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- Sec.
- 183.17 Other windows.
- 183.18 Skylights, monitors, penthouses, etc.
- 183.19 Ventilators.
- 183.20 Drains.

- Sec.
- 183.21 Meal room.
- 183.22 Granary.
- 183.23 Fermenting room or building.
- 183.24 Rectifying room.
- 183.25 Cistern room.
- 183.26 Temporary storage room.
- 183.27 Empty container storeroom.
- 183.28 Government office.
- 183.29 Government cabinet.

Article VI—Sign

- 183.30 Posting of sign.

Article VII—Fences or Walls and Gates

- 183.31 Construction.
- 183.32 Special application.
- 183.33 Keys to gates.

Article VIII—Equipment

- 183.34 Laboratory apparatus.
- 183.35 Scales.
- 183.36 Weighing tanks.
- 183.37 Construction of weighing tanks.
- 183.38 Test weights.
- 183.39 Furnace doors, steam and fuel lines.
- 183.40 Distilling material storage tanks.
- 183.41 Off-premises material conveyors.
- 183.42 Cookers and mash tubs.
- 183.43 Fermenters.
- 183.44 Washwater receiving tanks.
- 183.45 Stills.
- 183.46 General requirements for tanks.
- 183.47 Heads and tails tanks.
- 183.48 Fusel oil tanks.
- 183.49 Distilled water storage tanks.

- Sec.
- 183.50 Try boxes.
- 183.51 Rectifying equipment.
- 183.52 Receiving cisterns.
- 183.53 Stopcocks of receiving cisterns.
- 183.54 Pipe lines.
- 183.55 Preparation for sealing.
  - (a) Sealing flanges.
  - (b) Sealing unions.
  - (c) Sealing valves.
- 183.56 Colors for pipe lines.
- 183.57 Sufficient equipment required.
- 183.58 Details of construction and equipment.
- 183.59 Distilleries heretofore established.

Article IX—Federal Alcohol Administration Permit

- 183.60 Permit required.

Article X—Qualifying Documents

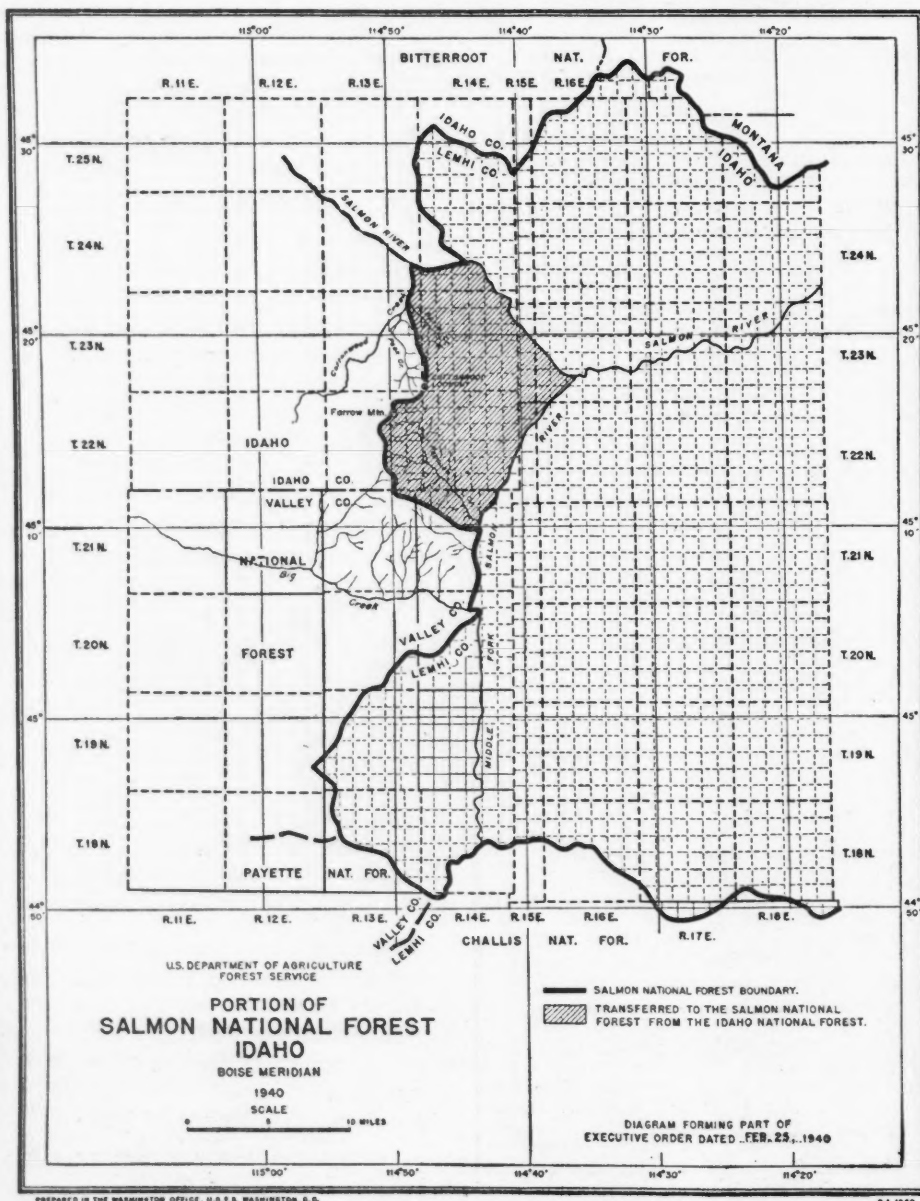
- 183.61 Notice, Form 27-A.
- 183.62 Description of premises.
- 183.63 Description of buildings and rooms.
- 183.64 Description of fence or wall.
- 183.65 Fermenting capacity.
- 183.66 Distilling capacity.
- 183.67 Daily production.
- 183.68 Condition of title to premises.
- 183.69 Condition of title to apparatus and equipment.
- 183.70 Distance from rectifying plant or vinegar factory.
- 183.71 Amended and supplemental notices.
- 183.72 Consent, Form 1602.
- 183.73 Permission required for filing bond, Form 3-A.
- 183.74 Application.
- 183.75 Bond, Form 3-A.
- 183.76 Appraisal.
- 183.77 Permission required for filing bond, Form 3.
- 183.78 Application.
- 183.79 Bond, Form 3.
- 183.80 Bond in lieu of consent where premises of distillery erected prior to July 20, 1868, are increased.
- 183.81 Bond in lieu of consent where distillery is sold for United States.
- 183.82 Certificate of title.
- 183.83 Corporate documents.
- 183.84 List of stockholders.
- 183.85 Affidavit.
- 183.86 Articles of copartnership or association.
- 183.87 Power of attorney, Form 1534.
- 183.88 Execution of power of attorney.
- 183.89 Duration of power of attorney.
- 183.90 Bond, Form 30.
- 183.91 Penal sum.
- 183.92 Registry of stills, Form 26.
- 183.93 Plat and plans.
- 183.94 Statement of process.
- 183.95 Copies of permit.
- 183.96 Additional information.
- 183.97 Instruments and papers made part of regulations.

Article XI—Bonds and Consents of Surety

- 183.98 General requirements.
- 183.99 Surety or security.
- 183.100 Corporate surety.
- 183.101 Two or more corporate sureties.
- 183.102 Powers of attorney.
- 183.103 Individual sureties.
- 183.104 Ownership of real property.
- 183.105 Description of real property.
- 183.106 Execution of Form 33.
- 183.107 Certificate of title.
- 183.108 Appraisal.
- 183.109 Investigation.
- 183.110 Requalification.
- 183.111 Interest in business.
- 183.112 Deposit of collateral.
- 183.113 Consents of surety.
- 183.114 Approval required.
- 183.115 Authority to approve.
- 183.116 Cause for disapproval.
- 183.117 Additional or strengthening bonds.
- 183.118 New bond.
- 183.119 Superseding bond.

Article XII—Plats and Plans

- 183.120 Plat and plans required.
- 183.121 Preparation.
- 183.122 Depiction of distillery premises.
- 183.123 Rectifying plant within 600 feet.
- 183.124 Contiguous premises.



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BA. 1940

- Sec.  
 183.125 Floor plans.  
 183.126 Elevational plans of equipment.  
 183.127 Elevational plans of buildings.  
 183.128 Pipe lines in colors.  
 183.129 Location of valves, flanges, locks, etc.  
 183.130 Direction of flow.  
 183.131 Pipe lines exempted.  
 183.132 Process flow sheet.  
 183.133 Certificate of accuracy.  
 183.134 Supplemental, superseding, and additional plats and plans.

*Article XIII—Requirements Governing Changes in Name, Proprietorship, Control, Location, Premises and Equipment, and in the Title to the Distillery Property or the Encumbrance Thereof*

- 183.135 General requirement.  
 183.136 Change in individual, firm, or corporate name.  
 (a) Copies of amended permit.  
 (b) Notice, Form 27-A.  
 (c) Amended articles of incorporation, etc.  
 (d) Amended articles of copartnership or association.  
 (e) Sign.  
 (f) Branding and warehousing.  
 (g) Records.  
 183.137 Trade names.  
 (a) New trade names.  
 (1) Trade name certificate.  
 (2) Amended articles of incorporation, etc.  
 (3) Sign.  
 (4) Branding and warehousing.  
 (5) Records.  
 (6) Period of operations.  
 (b) Approved trade names.  
 (1) Notice, Form 27-A.  
 183.138 Change in proprietorship.  
 (a) Suspension.  
 (1) Notice, Form 27-A.  
 (2) Registry of stills.  
 (3) Notice of suspension.  
 (4) Finished spirits.  
 (5) Materials and unfinished spirits.  
 (6) Records.  
 (b) Qualification of successor.  
 (1) Lessee.  
 (2) Other nonfiduciary successor.  
 (3) Fiduciary.  
 (4) Consent of surety.  
 (5) Adoption of plat and plans.  
 (6) Sign.  
 (7) Materials and unfinished spirits.  
 183.139 Changes in partnership.  
 183.140 Changes in stockholders, officers, and directors of corporation.  
 183.141 Reincorporation.  
 183.142 Change in location.  
 183.143 Changes in premises.  
 183.144 Changes in construction and use.  
 183.145 Indemnity bond covering changes in buildings.  
 183.146 Appraisal.  
 183.147 Changes in equipment.  
 183.148 Indemnity bond covering removal of equipment.  
 183.149 Amended notice and plans covering changes in equipment.  
 183.150 Change of title.  
 183.151 Encumbrance.

*Article XIV—Requirements Governing Operation of Distillery Under Alternating Proprietorships*

- 183.152 Qualification.  
 (a) Where no bonded warehouse on premises.  
 (1) Amended notice, Form 27-A.  
 (2) Plat and plans.  
 (3) Registry of stills.  
 (4) Bond or consent of surety.  
 (5) Notice of resumption.  
 (6) Signs.  
 (7) Materials and unfinished spirits.  
 (b) Where bonded warehouse on premises.  
 (1) Discontinuance by lessor.  
 (2) Two additional plats required.  
 (3) Amended notice, Form 27-A.  
 (4) Qualification of lessee.  
 (5) Subsequent changes.  
 (i) Amended notice, Form 27-A.  
 (ii) Adoption of plat and plans.  
 (iii) Other requirements.

*Article XV—Requirements Governing Alternate Operations as Fruit Distillery or Industrial Alcohol Plant*

- Sec.  
 183.153 Qualification required.  
 183.154 Approval before resumption.  
 183.155 Where no bonded warehouse on premises.  
 (a) Suspension.  
 (1) Amended notice, Form 27-A.  
 (2) Registry of stills.  
 (3) Notice of suspension, Form 124.  
 (4) Materials and heads and tails.  
 (b) Resumption.  
 (1) Amended notice, Form 27-A.  
 (2) Adoption of plat and plans.  
 (3) Registry of stills.  
 (4) Bond or consent of surety.  
 (5) Consent of owner or lienor.  
 (6) Notice of resumption.  
 (7) Materials.  
 183.156 Where operation of warehouse on premises is continued.  
 (a) Suspension.  
 (1) Two plats required.  
 (2) Amended notice, Form 27-A.  
 (b) Resumption.  
 (1) Amended notice, Form 27-A.  
 (2) Bond or consent of surety.  
 (3) Adoption of plat and plans.  
 183.157 Where bonded warehouse is discontinued or eliminated from registered distillery premises.  
 (a) Suspension.  
 (1) Discontinuance of warehouse.  
 (2) Elimination of warehouse from premises.  
 (3) Operation of warehouse on fruit distillery premises.  
 (b) Resumption.  
 (1) Amended notice, Form 27-A.  
 (2) New plat.  
 (3) Bond or consent of surety.

*Article XVI—Action by District Supervisor Original Establishment*

- 183.158 Special application, Form 1613.  
 183.159 Distillery fence application.  
 183.160 Indemnity bond application.  
 183.161 Examination of other qualifying documents.  
 183.162 Inspection of premises.  
 183.163 Report of inspection.  
 183.164 Inaccurate documents.  
 183.165 Defective construction.  
 183.166 Law violation record.  
 183.167 Approval of qualifying documents.  
 183.168 Disapproval of qualifying documents.  
 183.169 Disposition of qualifying documents.  
 Changes Subsequent to Original Establishment  
 183.170 Procedure applicable.  
 183.171 Indemnity bond, Form 1617.  
 183.172 Applications and reports covering changes.

*Annual Notices, Consents (Form 1602) and Bonds, Consents of Surety, and Additional and Superseding Bonds*

- 183.173 Procedure applicable.

*Article XVII—Action by Commissioner Original Establishment*

- 183.174 Special application, Form 1613.  
 183.175 Indemnity bond application.  
 183.176 Other qualifying documents.  
 183.177 Registry numbers.

*Changes Subsequent to Original Establishment*

- 183.178 Procedure applicable.

*Article XVIII—Termination of Bonds*

- 183.179 Termination of distiller's bond.  
 183.180 Termination of indemnity bonds.  
 (a) Forms 3 and 3-A.  
 (b) Form 1617.  
 183.181 Termination of export bonds.  
 183.182 Application of surety for relief from bond.  
 183.183 Action on application for notice of termination of distiller's bond.

- Sec.  
 183.184 Action on application for notice of termination of indemnity bond.  
 183.185 Notices, Form 1490 and 1491.  
 183.186 Release of collateral.

*Article XIX—Waiver of Survey Requirements*

- 183.187 Provision of law from which exempt.  
 183.188 Exemption subject to changes.

*Article XX—Manufacture of Distilled Spirits Kinds of Materials and Spirits*

- 183.189 General.  
 183.190 Alcohol.  
 183.191 Brandy.

*Commencement of Operations*

- 183.192 Notice, Form 125.  
 183.193 Assignment of storekeeper-gaugers.  
 183.194 Examination of distillery.  
 183.195 Supervision of operations.

*Distilling Materials*

- 183.196 Weighing materials received.  
 183.197 Storage of materials.  
 183.198 Supervision of material room.  
 183.199 Storekeeper-gauger's record of materials received.  
 183.200 Weighing materials used.  
 183.201 Storekeeper-gauger's record of materials used.  
 183.202 Distiller's material slips.  
 183.203 Storekeeper-gauger's verification.

*Yeasting*

- 183.204 Materials for yeast mash.  
 183.205 Materials for yeast culture.  
 183.206 Non-alcohol producing materials.

*Mashing Operations*

- 183.207 Distiller's notice of change in materials and strength of beer.  
 183.208 Non-fermentable materials.  
 183.209 Presence of storekeeper-gauger required.

*Fermenting*

- 183.210 Restrictions removed.  
 183.211 Quantity of mash and beer determined.  
 183.212 Tests of beer and slop.

*Distillation*

- 183.213 Continuous process required.  
 183.214 Gauging of unfinished spirits.

*Locking of Distillery*

- 183.215 When to be locked.  
 183.216 Keys of distillery locks.

*Treatment of Spirits in Course of Distillation*

- 183.217 Rectification.  
 183.218 Purifying or refining spirits.  
 183.219 Percolation through oak chips.  
 183.220 Samples before and after treating.  
 183.221 Disposition of substances used for treating spirits.

*Deposit of Spirits in Receiving Cisterns*

- 183.222 Immediate deposit required.

*Comparison of Actual Yield With Calculated Yield*

- 183.223 Abnormal differences to be investigated.

*Supervision of Cistern Room*

- 183.224 In charge of storekeeper-gauger.

*Article XXI—Collection and Removal of Distillates, Distilled Water, Fusel Oil, and Carbon Dioxide Gas From Distillery*

*Collection, and Destruction or Removal for Denaturation, of Certain Distillates*

- 183.225 General.  
 183.226 Collection of distillates.  
 183.227 Samples by distiller.  
 183.228 Aldehydes and fusel oil not to be mixed with spirits.  
 183.229 Application.  
 183.230 Samples by storekeeper-gauger.  
 183.231 Analysis of samples.  
 183.232 District supervisor's order to gauge.  
 183.233 Disapproval of application.

Sec.	Marking, Branding, and Stamping of Packages	Article XXV—Losses of Distilled Spirits in Distillery	
183.234	Spirits not meeting requirements for denaturation.	Sec.	
183.235	Gauge of distillate.	183.341	Loss by casualty in receiving cisterns.
183.236	Destruction of distillate.	183.342	Loss by casualty in process of manufacture.
183.237	Release for denaturation.	183.343	Claim for losses.
183.238	Marking and branding of packages.	183.344	Supporting statements.
183.239	Removal in tank cars.	183.345	Filing of claims.
183.240	Report of shipment to denaturing plant.	183.346	Report of losses.
183.241	Inspection at denaturing plant.	183.347	Investigation by district supervisor.
183.242	Regauge at denaturing plant.	183.348	Examination of claim.
183.243	Losses of distillates.	183.349	Records.
183.244	Use for denaturation.	183.350	Supervisor's account.
183.245	Storekeeper-gauger's records.	<i>Article XXVI—Spirits Produced and Not Accounted for</i>	
183.246	Distiller's records.	183.351	Commissioner to make assessments.
183.247	District supervisor's account.	183.352	Storekeeper-gauger to report deficiencies.
Collection and Removal of Distilled Water		183.353	District supervisor's examination of returns.
183.248	Collection.	183.354	Use of materials not reported.
183.249	Removal.	183.355	Determining spirits produced.
183.250	Marking of packages.	183.356	Notice to distiller.
183.251	Supervision of removal.	183.357	Nature of evidence.
Collection and Removal of Fusel Oil		183.358	Consideration of distiller's response.
183.252	Collection.	183.359	Claim for remission.
183.253	Storage.	183.360	Distiller's failure to respond.
183.254	Removal.	<i>Article XXVII—Suspension and Resumption of Operations</i>	
(a)	Washing and purifying.	Suspension of Operations	
(b)	Test tube.	183.361	Notice, Form 124.
(c)	Test.	183.362	Date of suspension.
(d)	Saturated salt solution.	183.363	Locking furnace doors, etc.
(e)	Containers.	183.364	Officer's certificate of suspension.
(f)	Supervision.	183.365	Mash, wort, or beer at suspended distillery forbidden.
(g)	Record of removal.	183.366	Suspension caused by unavoidable accident.
(h)	Disposition of washwater.	Resumption of Operations	
Recovery and Removal of Carbon Dioxide Gas		183.367	Notice, Form 125.
183.255	Procedure.	183.368	Officer's certificate of removal of locks and fastenings.
<i>Article XXII—The Tax on Distilled Spirits</i>		183.369	Unauthorized removal of locks and fastenings.
183.256	Rate of tax.	<i>Article XXVIII—Registry of Still "For Use" and "Not for Use"</i>	
183.257	Attachment of tax.	183.370	Registry on Form 26.
183.258	Persons liable for tax.	<i>Article XXIX—Operations by Distiller Under Different Trade Names or Styles</i>	
Lien for Tax on Distilled Spirits		183.371	Commencement of operations.
183.259	Tax to be first lien.	183.372	Disposition of materials in process.
183.260	Assessments become lien.	183.373	Finished spirits.
183.261	Exemption from lien.	183.374	Records.
183.262	Extinguishment of lien.	<i>Article XXX—Alternate Operation as Industrial Alcohol Plant or Fruit Distillery</i>	
183.263	Certificate of discharge of lien.	183.375	Qualifying for alternate operation.
<i>Article XXIII—Samples of Distilled Spirits</i>		183.376	Completion of operation required.
183.264	Unfinished spirits.	183.377	Retention of distillates.
183.265	Finished spirits.	183.378	Transfer of materials, etc.
183.266	Application.	183.379	Transfer agreement, Form 1614.
183.267	Approval of application.	183.380	Locking of furnace door not required.
183.268	Removal under supervision.	183.381	Completion of records.
183.269	Label.	183.382	Records of successor.
183.270	Office record.	183.383	Disposition of spirits.
183.271	Disposition of samples.	183.384	Alternate operations by same proprietor.
<i>Article XXIV—Tax-Payment, Removal, and Transfer of Distilled Spirits From Cistern Room</i>		<i>Article XXXI—Change of Persons Interested in Business</i>	
Spirits Produced Under Section 2883, I.R.C.		183.385	Completion of operations required.
183.272	Authorized removals.	183.386	Transfer agreement, Form 1614.
Spirits Produced Under Section 2878, I.R.C.		183.387	Locking of furnace doors not required.
183.273	Removal to warehouse required.	183.388	Records.
Rum for Denaturation		183.389	Succession by fiduciary.
183.274	Removal by pipe line.	<i>Article XXXII—Sales of Distilled Spirits by Distillers</i>	
Containers		183.390	Bulk containers.
183.275	For spirits under Section 2883, I. R. C.	183.391	Retail containers.
183.276	Tank wagons and tank trucks.	<i>Article XXXIII—Special (Occupational) Taxes</i>	
183.277	For spirits under Section 2878 I. R. C.	183.392	Wholesale and retail liquor dealer.
Drawing Off, Gauging, and Removal of Spirits		183.393	Exemption of distiller.
183.278	Drawing off spirits.		
183.279	Gauging of spirits.		
183.280	Time of removal from cistern room.		
183.281	Weighing spirits removed by pipe line.		
183.282	Pipe-line removals.		
Addition of Oak Chips to Packages of Spirits			
183.283	Time of addition.		
183.284	Addition to packages in warehouse.		
Marking, Branding, and Stamping of Packages			
Sec.	Sec.		
183.285	General.		
183.286	Numbering of packages.		
183.287	Distiller to mark and brand packages.		
183.288	Mechanical labor.		
183.289	Testing of scales.		
183.290	Proofing of spirits.		
183.291	Verification of marks and brands.		
183.292	Obliteration of stamps and marks and brands on empty packages.		
Tax-Payment in Packages			
183.293	Application, Form 179.		
183.294	Gauge and tax-payment.		
183.295	Issuance of tax-paid stamps.		
183.296	Removal of spirits.		
Tax-Payment in Railroad Tank Cars			
183.297	Application, Form 179.		
183.298	Application for certificate of tax-payment, Form 1594.		
183.299	Certificate of tax-payment, Form 1595.		
183.300	Route board.		
183.301	Bill of lading.		
183.302	Storekeeper-gauger's verification.		
183.303	Release of tank car.		
Procedure When Tank Car is Emptied			
183.304	Scalping certificate.		
183.305	Vendee's use of Form 1520.		
183.306	Comparison of scalped certificate with application.		
Deposit in Warehouse Operated on Distillery Premises by the Distiller			
183.307	Gauge of spirits, Form 1520.		
183.308	Distiller's entry for deposit.		
183.309	Mixing of different spirits prohibited.		
183.310	Sufficiency of bond.		
Deposit in Warehouse Operated by Distiller on Contiguous Premises			
183.311	Procedure.		
183.312	Sufficiency of bond.		
Transfer to Warehouse off Distillery Premises in Same District, Except Warehouse Operated by Distiller on Contiguous Premises			
183.313	Application, Form 236.		
183.314	Certificate of sufficiency of bond.		
183.315	Report of gauge.		
183.316	Markings on tank car.		
183.317	Locks and seals.		
183.318	Inspection of tank car.		
183.319	Filling of tank car.		
183.320	Route board.		
183.321	Label to be attached.		
183.322	Distiller's entry for deposit.		
183.323	Storekeeper-gauger's certificate.		
183.324	Examination of packages at warehouse.		
183.325	Examination of tank car at warehouse.		
183.326	Storekeeper-gauger's receipt.		
Transfer to Warehouse off Distillery Premises, in Different District			
183.327	Application, Form 236.		
183.328	Certificate of sufficiency of bond.		
183.329	Report of gauge.		
183.330	Tank car requirements.		
183.331	Distiller's entry for deposit.		
183.332	Storekeeper-gauger's certificate.		
183.333	Receipt of spirits at warehouse.		
Transfer of Rum to Distillery Denaturing Bonded Warehouse			
183.334	Application, Form 573.		
183.335	Sufficiency of bond.		
183.336	Storekeeper-gauger's report of gauge and transfer.		
Removal of Distilled Spirits, Free of Tax, for Exportation			
183.337	Tank cars.		
183.338	Procedure.		
Records			
183.339	Storekeeper-gauger's records.		
183.340	Distiller's records.		

**Article XXXIV—Storekeeper-Gauger's Records and Reports**

- Sec.  
183.394 Form 1592.  
183.395 Form 1513—Supplemental.  
System of Filing  
183.396 Monthly records.  
183.397 Gauge reports and removal applications.  
183.398 Reports covering deposits in warehouse operated by distiller on or contiguous to distillery premises.

**Article XXXV—Distiller's Records and Reports**

- 183.399 Record of distillery operations, Form 1598.  
183.400 Monthly report.  
183.401 Execution of report.  
183.402 Record of removal of bulk spirits, Form 52C.  
183.403 Record of sales at tax-paid premises, Form 52E.  
183.404 Time of making entries.  
183.405 Separate record of serial numbers of cases.  
183.406 Monthly reports.  
183.407 Forms to be provided by users.

**Article XXXVI—District Supervisor's Cistern Room Account**

- 183.408 Form 1514—Supplemental.

**Article XXXVII—General Provisions Relating to Distilleries**

- 183.409 Production of mash, wort, or wash.  
183.410 Sale or removal of mash, wort, or wash; distillation.  
183.411 Operations in officer's absence.  
183.412 Operations on Sunday.  
183.413 Removal of spirits at night.  
183.414 Use of distillery premises.

**Article XXXVIII—Manufacture, Tax-Payment, Removal and Registration of Stills and Worms**

- 183.415 General.

**Article XXXIX—Concerning Locks and Seals**

- 183.416 General.  
183.417 Defective or broken locks.  
183.418 Seal locks.  
183.419 Plain locks.  
183.420 Custody of keys.  
183.421 Use of seal lock.  
183.422 Use of lock seals.  
183.423 Custody of locks.  
183.424 Cap seals.  
183.425 Affixing cap seals.  
183.426 Custody of cap seals.  
183.427 Breaking of sealed connections forbidden.  
183.428 Removal of cap seals.  
183.429 Storekeeper-gauger's record of cap seals.  
183.430 Storekeeper-gauger's report of locks and seals.  
183.431 District supervisor's report of locks and seals.  
183.432 Requisition for lock seals.

**Article XL—Officer's Right of Entry and Examination**

- 183.433 Entry of distillery or premises used in connection therewith.  
183.434 Authority to break up grounds or walls.  
183.435 Examination of worm tubs.  
183.436 Distillers to furnish assistance.

**Appendix**

- \* Rules for computing capacity of stills.

**REGULATIONS GOVERNING THE PRODUCTION OF DISTILLED SPIRITS (OTHER THAN ALCOHOL) AND THE REMOVAL THEREOF FROM THE DISTILLERY**

**ARTICLE I—SCOPE OF REGULATIONS**

§ 183.1 *Production and removal of distilled spirits.* These regulations are pre-

scribed pursuant to the provisions of law governing the production of distilled spirits, other than alcohol, and the removal thereof from the distillery.\*

**ARTICLE II—REGULATIONS SUPERSEDED**

§ 183.2 *Effective date.* These regulations shall on and after the sixtieth day following the date of approval, supersede Regulations No. 7, revised July 10, 1914, and Regulations 8, approved December 12, 1929, and all amendments and modifications thereof, to the extent that such regulations, as amended, modified, or supplemented, pertain to the production of distilled spirits and the removal thereof from the distillery. But these regulations shall not affect or limit any act done or any liability incurred under any regulations superseded hereby, or any suit, action, or proceeding had or commenced in any civil, administrative, or criminal cause or proceeding prior to the effective date of these regulations, nor shall these regulations release, acquit, affect, or limit any offense committed in violation of previously existing regulations, or any penalty, liability, or forfeiture incurred prior to such date.\*

**ARTICLE III—DEFINITIONS**

§ 183.3 *Definitions.* As used in these regulations, the following words and phrases shall have the meanings as herein defined:

(a) "Approved containers" shall mean casks, barrels, or similar wooden packages, or drums, or similar metal packages, having a capacity of not less than 10 wine gallons each, or railroad tank cars.

(b) "Beer" shall mean the fermented mash of grain, molasses, or other materials produced for distillation.

(c) "Brandy" shall mean the distillate obtained from the materials specified in section 2825, I.R.C., and from the products and residues of such materials, and shall include spirits—fruit except where otherwise indicated, but not distillates containing one-half of 1 percent or more of aldehydes or 1 percent or more of fusel oil.

(d) "Casualty" shall mean an accident; an event not to be foreseen or guarded against.

(e) "Collector" shall mean collector of internal revenue.

(f) "Commissioner" shall mean the Commissioner of Internal Revenue.

(g) "Distilled spirits" shall mean that substance produced by the distillation of fermented grain, molasses, or other materials, commonly known as spirits, whisky, rum, gin, brandy, etc., but shall not include alcohol.

(h) "Distiller" shall mean the proprietor of the distillery.

(i) "Distillery" shall mean that part of the distillery premises described in the distiller's notice, Form 27-A, where the distilled spirits are produced.

(j) "Distillery premises" shall mean the lot or tract of land described in the distiller's notice, Form 27-A, and the

distillery and other buildings and fixtures situated on and constituting a part of such lot or tract of land.

(k) "District supervisor" or "supervisor" shall mean the person having charge of a supervisory district of the Alcohol Tax Unit of the Bureau of Internal Revenue.

(l) "Fruit distillery" shall mean a distillery established or operated under the regulations governing the production of brandy under the exemptions from law provided pursuant to section 2825, I.R.C.

(m) "Heads and tails" shall mean distillates containing one-half of 1 percent or more of aldehydes or 1 percent or more of fusel oil.

(n) "I. R. C." shall mean the Internal Revenue Code (Public, No. 1, Seventy-sixth Congress).

(o) "Person," "proprietor," or "distiller," shall include natural persons, associations, copartnerships, and corporations.

(p) "Proof of distillation" shall mean the composite proof of the spirits in the receiving cisterns prior to reduction, or, if the spirits are reduced before reaching the receiving cisterns, the proof prior to such reduction, unless the spirits are subsequently redistilled at a higher proof than the proof prior to reduction.

(q) "Registered distillery" shall mean a distillery established or operated under these regulations.

(r) "Secretary" shall mean Secretary of the Treasury.

(s) "Slop" or "spent beer" shall mean the residue that is left after distillation of the beer or fermented mash.

(t) "Spirits" shall mean distilled spirits as defined herein.

(u) "Tank car" shall mean a railroad tank car conforming to the requirements of these regulations.

(v) Words in the plural form shall include the singular, and *vice versa*, and words in the masculine gender shall include females, associations, copartnerships, and corporations.\*

**ARTICLE IV—LOCATION**

§ 183.4 *Restrictions.* Distilleries for the production of distilled spirits other than alcohol may not be located in any dwelling house or in any shed, yard, or enclosure connected with any dwelling house, or on board any vessel or boat, or in any building or on any premises where beer, lager beer, ale, porter, or other fermented liquors, vinegar, or ether is manufactured or produced, or where sugars or sirups are refined, or where liquors of any description are retailed, or within 600 feet in a direct line of a vinegar factory using the vaporizing process, or, except as hereinafter provided, within 600 feet in a direct line of any premises authorized to be used for rectifying, or where any other business is carried on: *Provided*, That saleratus may be manufactured, or meal or flour ground from grain on the distillery premises, but such meal or flour must be used only for distillation on such premises.\* (Sec. 2819, I.R.C.)

§ 183.5 *Within 600 feet of rectifying plant.* The Commissioner may permit the carrying on of the business of distilling spirits at a distance of less than 600 feet in a direct line from a rectifying plant when he is of the opinion that the revenue will not be endangered thereby.\* (Secs. 2819, 3170, I.R.C.)

§ 183.6 *Special application, Form 1613.* A person desiring to operate a distillery within 600 feet in a direct line from a rectifying plant shall file special application for such privilege on Form 1613, in quintuplicate, with the district supervisor. The application shall be duly sworn to and all of the information called for by the form shall be furnished.\* (Secs. 2819, 3170, I.R.C.)

§ 183.7 *Plat.* The special application must be accompanied by a special plat, in triplicate, showing the relative location of the distillery and the rectifying plant premises, all buildings on such premises and the use thereof, the exact distance in feet and inches in a direct line between the two premises, all pipe lines, runways, streets, roads, driveways and other connections between the two premises. Where a pipe line between the two premises traverses an intervening building, such building and its use shall be shown on the plat. The distillery premises and the rectifying plant premises, and such buildings as are required to be shown, shall be outlined in contrasting colors on the plat, which shall be prepared in conformity with section 183.121 of these regulations. Where the information required above is shown on the regular plat of the distillery premises, a copy of such plat may be filed with the special application in lieu of a special plat.\* (Secs. 2819, 3170, I.R.C.)

§ 183.8 *Action on special application.* The district supervisor and the Commissioner will take action on special applications, Form 1613, and accompanying plats, in accordance with the procedure prescribed in Articles XVI and XVII.\* (Secs. 2819, 3170, I.R.C.)

§ 183.9 *Changes requiring approval.* Where there is to be a change in the distance between a distillery and a rectifying plant located within 600 feet of each other, as a result of the extension or curtailment or other change of either premises, a new special application on Form 1613, in quintuplicate, and a new special plat, in triplicate, must be filed with the district supervisor by the proprietor of the premises which is to be extended or curtailed. Where a change occurs in the proprietorship of a distillery or rectifying plant located within 600 feet of each other, the new proprietor shall file with the district supervisor a new special application and a new special plat, or a certificate, in triplicate, adopting the plat on file. Where such a change in the distance between the two premises occurs, the distiller must file an amended notice on Form 27-A, in triplicate, and an amended plat of the

distillery premises, in triplicate. Such new special applications and plats shall be considered and disposed of in accordance with the procedure prescribed in Articles XVI and XVII.\* (Secs. 2819, 3170, I.R.C.)

#### ARTICLE V—CONSTRUCTION

§ 183.10 *Distillery buildings.* The distillery buildings must be securely constructed of brick, stone, wood, concrete, or other substantial material and must be completely separated from contiguous buildings not on the distillery premises by unbroken partitions of substantial construction extending from the ground to the roof in a direct vertical line: *Provided*, That where the furnace or boiler used for generating steam or heating water for use in the distillery is located off the distillery premises, or where steam is to be conveyed from a boiler in the distillery to other premises for manufacturing or other purposes, or where distilling material or fuel is to be received by chute or pipe line, or where distilled spirits, distilled water, etc., is to be removed from the distillery by pipe line, in accordance with law and these regulations, necessary openings for the passage of the required pipe lines or chutes may be permitted in the walls or partitions separating the distillery from the adjoining premises: *And provided further*, That necessary openings for the passage of approved water, electric, sewer, or similar lines may likewise be permitted in such walls or partitions. The foundations, floors, walls, and roofs, and the doors, windows, and other openings of distillery buildings shall be constructed, and such doors, windows, and other openings shall be protected and secured, as hereinafter provided.\*

§ 183.11 *Foundations.* The foundations of the distillery buildings shall be constructed of stone, brick, or concrete, or other equally substantial material, extending into the ground.\*

§ 183.12 *Floors.* The distillery buildings must have suitable floors constructed of wood, concrete, brick, or other equally substantial material. If the floor of the cistern room or building is constructed of wood, the boards must be fitted together by tongue and groove, or laid double with the second layer crossing the first at an angle of more than 20 degrees, and securely nailed and fastened.\*

§ 183.13 *Walls.* The outside walls of distillery buildings must be securely and substantially constructed. If wood, corrugated iron, or tin is used, the same must be applied over solid sheathing. Where substantial sheet metal is used and the sheets are welded together in such a manner as to constitute a solid wall, solid sheathing will not be required. The ceiling and walls inside of the cistern room must be cased with matched tongue and groove boards, unless the use of other material affording equal protection from access without detection is approved by the Commissioner.\*

§ 183.14 *Roofs.* The roofs of distillery buildings must be securely and substantially constructed. Where corrugated iron or tin is used, the same must be applied over solid sheathing. Where substantial sheet metal is used and the sheets are welded together in such a manner as to constitute a solid roof, solid sheathing will not be required.\*

§ 183.15 *Doors.* The outside doors, and those on which Government locks are required, as hereinafter provided, must be securely constructed of heavy timber or iron, or other equally substantial material. The hinges must be secured by roundheaded or carriage bolts, nutted and riveted or battered on the inside. Hinges that cannot be thus secured must be inaccessible from the outside and so attached that they cannot be removed when the doors are closed. The outside doors, and those on which Government locks are required, must be equipped with hasp and staple securely fastened on the inside so that they may be securely locked. The doors secured from the inside must be provided with a cross bar in the middle of the door and strong and suitable attachments for the reception of locks. Where there are double doors, one of them at least must be provided with substantial bolts at both the top and the bottom. These bolts must be so arranged as to plunge into substantial fastenings or holes in the middle of the upper and lower ends of the frame when the door is closed. Folding doors of wood or metal, vertical or horizontal sliding doors of wood or metal, and metal doors of the roller blind type, must be provided with substantial cross bars, or bolts that plunge into the upper and lower ends or the sides of the door frame, so placed as to make the door rigid and secure, unless the doors operate in grooves or tracks that make them secure.\*

§ 183.16 *Windows in cistern and rectifying rooms.* The windows in the cistern room and redistilling or rectifying room must be constructed and secured as follows:

(a) *Within 12 feet of ground, etc.* All windows located within 12 feet of the ground, or within 12 feet (1) above a fire escape (except as provided in paragraph (b)), (2) above a roof, setback, or balcony within 12 feet of the ground, (3) above a roof or balcony of an adjoining building, or (4) of a roof, window, or other opening of an opposite building, must conform to the following requirements:

(1) *Wood sash.* Windows consisting of plain or wire glass panes set in wood sash must be protected by iron bars and solid shutters;

(2) *Steel sash.* Windows consisting of wire glass panes not larger than 6 by 10 inches, set in metal sash must be protected by iron bars;

(3) *Detention type.* Windows may be of the detention type, consisting of solid steel frame, sash, and grille (over the

ventilating portion), combined in one unit and erected in one piece, equipped with wire glass panes not larger than 6 by 10 inches.

(b) *Opening onto fire escape.* Windows opening onto a fire escape shall be protected by solid metal shutters, securely hinged and equipped with facilities for locking on the inside with a Government lock. Iron bars will not be required on such windows.

(c) *Extension of requirements.* The Commissioner or district supervisor may require any other windows in the cistern and rectifying rooms to be protected by iron bars or shutters, or both, when deemed necessary to safeguard the spirits.

(d) *More than 12 feet from ground.* All windows more than 12 feet from the ground and not subject to the provisions of paragraphs (a) and (b) must be securely constructed and so arranged and equipped that they may be securely fastened on the inside.

(e) *Set in casement.* All windows must be securely set into the window casement in such a manner as to prevent ready removal.

(f) *Sash locks.* All window sashes must be provided with sash locks or other suitable fasteners.

(g) *Shutters.* The shutters must be solid and substantially constructed of metal or wood, and must be fastened inside of the room or building and so secured that they cannot be opened from the outside.

(h) *Iron bars.* The iron bars must be not less than three-fourths of an inch in diameter, placed perpendicularly in the windows or walls, not more than 5 inches apart from center to center, and reinforced by iron cross bars not more than 36 inches apart. All bars and cross bars must be securely fastened to the window frames or embedded in the walls in such a manner as to prevent their removal and to afford proper security.\* (Sec. 2820, I.R.C.)

§ 183.17 *Other windows.* Other windows of distillery buildings must be securely constructed and so arranged and equipped that they may be securely locked and fastened on the inside.\*

§ 183.18 *Skylights, monitors, pent-houses, etc.* Skylights, monitors, pent-houses, and similar openings will be regarded as windows and treated as such, except that shutters will not be required.\*

§ 183.19 *Ventilators.* Small openings in outside walls of distillery buildings, and in the ground floors and the roofs thereof, for ventilation or heating purposes, will be permitted, provided they are protected by substantial metal gratings, not lighter than No. 6 gauge and having openings not larger than one-half inch, securely attached to or embedded in the floor, wall, or roof. Where such openings in the walls, floors, and roofs of cistern rooms are larger than 6 by 6 inches, they shall be further protected by iron bars. Such openings will not be permitted in

walls which separate the distillery from contiguous premises.\*

§ 183.20 *Drains.* Openings in floors will be permitted for drainage or sewage, provided they are permanently connected to the sewer system and protected in the same manner as ventilators.\*

§ 183.21 *Meal room.* If meal is to be stored on the distillery premises, the distiller must provide for the purpose a suitable room constructed in accordance with the applicable provisions of sections 183.10 to 183.20, inclusive, except that where substantially constructed bins of sufficient capacity, all openings of which may be closed and secured with Government locks, are installed for the storage of meal, a separate meal room need not be provided. All doors of the meal room must be equipped for locking on the inside except the entrance door, which must be equipped for locking on the outside with a Government lock. Windows and similar openings, if any, must be so equipped that they may be closed and securely fastened on the inside. Hoppers, chutes, conveyers, pipes, or openings in the walls, floor, or ceiling of the meal room used for the conveyance of meal from the meal room to the mash tubs, must be so constructed that they may be closed within the meal room and locked with Government locks: *Provided*, That where a hopper extends through the floor of the meal room, the outlet thereof may be locked outside of the meal room, if the hopper is securely covered and the inlet thereof is locked within the meal room.\*

§ 183.22 *Granary.* If the granary is located on the distillery premises it must be so constructed that the doors and other openings thereof may be closed and securely fastened on the inside, except the entrance door, which will be equipped for locking on the outside with a Government lock. If the granary is not situated on the distillery premises, but adjoins the distillery, the granary must be separated from the distillery on a direct vertical line by a solid and unbroken wall of substantial construction, except that an opening sufficient for the passage of grain chutes or pipe lines will be permitted in such wall. Such chutes or pipe lines shall be equipped with facilities for locking with Government locks on the distillery premises at the point where they enter the distillery building or premises.\*

§ 183.23 *Fermenting room or building.* The distiller must provide on the distillery premises a fermenting room or building in which shall be located the fermenting tubs or tanks: *Provided*, That where closed tanks are used they need not be located in a room or building. Where a fermenting room is provided, it may be located in the distilling building and have direct communication with other portions of such building. If carbon dioxide is recovered, the necessary purifiers, scrubbers, and washwater receiving tanks should be located in the

fermenting room or building or in an adjoining room or building.\*

§ 183.24 *Rectifying room.* Where distilled spirits are rectified, purified, or refined in the course of original and continuous distillation, and the apparatus or equipment used for the purpose is such that it cannot be securely locked, the distiller must provide a suitable rectifying room or building in which shall be located such apparatus and equipment. The rectifying room or building shall be constructed in accordance with the applicable provisions of sections 183.10 to 183.20, inclusive. No door, window, or other opening (except necessary openings for approved pipe lines) leading from the rectifying room into any other building, except the distilling building, will be permitted. Each door must be equipped with a substantial hasp and staple for the reception of a Government lock. A sign will be placed over the door of the rectifying room bearing the words "Rectifying Room."\*

§ 183.25 *Cistern room.* The distiller must provide a cistern room or building, in which shall be located the receiving cisterns. The cistern room or building must be constructed in accordance with the applicable provisions of sections 183.10 to 183.20, inclusive. No door, window, or other opening (except necessary openings for approved pipe lines) leading into the distillery or into any other room or building will be permitted. The doors and other openings must lead into the yard connected with the distillery. All doors of the cistern room or building shall be equipped for locking on the inside with Government locks, except the entrance door, which shall be equipped for locking on the outside with a Government seal lock. The cistern room must be well lighted and of sufficient size to permit the weighing, marking, and branding of the spirits to be done conveniently, and to accommodate the necessary equipment, including a desk and chairs for the use of Government officers in preparing their reports. A sign must be placed over the entrance door of the cistern room bearing the words "Cistern Room." Where more than one cistern room is provided, each such room will be given an alphabetical designation as "A," "B," etc.\* (Sec. 2820, I.R.C.)

§ 183.26 *Temporary storage room.* Where spirits, after being drawn from the receiving cisterns into packages, are to be temporarily retained on the distillery premises pending tax-payment or removal for deposit in an internal revenue bonded warehouse off the distillery premises, as authorized by section 183.280, the distiller must provide a separate room in the cistern room for the temporary storage of such packages. The construction of such temporary storage room must conform to the provisions of these regulations governing the construction of the cistern room. The entrance door of the storage room shall open into the other part of the cistern room and be

so constructed that it may be securely locked with a Government lock. Where another door is provided, it must lead into the yard connected with the distillery and be so constructed that it may be securely locked on the inside with a Government lock, and will be used for the removal of spirits temporarily stored in the room. If such other door is not provided, spirits may not be removed from the temporary storage room through the other portion of the cistern room while packages are being filled therein.\*

§ 183.27 *Empty container storeroom.* If empty packages are to be stored on the distillery premises a separate room or building must be provided for such purpose. Such room or building shall not have any means of interior communication with any other room or building used in connection with the production or storage of distilled spirits. This room or building may be used for general cooorage purposes.\*

§ 183.28 *Government office.* The distiller shall provide and maintain on the distillery premises, for the exclusive use of Government officers, a securely constructed, well-lighted, heated, and ventilated office of suitable dimensions. The Government office shall be equipped with toilet and lavatory facilities, unless such facilities, suitably located, are provided elsewhere on the premises, and with a suitable number of desks, chairs, file cases, and such other furniture as may be necessary for the keeping of records and the preparation of reports. The Government office shall also be provided with running water, tables, and shelves for use in connection with the testing of beer and slop, unless suitable laboratory facilities are available to Government officers elsewhere on the premises. The door of the Government office shall be equipped with a cylinder type lock and a sufficient number of keys therefor shall be furnished the district supervisor for the use of Government officers. Where deemed necessary to afford adequate security to Government property, the district supervisor may require the windows of the Government office to be protected by shutters or iron bars, and the door to be so equipped that it may be securely fastened with a Government lock.\*

§ 183.29 *Government cabinet.* There shall be provided in the Government office a metal cabinet of adequate strength and size, suitably equipped for locking with a Government seal lock, for use in safeguarding Government locks, keys, seals, and other Government property, and stamps in the custody of Government officers. Each such cabinet shall be subject to approval by the district supervisor.\*

#### ARTICLE VI—SIGN

§ 183.30 *Posting of sign.* The distiller shall place and keep conspicuously on the outside and at the front of the distillery where it can be plainly seen, a sign ex-

hibiting in plain and legible letters, painted in oil colors or gilded, not less than three inches in height and of a proper and proportionate width, the name of the distiller and the words "Registered Distillery," followed by the registered number of the distillery.\* (Sec. 2831, I.R.C.)

#### ARTICLE VII—FENCES OR WALLS AND GATES

§ 183.31 *Construction.* No fence or wall of a height greater than 5 feet shall be erected or maintained around the premises of any distillery, except that the district supervisor may authorize the construction and maintenance of a fence or wall of a height greater than 5 feet around the distillery in any case in which, in his opinion, such higher fence or wall is necessary to give adequate protection from trespassers.\* (Secs. 2826, 3170, I.R.C.)

§ 183.32 *Special application.* Where the distiller desires to construct or maintain a fence or wall of a greater height than 5 feet around the distillery, he shall file with the district supervisor a special application therefor, in triplicate, giving a complete description of the fence or wall, including information as to materials, construction, height, and number of gates, and stating the reasons for the construction or maintenance of such fence or wall. The district supervisor will take action on such special application in accordance with the procedure prescribed in Article XVI.\* (Secs. 2826, 3170, I.R.C.)

§ 183.33 *Keys to gates.* The distiller shall furnish the district supervisor as many keys to the gates or doors of the fence or wall around the distillery as may be required from time to time, in order to render the distillery readily accessible to Government officers.\* (Secs. 2826, 3170, I.R.C.)

#### ARTICLE VIII—EQUIPMENT

§ 183.34 *Laboratory apparatus.* The distiller shall provide for the use of the Government officers a Kjeldahl or other distilling unit of sufficient capacity to distill samples of beer and slop, a Juerst, Lefco, or other approved ebulliometer, and other laboratory apparatus and equipment necessary for determining the alcoholic content of the beer and slop. The distilling unit shall be installed in a suitable location approved by the district supervisor. Where the distiller maintains a laboratory which, in the opinion of the district supervisor, is properly equipped for making such tests, the distiller may make such facilities available to Government officers in lieu of providing additional apparatus and equipment.\* (Secs. 2808, 2817, I.R.C.)

§ 183.35 *Scales.* The distiller must provide in the cistern room suitable and accurate scales for weighing packages of distilled spirits. The distiller must also provide on the distillery premises suitable and accurate scales for the weighing of grain and other nonliquid distilling materials received and used. If the distill-

ery is equipped with meal hoppers mounted on scales, the meal may be weighed therein. Beams or dials of scales used to weigh packages must indicate weight in half pound graduations, and beams or dials of weighing tank scales and scales used to weigh materials received and used must indicate weight in 1 pound graduations, if of less than 10 tons capacity, and in 5 pound graduations, if of 10 tons or more capacity.\* (Sec. 2808, I.R.C.)

§ 183.36 *Weighing tanks.* Where distilled spirits produced at a proof in excess of 159 degrees and reduced in the receiving cisterns to not more than 159 and not less than 100 degrees of proof are to be removed by pipe line to storage tanks in an internal revenue bonded warehouse on the distillery premises or to tank cars for shipment, or where rum of not less than 150 degrees of proof is to be removed by pipe line to a distillery denaturing bonded warehouse, the distiller must provide in the cistern room one or more suitable weighing tanks constructed in accordance with the provisions of section 183.37. Where heads and tails are to be destroyed without being drawn into packages, or are to be removed in tank cars for denaturation, the distiller must provide in the distilling building a suitable weighing tank of like construction; except that where suitable weighing tanks are provided in the cistern room and heads and tails are to be conveyed by fixed pipe lines, constructed in accordance with section 183.54, from the heads and tails tanks to such weighing tanks and weighed therein, a separate weighing tank need not be provided in the distilling building. If molasses or other liquids are used as distilling material, a suitable weighing or measuring tank must be provided for determining the quantity thereof.\* (Sec. 2808, I.R.C.)

§ 183.37 *Construction of weighing tanks.* Weighing tanks for distilled spirits shall be constructed of metal and shall be stationary and of uniform dimensions from top to bottom, and each such tank shall be equipped with a suitable measuring device whereby the contents will be correctly indicated. Each weighing tank shall be mounted on accurate scales and shall have plainly and legibly painted thereon the words "Weighing Tank," followed by its serial number and capacity in wine gallons. The inlet and outlet pipe connections of each weighing tank must be fitted with valves so constructed that they can be secured with Government locks, and any other openings in such tanks must also be so constructed that they can be closed and similarly locked.\* (Secs. 2808, 2823, I.R.C.)

§ 183.38 *Test weights.* The distiller shall provide a set of ten 50-pound cast-iron test weights, which shall be certified by the National Bureau of Standards or State departments of weights and measures as conforming to class "C" requirements of the National Bureau of Standards. If the distiller has provided



such test weights at an internal revenue bonded warehouse operated by him on the same or contiguous premises, or at a rectifying plant on contiguous premises, he need not provide a separate set of weights for the distillery. All test weights shall be placed under the control and in the custody of the storekeeper-gauger in charge, who shall keep them under Government lock when not in use.\* (Sec. 2808, I.R.C.)

§ 183.39 *Furnace doors, steam and fuel lines.* The door of every furnace of every still or boiler located on the distillery premises must be so constructed that it may be closed and locked with a Government lock in such a manner as will effectually prevent it from being opened and a fire lighted in the furnace or under the boiler: *Provided*, That where the stills are heated with steam and it is necessary to use the boilers for the generation of steam for other purposes during periods when distilling operations are suspended, the doors of the furnaces of such boilers need not be equipped for locking if the pipe lines used to convey steam from the boilers to the stills are provided with valves equipped for locking with Government locks at the point where they enter each still. Where the boilers used for generating steam for the operation of the distillery are located off the distillery premises, the pipe line used to convey the steam to the distillery must be equipped with a valve so constructed that it may be locked with a Government lock, either at the point where it enters the distillery premises or at the point of entrance to the stills. If the stills are operated with fuel conveyed to them by pipe line, such pipe line must likewise be equipped for locking.\* (Sec. 2822, I.R.C.)

§ 183.40 *Distilling material storage tanks.* If molasses or other liquid distilling materials are to be stored on the distillery premises, the distiller must provide substantially constructed tanks for the purpose. The inlets, outlets, and other openings of such tanks must be equipped for locking with Government locks. Such tanks need not be located in a room or building.\* (Sec. 2829, I.R.C.)

§ 183.41 *Off-premises material conveyors.* Where distilling materials are conveyed to the distillery by chute or pipe line from adjacent premises, such chute or pipe line shall be equipped for locking with Government locks at the point where it enters the distillery building or premises.\* (Secs. 2823, 2829, I.R.C.)

§ 183.42 *Cookers and mash tubs.* Cookers and mash tubs must be so placed as to be easily accessible and subject to ready examination by Government officers. Each such cooker or mash tub must have painted thereon its designated use, as "Cooker" or "Mash Tub," followed by its serial number and capacity in wine gallons.\* (Sec. 2822, I.R.C.)

§ 183.43 *Fermenters.* Each fermenter must be constructed of wood, metal, concrete, or other suitable material, and so arranged as to permit examination of every part thereof. Each fermenter must have plainly and legibly painted thereon in oil colors the word, "Fermenter," followed by its serial number, and capacity in wine gallons, depth in inches, and, if of uniform dimensions and standing on end, the capacity per inch of depth. Where such tanks are of irregular dimensions the distiller shall furnish to the district supervisor a table, in duplicate, showing the capacity of the tank for each inch of depth. The district supervisor will retain one copy of the table and forward the other to the storekeeper-gauger who will retain the same in the Government office. The distiller shall provide an accurate measuring rod marked in inches, or a steel tape, suitable for use in determining the contents of such tanks. When deemed necessary, the accuracy of the distiller's calibration of fermenters will be verified by Government officers.\* (Sec. 2822, I.R.C.)

§ 183.44 *Washwater receiving tanks.* If carbon dioxide is recovered, there must be provided a sufficient number of washwater receiving tanks, which shall be constructed of metal and be of uniform dimensions from top to bottom. Each such tank shall be equipped with a suitable measuring device whereby the actual contents will be correctly indicated. There must be painted on each tank the words, "Washwater Receiving Tank," followed by its serial number and capacity in wine gallons. The outlet valve must be equipped for locking with a Government lock.\* (Sec. 2829, I.R.C.)

§ 183.45 *Stills.* The stills must be of substantial construction and must have a clear space of not less than 1 foot around them. The steam or fuel line to each still shall be equipped with a valve so constructed that it may be locked with a Government lock, as provided in section 183.39, when the still is registered "Not for use." The drain and wash-out pipes of stills must also, wherever practicable, be equipped with valves so constructed that they may be locked with Government locks. If there is a furnace under the stills or doublers, the door thereto must, as provided in section 183.39, be so constructed that it may be secured with a Government lock. There must be a clear space of not less than 2 feet around every doubler and condenser or worm tank. The doubler and worm tanks must be elevated not less than 1 foot from the floor. Every still must be numbered, commencing with number 1, according to the flow of the spirits, and have painted thereon its designated use, such a "Beer Still," "Doubler," etc., and its number and spirit producing capacity in proof gallons in 24 hours, computed in accordance with the rules set forth in the Appendix to these regulations. Where the still is insulated or the manufacturer's serial num-

ber is otherwise obscured, such number will likewise be painted on the covering of the still.\* (Sec. 2822, I.R.C.)

§ 183.46 *General requirements for tanks.* All tanks used as receptacles for spirits between the outlet of the first condenser or worm and the receiving cisterns shall be constructed of metal, and shall be of uniform dimensions from top to bottom, and shall be equipped with a suitable measuring device whereby the actual contents will be correctly indicated. All tanks must be so constructed as to permit examination of every part thereof, and so arranged as to leave an open space of not less than 3 feet between the top and the roof or floor above. All tanks, such as low-wine tanks, high-wine tanks, heads and tails tanks, fusel oil tanks, distilled water tanks, and similar equipment, shall each have plainly and legibly painted thereon its designated use, serial number, and capacity in wine gallons. Manheads, inlets, and outlets of the tanks and all necessary openings in the distilling apparatus and equipment, except column stills, whereby access may be had to the spirits, must be provided with facilities for locking with Government locks: *Provided*, That distilled water storage tanks need not be so equipped unless a pipe line is connected therewith for the conveyance of distilled water to contiguous establishments, as provided in section 183.49. All openings in tanks and other distilling apparatus and equipment, which are not absolutely necessary, and which can be permanently closed without interference with plant operations, shall be closed by brazing, welding, or otherwise securely fastening and sealing. Tanks used as receptacles for spirits must not be permanently connected with pipe lines used for the conveyance of air, distilled water, or other substances than spirits.\* (Secs. 2823, 2829, I.R.C.)

§ 183.47 *Heads and tails tanks.* Every distiller desiring to collect heads and tails for destruction or removal for denaturation must provide for the purpose one or more tanks, each of which must be constructed and equipped in accordance with the provisions of section 183.46, and have painted thereon the words, "Heads and Tails Tank," followed by its serial number and capacity in wine gallons. The tanks must be so arranged that the distillate to be collected therein will pass from the still into the tank through continuous and securely closed, fixed pipes and vessels. The pipe lines connecting the tanks with stills or other apparatus must be constructed in accordance with section 183.54. Valves must be provided in the pipe lines and so arranged as to control completely the flow of distillate both into and out of each tank. The construction of the valves must be such that they can be secured with Government locks.\* (Secs. 2823, 2829, 2916, I.R.C.)

§ 183.48 *Fusel oil tanks.* Fusel oil tanks must be constructed and equipped

in accordance with the provisions of section 183.46, and each such tank must have painted thereon the words "Fusel Oil Tank," followed by its serial number and capacity in wine gallons. Tanks for the temporary storage of fusel oil, after the same has been tested, need not be inclosed in a room or building, but must be located on the distillery premises. Fusel oil tanks shall not be connected with any pipe line used for the conveyance of spirits. The pipe lines connecting the tanks in which fusel oil is collected during the course of distillation with the stills must be constructed and arranged in accordance with the provisions of section 183.54. Where fusel oil is to be transferred by pipe line from the tanks in which collected to storage tanks pending removal, such pipe line must also be constructed in accordance with the provisions of section 183.54. Pipe lines connected with fusel oil tanks must be provided with valves so arranged as to control the flow of fusel oil both into and out of the tanks, and so constructed that they may be secured with Government locks.\* (Secs. 2823, 2829, I.R.C.)

§ 183.49 *Distilled water storage tanks.* Distilled water storage tanks shall be so located that their contents may be readily inspected by Government officers, and each such tank shall have painted thereon the words "Distilled Water Storage Tank," followed by its serial number and capacity in wine gallons. Where distilled water is to be conveyed by pipe line to contiguous establishments operated under the internal revenue laws and regulations, the storage tanks from which the distilled water is to be so conveyed must be so constructed that any necessary openings therein may be closed and secured with a Government lock. The pipe line must be an independent one, without any connection with any other pipe, tank, vessel, or utensil on the distillery premises: *Provided*, That where distilled water is to be so conveyed from two or more distilled water storage tanks, the pipe line may be connected with such tanks by permanent manifold connections. The pipe line must be constructed of metal and exposed to view throughout its entire length. The valves, flanges, and other connections in such pipe line on the distillery premises must be brazed, welded, or otherwise secured in such a manner that the pipe line and its connections cannot be detached or altered without showing evidence of tampering.\* (Secs. 2823, 2829, I.R.C.)

§ 183.50 *Try boxes.* Try boxes must be provided and so constructed as to permit reading the proof of the spirits, as well as the temperature, without unlocking the same. Such boxes shall be substantially constructed, and shall be equipped for locking with a Government lock. Each try box must be provided with an overflow pipe to permit by-passing of the spirits around the valves controlling the flow from the try box to the receiving cisterns. The overflow pipe shall be brazed or welded to the

pipe line leading to the low or high wine tanks or the receiving cisterns.\* (Secs. 2820, 2829, I.R.C.)

§ 183.51 *Rectifying equipment.* Where spirits are rectified, purified, or refined in a rectifying room or building, as provided in section 183.24, suitable tanks for the reception of the spirits to be so treated must be provided in such room or building. The pipes, percolators, vessels, and other apparatus used in purifying or refining spirits must be so constructed that the spirits will pass through the purifying process in their passage from the beer still to the receiving cisterns. The pipes, vessels, and other apparatus must be closed and continuous. All necessary openings must be so constructed that they may be closed and locked with Government locks. No permanent water pipe line shall be connected with the high wine tanks, percolators, or other rectifying apparatus.\* (Secs. 2820, 2829, I.R.C.)

§ 183.52 *Receiving cisterns.* The distiller must provide in the cistern room two or more receiving cisterns, and each cistern or group of cisterns must be of sufficient capacity to hold at least the maximum quantity of spirits that can be distilled during a day of 24 hours. Receiving cisterns must be constructed and arranged in conformity with the requirements of section 183.46, and, in addition thereto, such cisterns must be elevated not less than 18 inches from the floor and so separated that Government officers may pass completely around each. Each receiving cistern must be equipped with a suitable measuring device whereby the actual contents will be correctly indicated, and shall have plainly and legibly painted thereon the words "Receiving Cistern," followed by its serial number and capacity in wine gallons. The cisterns must not be connected with each other, except that a connecting pipe line will be permitted between them in order to prevent loss of spirits by overflow. Such connecting pipe line must be located as close to the top of each cistern as the construction thereof will permit, and it must be closed and all connections therein brazed or welded to prevent abstraction of spirits without showing evidence of tampering. A valve equipped for locking with a Government lock must be provided in such pipe line. Pipe lines connected with receiving cisterns must be brazed, welded, or otherwise secured and sealed to the cisterns, in such a manner that they cannot be detached or altered without showing evidence of tampering. Pipe lines for the conveyance of distilled water, air, or other substance than spirits may not be permanently connected with receiving cisterns.\* (Secs. 2820, 3170, I.R.C.)

§ 183.53 *Stopcocks of receiving cisterns.* The stopcocks which control the flow of spirits into the receiving cisterns must be so arranged that the spirits may be run into any of the cisterns, and if the stopcocks are in the cistern room, they must be controlled by rods, the han-

dles of which must extend into the distillery or through the wall to the outside of the cistern room and be under Government lock. If such stopcocks are outside of the cistern room, they must be securely boxed and the box locked with a Government lock. The storekeeper-gauger will keep the key to the Government locks which control the stopcocks of receiving cisterns in his possession. The flow of the spirits from one cistern to another will, however, be changed by the distiller under the immediate supervision of the storekeeper-gauger.\* (Secs. 2820, 2823, I.R.C.)

§ 183.54 *Pipe lines.* The distilling apparatus and equipment must be closed and continuous, commencing with the first still in which the vapors rise and continuing with securely closed vessels and pipes to the receiving cisterns in which the finished product is deposited. All such pipe lines must be of a fixed and permanent character, constructed of metal, and so arranged as to be exposed to view throughout their entire lengths. All valves, unions, flanges, and other detachable connections in the pipe lines of the distilling equipment from the point where the vapors rise in the beer still to the receiving tanks must be so secured by brazing, welding, fastening and sealing, or locking with Government locks as to effectually prevent disconnection and access to the spirits. Pipe lines from the cistern room to storage tanks in an internal revenue bonded warehouse on the distillery premises or to a distillery denaturing bonded warehouse shall be constructed and secured in a like manner and similarly exposed to view throughout their entire lengths: *Provided*, That such pipe lines may be connected with weighing tanks by means of flexible metal hose with the ends brazed or welded to the outlet of the tank and the pipe line, or by means of short, detachable, hose connections, if the end of the pipe line is fitted with a valve so constructed that it may be secured with a Government lock.\* (Secs. 2820, 2823, 2829, I.R.C.)

§ 183.55 *Preparation for sealing.* Where flanges, unions, valves, and other detachable connections in the pipe lines are not secured by welding or brazing, and are not to be secured by Government locks, they must be prepared by the distiller for sealing with "cap" seals. Flanges, unions, and valves will be prepared for sealing, in accordance with the following instructions:

(a) *Sealing flanges.* Flanges may be prepared for sealing by one of the following methods:

(1) By applying a "castle" nut with a hole drilled through the bolt, so the sealing wire may be passed through like a cotter pin, two such nuts being applied to each flange, opposite each other, unless the flange is secured with an uneven number of bolts, in which case three such nuts will be applied at approximately equal distances apart;

(2) By drilling a small hole through both nut and bolt, two such bolts and

nuts being drilled for each flange, opposite each other, unless the flange is secured with an uneven number of bolts, in which case three such nuts will be applied at approximately equal distances apart; or

(3) By drilling a hole through the corner of the head of the bolt and one through the corner of the nut so the two will be sealed together, two such bolts and nuts being drilled for each flange, opposite each other, unless the flange is secured with an uneven number of bolts, in which case three such nuts will be applied at approximately equal distances apart.

(b) *Sealing unions.* Unions will be prepared for sealing by inclosing the same in a metal box with holes for the sealing wire.

(c) *Sealing valves.* Small gate and globe valves may be prepared for sealing by inclosing the packing nut and hood with a metal band or strap drawn tightly around the flange and fitted for reception of the sealing wire, or by drilling a hole in the packing nut so that sealing wire may be passed through and drawn around the pipe and sealed. Where valves have large flanges, such flanges may be sealed in the same manner as other flanges.\* (Secs. 2820, 2823, I.R.C.)

§ 183.56 *Colors for pipe lines.* The pipe lines in the distillery used for conveying the following substances shall be kept painted in the colors indicated:

Black.....	Whisky, gin, rum, or other finished spirits.
Blue.....	Vapor, singlings, high wines and low wines, or other unfinished spirits.
Red.....	Mash, beer, or other distilling material.
Gray.....	Molasses or other fermenting material.
Brown.....	Spent beer or slop.
Yellow.....	Fusel oil.
White.....	Water.
Aluminum.....	Steam.
Orange.....	Air.
Olive green.....	Carbon dioxide.

These colors are intended for such pipe lines only, and are prescribed for the purpose of distinguishing such pipe lines from each other and from all other pipe lines on the premises which are painted but for which colors are not prescribed. The painting in one of the prescribed colors, or a color similar thereto, of a pipe line for which a color is not prescribed is prohibited. Pipe lines for which colors are not prescribed may be painted in sections of not more than 3 feet in contrasting colors.\* (Sec. 2822, I.R.C.)

§ 183.57 *Sufficient equipment required.* Whenever a distiller desires to produce in his distillery two or more kinds of spirits simultaneously, he must provide sufficient mash tubs, fermenters, distilling apparatus, receiving cisterns, and other equipment to permit the production thereof without the commingling of dissimilar spirits.\* (Sec. 2829, I.R.C.)

§ 183.58 *Details of construction and equipment.* Where details of construction and equipment are not covered by these regulations, such construction and equipment must afford the same degree of security and protection to the spirits in the distillery as is intended by the construction and equipment specifications herein prescribed. The Commissioner may approve details of construction and equipment in lieu of those specified herein where it is shown that it is impracticable to conform to the prescribed specifications, and the proposed construction and equipment will afford as much security and protection as the construction and equipment prescribed. Where it is proposed to substitute construction and equipment for that for which specifications are prescribed, or where any doubt prevails in regard to the security and protection which will be afforded by construction and equipment not covered by these regulations, approval of the Commissioner should be first obtained.\*

§ 183.59 *Distilleries heretofore established.* Distilleries heretofore established may continue to operate if the present construction and equipment afford adequate security and protection to the revenue. The Commissioner or district supervisor may at any time require the distiller to make changes in construction and equipment conforming to the provisions of these regulations, if deemed necessary to safeguard the revenue or to permit more economical and efficient supervision by Government officers. All distilleries hereafter established, and changes in existing distilleries, must be in conformity with these regulations.\* (Secs. 2823, 3170, I.R.C.)

ARTICLE IX—FEDERAL ALCOHOL ADMINISTRATION PERMIT

§ 183.60 *Permit required.* Under the Federal Alcohol Administration Act and the regulations issued pursuant thereto (27 CFR, Part 1), any person, except an agency of a State or political subdivision thereof, or any officer or employee of any such agency, intending to engage in the business of producing distilled spirits, is required to procure a permit therefor from the Federal Alcohol Administration. (Sec. 3, 49 Stat. 978; 27 U.S.C. 203)

ARTICLE X—QUALIFYING DOCUMENTS

§ 183.61 *Notice, Form 27-A.* Every person engaged in the business of a distiller, or intending to engage therein, or who wishes to continue in such business on and after the 1st day of May in each year, must give notice of such intention on Form 27-A, "Notice by Distillers." This notice must be filed in triplicate with the district supervisor before engaging in the business, and on May 1 of each year thereafter during continuance in such business. Except as provided in section 183.71 in the case of amended and supplemental notices, all of the information indicated by the lines of the form and the instructions printed thereon, and

by these regulations, shall be furnished. Notices on Form 27-A must be signed in accordance with the instructions printed on the form and sworn to before an officer authorized to administer oaths. Such notices must be numbered serially, commencing with number 1 and continuing in regular sequence for all notices thereafter filed, whether annual, amended, or supplemental.\* (Secs. 2812, 3170, I.R.C.)

§ 183.62 *Description of premises.* The lot or tract of land on which the distillery is situated must be described on Form 27-A by courses and distances, in feet and inches, with the particularity required in conveyances of real estate. If the distillery premises consist of two or more lots or parcels, the condition of the title to which is not the same, the entire distillery premises shall be first described, followed by a separate description by courses and distances, in feet and inches, of each such lot or parcel. The continuity of the distillery premises must be unbroken, except that the premises may be divided by a public street or highway, if parts of the premises so divided abut on such street or highway directly and immediately opposite each other. The premises may be similarly divided by a railroad right of way, if the railroad is a common carrier. In such cases, each tract of land constituting the distillery premises shall be described separately on the form.\* (Sec. 2812, I.R.C.)

§ 183.63 *Description of buildings and rooms.* All buildings and rooms on the distillery premises, including the cistern room, shall be accurately described on Form 27-A. The description shall include the designated name of the building or room, which shall be according to its use, such as distillery building, cistern room, etc., the materials of which constructed, the dimensions thereof, the location of doors, windows, and other openings, and the manner in which they are secured and protected. Each floor of each building shall be described separately. If more than one building or room is used for the same purpose, the name shall include an alphabetical designation to distinguish them, as "Fermenting Room A", "Fermenting Room B", etc.\* (Sec. 2812, I.R.C.)

§ 183.64 *Description of fence or wall.* If the distillery premises are surrounded by a fence or wall, such fence or wall shall be separately described on Form 27-A. The description shall include information as to materials, construction, height, and the number of gates. If the height exceeds 5 feet, the form shall also show whether authority to construct or maintain such fence or wall has been obtained from the district supervisor.\* (Sec. 2812, I.R.C.)

§ 183.65 *Fermenting capacity.* The estimated maximum quantity of each kind of material it is proposed to use that can be mashed in a day of 24 hours must be stated in the space provided therefor on Form 27-A. The estimated quantity of the material that can be

mashed daily will be based upon the capacity of the fermenters, using a maximum strength beer and a minimum fermenting period.\* (Sec. 2812, I.R.C.)

§ 183.66 *Distilling capacity.* The estimated maximum number of proof gallons of spirits that can be distilled in a day of 24 hours must also be stated in the space provided therefor on Form 27-A. The estimated quantity of spirits that can be distilled daily will be based on the capacity of the stills and the use of a maximum strength beer. The capacity of stills will be computed in accordance with the rules set forth in the Appendix of these regulations.\* (Sec. 2812, I.R.C.)

§ 183.67 *Daily production.* The estimated maximum quantity of each kind of material that the distiller intends to mash in a day of 24 hours, and the estimated maximum quantity in proof gallons of spirits that will be produced from such materials in a like period shall be stated on Form 27-A. Where the distiller intends to mash different kinds of materials than those covered by Form 27-A, or a larger quantity of the specified materials than the maximum indicated on such form, or to produce a larger quantity of spirits than the maximum indicated on the form, he must file with the district supervisor an amended notice, Form 27-A, in triplicate, and, if the tax on the quantity of spirits to be produced during a period of 15 days will exceed the penal sum of the distiller's bond (if such penal sum is less than the maximum of \$100,000), a new or additional distiller's bond must be filed, as provided in section 183.91. Likewise, where the quantity of spirits actually produced during any period of 15 days exceeds the estimated maximum quantity to be produced during such period, the distiller must file an amended notice on Form 27-A and, where required, a new or additional distiller's bond, in accordance with section 183.91.\* (Secs. 2812, 3170, I.R.C.)

§ 183.68 *Condition of title to premises.* The condition of the title to the distillery premises shall be shown on Form 27-A. If the distiller is not the owner in fee, unencumbered by any mortgage, judgment, or other lien, of the lot or tract of land on which the distillery is situated, the name and address of the owner of the fee and of any mortgagee, judgment-creditor, or other person having a lien thereon, shall be stated. Where the written consent of the owner of the fee and of mortgagees, judgment-creditors, or other lienors, is filed as provided in section 183.72 or where an indemnity bond is filed in lieu of such written consent, as provided in section 183.75, 183.79, 183.80, and 183.81, such fact, together with information as to the kind, date, and amount of the encumbrance and the balance due thereon shall be shown on the notice in connection with the statement of the present condition of the title. In cases where an indemnity bond is filed, the date of the Commissioner's approval of the filing of such bond shall also be

given.\* (Secs. 2812, 2800 (e), 2815 (b), I.R.C.)

§ 183.69 *Condition of title to apparatus and equipment.* The distiller's title to, or interest in, the distilling apparatus and equipment shall be shown on Form 27-A. If the distiller is not the owner of the distilling apparatus and equipment, unencumbered by any mortgage, judgment, or other lien, the name and address of the owner and of any mortgagee, judgment-creditor, conditional sales vendor, or other lienor shall be stated. Where the written consent of the owner and of the mortgagees, judgment-creditors, conditional sales vendors, or other lienors, is filed as provided in section 183.72, or where an indemnity bond is filed in lieu of such written consent, as provided in sections 183.75, 183.79, 183.80 and 183.81, such fact, together with information as to the kind, date, and amount of the encumbrance and the balance due thereon, or, if the apparatus was purchased under a conditional sales contract, or other form of title retaining contract, the purchase price and the balance due, shall be shown in connection with the statement of the distiller's title to or interest in the property. In cases where an indemnity bond is filed, the date of the Commissioner's approval of the filing of such bond shall also be given.\* (Secs. 2812, 2800 (e), I.R.C.)

§ 183.70 *Distance from rectifying plant or vinegar factory.* If the distillery premises are situated more than 600 feet in a direct line from any premises authorized to be used for rectifying spirits, or from a vinegar factory using the vaporizing process, such fact shall be stated on Form 27-A. If the distance between the distillery premises and the premises of a rectifying plant is less than 600 feet in a direct line, there must be stated in the notice, Form 27-A, the name of the proprietor of the rectifying plant, the exact distance in feet and inches between the distillery and the rectifying plant, and whether the location of the distillery within such distance of the rectifying plant has been approved by the Commissioner. If such location of the distillery has been approved by the Commissioner, the date of such approval shall be given. If the distance between the distillery premises and a vinegar factory using the vaporizing process is less than 600 feet in a direct line, such fact and the date of the establishment of the vinegar factory shall be stated on the form.\* (Secs. 2812, 2819, 2834, 2835, 3170, I.R.C.)

§ 183.71 *Amended and supplemental notices.* Amended and supplemental notices on Form 27-A may be executed in skeleton form, except as to the items amended or supplemented. All other items which are correctly set forth in prior notices, and in which there has been no change since the last preceding notice, may be incorporated in the amended or supplemental notice by reference to the respective notice previously

filed. Such incorporation by reference shall be made by entering for each such item in the space provided therefor the statement "No change since filing Form 27-A, Serial No. —" (the number being inserted), and the date of such form.\* (Sec. 2812, I.R.C.)

§ 183.72 *Consent, Form 1602.* Where the distiller is not the owner in fee of the lot or tract of land on which the distillery is situated, unencumbered by any mortgage, judgment, or other lien, or is not the owner of the distilling apparatus and equipment, unencumbered by any mortgage, judgment, or other lien, he must file the written consent of the owner and of any mortgagee, judgment-creditor, conditional sales vendor, or other lienor, or lessor, that the premises or property may be used for the purpose of distilling spirits subject to the provisions of law, and expressly stipulating that the lien of the United States for taxes and penalties shall have priority over any right, title, or interest of the person giving the consent, and that in case of the forfeiture of the distillery premises or property, or any part thereof, the title to the same shall vest in the United States, discharged from any such right, title, or interest, except that where such consent cannot be obtained, or where the distillery or distilling apparatus was erected prior to July 20, 1868, and the title to the premises is in the condition specified in section 183.77, or where the distillery was sold at a judicial or other sale in favor of the United States, and there exists a right of redemption from such sale, the distiller may file in lieu of such consent an indemnity bond, as hereinafter provided. This consent shall be executed on Form 1602, in triplicate, in accordance with the instructions printed thereon, duly acknowledged before an officer authorized to take acknowledgments of deeds, properly recorded, and submitted to the district supervisor with the distiller's notice, and made a part thereof. The acknowledgement and certificate of recordation of the consent shall be executed on all three copies of the form. A new consent will be required for each year, beginning on the 1st day of May, unless the consent is given for a definite period of time exceeding one year, in which event the consent should be given in terms to expire at the beginning of an annual period, May 1. A new consent will also be required whenever there is a change of proprietorship, including a succession for a temporary period by a lessee or a fiduciary, unless the consent procured by the predecessor specifically covers operation of the plant by his successor or assigns. In the event of failure of such consent the distiller will be no longer qualified, unless a proper indemnity bond is filed.\* (Sec. 2815, I.R.C.)

§ 183.73 *Permission required for filing bond, Form 3-A.* Where the distiller cannot obtain the written consent of the owner of the fee of the distillery premises,

and of any mortgagee, judgment-creditor, or other person having a lien thereon, or where he cannot obtain such consent of the owner of the distilling apparatus and equipment, and of any mortgagee, judgment-creditor, conditional sales vendor, or other lienor, and desires to file an indemnity bond, Form 3-A, in lieu of such consent, he shall file application, in triplicate, with the district supervisor for permission so to do.\* (Sec. 2815, I.R.C.)

§ 183.74 *Application.* The application shall contain (1) an accurate description of the lot or tract of land on which the distillery is situated and of the distillery, the buildings, and the distilling apparatus thereon; (2) a full and clear statement of the condition of the title to the distillery premises and apparatus and equipment, including the name and address of the owner and of all mortgagees, judgment-creditors, conditional sales vendors, and other persons having liens thereon, the kind, date, and amount of each encumbrance, and the balance due thereon, and, in the case of apparatus or equipment purchased under a conditional sales contract, or other form of title retaining contract, the purchase price and the balance due; and (3) a full and clear statement of the reasons why the applicant cannot obtain the prescribed written consent. The district supervisor and the Commissioner will take action on such application in accordance with the procedure prescribed in Articles XVI and XVII.\* (Sec. 2815, I.R.C.)

§ 183.75 *Bond, Form 3-A.* If the application is approved by the Commissioner, the distiller shall execute bond on Form 3-A, "Bond of Indemnity in Favor of the United States," in triplicate, in conformity with the provisions of Article XI, and file the same with the district supervisor. The penal sum of the bond shall be equal to the appraised value of the lot or tract of land on which the distillery is situated, the distillery, the buildings, and the distilling apparatus. If after such bond is filed the value of the distillery premises, buildings, or distilling apparatus is increased by additional land, buildings or distilling apparatus, an additional bond on such form to cover the increase in value will be required: *Provided*, That if such increase in value is less than \$500, no additional bond will be required. In the event of a failure of bond on Form 3-A the distiller will be no longer qualified, unless a new and satisfactory bond is filed.\* (Sec. 2815, I.R.C.)

§ 183.76 *Appraisal.* The appraisal to determine the penal sum of the bond on Form 3-A shall be made by two or more competent persons designated by the district supervisor. The appraisers shall render to the district supervisor a report, in duplicate, showing separately the value of the land and buildings and the distilling apparatus, and containing a full and clear statement of the methods employed by them in determining their valuations. The appraisal shall be at

the expense of the distiller, unless it is made by Government officers.\* (Sec. 2815, I.R.C.)

§ 183.77 *Permission required for filing bond, Form 3.* In any case (1) where the owner of a distillery or distilling apparatus erected prior to July 20, 1868, has only an estate for a term of years, or other estate less than fee simple in the lot or tract of land on which the distillery is situated, the evidence of title to which shall have been duly recorded prior to that date; or (2) in like case, where the lease or other evidence of title is held but was not required by the laws of the State to be recorded in order to be valid at the time of its execution; or (3) in any case of such prior erection where the title was then, and has continued to be, in litigation; or (4) in any case of such prior erection where such owner is possessed of the fee, but encumbered with a mortgage executed and duly recorded prior to July 20, 1868, and not due; or (5) in any case of such prior erection where the fee is held by a femme-covert, minor, person of unsound mind, or other person incapable of giving the prescribed consent, the distiller may, in lieu of such consent, give bond on Form 3, "Leaseholder's Bond for Distillers," upon securing permission so to do.\* (Sec. 3180, I.R.C.)

§ 183.78 *Application.* Any distiller desiring to avail himself of the privilege of filing bond on Form 3 in lieu of the prescribed consent, must file application, in triplicate, with the district supervisor. The application must show that the distillery was erected prior to July 20, 1868, and contain a full and clear statement of the condition of the title or the nature of the incapacity of the holder of the fee, as the case may be. The district supervisor and the Commissioner will take action on such application in accordance with the procedure prescribed in Articles XVI and XVII.\* (Sec. 3180, I.R.C.)

§ 183.79 *Bond, Form 3.* If the application is approved by the Commissioner, the distiller shall execute bond on Form 3, in triplicate, in conformity with the provisions of Article XI, and file the same with the district supervisor. The penal sum of the bond shall be equal to the appraised value of the lot or tract of land on which the distillery is located, together with the buildings and distilling apparatus. If after such bond is filed the value of the distillery premises, buildings, or distilling apparatus is increased by additional land, buildings, or distilling apparatus, an additional bond on such form to cover the increase in value will be required: *Provided*, That if such increase in value is less than \$500, no additional bond will be required. The appraisal shall be made in accordance with the provisions of section 183.76. In the event of failure of bond on Form 3 the distiller will be no longer qualified, unless a new and satisfactory bond is filed.\* (Sec. 3180, I.R.C.)

§ 183.80 *Bond in lieu of consent where premises of distillery erected prior to July 20, 1868, are increased.* The distiller may likewise give bond on Form 3 in lieu of the written consent of the owner of the fee, in the case of a distillery erected prior to July 20, 1868, where the premises have since such date been increased by the addition of land or buildings adjacent or contiguous thereto not owned by the distiller in fee. If the distillery is one which the distiller owns in fee, or in respect to which he has procured the written consent of the owner in fee and all encumbrancers, the penal sum of the bond shall be equal to the appraised value of the addition to the premises. If the distillery is one which the distiller is entitled to operate under bond on Form 3, then the penal sum of such bond shall be equal to the appraised value of the whole distillery as increased by such addition.\* (Sec. 3180, I.R.C.)

§ 183.81 *Bond in lieu of consent where distillery is sold for United States.* Where a distillery is sold at a judicial or other sale in favor of the United States, the distiller may give bond on Form 3-A in lieu of the consent of the person possessing the right of redemption and of any mortgagee, judgment-creditor, or other lienor, and be allowed, upon complying with all other provisions of law and these regulations, to operate such distillery during the existence of the right of redemption from such sale. A distiller desiring to give bond in such case shall file application, in triplicate, with the district supervisor for permission so to do. The application shall contain a full and clear statement of the condition of the title, including the name and address of the person having the right of redemption and of all encumbrancers, the kind, date, and amount of each encumbrance, the date of the sale and the date of expiration of the right of redemption. The penal sum of the bond shall be equal to the appraised value of the lot or tract of land on which the distillery is situated, together with the buildings and distillery apparatus. If after such bond is filed the value of the distillery premises, buildings, or distilling apparatus is increased by additional land, buildings or distilling apparatus, an additional bond on such form to cover the increase in value will be required: *Provided*, That if such increase in value is less than \$500 no additional bond will be required. The appraisal shall be made in accordance with the provisions of section 183.76.\* (Sec. 2815, I.R.C.)

§ 183.82 *Certificate of title.* The distiller shall submit a certificate and, when required, an abstract, in triplicate, of the title to the distillery premises, prepared by a person authorized by the laws of the State in which the distillery is located to prepare such documents. The document must contain an accurate description of the distillery premises corresponding to that set forth in the distiller's notice, and any liens or other encumbrances on the

property must be fully described. Such certificate shall accompany the distiller's notice and be made a part thereof.\* (Secs. 2800 (e), 2815, I.R.C.)

§ 183.83 *Corporate documents.* There must be submitted with, and made a part of, the original or initial notice on Form 27-A, given by a corporation to engage in the business of a distiller, properly certified copies, in triplicate, of the following documents:

(a) Articles of incorporation and any amended articles of incorporation.

(b) Certificate of incorporation.

(c) Certificate authorizing corporation to operate in State where distillery is located, if other than that in which incorporated.

(d) Extracts of minutes of meetings of stockholders, showing election of directors.

(e) By-laws.

(f) Extracts of the minutes of meetings of the board of directors, showing the election of officers.

(g) Extracts of the minutes of meetings of the board of directors, authorizing certain officers or other persons to sign for the corporation.

(h) List of the names and addresses of the officers and directors.

(i) List of stockholders, as provided in the following section.\* (Sec. 2812, I.R.C.)

§ 183.84 *List of stockholders.* In the case of corporations and similar legal entities, there must be submitted with Form 27-A, at the commencement of business and annually thereafter on May 1, a list of the names and addresses of all stockholders and other persons interested in the corporation or other legal entity and the amount and nature of the stockholding or other interest of each, whether such interest appears in the name of the interested party or in the name of another for him: *Provided*, That where more than 100 persons are interested in the corporation or other legal entity as stockholders or otherwise, there need be furnished only the names and addresses and the amounts and nature of the stockholding or other interest of the 100 persons having the largest ownership or other interest in each of the respective classes of stock or other interest, except where more complete information shall be specifically required by the Commissioner: *And provided further*, That where there has been no change in the stockholders and other persons interested in the corporation or other legal entity, or in the extent of the stockholding or other interest of such persons, the distiller may furnish, in connection with the annual notice a certified statement, in triplicate, to that effect in lieu of the prescribed list. Where a corporation operates two or more distilleries or other plants situated in the same supervisory district, or wholly owns one or more subsidiaries operating distilleries or other plants so situated, and in connection with qualify-

ing for the operation of one of such distilleries or plants files a list of stockholders and other persons interested, as prescribed herein, the filing of an additional list for each distillery will not be required, provided that in lieu of such additional list there is submitted with the distiller's notice, Form 27-A, a certificate, in triplicate, definitely identifying the corporation and plant with whose notice the list of stockholders and other persons interested is filed, and giving the date of the filing thereof.\* (Sec. 2812, I.R.C.)

§ 183.85 *Affidavit.* In the case of a corporation, there must be submitted with each list of stockholders an affidavit, in triplicate, executed by an officer of the corporation authorized so to do, showing the number of shares of each class of stock or other evidence of ownership, such as voting trust certificates, authorized and outstanding, the par value thereof, and the voting rights of the respective owners or holders, and certifying to the correctness of the list of stockholders or the statement authorized to be furnished with the notice in lieu of such list. In the case of an individual owner, copartnership, or association, there must be submitted with Form 27-A, at the commencement of business and annually thereafter on May 1, an affidavit, in triplicate, giving the name of every person interested or to be interested in the distillery, whether such interest appears in the name of the interested party or in the name of another for him.\* (Sec. 2812, I.R.C.)

§ 183.86 *Articles of copartnership or association.* In the case of a copartnership or association, a certified copy, in triplicate, of the articles of copartnership or association, if any, and, where the business is to be conducted under a firm or trade name, a trade name certificate or statement in lieu thereof, in accordance with section 183.137 (a) (1), shall be submitted with and constitute a part of the notice, Form 27-A.\* (Sec. 2812, I.R.C.)

§ 183.87 *Power of attorney, Form 1534.* If the notice or other qualifying documents are signed by an attorney in fact for an individual, partnership, association, or corporation, or by one of the members for a copartnership or association, or, in the case of a corporation, by an officer or other person not authorized to sign by the corporate documents described in section 183.83, such notice or other qualifying documents must be supported by a duly authenticated copy of the power of attorney conferring authority upon the person signing the document to execute the same. Such powers of attorney will be executed on Form 1534, in triplicate, and submitted to the district supervisor.\* (Sec. 2812, I.R.C.)

§ 183.88 *Execution of power of attorney.* Where the principal giving the power of attorney is an individual, it must be executed by him in person, and not by an agent. In the case of a co-

partnership or association, powers of attorney authorizing one or more of the members, or another person, to execute documents on behalf of the copartnership or association must be executed by all of the members constituting the copartnership or association. However, if one or more members less than the whole number constituting the copartnership or association have been delegated the authority to appoint agents or attorneys in fact, the power of attorney may be executed by such member or members, provided it is supported by a duly authenticated copy, in triplicate, of the document conferring authority upon the member or members to execute the same. Where, in the case of a corporation, powers of attorney are executed by an officer thereof, such documents must be supported by triplicate copies of the authorization of such officer so to do, certified by the secretary or assistant secretary of the corporation, under the corporate seal, if any, to be true copies.\* (Sec. 2812, I.R.C.)

§ 183.89 *Duration of power of attorney.* Powers of attorney authorizing the execution of documents on behalf of a person engaged in, or intending to engage in, the business of a distiller shall continue in effect until written notice, in triplicate, of the revocation of such authority is received by the district supervisor, unless terminated by operation of law.\* (Sec. 2812, I.R.C.)

§ 183.90 *Bond, Form 30.* Every person intending to commence or to continue the business of a distiller shall, upon filing his notice of such intention, Form 27-A, and before proceeding with such business, and on the 1st day of May of each succeeding year, execute bond on Form 30, "Distiller's Bond," in triplicate, in conformity with the provisions of Article XI and file the same with the district supervisor.\* (Secs. 2814, 3170, I.R.C.)

§ 183.91 *Penal sum.* The penal sum of the distiller's bond, Form 30, shall be not less than the amount of the internal revenue tax at the rate prescribed by law on the maximum quantity of distilled spirits that will be distilled in the distillery during a period of 15 days of 24 hours each, but in no case shall the penal sum of the bond be less than \$5,000 or greater than \$100,000. Where the distiller has not furnished bond in the maximum penal sum of \$100,000 and he intends to produce a larger quantity of spirits than that covered by his bond, he must file a new or additional bond in a sufficient penal sum to cover the tax on the increased quantity to be produced. Likewise, where the quantity of spirits actually produced during any period of 15 days exceeds the penal sum of the bond on file, if in less than the maximum penal sum, the distiller must furnish immediately a new or additional bond in a sufficient penal sum, effective as of the beginning of such period. If an additional bond is furnished in either case, it

must be in accordance with section 183.117.\* (Sec. 2814, I.R.C.)

§ 183.92 *Registry of stills, Form 26.* Every person having in his possession or custody, or under his control, any still or distilling apparatus set up must register the same with the district supervisor for the district in which it is located, on Form 26, "Registry of Stills," immediately it is set up.\* (Secs. 2810, 3170, I.R.C.)

§ 183.93 *Plats and plans.* Every person intending to engage in the business of a distiller must submit to the district supervisor with his notice, Form 27-A, an accurate plat of the distillery premises and accurate plans of the buildings, apparatus, and equipment thereon, in triplicate, conforming to the requirements of Article XII.\* (Secs. 2816, 3170, I.R.C.)

§ 183.94 *Statement of process.* There must be submitted to the district supervisor with the distiller's notice, Form 27-A, a statement of process, in triplicate. Such statement shall describe in detail the process to be followed in the production of distilled spirits. Nonalcohol producing materials or substances used in the yeast mash and fermenters for the purpose of providing yeast food or for inhibiting the action of wild yeast or bacteria, or for any other purpose, must be reported in the description of process used by the distiller. Materials or chemicals which are volatile and would remain incorporated with the finished spirits after final distillation may not be used, except that juniper berries and other aromatics may be used in the production of gin. Where any material or substance is to be introduced into the spirits during the course of original and continuous distillation, the statement must include a description of such product and its composition. Samples of any such material or substance will be prepared and furnished to the district supervisor for analysis by Government chemists.\* (Sec. 3254 (g), I.R.C.)

§ 183.95 *Copies of permit.* Every person intending to engage in the business of a distiller must present to the district supervisor, for examination, the original basic permit issued to him by the Federal Alcohol Administration and file with the district supervisor two photostatic copies of such permit. The photostatic copies of such permits shall be 8 by 10½ inches in size, and shall accompany the notice, Form 27-A.\*

§ 183.96 *Additional information.* The Commissioner or the district supervisor may at any time, in his discretion, require the distiller to furnish such additional information as he may deem necessary.\*

§ 183.97 *Instruments and papers made part of regulations.* The terms, conditions, and instructions contained in instruments and papers required to be furnished by law or regulations are hereby made a part of these regulations as fully and to the same extent as if incorporated herein.\*

#### ARTICLE XI—BONDS AND CONSENTS OF SURETY

§ 183.98 *General requirements.* Every person required to file a bond or consent of surety under these regulations shall prepare and execute it on the prescribed form, in triplicate, in accordance with these regulations and the instructions printed on the form, and shall submit it to the district supervisor.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3170, 3180, I.R.C.)

§ 183.99 *Surety or security.* Bonds required by these regulations shall be given with surety or collateral security: *Provided*, That in any case where the distiller operates an internal revenue bonded warehouse on the distillery premises, and the distiller's bond, Form 30, is in the maximum penal sum of \$100,000, it may be accepted without surety if it is supported by the consent of the surety on the transportation and warehousing bond, Form 1571, which bond in such case shall be in the maximum penal sum of \$200,000. If bonds on Forms 30 and 1571 in the maximum penal sums stated are not given, separate bonds on said forms, each with surety or security, must be given in sufficient penal sums.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, 3170, I.R.C.; Sec. 1, 28 Stat. 279; 6 U.S.C. 6; Sec. 1126, 44 Stat. 122; Sec. 7, 49 Stat. 22; 6 U.S.C. 15)

§ 183.100 *Corporate surety.* Bonds may be given with corporate surety authorized by the Secretary of the Treasury to become surety on Federal bonds, subject to the limitations prescribed by the Secretary in Treasury Department Form 356, Commissioner of Accounts and Deposits, Section of Surety Bonds, which is issued semiannually, and subject to such amendatory circulars as may be issued from time to time.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, 3170, I.R.C.; Sec. 1, 28 Stat. 279; 6 U.S.C. 6; c. 109, 36 Stat. 241; 6 U.S.C. 8)

§ 183.101 *Two or more corporate sureties.* A bond executed by two or more corporate sureties shall be the joint and several liability of the principal and the sureties: *Provided*, That each corporate surety may limit its liability in terms upon the face of the bond in a definite, specified amount, which amount shall not exceed the limitations prescribed for such corporate surety by the Secretary, as set forth in Treasury Department Form 356. When the sureties so limit their liability, the aggregate of such limited liabilities must equal the required penal sum of the bond.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, 3170, I.R.C.; Sec. 1, 28 Stat. 279; 6 U.S.C. 6; c. 109, 36 Stat. 241; 6 U.S.C. 8)

§ 183.102 *Powers of attorney.* Powers of attorney and other evidence of appointment of agents and officers to execute bonds on behalf of corporate sureties are required to be filed with, and passed upon by, the Commissioner of Accounts and Deposits, Section of Surety Bonds, Treasury Department. Such powers and other evidence of appoint-

ment need not be filed with, or submitted to, district supervisors.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, 3170, I.R.C.; Sec. 1, 28 Stat. 279; 6 U.S.C. 6; c. 109, 36 Stat. 241; 6 U.S.C. 8)

§ 183.103 *Individual sureties.* Bonds may be given with individual sureties, of which there must be not less than two, each of whom must qualify by executing Form 33, "Affidavit of Individual Surety on Bond," in triplicate. In the case of bonds given on Form 3 in accordance with the provisions of sections 183.79 and 183.80, individual sureties are required by section 3180, I.R.C., to be residents of the collection district or county, or of an adjoining county, in the same State in which the distillery is located. In the case of other bonds required by these regulations, individual sureties must be citizens of the United States and reside in the State in which the business of the principal is to be conducted. No person will be accepted as an individual surety in a State in which he is not authorized to become a surety.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, I.R.C.)

§ 183.104 *Ownership of real property.* Each individual surety must own unencumbered real property, in fee simple, the appraised value of which, over and above any exemptions from execution allowed by the laws of the State, is equal to the penal sum of the bond. In the case of bonds given on Form 3, individual sureties must, under section 3180, I.R.C., not only be residents of the collection district or county, or of an adjoining county, in the same State in which the distillery is located, but the amount of unencumbered real property which they are required to own must also be situated in the said district or county, or adjoining county. In the case of other bonds required by these regulations, the amount of unencumbered real property which individual sureties are required to own must be located within the State where the business of the principal is to be conducted.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, I.R.C.)

§ 183.105 *Description of real property.* The real property must be described in the surety's affidavit, Form 33, with all of the formalities required in conveyances of real estate by the laws of the State in which it is situated.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, I.R.C.)

§ 183.106 *Execution of Form 33.* The surety's affidavit on Form 33 shall contain all of the information required by these regulations and the instructions printed on the form. The form shall be subscribed and sworn to before an officer duly authorized to administer oaths, and one copy thereof shall be attached to each copy of the bond to which it relates.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, I.R.C.)

§ 183.107 *Certificate of title.* There must be submitted with the surety's affidavit, Form 33, a certificate of title, in triplicate, showing that the surety has a

fee simple title, free of encumbrances, to the realty described in the form.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, I.R.C.)

§ 183.108 *Appraisal*. There will also be submitted with Form 33 an appraisal, in triplicate, by two or more competent persons designated by the district supervisor for the purpose, showing separately the value of the land and buildings, and a full and clear statement of the method employed by them in determining their valuation. The appraisal shall be at the expense of the principal on the bond, unless it is made by Government officers.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, I.R.C.)

§ 183.109 *Investigation*. The district supervisor will cause an investigation to be made of all the facts stated in the surety's affidavit on Form 33 and supporting documents, and shall forward one copy of the report of such investigation to the Commissioner with the bond and accompanying Form 33.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, I.R.C.)

§ 183.110 *Requalification*. The Commissioner or district supervisor may at any time, in his discretion, require the requalification of individual sureties on Form 33.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, 3170, I.R.C.)

§ 183.111 *Interest in business*. The surety, whether individual or corporate, must have no interest whatever in the business covered by the bond.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, I.R.C.)

§ 183.112 *Deposit of collateral*. Bonds or notes of the United States, or other obligations which are unconditionally guaranteed as to both interest and principal by the United States, may be pledged and deposited by principals as collateral security in lieu of individual or corporate sureties. District supervisors on receiving such bonds or notes, or other obligations, pledged and deposited by principals as collateral security in lieu of surety, shall deposit such securities in accordance with the requirements of Department Circular No. 154, revised (31 CFR, Part 225).\* (Sec. 1126, 44 Stat. 122; Sec. 7, 49 Stat. 22; 6 U.S.C. 15)

§ 183.113 *Consents of surety*. Consents of surety to a change in the terms of a bond must be executed on Form 1533, "Consent of Surety to Change in Terms of Bond," in as many copies as are required of the bond which they affect, by the principal and all sureties with the same formality and proof of authority to execute as are required for the execution of bonds. Form 1533 will be used by obligors on collateral bonds as well as those on surety bonds. The Form 1533 must properly identify the bond affected thereby and state specifically and precisely what is covered by the extended terms thereof. If the surety is a corporation, the consent may be executed by an agent or attorney in fact duly authorized so to do by power of attorney filed by the surety with the appropriate district supervisor through

the office of the Commissioner, or the consent may be executed by the home office officials of such corporate surety; except that, in cases where the saving of time is an element, the consent may be executed by an agent or attorney in fact where the home office officials, by specific direction, order its execution. A copy of such specific direction should be attached to each copy of such consent.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, I.R.C.)

§ 183.114 *Approval required*. No individual, firm, partnership, corporation, or association, intending to commence or to continue the business of a distiller, shall commence or continue such business until all bonds in respect of such business required by any provision of law have been approved.\* (Sec. 2815 (c), I.R.C.)

§ 183.115 *Authority to approve*. District supervisors are authorized to approve all bonds and consents of surety covering the exportation of distilled spirits. All other bonds and consents of surety filed by an individual, firm, partnership, corporation, or association in respect to the business of a distiller will be approved or disapproved by the Commissioner.\* (Secs. 2814, 2815, 3170, I.R.C.)

§ 183.116 *Cause for disapproval*. Bonds or consents of surety submitted by any individual, firm, partnership, corporation, or association, in respect to the business of a distiller may be disapproved if the individual, firm, partnership, corporation, or association giving the same, or owning, controlling, or actively participating in the management of such business of the individual, firm, partnership, corporation, or association giving the same, shall have been previously convicted in a court of competent jurisdiction of (1) any fraudulent non-compliance with any provision of any law of the United States, if such provision relates to internal revenue or customs taxation of distilled spirits, wines, or fermented malt liquors, or if such an offense shall have been compromised with the individual, firm, partnership, corporation, or association upon payment of penalties or otherwise; or (2) any felony under a law of any State, Territory, or the District of Columbia, or the United States, prohibiting the manufacture, sale, importation, or transportation of distilled spirits, wine, fermented malt liquor, or other intoxicating liquor. The distiller's bond, Form 30, may also be disapproved if the situation of the distillery is such as would enable the distiller to defraud the United States.\* (Secs. 2814, 2815 (d), I.R.C.)

§ 183.117 *Additional or strengthening bonds*. In all cases where the penal sum of the bond on file and in effect is not sufficient, computed as prescribed by law and regulations, the principal may give an additional or strengthening bond in a sufficient penal sum, provided the surety thereon is the same as on the bond already on file and in effect; other-

wise a new bond covering the entire liability will be required. Such additional or strengthening bonds, being filed to increase the bond liability of the principal and the surety, are in no sense substitute bonds, and the district supervisor will refuse to approve, or recommend the approval of, any additional or strengthening bond where any notation is made thereon intended, or which may be construed, as a release of any former bond, or as limiting the amount of either bond to less than its full penal sum. Additional or strengthening bonds must show the current date of execution and the effective date in the blank spaces provided therefor. Such bonds must have marked thereon, by the obligors at the time of execution, "Additional Bond," or "Strengthening Bond."\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, I.R.C.)

§ 183.118 *New bond*. A new bond may be required at any time in the discretion of the Commissioner or district supervisor. A new bond shall be required immediately in the case of the death or insolvency of an individual surety, or the insolvency of a corporate surety. Executors, administrators, assignees, receivers, trustees, or other persons acting in a fiduciary capacity, continuing or liquidating the business of the principal, must execute and file a new bond or obtain the consent of the surety or sureties on the existing bond or bonds. When, in the opinion of the Commissioner or the district supervisor, the interests of the Government demand it, or in any case where the security of the bond becomes impaired in whole or in part for any reason whatever, the principal will be required to give a new bond. Where a bond is found to be not acceptable, the principal shall be required to file immediately a new and satisfactory bond, or discontinue business forthwith.\* (Secs. 2814, 2815, 2885, 2886, 2888, 3170, 3180, I.R.C.)

§ 183.119 *Superseding bond*. Where a new bond is submitted by the principal to supersede a bond or bonds then in effect, and such superseding bond has been approved, notice of termination of the superseded bond may be issued as provided in Article XVIII. Superseding bonds must show the current date of execution and the date they are to be effective, and each such bond shall have marked thereon, by the obligors at the time of execution, "Superseding Bond."\* (Secs. 2814, 2815, 2885, 2886, 2888, 3180, I.R.C.)

#### ARTICLE XII—PLATS AND PLANS

§ 183.120 *Plat and plans required*. Every person intending to engage in the business of a distiller must, as provided in section 183.93, file an accurate plat and accurate plans of the distillery premises, apparatus, and equipment, in triplicate, with the district supervisor.\* (Secs. 2816, 3170, I.R.C.)

§ 183.121 *Preparation*. Every plat and plan shall be drawn to scale and each sheet thereof shall bear a distinctive title, and the complete name and address of



the proprietor, enabling ready identification. The cardinal points of the compass must appear on each sheet, except those of elevational plans. Each sheet of the original plat and plans shall be numbered, the first sheet being designated number 1 and the other sheets numbered in consecutive order. Plats and plans shall be submitted on sheets of tracing cloth or sensitized linen. The dimensions of plats and plans shall be 15 by 20 inches, outside measurement, with a clear margin of at least 1 inch on each side of the drawing, lettering, and writing. Plats and plans may be original drawings, or reproductions made by the "ditto process," or by blue or brown line lithoprint, if such reproductions are clear and distinct.\* (Sec. 2816, I.R.C.)

§ 183.122 *Depiction of distillery premises.* Plats must show the outer boundaries of the distillery premises by courses and distances, in feet and inches, in a color contrasting with those used for other drawings on the plat, and the point of beginning with respect to its distance and bearings from some near and well-known landmark, and must contain an accurate depiction of the building or buildings comprising the premises. The depiction of the premises should agree with the description in the notice, Form 27-A. If the distillery premises consists of two or more lots or parcels of land the condition of the title to which is not the same, each such lot or tract shall be separately depicted by courses and distances, in feet and inches, and such lots or parcels shall be delineated or cross-hatched in contrasting colors. If the premises are separated by a public highway, or railroad right of way, and the tracts of land comprising the premises, or parts thereof, abut on such highway, or right of way, directly opposite each other, the different tracts will be depicted separately by courses and distances, in feet and inches, and outlined in a color contrasting with those used for other drawings on the plat. If two or more buildings are to be used, they must be shown in their relative positions, the designated name of each indicated, and all pipe lines or other connections, if any, between the same depicted. Where two or more buildings are used for the same purpose the name of each such building shall include an alphabetical designation, beginning with "A," and they shall be so shown on the plat. All first floor openings of each building on the premises will be shown on the plat. Except as provided in section 183.131, all pipe lines leading to or from the premises, the purpose for which used and the points of origin and termination will be indicated on the plat.\* (Sec. 2816, I.R.C.)

§ 183.123 *Rectifying plant within 600 feet.* Where a distillery is to be established on premises at a distance of less than 600 feet in a direct line from a rectifying plant, the plat must show the relative location of such premises, all pipe lines and other connections, if any,

between them, and the distance, in feet and inches, that they are from each other in a direct line. The outlines of the two premises must be shown in contrasting colors.\* (Sec. 2819, I.R.C.)

§ 183.124 *Contiguous premises.* Where an internal revenue bonded warehouse, rectifying plant, tax-paid bottling house, or other premises on which liquors are manufactured, stored, or sold, is contiguous to the distillery premises the plat must show the relative location of the distillery and such contiguous premises, and all pipe lines, if any, and other connections between them. The outlines of such contiguous premises and the distillery premises must also be shown in contrasting colors.\*

§ 183.125 *Floor plans.* The plans shall include a floor plan of each floor of each building, showing the dimensions of the rooms and floors and the location of all doors, windows, and other openings, and their dimensions, and how such openings are protected. All apparatus and equipment must be shown in their exact location on the floor plans and their designated use indicated. In the case of stills, tanks, and similar equipment, the serial number and capacity shall also be shown. The exact location of pipe lines and Government locks shall be shown.\* (Sec. 2816, I.R.C.)

§ 183.126 *Elevational plans of equipment.* Vertical, sectional, or elevational plans of apparatus and equipment shall be submitted, and such plans shall clearly depict the construction of all equipment and all pipe lines and other connections of the equipment and the location of valves, flanges (except as provided in section 183.129), Government locks, measuring devices, etc. The plans must be so drawn that all fixed pipe lines, except those indicated by section 183.131, may be traced from beginning to end.\* (Sec. 2816, I.R.C.)

§ 183.127 *Elevational plans of buildings.* The plans shall also include an exterior, elevational view of each exposure of each building or room, showing the construction of the foundations, floors, and walls, and the type of security afforded the openings. The number of stories, and the height of each story, will be indicated on the elevation plans.\* (Sec. 2816, I.R.C.)

§ 183.128 *Pipe lines in colors.* The pipe lines must be shown on the plans in the colors in which they are required to be painted, as follows:

- Black----- Whisky, gin, rum, or other finished spirits.
- Blue----- Vapor, singlings, high wines, low wines, or other unfinished spirits.
- Red----- Mash, beer, or other distilling material.
- Gray----- Molasses or other fermenting material.
- Brown----- Spent beer or slop.
- Yellow----- Fusel oil.
- White----- Water.
- Aluminum-- Steam.
- Orange----- Air.
- Olive green-- Carbon dioxide.

\* (Sec. 2816, I.R.C.)

§ 183.129 *Location of valves, flanges, locks, etc.* All valves, flanges, and other connections in pipe lines must be properly indicated on the plans: *Provided*, That where flanges, unions, or other connections in pipe lines are brazed, welded, or otherwise permanently secured in such a manner as to constitute a continuous, single pipe line, the location of such flanges, unions, or other connections, and the manner of securing the same, need not be shown on the plans. The location of all Government locks required to secure the apparatus and equipment, and the doors of rooms and buildings, must be indicated on the plans by the symbol "GL" at the points where the locks are to be attached.\* (Sec. 2816, I.R.C.)

§ 183.130 *Direction of flow.* The direction of the flow of the distilling material, vapor, spirits, etc., through pipe lines must be indicated on the plans by arrows.\* (Sec. 2816, I.R.C.)

§ 183.131 *Pipe lines exempted.* Approved public or private utility service lines, such as sewers, electric or gas conduits or pipes, and approved sprinkler, refrigeration, or heating systems which have no connection with the distilling equipment or any apparatus or pipe line connected therewith, need not be shown on the plans, provided that the point of entry to the bonded premises shall be indicated on the plans.\* (Sec. 2816, I.R.C.)

§ 183.132 *Process flow sheet.* A diagrammatic or isometric process flow sheet must be filed, showing the receipt of the fermenting or distilling material on the premises and the flow thereof through the mash tubs, fermenters, beer wells, stills, doublers, try boxes, high and low wine tanks, and other equipment, the deposit of the finished spirits in the receiving cisterns, and the removal of such spirits from the cistern room.\* (Sec. 2816, I.R.C.)

§ 183.133 *Certificate of accuracy.* Every sheet of every plat and plan, whether original, supplemental or superseding, shall bear a certificate of accuracy, dated and signed by the draftsman, proprietor and district supervisor. The certificate shall be placed in the lower right-hand corner of each sheet and shall be in the following form:

----- Supervisory District, ----- 19--  
 It is hereby certified that this is an accurate -----  
 (Original, supplemental, or superseding)  
 sheet No. ----- of the ----- of Dis-  
 (Plat or plan)  
 tillery No. -----, of -----  
 (Name of proprietor)  
 -----  
 (Street and number) (City and State)  
 in this district.  
 Date of district supervisor's approval.  
 -----, 19--  
 (Date)  
 -----  
 (Draftsman)  
 -----  
 (Proprietor)  
 -----  
 (District supervisor)

\* (Secs. 2816, 3170, I.R.C.)

§ 183.134 *Supplemental, superseding, and additional plats and plans.* The

sheets of superseding plats or plans shall bear the same number as the sheets superseded. The sheets of supplemental plats or plans shall bear the same number as the sheets supplemented, and will be further identified by letter designation, as "1-A," "5-B," etc. Additional sheets of plans, filed to cover extensions of the distillery premises, will be given the next number in sequence to the last sheet of the plan on file. Additional sheet of plats, filed to cover extensions of the distillery premises, will be given the same number as the last sheet of the plat on file, further identified by an additional number, as 1-1, 2-1, etc.\* (Sec. 2816, I.R.C.)

ARTICLE XIII—REQUIREMENTS GOVERNING CHANGES IN NAME, PROPRIETORSHIP, CONTROL, LOCATION, PREMISES AND EQUIPMENT, AND IN THE TITLE TO THE DISTILLERY PROPERTY OR THE ENCUMBRANCE THEREOF

§ 183.135 *General requirement.* Under the law, notice in writing must be given, in the form prescribed by the Commissioner, to the district supervisor in case of any change in the location, form, capacity, ownership, agency, superintendency, or in the persons interested in the business of the distillery.\* (Secs. 2812, 3170, I.R.C.)

§ 183.136 *Change in individual, firm, or corporate name.* Where there is a change in the individual, firm, or corporate name of the distiller, he must comply with the following requirements:

(a) *Copies of amended permit.* Procure from the Federal Alcohol Administration an amended basic permit authorizing operation of the distillery under the new name, and, as provided in section 183.95 in the case of original permits, present to the district supervisor for examination the amended permit and file with the district supervisor two photostatic copies of such amended permit.

(b) *Notice, Form 27-A.* Submit to the district supervisor, with the required photostatic copies of the amended permit, notice on Form 27-A, in triplicate, covering the new name, which notice must be approved before operations may be commenced under the new name.

(c) *Amended articles of incorporation, etc.* In the case of a corporation, submit to the district supervisor certified copies, in triplicate, of the amended articles of incorporation and the amended certificate of incorporation issued under the laws of the State in which incorporated, covering the change in the corporate name. If the operations are conducted in a State other than the State in which incorporated, there must also be submitted to the district supervisor certified copies, in triplicate, of the amended certificate issued under the laws of the State in which the operations are conducted authorizing the corporation to operate under its new name in such State. If other documents than those specified are required

under the laws of the State to effect a change in the name of the corporation, certified copies, in triplicate, of such documents must be submitted with the notice, Form 27-A, in lieu of those specified.

(d) *Amended articles of copartnership or association.* If the distiller is a copartnership or association, submit to the district supervisor certified copies, in triplicate, of the amended articles of copartnership or association, if any.

(e) *Sign.* Change the distillery sign to conform to the provisions of section 183.30 of these regulations.

(f) *Branding and warehousing.* Upon receipt of the district supervisor's authorization, as provided in section 183.170, the distiller will mark and brand and warehouse under such new name the finished spirits produced thereunder.

(g) *Records.* Keep records and submit reports covering operations under the new name, as provided in Article XXIX in the case of operations under different trade names and styles.\* (Secs. 2812, 2878, 2831, 2841, 2844, 3170, I.R.C.)

§ 183.137 *Trade names—(a) New trade names.* Where the distillery is to be operated under a trade name or style, or a number of trade names or styles, other than those previously approved, the distiller must comply with the provisions of section 183.136 (a), (b), and (d), and, in addition thereto, the following requirements:

(1) *Trade name certificate.* In the case of a change in the trade name or style, submit to the district supervisor certified copies, in triplicate, of the certificate or other document filed with or issued by State officials under the laws of the State, to cover the transaction of business under such trade name or style. If no such certificate or other document is required by the laws of the State to be filed with or issued by any State official to cover the transaction of business under a trade name, the distiller shall furnish a statement to that effect.

(2) *Amended articles of incorporation, etc.* In the case of a corporation, submit to the district supervisor certified copies, in triplicate, of amended articles of incorporation and of certificates issued under the laws of the State in which incorporated, and of the State in which the business is operated if different from the State in which incorporated, authorizing the corporation to do business under such trade name or style. If other documents than those specified are required under the laws of the State to effect a change in the trade name of the corporation, certified copies, in triplicate, of such documents must be submitted with the notice, Form 27-A, in lieu of those specified.

(3) *Sign.* Change the distillery sign to conform to the provisions of section 183.30, unless operation under the trade name is to be temporary, in which event it will not be necessary to change such sign.

(4) *Branding and warehousing.* Brand and warehouse under each trade name the finished spirits produced thereunder, as provided in Article XXIX.

(5) *Records.* Make appropriate entries in the distillery records covering operations under each trade name, as provided in Article XXIX.

(6) *Period of operations.* Where the distillery is operated under more than one trade name or style, the operation under each must be in multiples of 24 hours.

(b) *Approved trade names.* Where a trade name or style has been approved by the Commissioner and the distiller thereafter desires again to operate under such approved trade name or style, he must comply with the provisions of paragraph (a) (3), (4), (5), and (6) of this section, and, in addition thereto, the following requirements:

(1) *Notice, Form 27-A.* Each time operations are to be conducted under a trade name or style previously approved by the Commissioner, submit to the district supervisor notice on Form 27-A, in triplicate, prior to the time the change is to be made.\* (Secs. 2812, 2878, 2841, 2831, 2844, 3170, I.R.C.)

§ 183.138 *Change in proprietorship—*

(a) *Suspension.* Where there is to be a change in the proprietorship of the distillery, the outgoing distiller must, preparatory to transfer of the business to the successor, comply with the following requirements:

(1) *Notice, Form 27-A.* If the outgoing distiller is to discontinue permanently the business of distilling spirits, file with the district supervisor Form 27-A, in triplicate, stating thereon the purpose to be "Discontinuance of business," and giving the date of the discontinuance. If the outgoing distiller is to temporarily discontinue the business of distilling during operation of the distillery by the successor, the statement of the purpose on the notice shall conform to the provisions of section 183.152 (a).

(2) *Registry of stills.* Register the stills "Not for use" on Form 26, in triplicate, in accordance with section 183.370.

(3) *Notice of suspension.* File with the district supervisor Form 124, "Notice of Suspension," in triplicate, in accordance with Article XXVII.

(4) *Finished spirits.* Draw off, brand and mark, and warehouse all finished spirits in the individual, firm, or corporate name, or trade name or style, under which they were produced.

(5) *Materials and unfinished spirits.* If distilling materials and unfinished spirits are to be transferred to the successor, file with the district supervisor Form 1614, "Transfer Agreement," in sextuplet, in accordance with Article XXXI; if the unfinished spirits and distilling materials are not to be so transferred, completely finish operations in accordance with the provisions of said article.

(6) *Records.* Make appropriate entries in the distillery records and submit reports in accordance with the provisions of section 183.388.

(b) *Qualification of successor.* Where there is a change in proprietorship, and the successor intends to continue operation of the plant as a registered distillery, he must comply with the following requirements:

(1) *Lessee.* If the successor is a lessee, he must qualify in the same manner as the proprietor of a new distillery, regardless of the temporary nature of the tenancy, except that he may adopt the plat and plans of his predecessor as provided in subparagraph (5). The lessee must also file with the district supervisor certified copies, in triplicate, of the lease.

(2) *Other nonfiduciary successor.* If the change in proprietorship is brought about by any other means, except by the appointment of an administrator, executor, receiver, trustee, assignee, or other fiduciary, the successor must likewise qualify in the same manner as the proprietor of a new distillery, except that he may adopt the plat and plans of his predecessor as provided in subparagraph (5).

(3) *Fiduciary.* If the successor is an administrator, executor, receiver, trustee, assignee, or other fiduciary, and intends to produce spirits, or to possess or dispose of spirits on hand in the distillery, he must comply with the provisions of Articles IV, IX, and X, to the extent that such provisions are applicable, except that in lieu of filing a new bond and new plat and plans, the fiduciary may furnish a consent of surety extending the terms of his predecessor's bond and adopt the plat and plan of such predecessor in accordance with subparagraphs (4) and (5). The fiduciary must also furnish certified copies, in triplicate, of the order of the court or other pertinent documents showing his qualification as such fiduciary. The effective date of the qualifying documents filed by a fiduciary should be the same as the date of the court order, or the date specified therein, for him to assume control.

(4) *Consent of surety.* The consent of surety extending the terms of the predecessor's bond to cover operation of the distillery by a fiduciary must conform to the requirements of section 183.113, and be executed by both the fiduciary and the surety.

(5) *Adoption of plat and plans.* The plat and plans of the distillery may be adopted by a successor where they correctly describe and depict the distillery premises and the buildings, apparatus, and equipment thereon, to be taken over by the successor. The adoption by a successor of the plat and plans of his predecessor shall be in the form of a certificate, in triplicate, in which shall be set forth the name of the predecessor, the address and registered number of the distillery, a description of the distillery premises, the number of each sheet comprising each

plat and plan covered by such certificate, and a statement that the distillery premises, and the buildings, apparatus, and equipment thereon, are correctly described and depicted on such plat and plans.

(6) *Sign.* The successor, if other than a fiduciary temporarily operating the distillery, must change the distillery sign to conform to the requirements of section 183.30.

(7) *Materials and unfinished spirits.* If distilling materials and unfinished spirits are received by transfer from the predecessor, the successor must comply with the requirements of Article XXXI.\* (Secs. 2812, 2814, 2841, 2878, 2810, 2816, 2831, 2844, 2850, 3170, I.R.C.)

§ 183.139 *Changes in partnership.* The withdrawal of one or more members of a partnership or the taking in of a new partner, whether active or silent, shall constitute a change in proprietorship. Likewise, the bankruptcy or adjudicated insolvency of one or more of the copartners results in a dissolution of the partnership and, consequently, a change in proprietorship. Where such a change in proprietorship of the distillery occurs, the successor must qualify in the same manner as the proprietor of a new distillery, except that the successor may adopt the plat and plans of the predecessor as provided in section 183.138 (b) (5).\*

§ 183.140 *Changes in stockholders, officers, and directors of corporation.* The sale or transfer of the capital stock of a corporation operating a distillery does not constitute a change in the proprietorship of the distillery. However, where the sale or transfer of capital stock results in a change in the control or management of the business, or where there is any change in the officers or directors, the distiller must give notice thereof, in triplicate, to the district supervisor within 24 hours of such change. Mere changes in stockholders of corporations not constituting a change in control need not be so reported. The district supervisor must, in the case of changes in officers or directors, be furnished extracts, in triplicate, of the minutes of the meetings showing such changes.\* (Secs. 2812, 3170, I.R.C.)

§ 183.141 *Reincorporation.* Where a corporation operating a distillery is reorganized and a new charter or certificate of incorporation is secured, the new corporation must qualify in the same manner as a new proprietor of the distillery, except that the new corporation may adopt the plat and plans of the predecessor as provided in section 183.138 (b) (5).\*

§ 183.142 *Change in location.* Where there is a change in the location of the distillery premises, the distiller must comply with all applicable provisions of Articles IV to X, inclusive, except that in lieu of the filing of a new distiller's bond, Form 30, the distiller may furnish a consent of surety, Form 1533, in ac-

cordance with section 183.113, extending the terms of the distiller's bond given for the former location to cover operation of the distillery at the new location.\* (Sec. 2812, I.R.C.)

§ 183.143 *Changes in premises.* Where the distillery premises are to be extended or curtailed, the distiller must file with the district supervisor an amended notice, Form 27-A, and an amended plat of the premises as extended or curtailed. If the plans are affected by the extension or curtailment, they must also be amended. If the distillery is within 600 feet of a rectifying plant the distiller must also file a special application, Form 1613, and plat, in accordance with Article IV. The additional premises covered by an extension may not be used for distillery purposes, and the portion of the distillery premises to be excluded by a curtailment may not be used for other than distillery purposes, prior to approval of the notice, Form 27-A.\* (Secs. 2812, 2816, 2819, 3170, I.R.C.)

§ 183.144 *Changes in construction and use.* Where a change is to be made in the construction of a room or building not involving an extension or curtailment of the distillery premises, or where a change is to be made in the use of any portion of such premises, the distiller shall first secure approval thereof by the district supervisor pursuant to application, in triplicate, setting forth specifically the proposed changes. Upon approval of the application, the changes will be made under the supervision of a Government officer, unless they are of such a nature as, in the opinion of the district supervisor, do not require such supervision. Upon completion of the changes, the distiller must file an amended notice, Form 27-A, and amended plans.\* (Secs. 2812, 2816, 3170, I.R.C.)

§ 183.145 *Indemnity bond covering changes in buildings.* If buildings on the distillery premises, or on premises which have been eliminated from the distillery premises, are to be demolished or altered in such a manner as to decrease the value of the property, and a lien for taxes on spirits produced exists on such property under section 2800 (e), I.R.C., the distiller must file with the district supervisor an indemnity bond on Form 1617, in triplicate, in a penal sum equal to the decrease in the value of the property: *Provided*, That if such decrease in value is less than \$500, no indemnity bond will be required.\* (Sec. 2800 (e), I.R.C.)

§ 183.146 *Appraisal.* The amount of the decrease in the value of the property subject to the Government's lien, which will be caused by the demolition or alteration of buildings, shall be determined by appraisal by two or more competent persons designated by the district supervisor. The appraisers shall render to the district supervisor a report, in duplicate, of their appraisal, which shall include information as to the methods employed by them in de-

termining their valuations. The appraisal shall be at the expense of the distiller, unless made by Government officers.\* (Sec. 2800 (e), I.R.C.)

§ 183.147 *Changes in equipment.* Where changes are to be made in the distilling apparatus and equipment, the distiller shall first secure approval thereof by the district supervisor pursuant to application, in triplicate, setting forth specifically the proposed changes: *Provided*, That emergency repairs may be made under the supervision of a Government officer without prior approval of the district supervisor. Where such emergency repairs are made, the distiller shall file immediately a report thereof, in triplicate, with the district supervisor. Changes covered by an approved application will also be made under the supervision of a Government officer. Upon completion of any change made under his supervision, the Government officer will authorize the removal of the dismantled equipment, and the use of the new or repaired equipment, and submit a report, in triplicate, of the changes to the district supervisor.\* (Secs. 2816, 3170, I.R.C.)

§ 183.148 *Indemnity bond covering removal of equipment.* If distilling apparatus or equipment, on which a lien has attached under section 2800 (e), I.R.C., for taxes on spirits produced which have not been tax-paid or withdrawn for a tax-free purpose, is to be removed from the distillery premises without replacement thereof with apparatus or equipment that will become a fixture in law of an equal or greater value than the apparatus or equipment to be removed, the distiller must file with the district supervisor an indemnity bond on Form 1617, in triplicate, in a penal sum equal to the value of the apparatus or equipment to be removed or equal to the excess in value of the old apparatus or equipment to be removed over the value of the new apparatus or equipment to be substituted therefor: *Provided*, That if such value, or difference in value, as the case may be, is less than \$500, no indemnity bond will be required. The value of the distilling apparatus or equipment to be removed, or the difference between the value of such apparatus or equipment and the value of the apparatus or equipment to be substituted therefor, will be determined by appraisal in the manner prescribed in section 183.146\* (Sec. 2800 (e), I.R.C.)

§ 183.149 *Amended notice and plans covering changes in equipment.* Upon completion of the changes in equipment, the distiller must file an amended notice and amended plans, except that in the case of minor changes, such as general repairs, changes in pipe lines, or the addition or removal of a tank, an amended notice and amended plans need not be filed immediately: *Provided*, That the Commissioner or district supervisor may, at any time, in his discretion, require the filing of an amended notice and

amended plans covering such minor changes. Where an amended notice and amended plans are not filed immediately upon completion of minor changes in equipment, the distiller must include such changes in the next amended notice and plans filed by him.\* (Secs. 2812, 2816, 3170, I.R.C.)

§ 183.150 *Change of title.* Where the title to the lot or tract of land upon which the distillery is located is changed by a sale, judicial or otherwise, or where there is any change in the ownership of the premises or the distilling apparatus or equipment, subsequent to the approval of the distiller's bond, Form 30, the distiller is no longer qualified. If the distiller desires to qualify for further operation of the distillery when such a change occurs he must file an amended notice, Form 27-A, together with the necessary consent, Form 1602, or a proper indemnity bond in lieu of such consent. In addition to such amended notice and consent or indemnity bond the Commissioner may in his discretion require the distiller to file a new distiller's bond, Form 30.\* (Secs. 2812, 2814, 2815, I.R.C.)

§ 183.151 *Encumbrance.* If subsequent to the approval of the distiller's bond the lot or tract of land upon which the distillery is situated, or any part thereof, or any of the distilling apparatus or equipment becomes subject to or encumbered by any mortgage, judgment, or other encumbrance, the distiller must immediately file (1) an amended notice, Form 27-A, (2) consent on Form 1602, or a proper indemnity bond in lieu of such consent, and (3) a consent of surety on his present distiller's bond, or a new distiller's bond in lieu of such consent.\* (Secs. 2812, 2814, 2815, I.R.C.)

ARTICLE XIV—REQUIREMENTS GOVERNING OPERATION OF DISTILLERY UNDER ALTERNATING PROPRIETORSHIPS

§ 183.152 *Qualification*—(a) *Where no bonded warehouse on premises.* Where it is desired to operate a registered distillery under alternating proprietorships and there is no internal revenue bonded warehouse on the distillery premises, the outgoing (lessor) distiller must discontinue operations and the successor (lessee) distiller must qualify as proprietor of the distillery in accordance with the provisions of section 183.138 (a) and (b), respectively, except that the outgoing distiller shall state the purpose of his notice to be "Temporary discontinuance during operation of distillery by \_\_\_\_\_" (Successor)

Thereafter, whenever the proprietorship is to be alternated, the outgoing distiller must discontinue operations as provided herein, and the successor must comply with the following requirements:

(1) *Amended notice, Form 27-A.* File with the district supervisor an amended notice on Form 27-A, in triplicate, properly describing the distillery premises,

stating therein the purpose to be "Resumption of operations following discontinuance by \_\_\_\_\_," and (Predecessor)

giving the date of the discontinuance.

(2) *Plat and plans.* File with the district supervisor a certificate, in triplicate, conforming to the provisions of section 183.138 (b) (5), adopting the plat and plans of the distillery, or submit new plat and plans.

(3) *Registry of stills.* Register the stills "For use" or "Not for use," as the case may be, on Form 26, in triplicate, in accordance with section 183.370.

(4) *Bond or consent of surety.* File a new distiller's bond, Form 30, or a consent of surety, Form 1533, in triplicate, to continue in effect the distiller's bond in force at the time operations were previously suspended by the principal: *Provided*, That in lieu of filing a separate consent of surety each time operation of the distillery is resumed by the principal after suspension of operations by his predecessor, such principal may file a blanket consent of surety to cover all alternate operations by him. Such blanket consent of surety may be executed in the following form:

To continue in effect the said bond whenever operation of the distillery is resumed from time to time, pursuant to notice on Form 27-A filed by the principal, following suspension of operations by \_\_\_\_\_ (Predecessor)

(or, if more than one, by \_\_\_\_\_, or \_\_\_\_\_, as the case may be).

(5) *Notice of resumption.* File with the district supervisor Form 125, "Notice of Resumption," in triplicate, in accordance with Article XXVII.

(6) *Signs.* Change the distillery sign to conform to the provisions of section 183.30.

(7) *Materials and unfinished spirits.* If distilling materials and unfinished spirits are received by transfer from the predecessor, comply with the requirements of Article XXXI.

(b) *Where bonded warehouse on premises.* Where an internal revenue bonded warehouse is located on the premises of a registered distillery which it is desired to operate under alternating proprietorships, the following requirements must be observed:

(1) *Discontinuance by lessor.* The original or lessor distiller must discontinue operations in accordance with the provisions of section 183.138 (a), except that additional plats will be filed as provided in subparagraph (2) hereof, and the amended notice will conform to the provisions of subparagraph (3) hereof.

(2) *Two additional plats required.* The lessor must designate the plat on file which depicts the entire registered distillery premises, including the internal revenue bonded warehouse, as "Plat A," and file two new plats, one designated "Plat B" depicting the distillery and other portions, if any, of the premises to

be leased, and the other designated "Plat C" depicting the internal revenue bonded warehouse and any other portion of the distillery premises to be retained by the lessor: *Provided*, That "Plat B" may, if desired, be filed by the lessee.

(3) *Amended notice, Form 27-A*. The lessor must file with the district supervisor an amended notice, Form 27-A, in triplicate, stating therein the purpose to be "Temporary discontinuance during operation of distillery by \_\_\_\_\_,"

(Successor)

and giving the date of the discontinuance. The curtailed premises to be retained by the lessor must be described in such amended notice and the description thereof must correspond with the depiction of the premises on "Plat C."

(4) *Qualification of lessee*. The lessee must qualify to operate the distillery in the same manner as the proprietor of a new distillery, except that he may adopt "Plat B" and the plans of the distillery filed by the lessor. The adoption of the plat and plans will be in accordance with the provisions of section 183.138 (b) (5). The lessee must also file with the district supervisor certified copies, in triplicate, of the lease.

(5) *Subsequent changes*. Thereafter, whenever the proprietorship is to be alternated, the outgoing distiller must discontinue operations as provided herein, except that (1) if the outgoing distiller is the lessee, the premises depicted in "Plat B" will be described in the amended notice, and (2) if the outgoing distiller is the lessor, he may adopt "Plat C" instead of filing a new plat of the retained portion of the premises; and his successor must comply with the following requirements:

(1) *Amended notice, Form 27-A*. File with the district supervisor an amended notice, Form 27-A, in triplicate, properly describing the distillery premises, stating therein the purpose to be "Resumption of operations following discontinuance by \_\_\_\_\_," and giving the date

(Predecessor)

of the discontinuance. If the successor is the lessor, the description of the distillery premises will correspond with the depiction thereof on "Plat A," and if the successor is the lessee, the description of the distillery premises must correspond with the depiction thereof on "Plat B."

(ii) *Adoption of plat and plans*. File with the district supervisor a certificate, in triplicate, conforming to the provisions of section 183.138 (b) (5), adopting the plat and plans of the distillery, or submit new plat and plans. If the distiller resuming operations is the lessor, he will adopt "Plat A"; and if he is the lessee, he will adopt "Plat B."

(iii) *Other requirements*. Register stills, file bond or consent of surety and notice of resumption, change the distillery sign, and execute transfer agreement and make appropriate entries in the distillery records if distilling materials or unfinished spirits are received by

transfer from the predecessor, as provided in paragraph (a) (3), (4), (5), (6), and (7).\* (Secs. 2812, 2814, 2841, 2878, 2810, 2816, 2831, 2844, 2850, 3170, I.R.C.)

ARTICLE XV — REQUIREMENTS GOVERNING ALTERNATE OPERATIONS AS FRUIT DISTILLERY OR INDUSTRIAL ALCOHOL PLANT

§ 183.153 *Qualification required*.

Where it is desired to operate the registered distillery as a fruit distillery or an industrial alcohol plant, operations as a registered distillery must be suspended as hereinafter provided, and the proprietor must qualify under the regulations governing the production of brandy if he desires to operate a fruit distillery, and under the regulations governing the production of alcohol if he wishes to operate an industrial alcohol plant.\*

§ 183.154 *Approval before resumption*. The qualifying documents required to be filed by the registered distiller when operations of the registered distillery are to be resumed, following the suspension of operations as a fruit distillery or an industrial alcohol plant, must be approved before actual resumption of operations.\*

§ 183.155 *Where no bonded warehouse on premises*—(a) *Suspension*. Where no internal revenue bonded warehouse is located on the registered distillery premises, the registered distiller must, upon suspension of the registered distillery preparatory to operation thereof as a fruit distillery or industrial alcohol plant, comply with the following requirements:

(1) *Amended notice, Form 27-A*. File with the district supervisor an amended notice, Form 27-A, in triplicate, stating therein the purpose of the notice to be "Temporary discontinuance in order that the premises may be operated as a fruit distillery" (or industrial alcohol plant, as the case may be), and giving the date of the discontinuance.

(2) *Registry of stills*. Register the stills "Not for use" on Form 26, in triplicate, in accordance with section 183.370.

(3) *Notice of suspension, Form 124*. File with the district supervisor Form 124, "Notice of Suspension," in triplicate, in accordance with Article XXVII.

(4) *Materials and heads and tails*. If distilling materials are transferred to the successor, or if heads and tails are to be retained on the premises pending resumption of operations as a registered distillery, comply with the requirements of Article XXX.

(b) *Resumption*. Where operation of the plant as a fruit distillery or an industrial alcohol plant has been suspended, and operation thereof as a registered distillery is to be resumed, the registered distiller must comply with the following requirements:

(1) *Amended notice, Form 27-A*. File with the district supervisor an amended notice on Form 27-A, in triplicate, stating therein the purpose to be "Resumption of operations following discontinu-

ance as a fruit distillery" (or industrial alcohol plant, as the case may be), and giving the date of the discontinuance.

(2) *Adoption of plat and plans*. File with the district supervisor a certificate, in triplicate, conforming to the provisions of section 183.138 (b) (5), adopting the plat and plans of the registered distillery or submit new plat and plans.

(3) *Registry of stills*. Register the stills "For use" or "Not for use," as the case may be, on Form 26, in triplicate, in accordance with section 183.370.

(4) *Bond or consent of surety*. File a new distiller's bond, Form 30, or a consent of surety, Form 1533, in triplicate, to continue in effect the distiller's bond in force at the time operation of the plant as a registered distillery was suspended: *Provided*, That in lieu of filing a separate consent of surety each time operation of the plant as a registered distillery is resumed, after suspension of operations as a fruit distillery or industrial alcohol plant, a blanket consent of surety may be filed to cover all alternate operations of the plant as a registered distillery. Such blanket consent of surety may be executed in the following form:

To continue in effect the said bond whenever operation as a registered distillery is resumed from time to time, pursuant to notice on Form 27-A filed by the principal, following suspension of operations as a fruit distillery (or industrial alcohol plant, as the case may be).

(5) *Consent of owner or lienor*. File a new consent of the owner or lienor on Form 1602, in triplicate, in accordance with section 183.72, or, if such consent cannot be obtained, an indemnity bond in lieu thereof, as provided in Article X, if since operations as a registered distillery were suspended there has been any change in the title to the distillery premises or distilling apparatus or equipment, or if such premises or apparatus or equipment has become encumbered by any mortgage, judgment, or other lien, or if there has been installed new apparatus or equipment not owned by the distiller free of encumbrances.

(6) *Notice of resumption*. File with the district supervisor Form 125, "Notice of Resumption," in triplicate, in accordance with Article XXVII.

(7) *Materials*. If distilling materials are received by transfer from the predecessor, comply with the requirements of Article XXX.\* (Secs. 2812, 2814, 2841, 2810, 2816, 2844, 2850, 3170, I.R.C.)

§ 183.156 *Where operation of warehouse on premises is continued*—(a) *Suspension*. Where an internal revenue bonded warehouse is located on the registered distillery premises and the registered distiller desires to continue to operate the warehouse on such premises while the distillery is operated alternately as a registered distillery and as a fruit distillery or industrial alcohol plant, he must, upon suspension of the registered distillery, comply with the provisions of

section 183.155 (a) (2), (3), and (4), and, in addition thereto, the following requirements:

(1) *Two plats required.* Designate the plat on file which depicts the entire registered distillery premises, including the internal revenue bonded warehouse, as "Plat A," and file a new plat, which will be designated "Plat B," depicting the internal revenue bonded warehouse and any other portion of the distillery premises not to be operated as a part of the fruit distillery or industrial alcohol plant.

(2) *Amended notice, Form 27-A.* File with the district supervisor an amended notice, Form 27-A, in triplicate, in accordance with section 183.155 (a) (1). The internal revenue bonded warehouse and any portion of the distillery premises not to be operated as a part of the fruit distillery or industrial alcohol plant must be described in such amended notice, and the description thereof must correspond with the depiction of the premises on "Plat B."

(b) *Resumption.* Where operation of the plant as a fruit distillery or industrial alcohol plant has been suspended, and operation thereof as a registered distillery is to be resumed, the registered distiller must comply with the provisions of section 183.155 (b) (3), (5), (6), and (7), and, in addition thereto, the following requirements:

(1) *Amended notice, Form 27-A.* File with the district supervisor an amended notice, Form 27-A, in triplicate, in accordance with section 183.155 (b) (1). The registered distillery premises must be described (by proper reference to prior notice, if desired) in such amended notice to correspond with the depiction thereof on "Plat A," provided the depiction of the premises on such plat is correct.

(2) *Bond or consent of surety.* File a new distiller's bond, Form 30, or a consent of surety, Form 1533, in triplicate, to continue in effect the distiller's bond in force at the time operation of the plant as a registered distillery was suspended. The consent of surety in such case may be in blanket form, in accordance with the provisions of section 183.155 (b) (4).

(3) *Adoption of plat and plans.*—File with the district supervisor a certificate, in triplicate, conforming to the provisions of section 183.138 (b) (5), adopting "Plat A" and the plans of the distillery, or submit new plat and plans.\* (Secs. 2812, 2814, 2841, 2810, 2816, 2844, 2850, 3170, I.R.C.)

§ 183.157 *Where bonded warehouse is discontinued or eliminated from registered distillery premises*—(a) *Suspension.* Where an internal revenue bonded warehouse is located on the registered distillery premises and the registered distiller desires to discontinue the operation of such warehouse or to eliminate the same from the registered distillery premises, he must, upon suspension of the registered distillery preparatory to operation

of the plant as a fruit distillery or industrial alcohol plant, comply with the provisions of section 183.155 (a), and in addition thereto, the following requirements:

(1) *Discontinuance of warehouse.* If the internal revenue bonded warehouse is to be discontinued, all distilled spirits stored therein must be lawfully removed therefrom and the warehouse discontinued in accordance with the regulations governing the warehousing of distilled spirits.

(2) *Elimination of warehouse from premises.* If the internal revenue bonded warehouse is to be eliminated from the registered distillery premises and such warehouse is not to be located on the premises of the fruit distillery when the plant is operated as such, the proprietor must file an amended application, Form 27-D, and plat of the warehouse premises, and otherwise comply with the regulations governing the warehousing of distilled spirits.

(3) *Operation of warehouse on fruit distillery premises.* If the internal revenue bonded warehouse is to be eliminated from the registered distillery premises and is to be situated on the premises of the fruit distillery while the plant is operated as such by the same proprietor, the registered distiller must request termination of the registered distiller's bond, Form 30, effective as of a date prior to the effective date of the fruit distiller's bond, Form 30½, in the event the registered distiller's bond is supported by consent of surety on the transportation and warehousing bond, Form 1571, and it is desired likewise to support the fruit distiller's bond, Form 30½.

(b) *Resumption.* Where operation of the plant as a fruit distillery or industrial alcohol plant has been suspended, and operation thereof as a registered distillery is to be resumed, the registered distiller must comply with the provisions of section 183.155 (b) (3), (5), (6), and (7), and, in addition thereto, the following requirements:

(1) *Amended notice, Form 27-A.* File an amended notice, Form 27-A, in triplicate, describing (by proper reference to prior notice, if desired) the registered distillery premises as such premises are to exist, stating therein the purpose to be "Resumption of operations following discontinuance as a fruit distillery" (or industrial alcohol plant, as the case may be), and giving the date of the discontinuance.

(2) *New plat.* File a new plat, in triplicate, conforming to the requirements of Article XII, unless the warehouse is to be again located on the registered distillery premises, in which event the distiller may adopt the plat of the registered distillery premises previously filed. If the warehouse has been eliminated from the registered distillery premises, the premises as thus curtailed will be depicted on the new plat. If the warehouse has

been discontinued and the buildings which constituted the same are to be retained on the registered distillery premises and used for other than warehouse purposes, the new plat will show the designated use of the former warehouse buildings and depict the distillery premises as thus changed.

(3) *Bond or consent of surety.* File a new registered distiller's bond on Form 30, or a consent of surety, Form 1533, in triplicate, to continue in effect the registered distiller's bond in force at the time operation of the plant as a registered distillery was suspended, unless such bond was terminated in accordance with paragraph (a) (3). The consent of surety in such case may be in blanket form, in accordance with the provisions of section 183.155 (b) (4). If the warehouse is to be again located on the registered distillery premises, the registered distiller's bond may, as provided in section 183.99, be supported by consent of surety on the transportation and warehousing bond, Form 1571; otherwise, the distiller's bond must be given with surety or collateral security.\* (Secs. 2812, 2814, 2841, 2810, 2816, 2844, 2850, 3170, I.R.C.)

ARTICLE XVI—ACTION BY DISTRICT SUPERVISOR

*Original Establishment*

§ 183.158 *Special application, Form 1613.* Where a special application, Form 1613, for permission to operate a distillery within 600 feet of a rectifying plant is submitted by the distiller, together with the required plat, and such special application and plat conform to the requirements of these regulations, the district supervisor will cause an inspection to be made to determine whether the proposed operation of the distillery within 600 feet of the rectifying plant may be permitted without jeopardy to the revenue. The inspector will ascertain whether the application and plat accurately depict the relative location of the two premises and all pipe lines and other connections, if any, between such premises, and all streets, roads, and driveways connecting the two premises. The inspector will also, in the course of his inspection, observe the surroundings and any conditions which might endanger the revenue, and will describe the same in his report. If the district supervisor finds upon examination of the inspection report that the distillery may be operated at the designated location without danger to the revenue, he will note his recommendation for approval on all copies of the special application and his approval on all copies of the accompanying plat, and will forward all copies of the special application and the original copy of the plat, together with a copy of the inspection report, to the Commissioner for final action. If the district supervisor should be of the opinion that operation of the distillery at the designated location will endanger the revenue, he will note his recommendation for disapproval on the special application and forward all copies

thereof and the original copy of the plat, together with a copy of the inspection report, to the Commissioner. Where the special application is recommended for disapproval, the district supervisor will furnish the Commissioner full information respecting the reasons therefor. When final action has been taken on the special application, the district supervisor will dispose of the approved or disapproved documents returned by the Commissioner, as provided in section 183.169.\* (Secs. 2819, 3170, I.R.C.)

§ 183.159 *Distillery fence application.* Where a special application for permission to construct and maintain a fence or wall of a greater height than 5 feet around the distillery is submitted, and such application conforms to the requirements of these regulations, the district supervisor will, if he finds that the construction and maintenance of such fence or wall is necessary to give adequate protection from trespassers, and that the revenue would not be endangered, note his approval on all copies of the special application, return one copy to the applicant, retain one copy, and forward one copy to the Commissioner with the distiller's notice, bond, and other qualifying documents. If the district supervisor finds that the construction and maintenance of such fence or wall is not necessary to afford protection from trespassers, or that the revenue would be endangered thereby, he will note his disapproval on the special application and return all copies to the applicant with a statement of the reasons for disapproval.\* (Secs. 2826, 3170, I.R.C.)

§ 183.160 *Indemnity bond application.* When an application for permission to file an indemnity bond in lieu of the written consent of the owner of the distillery premises or apparatus or equipment, or of any mortgagee, judgment-creditor, conditional sales vendor, or other person having a lien thereon, is submitted by the distiller and such application conforms to the requirements of these regulations, the district supervisor will cause an investigation to be made of the facts upon which the application is based, and will designate two or more competent persons to make an appraisal of the value of the lot or tract of land on which the distillery is situated, the distillery, the buildings, and the distilling apparatus. The appraisal shall be made as provided in section 183.146. Upon receipt and examination of the appraisal and investigation reports, the district supervisor will endorse his recommendation on the application and forward all copies thereof, together with the original report of the appraisal and a copy of the report of the investigation, to the Commissioner. Where the application is approved by the Commissioner, the district supervisor will, upon receipt of the approved copies thereof from the Com-

missioner, forward one copy to the distiller and retain one copy. If the application is disapproved, the district supervisor will, upon receipt of the same from the Commissioner, return all copies to the distiller with advice as to the reasons for disapproval.\* (Sec. 2815 (b), I.R.C.)

§ 183.161 *Examination of other qualifying documents.* Upon receipt of notice, plat, plans, bond, consent (Form 1602), if any, or indemnity bond in lieu thereof, and other documents required by these regulations of persons intending to qualify as distillers, the district supervisor will examine the same to determine whether they have been properly executed, and whether they reflect compliance with the requirements of the law and regulations. The district supervisor will examine the original of the Federal Alcohol Administration permit to determine that the photostatic copies thereof are authentic. Where any required document has not been filed, or where errors or discrepancies are found in those filed, or where the documents filed do not reflect compliance with these regulations, action thereon will be held in abeyance until the omission, or error, or discrepancy has been rectified, and there has been full compliance with all requirements.\*

§ 183.162 *Inspection of premises.* When the required documents have been filed in proper form, the district supervisor will assign an inspector to examine the premises, buildings, apparatus, and equipment, and determine whether they conform with the description thereof in the notice, plat and plans, and special applications, if any, and whether the construction and measures of protection afforded meet the requirements of the law and regulations. The inspector will observe particularly the manner in which the rooms or buildings on the bonded premises are separated from each other and from other premises, means of communication, ingress and egress, adequacy of protection afforded windows, doors, and other openings, construction of apparatus and equipment, and the suitability of the Government office. The inspector will also make careful inquiry respecting the distiller's title to, or interest in, the distilling apparatus and equipment, in order to determine whether proper consents on Form 1602 of mortgagees, judgment-creditors, other lienors, conditional sales vendors, or lessors have been procured and submitted by the distiller. To this end, the inspector should require the distiller to submit for examination invoices, bills of sale, conditional sales contracts, or other commercial papers, for verification of statements made on Form 27-A respecting his title to, or interest in, the distilling apparatus and equipment. Where the inspection discloses minor irregularities in the qualifying documents or in the construction, the inspector will, at the

time of their discovery, direct the attention of the distiller to the same in order that the distiller may correct the defects before completion of the inspection. Upon completion of the inspection, a report thereof will be submitted to the district supervisor.\*

§ 183.163 *Report of inspection.* The report of the inspection shall describe separately all irregularities and discrepancies found during the course of the inspection, and shall include a complete statement describing all unusual or special conditions. Where irregularities were corrected during the inspection, the report will indicate the correction so made. The report need not set out in detail each description as set forth in the notice, plat, and plans. The description of buildings and equipment in the report should be general and brief. However, construction, equipment, signs, etc., which are not in conformity with law and regulations, will be completely described. If there are any pipe lines or other connections or openings between the bonded premises and other premises, the same shall be described in detail. There shall be further embodied in the report a statement as to whether or not another business is being conducted, or is intended to be conducted, on the bonded premises or in buildings thereon.\*

§ 183.164 *Inaccurate documents.* Where the district supervisor's examination, or the inspector's report, discloses discrepancies in the qualifying documents, the inaccurate or incomplete documents will be returned to the proprietor for correction. A record will be kept of all bonds so returned.\*

§ 183.165 *Defective construction.* Where it is found that the construction of the distillery or its equipment does not conform to the requirements of the law and regulations, the district supervisor will inform the proprietor concerning the defects, and further action will be held in abeyance pending correction thereof.\*

§ 183.166 *Law violation record.* Before recommending for approval any bond or consent of surety given by any individual, firm, partnership, corporation, or association, in respect to the business of a distiller, the district supervisor will cause such inquiry or investigation as may be deemed necessary to ascertain whether such individual, firm, partnership, corporation, or association, or any person owning, controlling, or actively participating in the management of the business has been convicted of, or has compromised, an offense of the nature specified in section 183.116. Where record is found of the conviction or compromise of such an offense, the district supervisor will forward a full report thereof, with his recommendation, to the Commissioner for consideration, before recommending approval or disapproval of the bond. Upon receipt of advice from

the Commissioner, the district supervisor will recommend approval or disapproval of the bond in accordance with sections 183.167 and 183.168.\* (Sec. 2815 (d), I.R.C.)

§ 183.167 *Approval of qualifying documents.* If the district supervisor finds, upon examination of the inspection report, that the person seeking to qualify as a distiller has complied in all respects with the requirements of law and these regulations, and if the distiller's bond (Form 30) and the consent (Form 1602), if any, or indemnity bond filed in lieu thereof, may properly be approved under section 183.166, he will note his recommendation for approval on all copies of the distiller's bond, consent or indemnity bond, and notice, and his approval on all copies of the plat and plans, and will forward all copies of the distiller's bond, consent or indemnity bond, and notice, and the original copy of the plat, plans, and other qualifying documents, together with a copy of all inspection reports, to the Commissioner for final action.\*

§ 183.168 *Disapproval of qualifying documents.* If the district supervisor finds that the applicant has not complied in all respects with the requirements of the law and regulations, or that the situation of the distillery is such as would enable the distiller to defraud the United States, or that the bond should be disapproved under section 183.166, he will note his recommendation for disapproval on the bond, and will forward to the Commissioner for final action such copies of the qualifying documents as are required to be so forwarded by the preceding section in the case of recommendation for approval, together with a copy of all inspection reports. Where a bond is recommended for disapproval, the district supervisor will furnish the Commissioner with a full statement of the reasons therefor.\*

§ 183.169 *Disposition of qualifying documents.* Where the distiller's bond (Form 30), consent (Form 1602), if any, or indemnity bond filed in lieu thereof, notice (Form 27-A), and special application (Form 1613), if any, are approved by the Commissioner, the district supervisor will, upon receipt of approved copies of such documents from the Commissioner, as provided in Article XVII, forward one copy of the distiller's bond, consent or indemnity bond, special application, notice, plat, plans, and other qualifying documents (except copy of permit) to the distiller and will retain one copy of such qualifying documents for the file of the distiller. The extra copy of the special application (Form 1613), if any, received from the Commissioner will be placed by the district supervisor in the file of the rectifier. If the distiller's bond, consent or indemnity bond, or special application, is disapproved, the district supervisor will, upon receipt from the Commissioner of the disapproved copies of such documents and other qualifying documents submitted therewith, return all copies of the qualifying docu-

ments to the proprietor, with advice as to the reasons for disapproval.\*

#### *Changes Subsequent to Original Establishment*

§ 183.170 *Procedure applicable.* The foregoing provisions of this article respecting the action required of district supervisors in connection with the establishment of distilleries will be followed, to the extent applicable, where there is a change in the individual, firm, or corporate name of the distiller, or in the trade name or style, or where the distillery is to be operated initially under a trade name or style, or where there is a change in the proprietorship, location, premises, construction, apparatus and equipment of the distillery, or in the type of plant, or in the title to the distillery property, or where such property becomes subject to a mortgage judgment, or other encumbrance, or where operations are permanently discontinued: *Provided,* That where there is a change in the individual, firm, or corporate name of the distiller, or where the distillery is to be again operated under a trade name or style previously approved by the Commissioner, or where the distillery is operated under alternating proprietorships and a former proprietor whose qualifications were previously approved by the Commissioner is again to operate the distillery, the district supervisor may authorize the commencement of operations prior to review of the qualifying documents by the Commissioner. In such cases, the district supervisor will notify the distiller by letter and attach one copy of such letter to the qualifying documents.\*

§ 183.171 *Indemnity bond, Form 1617.* Where changes to be made in distillery buildings or former distillery buildings or distillery equipment are such as to require the filing of an indemnity bond on Form 1617, as provided in sections 183.145 and 183.148, the district supervisor will, upon receipt of a satisfactory bond, note his recommendation for approval thereon and forward all copies thereof to the Commissioner accompanied by the original of the report submitted by the designated appraisers. If the bond is approved by the Commissioner, the district supervisor will, upon receipt of the approved copies thereof from the Commissioner, forward one copy to the distiller and retain one copy.\*

§ 183.172 *Applications and reports covering changes.* Where an application covering changes in the distilling apparatus or equipment, or in the construction or use of a room or building, is approved by the district supervisor, he will retain one copy of the application and forward one copy to the distiller and one copy to the Commissioner, and, when reports covering changes in apparatus and equipment are received from Government officers in accordance with section 183.147, he will retain one copy and promptly forward one copy to the Commissioner. Similar disposition

will be made of reports received from the distiller covering emergency repairs of distilling apparatus and equipment. Where changes in buildings, apparatus, or equipment are such as to require the filing of an indemnity bond, the district supervisor will not approve the application until such bond has been approved by the Commissioner.\*

#### *Annual Notices, Consents (Form 1602) and Bonds, Consents of Surety, and Additional and Superseding Bonds*

§ 183.173 *Procedure applicable.* The procedure prescribed herein for the approval and disapproval of notices and bonds submitted in connection with the establishment of distilleries will, to the extent applicable, govern the approval and disapproval of annual notices, consents (Form 1602) and bonds, consents of surety, and additional and superseding bonds.\*

#### ARTICLE XVII—ACTION BY COMMISSIONER

##### *Original Establishment*

§ 183.174 *Special application, Form 1613.* Upon receipt of special application, Form 1613, from the district supervisor with his recommendation for approval or disapproval noted thereon, the Commissioner will review the same in connection with the accompanying plat and inspection report. If the application is approved by the Commissioner, he will note his approval on all copies thereof, retain the plat and two copies of the application and return three copies of the application to the district supervisor. Approval of the special application pertains to the location of the distillery only, and does not authorize the operation thereof. The distillery may not be operated until the distiller's bond and other qualifying documents required by law and these regulations have been filed and approved. If the special application is disapproved, the Commissioner will note his disapproval thereon and will return all copies thereof to the district supervisor, accompanied by the plat submitted therewith, and a statement of the reasons for disapproval of the special application.\* (Secs. 2819, 3170, I.R.C.)

§ 183.175 *Indemnity bond application.* When an application for permission to file an indemnity bond in lieu of the written consent of the owner, mortgagee, judgment-creditor, conditional sales vendor, or other lienor, is received from the district supervisor, bearing his recommendation for approval or disapproval, the Commissioner will examine the same in connection with the appraisal and investigation report. If the Commissioner finds that, under the law and regulations, an indemnity bond may properly be accepted in lieu of such consent, and if he is satisfied that the valuation placed upon the distillery property by the appraisers is fair, he will note his approval on all copies of the application, retain one copy and the appraisal and investigation reports sub-



mitted therewith, and return two copies to the district supervisor. If the application is disapproved, the Commissioner will note his disapproval thereon, and return all copies to the district supervisor, with a statement of the reasons for disapproval.\* (Sec. 2815 (b), I.R.C.)

§ 183.176 *Other qualifying documents.* The Commissioner will also review the notice, plat, plans, distiller's bond (Form 30), consent (Form 1602), if any, or indemnity bond filed in lieu thereof, and other qualifying documents upon their receipt from the district supervisor. If the Commissioner approves the distillery construction and equipment, and the notice, plat, plans, distiller's bond, consent or indemnity bond, if any, and other qualifying documents, he will assign a registry number to the distillery in accordance with section 183.177, note his approval on all copies of the distiller's bond, consent or indemnity bond, and notice, retain one copy of the distiller's bond, consent or indemnity bond, and notice, and all copies of the other qualifying documents and will return two copies of the approved distiller's bond, consent or indemnity bond, and notice, to the district supervisor with advice as to his action on the qualifying documents. If the Commissioner disapproves the distiller's bond, he will note his disapproval thereon and will return all copies thereof to the district supervisor, accompanied by the other qualifying documents submitted therewith, and a statement of the reasons for disapproval of the bond.\* (Secs. 2814, 2815 (b), 3170, I.R.C.)

§ 183.177 *Registry numbers.* Registered distilleries will be numbered serially in the order of their establishment. A separate series will be used for each State. Registry numbers heretofore assigned will be retained, and new distilleries will be assigned numbers in sequence thereto. Registry numbers previously assigned to discontinued distilleries will not be reassigned to other distilleries. The same registry number will be continued whenever there is a change of proprietorship.\*

#### *Changes Subsequent to Original Establishment*

§ 183.178 *Procedure applicable.* The foregoing provisions of this article respecting the action of the Commissioner in connection with the establishment of distilleries will be followed, to the extent applicable, where there is a change in the name, or in the firm name, trade name or style, or in the proprietorship, location, premises, construction, apparatus and equipment, of the distillery, or in the type of plant, or in the title to the distillery property, or where such property becomes subject to a mortgage, judgment, or other encumbrance.\*

#### ARTICLE XVIII—TERMINATION OF BONDS

§ 183.179 *Termination of distiller's bond.* The distiller's bond (Form 30) is

an annual bond and, therefore, upon expiration of the period for which it is given automatically terminates as to spirits produced subsequent to such period. Such bonds may be terminated as to future production prior to expiration of the period for which given, (1) pursuant to application by the surety as provided in section 183.182, or (2) upon approval of a superseding bond or discontinuance of business by the principal. Application for notice of termination of a distiller's bond upon approval of a superseding bond or discontinuance of the business must be filed in duplicate with the district supervisor.\* (Sec. 2814, I.R.C.)

§ 183.180 *Termination of indemnity bonds—(a) Forms 3 and 3-A.* Indemnity bonds (Forms 3 and 3-A) given in lieu of the consent of the owner of the distillery premises or property, and of any mortgagee, judgment-creditor, conditional sales vendor, or other lienor, to priority of the Government's lien for taxes and penalties and other interests, run for an indefinite period. Such bonds may be terminated as to liability for future operations of the distillery, (1) pursuant to application by the surety as provided in section 183.182, or (2) upon approval of a superseding bond or discontinuance of business by the principal. Application for notice of termination of such bonds upon approval of a superseding bond or discontinuance of the business must be filed in duplicate with the district supervisor.

(b) *Form 1617.* Indemnity bonds (Form 1617) given in connection with changes in buildings and equipment on which a lien had attached under section 2800 (e), I.R.C., may be terminated (1) upon approval of a superseding bond, or (2) upon tax-payment or removal for a lawful tax-free purpose of all spirits produced while the property covering which the indemnity bond was filed formed a part of the distillery premises and equipment. Application for notice of termination of such bonds must be filed in duplicate with the district supervisor.\* (Secs. 2800 (e), 2815 (b), I.R.C.)

§ 183.181 *Termination of export bonds.* Bonds (Forms 547, 548, 657, and 658) given to cover the exportation, or the transportation for export, of spirits of not less than 180 degrees of proof, withdrawn from the distillery in tank cars for such purpose as provided in Article XXIV, will be terminated in accordance with the provisions set forth in the warehousing regulations for the termination of such bonds when given to cover the exportation, or the transportation for export, of spirits withdrawn from internal revenue bonded warehouses.\* (Secs. 2885, 2886, 2888, 3170, I.R.C.)

§ 183.182 *Application of surety for relief from bond.* A surety on any bond required by these regulations may at any time in writing notify the principal and the district supervisor in whose office the bond is on file, that he desires after a date named, which shall be at least 60

days after the date of notification, to be relieved of liability under said bond. The notice shall be executed in triplicate by the surety, who shall deliver one copy to the principal and the other two copies to the district supervisor, who will retain one copy and transmit the remaining copy to the Commissioner. If such notice is not thereafter in writing withdrawn, the rights of the principal as supported by said bond shall be terminated on the date named in the notice, and the surety shall be relieved (1) in the case of a distiller's bond (Form 30) from liability for distilled spirits produced wholly subsequent to the date named in the notice, (2) in the case of indemnity bonds (Forms 3 and 3-A) from liability for operations of the distillery wholly subsequent to such date, and (3) in the case of export bonds (Forms 547, 548, 657, and 658) from liability for distilled spirits withdrawn for export wholly subsequent to such date. This notice may not be given by an agent of the surety unless it is accompanied by a power of attorney, duly executed by the surety, authorizing him to give such notice, or by a verified statement that such power of attorney is on file with the Department. The surety must also file with the district supervisor an acknowledgement or other proof of service of such notice on the principal.\*

#### § 183.183 *Action on application for notice of termination of distiller's bond.*

When an application for notice of termination of a distiller's bond as to future production is filed with the district supervisor in a case where a superseding bond has been approved, or the principal has discontinued business, as provided in section 183.179, the district supervisor will, before forwarding the application to the Commissioner, make a complete examination of records to determine whether there is any liability then due and payable outstanding against the bond. He will also ascertain from the collector of internal revenue whether there are any outstanding, unpaid assessments or demands for taxes on spirits produced under the bond. If it is found that violations of law or regulations occurred during the period covered by the bond and that penalties incurred or fines imposed have not been paid, or that outstanding assessments, or demands for payment of taxes, chargeable against the bond have not been paid, or otherwise settled, the district supervisor will recommend disapproval of the application, unless the liability is settled. The district supervisor will retain one copy of the application and forward one copy to the Commissioner with his recommendation. The district supervisor will not issue notice of termination of any distiller's bond until he has been notified of the Commissioner's approval of the application therefor.\*

#### § 183.184 *Action on application for notice of termination of indemnity*

*bond.* When an application for notice of termination of an indemnity bond (Form 3 or 3-A) as to future operations of the distillery is filed with the district supervisor in a case where a superseding bond has been approved, or the principal has discontinued business, as provided in section 183.180, the district supervisor will take action in accordance with the procedure prescribed in section 183.183, in the case of an application for the termination of a distiller's bond. When an application for notice of termination of an indemnity bond (Form 1617) covering changes in buildings or equipment is filed with the district supervisor, he will make a complete inquiry to determine whether all spirits, the tax on which constituted the lien in relation to which the bond was given, have been tax-paid or removed for a lawful tax-free purpose, and will forward one copy of such application to the Commissioner with his recommendation for approval or disapproval, determined according to the results of his inquiry, and will retain the remaining copy. The district supervisor will not issue notice of termination of any indemnity bond until he has been notified of the Commissioner's approval of the application therefor.\*

§ 183.185 *Notices, Forms 1490 and 1491.* Upon receipt of advice from the Commissioner of his approval of an application for notice of termination of a distiller's bond (Form 30) as to liability for future production, or of an indemnity bond (Form 3 or 3-A) as to liability for future operations of the distillery, the district supervisor will execute Form 1490, "Notice of Bond Termination," where a superseding bond has been approved, or Form 1491, "Notification of Release of Bond," where the principal has discontinued business, in quadruplicate (in quintuplicate if there are two sureties) and will forward the original to the Commissioner, one copy to each obligor on the bond, and retain one copy on file with the bond to which it relates. Similar action will be taken by the district supervisor upon receipt of advice from the Commissioner of his approval of an application for notice of termination of an indemnity bond on Form 1617.\*

§ 183.186 *Release of collateral.* The release of collateral pledged and deposited with the United States to support bonds required by these regulations will be in accordance with the provisions of Department Circular No. 154, revised (31 CFR, Part 225), subject to the conditions governing the issuance of notices on Forms 1490 and 1491 of the termination of such bonds. Collateral pledged and deposited to support a distiller's bond (Form 30) or an indemnity bond (Form 3 or 3-A) will not be released by the district supervisor, unless the Commissioner has authorized such action. The release of the security in the case of such bonds will not be authorized until all spirits produced while such bonds were in force

and effect have been tax-paid or removed for a lawful tax-free purpose. Accordingly, collateral may not be released while spirits produced under such bonds remain in any internal revenue bonded warehouse. When an application for release of collateral deposited in support of a distiller's bond (Form 30) or an indemnity bond (Form 3 or 3-A) is received by the district supervisor, he will determine whether all spirits produced at the distillery while the bond was in effect have been withdrawn from warehouse and all outstanding liabilities settled, and will forward the application to the Commissioner with his recommendation. Collateral pledged and deposited to support an indemnity bond (Form 1617) covering changes in buildings or equipment may be released pursuant to authorization of the Commissioner, upon approval of a superseding bond or upon tax-payment or removal for a lawful tax-free purpose of all spirits the tax on which constituted the lien in relation to which the bond was given. Collateral pledged and deposited to support direct export bonds, or transportation for export bonds, may be released by the district supervisor without prior authorization of the Commissioner. The collateral in such cases will ordinarily be released upon issuance of notice of release of the bond, Form 1491.\* (Sec. 1126, 44 Stat. 122; 6 U.S.C. 15.)

#### ARTICLE XIX—WAIVER OF SURVEY REQUIREMENTS

§ 183.187 *Provisions of law from which exempt.* The survey requirements prescribed by section 2817 (a), I.R.C., are waived as to registered distilleries, and proprietors of such distilleries are relieved from the following provisions of law relating to the survey requirements:

(a) From so much of section 2812, I.R.C., as requires a distiller to state in his notice the number of hours in which the distiller will ferment each tub of mash or beer, and from the necessity of filing a notice of the change in the time of fermenting the mash or beer.

(b) From so much of section 2832, I.R.C., as requires the distiller to comply with the provisions of law relating to the survey of distilleries, as a condition precedent to carrying on the business of distilling.

(c) From the provisions of section 2840, I.R.C.

(d) From so much of the provisions of section 2846, I.R.C., as make a distiller liable to an assessment for a deficiency in producing less than 80 percent of the producing capacity of the distillery as estimated according to law; and as make him liable to an assessment for the tax upon the spirits that should have been produced from the materials found to have been used in excess of the capacity of the distillery for any month as estimated according to law.

(e) From so much of the provisions of section 2849, I.R.C., as prescribe the fermenting periods.

(f) From so much of section 2851, I.R.C., as requires the placing of close fitting covers upon fermenting tubs, for the purpose of reducing the producing capacity of the distillery.\* (Secs. 2817 (b), 3170, I.R.C.)

§ 183.188 *Exemption subject to changes.* The exemption from the foregoing provisions of law will be subject to such changes as may be necessary to protect the revenue.\* (Secs. 2817 (b), 3170, I.R.C.)

#### ARTICLE XX—MANUFACTURE OF DISTILLED SPIRITS

##### *Kinds of Materials and Spirits*

§ 183.189 *General.* Distilled spirits may be produced at registered distilleries established and operated under these regulations from any kind of suitable materials. The spirits may be distilled at any desired proof, but before removal from the receiving cisterns the spirits must be reduced to not more than 159 degrees of proof and the containers must be marked as to the kind of spirits therein and the proof of distillation in accordance with the Gauging Manual (26 CFR, Part 186) and these regulations.\* (Secs. 2878, 2883, I.R.C.)

§ 183.190 *Alcohol.* Where it is desired to produce alcohol or other high proof spirits without reduction prior to removal from the receiving cisterns, the registered distillery must be discontinued in accordance with Article XV of these regulations and reestablished and operated as an alcohol plant in accordance with the regulations governing the production of alcohol.\* (Sec. 3105, I.R.C.)

§ 183.191 *Brandy.* Brandy may be produced at registered distilleries established and operated under these regulations. Where brandy is so produced at a registered distillery, it must be reduced to not more than 159 degrees of proof before removal from the cistern room, and the production of brandy will be subject to all the requirements of these regulations governing the production of other spirits at registered distilleries. Where it is desired to produce brandy under the regulations governing the production of brandy at fruit distilleries under the exemptions from law afforded fruit distillers by virtue of section 2825, I.R.C., the registered distillery must be discontinued in accordance with Article XV and reestablished and operated as a fruit distillery in accordance with such regulations.\*

##### *Commencement of Operations*

§ 183.192 *Notice, Form 125.* Before commencing operations at the distillery, the distiller shall file with the district supervisor notice on Form 125, in triplicate, specifying the date on which he desires to commence operations. This notice must be filed in time to enable the district supervisor to assign one or more storekeeper-gaugers to the distillery. If the distiller's bond, Form 30, and the other qualifying documents required by these regulations have been filed and ap-

proved, and the required storekeeper-gaugers assigned to the distillery have found the plant and equipment in proper condition, the distiller may commence operations at the time specified in the notice.\* (Secs. 2850, 3170, I.R.C.)

§ 183.193 *Assignment of storekeeper-gaugers.* One or more storekeeper-gaugers must be assigned to, and on duty at, each distillery before the distiller can commence operations. In determining the number of storekeeper-gaugers to be assigned to each distillery, the district supervisor will take into account the distilling equipment and the process to be used, the quantity of spirits to be produced daily, and the number of hours the distillery will be operated each day. When notices of commencement of operations are received, the district supervisor will assign storekeeper-gaugers in time to prevent unnecessary delays to distillers.\* (Secs. 2838, 3170, I.R.C.)

§ 183.194 *Examination of distillery.* Upon assignment to a distillery intending to commence operations, storekeeper-gaugers will, prior to the actual commencement of operations, examine the distillery, the apparatus and equipment, the cistern room, etc., and determine that all valves, flanges, and other connections which would afford access to spirits are properly equipped for locking or are brazed, welded, or otherwise secured, and that all doors and other openings in the cistern room are protected in the manner prescribed by these regulations. The storekeeper-gauger will apply Government locks wherever the same are required, and will complete Form 125, in triplicate, deliver one copy to the distiller, and forward the original and one copy to the district supervisor. The district supervisor will retain one copy and forward the original to the Commissioner.\*

§ 183.195 *Supervision of operations.* The storekeeper-gauger will have charge of the distillery to which he is assigned, under the direction of the district supervisor. The storekeeper-gauger will see that the operations of the distillery conform to the requirements of the law and these regulations, and will, in the course of his daily duties, carefully observe the character and condition of all connections, pipes, tanks, or vessels used for conveying spirits in the course of distillation to see if they are continuous and closed as required, and whether access can be gained to the spirits in the storekeeper-gauger's absence. The storekeeper-gauger will promptly report to the district supervisor any distillery operations or conditions of apparatus and equipment not conforming to the law and regulations.\*

#### Distilling Materials

§ 183.196 *Weighing materials received.* Distillers will weigh, or, in the case of liquids, weigh or measure all materials received on the distillery premises intended for use in the production of distilled spirits. They will prepare weight

or quantity slips of all such materials received and furnish signed copies to the storekeeper-gauger. The receipt of the materials will be recorded by the distiller on Form 1598, "Distiller's Report of Operations at Distillery No. -----" (Sec. 2841 (a), I.R.C.)

§ 183.197 *Storage of materials.* All grain received on the distillery premises will be stored in the meal or material room, bins, or granary, unless it is to be immediately used. Molasses and other liquid fermenting materials will be stored in proper tanks provided for the purpose, unless they are to be immediately used.\*

§ 183.198 *Supervision of material room.* No materials shall be received on the premises of any registered distillery, or used for the production of distilled spirits or for any other purpose, or removed from the premises, except when the storekeeper-gauger is present on the distillery premises. The storekeeper-gauger will unlock the material room, bins, or tanks, at such time after the commencement of operations each day as may be necessary for the distiller to have access thereto, and will lock them when access for the day is no longer required, thus giving employees of the distillery access for the removal or deposit of materials, or for other necessary purposes, under his general supervision. When materials are received by chute or pipe line from adjacent premises, such chute or pipe line must be kept locked at all times with Government locks, except when necessary to be open for the transfer of materials.\*

§ 183.199 *Storekeeper-gauger's record of materials received.* The storekeeper-gauger will record on Form 1592, "U. S. Storekeeper-Gauger's Report of Operations at Distillery No. -----," all materials received on the distillery premises intended for use in the production of distilled spirits. Entries will be made from the distiller's weight or quantity slips. The storekeeper-gauger will verify such slips by comparison with the distiller's commercial records and his Form 1598.\* (Sec. 2877, I.R.C.)

§ 183.200 *Weighing materials used.* Distillers will weigh or, in the case of liquids, weigh or measure all materials used in the production of distilled spirits. They will prepare weight or quantity slips of all such materials, and will furnish signed copies to the storekeeper-gauger. The materials used will be recorded by the distiller on Form 1598.\* (Secs. 2841 (a), 2877, I.R.C.)

§ 183.201 *Storekeeper-gauger's record of materials used.* The storekeeper-gauger will record on Form 1592 all materials used in the production of distilled spirits. Entries will be made from the distiller's weight or quantity slips. The storekeeper-gauger will verify such slips by comparison with the distiller's Form 1598 and commercial records, if any.\* (Sec. 2877, I.R.C.)

§ 183.202 *Distiller's material slips.* Each distiller will have printed in uni-

form size material slips which show the name, number, and location of the distillery, and on which he will enter the date, kind and quantity of materials received and used, and the serial numbers of the fermenters filled, together with such other information as may be required. Where different types of mash are produced, separate entries shall be made showing the quantity of material, type of mash, and serial numbers of fermenters for each type. The term "type of mash" means the materials from which the mash is made, as molasses, wheat, corn in excess, rye in excess, etc. The information is necessary for the proper marking and branding of packages of distilled spirits. Material slips will be prepared in duplicate and will be filed chronologically, by months, by both the distiller and the storekeeper-gauger, and will be retained for at least one year.\* (Sec. 2841 (a), I. R. C.)

§ 183.203 *Storekeeper-gauger's verification.* The storekeeper-gauger will, from time to time, personally verify the accuracy of the distiller's determination of the weight or quantity of materials received and used.\*

#### Yeasting

§ 183.204 *Materials for yeast mash.* Materials capable of producing spirits which are used in preparing yeast mash will be weighed or measured by the distiller, who will furnish weight or quantity slips to the storekeeper-gauger and make proper record on Form 1598. If the materials used in the yeast mash have been included in the materials weighed or measured by the distiller for use in the production of the main mash, a notation should be made on the slip to that effect, and no entry will be made on Forms 1598 and 1592. Such weight or quantity slips will be filed by the storekeeper-gauger for record and reference purposes.\* (Sec. 2841 (a), I.R.C.)

§ 183.205 *Materials for yeast culture.* The distiller will not be required to furnish weight or quantity slips to the storekeeper-gauger of materials used in preparing pure yeast cultures or jug yeast which is added to the yeast mash, or to record the same on Form 1598. The pure yeast cultures or jug yeast may be prepared and held for use as needed.\*

§ 183.206 *Non-alcohol producing materials.* No non-alcohol producing materials may be added to the yeast mash for the purpose of furnishing yeast food, or for inhibiting the action of wild yeast or bacteria, or for any other purpose, unless such materials are included in the statement of process required by section 183.94.\* (Sec. 3254 (g), I.R.C.)

#### Mashing Operations

§ 183.207 *Distiller's notice of change in materials and strength of beer.* The distiller may mash grain, molasses, or other fermentable materials covered by his notice, Form 27-A, in any quantity, proportion, or strength that he may de-

sire, within the maximum specified in such notice, provided he shall give written notice to the storekeeper-gauger in charge of the distillery of the quantity of each kind of material which he proposes to mash, and the strength of the beer. When desiring to change the quantity or kind of materials or strength of the beer, he shall, before making such change, give written notice to the storekeeper-gauger in charge. Where the distiller intends to mash different kinds of materials than those covered by Form 27-A, or a larger quantity of the specified materials than the maximum indicated by such form, he must also comply with the requirements of section 183.67. If the proposed change in mashing is such that either a smaller or larger number of storekeeper-gaugers may be required to supervise operations, the distiller shall give notice thereof to the storekeeper-gauger in charge in sufficient time for the district supervisor to reassign the unneeded officers or to assign additional officers to the plant.\* (Sec. 2817 (b), I.R.C.)

§ 183.208 *Non-fermentable materials.* No chemicals or other substances, such as essences, flavors, coloring matter, etc., which are volatile and would remain incorporated with the spirits when the manufacture thereof is complete may be added to the mash or to the spirits at any stage of production, except as otherwise provided in these regulations.\* (Sec. 3254 (g), I.R.C.)

§ 183.209 *Presence of storekeeper-gauger required.* Any mashing or distilling in the absence of the storekeeper-gauger from the premises is prohibited. The special attention of distillers is directed to the penalties imposed by law for mashing, distilling, or removing spirits in the absence of the storekeeper-gauger.\* (Sec. 2838, I.R.C.)

#### *Fermenting*

§ 183.210 *Restrictions removed.* The survey requirements being waived, as provided in section 183.187, proprietors of registered distilleries are not restricted as to the period of fermentation nor as to the frequency or extent of the filling of the fermenting tubs. The distiller must, however, give notice to the storekeeper-gauger in charge of the quantity of each kind of material which he proposes to mash and the strength of the beer, as provided in section 183.207, and when he intends to mash different kinds of materials than those covered by Form 27-A, or a larger quantity of the materials specified on the form than the maximum indicated thereon, he must file an amended notice on Form 27-A, as provided in section 183.67.\* (Sec. 2817 (b), I.R.C.)

§ 183.211 *Quantity of mash and beer determined.* Storekeeper-gaugers assigned to distilleries will determine the number of gallons of mash in each fermenter at the time of filling and the quantity of beer in each fermenter after fermentation is complete, and will enter

the same on Form 1592. They will not be required to determine the temperature and gravity of the mash or beer in the fermenting tubs, or to ascertain the number of dry inches.\*

§ 183.212 *Tests of beer and slop.* At the time of distillation, the distiller will thoroughly agitate the contents of each fermenter and the storekeeper-gauger will then take a sample of beer from each fermenter to determine the alcoholic content of the beer. He will also take, daily, several representative samples of slop or spent beer after the same has come from the still, and determine the alcoholic content of each sample. He will make the tests of beer and slop and compute the calculated yield, in accordance with the instructions on Form 1592.\* (Sec. 2817 (b), I.R.C.)

#### *Distillation*

§ 183.213 *Continuous process required.* The process of distillation employed must be such that the spirits will pass through continuous, closed stills, pipes, and vessels from the time the vapors rise in the first still until the finished spirits are deposited in the cistern room in locked receiving cisterns provided for that purpose. The distiller may, in the course of manufacture, carry his product through as many distilling operations as he may desire, provided the process is closed and continuous. Distilling processes are deemed to be continuous where the spirits are carried through the various steps from the beer still to the receiving tanks as expeditiously as normal, efficient plant operation will permit in the manufacture of a finished product of standard quality. The collection of high and low wines (heads and tails) for the purpose of redistillation is not deemed to be a break in the continuity of the distilling process, but such spirits, when so collected, should be redistilled promptly when a sufficient quantity has been accumulated to permit efficient redistillation. Where spirits are percolated through oak chips or otherwise treated before deposit in the receiving tanks, the retention of the spirits in tanks temporarily, pending such treatment, is permissible, but no larger quantities of spirits may be so held than are necessary for operation of the percolators. The distilling process is held to be completed when the spirits are deposited in the receiving tanks.\* (Secs. 2820, 3254 (g), I.R.C.)

§ 183.214 *Gauging of unfinished spirits.* At distilleries where spirits, in the course of distillation, are run from the beer still into tanks in the distillery building for temporary deposit preparatory to completing the distillation thereof, storekeeper-gaugers shall promptly gauge (measure and proof) the unfinished spirits in such tanks and make proper entry on Form 1592. Unfinished spirits may not be stored in such tanks, but may be deposited therein only temporarily in the course of distillation. Distillates containing one-half of 1 percent or more of

aldehydes or 1 percent or more of fusel oil, collected in locked tanks for removal for denaturation or destruction, as provided in Article XXI, will be carried on Form 1592 as unfinished spirits until gauged and destroyed or removed for denaturation.\*

#### *Locking of Distillery*

§ 183.215 *When to be locked.* Whenever spirits are contained at any place in the distillery other than under Government lock in the cistern room, or the temporary storage room therein, or in the rectifying room, the distillery building or portion thereof in which such spirits are contained must be kept securely locked by the distiller in the absence of himself or his agents. The locks used by the distiller to secure doors, windows, or other openings of the distillery buildings or portions thereof in which spirits are so contained must be such as will, in the opinion of the district supervisor, safeguard the spirits against illegal removal during the absence of the distiller or his agent.\*

§ 183.216 *Keys of distillery locks.* The distiller shall furnish the district supervisor as many keys to the locks provided for securing the entrance door or doors of the distillery building, or portions thereof, which are required to be locked, as may be deemed necessary by the district supervisor from time to time, in order that the distillery or any portion thereof may be accessible at any time to Government officers authorized to enter and inspect the premises.\*

#### *Treatment of Spirits in Course of Distillation*

§ 183.217 *Rectification.* The law provides that every person shall be regarded as engaged in the business of rectifying who rectifies distilled spirits by any process other than by original and continuous distillation from mash, wort, or wash, through continuous, closed vessels and pipes, until the manufacture thereof is complete. Therefore, a distiller may carry his product through as many processes of distillation as he may desire without becoming liable as a rectifier, provided the process is continuous (as defined in section 183.213), commencing with the distillation of the mash, wort, or wash, and the product of distillation of the mash is carried through continuous closed vessels and pipes until the finished product is deposited in the receiving cistern.\* (Sec. 3254 (g), I.R.C.)

§ 183.218 *Purifying or refining spirits.* Under the law, distillers are allowed to purify or refine distilled spirits in the course of original and continuous distillation, through any material which will not remain incorporated with such spirits when the manufacture thereof is complete. The apparatus to be used for purifying or refining spirits in a distillery must be arranged and constructed as required by these regulations.\* (Sec. 3254 (g), I.R.C.)

§ 183.219 *Percolation through oak chips.* Spirits may be percolated

through or treated with oak chips which have not been treated with any chemical, upon approval of the process by the Commissioner. The apparatus to be used for percolating spirits must be arranged and constructed as required by these regulations.\* (Sec. 3254 (g), I.R.C.)

§ 183.220 *Samples before and after treating.* Where the distiller has been authorized to introduce materials or substances into spirits during the course of original and continuous distillation, for the purpose of purifying or refining the spirits, or where he has been authorized to introduce oak chips into the spirits, the storekeeper-gauger will procure samples of such spirits, both before and after processing, when the process is first used and thereafter from time to time as directed by the district supervisor. The samples will be submitted to the Government chemist for analysis. The chemist will furnish a report thereof, in duplicate, to the district supervisor, who will forward one copy to the Commissioner.\* (Sec. 3254 (g), I.R.C.)

§ 183.221 *Disposition of substances used for treating spirits.* Materials used for purifying or refining the spirits, and oak chips introduced into the spirits, will be thoroughly washed, steamed, or otherwise treated to extract the spirits therefrom before removal from the process. Upon removal, the materials must be burned in the distillery furnace or in the distillery yard. If such burning is not practicable, due to the type of furnace in use, fire regulations, or to other valid reason, such materials must be treated with kerosene before the removal thereof from the distillery premises. Where kerosene is used, it must be sprayed or sprinkled on the materials, using not less than 1 gallon of kerosene to each 100 pounds of materials, in such manner as to preclude the abstraction of potable spirits from any part of the entire mass after the materials are removed from the distillery premises. This will be effected by stirring or agitating the materials while the kerosene is being applied. Such burning or treating of materials must be done under the supervision of the Government officer assigned to the plant. The Commissioner may authorize any other disposition of the materials as will effectively prevent recovery of spirits therefrom.\*

#### *Deposit of Spirits in Receiving Cisterns*

§ 183.222 *Immediate deposit required.* All finished spirits must be deposited immediately upon completion of manufacture in receiving cisterns in the cistern room. Finished spirits must be deposited in separate receiving cisterns according to (1) class, spirits, whisky, rum, gin, etc.); (2) type (spirits—grain, bourbon whisky, rye whisky, etc.); and (3) proof of distillation (at or above 190 degrees, more than 160 degrees and less than 190 degrees, and not exceeding 160 degrees), as defined by section 183.3 (p). The quantity of finished spirits produced will be determined and entered daily on

Form 1592 and Form 1598, as indicated by the headings of the columns and the instructions printed on the forms.\* (Sec. 2820, I.R.C.)

#### *Comparison of Actual Yield With Calculated Yield*

§ 183.223 *Abnormal differences to be investigated.* The storekeeper-gauger will compare the quantity of spirits produced and deposited in the receiving cisterns with the calculated yield for the respective fermenters. The comparison will be made by single fermenters where it is possible so to do. Where, by reason of the mode of operation, it is not possible to make the comparison by single fermenters, it will be made by groups of fermenters distilled daily, if possible. If it is not possible to make the comparison either by single fermenters or groups of fermenters distilled daily, the comparison will be made on a monthly basis or for such lesser periods as may be feasible. Where the difference between the calculated yield and the actual yield is more than that determined by experience to be the normal difference for the particular plant, the storekeeper-gauger assigned to supervise distilling operations and the storekeeper-gauger in charge will make a thorough inquiry to determine the reasons therefor, and will make a full report of their findings on Form 1592 (Part 10). Where the facts warrant, the officers will make a report by letter to the district supervisor, and will make reference on Form 1592 (Part 10) to such letter. If the findings of the officers do not fully explain the discrepancy, the district supervisor will cause such further investigation to be made as may be deemed advisable.\* (Sec. 2817 (b) I.R.C.)

#### *Supervision of Cistern Room*

§ 183.224 *In charge of storekeeper-gauger.* The receiving cisterns and the cistern room shall be in charge and under the lock and seal of the storekeeper-gauger designated for that duty. The doors and other openings of the cistern room will be locked with Government locks at all times when spirits are in such room, except when spirits are being drawn off or other necessary work is being done by the distiller in the presence of the storekeeper-gauger. The entrance door will be locked on the outside with a seal lock and other doors will be locked on the inside, as provided in section 183.25. The openings in receiving cisterns will also be kept locked at all times, except the inlets of cisterns being filled and the outlets of cisterns being emptied, and the manheads when spirits are being agitated and reduced preparatory to withdrawal. The cistern room must not be opened or allowed to remain open, nor may any person other than a Government officer be permitted in the cistern room, except when the designated storekeeper-gauger is present; nor will the keys to the Government locks be entrusted at any time to the distiller or any person in his employ, but will be retained at all times in the possession of

the designated storekeeper-gauger. The storekeeper-gauger will promptly report any lack of security of the cistern room to the storekeeper-gauger in charge.\* (Sec. 2820, I.R.C.)

#### ARTICLE XXI—COLLECTION AND REMOVAL OF DISTILLATES, DISTILLED WATER, FUSEL OIL, AND CARBON DIOXIDE

##### *Collection, and Destruction or Removal for Denaturation, of Certain Distillates*

§ 183.225 *General.* Distillers may collect in locked tanks provided in accordance with section 183.47 distillates containing one-half of 1 percent or more of aldehydes or 1 percent or more of fusel oil, commonly known as "heads" and "tails," removed in the course of distillation. Such distillates may be removed from the distillery for denaturation or destroyed on the distillery premises, under the immediate supervision of the storekeeper-gauger assigned to the distillery, as hereinafter provided. When so denatured or destroyed, such distillates shall not be subject to the tax imposed by law upon distilled spirits.\* (Secs. 2916, 3170, I.R.C.)

§ 183.226 *Collection of distillates.* Distillates containing one-half of 1 percent or more of aldehydes or 1 percent or more of fusel oil, collected in locked tanks at registered distilleries shall be removed for denaturation or destroyed within 30 days from the date of the commencement of the collection thereof, unless the distillates are to be shipped for denaturation and the quantity collected during such period is insufficient for a carload shipment (but not over 10,000 wine gallons), in which event the distiller may continue to accumulate such distillates until a sufficient quantity for a carload shipment has been collected: *Provided,* That no such distillates shall be held at the distillery for a period exceeding 90 days.\* (Sec. 2916, I.R.C.)

§ 183.227 *Samples by distiller.* Distillers may procure, in accordance with the procedure prescribed in Article XXIII, a requisite number of samples of such distillates for laboratory analysis to determine that they contain the required percentage of aldehydes or fusel oil.\* (Sec. 2916, I.R.C.)

§ 183.228 *Aldehydes and fusel oil not to be mixed with spirits.* Where aldehydes or fusel oil, as distinguished from heads and tails, are drawn from column stills and run into separate tanks, such aldehydes and fusel oil may not be mixed with spirits for the purpose of making such spirits eligible for destruction or denaturation free of tax.\* (Sec. 2916, I.R.C.)

§ 183.229 *Application.* Whenever the distiller desires to remove any distillate containing one-half of 1 percent or more of aldehydes or 1 percent or more of fusel oil to a denaturing plant for denaturation or to destroy the same, he shall make application, in triplicate, to the district supervisor for permission so to do. The application shall be made on Form 1577, if the distillate is to be destroyed, or on

Form 1578, if the distillate is to be removed for denaturation. The application will be submitted through the storekeeper-gauger assigned to the distillery.\* (Sec. 2916, I.R.C.)

§ 183.230 *Samples by storekeeper-gauger.* Upon receipt of the application the storekeeper-gauger will take a pint sample from each designated tank, and, after assigning a serial number to each sample and properly labeling each sample for identification, will submit the samples to the nearest Bureau branch laboratory for analysis, accompanied by a transmittal letter in duplicate. The contents of each tank must be thoroughly agitated before a sample thereof is taken. The inlet of the tank must be closed and locked before the sample is taken, and, when the sample has been obtained, the outlet of the tank will be likewise closed and locked. The inlet, outlet, and all other openings of the tank will be kept securely locked pending analysis of the sample. Before submitting the samples to the Government chemist, the storekeeper-gauger will note on each copy of the application, in the space provided therefor, the serial number of each sample, the serial number of the tank from which taken, and the date each was taken, and will submit all copies to the district supervisor.\* (Sec. 2916 I.R.C.)

§ 183.231 *Analysis of samples.* The Government chemist will analyze each sample to determine the percentages of aldehydes or fusel oil and alcohol present, and will submit to the district supervisor a report of his analysis in duplicate.\* (Sec. 2916, I.R.C.)

§ 183.232 *District supervisor's order to gauge.* If the report of the chemist shows that the distillate contains one-half of 1 percent or more of aldehydes or 1 percent or more of fusel oil, the district supervisor will execute Part 2 of the application, Form 1577 or 1578, directing the storekeeper-gauger to gauge the distillate and supervise the destruction thereof or the removal thereof for shipment to the denaturing plant named in the application upon presentation of proper permit, as the case may be. After executing Part 2 the district supervisor will forward all copies of the application, together with one copy of the chemist's report, to the storekeeper-gauger at the distillery.\* (Secs. 2916, 3170, I.R.C.)

§ 183.233 *Disapproval of application.* If the report of the Government chemist shows that the distillate contains less than the required percentage of aldehydes or fusel oil, the district supervisor will disapprove the application and return one copy to the distiller and one copy to the storekeeper-gauger at the distillery, accompanied by a statement of the reasons for disapproval.\* (Secs. 2916, I.R.C.)

§ 183.234 *Spirits not meeting requirements for denaturation.* Where the distillates are of insufficient proof for de-

naturation, or contain less than the required percentage of aldehydes or fusel oil, they may for the purpose of further distillation be returned from the heads and tails tank to the still through continuous closed metal pipes constructed as provided in section 183.54. When so redistilled after the submission of application and samples, a new application and new samples must be submitted in accordance with sections 183.229 and 183.230. The distillates must, as provided in section 183.225, contain the required one-half of 1 percent or more of aldehydes or 1 percent or more of fusel oil at the time of destruction or removal for denaturation.\* (Sec. 2916, I.R.C.)

§ 183.235 *Gauge of distillate.* Upon being drawn from the heads and tails tank for removal for denaturation or destruction the distillate shall be gauged. The details of the gauge will be entered by the storekeeper-gauger on Form 1520. The form will be prepared in triplicate if the distillate is to be destroyed, and in quintuplicate if the distillate is to be removed for denaturation. Where the distillate is to be shipped to a denaturing plant in another district an extra copy of Form 1520 will be prepared.\* (Sec. 2916, I.R.C.)

§ 183.236 *Destruction of distillate.* The distillate may be destroyed by running the same into the sewer or by other suitable means. The destruction must be carried out under the supervision of the storekeeper-gauger, who will then execute his report on Part 3 of Form 1577 and will attach to each copy of Form 1577, a copy of the report of gauge. The storekeeper-gauger will forward one copy of Form 1577, with Form 1520 attached, to the district supervisor, retain one copy of each form on file, and deliver one copy of each to the distiller.\* (Sec. 2916, I.R.C.)

§ 183.237 *Release for denaturation.* The distillate may be removed for shipment to a denaturing plant for denaturation pursuant to a special permit issued by the appropriate district supervisor on Form 1464, authorizing the denaturer to procure the same. The storekeeper-gauger will not release the distillate for shipment until the distiller has presented to him such special permit for examination. The distillate must be drawn into packages and gauged and marked and branded, as provided in sections 183.235 and 183.238, or gauged and run into railroad tank cars in accordance with the provisions of section 183.239 and immediately removed from the distillery premises under the personal supervision of the storekeeper-gauger. When such impure spirits are removed from the distillery for denaturation they must in each instance be shipped to a denaturing plant. Such spirits may not be shipped to an alcohol plant or an alcohol bonded warehouse, nor may they, after receipt at a denaturing plant, be redistilled or used for any purpose other than for denaturation.\* (Sec. 2916, I.R.C.)

§ 183.238 *Marking and branding of packages.* When the distillate is drawn into packages for removal for denaturation, such packages shall be marked and branded in the same manner as packages of other spirits are required to be marked and branded when removed from the distillery for deposit in a bonded warehouse, except that (1) the kind of spirits shall be designated by the words "Impure Spirits—For Denaturation," plainly and durably stenciled or marked on the head of the package in letters not less than three-fourths inch in height; (2) the phrase "Contains ----% aldehydes," or "Contains ----% fusel oil," or "Contains ----% aldehydes and ----% fusel oil," shall also be plainly and durably stenciled or marked on the head of the package following the words "Impure Spirits—For Denaturation"; and (3) the proof at which the spirits were distilled need not be placed upon the package.\* (Sec. 2916, I.R.C.)

§ 183.239 *Removal in tank cars.* The removal of such distillate in railroad tank cars from the distillery to the denaturing plant for denaturation shall be in accordance with the procedure (insofar as applicable) and under the conditions governing the removal and transfer of other spirits in bond in such tank cars, as prescribed in these regulations. The markings prescribed in section 183.238 respecting the kind of spirits and the percentage of aldehydes or fusel oil therein, shall be added to the label the storekeeper-gauger is required to affix to such tank cars of distillates before they are released.\* (Sec. 2916, I.R.C.)

§ 183.240 *Report of shipment to denaturing plant.* When such distillates are released from the distillery for transportation to the denaturing plant, the storekeeper-gauger will execute his report on Part 3 of Form 1578 and will attach to each copy of such form a copy of the report of gauge. The storekeeper-gauger will forward one copy of Form 1578, with Form 1520 attached, to the supervisor of the district from which the shipment is made, retain one copy of each form on file, deliver one copy of each form to the distiller, forward one copy of Form 1520 to the proprietor of the denaturing plant and one copy to the storekeeper-gauger at the denaturing plant. Where the denaturing plant is in another district the extra copy of Form 1520 provided for in section 183.235 will be forwarded to the supervisor of such district.\* (Sec. 2916, I.R.C.)

§ 183.241 *Inspection at denaturing plant.* Upon receipt of the distillate at the denaturing plant the storekeeper-gauger will inspect the packages or railroad tank car, as the case may be, and if it appears that any spirits have been abstracted or lost in transit he will prepare a statement setting forth the identity of the containers, a description of the condition of each, and the apparent cause of such condition, and will forward such statement to the supervisor of the

district from which the shipment was made, as hereinafter provided.\* (Sec. 2916, I.R.C.)

§ 183.242 *Regauge at denaturing plant.* Upon completion of the storekeeper-gauger's inspection, the distillate will be gauged by the proprietor of the denaturing plant under the supervision of the storekeeper-gauger. If the gauge discloses no discrepancy between the quantity shipped and the quantity received, other than that which may be ascribed to variation in gauge, the storekeeper-gauger will make a notation of receipt on the copy of Form 1520 received by him from the storekeeper-gauger at the distillery and forward the same to the supervisor of the district from which the shipment was made. If the gauge discloses a loss in transit, the proprietor will prepare a report of gauge on Form 1440, in duplicate, and give one copy to the storekeeper-gauger and retain the other at the denaturing plant. The storekeeper-gauger will securely attach the copy of Form 1440 to the copy of Form 1520 received by him from the storekeeper-gauger at the distillery and forward the same, together with his inspection statement, to the supervisor of the district from which the shipment was made.\* (Sec. 2916, I.R.C.)

§ 183.243 *Losses of distillates.* No allowance can be made under section 2901 (a), I.R.C., or any other provision of law, for losses of such distillates by leakage or evaporation occurring during transportation to the denaturing plant or while stored in such plant prior to denaturation. Tax will be collected on all losses, unless the same are shown to be due to destruction by accidental fire or other casualty while in the distillery, or to theft, accidental fire, or other casualty while in transit, and the tax is remitted under section 2901 (b) or section 2901 (c), I.R.C. The liability of the distiller to tax on such distillates removed for denaturation shall continue until they have been deposited in the denaturing plant.\* (Sec. 2916, I.R.C.)

§ 183.244 *Use for denaturation.* If the impure spirits (distillate) are of improper proof for denaturation, they may be mixed with other spirits of higher proof at the denaturing plant in order to obtain the required proof for denaturation.\* (Sec. 2916, I.R.C.)

§ 183.245 *Storekeeper-gauger's records.* Heads and tails will be carried by the storekeeper-gauger on Form 1592 as unfinished spirits until gauged and destroyed or removed for denaturation, whereupon appropriate entries will be made on such form and Form 1513 Supplemental, "Storekeeper-Gauger's Return of Distilled Spirits Removed from Cistern Room at Distillery No. ----," covering disposition of such distillate.\* (Sec. 2916, I.R.C.)

§ 183.246 *Distiller's records.* Heads and tails will likewise be carried by the distiller on Form 1598 as unfinished spirits until gauged and destroyed or removed for denaturation, whereupon ap-

propriate entries will be made on such form covering the disposition of such distillates. When the distillate is removed for denaturation the distiller shall also make appropriate entries on Form 52C.\* (Sec. 2916, I.R.C.)

§ 183.247 *District supervisor's account.* The district supervisor will enter the removal for denaturation, destruction, and tax-payment (if any) of distillates containing one-half of 1 percent or more of aldehydes or 1 percent or more of fusel oil in his cistern room account, Form 1514 Supplemental.\* (Sec. 2916, I.R.C.)

#### *Collection and Removal of Distilled Water*

§ 183.248 *Collection.* If distilled water is collected at the distillery, it must be run into storage tanks provided in accordance with section 183.49 and retained therein until drawn off and removed as hereinafter provided.\*

§ 183.249 *Removal.* Distilled water must be drawn off into barrels or other containers prior to removal from the distillery premises: *Provided,* That such water may be transferred off the distillery premises to contiguous plants operated under internal revenue laws, including tax-paid bottling houses, by means of an independent pipe line constructed and installed in accordance with the provisions of section 183.54. Distilled water must under no circumstances be drawn off or removed through the cistern room or the bonded warehouse. Barrels or other wooden containers in which distilled spirits were previously packaged may not be used for the removal of distilled water.\*

§ 183.250 *Marking of packages.* If distilled water is drawn into packages for removal from the distillery premises, such packages must be marked by the distiller with his name, distillery number, location (city or town and State), the words, "Distilled Water," and the date of removal, in distinct and legible letters.\*

§ 183.251 *Supervision of removal.* All distilled water when drawn into packages for removal, or when removed by pipe line, must be inspected by the storekeeper-gauger and removed under his immediate supervision. The storekeeper-gauger will enter all removals of distilled water on Form 1592, as indicated by the columns and lines provided therefor and in accordance with the instructions on the form.\*

#### *Collection and Removal of Fusel Oil*

§ 183.252 *Collection.* If fusel oil is collected at the distillery, it must be run into locked tanks provided for the purpose in accordance with section 183.48, and retained therein until tested and removed from the distillery premises or transferred to storage tanks.\*

§ 183.253 *Storage.* Where fusel oil is transferred from the tanks in which it is collected in the course of distillation to storage tanks for temporary storage

pending removal from the distillery premises, it must be tested as provided in the following section immediately before being deposited in the storage tanks and immediately before being drawn therefrom into shipping containers.\*

§ 183.254 *Removal.* The removal of fusel oil from the distillery will be permitted upon compliance with the following requirements:

(a) *Washing and purifying.* The oil must first be thoroughly washed and purified, and before being removed from the tanks in which collected or stored it must be well mixed and a sample drawn from each tank into a test tube to be provided by the proprietor for use by the storekeeper-gauger in determining whether the oil is substantially free from alcohol.

(b) *Test tube.* The test tube is of glass, bulb-shaped, and closed at one end, having a graduated scale marked upon the glass in degrees from 0 near the top to 100 near the swell of the bulb. The bulb shall contain three times as much liquid as that portion of the tube which is graduated from 0 to 100.

(c) *Test.* The tube having been filled with saturated salt solution up to the mark 100, oil shall be added until the tube is filled to the mark 0. The oil and saturated salt solution shall then be thoroughly mingled by violently agitating the contents of the tube. If, after sufficient time has been allowed for the oil to separate fully from the saturated salt solution and resume its position at the top of the tube, the scale shall show that not more than 10 degrees or 10 percent of the oil has disappeared or been dissolved in the saturated salt solution, the oil shall be passed as merchantable, that is to say, containing so small a quantity of alcohol as to remove all practical possibility of recovering the same, but if over 10 degrees of oil disappears the oil shall not be considered as sufficiently purified, and may not be removed in that condition.

(d) *Saturated salt solution.* The saturated salt solution to be used is a solution of common table salt in water, containing all the salt which the water is capable of dissolving. The solution is to be provided by the distiller.

(e) *Containers.* Fusel oil which meets the requirements of the prescribed test may be removed from the distillery in barrels, drums, or similar packages or tank cars. Packages containing such fusel oil shall be marked by the distiller with his name, distillery number, location (city or town and State), the words "Fusel Oil," and the date of removal, in distinct and legible letters. When removal is made in tank cars the distiller will affix to each car a label containing such data.

(f) *Supervision.* All fusel oil must be removed from the distillery under the immediate supervision of the storekeeper-gauger.

(g) *Record of removal.* The storekeeper-gauger will enter all removals of fusel oil and the percentage of loss shown

upon the tests thereof on Form 1592, as indicated by the columns and lines provided therefor on the form.

(h) *Disposition of washwater.* The water used for washing or purifying the oil in the tanks may be conveyed directly to the still, or it may be run into a receiving tank or into the sewer, or it may be otherwise destroyed on the premises. If the washwater is run into a receiving tank, it will be handled the same as washwater from carbon dioxide (see section 183.255).\*

#### *Recovery and Removal of Carbon Dioxide*

§ 183.255 *Procedure.* Carbon dioxide may be recovered from fermenters and removed from distillery premises, provided it is first thoroughly washed or scrubbed and purified to remove the alcohol therefrom. Where carbon dioxide is recovered, the washwater may be collected in a receiving tank and, after the quantity and alcoholic content are determined by the storekeeper-gauger, it may be transferred by pipe line to a mash tub or fermenter, or to the beer well. An approved ebullimeter shall be used in determining the alcoholic content of the washwater. Where the washwater is transferred to the fermenter for mixing with the beer, the transfer must be made prior to the testing of the beer by the storekeeper-gauger at the time of distillation. Where the washwater is transferred to the beer well, the number of gallons and the alcoholic content thereof will be interlined on Part 1 of Form 1592 and included in determining the calculated yield. The date, the number of gallons, the alcoholic content, and the disposition of such washwater will be reported by the storekeeper-gauger on Form 1592 under "Special Operations or Conditions." If the washwater is not utilized in the manufacture of distilled spirits, it will be run into the sewer or otherwise destroyed on the premises under the supervision of the storekeeper-gauger.\*

#### ARTICLE XXII—THE TAX ON DISTILLED SPIRITS

§ 183.256 *Rate of tax.* The law imposes a tax on distilled spirits produced in or imported into the United States at the rate of \$2.25 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon, to be paid when withdrawn from bond, except brandy distilled at less than 190 degrees proof, on which the tax is imposed at the rate of \$2 on each proof gallon or wine gallon when below proof and a proportionate tax at a like rate on all fractional parts of such proof or wine gallon.\* (Sec. 2800 (a), I.R.C.)

§ 183.257 *Attachment of tax.* Under the law, the tax attaches to distilled spirits as soon as such substance comes into existence as such, whether it be subsequently separated as pure or impure spirit, or be immediately, or at any subsequent time, transferred into any other

substance, either in the process of original production or by any subsequent process.\* (Sec. 2800 (c), I.R.C.)

§ 183.258 *Persons liable for tax.* The law provides that every proprietor or possessor of, and every person in any manner interested in the use of, any still, distillery, or distilling apparatus, shall be jointly and severally liable for the taxes imposed by law on the distilled spirits produced therefrom.\* (Sec. 2800 (d), I.R.C.)

#### *Lien for Tax on Distilled Spirits*

§ 183.259 *Tax to be first lien.* Except as provided in section 183.261, the tax on distilled spirits becomes, under the law, a first lien on the spirits distilled, the distillery used for distilling the same, the stills, vessels, fixtures, and tools therein, the lot or tract of land whereon said distillery is situated, and on any building thereon, from the time said spirits are in existence as such until the tax is paid.\* (Sec. 2800 (e), I.R.C.)

§ 183.260 *Assessments become lien.* Except as provided in section 183.261, all assessments made by the Commissioner upon examination of the distiller's monthly return, become a lien, from the time the assessment is made until the same shall have been paid, on all distilled spirits on the distillery premises, the distillery used for distilling the same, the stills, vessels, fixtures, and tools therein, the tract of land whereon the said distillery is located, and any building thereon.\* (Sec. 2846, I.R.C.)

§ 183.261 *Exemption from lien.* No lien attaches to any lot or tract of land, distillery, building, or distilling apparatus by reason of distilling done during any period included within the term of any bond taken on Form 3-A, pursuant to section 183.75.\* (Sec. 2800 (e), I.R.C.)

§ 183.262 *Extinguishment of lien.* Any lien under Section 2800 (e) (1), I.R.C., on any land, or any building thereon, shall be held to be extinguished if (1) such land and building are no longer used for distillery purposes, and (2) there is no outstanding liability for taxes or penalties imposed by law on the distilled spirits produced therein, and (3) no litigation is pending in respect to any such tax or penalty.\* (Sec. 2800 (e) (3), I.R.C.)

§ 183.263 *Certificate of discharge of lien.* Any person claiming any interest in any such land or building may apply to the district supervisor for a duly acknowledged certificate to the effect that such lien is discharged and, if the Commissioner determines that any such lien is extinguished, the district supervisor shall issue such certificate, and any such certificate may be recorded.\* (Secs. 2800 (e) (4), 3170, I.R.C.)

#### ARTICLE XXIII—SAMPLES OF DISTILLED SPIRITS

§ 183.264 *Unfinished spirits.* The distiller may take samples of spirits in the course of distillation and prior to

their deposit in the cistern room. Each sample may not exceed one-half pint and the total number of samples must be restricted to the minimum necessary to determine the quality of the spirits being produced.\*

§ 183.265 *Finished spirits.* The distiller may take from the cistern room of the distillery samples of distilled spirits for chemical analysis or organoleptic examination only. Such samples may not exceed one pint for each distillation of each kind of distilled spirits produced daily.\*

§ 183.266 *Application.* When the distiller desires to procure such samples, he shall make application in triplicate to the district supervisor. The application should specify the reasons why the samples are desired, the number and size of the samples to be taken, and the place or places of removal. Where it is desired to take samples from the distillery regularly for the purpose specified, the application may be made for that purpose. No samples may be taken until the application is approved.\*

§ 183.267 *Approval of application.* The district supervisor must satisfy himself as to the need for the number of samples desired and the legitimacy of the purpose for which they are to be used before approving the application. If the district supervisor approves the application, he will return one copy to the applicant, forward one copy to the storekeeper-gauger at the distillery, and retain the other copy in his office.\*

§ 183.268 *Removal under supervision.* All samples of finished and unfinished spirits must be taken under the immediate supervision of the storekeeper-gauger.\*

§ 183.269 *Label.* Each bottle containing a sample of distilled spirits must have affixed thereto by the distiller a label showing the name of the distiller, the kind of spirits, the word "Sample," and a statement that the spirits are for analytical purposes or organoleptic examination. The label may contain such other identifying data as the distiller may desire to place thereon. Red strip stamps will not be affixed to the bottles.\*

§ 183.270 *Office record.* The storekeeper-gauger will keep an office record of the samples taken, giving the date, number, quantity in wine and proof gallons, and the proof. If the distiller operates an internal revenue bonded warehouse on or contiguous to the distillery premises, the same record may be used for samples taken from the warehouse in accordance with governing regulations. The storekeeper-gauger will also report the total number and the quantity in wine and proof gallons of samples taken at the distillery during the month on Form 1592, under "Special Operations or Conditions."\*

§ 183.271 *Disposition of samples.* The samples must be used solely for chemical analysis or organoleptic examination. They may not be furnished to salesmen and dealers for advertising or soliciting



purposes. The district supervisor may, upon application to him in each instance, authorize the distiller to furnish a sample of not exceeding 1 pint of a given lot of spirits to a purchaser, where the spirits have been sold subject to approval as to quality. Remnants or residues of samples taken from the distillery or cistern room, remaining after analysis or examination and which are not desired to be retained as laboratory specimens or for further analysis or examination, should be returned to vessels in the distilling system containing similar spirits, unless the condition of the remnants or residues is such as to render them unsuitable for such disposition. If such remnants or residues of samples are unsuitable for return to the distilling system, they should be destroyed.\*

ARTICLE XXIV—TAX-PAYMENT, REMOVAL, AND TRANSFER OF DISTILLED SPIRITS FROM CISTERN ROOM

*Spirits Produced Under Section 2883, I. R. C.*

§ 183.272 *Authorized removals.* Under the law, distilled spirits produced at registered distilleries at a proof in excess of 159 degrees and reduced in the receiving cisterns thereof to not more than 159 and not less than 100 degrees of proof may be:

(a) Transferred by means of pipe lines direct to storage tanks in an internal revenue bonded warehouse on the bonded premises where produced, and warehoused in such storage tanks;

(b) Drawn into approved containers and transferred to any internal revenue bonded warehouse for storage therein;

(c) Tax-paid in approved containers in the distillery cistern room, without being entered into an internal revenue bonded warehouse;

(d) Transported, upon tax-payment, in approved containers for use for beverage purposes only.\* (Sec. 2883, I.R.C.)

*Spirits Produced Under Section 2878, I. R. C.*

§ 183.273 *Removal to warehouse required.* Under the law, distilled spirits, which, before reduction in the receiving cisterns, are of a composite proof of not more than 159 degrees shall be drawn into casks or packages and thereupon shall be gauged, proofed, and marked, and immediately removed into an internal revenue bonded warehouse.\* (Sec. 2878, I.R.C.)

*Rum for Denaturation*

§ 183.274 *Removal by pipe line.* Under the law, rum of not less than 150 degrees proof may be removed, for denaturation, from distillery receiving cisterns by pipe line direct to a denaturing bonded warehouse located on the distillery premises or to storage tanks in an internal revenue bonded warehouse on the distillery premises and from such warehouse storage tanks to the denaturing bonded warehouse.\* (Sec. 3070, I.R.C.)

*Containers*

§ 183.275 *For spirits under section 2883, I.R.C.* Distilled spirits produced at a proof in excess of 159 degrees and reduced in the receiving cisterns to not more than 159 and not less than 100 degrees of proof may be drawn from such cisterns into casks, barrels, or similar wooden packages, or into drums, or similar metal packages, having a capacity of not less than 10 wine gallons each, or into railroad tank cars, and tax-paid or transferred to any internal revenue bonded warehouse for storage therein. The spirits may be drawn into railroad tank cars only in case the premises of the distiller and the consignee are equipped with suitable railroad siding facilities. Such railroad siding facilities must, in the case of transfers in bond, extend into the receiving warehouse.\* (Sec. 2883, I.R.C.)

§ 183.276 *Tank wagons and tank trucks.* The transportation of distilled spirits in tank wagons or tank trucks will not be permitted.\* (Secs. 2820, 2878, 2883, I.R.C.)

§ 183.277 *For spirits under section 2878, I.R.C.* Distilled spirits which, before reduction in the receiving cisterns, are of a composite proof of not more than 159 degrees shall be drawn into casks, barrels, or similar wooden packages, or into drums, or similar metal packages, having a capacity of not less than 10 wine gallons each: *Provided*, That such spirits may, for the purpose of exportation only, be so drawn into wooden packages, each containing two or more metallic cans having a capacity of not less than 5 wine gallons each. The construction of such wooden packages for exportation, and the filling, marking, and branding thereof, must conform to the specifications set forth in the regulations governing the warehousing of distilled spirits.\* (Sec. 2878, I.R.C.)

*Drawing Off, Gauging, and Removal of Spirits*

§ 183.278 *Drawing off spirits.* Distilled spirits must be drawn from the receiving cisterns on or before the third day following the deposit of the same therein. When spirits are to be drawn from a receiving cistern the storekeeper-gauger will see that the valve in the pipe line controlling the flow of spirits into the cistern and the valve in any connecting overflow pipe line are closed and locked before the spirits in the cistern are reduced and proofed, and that such valves remain closed and locked until all spirits have been drawn from the cistern. Whenever spirits are to be drawn from receiving cisterns or transferred into or out of other tanks secured with Government locks, the storekeeper-gauger will open and close the locks, but it shall be the duty of the distiller to manipulate the stop-cocks or valves controlling the flow of the spirits. The storekeeper-gauger assigned to the cistern room is required to be present and personally supervise

the drawing off of all spirits in the receiving cisterns, the marking and branding of all packages of spirits filled therefrom, and the stamping of all packages tax-paid directly from the cistern room. He will also see that all mechanical duties connected with such operations are properly performed as provided herein and in the Gauging Manual.\* (Sec. 2820, I.R.C.)

§ 183.279 *Gauging of spirits.* All distilled spirits drawn from receiving cisterns will be carefully gauged by the storekeeper-gauger and reported on Form 1520. All of the information indicated by the headings of the various columns and lines and the instructions printed on the form will be furnished. The storekeeper-gauger shall in every instance note on Form 1520 the proof of distillation of the spirits gauged. Distilled spirits drawn into casks, barrels, drums, or similar packages shall be gauged according to the rules prescribed in the Gauging Manual. Distilled spirits to be transferred by pipe line from receiving cisterns shall also be gauged in accordance with the rules prescribed in the Gauging Manual, except that the weight of the spirits will be determined by means of weighing tanks, as provided in section 183.281.\* (Sec. 2878, I.R.C.)

§ 183.280 *Time of removal from cistern room.* The spirits must be removed from the cistern room on the same day they are drawn from the receiving cisterns, except that where they are drawn into approved containers for tax-payment without being entered into a warehouse, or are drawn into such containers for deposit in an internal revenue bonded warehouse off the distillery premises, the same may be placed in a temporary storage room within the cistern room, provided in accordance with section 183.26, and permitted to remain therein for such period as may be reasonably necessary to accomplish tax-payment or removal for such deposit, but not more than three days, except in cases of emergency, and then only with the approval of the district supervisor. While spirits are stored in such temporary storage room it will be kept securely locked at all times, except when necessary to be open for the deposit or removal of spirits. The entrance door will be secured with a Government seal lock, the key to which will remain at all times in the custody of the storekeeper-gauger.\* (Sec. 2820, I.R.C.)

§ 183.281 *Weighing spirits removed by pipe line.* When spirits are to be removed by pipe line the same will be weighed in a weighing tank, and the correct weight will be recorded by the storekeeper-gauger in the proper column of Form 1520. The storekeeper-gauger will balance the scales upon which the weighing tank is mounted before the spirits are run into such tank. Scales used for weighing spirits in lots of not over 500 gallons will be tested from time to time, under the supervision of the storekeeper-gauger, by means of test weights provided

in accordance with section 183.38. Such scales will be tested by placing the prescribed test weights on the scales and checking the weights registered on the beam of the scales. The test weights will then be removed without disturbing the beam and the weighing tank filled with spirits or water to the same weight, whereupon the test weights will again be placed upon the scales, the spirits or water being retained in the tank and the weight registered on the beam checked. This operation will be continued until the scales have been checked in 500-pound notches at all weights for which the scales are used. Distillers will have scales used for weighing spirits in larger lots tested and their accuracy certified by State, county, or city departments of weights and measures at intervals of not more than six months. The storekeeper-gauger will not permit the use of any scales not so tested or which upon testing are found to be inaccurate.\* (Sec. 2883, I.R.C.)

§ 183.282 *Pipe-line removals.* Pipe lines used for the transfer of spirits from the cistern room to storage tanks in an internal revenue bonded warehouse or to a denaturing bonded warehouse on the distillery premises or to railroad tank cars for shipment must conform to the requirements of section 183.54, except that spirits may be transferred into a tank car by means of a hose connection where the same is in full view of the Government officer throughout its entire length. The valves on such pipe lines shall be kept closed and locked at all times, except when necessary to be open for the transfer of spirits. The keys to all locks on the valves of pipe lines shall remain at all times in the custody of the storekeeper-gauger in charge of the distillery cistern room, except that if a storekeeper-gauger is exclusively assigned to the internal revenue bonded warehouse or the denaturing bonded warehouse such storekeeper-gauger shall have custody of the keys to locks within the warehouse to which he is assigned. Spirits may be transferred by pipe line only under the immediate supervision of the storekeeper-gauger.\* (Sec. 2883, I.R.C.)

*Addition of Oak Chips to Packages of Spirits*

§ 183.283 *Time of addition.* Distillers may add oak chips which have not been treated with any chemical to packages of distilled spirits. Except as provided in the following section, the oak chips must be put into the package before the package is filled. When the chips are so added, the tare of the package will be determined after the addition of the chips, and the storekeeper-gauger will make a notation on the entry Form 1520 to the effect that chips were added to the package and included in the tare.\*

§ 183.284 *Addition to packages in warehouse.* Oak chips which have not been treated with any chemical may be added to packages of distilled spirits in warehouses only where the spirits are shown

to be unmerchantable by reason of being deficient in color, and, where the packages were filled subsequent to November 1, 1935, it is shown that the failure to add the requisite chips prior to the filling of the packages was due to no negligence or fault of the distiller. In such cases, application must be filed with the district supervisor by the distiller or warehouseman, showing the serial numbers of the packages, the name of the producing distiller, the quantity (in pounds) of oak chips to be added to each package, the size and kind of packages, and the necessity for the addition of the chips to the spirits. The district supervisor will cause the spirits to be inspected, and, when deemed advisable, he will have representative samples of the spirits taken by the storekeeper-gauger and submitted to the nearest Bureau branch laboratory for examination to determine whether the spirits are deficient in color. If the spirits are found to be unmerchantable owing to color deficiency, the district supervisor may permit the addition, under the immediate supervision of the storekeeper-gauger, of the required amount of oak chips to each of the packages after the spirits have been regauged for tax-payment and prior to the purchase and affixing of the tax-paid stamps. The storekeeper-gauger will, in such cases, note on his report of the withdrawal regauge, Form 1520, the quantity (in pounds) of oak chips added to the package after such regauge.\*

*Marking, Branding, and Stamping of Packages*

§ 183.285 *General.* The determination and marking of the weight (tare) on empty packages and the storage of packages so marked which are not filled until the following day shall be in accordance with the provisions of the Gauging Manual. All packages of spirits when filled shall be further marked and branded as provided in the Gauging Manual; and where such packages are tax-paid, the tax-paid stamps shall be affixed thereto and canceled in the manner prescribed in such manual.\* (Secs. 2808, 2878, 2883, I.R.C.)

§ 183.286 *Numbering of packages.* Packages filled with distilled spirits at the distillery shall be serially numbered, beginning with number 1 for the first package filled and continuing in regular sequence: *Provided,* That the series in current use at existing distilleries will be continued. Where there is a change in the trade name or style, or in the proprietorship of the business, the series in use at the time of such change will be continued. A new series will be used where there is a change in the type of plant; but use of the prior series will be resumed when the plant is again operated as a registered distillery. When the serial numbers of packages filled at any distillery have reached the number 1,000,000, the distiller may, if he so desires, begin a new series, commencing with number 1 preceded or followed by a letter to dis-

tinguish it from the prior series, as 1A, 2A, etc., and when the number 1,000,000, so distinguished, is again reached the distiller may begin another series distinguished by the second letter of the alphabet, as 1B, 2B, etc., and subsequent series, distinguished by other letters of the alphabet in order, may likewise be commenced.\* (Secs. 2808, 2878, 2883, I.R.C.)

§ 183.287 *Distiller to mark and brand packages.* The prescribed marks and brands peculiar to individual packages, whether the same are required to be cut, burned, imprinted, or stenciled, shall be placed upon the package by the distiller, under the supervision of the storekeeper-gauger.\* (Sec. 2878 (d), I.R.C.)

§ 183.288 *Mechanical labor.* All mechanical labor pertaining to the gauging of packages of spirits at distillery cistern rooms shall be performed by the distiller.\* (Sec. 2878 (d), I.R.C.)

§ 183.289 *Testing of scales.* The storekeeper-gauger shall balance the scales before weighing either empty or filled packages, and will frequently test, by means of test weights provided in accordance with section 183.38, the accuracy of such scales. During the process of weighing he shall personally verify the weight of each package and record it in the proper column of Form 1520.\* (Sec. 2808, I.R.C.)

§ 183.290 *Proofing of spirits.* The storekeeper-gauger shall personally take the proof of all spirits gauged and enter the same on Form 1520. The storekeeper-gauger will follow strictly the instructions set forth in the Gauging Manual respecting the proofing of spirits, in order that the proof may be accurately determined.\* (Sec. 2808, I.R.C.)

§ 183.291 *Verification of marks and brands.* The storekeeper-gauger shall verify the gross weight, tare, net weight, wine gallons, proof, and proof gallons marked on the packages, by comparison with his gauge sheet, Form 1520, and shall satisfy himself of the accuracy and correctness of the marks and brands, and stamps (if any).\*

§ 183.292 *Obliteration of stamps and marks and brands on empty packages.* When packages of distilled spirits are emptied, all stamps and marks and brands required to be placed thereon must be completely effaced and obliterated. Where a portion of a stamp is cut out for submission to the district supervisor, when packages are dumped for rectification or for bottling without rectification, the remnant remaining affixed to the package must be completely effaced and obliterated when the package is emptied.\* (Sec. 2866, I.R.C.)

*Tax-Payment in Packages*

§ 183.293 *Application, Form 179.* Whenever the distiller desires to tax-pay and remove in packages direct from the cistern room distilled spirits produced at a proof in excess of 159 degrees and reduced to not more than 159 and not less than 100 degrees of proof, he shall execute application therefor on Form 179, in

quadruplicate, and deliver all copies to the storekeeper-gauger.\* (Sec. 2883, I.R.C.)

§ 183.294 *Gauge and tax-payment.* The packages will be gauged and marked and branded in accordance with the Gauging Manual. The details of the gauge will be entered by the storekeeper-gauger on Form 1520, in quadruplicate. Three copies of Form 1520, accompanied by all copies of Form 179 with the storekeeper-gauger's report thereon duly executed, will be delivered by the storekeeper-gauger to the distiller. The distiller will then forward all copies of both forms to the collector of internal revenue with remittance in cash or by certified check or post office money order for the tax.\* (Secs. 2883, 3656, 4017, I.R.C.)

§ 183.295 *Issuance of tax-paid stamps.* The collector will issue the requisite tax-paid stamps. Each tax-paid stamp shall bear the signature of the collector, who shall write or stamp thereon the date of payment of the tax, by whom paid, the number of gallons and tenths of gallons of proof spirits, serial number of cask, and location of the distillery. Facsimile signatures of collectors may be affixed by the use of hand stamps to the tax-paid stamps, care being taken to use only such ink as will neither fade nor blur. The collector will enter the serial numbers of the stamps in the appropriate spaces on all copies of Forms 179 and 1520, sign the certificate of tax-payment on each copy of Form 179, retain one copy of each Form 179 and Form 1520 and return the remaining three copies of Form 179 and two copies of Form 1520 to the distiller with the stamps.\* (Sec. 2802 (a), I.R.C.)

§ 183.296 *Removal of spirits.* The distiller shall immediately deliver all copies of Form 179 and Form 1520, with the tax-paid stamps, to the storekeeper-gauger, who will verify the data thereon with his retained copy of Form 1520 and, if no discrepancies are found, he will note the serial numbers of the stamps on the retained copy of Form 1520 and, after affixing his signature to the stamps, will return them to the distiller. The distiller will stamp, mark, and brand the packages, as provided in the Gauging Manual, after which he will remove the spirits immediately. When the spirits have been removed, the storekeeper-gauger will execute his statement of the date of withdrawal on the three copies of Form 179, retain one copy each of Form 179 and Form 1520, deliver one copy of each to the distiller, and forward one copy of each to the district supervisor.\* (Secs. 2878, 2883, 3170, I.R.C.)

*Tax-Payment in Railroad Tank Cars*

§ 183.297 *Application, Form 179.* Whenever the distiller desires to withdraw distilled spirits produced at a proof in excess of 159 degrees and reduced to not more than 159 and not less than 100 degrees of proof, direct from receiving cisterns for immediate tax-payment and

removal in railroad tank cars, he shall execute application therefor on Form 179, in quadruplicate. The distiller shall state, in addition to the other applicable data on the form, the approximate quantity to be withdrawn and that transportation is to be by tank car. All copies of Form 179 shall be delivered to the storekeeper-gauger, whereupon such spirits will be run into a weighing tank and gauged for removal. The storekeeper-gauger shall enter the details of the gauge on Form 1520, in quintuplicate. The proof at which the spirits were distilled and the number and name or symbols of the owner of the tank car shall, in every instance, be noted by the storekeeper-gauger on Form 1520. The storekeeper-gauger will execute his report on each copy of Form 179 and will return all copies thereof, with four copies of Form 1520 attached, to the distiller, who will enter in the space provided therefor on each copy of Form 179 the description of the spirits gauged.\* (Sec. 2883, I.R.C.)

§ 183.298 *Application for certificate of tax-payment, Form 1594.* The distiller will forward all copies of Form 179 and Form 1520, with Form 1594, "Application for Collector's Certificate of Tax-Payment of Distilled Spirits for Shipment in Tank Cars," in duplicate if the vendee is located in the same supervisory district and in triplicate if the vendee is located in a different supervisory district, accompanied by proper remittance for the tax, to the collector of internal revenue. The collector may in his discretion accept uncertified checks in payment of the tax on spirits contained in tank cars where certificates are issued in lieu of stamps.\* (Sec. 2883, I.R.C.)

§ 183.299 *Certificate of tax-payment, Form 1595.* The collector will note the tax-payment in the columns on all copies of Form 179 and Form 1520 provided for entering the serial numbers of tax-paid stamps, execute his certificate of tax-payment on Form 179, and issue Form 1595, "Collector's Certificate of Tax-Payment of Distilled Spirits for Shipment in Tank Cars." The collector shall fill in all the required data in the blank spaces on the certificate, except those provided in the lower left corner for the verification of the storekeeper-gauger, and shall date and sign the certificate, in the same manner as a tax-paid stamp is required by section 183.295 to be filled in and dated and signed. This certificate is not negotiable and shall not be used on any tank car other than the one described therein. The collector will enter on the original and the copy, or copies, of Form 1594, in the space provided, the serial number, date, and amount of the certificate issued. The collector will retain one copy each of Form 179 and Form 1520, and the original copy of Form 1594. He will mail or deliver the certificate (Form 1595) and the original and remaining copies of Form 179 and Form 1520 to the vendor, or his designated agent, in

accordance with the vendor's request in Form 1594. The collector will send one copy of the application (Form 1594) to the district supervisor. Where the vendee is located in a different supervisory district, the collector will send the remaining copy of Form 1594 to the supervisor of the district in which the vendee is located.\* (Sec. 2883, I.R.C.)

§ 183.300 *Route board.* Railroad tank cars used for the transportation of tax-paid distilled spirits must be equipped with a route board at least 10 by 12 inches in size, to which Form 1595 can be attached. Such board shall be of substantial material and shall be affixed permanently and securely to the tank car by roundheaded or carriage bolts, nutted and riveted, battered or welded.\* (Sec. 2883, I.R.C.)

§ 183.301 *Bill of lading.* The distiller shall incorporate in the bill of lading a description of Form 1595, as follows:

Form 1595, "Collector's Certificate of Tax-Payment of Distilled Spirits for Shipment in Tank Cars"

Serial No.-----	Owner and No. of car.-----
Vendor-----	Address-----
Vendee-----	Address-----

Where no bill of lading is issued, as in the case of transfer of a tank car between plants by switching arrangement, the distiller shall incorporate in Form 1520 such description of Form 1595.\* (Sec. 2883, I.R.C.)

§ 183.302 *Storekeeper-gauger's verification.* The distiller shall give the certificate of tax-payment (Form 1595), the bill of lading (if any), and all copies of Form 179 and Form 1520, to the storekeeper-gauger at the distillery. The storekeeper-gauger will verify the contents of the tank car and the description of Form 1595 in the bill of lading or Form 1520, as the case may be, and will determine the security of the route board, and date and sign the certificate in the space provided therefor. The distiller shall then affix the certificate to the route board in the presence of the storekeeper-gauger. The certificate must be securely affixed to the route board with a good adhesive and with a tack in each corner, after which it will be canceled in the same manner as a tax-paid stamp after attachment to a package, and covered with a coating of transparent varnish, shellac, or lacquer, to prevent its easy removal or alteration.\* (Sec. 2883, I.R.C.)

§ 183.303 *Release of tank car.* When the certificate of tax-payment has been affixed to the route board and canceled, the storekeeper-gauger will return the bill of lading (if any) to the vendor, release the tank car for shipment, and note on all copies of Form 1520 the date of the release of the tank car. The storekeeper-gauger will forward one copy of Form 179 and Form 1520 to the district supervisor, retain one copy of each form, and deliver one copy of Form 179 and two copies of Form 1520 to the distiller, who will forward one copy of

Form 1520 to the vendee.\* (Secs. 2883, 3170, I.R.C.)

*Procedure When Tank Car Is Empty*

§ 183.304 *Scalping certificate.* When distilled spirits are received in a tank car by the proprietor of a rectifying plant, a tax-paid bottling warehouse, or other vendee authorized to receive tax-paid distilled spirits in tank cars for beverage purposes, the vendee shall at the time the car is emptied, scalp the certificate of tax-payment, Form 1595, by cutting out all of that portion of the certificate within the border. The vendee shall then send the scalped portion of the certificate to the supervisor of the district in which the vendee is located, and shall obliterate the remainder of the certificate. If the tank car is received without the certificate attached thereto, the vendee shall note such fact on the bill of lading or Form 1520 and immediately notify the district supervisor, who will cause such inquiry to be made respecting the shipment and receipt of the car as he may deem appropriate. Where a tank car with the certificate missing is received at a plant where a storekeeper-gauger is assigned, such storekeeper-gauger will furnish a complete report to the district supervisor.\* (Sec. 2883, I.R.C.)

§ 183.305 *Vendee's use of Form 1520.* The report of gauge, Form 1520, sent to the vendee by the vendor shall be attached to the storage tank in the rectifying plant, tax-paid bottling warehouse, or premises of other vendee authorized to receive the spirits. The proprietor shall enter the date and quantity of removals from the storage tank in the blank space on such Form 1520. The report of gauge shall be kept on the tank until such time as the quantity covered by such report has been withdrawn from the tank. The report shall then be filed by the proprietor, available for inspection by Government officers. If the spirits are transferred directly from the tank car into a bottling tank, the vendee shall make a notation to that effect on the Form 1520 and file it. The requirements of this section shall not preclude use of the spirits prior to receipt of Form 1920.\*

§ 183.306 *Comparison of scalped certificate with application.* The district supervisor will compare the scalped certificate with the copy of the application as to names of vendor and vendee, number of gallons of distilled spirits, the amount of tax, etc., and investigate any discrepancy. He will then send the copy of the application to the Commissioner, and, where there is a discrepancy, a report of his findings relative thereto.\*

*Deposit in Warehouse Operated on Distillery Premises by the Distiller*

§ 183.307 *Gauge of spirits, Form 1520.* Distilled spirits which are to be entered for deposit in an internal revenue bonded warehouse operated on the dis-

tillery premises by the distiller shall be drawn into packages, and gauged, marked, and branded, and then immediately deposited in such warehouse, or shall be run into a weighing tank and immediately gauged and transferred by pipe line into storage tanks in such warehouse. Only spirits produced at a proof in excess of 159 degrees and reduced in the receiving cistern to not more than 159 and not less than 100 degrees proof, or rum of not less than 150 degrees proof intended for denaturation, or brandy produced at a fruit distillery, may be deposited in such warehouse storage tanks. The spirits will be transferred to the warehouse under the immediate supervision of the storekeeper-gauger. The storekeeper-gauger will enter the details of the gauge on Form 1520, in triplicate. He will also note on each copy of Form 1520 the proof at which the spirits were distilled and, if transferred to a warehouse storage tank, the serial number thereof. Upon completion of the form, the storekeeper-gauger will deliver all copies thereof to the distiller for the execution of his entry of the spirits for deposit.\* (Secs. 2778, 2883, 4017, I.R.C.)

§ 183.308 *Distiller's entry for deposit.* The distiller's entry for deposit shall be executed in the following form:

-----  
(Date)  
The distilled spirits described herein are hereby entered for deposit in Internal Revenue Bonded Warehouse No. -----, State of -----  
-----  
(Distiller)

The entry shall be executed on the same date that the spirits are removed from the distillery. After execution of the entry, the distiller shall return the three copies of Form 1520 to the storekeeper-gauger, who will retain one copy as a permanent record of the deposit of the spirits in the warehouse, forward one copy to the district supervisor, and deliver one copy to the distiller.\* (Secs. 2879 (a), 3170, I.R.C.)

§ 183.309 *Mixing of different spirits prohibited.* The product of two or more distillers shall not be mingled in a storage tank; nor shall spirits distilled from different materials or different combinations of the same materials at less than 190 degrees proof, or which differ in kind according to the standards of identity established by the Federal Alcohol Administration, be mingled in a storage tank; nor shall spirits distilled during different distilling seasons, or at proofs differing more than 10 degrees, be so mingled.\* (Sec. 3254 (g), I.R.C.)

§ 183.310 *Sufficiency of bond.* Where the bond covering the operation of an internal revenue bonded warehouse on the distillery premises is given in less than the maximum penal sum of \$200,000, the district supervisor will inform the storekeeper-gauger in charge of the warehouse of the penal sum of the warehouse bond on file and the storekeeper-gauger will see that the quantity

of spirits deposited in the warehouse is within the limits of the bond.\*

*Deposit in Warehouse Operated by Distiller on Contiguous Premises*

§ 183.311 *Procedure.* Where the distiller operates an internal revenue bonded warehouse on premises contiguous to the distillery premises, and the location of the warehouse is such that the storekeeper-gaugers assigned to the cistern room and the warehouse are able to maintain the same supervision of the deposit in such warehouse of spirits produced at the distillery as is required in the case of the deposit in a warehouse on the distillery premises of spirits produced at such distillery, the distiller may deposit spirits in packages and other approved containers in such contiguous warehouse in accordance with the procedure hereinbefore prescribed for the deposit of spirits in an internal revenue bonded warehouse operated by the distiller on the distillery premises, except that where separate Government offices are maintained for the distillery and the warehouse an extra copy of Form 1520 will be prepared and one copy of such form will be filed in each Government office. When spirits are so deposited, the storekeeper-gauger assigned to the cistern room will in each instance deliver directly to the storekeeper-gauger at the warehouse a copy of the Form 1520 covering the gauge of the packages, and the storekeeper-gauger at the warehouse will see that all of the packages are duly deposited in the warehouse. Where the spirits cannot be deposited under such direct supervision, the procedure prescribed in sections 183.313 to 183.326, inclusive, will be followed. Spirits may not be transferred by pipe line from the distillery to such contiguous warehouse.\* (Secs. 2878, 2883, I.R.C.)

§ 183.312 *Sufficiency of bond.* Where the bond covering operation of an internal revenue bonded warehouse on premises contiguous to the distillery premises is given in less than the maximum penal sum of \$200,000, and spirits produced at the distillery are deposited in such warehouse in accordance with the procedure prescribed in the preceding section, the district supervisor will inform the storekeeper-gauger in charge of the warehouse of the penal sum of the warehouse bond on file, and the storekeeper-gauger will see that the quantity of spirits deposited in the warehouse is within the limits of the bond.\*

*Transfer to Warehouse Off Distillery Premises in Same District, Except Warehouse Operated by Distiller on Contiguous Premises*

§ 183.313 *Application, Form 236.* Where spirits are to be transferred to and entered for deposit in an internal revenue bonded warehouse located off the distillery premises in the same supervisory district, and such warehouse is not one operated by the distiller on premises contiguous to the distillery

premises, the proprietor of the receiving warehouse shall execute an application for the transfer of the spirits on Form 236, in quintuplicate. The applicant shall enter all applicable data indicated by the form. Where spirits are to be transferred in tank cars or in packages not yet filled, the applicant will state the maximum quantity in tax gallons to be transferred in lieu of the exact number of tax gallons, the date of original entry for deposit, and the serial numbers of the packages, and such details will be filled in by the storekeeper-gauger at the time of shipment. All copies of the form will be forwarded by the applicant to the district supervisor.\* (Secs. 2778, 2883, I.R.C.)

§ 183.314 *Certificate of sufficiency of bond.* If the applicant has on file a good and sufficient bond, the district supervisor will certify to the sufficiency thereof, and direct the storekeeper-gauger to release the spirits, after gauging, for transportation to the warehouse. The district supervisor will then forward all copies to the storekeeper-gauger at the distillery.\*

§ 183.315 *Report of gauge.* Unless previously packaged, the spirits will be drawn from the receiving cisterns into casks or packages, gauged, marked and branded, or into a weighing tank, gauged, and run by pipe line into a properly equipped railroad tank car. Only spirits produced at a proof in excess of 159 degrees and reduced in the receiving cisterns to not more than 159 and not less than 100 degrees of proof may be transported in railroad tank cars. The quantity transferred shall not exceed the maximum named in the application. The details of the gauge will be entered by the storekeeper-gauger on Form 1520, in quintuplicate.\* (Secs. 2778, 2883, 4017, I.R.C.)

§ 183.316 *Markings on tank car.* Each railroad tank car used to transport distilled spirits in bond must have permanently and legibly marked or painted thereon its number, capacity in wine gallons, and the name or symbols of the owner, and must be so constructed that all openings may be closed and securely locked, and no such tank car may be used for transportation of distilled spirits in bond unless it is so locked.\* (Sec. 2883, I.R.C.)

§ 183.317 *Locks and seals.* Seal locks, to be furnished by the distiller, and seals for the same, to be furnished by the Government, will be used for locking the tank car, and such locks will be attached as soon as the car is filled. The key of each seal lock so used will be forwarded on the day of shipment by the storekeeper-gauger at the distillery to the storekeeper-gauger at the receiving warehouse. The locks and keys will be promptly returned to the distiller by the storekeeper-gauger at the warehouse when the spirits are tax-paid.\* (Sec. 2883, I.R.C.)

§ 183.318 *Inspection of tank car.* Upon receiving an order to gauge spirits

to be transferred in bond in a railroad tank car, the storekeeper-gauger at the distillery will inspect the car to see that the dome may be locked with a seal lock when closed, and that all other openings to or from the car may be closed and securely fastened on the inside or locked in like manner. If the car is not so constructed, the officer will not permit it to be filled.\* (Sec. 2883, I.R.C.)

§ 183.319 *Filling of tank car.* The tank car must be filled in the immediate presence of the storekeeper-gauger. The pipe line from the distillery weighing tank to the tank car must be in full view of the officer and must not be connected or used except in his presence. The officer will seal-lock the car as soon as it is filled. The officer will also enter on Form 1520, covering the gauge of the spirits, the name of the owner and the serial number of the car, the serial number of the lock seal or seals, the destination, and the date of shipment; for example: "Withdrawn in U. P. tank car No. 1643, lock seal No. 36457, for transfer to internal revenue bonded warehouse No. 56, New York, N. Y. Billed out 4:30 p. m., July 30, 1938."\* (Sec. 2883, I.R.C.)

§ 183.320 *Route board.* Railroad tank cars used for the transportation of spirits in bond must be equipped with a route board at least 10 by 12 inches in size. Such route board must be of substantial material and shall be affixed permanently and securely to the tank car by round-headed or carriage bolts, nutted and riveted, battered or welded.\* (Sec. 2883, I.R.C.)

§ 183.321 *Label to be attached.* When spirits are shipped in bond in a railroad tank car, a label dated and signed by the storekeeper-gauger showing that the spirits are shipped in bond and giving the name, registered number and location (city or town and State) of the distillery from which shipped, and the warehouse to which shipped, shall be securely attached to the route board, where it may be readily examined by Government officers. The label, which will be furnished by the distiller, will be in substantially the following form:

Shipped in Bond by  
BOURBON DISTILLING COMPANY  
D. No. 98, Frankfort, Ky.  
To  
COMMERCIAL WAREHOUSE COMPANY  
I. R. B. W. No. 110, Louisville, Ky.

-----  
(Date) (Storekeeper-Gauger)

\* (Sec. 2883, I.R.C.)

§ 183.322 *Distiller's entry for deposit.* When the spirits have been packaged, or run into a railroad tank car and such tank car seal-locked, the storekeeper-gauger will deliver all copies of Form 1520 to the distiller, who shall execute on each copy his entry of the spirits for deposit. The distiller's entry on the form shall be executed on the same date that the spirits are removed from the distillery. After executing the entry, the

distiller shall immediately return all copies of the form to the storekeeper-gauger, who, upon receipt of such forms and Form 236, duly certified by the district supervisor as to the sufficiency of the consignee's bond, will release the spirits for shipment.\* (Sec. 2879 (a), I.R.C.)

§ 183.323 *Storekeeper-gauger's certificate.* Upon removal of the spirits, the storekeeper-gauger will execute his certificate of gauge and removal on Form 236. The storekeeper-gauger will attach one copy on Form 1520 to each copy of Form 236, and will retain one copy of each form, furnish one copy of each to the distiller, and forward one copy of each to the proprietor of the receiving warehouse and two copies of each to the storekeeper-gauger at the warehouse.\* (Secs. 2878, 2883, 3170, I.R.C.)

§ 183.324 *Examination of packages at warehouse.* The storekeeper-gauger at the warehouse will examine the shipment upon its arrival. Where packages of spirits are received bearing evidence of having sustained losses in transit, the storekeeper-gauger will observe the following procedure in examining the packages:

- (1) Weigh and proof each barrel which appears to have sustained a loss by casualty or theft while in transit;
- (2) Examine the condition of the cooperage of each such package;
- (3) Note on the Form 1520 the serial number, weight and tax-gallon contents of each barrel so regauged, the condition of the cooperage and whether or not, in the opinion of the officer, the loss of the spirits occurred while the package was in transit;
- (4) State, if possible, the general condition of all of the packages in the consignment at the time of their arrival at the warehouse, and, in the event the storekeeper-gauger is present when the car or other conveyance used in transporting the spirits is opened, whether in his opinion proper precautions were taken by the shipper in loading the spirits to safeguard the packages from the usual transportation hazards. The storekeeper-gauger will furnish in connection with his opinion a statement of the facts upon which it is based.\* (Secs. 2878, 2883, I.R.C.)

§ 183.325 *Examination of tank car at warehouse.* Where the examination of a railroad tank car of spirits upon its arrival at the warehouse reveals evidence of loss by casualty or theft, the storekeeper-gauger will ascertain the quantity by regauging the contents, and will make report of his examination and regauge on Form 1520 similar to that required in the case of packages regauged. The spirits may be removed from the tank car for regauging, but upon completion of such regauging, the spirits will be immediately run back into the tank car, and such tank car seal-locked pending tax-payment or transfer to another bonded warehouse. The transfer of

spirits from a tank car for regauging, and the return of the same, shall be done under the immediate supervision of the storekeeper-gauger.\* (Sec. 2883, I.R.C.)

§ 183.326 *Storekeeper-gauger's receipt.* After the spirits have been deposited in the receiving warehouse, the storekeeper-gauger will execute his receipt on Form 236, retain one copy each of Form 236 and Form 1520, and forward one copy of each form to the district supervisor.\* (Secs. 2878, 2883, I.R.C.)

*Transfer to Warehouse off Distillery Premises, in Different District*

§ 183.327 *Application, Form 236.* Where spirits are to be entered for deposit in an internal revenue bonded warehouse located in a different supervisory district than the distillery, the proprietor of the warehouse shall file with the supervisor of his district an application for the transfer of the spirits on Form 236, in sextuplet, in the manner indicated in section 183.313.\* (Secs. 2778, 2883, I.R.C.)

§ 183.328 *Certificate of sufficiency of bond.* If the applicant has on file a good and sufficient bond, the district supervisor will execute the certificate to that effect on Form 236, and will transmit all copies to the supervisor of the district in which the distillery is located. The supervisor of such district will execute his order, directing the storekeeper-gauger to release the spirits, after gauging, for transportation to the warehouse, and will then forward all copies to the storekeeper-gauger at the distillery.\*

§ 183.329 *Report of gauge.* Unless previously packaged, the spirits will be drawn from the receiving cisterns into casks or packages, gauged, marked and branded, or into a weighing tank, gauged, and run by pipe line into a properly equipped railroad tank car. Only spirits produced at a proof in excess of 159 degrees and reduced in the receiving cisterns to not more than 159 and not less than 100 degrees of proof may be transported in railroad tank cars. The quantity transferred shall not exceed the quantity specified in the application. The details of the gauge will be entered by the storekeeper-gauger on Form 1520, in sextuplet.\* (Secs. 2778, 2883, 4017, I.R.C.)

§ 183.330 *Tank car requirements.* If the spirits are to be transported in a railroad tank car, such tank car must be constructed, marked, inspected, filled, locked, and labeled, as provided in sections 183.316 to 183.321, inclusive.\* (Sec. 2883, I.R.C.)

§ 183.331 *Distiller's entry for deposit.* When the spirits have been packaged, or run into a railroad tank car and such tank car seal-locked, the storekeeper-gauger will deliver all copies of Form 1520 to the distiller, who shall execute thereon his entry for deposit. The distiller's entry shall be executed on the same date that the spirits are removed from the distillery. After executing the entry, the distiller shall immediately re-

turn all copies of the form to the storekeeper-gauger, who, upon receipt of such forms and Form 236, duly certified by the district supervisor as to the sufficiency of the consignee's bond, will release the spirits for shipment.\* (Sec. 2879 (a), I.R.C.)

§ 183.332 *Storekeeper-gauger's certificate.* Upon removal of the spirits, the storekeeper-gauger will execute his certificate of gauge and removal on Form 236. The storekeeper-gauger will attach one copy of Form 1520 to each copy of Form 236, and will retain one copy of each form, deliver one copy of each to the distiller, and forward one copy of each to the proprietor of the receiving warehouse and three copies of each to the storekeeper-gauger at the warehouse.\* (Secs. 2878, 2883, 3170, 4017, I.R.C.)

§ 183.333 *Receipt of spirits at warehouse.* When the spirits have been received and examined, and any losses or discrepancies ascertained and noted, as provided in sections 183.324 and 183.325, the storekeeper-gauger at the warehouse will execute his receipt on Form 236, retain one copy of Form 236 and Form 1520, and forward two copies of each form to the supervisor of his district. The district supervisor will retain one copy of each form and forward the remaining copy of each to the supervisor of the district from which the spirits were transferred.\* (Secs. 2878, 2883, I.R.C.)

*Transfer of Rum to Distillery Denaturing Bonded Warehouse*

§ 183.334 *Application, Form 573.* Where rum of not less than 150 degrees of proof is to be transferred to a denaturing bonded warehouse on the distillery premises for denaturation, the proprietor will file application on Form 573, in triplicate, with the storekeeper-gauger in charge, for the transfer of the spirits. The applicant shall specify the maximum quantity in tax gallons to be transferred.\* (Sec. 3070, I.R.C.)

§ 183.335 *Sufficiency of bond.* Where the bond covering operation of a denaturing bonded warehouse is given in less than the maximum penal sum of \$100,000, the district supervisor will inform the storekeeper-gauger in charge of the penal sum of the bond, and the storekeeper-gauger will see that the quantity of rum transferred to such warehouse is within the limits of the bond.\* (Sec. 3070, I.R.C.)

§ 183.336 *Storekeeper-gauger's report of gauge and transfer.* The details of the gauge of the spirits will be reported by the storekeeper-gauger on Form 1520 in triplicate. Upon transfer of the spirits, the storekeeper-gauger will execute his certificate of gauge and transfer on Form 573 and attach one copy of Form 1520, covering the gauge of the rum, to each copy of Form 573. The storekeeper-gauger will then forward one copy of each form to the district supervisor, deliver one copy of each to the distiller, and retain one copy of each.\* (Secs. 3070, 3170, 4017, I.R.C.)

*Removal of Distilled Spirits, Free of Tax, for Exportation*

§ 183.337 *Tank cars.* Distilled spirits of not less than 180 degrees of proof may be drawn from the receiving cisterns at the distillery and transferred through weighing tanks to tank cars for export therein free of tax. The tank cars must be so constructed that all openings may be securely closed and sealed.\* (Sec. 2888, I.R.C.)

§ 183.338 *Procedure.* When the distiller desires to remove distilled spirits of not less than 180 degrees proof, free of tax, from the distillery receiving cisterns for exportation in tank cars, he will file application on Form 206, in quadruplicate, and bond on Form 547, 548, 657, or 658, as the case may be, in triplicate, with the district supervisor and otherwise comply with applicable requirements of the regulations governing the withdrawal of distilled spirits from internal revenue bonded warehouses, free of tax, for exportation, which regulations are hereby extended to cover the exportation, free of tax, of distilled spirits from the distillery, as authorized herein.\* (Secs. 2885, 2886, 2888, I.R.C.)

*Records*

§ 183.339 *Storekeeper-gauger's records.* The storekeeper-gauger will enter all removals of distilled spirits from the distillery cistern room on Form 1592 and Form 1513 Supplemental, as provided in Article XXXIV.\* (Sec. 2877, I.R.C.)

§ 183.340 *Distiller's records.* The distiller shall enter all removals of distilled spirits from the distillery cistern room on Form 1598 and Form 52C, except that removals to an internal revenue bonded warehouse operated by the distiller on the distillery premises need not be entered on Form 52C, as provided in Article XXXV.\* (Secs. 2841, 2859, I.R.C.)

ARTICLE XXV.—LOSSES OF DISTILLED SPIRITS IN DISTILLERY

§ 183.341 *Loss by casualty in receiving cisterns.* The tax on distilled spirits destroyed by accidental fire or other casualty, without any fraud, collusion, or negligence of the owner thereof, after the same should have been drawn from the distillery receiving cisterns and removed to an internal revenue bonded warehouse, may be remitted to the extent that the owner is not indemnified against such tax by a valid claim of insurance for a sum greater than the actual value of the spirits, less the tax.\* (Sec. 2901 (b), I.R.C.)

§ 183.342 *Loss by casualty in process of manufacture.* The tax on distilled spirits which are destroyed on the distillery premises by accidental fire or other casualty without any fraud, collusion, or negligence of the distiller, in the process of manufacture or distillation, or before removal to an internal revenue bonded warehouse, may be remitted.\* (Sec. 2847, I.R.C.)

§ 183.343 *Claim for losses.* No special forms have been provided for use by

claimants in presenting claims for remission of tax. Such claims may be made on letter or legal size paper, but must be in affidavit form, in duplicate, and the claimant must furnish the following information:

(a) The name of the distiller and the registered number and location of the distillery;

(b) The serial numbers of the receiving cisterns or other containers from which the spirits were lost;

(c) The quantity of spirits destroyed by accidental fire or other casualty from each cistern or other container, and the total quantity of spirits covered by the claim;

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

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

(f) In the case of losses while in receiving cisterns, (1) whether the spirits were destroyed by accidental fire or other casualty after the same should have been drawn off and removed to an internal revenue bonded warehouse; (2) whether the loss occurred as a result of any negligence, connivance, collusion, or fraud on the part of the owner or any of his agents or employees; (3) whether the claimant is the owner of the spirits; and, (4) whether the owner is indemnified against the tax by a valid claim of insurance for a sum greater than the actual value of the spirits, less the tax. If the spirits were insured, the amount of the insurance and the actual value of the spirits must be stated explicitly, and certified copies of all policies of insurance covering the spirits must be furnished;

(g) In the case of losses in the process of manufacture or distillation or before removal to an internal revenue bonded warehouse, (1) whether the spirits were destroyed by accidental fire or other casualty; (2) whether the loss occurred as a result of any fraud, collusion, or negligence of the distiller or any of his agents or employees; and (3) whether the claimant is the distiller of the spirits.\* (Secs. 2847, 2901 (b), I.R.C.)

§ 183.344 *Supporting statements.* Claims for losses due to destruction of spirits by accidental fire or other casualty while in the distillery must be supported by affidavits of persons having personal knowledge of the loss.\* (Secs. 2847, 2901 (b), I.R.C.)

§ 183.345 *Filing of claims.* Claims for the remission of tax on spirits will be filed with the supervisor of the district in which is located the distillery at which the loss occurred. Such claims should be filed within 30 days after the loss is discovered.\*

§ 183.346 *Report of losses.* Losses of distilled spirits by accidental fire or other casualty must be reported to the

district supervisor by the distiller immediately after the losses are discovered. Where losses of spirits by casualty in the distillery occur or are discovered while a Government officer is on duty, the officer will immediately make a full report of the loss to the district supervisor. The officer's report should set out the nature, cause, and extent of the loss in sufficient detail to bring out all the known material facts and circumstances surrounding the loss. The condition of each cistern or other container from which loss has been sustained, and the quantity lost therefrom, should be reported by the officer.\*

§ 183.347 *Investigation by district supervisor.* Where large losses from casualty or other cause are reported, the district supervisor will immediately make such investigation and require such evidence to be submitted as he may deem necessary, and will advise the Commissioner of his findings and recommendation relative to remission of the tax on the spirits.\*

§ 183.348 *Examination of claim.* When an application for remission of tax is received by the district supervisor he will carefully examine the same to see that all the required information has been furnished, and will cause such investigation to be made or require such additional evidence to be submitted as he may deem necessary. Upon completion of his investigation, if any, the district supervisor will forward the claim and accompanying papers, together with any pertinent reports and documentary evidence, to the Commissioner with his recommendation in respect to the allowance or disallowance of the claim.\*

§ 183.349 *Records.* Where spirits are lost or destroyed prior to deposit in the distillery cistern room appropriate entry and report of such loss or destruction will be made by the storekeeper-gauger on Form 1592 and by the distiller on Form 1598. In the case of loss or destruction after deposit in the cistern room, the storekeeper-gauger will, in addition, make appropriate entry and report of the loss or destruction in his cistern room return, Form 1513 Supplemental.\* (Secs. 2841 (a), 2877, I.R.C.)

§ 183.350 *Supervisor's account.* The district supervisor will make appropriate entry in his account, Form 1514 Supplemental, of losses occurring in the distillery cistern room. Where a claim for remission of tax on distilled spirits lost by casualty after deposit in the cistern room is allowed, the district supervisor will take credit for the allowance in his bonded spirits account, Form 1514 Supplemental, upon receipt of notice from the Commissioner of the allowance.\*

#### ARTICLE XXVI—SPIRITS PRODUCED AND NOT ACCOUNTED FOR

§ 183.351 *Commissioner to make assessments.* Under the law, it is the duty of the Commissioner to inquire and determine whether the distiller has accounted for all the spirits produced by

him. If the Commissioner finds that the distiller has not accounted for all the spirits produced by him, he shall, from all the evidence he can obtain, determine what quantity of spirits was actually produced by such distiller and make an assessment for the difference between the quantity reported and the quantity shown to have been actually produced, at the rate imposed by law.\* (Sec. 2846, I.R.C.)

§ 183.352 *Storekeeper-gauger to report deficiencies.* The storekeeper-gauger, upon completion of his monthly report, Form 1592, will compare the calculated yield for that month with the actual production. He will give a complete statement on such form under "Special Operations or Conditions," in respect to any material deficiency in the calculated production or any loss of beer or spirits by casualty or otherwise. He will likewise report any unusual or peculiar conditions that may obtain at the plant.\*

§ 183.353 *District supervisor's examination of returns.* Upon receipt of the distiller's monthly return, Form 1598, and the corresponding report of the storekeeper-gauger, Form 1592, the district supervisor will examine them to determine whether the distiller has accounted for all the spirits produced by him during the month. If he finds that the distiller apparently has not accounted for all the spirits produced by him, he shall make such investigation as he may deem necessary and determine, from all the evidence he can obtain, the quantity of spirits actually produced by the distiller.\* (Secs. 2846, 3170, I.R.C.)

§ 183.354 *Use of materials not reported.* If the district supervisor should find that the distiller has received on his premises materials which have not been accounted for, or has used materials which have not been reported as used, and has produced spirits which have not been reported, the quantity of spirits produced and not reported should be determined from all the evidence that can be obtained, including evidence of the normal actual yield of spirits from such materials at the particular plant.\* (Secs. 2846, 3170, I.R.C.)

§ 183.355 *Determining spirits produced.* If it is found that all materials received have been accounted for and all materials used have been reported, but that the distiller has not accounted for all the spirits produced, the quantity actually produced should be determined from all the evidence that can be obtained. The evidence that spirits have been produced from materials reported used and have not been accounted for by the distiller should be direct and positive.\* (Sec. 2846, I.R.C.)

§ 183.356 *Notice to distiller.* If it is determined that the distiller has not accounted for all the spirits produced by him, the district supervisor will, unless the interests of the Government require an immediate assessment, notify the distiller of the proposed assessment and

afford him an opportunity to submit within 30 days, or such further time as the district supervisor may consider reasonable, evidence showing why the proposed assessment should not be made.\*

§ 183.357 *Nature of evidence.* The evidence submitted by the distiller should be in the form of affidavits and certified documents.\*

§ 183.358 *Consideration of distiller's response.* If the distiller responds to the notice and submits evidence bearing on the merits of the proposed assessment, the district supervisor will give due consideration thereto and make such further investigation as he may deem advisable. If, after consideration of all the facts, the district supervisor finds that tax is due, he will report the same to the Commissioner in accordance with the prescribed assessment procedure. If the district supervisor finds that tax should not be assessed, he will forward the affidavits and other documents submitted by the distiller, together with investigation reports, if any, to the Commissioner with his recommendation thereon.\*

§ 183.359 *Claim for remission.* Where the distiller claims, pursuant to notice of proposed assessment, that the spirits produced and not accounted for were actually destroyed on the distillery premises by accidental fire or other casualty in the process of manufacture or distillation, or before removal to an internal revenue bonded warehouse, without any fraud, collusion, or negligence on his part, he will apply for remission of the tax on such spirits in accordance with the provisions of Article XXV.\* (Secs. 2847, 2901 (b), I.R.C.)

§ 183.360 *Distiller's failure to respond.* If the distiller fails to respond to the notice of the proposed assessment within the time specified, the district supervisor will report to the Commissioner, in accordance with the prescribed assessment procedure, the amount found due for assessment.\*

#### ARTICLE XXVII—SUSPENSION AND RESUMPTION OF OPERATIONS

##### *Suspension of Operations*

§ 183.361 *Notice, Form 124.* Any distiller desiring to suspend operations at his distillery shall give notice on Form 124, "Notice of Suspension," in triplicate, stating when he will suspend operations. The notice will be delivered to the storekeeper-gauger in charge at the distillery.\* (Sec. 2850, I.R.C.)

§ 183.362 *Date of suspension.* The distiller will fix in the notice the time when all the beer on the distillery premises will be distilled and all spirits in the distillery run into the receiving cisterns in the cistern room, except distillates containing one-half of 1 percent or more of aldehydes or 1 percent or more of fusel oil which are to be retained on the premises during a temporary change in the type of distillery, as provided in Article XXX.\* (Sec. 2850, I.R.C.)

§ 183.363 *Locking furnace doors, etc.* When notice of suspension is given

by the distiller, the storekeeper-gauger will at the time fixed in the notice lock the furnace door of each still, or the control valve in the pipe line conveying steam or fuel to each still, and will supervise the disconnection of the distillery machinery and the removal to the bonded warehouse or the cistern room of some portion of such machinery necessary to distillation. The locks used for securing furnace doors, or the control valves in steam or fuel lines, will be taken from such other place in the distillery, where locks are not necessary while the distillery is suspended, as may be designated by the district supervisor. In lieu of removing a portion of the distilling apparatus to the warehouse or other secure place, the district supervisor may require two of the ports (manheads) of column stills to be locked open by passing a chain or two iron straps through the ports and around the outside of the still, and locking the chain or straps in place.\* (Secs. 2850, 3170, I.R.C.)

§ 183.364 *Officer's certificate of suspension.* The officer will certify on each copy of Form 124 to the action taken by him, and will furnish one copy of the form to the distiller and forward the remaining copies to the district supervisor, who will forward one copy to the Commissioner. The district supervisor may relieve any officer assigned to the plant from duty thereat during the period of suspension.\* (Sec. 2850, I.R.C.)

§ 183.365 *Mash, wort, or beer at suspended distillery forbidden.* Except as provided in the following section, no distiller may, after the time fixed in his notice, Form 124, for suspension of work at the distillery, carry on the business of a distiller on the said premises, or have mash, wort, or beer in his distillery or on any premises connected therewith, or have in his possession or under his control any mash, wort, or beer with intent to distill the same on said premises.\* (Sec. 2850, I.R.C.)

§ 183.366 *Suspension caused by unavoidable accident.* In case of an accident necessitating a suspension of the distillery for a period of more than three days, the distiller should, if possible, distill all the beer and unfinished spirits on hand before filing notice of suspension in accordance with section 183.362. Should the accident be of such a nature as to render this impossible, the distiller will immediately give notice of suspension on Form 124, in triplicate, as provided in section 183.361. The storekeeper-gauger will then lock the furnace doors of the stills or the control valves in the steam or fuel lines leading to the stills, and supervise the disconnection and removal of distillery machinery, as provided in section 183.363. The officer will then certify on Form 124, in triplicate, to the action taken by him, and state the kind and quantity, if any, of mash, beer or unfinished spirits on hand at the time of such suspension, and will furnish one copy of the form to the distiller and for-

ward the remaining copies to the district supervisor, who will forward one copy to the Commissioner. The district supervisor may relieve any officer assigned to the plant from duty thereat during the period of suspension.\* (Secs. 2850, 3170, I.R.C.)

##### *Resumption of Operations*

§ 183.367 *Notice, Form 125.* No distiller may carry on the business of a distiller after the time stated in his notice of suspension, Form 124, until he shall have given another notice on Form 125, "Notice of Resumption," in triplicate, to the district supervisor, stating the time when he will resume operations. This notice should be forwarded to the district supervisor a sufficient time in advance of the date it is desired to resume operations, to enable the district supervisor to assign a storekeeper-gauger to remove the locks and supervise operations. The notice should ordinarily reach the district supervisor at least 48 hours in advance of the date the distiller desires to resume operations. The district supervisor will designate an officer to remove the locks and other fastenings placed on the equipment at the time of suspension and to supervise the connection of the machinery on the date specified in the Form 125. Where the suspension was caused by accident, and beer or unfinished spirits remained on hand, the designated officer will determine whether the same kind and quantity of beer or unfinished spirits reported on Form 124 as on hand at the time of suspension are on hand at the time of resumption, less natural evaporation.\* (Secs. 2850, 3170, I.R.C.)

§ 183.368 *Officer's certificate of removal of locks and fastenings.* The officer will certify on Form 125, in triplicate, to the action taken by him, and to the kind and quantity, if any, of beer or unfinished spirits on hand at the time of such resumption, and will furnish one copy of Form 125 to the distiller and forward the remaining copies to the district supervisor, who will forward one copy to the Commissioner.\* (Secs. 2850, 3170, I.R.C.)

§ 183.369 *Unauthorized removal of locks and fastenings.* No revenue officer or other person may remove Government locks and fastenings and permit connection of the machinery where a distillery has been suspended, except by direction of the district supervisor pursuant to notice of resumption.\* (Sec. 2850, I.R.C.)

#### ARTICLE XXVIII—REGISTRY OF STILL "FOR USE" AND "NOT FOR USE"

§ 183.370 *Registry on Form 26.* Every person having in his possession or custody or under his control any still set up, must register the same with the district supervisor for the district in which it is located. The registry must be made on Form 26, in triplicate, immediately the still is set up. When the distiller intends to use the still, he must register it "For use," and when he intends to



discontinue use of the still he must register it "Not for use." This registry will also be made on Form 26, in triplicate, with the district supervisor, as in the case of original registry. The district supervisor will, upon approval of the form, retain one copy, forward one copy to the Commissioner, and return the remaining copy to the distiller. The distiller will retain his copy at the distillery available for inspection by Government officers.\* (Secs. 2810, 3170, I.R.C.)

**ARTICLE XXIX—OPERATIONS BY DISTILLER UNDER DIFFERENT TRADE NAMES OR STYLES**

§ 183.371 *Commencement of operations.* Whenever a distiller desires to operate his distillery under a trade name or style which has not been previously approved, he must comply with the provisions of section 183.137 (a) and secure approval thereof in the manner prescribed by Articles XVI and XVII, prior to commencement of operations thereunder. Thereafter, whenever he desires again to operate under such trade name or style, he must comply with the provisions of section 183.137 (b) and secure approval thereof in the manner prescribed by Article XVI, prior to commencement of operations thereunder.\*

§ 183.372 *Disposition of materials in process.* Whenever the distiller desires to operate his distillery under a trade name or style other than the trade name or style under which he is then operating, and has complied with the above provisions, he will not be required to complete the distillation of mash, beer, and unfinished spirits in the process of manufacture before commencing business under such other trade name or style.\*

§ 183.373 *Finished spirits.* All finished spirits remaining in the cistern room at the time the change in trade name or style becomes effective must be branded and removed in the trade name or style under which they were finished. All finished spirits produced from the mash, beer, and unfinished spirits remaining on hand at the time the change in trade name or style becomes effective must be branded and removed in the trade name or style under which they are finished. The distiller will report the deposit and removal of such finished spirits on his Form 1598 on the same lines covering their manufacture. Similar entries will be made by the storekeeper-gauger on Form 1592.\*

§ 183.374 *Records.* Separate records on Form 1598 will not be required for operations under each trade name, but the distiller must note on such record the trade names or styles under which he operated during the month and the dates of operation under each. The storekeeper-gauger will make a similar notation on his record, Form 1592. Where spirits are produced under a trade name, the storekeeper-gauger's report of gauge, Form 1520, must show both the real name of the actual dis-

tiller and the trade name under which the spirits were produced.\*

**ARTICLE XXX—ALTERNATE OPERATION AS INDUSTRIAL ALCOHOL PLANT OR FRUIT DISTILLERY**

§ 183.375 *Qualifying for alternate operation.* Whenever a distillery established or operated under these regulations is to be operated alternately as such and as an industrial alcohol plant or fruit distillery, the procedure prescribed in Article XV for effecting such change in the type of the distillery must be complied with.\*

§ 183.376 *Completion of operation required.* When a registered distillery is to be operated as an industrial alcohol plant or as a fruit distillery, the business of producing spirits, except as hereinafter provided, must be completely finished by the person or persons first carrying on the business, and the distillery duly suspended before it can be operated as an industrial alcohol plant or a fruit distillery. All unfinished spirits, including high wines and low wines, except distillates containing one-half of 1 percent or more of aldehydes or 1 percent or more of fusel oil collected in accordance with the provisions of Article XXI, must be redistilled and run into the cistern room and warehoused by the outgoing distiller. Except as provided in the following section, all such distillates must be disposed of before the distillery can be operated as an industrial alcohol plant or fruit distillery.\* (Sec. 2850, I.R.C.)

§ 183.377 *Retention of distillates.* Where the change in the type of plant is to be temporary only, and the quantity of distillates on hand containing one-half of 1 percent or more of aldehydes or 1 percent or more of fusel oil is insufficient for a carload shipment (but not over 10,000 wine gallons), and is to be shipped for denaturation, the outgoing distiller may retain such distillates under Government lock in heads and tails tanks in the distillery until the plant is again operated by him as a registered distillery under these regulations (but for not more than 60 days), if such distiller furnishes a duly executed consent of surety, Form 1533, in triplicate, continuing liability on the distiller's bond, Form 30, for the tax on such distillates retained on the premises, notwithstanding the change in the type of plant. When such distillates are so retained on the distillery premises, the district supervisor will cause a sample of the contents of each container not previously tested to be taken and analyzed to determine whether the distillate contains the required percentage of aldehydes or fusel oil.\* (Sec. 2916, I.R.C.)

§ 183.378 *Transfer of materials, etc.* The outgoing distiller may transfer to his successor materials on hand, including mash and beer in process, at the time the change in type of plant takes place, but no spirits may be so transferred, except the residue of spirits in the stills which it is not practicable to completely

boil out: *Provided, however,* That materials not usable and residue of spirits in stills not producible under the law at the succeeding type of plant may not be transferred to the successor. Where such materials and residue of spirits are not transferable, all mash and beer must be distilled, all basic materials must be removed from the premises, and the stills and other vessels must be completely cleared of spirits, and such spirits, if other than distillates intended for retention in accordance with the provisions of section 183.377, removed to the receiving cisterns in accordance with law before the change in type of plant becomes effective. When it is again desired to resume operations as a distiller under these regulations the business of producing alcohol or brandy, as the case may be, must be similarly finished and the industrial alcohol plant or fruit distillery suspended in accordance with governing regulations.\*

§ 183.379 *Transfer agreement, Form 1614.* Where the outgoing distiller and his successor so arrange for the transfer of distilling materials, the outgoing distiller will file with the district supervisor six copies of Form 1614, "Transfer Agreement," duly executed by himself and the prospective successor. The form will be filed in sufficient time to permit consideration thereof in connection with the transferor's notice of suspension of operations and the transferee's qualifying documents. The district supervisor will forward two copies of Form 1614 to the Commissioner and, upon receipt of notice of the Commissioner's approval of the transferee's qualifying documents, will forward one copy to the transferor and one copy to the transferee. The district supervisor will retain two copies, one for the file of the transferor and one for the file of the transferee.\*

§ 183.380 *Locking of furnace door not required.* In cases of alternate operation of the registered distillery as such and as an industrial alcohol plant or fruit distillery without lapse of time, it will not be necessary for the storekeeper-gauger to lock the furnace doors of the stills or the control valves in pipe lines which convey steam or fuel to the stills, or to require disconnection of the distilling machinery.\*

§ 183.381 *Completion of records.* The outgoing distiller will complete his record, Form 1598, and the storekeeper-gauger his record, Form 1592, as to the removal of basic materials from the premises, or the transfer of basic materials and mash and beer in process to the successor, as the case may be, and as to production and removal from the cistern room of all spirits produced by the outgoing distiller. The actual date of the entry of the deposit of the finished spirits in the cistern room and the actual date the spirits are removed from the cistern room will be given in the respective columns of both forms. If distillates collected in accordance with Article XXI are retained on

the premises in locked tanks, as provided in section 183.377, a notation will be made on Form 1598 under "Special Operations or Conditions," showing that such distillates are temporarily retained on the premises pending resumption of operations as a registered distillery. The storekeeper-gauger will make a similar notation on the Form 1592 for such distiller. The distiller and storekeeper-gauger will continue to file monthly reports on Forms 1598 and 1592, respectively, during the period such distillates are retained on the distillery premises. Where the plant is operated as a registered distillery in two or more periods during the same month by the same proprietor, the operations of such proprietor will be recorded on the same Form 1598 and the same Form 1592, but appropriate notations will be made on the separating lines on each form to show the dates the distillery was operated as a fruit distillery or an industrial alcohol plant and the names under which it was so operated.\* (Sec. 2841 (a), I.R.C.)

§ 183.382 *Records of successor.* The succeeding distiller will enter all materials, including those in process, received from his predecessor on Form 1442 if the distillery is to be operated as an industrial alcohol plant, or on Form 15 if the distillery is to be operated as a fruit distillery. The materials received will also be entered on Form 1452-B by the storekeeper-gauger if the distillery is to be operated as an industrial alcohol plant. If materials are transferred when the plant is again operated as a registered distillery, appropriate entry thereof will be made on the records of the transferor and the transferee, and the storekeeper-gauger.\* (Secs. 2841 (a), 3105, I.R.C.)

§ 183.383 *Disposition of spirits.* When a change in the type of plant takes place, the storekeeper-gauger in charge of the distillery will see that all distillates collected in accordance with Article XXI are disposed of, unless retained in locked tanks in accordance with the provisions of section 183.377, and that all other unfinished spirits, except the residue of spirits in stills where the same is to be transferred to the successor as provided in section 183.378, are distilled and transferred to the cistern room, before the plant is operated as another type of distillery. Upon disposition or retention in locked tanks of such distillates, and transfer of all other spirits to the cistern room the distillery may be operated as another type of plant, but all spirits transferred to the cistern room must be branded and removed in accordance with law by the outgoing distiller in the name under which they were produced, before any spirits are deposited in the cistern room or withdrawn from the distillery by the successor, and in any event within three days of their deposit in the cistern room.\*

§ 183.384 *Alternate operations by same proprietor.* Where the plant is to be operated alternately as a registered

distillery under these regulations and as an industrial alcohol plant or fruit distillery by the same proprietor, the procedure will be the same as in the case where the succeeding type of plant is to be operated under a different proprietorship, except that in lieu of the submission of a transfer agreement on Form 1614 the distiller will, where distilling materials are to be transferred to himself at the succeeding type of plant, request authority on Part 1 of the form to make such transfer.\*

#### ARTICLE XXXI—CHANGE OF PERSONS INTERESTED IN BUSINESS

§ 183.385 *Completion of operations required.* When a succession, or actual change, in the person or persons operating the distillery shall take place, other than a change brought about by operation of law, as by the appointment of an administrator, executor, receiver, trustee, assignee, or other fiduciary, the business of producing spirits must be completely finished by the person or persons who have been carrying on the business, and the operations suspended before the business shall be undertaken or begun by the succeeding distiller, unless by an agreement between the outgoing distiller and the successor it shall be arranged to transfer from the former to the latter, at midnight of a certain day, all mash and beer on hand, and all unfinished spirits outside the cistern room at that hour; and provided that, in either case, the notice, bond, and other qualifying documents of the successor have been approved, to take effect on the day next succeeding that at the close of which the transfer is made. Such documents should, therefore, be submitted to the district supervisor in sufficient time to permit such approval for the date desired. Except in the case of alternate operations by two or more previously qualified distillers, as provided by section 183.170, the successor of a distiller shall not commence operations until all documents required for his qualification as such distiller have been approved by the Commissioner. All finished spirits on hand in the cistern room at the time of the change, must be branded and removed by the outgoing distiller in the name under which they were produced before any spirits are deposited in the cistern room or withdrawn from the distillery by the successor.\*

§ 183.386 *Transfer agreement, Form 1614.* Where the outgoing distiller and the successor so arrange for the transfer of all mash and beer, and all unfinished spirits on hand, the outgoing distiller will file with the district supervisor six copies of Form 1614, "Transfer Agreement," duly executed by himself and the prospective successor. The form will be filed in sufficient time to permit consideration thereof in connection with the transferor's notice of suspension or discontinuance of operations, and the transferee's qualifying documents. The district supervisor will forward two copies of Form 1614 to the Commissioner, and,

upon receipt of notice of the Commissioner's approval of the transferee's qualifying documents, will forward one copy to the transferor and one copy to the transferee. The district supervisor will retain two copies, one for the file of the transferor and one for the file of the transferee.\*

§ 183.387 *Locking of furnace doors not required.* In such cases of succession or change in the operations of a distillery without lapse of time, it will not be necessary for the Government officer to lock the furnace doors of the stills, or the control valves on pipe lines which convey steam or fuel to the stills, or to disconnect the distilling machinery.\*

§ 183.388 *Records.* The outgoing distiller shall enter on his record, Form 1598, all materials and all unfinished spirits outside the cistern room transferred to his successor, who shall in turn enter such items on his record, Form 1598, as received from his predecessor. Where the change in proprietorship is of a permanent nature, the outgoing distiller shall complete Form 1598 and submit a final report on such form to the district supervisor. Appropriate notations will be made on such final report showing the change in proprietorship and the date thereof. Where the distillery is operated under alternating proprietorships, each proprietor shall keep a separate Form 1598. When operations are conducted by the same proprietor in two or more periods during the same month, the operations by such proprietor will be entered on the same Form 1598, appropriate notations being made on the separating lines to show the names of the alternating proprietors and the dates the distillery was operated by them. At the end of the month, report will be submitted to the district supervisor on such form in accordance with Article XXXV. Where Form 52C is maintained for the distillery exclusively, it will be kept in a similar manner. The storekeeper-gauger will keep records and render returns on Form 1592 and Form 1513 Supplemental, in accordance with the procedure prescribed herein for the keeping of records and rendering of reports on Form 1598 by the distiller.\* (Secs. 2841 (a), 2877, I.R.C.)

§ 183.389 *Succession by fiduciary.* Where a change in proprietorship is brought about by operation of law, the administrator, executor, receiver, trustee, assignee, or other fiduciary may not continue the business until the required qualifying documents have been filed and approved. In the case of such change, the fiduciary shall make appropriate notation on Form 1598 and Form 52C (if any) of his succession, and the date thereof, and the storekeeper-gauger will make a similar notation on Form 1592.\*

#### ARTICLE XXXII—SALES OF DISTILLED SPIRITS BY DISTILLERS

§ 183.390 *Bulk containers.* Under the regulations of the Federal Alcohol Administration (27 CFR, Part 3), distillers may sell or dispose of distilled spirits in

bulk, that is, containers having a capacity in excess of 1 gallon, (1) to other distillers; (2) to proprietors of internal revenue bonded warehouses; (3) to distillers and internal revenue bonded warehousemen who are proprietors of tax-paid bottling houses; (4) to proprietors of class 8 customs bonded warehouses (imported spirits only); (5) to rectifiers; (6) to winemakers (brandy for fortification of wine); (7) to any agency of the United States, or of any State or political subdivision thereof; (8) for export; (9) on warehouse receipts, conforming to the regulations of the Federal Alcohol Administration, for distilled spirits in internal revenue bonded warehouses; and (10) for industrial use, as follows: For experimental purposes, and for use in the manufacture (a) of medicinal, pharmaceutical, or antiseptic products, including prescriptions compounded by retail druggists; (b) of toilet products; (c) of flavoring extracts, sirups, or food products; or (d) of scientific, chemical, mechanical, or industrial products; provided such products are unfit for beverage use. Distilled spirits produced at a proof in excess of 159 degrees and reduced in the receiving cisterns to not more than 159 and not less than 100 degrees of proof may, however, upon tax-payment, as provided in section 183.272 (d), be transported for beverage purposes only; and under the regulations of the Federal Alcohol Administration (27 CFR, Part 3) distillers may not sell in bulk for industrial use other distilled spirits produced under these regulations, unless such spirits are shipped or delivered directly to the industrial user thereof. (Sec. 6, 49 Stat. 985; 27 U.S.C. 106.)

§ 183.391 *Retail containers.* Except as provided in section 183.390, distillers may sell or dispose of distilled spirits only in containers having a capacity of 1 gallon or less. All such containers having a capacity of one-half pint or more must conform to the requirements of Regulations 13 (26 CFR, Part 175).\* (Sec. 6, 49 Stat. 985; 27 U.S.C. 106; Sec. 2871, I.R.C.)

#### ARTICLE XXXIII—SPECIAL (OCCUPATIONAL) TAXES

§ 183.392 *Wholesale and retail liquor dealer.* Except as provided in section 183.393, distillers must, in order to sell distilled spirits, file returns on Form 11, "Special Tax Return," and pay special (occupational) taxes as wholesale liquor dealers or retail liquor dealers, or both, as the case may be, in accordance with the law and regulations governing the payment of such special taxes.\* (Secs. 3250 (a), (b), 3270, 3271, 3272, I.R.C.)

§ 183.393 *Exemption of distiller.* No distiller who has given the required bond and who sells only distilled spirits of his own production at the place of manufacture, or at the place of storage in bond, in the original packages to which the tax-paid stamps are affixed, shall be required to pay the special tax of a wholesale dealer in liquors on account of

such sales. This provision does not exempt distillers from the payment of special taxes for sales of distilled spirits of their own production in bond (by warehouse receipts or otherwise), or in cases or containers other than the original packages, or for exportation, fortification of wine, use of the United States, etc., without attachment of tax-paid stamps to the original packages, nor does it exempt them from liability for special taxes where distilled spirits produced by other distillers are sold by them.\* (Sec. 3250 (a) (4), I.R.C.)

#### ARTICLE XXXIV—STOREKEEPER-GAUGER'S RECORDS AND REPORTS

§ 183.394 *Form 1592.* The storekeeper-gauger shall keep a daily record of the distillery operations on Form 1592, "U. S. Storekeeper-Gauger's Report of Operations at Distillery No. -----" Entries shall be made as indicated by the headings of the various columns and lines, and in accordance with the instructions on the form. A monthly report shall be rendered on Form 1592, in duplicate, to the district supervisor, on or before the fifth day of the succeeding month. The district supervisor will, after audit and not later than the last day of the succeeding month, forward one copy of the report to the Commissioner and will retain the remaining copy.\* (Sec. 2877, I.R.C.)

§ 183.395 *Form 1513—Supplemental.* The storekeeper-gauger shall, in addition to keeping a record and rendering a report of distillery operations on Form 1592, keep a record and render a monthly return of all distilled spirits removed from the distillery cistern room and of heads and tails destroyed or removed for denaturation, on Form 1513—Supplemental, "Storekeeper-Gauger's Return of Distilled Spirits Removed from Cistern Room at Distillery No. -----" Entries shall be made as indicated by the headings of the various columns and lines, and in accordance with the instructions on the form. The monthly return shall be rendered, in duplicate, to the district supervisor, on or before the fifth day of the succeeding month. The district supervisor will, after audit and not later than the last day of the succeeding month, forward one copy of the return to the Commissioner and will retain the remaining copy.\* (Sec. 2877, I.R.C.)

#### System of Filing

§ 183.396 *Monthly records.* The storekeeper-gauger's monthly records on Forms 1592 and 1513—Supplemental will be filed as permanent records in the storekeeper-gauger's office, in separate, bound files, in monthly sequence, and kept available for inspection by visiting internal revenue officers.\*

§ 183.397 *Gauge reports and removal applications.* The storekeeper-gauger's copy of all Forms 1520 covering distilled spirits removed direct from the distillery cistern room upon tax-payment or for exportation or for deposit in an internal

revenue bonded warehouse not operated by the distiller on or contiguous to the distillery premises, or (in the case of rum) for transfer to the distillery denaturing bonded warehouse, will be filed in the storekeeper-gauger's office in a separate file, in chronological order and in sequence to the serial numbers of the packages removed. The applications for tax-payment or for removal for the other purposes specified above, Forms 179, 206, 236, or 573, will be filed separately according to the form number, in chronological order.\*

§ 183.398 *Reports covering deposits in warehouse operated by distiller on or contiguous to distillery premises.* The Forms 1520 covering the entry gauge of spirits deposited in an internal revenue bonded warehouse operated by the distiller on or contiguous to the distillery premises will be filed as a permanent record, in bound form, in the storekeeper-gauger's office for the warehouse in a separate file, in chronological order and in sequence to the serial numbers of the packages deposited. Where separate Government offices are maintained for the distillery and the bonded warehouse, the extra copy of Form 1520, provided in accordance with section 183.311, will be filed in the Government office for the distillery in the manner prescribed in the preceding section for the filing of such forms covering the removal for deposit in an internal revenue bonded warehouse not operated by the distiller on or contiguous to the distillery premises.\*

#### ARTICLE XXXV—DISTILLER'S RECORDS AND REPORTS

§ 183.399 *Record of distillery operations, Form 1598.* The distiller shall keep a record of the distillery operations on Form 1598, "Distiller's Report of Operations at Distillery No. -----" Entries shall be made as indicated by the headings of the various columns and lines, and in accordance with the instructions printed on the form and as set forth in these regulations, not later than the close of business of the day on which the transactions occur. Form 1598 will be kept at the distillery as a permanent record, in bound form, subject to inspection by Government officers at any reasonable hour.\* (Sec. 2841, I.R.C.)

§ 183.400 *Monthly report.* The distiller shall render two copies of Form 1598 to the district supervisor on or before the 5th day of the succeeding month. The district supervisor will, after audit and not later than the last day of the month succeeding that for which rendered, forward one copy of the report to the Commissioner and will retain the remaining copy.\* (Secs. 2844, 3170, I.R.C.)

§ 183.401 *Execution of report.* The report must be signed in the same manner as the distiller's notice, Form 27-A, except that in the case of a corporation the affixing of the corporate seal will not be required. Each report must be verified under oath (or affirmation) by the dis-

tiller or his authorized agent at the distillery. Where the reports are signed by an agent, proper power of attorney authorizing the agent to execute the reports for the distiller must be filed, in duplicate, with the district supervisor, who will forward one copy to the Commissioner.\* (Sec. 2844, I.R.C.)

§ 183.402 *Record of removal of bulk spirits, Form 52C.* Every proprietor of a registered distillery shall keep a daily record on Form 52C, "Monthly Record and Report of Registered Distillery and Internal Revenue Bonded Warehouse," of all bulk distilled spirits shipped from the distillery, including impure distillates removed from the distillery premises for denaturation. Where the distiller operates an internal revenue bonded warehouse on or contiguous to the distillery premises, only one record on Form 52C will be required. Such record may be kept at the distillery or at the internal revenue bonded warehouse. Removals of distilled spirits from the cistern room for deposit in an internal revenue bonded warehouse operated by the distiller on or contiguous to the distillery premises need not be reported on Form 52C. However, removals of distilled spirits from the cistern room for deposit in an internal revenue bonded warehouse not operated by the distiller on or contiguous to the distillery premises shall be reported by the distiller on Form 52C.\* (Sec. 2859, I.R.C.)

§ 183.403 *Record of sales at tax-paid premises, Form 52E.* Every proprietor of a distillery who maintains tax-paid premises at which tax-paid distilled spirits are received, stored, and sold in bulk, shall keep Form 52E, "Monthly Record and Report of Importer or Proprietor of Tax-Paid Premises," of all spirits, both bulk and bottled, received and disposed of at his tax-paid premises: *Provided*, That if such proprietor so desires, he may keep form 52E for bulk spirits only, and Record 52, "Wholesale Liquor Dealer's Record," for bottled spirits only. Where only bottled spirits are received, stored, and sold at such tax-paid premises, the proprietor shall keep Record 52 of all such spirits received and disposed of at his tax-paid premises. By tax-paid premises is meant the "tax-paid" or "free" warehouse or room maintained in conjunction with the distillery or premises maintained at other locations for the receipt, storage, and disposition of tax-paid spirits. Separate records must be kept at each of such premises.\* (Sec. 2857, I.R.C.)

§ 183.404 *Time of making entries.* Daily entries shall be made on Record 52 and Forms 52C and 52E, as indicated by the headings of the various columns and in accordance with the instructions printed on the forms, not later than the close of business of the day on which the transactions occur: *Provided*, That where the proprietor of a tax-paid premises keeps a separate record, such as invoices, of the removals of distilled spirits, showing the removal data required to be en-

tered on Record 52 or Form 52E, daily entries of removals of spirits from the premises may be made on the respective record not later than the close of business of the following business day, provided such separate record is approved by the district supervisor. This provision is not applicable to daily entries on Form 52C.\* (Sec. 2857, I.R.C.)

§ 183.405 *Separate record of serial numbers of cases.* Serial numbers of cases of distilled spirits disposed of need not be entered on Record 52 or Form 52E, provided the proprietor keeps in his place of business a separate record, approved by the district supervisor, showing such serial numbers, with necessary identifying data, including the date of removal and the name and address of the consignee. Such separate record may be kept in book form (including loose-leaf books) or may consist of commercial papers, such as invoices or bills. Such books, invoices, and bills shall be preserved for a period of four years and in such a manner that the required information may be ascertained readily therefrom, and during such period shall be available during business hours for inspection and the taking of abstracts therefrom by revenue officers. Entries shall be made on such separate approved record not later than the close of business of the day on which the transactions occur. The proprietor whose separate record has been approved by the district supervisor shall make a notation in the column for reporting serial numbers, as follows: "Serial numbers shown on commercial records per authority dated \_\_\_\_\_."\* (Sec. 2857, I.R.C.)

§ 183.406 *Monthly reports.* A full and complete transcript of Record 52 and Forms 52C and 52E shall be rendered monthly on the respective monthly reports, Forms 52A, 52B, 52C, and 52E, and forwarded to the district supervisor on or before the 10th day of the succeeding month. Where Record 52 is kept, a monthly summary report shall be prepared on Form 338, in duplicate, one copy of which will be retained on file and the original forwarded to the district supervisor on or before the 10th day of the succeeding month. Records kept on Record 52 and Forms 52C and 52E shall be preserved for a period of four years, and during such period shall be available during business hours for inspection and the taking of abstracts therefrom by the Commissioner or any internal revenue officer.\* (Secs. 2857, 2859, I.R.C.)

§ 183.407 *Forms to be provided by users.* Record 52 and Forms 52A, 52B, 52C, 52E, and 338 will be provided by users at their own expense but must be in the form prescribed by the Commissioner: *Provided*, That with the approval of the Commissioner they may be modified to adapt their use to tabulating or other mechanical equipment: *Provided further*, That where the form is printed in book form, including loose-leaf books, the instructions may be

printed on the cover or the flyleaf of the book, instead of on the individual form.\*

#### ARTICLE XXXVI—DISTRICT SUPERVISOR'S CISTERN ROOM ACCOUNT

§ 183.408 *Form 1514—Supplemental.* Each district supervisor will render a monthly bonded spirits account on Form 1514—Supplemental of transactions at the cistern rooms of registered distilleries and of heads and tails destroyed or removed for denaturation, for each State within his supervisory district. The required data will be obtained from the storekeeper-gaugers' reports on Form 1513—Supplemental. All of the information indicated by the headings of the columns and the lines of the form will be included in the account. Form 1514—Supplemental will be prepared in duplicate and one copy thereof, with one copy of each Form 1513—Supplemental pertaining thereto, will be forwarded to the Commissioner not later than the last day of the month succeeding that for which rendered. The remaining copy will be retained by the district supervisor.\*

#### ARTICLE XXXVII—GENERAL PROVISIONS RELATING TO DISTILLERIES

§ 183.409 *Production of mash, wort, or wash.* No mash, wort, or wash fit for distillation or for the production of spirits or alcohol shall be made or fermented in any building or on any premises other than a distillery or industrial alcohol plant duly authorized according to law, except for the manufacture of fermented liquors or for the manufacture of vinegar.\* (Sec. 2834, I.R.C.)

§ 183.410 *Sale or removal of mash, wort, or wash; distillation.* No mash, wort, or wash made and fermented in any distillery or industrial alcohol plant shall be sold or removed therefrom before being distilled; and no person other than an authorized distiller or proprietor of an industrial alcohol plant shall by distillation or by any other process separate the alcoholic spirits from any fermented mash, wort, or wash, except for the manufacture of vinegar.\* (Sec. 2834, I.R.C.)

§ 183.411 *Operations in officer's absence.* No distiller or person employed at any distillery shall use or cause or permit to be used any material for the purpose of making mash, wort, or beer, or for the production of spirits in the absence of the storekeeper-gauger, or person designated to act as storekeeper-gauger, nor shall any spirits be removed from the distillery in the absence of the storekeeper-gauger.\* (Sec. 2838, I.R.C.)

§ 183.412 *Operations on Sunday.* Under the law, no malt, grain, or other material may be mashed, nor may any mash, wort, or beer be brewed or made, nor may any still be used by a distiller, at any time between 11:00 p. m. of any Saturday and 1:00 a. m. of the next succeeding Monday.\* (Sec. 2836, I.R.C.)

§ 183.413 *Removal of spirits at night.* Under the law, no person may remove any distilled spirits at any other time than after sunrise and before sunset in any

cask or package containing more than 10 gallons from any premises or building in which the same may have been distilled, redistilled, rectified, compounded, manufactured, or stored. This provision does not forbid the removal from the distillery, under the supervision of the storekeeper-gauger, of distilled spirits by pipe line after sunset to an internal revenue bonded warehouse, or denaturing bonded warehouse, located on the distillery premises.\* (Sec. 2870, I.R.C.)

§ 183.414 *Use of distillery premises.* Except as otherwise provided in these regulations, the distillery premises must be used exclusively for the purpose of distilling.\* (Sec. 2819, I.R.C.)

*Article XXXVIII—Manufacture, Tax-Payment, Removal and Registration of Stills and Worms*

§ 183.415 *General.* Whenever distillers manufacture or reconstruct stills or worms, or set up, sell, or remove stills or distilling apparatus, they must comply with the regulations governing the payment of special and commodity taxes, the securing of permits before setting up or removing stills and distilling apparatus, and the registration of stills and distilling apparatus set up.\*

ARTICLE XXXIX—CONCERNING LOCKS AND SEALS

§ 183.416 *General.* Except as otherwise provided in these regulations, the Commissioner will furnish at the expense of the United States all Government locks and seals required to be used at distilleries. District supervisors will see that the distilleries in their respective districts are fully equipped with locks in good condition, and that the necessary seals are provided for seal locks. District supervisors will bear in mind that Government locks are required upon all necessary openings in the distillery apparatus by which access may be had to spirits in the process of manufacture from the first still in which the vapors rise until the finished spirits are deposited in the receiving cisterns; upon all doors in the cistern room; and upon the control valves in pipe lines which convey steam or fuel to the stills or which convey spirits to warehouse storage tanks.\* (Sec. 2820, I.R.C.)

§ 183.417 *Defective or broken locks.* When any Government lock becomes defective or broken, the storekeeper-gauger will return it to the district supervisor with a letter giving the kind and number. When the district supervisor has accumulated a sufficient number of such defective or broken locks, he will destroy the same and report the destruction thereof to the Commissioner.\*

§ 183.418 *Seal locks.* Seal locks will be used on the entrance door of the cistern room and the entrance door of the temporary storage room therein (if any); on the door of the Government cabinet; and on such other places where the use of seal locks is required by these regulations or deemed necessary by the dis-

trict supervisor. Where spirits are retained overnight in the still-house, and an officer is not assigned to night duty at the distillery, seal locks will be used on the manheads of the tanks in which the spirits are so retained, and on any outlets of such tanks leading to the stills, unless the spirits are retained in the wine room, rectifying room, or other room and the entrance door of such room is secured with a seal lock.\*

§ 183.419 *Plain locks.* Plain locks will be used at all other places in the distillery where locks are required by these regulations.\*

§ 183.420 *Custody of keys.* The storekeeper-gauger will keep the keys to Government locks in use under his charge in his custody at all times, and will not permit them at any time to go into the possession of the distiller or any other person except the district supervisor or another Government officer authorized to receive them.\* (Secs. 2820, 3170, I.R.C.)

§ 183.421 *Use of seal lock.* The seal lock is constructed with a clasp attached thereto with blind hinges at the bottom opening downward. This clasp covers an indentation in the face of the lock surrounding the keyhole for the insertion of the seal. When it is desired to seal-close the lock, a seal will be placed in the indentation made for its reception, and the seal clasp will then be shut and the hasp pushed downward into the lock, thereby locking the lock and seal clasp.\*

§ 183.422 *Use of lock seals.* Lock seals are numbered consecutively and care will be taken to use them in the order in which they are numbered, beginning with the lowest number. In cases where locks are required to be opened several times during the day, the seal will not be inserted until the lock is closed for the night, unless the duties of the storekeeper-gauger having the lock in charge require him to leave the distillery premises during the day. All seals must be so inserted that the serial numbers will be visible through the keyhole after the locks are fastened. Government officers will, before opening seal locks, see that the seal has not been broken or tampered with.\*

§ 183.423 *Custody of locks.* Government locks when not required for use at plants will be retained in the possession of the district supervisor. Receipts will be taken by district supervisors from storekeeper-gaugers for all locks and seals issued to them. Storekeeper-gaugers are strictly prohibited from intrusting locks, keys, or seals in their charge to any person other than an internal revenue officer entitled to receive them, and under no circumstances will they permit locks to remain open, whether hanging by the shackle or otherwise.\*

§ 183.424 *Cap seals.* All unions, flanges, and other pipe connections in the distillery equipment not secured by welding or brazing or similar methods, must be securely connected and sealed with seals approved by the Commissioner.

A special type of seal, serially numbered, has been approved for use in sealing unions, flanges, and other detachable pipe connections. This seal has, for the purpose of identification, been designated a "Cap" seal.\*

§ 183.425 *Affixing cap seals.* Cap seals must be affixed in such a manner as to prevent disconnection of the equipment without detection. No. 16-gauge copper wire will be used in applying these seals, unless the use of a different gauge of such wire is authorized by the Commissioner. The seals must be used in serial order, beginning with the lowest number. When applied initially, they will follow in consecutive order the flow of the spirits.\*

§ 183.426 *Custody of cap seals.* Cap seals furnished storekeeper-gaugers for use at distilleries must be kept by them in the Government cabinet.\*

§ 183.427 *Breaking of sealed connections forbidden.* Sealed connections must not be broken by the distiller for any reason, except in cases of emergency and then only after notifying the storekeeper-gauger in charge or the district supervisor. Where the distiller desires to make changes in the equipment involving the breaking of a sealed connection, he will follow the procedure prescribed in section 183.147.\* (Secs. 2821, 2822, 2851, I.R.C.)

§ 183.428 *Removal of cap seals.* Except as provided in section 183.427, cap seals which have been affixed may be removed only by a storekeeper-gauger or some other officer designated for the purpose by the district supervisor. All removed seals will be forwarded to the district supervisor with a statement giving the number thereof, the reason for removal, the place from which removed, the serial number of the seal used for replacement, and the date the new seal was applied. When a sufficient number of such removed cap seals has been accumulated, the district supervisor will cause them to be destroyed. The person designated to destroy the seals will render to the district supervisor a report of their destruction.\* (Secs. 2821, 2822, 2851, I.R.C.)

§ 183.429 *Storekeeper-gauger's record of cap seals.* Storekeeper-gaugers will keep a record of cap seals in a blank book supplied by the Bureau for that purpose. When cap seals are received, the storekeeper-gauger will enter in the record book the date of receipt, the number received, and the serial numbers thereof. When the seals are used the serial number of each, date of use, description of the place sealed, and the name or initials of the storekeeper-gauger applying the same will be entered in appropriate columns of such record. When seals are removed, as provided in section 183.428, entries will be made in the record book showing the serial number of each, the reason for removal, the place from which removed, the serial number of the seal used for replacement, and the date the new seal was applied.

The record book will be kept in the Government cabinet when not in use.\*

§ 183.430 *Storekeeper-gauger's report of locks and seals.* Storekeeper-gaugers will render to district supervisors a monthly report of all locks and seals in their charge on Form 289, "U. S. Storekeeper-Gaugers' Report of Locks, Seals, Gaugers' Manuals, Hydrometers, and Other Equipment."\*

§ 183.431 *District supervisor's report of locks and seals.* District supervisors will be held accountable for the Government locks and seals, including cap seals, supplied upon their respective requisitions, and for those received from their predecessors in office. Outgoing district supervisors will take receipts from their successors in office for the Government locks then in use and on hand, and for seals on hand, in the district. District supervisors will keep an account of locks and seals, and will make return thereof quarterly to the Commissioner on Form 152, "Return of Locks, Seals, and Gauging Instruments."\*

§ 183.432 *Requisition for lock seals.* Lock seals will be furnished by the Commissioner in sheets of 54 seals each, upon requisition by the district supervisor. Requisitions should be made for the number of seals sufficient to meet the needs of the district for six months.\*

ARTICLE XL—OFFICER'S RIGHT OF ENTRY AND EXAMINATION

§ 183.433 *Entry of distillery or premises used in connection therewith.* Under the law, any internal revenue officer may at all times, as well by night as by day, enter any distillery or building or place used for the business of distilling, or used in connection therewith for storage or other purposes, and, if not admitted upon demand, having declared his name and office, he may break open any doors or windows or break through any of the walls of such premises necessary to be broken to enable him to enter.\* (Sec. 2827, I.R.C.)

§ 183.434 *Authority to break up grounds or walls.* Under the law, any internal revenue officer, and any persons acting in his aid, may break up the ground on any part of the distillery or premises of a distiller, or any ground adjoining or near any such distillery or premises, or any wall or partition thereof or belonging thereto, or other place, to search for any pipe, cock, private conveyance, or utensil, and upon finding any pipe or conveyance leading from or to the distillery premises to break up any ground, house, wall, or other place through or into which such pipe or conveyance leads, and to break or cut away such pipe or other conveyance.\* (Sec. 2830, I.R.C.)

§ 183.435 *Examination of worm tubs.* Under the law, any internal revenue officer may require the water in any worm tub to be drawn off and the tub and worm cleansed at any time when the still is not at work, and the water must be kept out of the worm tub for two

hours or until the officer has finished his examination.\* (Sec. 2839, I.R.C.)

§ 183.436 *Distillers to furnish assistance.* Under the law, on demand of any internal revenue officer, every distiller shall furnish convenient ladders to enable the officer to examine any vessel or utensil in his distillery, and shall furnish all assistance, lights, tools, or other things necessary for inspecting the premises and apparatus, and shall open all doors, boxes, packages, and all casks, barrels, and other vessels not under the control of the Government officer in charge thereof.\* (Sec. 2828, I.R.C.)

[SEAL] GUY T. HELVERING,  
Commissioner of Internal Revenue.

Approved, February 28, 1940.

H. MORGENTHAU, Jr.,  
Secretary of the Treasury.

APPENDIX

*Rules for Computing Capacity of Stills*

The estimated maximum quantity in proof gallons of distilled spirits capable of being produced every 24 hours, which is required to be shown on the distiller's notice, will be computed according to the following rules:

(1) *Pot or kettle stills.* The working capacity of pot or kettle stills will be determined by multiplying 80 percent of the cubic capacity of the still by the maximum number of boilings that can be made in 24 hours and then multiplying this result by the percent of alcohol by volume contained in the highest yielding material to be used in distillation. This result will represent the quantity of wine gallons of absolute alcohol that can be distilled in 24 hours. This quantity, when multiplied by 2, will represent the number of proof gallons. For example, if a pot still having a cubic capacity of 2,000 gallons is used, and such still can be charged three times in eight hours, and the highest percentage of alcohol by volume in the distilling material to be used is 8 percent, the spirit-producing capacity of the still will be computed as follows:  $2,000 \times 0.8 \times 9 \times 0.08 \times 2 = 2,304$  proof gallons. (The quantity that can be distilled in 24 hours.)

(2) *Charge chamber stills.* Where a charge chamber still is used, the estimated maximum quantity of distilled spirits in proof gallons capable of being produced will be determined by multiplying 80 percent of the cubic capacity of the top or charge chamber of the still by the number of times the same can be filled and emptied in 24 hours. This result will represent the total number of gallons of distilling material that can be distilled in 24 hours, which quantity will be multiplied by the percent of alcohol by volume contained in the highest yielding material to be used. The result of such computation will represent the number of wine gallons of absolute alcohol that can be distilled in 24 hours. This quantity, when multiplied by 2, will represent the number of proof gallons. For ex-

ample, if a charge still is used having a charge chamber of a cubic capacity of 600 gallons which can be charged three times in one hour, and the highest percentage of alcohol by volume in the distilling material to be used is 8 percent, the spirit-producing capacity will be computed as follows:  $600 \times 0.8 \times 3 \times 24 \times 0.08 \times 2 = 5,529.6$  proof gallons. (The quantity that can be distilled in 24 hours.)

(3) *Continuous stills.* If continuous stills are used, the maximum spirit-producing capacity in proof gallons of such stills will be computed on the area of the column in square feet. The first step will be to determine the inside diameter of the still at its base and the diameter will then be divided by 2 to ascertain the radius. The diameter may be determined (1) by accurately measuring the inside width of the still with a rod or tape, or (2) by measuring the outside circumference of the still and dividing the same by 3.1416 and deducting from the quotient twice the thickness of the sides of the still. The radius (in feet) will be squared and then multiplied by 3.1416 (Pi) to ascertain the area of the column in square feet. The area in square feet will be multiplied by the factor, 40 (the number of gallons of 100 proof spirits that can be distilled in 1 hour per square foot of plate area), and the result will represent the total number of gallons of 100 proof spirits that can be distilled in 1 hour. This quantity will be multiplied by 24 to determine the number of gallons of 100 proof spirits that can be distilled in 1 day. For example, if a continuous still having a diameter of 4 feet is used, the spirit-producing capacity will be computed as follows:  $2 \times 2 \times 3.1416 \times 40 \times 24 = 12,063.74$  proof gallons. (The quantity that can be produced in 24 hours.)

[F. R. Doc. 40-855; Filed, February 29, 1940; 12:45 p. m.]

[T.D. 4965]

PARTS 3, 9, AND 19—INCOME TAX

COMPENSATION PAID OTHER THAN IN CASH  
To Collectors of Internal Revenue and  
Others Concerned:

Section 19.22 (a)-3 of Regulations 103<sup>1</sup> [Part 19, Title 26, Code of Federal Regulations, 1940 Sup.], article 22 (a)-3 of Regulations 101<sup>2</sup> [Part 9, Title 26, Code of Federal Regulations, 1939 Sup.], article 22 (a)-3 of Regulations 94,<sup>3</sup> as amended by Treasury Decision 4724,<sup>4</sup> approved January 18, 1937 [Part 3, Title 26, Code of Federal Regulations], article 22 (a)-3 of Regulations 86, as amended by such Treasury Decision 4724, and article 53 of Regulations 77, as amended by such Treasury Decision 4724, are amended by striking out the fourth sentence in such section and in each of such articles reading as follows:

<sup>1</sup> 5 F.R. 348, 437, 569.

<sup>2</sup> 4 F.R. 616, 700, 802.

<sup>3</sup> 1 F.R. 1802, 1867, 1947.

<sup>4</sup> 2 F.R. 124.

"If living quarters such as camps are furnished to employees for the convenience of the employer, the ratable value need not be added to the cash compensation of the employees, but if a person receives as compensation for services rendered a salary and in addition thereto living quarters, the value to such person of the quarters furnished constitutes income subject to tax."

and by substituting in lieu thereof the following two sentences:

"If a person receives as compensation for services rendered a salary and in addition thereto living quarters or meals, the value to such person of the quarters and meals so furnished constitutes income subject to tax. If, however, living quarters or meals are furnished to employees for the convenience of the employer, the value thereof need not be computed and added to the compensation otherwise received by the employees."

(This Treasury decision is prescribed pursuant to sections 22 (a) and 62 of the Internal Revenue Code (53 Stat., Part 1) and of sections 22 (a) and 62 of the Revenue Acts of 1938, 1936, 1934, and 1932 (52 Stat., 457, 480, 49 Stat. 1657, 1673, 48 Stat. 686, 700, 47 Stat. 178, 191; 26 U.S.C. 22, 62 and Sup.).)

[SEAL] GUY T. HELVERING,  
Commissioner of Internal Revenue.

Approved February 29, 1940.

H. MORGENTHAU, Jr.,  
Secretary of the Treasury.

[F. R. Doc. 40-862; Filed, March 1, 1940;  
10:46 a. m.]

### Notices

#### DEPARTMENT OF LABOR.

##### Wage and Hour Division.

##### NOTICE OF REVIEW OF ORDER CANCELLING SPECIAL CERTIFICATES FOR THE EMPLOYMENT OF LEARNERS ISSUED TO THE WILKES BARRE HOSEIERY MILLS, INC.

Whereas, on September 15, 1939 special certificate No. 254, to permit the employment of learners not in excess of five percent (5%) of the total number of factory workers at wage rates less than the minimum provided by the Wage Order for the Hosiery Industry, effective September 18, 1939, was issued to the Wilkes Barre Hosiery Mills, Inc., 175 Gilligan Street, Wilkes Barre, Pennsylvania by Merle D. Vincent, duly authorized representative of the Administrator of the Wage and Hour Division to issue, deny and cancel special certificates for the employment of learners at sub-minimum rates, and

Whereas, on October 6, 1939 a second special learners certificate, No. 254-A, was issued to the Wilkes Barre Hosiery Mills, Inc. by said Merle D. Vincent to

permit the employment of 57 additional learners, and

Whereas, on December 12, 1939, following a protest by the American Federation of Hosiery Workers to the issuance of said certificates, an informal conference hearing was held by said Merle D. Vincent upon due notice to the Wilkes Barre Hosiery Mills, Inc. to show cause why said special certificates should not be canceled, and

Whereas, on December 20, 1939, on application of the Wilkes Barre Hosiery Mills, Inc., said informal conference hearing was reopened to consider testimony offered by said company, and

Whereas, on January 8, 1940, on the basis of said informal conference hearings the aforementioned Merle D. Vincent issued an order canceling both of said special certificates, and

Whereas, an opportunity was furnished to interested parties to petition for a review of the aforementioned order of cancellation, a notice of which was published in the FEDERAL REGISTER on January 9, 1940, and

Whereas, the Wilkes Barre Hosiery Mills, Inc. has duly petitioned for a review of said order of cancellation,

Now, therefore, said petition is hereby granted and notice is hereby given that the Administrator for the purpose of reviewing the order of cancellation of the said Merle D. Vincent, will receive briefs from interested parties either in support of or in opposition to the aforementioned order of cancellation, provided that said briefs are filed with the Administrator, Wage and Hour Division, prior to the close of business March 18, 1940. All briefs should be filed in triplicate and will be available for inspection by interested parties in Room 5144, U. S. Department of Labor Building, Washington, D. C.

Signed at Washington, D. C., this 28th day of February, 1940.

HAROLD D. JACOBS,  
Administrator.

[F. R. Doc. 40-857; Filed, February 29, 1940;  
2:43 p. m.]

##### NOTICE OF ISSUANCE OF SPECIAL CERTIFICATES FOR THE EMPLOYMENT OF LEARNERS IN THE APPAREL INDUSTRY

Notice is hereby given that Special Certificates for the employment of learners in the Apparel Industry at hourly wages lower than the minimum wage applicable under Section 6 of the Fair Labor Standards Act of 1938 are issued ex parte under Section 14 of the said Act, § 522.5 (d) of Regulations Part 522, as amended, to the employers listed below effective March 2, 1940, until October 24, 1940, subject to the following terms:

##### OCCUPATIONS, WAGE RATES, AND CONDITIONS

The employment of learners in the Apparel Industry under these Certificates

is limited to the following occupations, learning periods, and minimum wage rates:

(1) A learner is a person who has had less than eight weeks experience in the past three years upon a stitching operation in the Apparel Industry.

(2) The employment of learners under these Certificates is limited to the operation of stitching machines and for eight (8) weeks for any one learner. During this period, learners shall be paid at least 22½¢ per hour. If experienced workers are paid on a piece rate basis, the same piece rates shall be paid to the learners employed on similar work and they shall receive earnings on such piece rates if in excess of 22½¢ per hour, but in no case less than 22½¢ per hour.

(3) These Special Certificates are issued on representations by the employers that experienced stitching machine operators are not available.

(4) Any one of these Special Certificates may be canceled as of the date of its issue if found that experienced workers were available when the Certificate was issued and may be canceled prospectively or as of the date of violation if found that any of its terms have been violated or that skilled workers have become available.

(5) Under these Special Certificates, no learner shall be employed at a sub-minimum wage until and unless the Certificate is posted and kept posted in a conspicuous place in the plant in which learners are employed.

##### NUMBER OF LEARNERS

Not in excess of 5% of the total number of stitching machine operators employed in the plant may be employed under any of these Certificates, unless otherwise indicated hereinbelow opposite the employer's name:

##### NAME AND ADDRESS OF FIRM AND PRODUCT

Jacobs Brothers, Inc., Hancock, Maryland, uniforms.

Jacobs Brothers, Inc., Littlestown, Pennsylvania (5 learners), uniforms.

Worcester Underwear Co., 72 Commercial Street, Worcester, Massachusetts (5 learners), underwear and sleeping garments.

Signed at Washington, D. C., this 1st day of March 1940.

MERLE D. VINCENT,  
Authorized Representative  
of the Administrator.

[F. R. Doc. 40-870; Filed, March 1, 1940;  
12:29 p. m.]

##### NOTICE OF ISSUANCE OF SPECIAL CERTIFICATES FOR THE EMPLOYMENT OF LEARNERS IN THE KNITTED WEAR INDUSTRY

Notice is hereby given that Special Certificates for the employment of learners in the Knitted Wear Industry at hourly wages lower than the minimum wage applicable under Section 6 of the Fair Labor

Standards Act of 1938 are issued ex parte under Section 14 of the said Act, § 522.5 (d) of Regulations Part 522, as amended, to the employers listed below effective March 2, 1940, until October 24, 1940, subject to the following terms:

OCCUPATIONS, WAGE RATES, AND CONDITIONS

The employment of learners in the Knitted Wear Industry under these Certificates is limited to the following occupations, learning periods, and minimum wage rates:

(1) A learner is a person who has not been previously employed for more than eight (8) weeks in the aggregate during the preceding three (3) years upon sewing machine or knitting machine operations, respectively.

(2) The employment of learners under these Certificates is limited to the operation of sewing machines and knitting machines and for eight (8) weeks for any one learner. During this period, no learner may be paid at a rate less than 22½¢ per hour provided, however, that if experienced workers are paid on a piecework rate, learners shall be paid at least the same piecework rate and shall receive earnings on such rate if in excess of 22½¢ per hour but in no event less than 22½¢ per hour.

(3) These Special Certificates are issued on representations by the employers that experienced operators are not available.

(4) These Special Certificates may be canceled as of the date of their issuance if found that experienced workers were available when the Certificate was issued and may be canceled prospectively or as of the date of violation if found that any of their terms have been violated or that experienced workers have become available. No learner may be employed under these Certificates if hired when an experienced worker was available.

(5) Under these Special Certificates, no learner shall be employed at a subminimum wage until and unless the Certificate is posted and kept posted in a conspicuous place in the plant in which learners are to be employed.

NUMBER OF LEARNERS

Not in excess of 5% of the total number of sewing machine and knitting machine operators employed in the plant may be employed under these Certificates unless otherwise indicated hereinbelow opposite the employer's name:

NAME AND ADDRESS OF FIRM AND PRODUCT

Elliott Manufacturing Company, Manchester, New Hampshire (4 learners), underwear.

Signed at Washington, D. C., this 1st day of March 1940.

MERLE D. VINCENT,  
Authorized Representative  
of the Administrator.

[F. R. Doc. 40-871; Filed, March 1, 1940; 12:29 p. m.]

FEDERAL TRADE COMMISSION.

United States of America—Before  
Federal Trade Commission

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 28th day of February, A. D. 1940.

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

[Docket No. 3835]

IN THE MATTER OF INDUSTRIAL PLANTS  
CORPORATION, A CORPORATION

ORDER APPOINTING EXAMINER AND FIXING  
TIME AND PLACE FOR TAKING TESTIMONY

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission, under an Act of Congress (38 Stat. 717; 15 U.S.C.A., Section 41),

*It is ordered*, That Lewis C. Russell, an examiner of this Commission, be and he hereby is designated and appointed to take testimony and receive evidence in this proceeding and to perform all other duties authorized by law;

*It is further ordered*, That the taking of testimony in this proceeding begin on Tuesday, March 12, 1940, at ten o'clock in the forenoon of that day (eastern standard time) in Room 110, Custom House, Second & Chestnut Streets, Philadelphia, Pennsylvania.

Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondent. The examiner will then close the case and make his report upon the evidence.

By the Commission.

[SEAL] OTIS B. JOHNSON,  
Secretary.

[F. R. Doc. 40-858; Filed, March 1, 1940; 10:01 a. m.]

United States of America—Before  
Federal Trade Commission

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 28th day of February, A. D. 1940.

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

[Docket No. 3893]

IN THE MATTER OF ROSE HEIFLER AND FRED  
JACKSON, INDIVIDUALS, DOING BUSINESS  
UNDER THE FIRM NAME OF HEIFLER AND  
JACKSON

ORDER APPOINTING EXAMINER AND FIXING  
TIME AND PLACE FOR TAKING TESTIMONY

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission, under an Act of Congress (38 Stat. 717; 15 U.S.C.A., Section 41),

*It is ordered*, That Lewis C. Russell, an examiner of this Commission, be and he hereby is designated and appointed to take testimony and receive evidence in this proceeding and to perform all other duties authorized by law;

*It is further ordered*, That the taking of testimony in this proceeding begin on Thursday, March 14, 1940, at ten o'clock in the forenoon of that day (eastern standard time) in Room 500, 45 Broadway, New York, New York.

Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondent. The examiner will then close the case and make his report upon the evidence.

By the Commission.

[SEAL] OTIS B. JOHNSON,  
Secretary.

[F. R. Doc. 40-859; Filed, March 1, 1940; 10:01 a. m.]

United States of America—Before  
Federal Trade Commission

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 28th day of February, A. D. 1940.

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

[Docket No. 3898]

IN THE MATTER OF NATIONAL PRESS PHOTO  
BUREAU, INC., A CORPORATION, KAY HART  
STUDIOS, INC., A CORPORATION, BOLIVAR  
STUDIOS, INC., A CORPORATION, AND  
SAMUEL F. REESE AND CLARA L. REESE,  
INDIVIDUALLY AND AS OFFICERS OF NATIONAL  
PRESS PHOTO BUREAU, INC., A  
CORPORATION, AND KAY HART STUDIOS,  
INC., A CORPORATION

ORDER APPOINTING EXAMINER AND FIXING  
TIME AND PLACE FOR TAKING TESTIMONY

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission, under an Act of Congress (38 Stat. 717; 15 U.S.C.A., Section 41),

*It is ordered*, That Lewis C. Russell, an examiner of this Commission, be and he hereby is designated and appointed to take testimony and receive evidence in this proceeding and to perform all other duties authorized by law;

*It is further ordered*, That the taking of testimony in this proceeding begin on Friday, March 15, 1940, at ten o'clock in the forenoon of that day (eastern standard time) in Room 500, 45 Broadway, New York City, New York.

Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondent. The examiner will



then close the case and make his report upon the evidence.

By the Commission.

[SEAL] OTIS B. JOHNSON,  
Secretary.

[F. R. Doc. 40-860; Filed, March 1, 1940; 10:01 a. m.]

*United States of America—Before Federal Trade Commission*

At a regular session of the Federal Trade Commission held at its office in the City of Washington, D. C., on the 28th day of February, A. D. 1940.

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

[Docket No. 3976]

IN THE MATTER OF TOMMY LOUGHRAN, AN INDIVIDUAL

ORDER APPOINTING EXAMINER AND FIXING TIME AND PLACE FOR TAKING TESTIMONY

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission, under an Act of Congress (38 Stat. 717; 15 U.S.C.A., Section 41).

*It is ordered*, That Lewis C. Russell, an examiner of this Commission, be and he hereby is designated and appointed to take testimony and receive evidence in this proceeding and to perform all other duties authorized by law;

*It is further ordered*, That the taking of testimony in this proceeding begin on Monday, March 11, 1940, at ten o'clock in the forenoon of that day (eastern standard time) in Room 110, Custom House, Second & Chestnut Streets, Philadelphia, Pennsylvania.

Upon completion of testimony for the Federal Trade Commission, the examiner is directed to proceed immediately to take testimony and evidence on behalf of the respondent. The examiner will then close the case and make his report upon the evidence.

By the Commission.

[SEAL] OTIS B. JOHNSON,  
Secretary.

[F. R. Doc. 40-861; Filed, March 1, 1940; 10:01 a. m.]

SECURITIES AND EXCHANGE COMMISSION.

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

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 28th day of February, A. D. 1940.

[File No. 60-12]

IN THE MATTER OF STONE & WEBSTER SERVICE CORPORATION

ORDER CHANGING PLACE OF HEARING

The Commission having heretofore, on February 23, 1940, ordered a hearing to

determine whether or not Stone & Webster Service Corporation directly or indirectly exercises (either alone or pursuant to an arrangement or understanding with one or more other persons) such a controlling influence over the management and policies of Oklahoma Natural Gas Company, a gas utility company operating in Oklahoma and Kansas, as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that Stone & Webster Service Corporation be subject to the obligations, duties and liabilities imposed upon holding companies by the Public Utility Holding Company Act of 1935; and

The Commission having ordered that such hearing commence on the 14th day of March 1940, in Tulsa, Oklahoma, before James G. Ewell, an officer of the Commission;

*It is ordered*, That so much of said order as directs that such hearing be held in Tulsa, Oklahoma be, and it is hereby rescinded; and

*It is further ordered*, That such hearing commence on the 14th day of March 1940 at 10:00 o'clock in the forenoon of that day, at the Securities and Exchange Building, 1778 Pennsylvania Avenue NW., Washington, D. C. On such day the hearing-room clerk in room 1102 will advise as to the room where such hearing will be held.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,  
Secretary.

[F. R. Doc. 40-863; Filed, March 1, 1940; 11:52 a. m.]

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

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 29th day of February 1940.

[File No. 1-916]

IN THE MATTER OF WESTERN UNION MINING COMPANY COMMON ASSESSABLE STOCK, 10¢ PAR VALUE

ORDER GRANTING APPLICATION TO WITHDRAW FROM LISTING AND REGISTRATION

The Western Union Mining Company, pursuant to Section 12 (d) of the Securities Exchange Act of 1934, as amended, and Rule X-12D2-1 (b) promulgated thereunder, having made application to withdraw its Common Assessable Stock, 10¢ Par Value, from listing and registration on the Standard Stock Exchange of Spokane; and

After appropriate notice, a hearing having been held in this matter; and

The Commission having considered said application together with the evidence introduced at said hearing, and having due regard for the public interest and the protection of investors;

*It is ordered*, That said application be and the same is hereby granted, effective

at the close of the trading session on March 15, 1940.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,  
Secretary.

[F. R. Doc. 40-864; Filed March 1, 1940; 11:52 a. m.]

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

At a regular session of the Securities and Exchange Commission, held at its office in the City of Washington, D. C., on the first day of March, A. D. 1940.

[File No. 56-40]

IN THE MATTER OF INDIANA & MICHIGAN ELECTRIC COMPANY AND AMERICAN GAS AND ELECTRIC COMPANY

ORDER DESIGNATING NEW TRIAL EXAMINER AND SETTING MATTER FOR FURTHER HEARING

Indiana & Michigan Electric Company having filed an application pursuant to Section 6 (b) of the Public Utility Holding Company Act of 1935 covering the issue and sale of certain securities; the matter having been duly set for hearing; the hearing having been held on June 16, 1939 at the offices of the Commission in Washington, D. C., and continued on the said date subject to the call of the Trial Examiner; an order thereafter having been issued by the Commission exempting the issue and sale of the said Securities from the provisions of Section 6 (a) of the Act and reserving jurisdiction to determine, at a later date, whether the fees agreed to be paid to the attorneys representing said Indiana & Michigan Electric Company and the insurance companies purchasing certain of said securities, and to the First Boston Corporation, in connection with the said transaction, are or are not reasonable; and further hearings having been held at the offices of the Commission in New York and Chicago, before newly designated Trial Examiners, on October 13, 1939 and on November 3, 1939, with respect to the reasonableness of the legal fees charged by the attorneys representing Indiana & Michigan Electric Company and said insurance companies, and the same having been continued subject to the call of the Trial Examiner;

The Commission being of the opinion that a further hearing should be held at its offices in the City of New York, New York, with respect to the fee charged by the First Boston Corporation, and the Trial Examiner who presided at the said original hearing not being available to preside at the said further hearing in the City of New York;

*It is ordered*, That a further hearing be held at the office of the Securities and Exchange Commission, in Room 2031, 120 Broadway, in the City of New York beginning March 18, 1940 at ten in the forenoon, and that Adrian C. Humphreys, an officer of the Commission be,

and hereby is, designated to preside at such continued hearing in the place and stead and with the same powers and duties as the Trial Examiner heretofore designated to preside in said proceedings.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,  
Secretary.

[F. R. Doc. 40-866; Filed, March 1, 1940;  
11:52 a. m.]

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

At a regular session of the Securities and Exchange Commission held at its office in the City of Washington, D. C., on the 1st day of March, A. D. 1940.

[File No. 70-1]

IN THE MATTER OF WISCONSIN ELECTRIC  
POWER COMPANY

NOTICE OF AND ORDER FOR HEARING

A declaration and applications pursuant to the Public Utility Holding Company Act 1935, having been duly filed with this Commission by the above-named party;

It is ordered, That a hearing on such matter under the applicable provisions of said Act and the rules of the Commission thereunder be held on March 18, 1940, at 10:00 o'clock in the forenoon of that day, at the Securities and Exchange Building, 1778 Pennsylvania Avenue NW., Washington, D. C. On such day the hearing-room clerk in room 1102 will advise as to the room where such hearing will be held. At such hearing, if in respect of any declaration, cause shall be shown why such declaration shall become effective.

It is further ordered, That Charles S. Lobingier or any other officer or officers of the Commission designated by it for that purpose shall preside at the hearings in such matter. The officer so designated to preside at any such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of said Act and to a trial examiner under the Commission's Rules of Practice.

Notice of such hearing is hereby given to such declarant or applicant and to any other person whose participation in such proceeding may be in the public interest or for the protection of investors or consumers. It is requested that any person desiring to be heard or to be admitted as a party to such proceeding shall file a notice to that effect with the Commission on or before March 13, 1940.

The matter concerned herewith is in regard to the proposed issuance and sale by said Wisconsin Electric Power Company, a subsidiary of The North American Company, a registered public utility holding company, of 282,098 shares of 4½% Series Preferred Stock, of the par value of \$100 per share, and a maximum amount of 141,049 shares of common stock, of the par value of \$20 per share, the proposal by said Wisconsin Electric

Power Company, through amendment of its Articles of Incorporation, to confer certain additional rights upon the holders of the Preferred Stock of said applicant by investing such stock with special voting rights in the event of default in payment of dividends thereon and in other special instances and the acquisition and retirement by said applicant of its presently outstanding 6% Preferred Stock, Issue of 1921.

The applicant proposes to offer, for approximately 10 days, to exchange one share of the new 4½% Series Preferred Stock, above mentioned, and one-half share of the above mentioned common stock plus a cash dividend adjustment of approximately 37.5¢ per share of Preferred for each share of its presently outstanding 6% Preferred Stock, above mentioned. The unexchanged portion of said 6% Preferred Stock will be called for redemption on June 1, 1940 at \$110, a share plus accrued and unpaid dividends. The exchange and redemption will be effective only if at least 60% of said 6% Preferred Stock held by persons other than The North American Company, parent of said applicant, is deposited for exchange.

It is proposed that the new Preferred Stock shall be convertible into common stock until June 1, 1952, at the rate of five shares of common for each share of preferred (subject to certain adjustments in the event of any payment of dividends in common stock, and under certain other circumstances). Scrip certificates will be issued in lieu of fractional shares of common stock in connection with the exchange.

It is proposed that any of the new Preferred Stock not required in the exchange, will be sold to the public through underwriters, the proceeds from such sale to be applied to the redemption of the unexchanged portion of the 6% Preferred Stock to be retired. It is also contemplated that a management fee and certain commissions will be paid to the prospective underwriters for services in connection with the exchange regardless of whether or not sufficient stock is deposited for exchange for the same to become effective.

By the Commission.

[SEAL] FRANCIS P. BRASSOR,  
Secretary.

[F. R. Doc. 40-865; Filed, March 1, 1940;  
11:52 a. m.]

NOTICE OF HEARING WITH RESPECT TO THE  
HOLDING-COMPANY SYSTEM OF ELECTRIC  
BOND AND SHARE COMPANY

Notice is hereby given that the Securities and Exchange Commission adopted an order on the 28th day of February, 1940 directing that a hearing pursuant to Section 11 (b) (1) of the Public Utility Holding Company Act of 1935 be held with respect of Electric Bond and Share Company and each of its subsidiary companies hereinafter called the respondents at the offices of the said Securities and

Exchange Commission, 1778 Pennsylvania Avenue NW., Washington, D. C., at 10 A. M. on the twentieth day after the date herein fixed for the filing of answers (or such later date as the Commission may prior thereto fix by supplementary notice).

Said order recites that it appears to the Commission that the holding company system of the said Electric Bond and Share Company is not confined in its operations to those of a single integrated public-utility system within the meaning of the said Act, and to such other businesses as are reasonably incidental, or economically necessary or appropriate to the operations of such integrated public-utility system.

Said order provides that each respondent shall file its answer to the allegations of said order on or before the 6th day of April, 1940, and thereby shall admit, deny, or otherwise explain the position of such respondent with respect to the allegations set forth in Parts I to VII of said notice and order for hearing, and also provides that such answer may include a statement of the claim of the respondents or any of them as to (a) the action, if any, which is necessary and should be required to be taken by any of the respondents (including the divestment of control, securities or other assets), to limit the operations of each of the respondents as may be a registered holding company (other than American & Foreign Power Company, Inc.) to a single integrated public-utility system and to such other businesses as are reasonably incidental, or economically necessary or appropriate to the operations of such integrated public-utility system; (b) the extent to which any of said respondents which is a registered holding company (other than American & Foreign Power Company Inc.) should be permitted to continue to control one or more additional integrated public-utility systems as may meet the requirements of Clauses (A), (B) and (C) of Section 11 (b) (1) of the Act; and (c) the extent to which any of said respondents should be permitted to retain an interest in any business (other than the business of a public-utility company as such) as provided by Section 11 (b) (1) of the Act. The answer of any respondent which is a registered holding company may, if such respondent so desires, state that such respondent proposes and is prepared to take such action as will cause it to cease to be a holding company within the meaning of the Act, together with a description of such action and the time within which it proposes to take such action; and

Said order further provides that the purpose of such hearing is to determine (1) such issues, if any, as may arise from the allegations of Parts I to VII, inclusive, of said order, and the answer or answers filed thereto by the respondents or any of them as hereinbefore provided, and by any other party or parties hereto as hereinbefore provided; (2) what action, if

any, is necessary and shall be required to be taken by the respondents in said proceeding, or any of them, to limit the operations of the holding company systems of each of the respondents as may be a registered holding company (other than American & Foreign Power Company Inc.) to a single integrated public-utility system, and to such other businesses as are reasonably incidental, or economically necessary or appropriate to the operations of such integrated public-utility system; (3) pursuant to such application as may be made in said proceedings, the extent to which each of the respondents as may be a registered holding company (other than American & Foreign Power Company Inc.) shall be permitted to continue to control one or more additional integrated public-utility systems as provided by Section 11 (b) (1) of the Act; and (4) pursuant to such application as may be made in said proceedings the extent to which any of the respondents will be permitted to retain any interest in any business (other than that of a public-utility company as such) as provided by Section 11 (b) (1) of the Act; and

Reference is made to said notice and order for hearing for a more complete statement of the various matters to be determined at said hearing, and a copy of said notice and order for hearing is on file and open to public inspection at the offices of said Securities and Exchange Commission in Washington, D. C., and in each of the Regional Offices of said Securities and Exchange Commission, and a copy of said notice and order for hearing may be had upon written request to the Secretary of said Commission, and said notice and order for hearing is hereby made a part of this notice as if more fully herein set forth at length.<sup>1</sup>

Notice of the aforesaid hearing is particularly given to each of the aforesaid respondents, Electric Bond and Share Company, American Power & Light Company, Pacific Power & Light Company, Electric Power & Light Corporation, Utah Power & Light Company, National Power & Light Company, American & Foreign Power Company Inc., Central Arizona Light and Power Company, Florida Power & Light Company, Kansas Gas and Electric Company, Minnesota Power & Light Company, The Montana Power Company, Nebraska Power Company, New Mexico Electric Service Company, Northern Power Company, Northwestern Electric Company, Inland Power & Light Company, Portland Gas & Coke Company, Superior Water, Light and Power Company, Texas Electric Service Company, Texas Power & Light Company, Texas Public Utilities Corporation, The Washington Water Power Company, Arkansas Power & Light Company, Dallas Power & Light Company, Idaho Power Company, Louisiana Power & Light Company, Mississippi Power & Light Company, New Orleans Public Service Inc., United Gas Corporation, Utah Light and Traction Company, The

Western Colorado Power Company, Birmingham Electric Company, Carolina Power & Light Company, The Edison Illuminating Company of Easton, Houston Lighting & Power Company, Lehigh Valley Transit Company, Memphis Generating Company, Pennsylvania Power & Light Company, Roanoke River Power Company, West Tennessee Gas Company, Consumers Water Company, The Miami Beach Railway Company, Miami Water Company, Glacier Production Company, Great Falls Townsite Company, Yakima Credit Corporation, Gasco Finance Company, Utilities Land Company, Spokane United Railways, Capital Transportation Company, White River Power Company, Dallas Railway & Terminal Company, Gentilly Development Company, Inc., Northern Texas Company, Compania Mexicana de Gas, S. A., Credito Industrial de Monterrey, S. A., Duval Texas Sulphur Company, Houston Gas Securities Company, Union Producing Company, Springhill Land Company, Incorporated, United Gas Pipe Line Company, Houston Gulf Gas Company, United Oil Pipe Line Company, Capitan Corporation, Easton Transit Company, Easton and South Bethlehem Transportation Company, Freemansburg Land Company, Allentown Bridge Company, Lehigh Valley Realty Company, Lehigh Valley Transportation Company, Norristown Transit Company, Hazle Township Water Company, Hummelstown Water Supply Company, North Branch Development Company, Pennsylvania Realty & Investment Company, West Pittston-Exeter Railroad Company, Susquehanna Gas Company, South Texas Utilities Company, Tennessee Public Service Company, Valley Railways, Wrightsville Water Supply Company, Ebasco Services Incorporated, Two Rector Street Corporation, Empreza Electricas Brasileiras, S. A., Compania Constructora del Pacifico, and to all other persons, including the security holders and consumers of the said respondents, all States, municipalities, and political subdivisions of States within which are located any of the utility assets owned or operated by any of said respondents or under the laws of which any of the respondents are incorporated, all State Commissions, State securities commissions and all agencies, authorities or instrumentalities of one or more States, municipalities or other political subdivisions having jurisdiction over any of the respondents or over any of the businesses, affairs or operations of any of them.

Said order further provides that any person proposing to intervene in said proceedings shall file with the Secretary of the Securities and Exchange Commission on or before the 6th day of April, 1940, his request or application therefor as provided by Rule XVII of the Rules of Practice of the said Securities and Exchange Commission, and may, together with such request or application, file a proposed answer in form and content as hereinbefore provided, and which answer shall

be deemed effectively filed upon the entry of an order by the Commission granting such request or application.

By order of the Securities and Exchange Commission this 26th day of February, 1940.

[SEAL]

FRANCIS P. BRASSOR,  
Secretary.

[F. R. Doc. 40-868; Filed, March 1, 1940; 11:58 a. m.]

NOTICE OF HEARING WITH RESPECT TO THE HOLDING-COMPANY SYSTEM OF ENGINEERS PUBLIC SERVICE COMPANY

Notice is hereby given that the Securities and Exchange Commission adopted an order on the 28th day of February, 1940 directing that a hearing pursuant to Section 11 (b) (1) of the Public Utility Holding Company Act of 1935 be held with respect of Engineers Public Service Company and each of its subsidiary companies hereinafter called the respondents at the offices of the said Securities and Exchange Commission, 1778 Pennsylvania Avenue NW., Washington, D. C., at 10 A. M. on the twentieth day after the date herein fixed for the filing of answers (or such later date as the Commission may prior thereto fix by supplementary notice).

Said order recites that it appears to the Commission that the holding-company system of the said Engineers Public Service Company is not confined in its operations to those of a single integrated public-utility system within the meaning of the said Act, and to such other businesses as are reasonably incidental, or economically necessary or appropriate to the operations of such integrated public-utility system.

Said order provides that each respondent shall file its answer to the allegations of said order on or before the 6th day of April, 1940, and thereby shall admit, deny, or otherwise explain the position of such respondent with respect to the allegations set forth in Parts I to V of said notice and order for hearing, and also provides that such answer may include a statement of the claim of the respondents or any of them as to (a) the action, if any, which is necessary and should be required to be taken by any of the respondents (including the divestment of control, securities or other assets), to limit the operations of each of the respondents as may be a registered holding company to a single integrated public-utility system and to such other businesses as are reasonably incidental, or economically necessary or appropriate to the operations of such integrated public-utility system; (b) the extent to which any of said respondents which is a registered holding company should be permitted to continue to control one or more additional integrated public-utility systems as may meet the requirements of Clauses (A), (B) and (C) of Section 11 (b) (1) of the Act; and (c) of the extent to which any of said respondents should be permitted to retain an interest in any business (other

<sup>1</sup> Filed as a part of the original document.

than the business of a public-utility company as such) as provided by Section 11 (b) (1) of the Act. The answer of any respondent which is a registered holding company may, if such respondent so desires, state that such respondent proposes and is prepared to take such action as will cause it to cease to be a holding company within the meaning of the Act, together with a description of such action and the time within which it proposes to take such action; and

Said order further provides that the purpose of such hearing is to determine (1) such issues, if any, as may arise from the allegations of Parts I to V, inclusive, of said order, and the answer or answers filed thereto by the respondents or any of them as hereinbefore provided, and by any other party or parties hereto as hereinafter provided; (2) what action, if any, is necessary and shall be required to be taken by the respondents in said proceeding, or any of them, to limit the operations of the holding company systems of each of the respondents as may be a registered holding company to a single integrated public-utility system, and to such other businesses as are reasonably incidental, or economically necessary or appropriate to the operations of such integrated public-utility system; (3) pursuant to such application as may be made in said proceedings, the extent to which each of the respondents as may be a registered holding company shall be permitted to continue to control one or more additional integrated public-utility systems as provided by Section 11 (b) (1) of the Act; and (4) pursuant to such application as may be made in said proceedings the extent to which any of the respondents will be permitted to retain any interest in any business (other than that of a public-utility company as such) as provided by Section 11 (b) (1) of the Act; and

Reference is made to said notice and order for hearing for a more complete statement of the various matters to be determined at said hearing, and a copy of said notice and order for hearing is on file and open to public inspection at the offices of said Securities and Exchange Commission in Washington, D. C., and in each of the Regional Offices of said Securities and Exchange Commission, and a copy of said notice and order for hearing may be had upon written request to the Secretary of said Commission, and said notice and order for hearing is hereby made a part of this notice as if more fully herein set forth at length.<sup>1</sup>

Notice of the aforesaid hearing is particularly given to each of the aforesaid respondents, Engineers Public Service Company, Baton Rouge Bus Company, Inc., Diamond Ice & Storage company, El Paso Electric Company, a Delaware corporation, El Paso Electric Company, a Texas corporation, El Paso and Juarez Traction Company, Gulf States Utilities Company, The Ice Delivery Company, Independent Stages, Inc., The Key West Electric Company, Mesilla Valley Electric

<sup>1</sup> Filed as a part of the original document.

Company, Missouri Service Company, North Coast Transportation Company, The Northern Kansas Power Company, Puget Sound Power & Light Company, Savannah Electric and Power Company, Virginia Electric and Power Company, Wallace Falls Power Company, Washington Electric Company, The Western Public Service Company, and Engineers Public Service Company, Inc. and to all other persons, including the security holders and consumers of the said respondents, all States, municipalities, and political subdivisions of States within which are located any of the utility assets owned or operated by any of said respondents or under the laws of which any of the respondents are incorporated, all State commissions, State securities commissions and all agencies, authorities or instrumentalities of one or more States, municipalities or other political subdivisions having jurisdiction over any of the respondents or over any of the businesses, affairs or operations of any of them.

Said order further provides that any person proposing to intervene in said proceedings shall file with the Secretary of the Securities and Exchange Commission on or before the 6th day of April, 1940, his request or application therefor as provided by Rule XVII of the Rules of Practice of the said Securities and Exchange Commission, and may, together with such request or application, file a proposed answer in form and content as hereinbefore provided, and which answer shall be deemed effectively filed upon the entry of an order by the Commission granting such request or application.

By order of the Securities and Exchange Commission this 28th day of February, 1940.

[SEAL] FRANCIS P. BRASSOR,  
Secretary.

[F. R. Doc. 40-869; Filed, March 1, 1940; 11:58 a. m.]

UNITED STATES CIVIL SERVICE COMMISSION.

CONDITION OF THE APPORTIONMENT AT CLOSE OF BUSINESS THURSDAY, FEBRUARY 29, 1940

*Important.* Although the apportioned classified civil service is by law located only in Washington, D. C., it nevertheless includes only about half of the Federal Civilian positions in the District of Columbia. Positions in local post offices, customs districts and other field services outside of the District of Columbia which are subject to the Civil Service Act are filled almost wholly by persons who are local residents of the general community in which the vacancies exist. It should be noted and understood that so long as a person occupies, by original appointment a position in the apportioned service, the charge for his appointment continues to run against his State of original residence. Certifications of eligibles are first made from States which are in arrears.

State	Number of positions to which entitled	Number of positions occupied
IN ARREARS		
1. Virgin Islands.....	9	0
2. Puerto Rico.....	636	45
3. Hawaii.....	152	16
4. California.....	2,340	824
5. Alaska.....	24	9
6. Texas.....	2,401	979
7. Louisiana.....	866	412
8. Michigan.....	1,996	955
9. Arizona.....	180	94
10. South Carolina.....	717	407
11. New Jersey.....	1,666	963
12. Ohio.....	2,740	1,656
13. Mississippi.....	828	506
14. Alabama.....	1,091	674
15. Arkansas.....	764	482
16. Oklahoma.....	988	624
17. Georgia.....	1,199	785
18. Kentucky.....	1,078	730
19. New Mexico.....	174	119
20. North Carolina.....	1,307	908
21. Tennessee.....	1,078	832
22. Illinois.....	3,145	2,461
23. Wisconsin.....	1,211	978
24. Connecticut.....	662	599
25. Indiana.....	1,335	1,166
26. Delaware.....	98	87
27. Nevada.....	37	33
28. Oregon.....	393	363
29. Florida.....	605	559
30. Idaho.....	183	171
31. Wyoming.....	93	91
32. New Hampshire.....	192	189
33. Washington.....	644	634
34. Pennsylvania.....	3,970	3,915
35. Missouri.....	1,496	1,486

State	Number of positions to which entitled	Number of positions occupied	Net gain or loss since July 1, 1939
QUOTA FILLED			
36. Vermont.....	148	148	

State	Number of positions to which entitled	Number of positions occupied	Net gain or loss since July 1, 1939
IN EXCESS			
37. West Virginia.....	713	714	+2
38. Maine.....	329	330	+7
39. New York.....	5,188	5,211	+198
40. Montana.....	222	223	-15
41. Massachusetts.....	1,752	1,763	+21
42. Colorado.....	427	435	+4
43. Kansas.....	775	802	-35
44. North Dakota.....	281	294	-23
45. Rhode Island.....	283	297	-15
46. Utah.....	209	221	+13
47. South Dakota.....	286	312	-7
48. Minnesota.....	1,057	1,155	-47
49. Iowa.....	1,018	1,126	-35
50. Nebraska.....	568	697	-1
51. Virginia.....	998	2,039	-23
52. Maryland.....	672	2,086	+23
53. District of Columbia.....	201	8,861	-29

GAINS			
By appointment.....			401
By transfer.....			35
By reinstatement.....			2
By correction.....			1
Total.....			439
LOSSES			
By separation.....			35
By transfer.....			44
Total.....			79
Total appointments.....			51,426

GAINS			
By appointment.....			401
By transfer.....			35
By reinstatement.....			2
By correction.....			1
Total.....			439
LOSSES			
By separation.....			35
By transfer.....			44
Total.....			79
Total appointments.....			51,426

NOTE: Number of employees occupying apportioned positions who are excluded from the apportionment figures under Section 3, Rule VII, and the Attorney General's Opinion of August 25, 1934, 16,345.

By direction of the Commission:  
[SEAL] L. A. MOYER,  
Executive Director,  
and Chief Examiner.

[F. R. Doc. 40-867; Filed, March 1, 1940; 11:55 a. m.]