oklahoma, and Texas.

To: Points in Illinois and western trunk-line territories.

Grounds for relief: Competition with rail carriers, circuitous routes, and to apply over short tariff routes rates constructed on the basis of the short line distance formula.

Schedules filed containing proposed rates: F. C. Kratzmeir's tariff I. C. C. No. 3721, Supp. 208.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL,
Secretary.

[F. R. Doc. 52-2321; Filed, Feb. 28, 1952;
8:51 a. m.]

[4th Sec. Application 26837]

PETROLEUM AND ASPHALT BETWEEN POINT COMFORT, TEX., AND CERTAIN POINTS

APPLICATION FOR RELIEF

FEBRUARY 26, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: F. C. Kratzmeir, Agent, for carriers parties to his tariffs I. C. C. Nos. 3585, 3326, and 3821.

Commodities involved: Petroleum, petroleum products, and asphalt, carloads.

Between: Point Comfort, Tex., and points in Arkansas, Illinois, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas.

Grounds for relief: Competition with rail carriers, circuitous routes, and to apply over short tariff routes rates constructed on the basis of the short line distance formula.

Schedules filed containing proposed rates: F. C. Kratzmeir's tariff I. C. C. No. 3585, Supp. 492; F. C. Kratzmeir's tariff I. C. C. No. 3326, Supp. 172; F. C. Kratzmeir's tariff I. C. C. No. 3821, Supp. 94.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL,
Secretary.

[F. R. Doc. 52-2322; Filed, Feb. 28, 1952;
8:51 a. m.]

[4th Sec. Application 26838]

IRON PIPE AND FITTINGS FROM CORDELE, GA., TO THE SOUTHWEST

APPLICATION FOR RELIEF

FEBRUARY 26, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: R. E. Boyle, Jr., Agent, for carriers parties to Agent C. A. Spaninger's tariff I. C. C. No. 1191.

Commodities involved: Cast iron pipe and fittings, carloads.

From: Cordele, Ga.

To: Points in the Southwest.

Grounds for relief: Competition with rail carriers, circuitous routes, and to apply over short tariff routes rates constructed on the basis of the short line distance formula.

Schedules filed containing proposed rates: C. A. Spaninger's tariff I. C. C. No. 1191, Supp. 41.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL,
Secretary.

[F. R. Doc. 52-2323; Filed, Feb. 28, 1952;
8:51 a. m.]

[4th Sec. Application 26839]

SAND AND GRAVEL FROM LA GRANGE, MO., TO COLCHESTER, ILL.

APPLICATION FOR RELIEF

FEBRUARY 26, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: W. S. Mercer, Alternate Agent, for the Chicago, Burlington & Quincy Railroad Company.

Commodities involved: Sand and gravel, carloads.

From: La Grange, Mo.

To: Colchester, Ill.

Grounds for relief: Competition with motor carriers.

Schedules filed containing proposed rates: CB&Q RR. tariff I. C. C. No. 20319, Supp. 10.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed

within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL,
Secretary.

[F. R. Doc. 52-2324; Filed, Feb. 28, 1952;
8:51 a. m.]

[4th Sec. Application 26840]

RUBBER TIRES FROM MEMPHIS, TENN., TO HOUSTON, TEX.

APPLICATION FOR RELIEF

FEBRUARY 26, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: F. C. Kratzmeir, Agent, for carriers parties to his tariff I. C. C. No. 3899.

Commodities involved: Rubber tires, tire parts, and related articles, carloads.

From: Memphis, Tenn.

To: Houston, Tex.

Grounds for relief: Circuitous routes. Schedules filed containing proposed rates: F. C. Kratzmeir's tariff I. C. C. No. 3899, Supp. 85.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] W. P. BARTEL,
Secretary.

[F. R. Doc. 52-2325; Filed, Feb. 28, 1952;
8:51 a. m.]

SECURITIES AND EXCHANGE COMMISSION

[File Nos. 31-584, 70-2769, 70-2778]

NEW ENGLAND ELECTRIC SYSTEM, ET AL.

ORDER POSTPONING HEARING

FEBRUARY 25, 1952.

In the matter of New England Electric System, Beverly Gas and Electric Company, Lawrence Gas and Electric Company, Northern Berkshire Gas Company, Suburban Gas and Electric Company (File No. 70-2769); Lehman Brothers, Bear, Stearns & Co., Alleghany Corporation, The Pennroad Corporation, C. I. T. Financial Corp., Jemkap, Inc., The Lehman Corporation, Charles Stewart

Mott Foundation, Dempsey & Company, Goldman, Sachs & Co., Merkin & Co., Stifel, Nicolaus & Company, Inc., Commonwealth Natural Gas System (File Nos. 31-584, 70-2778).

The Commission having by orders dated February 1, 1952 and February 15, 1952 postponed to February 26, 1952 the consolidated hearing in the above proceedings; and New England Electric System, Beverly Gas and Electric Company, Lawrence Gas and Electric Company, Northern Berkshire Gas Company and Suburban Gas and Electric Company having requested that the hearing scheduled to be held February 26, 1952 be postponed subject to call of the hearing officer; and the Commission deeming it appropriate under the circumstances to grant said request:

It is ordered, That the hearing in this matter previously scheduled for February 26, 1952 at 10:00 a. m., e. s. t. in the offices of the Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C., be, and it hereby is, postponed subject to the call of the hearing officer.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F. R. Doc. 52-2301; Filed, Feb. 28, 1952;
8:46 a. m.]

[File No. 70-2780]

GENERAL PUBLIC UTILITIES CORP. AND
METROPOLITAN EDISON CO.

ORDER AUTHORIZING ISSUANCE AND ACQUISITION OF SECURITIES, AND CHARTER AMENDMENTS

FEBRUARY 25, 1952.

General Public Utilities Corporation ("GPU"), a registered holding company, and Metropolitan Edison Company ("Meted"), a subsidiary of GPU which is an electric utility company organized and operating in the State of Pennsylvania, having filed a joint application-declaration and an amendment thereto pursuant to sections 6 (a), 6 (b), 7, 9 (a) and 10 of the Public Utility Holding Company Act of 1935 ("the act") and Rules U-23 and U-50 thereunder with respect to the following proposed transactions:

Meted proposes to issue and sell to the public, subject to the competitive bidding requirements of Rule U-50, \$7,800,000 principal amount of First Mortgage Bonds, -- percent Series due 1982 ("New Bonds"), and 40,000 additional shares of Preferred Stock, -- percent Series, of the par value of \$100 per share ("New Preferred Stock"), the price to be not less than 100 percent nor more than 102¾ percent of the principal amount or par value thereof.

Meted also proposes to issue and sell to GPU 40,000 additional shares of its Common Stock ("Additional Common Stock") for an aggregate consideration of \$4,000,000.

In connection with the issuance of the New Preferred Stock, Meted proposes, subject to the requisite consent of its stockholders, to increase the author-

ized number of shares of its Preferred Stock from 215,000 to 295,000. Meted further proposes to amend its charter: (1) So as to extend the existing limitation on the declaration and payment of dividends on its Common Stock, presently effective as to three series of its Preferred Stock, to the 80,000 additional shares; (2) so as to permit, without the prior consent of the holders of a majority of its Preferred shares then outstanding, the issuance or assumption of securities representing unsecured indebtedness in excess of 10 percent of the aggregate of its secured indebtedness, capital stock and surplus for the purpose of redeeming or otherwise retiring Preferred Stock only if all shares of Preferred Stock then outstanding are simultaneously to be redeemed or otherwise retired.

Meted states that it will utilize the proceeds from the sale of said securities, aggregating not less than \$15,800,000, for the following purposes: (1) The proceeds from the sale of the New Bonds (exclusive of premium, if any, and accrued interest) will be deposited with the Trustee under the mortgage securing its First Mortgage Bonds and withdrawn from time to time, pursuant to said mortgage, against property additions subsequent to November 1, 1944. The amounts so withdrawn will be applied to the purchase or construction of property additions after December 31, 1951, or to pay short-term loans, if any, incurred for such purpose after said date. (2) Out of the proceeds from the sale of the New Preferred Stock and Additional Common Stock, \$4,000,000 will be used to pay the principal amount due on Meted's short-term notes held by nine banks, aggregating \$2,465,000 at December 31, 1951, and partially to reimburse Meted's treasury for expenditures on property additions during 1951; and the balance of at least \$4,000,000 will be applied to purchase or construct property additions after December 31, 1951, or to pay short-term bank loans or reimburse expenditures incurred for such purpose.

Meted further states it will pay from its current funds the expenses of issuing and selling the new securities, estimated at \$95,000, of which \$17,500 is for legal and accounting services.

An order has been entered by the Pennsylvania Public Utility Commission authorizing the issuance by Meted of the additional securities as proposed.

GPU proposes to purchase from Meted the 40,000 shares of Additional Common Stock for an aggregate consideration of \$4,000,000; which amount it proposes to raise by borrowing \$1,000,000 from each of four banks: Bankers Trust Company, Manufacturers Trust Company, Mellon National Bank and Trust Company, and The Marine Midland Trust Company of New York. Such bank loans will be made at the prime interest rate (now 3 percent) for commercial borrowing at the time the loans are made, but not in excess of 3½ percent per annum, and will mature 10 months from the date they are effected. GPU expects to obtain the funds for payment of such loans either from the issuance and sale of

additional shares of its Common Stock or from the sale of system assets. No special legal expenses of GPU are involved with respect to this application-declaration.

It is requested that the Commission's order on said application-declaration become effective upon issuance.

Due notice having been given of the filing of said application-declaration, and a hearing not having been requested of or ordered by the Commission; and

The Commission finding that said application-declaration as amended satisfies the requirements of the applicable provisions of the act and the rules and regulations thereunder; that it is not necessary to impose any terms and conditions other than as set forth below; and that it is appropriate in the public interest and in the interest of investors and consumers that the amended application-declaration be granted and become effective forthwith:

It is ordered, pursuant to Rule U-23 and the applicable provisions of the act. That said application-declaration as amended be, and the same hereby is, granted and permitted to become effective forthwith, subject to the terms and conditions prescribed in Rule U-24 and to the following additional conditions:

1. That neither the sale of the New Bonds nor the sale of the New Preferred Stock shall be consummated until the results of competitive bidding pursuant to Rule U-50 shall have been made a matter of record in this proceeding and a further order entered by this Commission in the light of the record so completed, which order may contain such further terms and conditions as may then be deemed appropriate;

2. That jurisdiction be and is hereby reserved with respect to all fees for legal and accounting services rendered or to be rendered in said transactions.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F. R. Doc. 52-2303; Filed, Feb. 28, 1952;
8:47 a. m.]

[File No. 70-2782]

INTERSTATE POWER CO.

ORDER AUTHORIZING ISSUANCE AND SALE OF NOTES TO BANKS

FEBRUARY 25, 1952.

Interstate Power Company ("Interstate"), a registered holding company and an operating public-utility company, having filed a declaration with this Commission, pursuant to sections 6 (a) and 7 of the Public Utility Holding Company Act of 1935 ("act") in respect of the following transactions:

Interstate proposes to issue and sell, at any time and from time to time to and including December 15, 1952, to Chase National Bank of the City of New York not to exceed \$2,150,000 and to Manufacturers Trust Company not to exceed \$2,150,000, or an aggregate of \$4,300,000, of unsecured 3¼ percent notes. The notes are to be issued pursuant to a credit

agreement dated January 9, 1952, are to mature 360 days from the date of the first borrowing or April 30, 1953, whichever date is the earlier, and are to be prepayable in whole or in part at any time and from time to time without premium, unless prepayment is made directly or indirectly from or in anticipation of other bank borrowings in which event a premium calculated at the rate of 1 percent per annum from the date of prepayment to the date of maturity is to be payable. A commitment fee of ¼ percent, equivalent to \$10,750 is to be paid. The proceeds from the issuance and sale of the notes are to be used to finance in part the cost of additional facilities and to augment working capital or to retire \$4,250,000 of outstanding notes due April 10, 1952.

The declaration states that the expenses to be incurred in connection with the proposed issuance and sale of notes are estimated at \$15,750, including the commitment fee of \$10,750 and legal fees of \$3,500. The declaration further states that no State commission has jurisdiction over the proposed transactions. Declarant requests that the Commission's order herein become effective upon its issuance.

Notice of the filing of the declaration having been given in the manner and form provided by Rule U-23 of the rules and regulations promulgated under the act, and a hearing not having been requested nor ordered by the Commission within the time specified in said notice; and the Commission finding that the applicable provisions of the act and the rules and regulations promulgated thereunder are satisfied, and deeming it appropriate in the public interest and in the interest of investors and consumers that said declaration be permitted to become effective forthwith:

It is ordered, Pursuant to Rule U-23 and the applicable provisions of the act, that said declaration be, and it hereby is, permitted to become effective, subject to the terms and conditions prescribed in Rule U-24, and that this order shall become effective upon its issuance.

By the Commission.

[SEAL] ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 52-2302; Filed, Feb. 28, 1952;
8:47 a. m.]

DEPARTMENT OF JUSTICE

Office of Alien Property

[Vesting Order 18781]

KIMINO SUGITA

In re: Rights of Kimino Sugita under Insurance Contract. File No. F-39-1123-H-1.

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 Kimino Sugita, who on or since the effective date of Executive Order 8389, as amended, and on or since December 8, 1941, has been a resi-

dent of Japan, is a national of a designated enemy country (Japan);

2. That the net proceeds due or to become due under a contract of insurance evidenced by Policy No. 12 450 762 issued by the New York Life Insurance Company, New York, New York, to Enji Sugita, together with the right to demand, receive and collect said net proceeds, 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, Kimino Sugita, the aforesaid national of a designated enemy country (Japan); 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 (Japan).

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 February 25, 1952.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 52-2342; Filed, Feb. 28, 1952;
8:55 a. m.]

[Vesting Order 18782]

FRANZISKA BERNRIEDER

In re: Bank account owned by Franziska Bernrieder, also known as Frances Bernrieder. F-28-31810-E-1.

Under the authority of the Trading With the Enemy Act, as amended (50 U. S. C. App. and Sup. 1-40); Public Law 181, 82d Congress, 65 Stat. 451; Executive Order 9193, as amended by Executive Order 9567 (3 CFR, 1943 Cum. Supp.; 3 CFR, 1945 Supp.); Executive Order 9788 (3 CFR, 1946 Supp.) and Executive Order 9989 (3 CFR, 1948 Supp.), and pursuant to law, after investigation, it is hereby found:

1. That Franziska Bernrieder, also known as Frances Bernrieder, whose last known address is Seefeld, Bavaria, Germany, on or since December 11, 1941, and prior to January 1, 1947, was a resident of Germany and is, and prior to January 1, 1947, was, a national of a designated enemy country (Germany);

2. That the property described as follows: That certain debt or other ob-

ligation owing to Franziska Bernrieder, also known as Frances Bernrieder, by The Farmers and Merchants National Bank of Los Angeles, 401 So. Main Street, Los Angeles 54, California, arising out of a Savings Account, account number 8408, entitled Frances Bernrieder, maintained at the branch office of the aforesaid bank located at P. O. Box 2177, Terminal Annex, Los Angeles 54, California, and any and all rights to demand, enforce and collect the same,

is property which is and prior to January 1, 1947, was 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, Franziska Bernrieder, also known as Frances Bernrieder, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That the national interest of the United States requires that the person identified in subparagraph 1 hereof, be treated as a person who is and prior to January 1, 1947, was 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 February 25, 1952.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 52-2343; Filed, Feb. 28, 1952;
8:55 a. m.]

[Vesting Order 18783]

DEUTSCHE BETRIEBSGESELLSCHAFT FUER
DRAHTLOSE TELEGRAPHIE M. B. H.

In re: Debt owing to Deutsche Betriebsgesellschaft Fuer Drahtlose Telegraphie M. B. H., also known as DEBEG.

Under the authority of the Trading With the Enemy Act, as amended (50 U. S. C. App. and Sup. 1-40); Public Law 181, 82d Congress, 65 Stat. 451; Executive Order 9193, as amended by Executive Order 9567 (3 CFR, 1943 Cum. Supp.; 3 CFR, 1945 Supp.); Executive Order 9788 (3 CFR, 1946 Supp.) and Executive Order 9989 (3 CFR, 1948 Supp.), and pursuant to law, after investigation, it is hereby found:

1. That Deutsche Betriebsgesellschaft Fuer Drahtlose Telegraphie M. B. H., also known as DEBEG, the last known address of which is Germany, is a corporation, partnership, association or

other business organization, which on or since December 11, 1941, and prior to January 1, 1947, was organized under the laws of and had its principal place of business in Germany and is, and prior to January 1, 1947 was, a national of a designated enemy country (Germany);

2. That the property described as follows: That certain debt or other obligation of Panama Transport Company, 30 Rockefeller Plaza, New York 20, New York to Deutsche Betriebsgesellschaft Fuer Drahtlose Telegraphie M. B. H., also known as DEBEG, representing accrued rental in an amount of \$147,905.68, on equipment leased by DEBEG to and used on vessels of said Panama Transport Company, together with any and all accruals thereto and any and all rights to demand, enforce and collect the same,

is property which is and prior to January 1, 1947, was 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, Deutsche Betriebsgesellschaft Fuer Drahtlose Telegraphie M. B. H., also known as DEBEG, the aforesaid national of a designated enemy country (Germany);

and it is hereby determined:

3. That the national interest of the United States requires that the person identified in subparagraph 1 hereof, be treated as a person who is and prior to January 1, 1947, was 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 February 25, 1952.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 52-2344; Filed, Feb. 28, 1952;
8:55 a. m.]

[Vesting Order 18784]

GERMANY

In re: Securities owned by Germany. Under the authority of the Trading With the Enemy Act, as amended (50 U. S. C. App. and Sup. 1-40); Public Law 181, 82d Congress, 65 Stat. 451; Executive Order 9193, as amended by Executive Order 9567 (3 CFR, 1943 Cum. Supp.; 3 CFR, 1945 Supp.); Executive Order 9788 (3 CFR, 1946 Supp.) and Executive Order 9989 (3 CFR, 1948 Supp.), and

pursuant to law, after investigation, it is hereby found:

1. That the property described as follows:

(a) Forty (40) shares of \$100.00 par value common capital stock of New York, Ontario and Western Railway, 39 Broadway, New York 6, New York, a corporation organized under the laws of the State of New York, evidenced by Certificates numbered N40291, N40471, N51740 and N41696 for ten (10) shares each, registered in the names of Vermeer & Co.; L. Koriijn & Co.; L. Koriijn & Co., and Pierson and Co., respectively, together with all declared and unpaid dividends thereon,

(b) That certain debt or other obligation, matured or unmatured, evidenced by One (1) Chicago, Milwaukee, St. Paul and Pacific Railroad Company 5 percent Convertible Adjustment Gold Bond, Series A of 1925, in bearer form, of \$1,000.00 face value, bearing the number M156616, together with any and all accruals to the aforesaid debt or other obligation, and any and all rights to demand, enforce and collect the same, and any and all rights in and under said bond,

(c) That certain debt or other obligation, matured or unmatured, evidenced by One (1) Cities Service Company 5 percent Gold Debenture due March 1, 1969, in bearer form, of \$1,000.00 face value, bearing the number 48068, together with any and all accruals to the aforesaid debt or other obligation, and any and all rights to demand, enforce and collect the same, and any and all rights in and under said bond,

(d) That certain debt or other obligation, matured or unmatured, evidenced by One (1) Southern Railway Company Development and General Mortgage 4 percent Bond, due April 1, 1956, in bearer form, of \$1,000.00 face value, bearing the number 61209, together with any and all accruals to the aforesaid debt or other obligation, and any and all rights to demand, enforce and collect the same, and any and all rights in and under said bond, and

(e) Any and all rights and interests in and under a Certificate of Deposit for 4 percent (The) Philippine Railway Company I. Mortgage Sinking Fund Gold Bond due July 1, 1937, of \$1,000.00 face value, bearing the number HE140 (2012).

is property which is and prior to January 1, 1947, was 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, 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 term "designated enemy country" as used herein shall have the meaning

prescribed in section 10 of Executive Order 9193, as amended.

Executed at Washington, D. C., on February 25, 1952.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 52-2345; Filed, Feb. 28, 1952;
8:56 a. m.]

[Vesting Order 18785]

RUDOLPH H. LANDAHL

In re: Stock owned by the personal representatives, heirs, next of kin, legatees and distributees, of Rudolph H. Landahl, also known as Rudolph Henrix Landahl, deceased. F-28-14890-A-2.

Under the authority of the Trading With the Enemy Act, as amended (50 U. S. C. App. and Sup. 1-40); Public Law 181, 82d Congress, 65 Stat. 451; Executive Order 9193, as amended by Executive Order 9567 (3 CFR, 1943 Cum. Supp.; 3 CFR, 1945 Supp.); Executive Order 9788 (3 CFR, 1946 Supp.) and Executive Order 9989 (3 CFR, 1948 Supp.), and pursuant to law, after investigation, it is hereby found:

1. That the personal representatives, heirs, next of kin, legatees and distributees of Rudolph H. Landahl, also known as Rudolph Henrix Landahl, deceased, who there is reasonable cause to believe on or since December 11, 1941, and prior to January 1, 1947, were residents of Germany, are and prior to January 1, 1947, were, nationals of a designated enemy country (Germany);

2. That the property described as follows: Two (2) shares of \$10.00 par value capital stock of Amerex Holding Corporation, 65 Broadway, New York 6, New York, a corporation organized under the laws of the State of New York, evidenced by a certificate numbered 074355, registered in the name of J. S. Bache & Co., and presently in the custody of The National City Bank of New York, 181 Montague Street, Brooklyn 2, New York, together with all declared and unpaid dividends thereon, and any and all rights under a plan of reorganization of November 21, 1950, of the aforesaid corporation,

is property which is and prior to January 1, 1947, was 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, the personal representatives, heirs, next of kin, legatees and distributees of Rudolph H. Landahl, also known as Rudolph Henrix Landahl, deceased, the aforesaid nationals of a designated enemy country (Germany);

and it is hereby determined:

3. That the national interest of the United States requires that the persons referred to in subparagraph 1 hereof, be treated as persons who are and prior to January 1, 1947, were nationals 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 February 25, 1952.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 52-2346; Filed, Feb. 28, 1952;
8:56 a. m.]

[Vesting Order 17591, as amended, Amdt.]

DR. LUDWIG RIECHELMANN ET AL.

In re: Securities owned by and debts owing to Dr. Ludwig Riechelmann and others.

Vesting Order 17591, as amended, dated March 30, 1951, is hereby further amended as follows and not otherwise: By deleting from Exhibit A the number "100" set forth with regard to the number of shares evidenced by certificate numbered X143823 for shares of common stock of the United States Steel Corporation and substituting therefor the number "90".

All other provisions of said Vesting Order 17591, as amended, and all actions taken by or on behalf of the Attorney General of the United States in reliance thereon, pursuant thereto and under the authority thereof are hereby ratified and confirmed.

Executed at Washington, D. C., on February 25, 1952.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 52-2347; Filed, Feb. 28, 1952;
8:56 a. m.]

MARIA CASINI

NOTICE OF INTENTION TO RETURN VESTED PROPERTY

Pursuant to section 32 (f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of the publication hereof, the following property, subject to any increase or decrease resulting from the administration thereof prior to return, and after adequate provision for taxes and conservatory expenses:

Claimant, Claim No., Property, and Location

Maria Casini, Lucca, Italy; Claim No. 36932; \$7,000.00 in the Treasury of the United States. All right, title, interest and claim of Maria Casini in and to any and all causes of action arising out of the death of Pellegrino Casini under the common law and any Federal or State statutes with the exception of those arising under the Workmen's Compensation Act of the State of Ohio and

against the Arcrods Corporation, Cuyahoga Heights, Ohio.

Executed at Washington, D. C., on February 25, 1952.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 52-2348; Filed, Feb. 28, 1952;
8:56 a. m.]

TEONESTO POZZO

NOTICE OF INTENTION TO RETURN VESTED PROPERTY

Pursuant to section 32 (f) of the Trading With the Enemy Act, as amended, notice is hereby given of intention to return, on or after 30 days from the date of the publication hereof, the following property, subject to any increase or decrease resulting from the administration thereof prior to return, and after adequate provision for taxes and conservatory expenses:

Claimant, Claim No., Property, and Location

Teonesto Pozzo, Turin, Italy; Claim No. 41301; \$1,579.95 in the Treasury of the United States.

Executed at Washington, D. C., on February 25, 1952.

For the Attorney General.

[SEAL] HAROLD I. BAYNTON,
Assistant Attorney General,
Director, Office of Alien Property.

[F. R. Doc. 52-2349; Filed, Feb. 28, 1952;
8:57 a. m.]