



FEDERAL REGISTER

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TITLE 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 29—RETIREMENT

REEMPLOYMENT OF ANNUITANTS

Section 29.18 (c) is amended as set out below.

§ 29.18 Reemployment of annuitants. . . .

(c) This paragraph shall apply to each annuitant (1) who retired for disability and is found before reaching age 60 to be recovered or restored to earning capacity, or (2) whose annuity is based on involuntary separation for reasons other than age or misconduct or delinquency. If such annuitant becomes employed on or after October 1, 1956, in an appointive or elective position wherein he is not excluded from retirement coverage by statute or by § 29.2, (i) his annuity shall be terminated at the end of the month preceding the month in which he becomes employed, (ii) retirement deductions shall be made from his salary, and (iii) his future annuity rights shall be determined under the law in effect at the date of his subsequent separation. If such annuitant becomes employed on or after October 1, 1956, in an appointive or elective position wherein he is excluded from retirement coverage by statute or by § 29.2, (a) his annuity shall be suspended from the first day of the month in which he becomes employed to the last day of the month in which his subsequent separation occurs, and (b) no retirement deductions shall be made from his salary, except that if an annuitant whose annuity is based on such involuntary separation becomes so employed on or after November 15, 1958, (1) his annuity shall continue, (2) no retirement deductions shall be made from his salary, and (3) there shall be deducted from his salary, except for lump-sum leave purposes, an amount equal to the annuity allocable to the period of actual employment.

(Sec. 16, 70 Stat. 758; 5 U. S. C. 2206)

UNITED STATES CIVIL SERVICE COMMISSION,

(SEAL) WM. C. HULL,
Executive Assistant.

[P. R. Doc. 58-9930; Filed, Dec. 1, 1958; 8:47 a. m.]

TITLE 7—AGRICULTURE

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

[Navel Orange Reg. 146]

PART 914—NAVEL ORANGES GROWN IN ARIZONA AND DESIGNATED PART OF CALIFORNIA

LIMITATION OF HANDLING

§ 914.446 Navel Orange Regulation 146—(a) Findings. (1) Pursuant to the marketing agreement, as amended, and Order No. 14, as amended (7 CFR Part 914), regulating the handling of navel oranges grown in Arizona and designated part of California, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.; 68 Stat. 906, 1047), and upon the basis of the recommendation and information submitted by the Navel Orange Administrative Committee, established under the said amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of handling of such navel oranges as hereinafter provided will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication hereof in the FEDERAL REGISTER (60 Stat. 237; 5 U. S. C. 1001 et seq.) because the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient, and a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause exists for making the provisions hereof effective as hereinafter set forth. The Committee held an open meeting during the current week, after giving due notice thereof, to consider supply and market conditions for navel oranges and the need for regulation; interested persons were afforded an opportunity to submit information and views at this meeting; the recommendation and supporting information

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for regulation during the period specified herein were promptly submitted to the Department after such meeting was held; the provisions of this section, including its effective time, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such navel oranges; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period herein specified; and compliance with this section will not require any special preparation on the part of persons subject hereto which cannot be completed on or before the effective date hereof. Such committee meeting was held on November 26, 1958.

(b) *Order.* (1) The respective quantities of navel oranges grown in Arizona and designated part of California which may be handled during the period beginning at 12:01 a. m., P. s. t., November 30, 1958, and ending at 12:01 a. m., P. s. t., December 7, 1958, are hereby fixed as follows:

(i) District 1: 877,800 cartons;
(ii) District 2: Unlimited movement;
(iii) District 3: Unlimited movement;
(iv) District 4: Unlimited movement;
(2) All navel oranges handled during the period specified in this section are subject also to all applicable size restrictions which are in effect pursuant to this part during such period.

(3) As used in this section, "handled," "District 1," "District 2," "District 3," "District 4," and "carton" have the same meaning as when used in said amended marketing agreement and order.

(Sec. 5, 49 Stat. 853, as amended; 7 U. S. C. 608c)

Dated: November 28, 1958.

[SEAL] S. R. SMITH,
Director, Fruit and Vegetable
Division, Agricultural Mar-
keting Service.

[P. R. Doc. 58-9973; Filed, Nov. 28, 1958;
1:29 p. m.]

**PART 933—ORANGES, GRAPEFRUIT, TANGE-
RINES, AND TANGELOS GROWN IN FLORIDA**

**APPROVAL OF EXPENSES AND FIXING OF RATE
OF ASSESSMENT FOR THE 1958-59 FISCAL
PERIOD**

On November 11, 1958, notice of proposed rule making was published in the FEDERAL REGISTER (23 F. R. 8748) regarding the expenses and the fixing of the rate of assessment for the 1958-59 fiscal period under Marketing Agreement No. 84, as amended, and Order No. 33, as amended (7 CFR Part 933), regulating the handling of oranges, grapefruit, tangerines, and tangelos grown in Florida. This regulatory program is effective pursuant to the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.). After consideration of all relevant matters presented, including the proposals set forth in the aforesaid notice, which were submitted by the Growers Administrative Committee (established pursuant to the amended marketing agreement and order), it is hereby found and determined that:

§ 933.212 *Expenses and rate of assessment for the 1958-59 fiscal period.* (a) The expenses necessary to be incurred by the Growers Administrative Committee, established pursuant to the provisions of the aforesaid amended marketing agreement and order, for the maintenance and functioning, during the fiscal period beginning August 1, 1958, and ending July 31, 1959, both dates inclusive, of the Growers Administrative Committee and the Shippers Advisory Committee, established under the aforesaid amended marketing agreement and order, will amount to \$189,000.00 and the rate of assessment to be paid by each handler in accordance with this part shall be seven mills (\$0.007) per standard packed box of fruit shipped by such handler during the said fiscal period; and such rate of assessment is hereby approved as each handler's pro rata share of the aforesaid expenses.

(b) As used in this section, the terms "standard packed box," "fiscal period," "handler," "shipped," and "fruit" shall have the same meaning as is given to each such term in said amended marketing agreement and order.

(c) The provisions of this section shall become effective 30 days after publication in the FEDERAL REGISTER.

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

Dated: November 26, 1958.

[SEAL] S. R. SMITH,
Director, Fruit and Vegetable
Division, Agricultural Mar-
keting Service.

[F. R. Doc. 58-9953; Filed, Dec. 1, 1958;
8:51 a. m.]

**PART 1014—MILK IN MISSISSIPPI GULF
COAST MARKETING AREA**

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AUTHORITY: §§ 1014.0 to 1014.101 issued under sec. 5, 49 Stat. 753, as amended; 7 U. S. C. 608c.

§ 1014.0 *Findings and determinations—(a) Findings upon the basis of the hearing record.* Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, governing the formulation of marketing agreements and marketing orders (7 CFR, Part 900), a public hearing was held upon a proposed marketing agreement and a proposed order regulating the handling of milk in the Mississippi Gulf Coast marketing area. Upon the basis of the evidence introduced at such hearing and the record thereof, it is found that:

(1) The said order, and all of the terms and conditions thereof, will tend to effectuate the declared policy of the act;

(2) The parity prices of milk as determined pursuant to section 2 of the act are not reasonable in view of the price of feeds, available supplies of feeds, and other economic conditions which affect market supply and demand for milk in the said marketing area, and the minimum prices specified in the order are such prices as will reflect the aforesaid factors, insure a sufficient quantity of pure and wholesome milk and be in the public interest;

(3) The said order regulates the handling of milk in the same manner as, and is applicable only to persons in the respective classes of industrial or commercial activity specified in a marketing agreement upon which a hearing has been held;

(4) All milk and milk products handled by handlers, as defined in this order, are in the current of interstate commerce or directly burden, obstruct, or affect interstate commerce in milk or its products; and

(5) It is hereby found that the necessary expense of the market administrator for the maintenance and functioning of such agency will require the payment by each handler, as his pro rata

share of such expense, 5 cents per hundredweight or such amount not to exceed 5 cents per hundredweight as the Secretary may prescribe, with respect to (a) receipts of producer milk, including such handler's own production, (b) other source milk allocated to Class I pursuant to § 1014.46 (a) (2) and (b), and (c) the quantities of milk at the plants of handlers operating nonpool plants as specified in § 1014.61 (a) (2) or (b) (2).

(b) *Additional findings.* It is necessary in the public interest to make this order partially effective not later than December 1, 1958, and fully effective not later than January 1, 1959.

The provisions of the said order are known to handlers. The recommended decision of the Deputy Administrator of the Agricultural Marketing Service was issued September 17, 1958, and the decision of the Acting Secretary containing all the provisions of this order was issued November 7, 1958. This order will constitute the original imposition of a regulatory program in this market and it is necessary that the provisions other than those relating to prices and payments to producers be placed in effect prior to the effective date of such pricing and payment provisions so that handlers may have opportunity to make necessary adjustments in their operational and accounting procedures to conform to all provisions of the order. In view of the foregoing, it is hereby found and determined that good cause exists for making this order partially effective December 1, 1958, and fully effective January 1, 1959, and that it would be contrary to the public interest to delay the effective date of this order for 30 days after its publication in the FEDERAL REGISTER. (See sec. 4 (c), Administrative Procedure Act, 5 U. S. C. 1001 et seq.)

(c) *Determinations.* It is hereby determined that:

(1) The refusal or failure of handlers (excluding cooperative associations specified in sec. 8c (9) of the act) of more than 50 percent of the milk, which is marketed within the marketing area, to sign a proposed marketing agreement, tends to prevent the effectuation of the declared policy of the act;

(2) The issuance of this order is the only practical means pursuant to the declared policy of the act of advancing the interests of producers as defined in the order; and

(3) The issuance of this order is approved or favored by at least two-thirds of the producers who participated in a referendum and who during the determined representative period were engaged in the production of milk for sale in the marketing area.

Order relative to handling. It is therefore ordered, that on and after the effective date hereof, the handling of milk in the Mississippi Gulf Coast marketing area shall be in conformity to, and in compliance with, the following terms and conditions:

DEFINITIONS

§ 1014.1 *Act.* "Act" means Public Act No. 10, 73d Congress, as amended, and as reenacted and amended by the Agricultural

Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.).

§ 1014.2 *Secretary.* "Secretary" means Secretary of Agriculture of the United States, or any other officer or employee of the United States authorized to exercise the powers or to perform the duties of the Secretary of Agriculture.

§ 1014.3 *Department of Agriculture.* "Department of Agriculture" means the United States Department of Agriculture or any other Federal agency authorized to perform the price reporting functions specified in this part.

§ 1014.4 *Person.* "Person" means any individual, partnership, corporation, association, or other business unit.

§ 1014.5 *Cooperative association.* "Cooperative association" means any cooperative marketing association which the Secretary determines, after application by the association, to be qualified under the provisions of the act of Congress of February 18, 1922, as amended, known as the Capper-Volstead Act.

§ 1014.6 *Mississippi Gulf Coast marketing area.* "Mississippi Gulf Coast marketing area", hereinafter called the marketing area, means all the territory, including incorporated municipalities and military reservations, within the counties of George, Greene, Hancock, Harrison, Jackson, Pearl River, and Stone, all within the State of Mississippi.

§ 1014.7 *Route.* "Route" means a delivery (including delivery by a vendor or sale from a plant or plant store) of any fluid milk product, other than a delivery to any milk processing plant.

§ 1014.8 *Distributing plant.* "Distributing plant" means any plant at which fluid milk products, eligible for distribution in the marketing area under a Grade A label, are processed and packaged and from which fluid milk products are disposed of on a route(s) in the marketing area.

§ 1014.9 *Supply plant.* "Supply plant" means any plant at which milk eligible for distribution in the marketing area under a Grade A label, is received from dairy farmers and from which fluid milk products are moved to a distributing plant.

§ 1014.10 *Pool plant.* "Pool plant" means:

(a) A distributing plant, other than that of a producer-handler or one described in § 1014.62, from which during the month:

(1) Disposition in the marketing area of fluid milk products on routes is 20 percent or more of the total receipts of Grade A milk; and

(2) Total disposition of fluid milk products on routes is 50 percent or more of the total receipts of Grade A milk; or

(b) A supply plant from which during the month 50 percent or more of receipts from dairy farmers producing Grade A milk is moved to a plant(s) described in paragraph (a) of this section. Any supply plant that was a pool plant in each of the months from the effective date hereof through January 1959 and there-

after any supply plant that was a pool plant during each of the months of September through January immediately preceding shall continue to be a pool plant each of the following months of February through August unless written notice to the market administrator is received, before the first day of the month of its intention to withdraw, in which case such plant shall thereafter be a nonpool plant, unless it again qualifies as a supply plant by shipping 50 percent or more of its receipts from dairy farmers to a plant(s) described in paragraph (a) of this section.

§ 1014.11 *Nonpool plant.* "Nonpool plant" means any milk manufacturing, processing or bottling plant other than a pool plant.

§ 1014.12 *Handler.* "Handler" means:

(a) Any person in his capacity as the operator of a pool plant(s);

(b) The operator of a nonpool distributing plant with route distribution in the marketing area; or

(c) A cooperative association with respect to milk of producers diverted for the account of such association from a pool plant to a nonpool plant in accordance with § 1014.14.

§ 1014.13 *Producer-handler.* "Producer-handler" means a dairy farmer who operates a distributing plant at which no fluid milk or fluid milk products are received during the month except his own production or transfers from a pool plant(s).

§ 1014.14 *Producer.* "Producer" means any person, other than a producer-handler, who produces milk in compliance with Grade A inspection requirements of a duly constituted health authority, which milk is received during the month at a pool plant or is diverted by a handler from a pool plant to another pool plant or to a nonpool plant for the account of such handler but for not more than 10 days production during any months of September through January. Milk diverted for the account of such handler shall have been deemed to have been received at the plant from which it was diverted.

§ 1014.15 *Producer milk.* "Producer milk" means all skim milk and butterfat received at a pool plant directly from producers, or diverted pursuant to § 1014.14.

§ 1014.16 *Other source milk.* "Other source milk" means all skim milk and butterfat contained in:

(a) Receipts during the month of fluid milk products except (1) fluid milk products from pool plants, and (2) producer milk; and

(b) Products, other than fluid milk products, from any source (including those produced at the plant) which are reprocessed or converted to another product in the plant during the month, or for which other utilization or disposition is not established.

§ 1014.17 *Fluid milk product.* "Fluid milk product" means all the skim milk (including concentrated and reconstituted skim milk) and butterfat disposed of in fluid form as milk, skim milk, but-

termilk, flavored milk, flavored milk drinks or concentrated milk (not sterilized or in hermetically sealed containers), eggnog, yogurt, cream (sweet or sour) and any mixture in fluid form of cream and skim milk or milk (except aerated cream, ice cream mix, frozen dessert mix).

§ 1014.18 *Chicago butter price.* "Chicago butter price" means the simple average, as computed by the market administrator, of the daily wholesale selling prices (using the midpoint of any range as one price) per pound of 92-score bulk creamery butter at Chicago as reported during the month by the Department of Agriculture.

MARKET ADMINISTRATOR

§ 1014.20 *Designation.* The agency for the administration of this part shall be a market administrator, selected by the Secretary, who shall be entitled to such compensation as may be determined by, and shall be subject to removal at the discretion of, the Secretary.

§ 1014.21 *Powers.* The market administrator shall have the following powers with respect to this part:

- (a) To administer its terms and provisions;
- (b) To receive, investigate, and report to the Secretary, complaints of violations;
- (c) To make rules and regulations to effectuate its terms and provisions; and
- (d) To recommend amendments to the Secretary.

§ 1014.22 *Duties.* The market administrator shall perform all duties necessary to administer the terms and provisions of this part, including, but not limited to, the following:

- (a) Within 45 days following the date on which he enters upon his duties, or such lesser period as may be prescribed by the Secretary, execute and deliver to the Secretary a bond, effective as of the date on which he enters upon such duties and conditioned upon the faithful performance of such duties, in an amount and with surety thereon, satisfactory to the Secretary;
- (b) Employ and fix the compensation of such persons as may be necessary to enable him to administer its terms and provisions;
- (c) Obtain a bond in a reasonable amount and with reasonable surety thereon covering each employee who handles funds entrusted to the market administrator;
- (d) Pay out of the funds provided by § 1014.88, the cost of his bond and of the bonds of his employees, his own compensation, and all other expenses, except those incurred under § 1014.87, necessarily incurred by him in the maintenance and functioning of his office and in the performance of his duties;
- (e) Keep such books and records as will clearly reflect the transactions provided for in this part, and upon request by the Secretary, surrender the same to such other person as the Secretary may designate;
- (f) Submit his books and records to examination by the Secretary and fur-

nish such information and reports as may be requested by the Secretary;

(g) Verify all reports and payments of each handler by examination of such handler's records and the records of any other handler or person upon whose utilization the classification of skim milk and butterfat for such handler depends; and by such other means as are necessary;

(h) Publicly disclose, at his discretion, unless otherwise directed by the Secretary, by posting in a conspicuous place in his office and by such other means as he deems appropriate, the name of any person who, after the date upon which he is required to perform such acts, has not made reports pursuant to §§ 1014.30 and 1014.31, or payments pursuant to §§ 1014.80 to 1014.82, 1014.84 and 1014.86 to 1014.88;

(i) Publicly announce by posting in a conspicuous place in his office and by such other means as he deems appropriate, and notify each handler in writing:

(1) On or before the 6th day of each month, the minimum price for Class I milk pursuant to § 1014.50 (a) adjusted by the applicable location adjustments pursuant to § 1014.52 and the Class I butterfat differential computed pursuant to § 1014.51 (a), both for the current month, and the minimum price for Class II milk computed pursuant to § 1014.50 (b) and the Class II butterfat differential computed pursuant to § 1014.51 (b) both for the previous month;

(2) On or before the 10th day after the end of each of the months of August through February, the uniform price computed pursuant to § 1014.71, adjusted by the applicable location adjustments pursuant to § 1014.82, and by the butterfat differential computed pursuant to § 1014.81; and

(3) On or before the 10th day after the end of each of the months of March through July, the uniform prices for base milk and for excess milk computed pursuant to § 1014.72, adjusted by the applicable location adjustment pursuant to § 1014.82, and the butterfat differential computed pursuant to § 1014.81;

(j) On or before the 12th day after the end of each month, report to each cooperative association which so requests, the percentage of producer milk delivered by members of such association which was used in each class by each handler receiving such milk. For the purpose of this report, the milk so received shall be prorated to each class in accordance with the total utilization of producer milk by each handler; and

(k) Prepare and make available for the benefit of producers, consumers, and handlers, general statistics and information concerning the operation of this order which do not reveal confidential information.

REPORTS, RECORDS AND FACILITIES

§ 1014.30 *Reports of receipts and utilization.* On or before the 6th day, excluding Sundays and holidays, of each month each handler, other than a producer-handler or a handler making payment pursuant to § 1014.61 (a), shall report for the preceding month to the

market administrator in the detail and on forms prescribed by the market administrator as follows:

(a) The quantities of skim milk and butterfat in:

(1) Milk received from producers and for the months of March through July the total quantity of base and excess milk. In lieu thereof the operator of a nonpool distributing plant shall report aggregate receipts from dairy farmers who would be producers if such plant were a pool plant;

(2) Fluid milk products received from other pool plants;

(3) Other source milk; and

(4) Inventories of fluid milk products on hand at the beginning and end of the month; and

(b) The utilization of all skim milk and butterfat required to be reported pursuant to paragraph (a) of this section, including separate statements with respect to:

(1) Disposition of fluid milk products on routes within the marketing area from plants described in §§ 1014.61 and 1014.62, and from other plants for which the market administrator requires such information as a basis for determination of status or obligations; and

(2) Class I milk outside the marketing area;

(c) Such other information with respect to sources and utilization of skim milk and butterfat as the market administrator may prescribe.

§ 1014.31 *Other reports.* (a) On or before the 20th day of each month each handler operating a pool plant(s) and each cooperative association which is a handler pursuant to § 1014.12 (c) shall report its producer payroll for the preceding month which shall show for each producer:

(1) His name and address;

(2) The total pounds of milk received from such producer and for the base-operating months of March through July the total pounds of base and excess milk;

(3) The number of days on which milk was received from such producer if less than a full calendar month;

(4) The average butterfat content of such milk; and

(5) The net amount of such handler's payment, the price paid and the amount and nature of any deductions;

(b) Each handler who received producer milk for which payment is to be made to a cooperative association pursuant to § 1014.80 (c) shall report to such cooperative association with respect to each such producer, as follows:

(1) On or before the 20th day of each month, the total pounds of milk received during the first 15 days of the month;

(2) On or before the 10th day after the end of each month;

(i) The daily and total pounds of milk received during the month with separate totals for base and excess milk for the months of March through July, and the average butterfat test thereof; and

(ii) The amount or rate and nature of any deductions.

(c) On or before the 25th day after the end of the month each handler

(other than a producer-handler or one described in § 1014.62) operating a non-pool distributing plant and making payments pursuant to § 1014.61 (b) shall report his payments to dairy farmers qualified to be producers if such plant were a pool plant, showing for each such dairy farmer:

- (1) The pounds of milk;
- (2) The average butterfat content thereof; and
- (3) The date and net amount of payment to such dairy farmer with a statement of the prices, deductions and charges used in computing such payment and the nature of each.

§ 1014.32 *Producer-handler reports.* Each producer-handler shall make reports to the market administrator at such time and in such manner as the market administrator shall prescribe.

§ 1014.33 *Records and facilities.* Each handler shall maintain and make available to the market administrator during the usual hours of business, such accounts and records of his operations, together with such facilities as are necessary for the market administrator to verify or establish the correct data for each month with respect to:

- (a) The receipt and utilization of all skim milk and butterfat handled in any form;
- (b) The weights and butterfat and other content of all milk, skim milk, cream, and other milk products handled;
- (c) The pounds of skim milk and butterfat contained in or represented by all milk, skim milk, cream, and milk products on hand at the beginning and end of each month; and
- (d) Payments to producers, including any deductions authorized by producers, and disbursement of money so deducted.

§ 1014.34 *Retention of records.* All books and records required under this part to be made available to the market administrator, shall be retained by the handler for a period of three years to begin at the end of the calendar month, to which such books and records pertain: *Provided*, That if within such three-year period, the market administrator notifies the handler in writing that the retention of such books and records, or of specified books and records, is necessary in connection with a proceeding under section 8c (15) (A) of the act or a court action specified in such notice, the handler shall retain such books and records, or specified books and records, until further written notification from the market administrator. In either case, the market administrator shall give further written notification to the handler promptly upon the termination of the litigation or when the records are no longer necessary in connection therewith.

CLASSIFICATION

§ 1014.40 *Skim milk and butterfat to be classified.* All skim milk and butterfat required to be reported pursuant to § 1014.30 shall be classified (separately as skim milk and butterfat), pursuant to § 1014.41 to § 1014.46.

§ 1014.41 *Classes of utilization.* Subject to the conditions set forth in

§ 1014.42 to § 1014.46 the classes of utilization shall be as follows:

(a) Class I shall be all skim milk and butterfat (1) disposed of in the form of fluid milk products, except those classified pursuant to paragraph (b) (2) and (5) of this section; and (2) not accounted for as Class II;

(b) Class II shall be all the skim milk and butterfat (1) used to produce any product other than a fluid milk product, (2) in skim milk authorized by the market administrator to be dumped or accounted for as disposed of for livestock feed, (3) in shrinkage allocated to receipts of producer milk but not in excess of 2 percent of receipts of skim milk and butterfat directly from producers, plus 1.5 percent of receipt of skim milk and butterfat, respectively, transferred in bulk from pool plants of other handlers, less 1.5 percent of receipt of skim milk and butterfat, respectively, transferred in bulk lots to pool plants of other handlers, (4) in shrinkage of other source milk, and (5) in inventories of fluid milk products on hand at the end of the month.

§ 1014.42 *Assignment of shrinkage.* The market administrator shall assign shrinkage at the pool plant(s) of each handler as follows:

- (a) Compute the total shrinkage of skim milk and butterfat.
- (b) Assign the resulting amount, prorated to the handler's receipts of skim milk and butterfat, respectively, in (1) milk received directly from producers and from other pool plants and (2) other source milk.

§ 1014.43 *Responsibility of handlers and reclassification of milk.* (a) All skim milk and butterfat shall be Class I milk unless the handler who first receives such skim milk or butterfat can prove to the market administrator that such skim milk or butterfat should be classified otherwise;

(b) Any skim milk or butterfat shall be reclassified if verification by the market administrator discloses that the original classification was incorrect.

§ 1014.44 *Transfers.* Skim milk and butterfat transferred or diverted during the month as milk, skim milk or cream from a pool plant to:

(a) The pool plant of another handler shall be classified as Class I unless Class II is indicated by the operators of both plants in their reports submitted pursuant to § 1014.30 and;

(1) The receiving plant has utilization in such class of equivalent amounts of skim milk and butterfat, respectively; and

(2) Such skim milk and butterfat shall be classified so as to allocate to producer milk the greatest possible total Class I in the two plants;

(b) A plant operated by a producer-handler shall be Class I;

(c) A nonpool plant, except as specified in paragraph (b) of this section, shall be Class I unless:

(1) The transfer is in bulk form and the transferring handler claims Class II use on his report for the month;

(2) The operator of the nonpool milk plant maintains books and records which

are made available for examination upon request by the market administrator and which are adequate for verification of such Class II use; and

(3) The skim milk and butterfat respectively, received at the nonpool plant during the month from a pool plant(s) and from a plant(s) at which milk is priced pursuant to another order issued pursuant to the act does not exceed the skim milk and butterfat, respectively, resulting from the following computation:

(i) Determine the skim milk and butterfat, respectively, used to produce any items of Class II milk (as defined pursuant to § 1014.41 (b)) at such nonpool plant during the month;

(ii) Add the skim milk and butterfat, respectively, in fluid bulk cream transferred from such nonpool plant to a plant at which milk is priced pursuant to this part or another order issued pursuant to the act and such cream is allocated to other than Class I (under the applicable order definitions and allocation procedures at the transferee plant);

(iii) Add the skim milk and butterfat, respectively, in fluid bulk cream transferred from such nonpool plant to a second nonpool plant which is not in excess of the items of Class II processed in such second nonpool plant plus the bulk fluid cream shipped from such second nonpool plant to other nonpool plants which do not dispose of milk or cream for consumption in fluid form: *Provided*, That the second nonpool plant meets the conditions of subparagraph (2) of this paragraph; and

(iv) Subtract the skim milk and butterfat, respectively, received in fluid milk products at such nonpool plant from any source(s) other than that which has been approved by a governmental agency as a source(s) of Grade A fluid milk products. In the event that the remaining skim milk and butterfat, respectively, computed pursuant to this subdivision is less than the skim milk and butterfat, respectively, received at such nonpool plant from a pool plant(s) and from a plant(s) at which milk is priced pursuant to another order issued pursuant to the act, the difference shall be assigned pro rata, to each pool plant (in accordance with receipts of skim milk and butterfat, respectively, from all plants regulated pursuant to the act), and shall be classified as Class I milk.

§ 1014.45 *Computation of the skim milk and butterfat in each class.* For each month the market administrator shall correct for mathematical and other obvious errors the reports of receipts and utilization for the pool plant(s) of each handler and shall compute the pounds of butterfat and skim milk in Class I milk and Class II milk for such handler: *Provided*, That if any of the water contained in the milk from which a product is made is removed before the product is utilized or disposed of by a handler, the pounds of skim milk disposed of in such product shall be considered to be an amount equivalent to the nonfat milk solids contained in such product, plus all of the water originally associated with such solids.

§ 1014.46 *Allocation of skim milk and butterfat.* After making the computation pursuant to § 1014.45, the market administrator shall determine the classification of producer milk as follows:

(a) Skim milk shall be allocated in the following manner:

(1) Subtract from the total pounds of skim milk in Class II the pounds of skim milk determined pursuant to § 1014.41 (b) (3);

(2) Subtract from the pounds of skim milk remaining in each class in series beginning with Class II, the pounds of skim milk in other source milk, except that to be subtracted pursuant to subparagraph (3) of this paragraph;

(3) Subtract from the pounds of skim milk remaining in each class in series beginning with Class II, the pounds of skim milk in other source milk subject to the pricing and payment provisions of another order issued pursuant to the Act.

(4) Subtract from the pounds of skim milk remaining in each class, in series beginning with Class II, the pounds of skim milk in inventory of fluid milk products on hand at the end of the month;

(5) Subtract from the pounds of skim milk remaining in each class the pounds of skim milk received from pool plants of other handlers in such class pursuant to §§ 1014.41 and 1014.44 (a);

(6) Add to the remaining pounds of skim milk in Class II the pounds subtracted pursuant to subparagraph (1) of this paragraph;

(7) If the remaining pounds of skim milk in all classes exceeds the pounds of skim milk in milk received from producers, subtract such excess from the remaining pounds of skim milk in each class in series beginning with Class II;

(b) Determine the pounds of butterfat in each class to be allocated to producer milk in the same manner prescribed in paragraph (a) of this section for determining the allocation of skim milk to producer milk.

(c) Add the pounds of skim milk and butterfat allocated to producer milk in each class calculated pursuant to paragraphs (a) and (b) of this section and determine the percent of butterfat in such milk in each class.

MINIMUM PRICES

§ 1014.50 *Class prices.* Subject to the provisions of §§ 1014.51 to 1014.53 the minimum prices per hundredweight for the month shall be as follows:

(a) *Class I price.* The price per hundredweight for Class I milk of 4.0 percent butterfat content shall be the price for Class I milk computed pursuant to § 987.51 (a) of this chapter (handling of milk in the Central Mississippi marketing area) plus 10 cents.

(b) *Class II price.* The price per hundredweight for Class II milk shall be the average of the basic or field prices per hundredweight reported to have been paid or to be paid for milk of 4.0 percent butterfat content received from farmers during the month at the following plants or places for which prices have been reported to the market administrator or to the Department of Agriculture; plus

10 cents during each of the months of March through July and plus 20 cents during all other months.

Present Operator and Location

Kraft Cheese Co., Newton, Miss.
Borden Co., Starkville, Miss.
Carnation Co., Tupelo, Miss.
Pet Milk Co., Kosciusko, Miss.

§ 1014.51 *Butterfat differentials to handlers.* For milk containing more or less than 4.0 percent butterfat, the class prices determined pursuant to § 1014.50 shall be increased or decreased, respectively, for each one-tenth of one percent of butterfat by multiplying the Chicago butter price by the applicable factor specified below, and rounding to the nearest one-tenth cent.

(a) *Class I milk.* Multiply such price for the preceding month by 0.12; and

(b) *Class II milk.* Multiply such price for the current month by 0.11.

§ 1014.52 *Location differentials to handlers.* For milk which is received from producers at a pool plant located more than 60 miles by the shortest highway distance as determined by the market administrator from the courthouse in Gulfport or Pascagoula, Mississippi, whichever is closer, and which is classified as Class I milk the prices computed pursuant to § 1014.51 (a) shall be reduced by 10 cents if such plant is located more than 60 miles but not more than 160 miles from such courthouse and by an additional 1.5 cents for each 10 miles or fraction thereof that such distance exceeds 160 miles: *Provided,* That, for the purposes of calculating such location differentials, fluid milk products transferred between pool plants shall be assigned to any remainder of Class II milk in the transferee-plant after making the calculations prescribed in § 1014.46 (a) (1), (2) and (3), and the comparable steps in § 1014.46 (b) for such plant, such assignment to transferor-plants to be made first to plants at which the greatest location differential is applicable.

§ 1014.53 *Use of equivalent prices.* If for any reason a price specified by this part for computing class prices or for other purposes is not available in the manner described in this part, the market administrator shall use a price determined by the Secretary to be equivalent to the price which is specified.

APPLICATION OF PROVISIONS

§ 1014.60 *Producer - handlers.* Sections 1014.40 to 1014.46, 1014.50 to 1014.53, 1014.61, 1014.70 to 1014.72, and 1014.80 to 1014.88 shall not apply to a producer-handler.

§ 1014.61 *Handler operating a non-pool distributing plant.* In lieu of the payments required pursuant to §§ 1014.80 to 1014.88 each handler, other than a producer-handler or one exempt pursuant to § 1014.62, who operates during the month a nonpool distributing plant, shall pay to the market administrator on or before the 25th day after the end of the month the amount calculated pursuant to paragraph (a) of this section unless the handler elects at the time of reporting pursuant to § 1014.30, to pay

the amounts computed pursuant to paragraph (b) of this section.

(a) The following amounts:

(1) For the producer-settlement fund, an amount equal to the value of all skim milk and butterfat disposed of as Class I milk on routes in the marketing area at the Class I price applicable at the location of such handler's plant, less the value of such skim milk and butterfat at the Class II price; and

(2) As his share of the expense of administration, the rate specified in § 1014.88 with respect to Class I milk so disposed of in the marketing area.

(b) The following amounts:

(1) For the producer-settlement fund, any plus amount remaining after deducting from the value that would have been computed pursuant to § 1014.70 if such handler had operated a pool plant the gross payments made by such handler for milk received during the month from Grade A dairy farmers at such plant or at a plant(s) which serves as a supply plant(s); and

(2) As his share of the expense of administration, an amount equal to that which would have been computed pursuant to § 1014.88 had such plant been a pool plant.

§ 1014.62 *Plants subject to other Federal orders.* The provisions of this part, except §§ 1014.30 (b) (1), 1014.33 and 1014.34, shall not apply to:

(a) A distributing plant which would be subject to the classification and pricing provisions of another order issued pursuant to the Act unless a greater volume of Class I is disposed of from such plant during the month on routes in the Mississippi Gulf Coast marketing area than in the marketing area defined in such other order.

(b) A supply plant which would be subject to the classification and pricing provisions of another order issued pursuant to the Act unless such plant qualified as a pool plant during each of the preceding months of September through January.

DETERMINATION OF UNIFORM PRICE

§ 1014.70 *Computation of the value of milk received from producers by each handler.* The value of milk received during each delivery period by each handler from producers shall be a sum of money computed as follows:

(a) Multiply the pounds of milk in each class computed pursuant to § 1014.46 (c) by the applicable respective class prices and add together the resulting amounts;

(b) Add an amount computed by multiplying the pounds of overage deducted from each class pursuant to § 1014.46 (a) (7) and (b) by the applicable respective class prices;

(c) Add an amount computed by multiplying the difference between the Class II price for the preceding month and the Class I price for the current month by the hundredweight of producer milk classified as Class II milk (other than shrinkage) during the preceding month or the hundredweight of milk subtracted from Class I milk pursuant to § 1014.46 (a) (4) and (b), whichever is less; and

(d) For any skim milk or butterfat subtracted from Class I milk pursuant to § 1014.46 (a) (2) and (b), and pursuant to § 1014.46 (a) (4) and (b) which is in excess of the skim milk and butterfat applied pursuant to paragraph (c) of this section, add an amount equal to the differences between the values of such skim milk and butterfat at the Class I price and at the Class II price: *Provided*, That such calculation shall not apply if the total receipts of producer milk at pool plants during the month are not more than 112 percent of the total Class I utilization of such plants for the month.

§ 1014.71 *Computation of uniform price.* For each of the delivery periods of August through February the market administrator shall compute the uniform price per hundredweight for milk received from producers as follows:

(a) Combine into one total the values computed pursuant to § 1014.70 for all handlers specified in § 1014.12 (a) and (c), and who made the payments pursuant to §§ 1014.80 and 1014.84 for the preceding delivery period;

(b) Add the aggregate of the values of all allowable location differential adjustments to producers pursuant to § 1014.82;

(c) Add an amount equal to one-half of the unobligated balance in the producer-settlement fund;

(d) Subtract for each one-tenth percent by which the average butterfat content of the milk included in these computations is greater than 4.0 percent, or add for each one-tenth percent that such average butterfat content is less than 4.0 percent an amount computed by multiplying the butterfat differential computed pursuant to § 1014.81 by the total hundredweight of such milk;

(e) Divide by the total hundredweight of milk included in these computations; and

(f) Subtract not less than 4 cents nor more than 5 cents. The resulting figure shall be the uniform price for milk of 4.0 percent butterfat content received at pool plants f. o. b. marketing area.

§ 1014.72 *Computation of uniform price for base milk and excess milk.* For each of the delivery periods of March through July the market administrator shall compute uniform prices per hundredweight for base milk and for excess milk as follows:

(a) Combine into one total the values computed pursuant to § 1014.70 for all handlers specified in § 1014.12 (a) and (c) and who made the payments pursuant to §§ 1014.80 and 1014.84 for the preceding delivery period;

(b) Add the aggregate of the values of all allowable location differential adjustments to producers pursuant to § 1014.81;

(c) Add an amount equal to one-half of the unobligated balance in the producer-settlement funds;

(d) Subtract for each one-tenth percent by which the average butterfat content of the milk included in these computations is greater than 4.0 percent or add for each one-tenth percent that such average butterfat content is less than 4.0 percent, an amount computed by multiplying the butterfat differential

computed pursuant to § 1014.82 by the total hundredweight of such milk;

(e) Compute the total value of excess milk included in these computations by multiplying the hundredweight of such milk not in excess of the total quantity of Class II milk included in these computations by the price for Class II milk of 4.0 percent butterfat content, multiplying the hundredweight of such milk in excess of the total hundredweight of such Class II milk by the price for Class I milk of 4.0 percent butterfat content and adding together the resulting amounts;

(f) Divide the total value of excess milk obtained in paragraph (e) of this section by the total hundredweight of such milk, and adjust to the nearest cent. The resulting figure shall be the uniform price for excess milk of 4.0 percent butterfat received from producers;

(g) Subtract the value of excess milk obtained in paragraph (e) of this section from the aggregate value of milk obtained in paragraph (d) of this section and adjust by any amount involved in adjusting the uniform price of excess milk to the nearest cent;

(h) Divide the amount obtained in paragraph (g) of this section by the total hundredweight of base milk included in these computations; and

(i) Subtract not less than 4 cents nor more than 5 cents from the amount computed pursuant to paragraph (h) of this section. The resulting figure shall be the uniform price for base milk of 4.0 percent butterfat content received from producers at pool plants, f. o. b. marketing area.

§ 1014.73 *Notification of handlers.* On or before the 11th day after the end of each month, the market administrator shall mail to each handler, who submitted the report(s) prescribed in § 1014.30, at his last known address, a statement showing:

(a) The amount and value of his producer milk in each class and the totals thereof;

(b) For the months of March through July the amounts and value of his base and excess milk respectively;

(c) The uniform price(s) computed pursuant to §§ 1014.71 and 1014.72 and the butterfat differential computed pursuant to § 1014.81; and

(d) The amounts to be paid by such handler pursuant to § 1014.84, § 1014.87, § 1014.88, or § 1014.61; and the amount due such handler pursuant to § 1014.85.

BASE RATING

§ 1014.75 *Determination of daily base.* The daily base of each producer shall be calculated by the market administrator as follows: Divide the total pounds of milk received by all handlers from such producer during the months of September through January by the number of days from the first day milk is received from such producer during said months to the last day of January, inclusive, but not less than 120 days.

§ 1014.76 *Computation of base.* The base of each producer to be applied during the months of March through July shall be a quantity of milk calculated by the market administrator in the following manner: Multiply the daily base of

such producer by the number of days production delivered by such producer to handlers during the month.

§ 1014.77 *Base rules.* The following rules shall apply in connection with the establishment of bases:

(a) A base shall be assigned to the producer for whose account milk is received at a pool plant during the months of September through January and to each person for whose account milk was delivered to a plant that did not qualify as a pool plant during each month of the base forming period, but which qualifies as a pool plant during any of the months of March through July, bases shall be assigned on deliveries at such plant in the same manner as if such plant had been a pool plant during each month of the base forming period; and

(b) An entire base shall be transferred by the market administrator to another person upon receipt of an application form, approved by the market administrator, and signed by the baseholder(s), or his heirs, and by the person to whom such base is transferred subject to the following condition:

(1) If a base is transferred to a producer already holding a base, a new base shall be computed by adding together the producer milk deliveries of the transferee and transferor during the base forming period and dividing the total by the number of days from the first day of delivery by either the transferee or transferor during the base forming period to the last day of January inclusive but not less than 120 days.

§ 1014.78 *Announcement of established bases.* On or before March 1 of each year, the market administrator shall notify each producer and the handler receiving milk from such producer of the daily base established by such producer.

PAYMENTS

§ 1014.80 *Time and method of payment.* Each handler shall make payment as follows:

(a) On or before the 15th day after the end of each delivery period during which the milk was received, to each producer for whom payment is not made pursuant to paragraph (c) of this section, at not less than the applicable uniform price(s) pursuant to § 1014.71 or § 1014.72, adjusted by the butterfat differential computed pursuant to § 1014.81, subject to the location adjustment to producers pursuant to § 1014.82, and less the following amounts (1) the payments made pursuant to paragraph (b) of this section, (2) marketing service deductions pursuant to § 1014.87, and (3) any proper deductions authorized in writing by the producer: *Provided*, That if by such date such handler has not received full payment for such delivery period pursuant to § 1014.85 he may reduce his total payment to all producers uniformly by not less than the amount of reduction in payment from the market administrator; the handler shall, however, complete such payments not later than the date for making such payments pursuant to this paragraph next following receipts of the balance from the market administrator,

(b) On or before the 25th day of each delivery period to each producer (1) for whom payment is not received from the handler by a cooperative association pursuant to paragraph (c) of this section and (2) who had not discontinued shipping milk to such handler before the 18th day of the delivery period, an advance payment with respect to milk received from such producer during the first 15 days of the delivery period at the approximate value of such milk, not to be less than the Class II price for 4.0 percent milk for the preceding delivery period, without deduction for hauling; and

(c) To a cooperative association which has filed request for such payment with such handler and with respect to producers for whose whole milk the market administrator determines such cooperative association is authorized to collect payment as follows:

(1) On or before the 23d day of the delivery period, an amount equal to not less than the sum of the individual payments otherwise payable to producers pursuant to paragraph (b) of this section less any deductions authorized in writing by such cooperative association;

(2) On or before the 13th day after the end of each delivery period an amount equal to not less than the sum of the individual payments otherwise payable to producers pursuant to paragraph (b) of this section, less proper deductions authorized in writing by such cooperative association.

(d) In making payments to producers pursuant to paragraph (a) of this section, each handler shall furnish each producer with a supporting statement, in such form that it may be retained by the producer, which shall show:

(1) The delivery period and the identity of the handler and of the producer;

(2) The pounds per shipment, the total pounds, and the average butterfat test of milk delivered by the producer;

(3) The minimum rate or rates at which payment to the producer is required under the provisions of §§ 1014.80, 1014.81 and 1014.82;

(4) The rate which is used in making the payment, if such rate is other than the applicable minimum rate;

(5) The amount or the rate per hundredweight of each deduction claimed by the handler, including any deduction claimed under paragraph (b) of this section and § 1014.87 together with a description of the respective deductions; and

(6) The net amount of payment to the producer.

§ 1014.81 *Producer butterfat differential.* In making payments pursuant to § 1014.80, the uniform price shall be increased or decreased for each one-tenth of one percent of butterfat content in milk received from each producer is above or below 4.0 percent, as the case may be, by a butterfat differential equal to the average of the butterfat differentials pursuant to § 1014.51 weighted by the pounds of butterfat in producer milk in each class, rounded to the nearest one-tenth cent.

§ 1014.82 *Producer location differentials.* In making payments pursuant to

§ 1014.80, for all milk which is received from producers at a pool plant located more than 60 miles but not more than 160 miles by the shortest highway distance as determined by the market administrator from the courthouse at Gulfport or Pascagoula, Mississippi, whichever is closer, there shall be deducted 10 cents per hundredweight and an additional 1.5 cents for each 10 miles or fraction thereof that such distance exceeds 160 miles.

§ 1014.83 *Producer-settlement fund.* The market administrator shall establish and maintain a separate fund known as the "producer-settlement fund" into which he shall deposit all payments made by handlers pursuant to §§ 1014.61 (a) (1) and (b) (1) and 1014.84 and all appropriate payments pursuant to § 1014.86 and out of which he shall make all payments pursuant to § 1014.85 and all appropriate payments pursuant to § 1014.86: *Provided*, That payments due to any handler shall be offset by payments due from such handler.

§ 1014.84 *Payments to the producer-settlement fund.* On or before the 12th day after the end of each delivery period, each handler shall pay to the market administrator the amount, if any, by which the value of the milk received by such handler from producers during such delivery period as determined pursuant to § 1014.70 is greater than the amount required to be paid producers by such handler pursuant to § 1014.80 before deductions (a) for marketing services pursuant to § 1014.87 and (b) authorized by the producer.

§ 1014.85 *Payments out of the producer-settlement fund.* On or before the 13th day after the end of each delivery period during which the milk was received, the market administrator shall pay to each handler, including a cooperative association which is a handler, the amount, if any, by which the value of the milk received by such handler from producers during such delivery period as determined pursuant to § 1014.70 is less than the amount required to be paid producers by such handler pursuant to § 1014.80 before deductions (a) for marketing services pursuant to § 1014.87 and (b) authorized by the producer: *Provided*, That if at such time the balance in the producer-settlement fund is insufficient to make all payments pursuant to this paragraph, the market administrator shall reduce uniformly such payment and shall complete such payments as soon as the necessary funds are available.

§ 1014.86 *Adjustment of accounts.* Whenever audit by the market administrator of any handler's reports, books, records, or accounts discloses errors resulting in moneys due the market administrator or any producer or cooperative association from such handler, the market administrator shall promptly notify such handler of the amount due and payment therefor shall be made within 5 days if such amount is due the market administrator, or on or before the next date for making payments to producers or a cooperative as-

sociation, if such amount is due them. Whenever such audit discloses errors resulting in moneys due such handler from the market administrator, payment shall be made within 5 days.

§ 1014.87 *Marketing services.* (a) Except as set forth in paragraph (b) of this section, each handler in making payments to producers other than himself pursuant to § 1014.80 (a) shall deduct 7 cents per hundredweight or such lesser amount as the Secretary may prescribe with respect to all milk received by such handler from producers during the delivery period, and shall pay such deductions to the market administrator on or before the 12th day after the end of such delivery period. Such moneys shall be used by the market administrator to verify weights, samples, and tests of milk received from and to provide market information to such producers.

(b) In the case of producers for whom a cooperative association is actually performing, as determined by the Secretary, the services set forth in paragraph (a) of this section each handler shall in lieu of the deductions specified in paragraph (a) of this section, make such deductions from the payments to be made directly to producers pursuant to § 1014.80 (a), as are authorized by such producers, and, on or before the 12th day after the end of each delivery period, pay over such deductions to the association of which such producers are members, accompanied by a statement showing the amount of the deduction and the quantity of milk for which it was computed for each such producer.

§ 1014.88 *Expense of administration.* As his pro rata share of the expense of the administration of this part, each handler shall pay the market administrator, on or before the 12th day after the end of each delivery period, 5 cents per hundredweight, or such lesser amount as the Secretary may prescribe, with respect to:

(a) Receipts of producer milk, including such handler's own production;

(b) Other source milk allocated to Class I pursuant to § 1014.46 (a) (2) and (b) and

(c) The quantities of milk at the plants of handlers operating nonpool plants as specified in § 1014.61 (a) (2) or (b) (2).

§ 1014.89 *Termination of obligations.* The provisions of this section shall apply to any obligation under this part for the payment of money.

(a) The obligation of any handler to pay money required to be paid under the terms of this part shall, except as provided in paragraphs (b) and (c) of this section, terminate two years after the last day of the calendar month during which the market administrator receives the handler's utilization report on the milk involved in such obligation, unless within such two-year period the market administrator notifies the handler in writing that such money is due and payable. Service of such notice shall contain but need not be limited to, the following information:

(1) The amount of the obligation;

(2) The month(s) during which the milk with respect to which the obligation exists, was received or handled; and

(3) If the obligation is payable to one or more producers or to an association of producers, the name of such producer(s) or association of producers, or if the obligation is payable to the market administrator, the account for which it is to be paid.

(b) If a handler fails or refuses, with respect to any obligation under this part, to make available to the market administrator or his representative all books and records required by this part to be made available, the market administrator may, within the two-year period provided for in paragraph (a) of this section, notify the handler in writing of such failure or refusal. If the market administrator so notifies a handler, the said two-year period with respect to such obligation shall not begin to run until the first day of the calendar month following the month during which all such books and records pertaining to such obligations are made available to the market administrator or his representative.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this section, a handler's obligation under this part to pay money shall not be terminated with respect to any transaction involving fraud or willful concealment of a fact, material to the obligation on the part of the handler against whom the obligation is sought to be imposed.

(d) Any obligation on the part of the market administrator to pay a handler any money which such handler claims to be due him under the terms of this part shall terminate two years after the end of the calendar month during which the milk involved in the claim was received if an underpayment is claimed, or two years after the end of the calendar month during which the payment (including deduction or set-off by the market administrator) was made by the handler if a refund on such payment is claimed, unless such handler within the applicable period of time, files, pursuant to section 8c (15) (A) of the act, a petition claiming such money.

EFFECTIVE TIME, SUSPENSION OR TERMINATION

§ 1014.90 Effective time. The provisions of this part or any amendment to this part shall become effective at such time as the Secretary may declare and shall continue in force until suspended or terminated pursuant to § 1014.91.

§ 1014.91 Suspension or termination. The Secretary may suspend or terminate this part or any provision of this part whenever he finds this part or any provision of this part obstructs or does not tend to effectuate the declared policy of the act. This part shall terminate in any event whenever the provisions of the act authorizing it cease to be in effect.

§ 1014.92 Continuing obligations. If, upon the suspension or termination of any or all provisions of this part, there are any obligations under this part the final accrual or ascertainment of which requires further acts by any person (including the market administrator), such

further acts shall be performed notwithstanding such suspension or termination.

§ 1014.93 Liquidation. Upon the suspension or termination of the provisions of this part, except this section, the market administrator, or such other liquidating agent as the Secretary may designate, shall, if so directed by the Secretary, liquidate the business of the market administrator's office, dispose of all property in his possession or control, including accounts receivable, and execute and deliver all assignments or other instruments necessary or appropriate to effectuate any such disposition. If a liquidating agent is so designated, all assets, books and records of the market administrator shall be transferred promptly to such liquidating agent. If, upon such liquidation the funds on hand exceed the amounts required to pay outstanding obligations of the office of the market administrator and to pay necessary expenses of liquidation and distribution, such excess shall be distributed to contributing handlers and producers in an equitable manner.

MISCELLANEOUS PROVISIONS

§ 1014.100 Agents. The Secretary may, by designation in writing, name any officer or employee of the United States to act as his agent or representative in connection with any of the provisions of this part.

§ 1014.101 Separability of provisions. If any provision of this part, or its application to any person or circumstances, is held invalid, the application of such provision and of the remaining provisions of this part to other persons or circumstances shall not be affected thereby.

Issued at Washington, D. C., this 26th day of November 1958 to be effective as follows:

Sections 1014.0 to 1014.46, §§ 1014.60 and 1014.62; §§ 1014.75 to 1014.77 shall be effective December 1, 1958, and all of the remaining provisions shall be effective January 1, 1959.

[SEAL]

TRUE D. MORSE,
Acting Secretary.

[F. R. Doc. 58-9959; Filed, Nov. 28, 1958; 12:30 p. m.]

TITLE 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket 7030]

PART 13—DIGEST OF CEASE AND DESIST ORDERS

SYDCO INDUSTRIES, INC., ET AL.

Subpart—Advertising falsely or misleadingly: § 13.30 Composition of goods; § 13.155 Prices: Exaggerated as regular and customary; fictitious marking; § 13.215 Seals, emblems, or awards; § 13.235 Source or origin: Maker or seller, etc. Subpart—Furnishing means and instrumentalities of misrepresentation or deception: § 13.1055 Furnishing means and instrumentalities of misrepresentation or deception; § 13.1056 Preticketing

merchandise misleadingly. Subpart—Misbranding or mislabeling: § 13.1185 Composition; § 13.1321 Seals, emblems, or awards; § 13.1325 Source or origin: Maker or seller, etc. Subpart—Misrepresenting oneself and goods—Prices: § 13.1805 Exaggerated as regular and customary; § 13.1811 Fictitious preticketing.

(Sec. 6, 38 Stat. 721; 15 U. S. C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U. S. C. 45) [Cease and desist order, Sydcos Industries, Inc., et al., New York, N. Y., Docket 7030, Oct. 18, 1958]

In the Matter of Sydcos Industries, Inc., a Corporation, and Morton Springer, Sam Springer, and Syd Springer, Individually and as Officers of Said Corporation.

This proceeding was heard by a hearing examiner on the complaint of the Commission charging a jobber in New York City of small household electrical appliances including percolators, blenders, and fryer-cookers, to cease representing falsely in advertising matter, on labels, price tags, and imprinted cartons for purchasers' use in retail sales, that exaggerated and fictitious prices were the usual retail selling prices; through use of the Good Housekeeping seal, that certain of their appliances had been approved or guaranteed by Good Housekeeping Magazine; through prominent use of the names "General Electric" and "Westinghouse", that certain of their products were manufactured by those companies; that their said appliances had been advertised in Life Magazine; and that their percolators and blenders were trimmed in 24 karat "Warranted Gold Plate".

After acceptance of an agreement for a consent order, the hearing examiner made his initial decision and order to cease and desist which became on October 18 the decision of the Commission.

The order to cease and desist is as follows:

It is ordered, That respondents, Sydcos Industries, Inc., a corporation, and its officers, and Morton Springer, Sam Springer and Syd Springer, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of small household electrical appliances including percolators, blenders and fryer-cookers, or any other products in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing, directly or indirectly: (a) That any stated price, which is in excess of the price at which such products are regularly and usually sold at retail, is the retail price of such products. (b) That their merchandise has been advertised in Good Housekeeping Magazine; or has been advertised in any other magazine or publication, unless such is the fact.

(c) That merchandise is gold plated, unless it has a surface plating of gold or gold alloy applied by a mechanical process.

¹ New.

ess provided, however, that a product or part thereof, on which there has been affixed by an electrolytic process a coating of gold, or a gold alloy of not less than 10 karat fineness, the minimum thickness of which is equivalent to seven one-millionths of an inch of fine gold may be marked or described as gold electroplate or gold electroplated.

2. Using the Good Housekeeping seal of approval in connection with their merchandise; or representing in any manner that their merchandise has been awarded said seal of approval, or that their merchandise has been approved by any other group or organization, unless such is the fact, provided, however, that this prohibition shall not be construed as prohibiting a truthful statement that a part of an article of merchandise has been approved by a group or organization, when such part is clearly and conspicuously identified.

3. Using the name of any company in connection with merchandise which has not been manufactured in its entirety by said company; or representing, directly or indirectly, that merchandise not manufactured in its entirety by a specified company, was so manufactured, provided, however, that this prohibition shall not be construed as prohibiting a truthful statement that a part of an article of merchandise has been manufactured by a specific company when such part is clearly and conspicuously identified.

4. Furnishing means or instrumentalities to retailers, distributors or others by or through which they may mislead the public with respect to any of the matter set out in paragraphs 1, 2 and 3 above.

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

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

Issued: October 17, 1958.

By the Commission.

[SEAL] ROBERT M. PARRISH,
Secretary.

[P. R. Doc. 58-9932; Filed, Dec. 1, 1958; 8:48 a. m.]

[Docket 6911]

PART 13—DIGEST OF CEASE AND DESIST ORDERS

AVON PUBLICATIONS, INC., ET AL.

Subpart—*Neglecting, unfairly or deceptively, to make material disclosure:* § 13.1850 Content; § 13.1855 Identity; § 13.1880 Old, used, reclaimed, or reused as unused or new.

[Sec. 6, 38 Stat. 721; 15 U. S. C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; 15 U. S. C. 45] [Cease and desist order, Avon Publications, Inc., et al., New York, N. Y., Docket 6911, Oct. 21, 1958]

In the Matter of Avon Publications, Inc., a Corporation, Avon Publishing Co., Inc., a Corporation, Avon Book Sales Corporation, a Corporation, Joseph Meyers, Individually and as Dominant and Majority Stockholder, Joseph M. Mann, Harry Rebell, and William Gold, Individually, and as Officers of Said Corporation

This proceeding was heard by a hearing examiner on the complaint of the Commission charging three affiliated concerns in New York City with selling abridged books or newly titled reprints without disclosing the abridgment and the original title clearly and conspicuously on the front cover and title page in a position readily apparent to the buyer.

Following acceptance of an agreement containing a consent order, the hearing examiner made his initial decision and order to cease and desist which became on October 21 the decision of the Commission.

The order to cease and desist is as follows:

It is ordered, That respondents Avon Publications, Inc., a corporation, Avon Publishing Co., Inc., a corporation, and Avon Book Sales Corporation, a corporation, and their officers, and respondents Joseph M. Mann and Harry Rebell, individually and as officers of said corporate respondents Avon Publications, Inc., Avon Publishing Co., Inc., and Avon Book Sales Corporation and respondents' agents, representatives and employees, directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of books in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Offering for sale or selling any abridged copy of a book unless one of the following words, "Abridged," "abridgement," "condensed" or "condensation," or any other word or phrase stating with equal clarity that said book is abridged appears in clear conspicuous type upon the front cover and upon the title page of the book, either in immediate connection with the title or in another position adapted readily to attract the attention of a prospective purchaser;

2. Using or substituting a new title for, or in place of, the original title of the reprinted book unless the original title of the book as previously published appears in clear and conspicuous type upon the front cover and upon the title page of the book, either in immediate connection with the title or in another position adapted readily to attract the attention of a prospective purchaser.

It is further ordered, That this proceeding be and the same hereby is dismissed as to respondents Joseph Meyers and William Gold.

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

It is ordered, That the above-named respondents except respondents Joseph Meyers and William Gold, shall, within sixty (60) days after service upon them

of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist.

Issued: October 21, 1958.

By the Commission.

[SEAL] ROBERT M. PARRISH,
Secretary.

[P. R. Doc. 58-9933; Filed, Dec. 1, 1958; 8:48 a. m.]

[Docket 7028]

PART 13—DIGEST OF CEASE AND DESIST ORDERS

LAURY RICH SPORTSWEAR, INC., ET AL.

Subpart—*Misbranding or mislabeling:* § 13.1190 Composition: Wool products Labeling Act; § 13.1212 Formal regulatory and statutory requirements: Wool Products Labeling Act. Subpart—*Neglecting, unfairly or deceptively, to make material disclosure:* § 13.1852 Formal regulatory and statutory requirements: Wool Products Labeling Act.

[Sec. 6, 38 Stat. 721; 15 U. S. C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, secs. 2-5, 54 Stat. 1128-1130; 15 U. S. C. 45, 68-68 (c)] [Cease and desist order, Laury Rich Sportswear, Inc. (New York, N. Y.), et al., Docket 7028, Oct. 23, 1958]

In the Matter of Laury Rich Sportswear, Inc., a Corporation; Laury Rich Frocks, Inc., a Corporation; Vee Manufacturing Corporation, a Corporation; and Seymour Rubinfeld, Shirley Rubinfeld and Samuel Rosenthal, Individually and as Officers of Said Corporations

This proceeding was heard by a hearing examiner on the complaint of the Commission charging affiliated manufacturers of ladies' sportswear, with places of business in New York City and Paterson, N. J., with violating the Wool Products Labeling Act by labeling as "100 percent reprocessed wool", interlinings of car coats which contained substantial quantities of fibers other than reprocessed wool, and by failing to comply in other respects with the labeling requirements of the Act.

After acceptance of an agreement for consent order, the hearing examiner made his initial decision and order to cease and desist which became on October 23 the decision of the Commission. The order to cease and desist is as follows:

It is ordered, That the respondents Laury Rich Sportswear, Inc., a corporation, and Vee Manufacturing Corporation, a corporation, and their officers, and Seymour Rubinfeld, individually and as officer of said corporations, Shirley Rubinfeld, as officer of Respondent Laury Rich Sportswear, Inc., and Samuel Rosenthal, as officer of Respondent Vee Manufacturing Corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction or manufacture

for introduction into commerce, or the offering for sale, sale, transportation or distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act and the Wool Products Labeling Act, of garments or other wool products, as "wool products" are defined in and subject to the Wool Products Labeling Act of 1939, do forthwith cease and desist from:

A. Misbranding wool products by:

1. Falsely or deceptively stamping, tagging, labeling or otherwise identifying such products as to the character or amount of their constituent fibers;

2. Failing to affix securely on each such product a stamp, tag, label, or other means of identification showing in a clear and conspicuous manner:

(a) The percentage of the total fiber weight of such wool product, exclusive of ornamentation not exceeding five percentum of the total fiber weight, of (1) wool, (2) reprocessed wool, (3) reused wool, (4) each fiber other than wool where the percentage of weight of such fiber is five percentum or more, and (5) the aggregate of all other fibers;

(b) The maximum percentage of the total weight of such wool product, of any non-fibrous loading, filling or adulterating matter;

(c) The name or the registered identification number of the manufacturer of such wool product or of one or more persons engaged in introducing such wool product into commerce, or in the offering for sale, sale, transportation, distribution, or delivery for shipment of such wool product in commerce, as "commerce" is defined in the Wool Products Labeling Act.

It is further ordered, That the complaint be, and hereby is, dismissed as to Laury Rich Frocks, Inc., a corporation, and Shirley Rubinfeld, and Samuel Rosenthal, individually, but not as officers of Laury Rich Sportswear, Inc., and Vee Manufacturing Corporation, respectively.

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

It is ordered, That respondents Laury Rich Sportswear, Inc., a corporation, and Vee Manufacturing Corporation, a corporation, and their officers, and Seymour Rubinfeld, individually and as officer of said corporations, Shirley Rubinfeld, as officer of Respondent Laury Rich Sportswear, Inc., and Samuel Rosenthal, as officer of Respondent Vee Manufacturing Corporation, shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

Issued: October 23, 1958.

By the Commission.

[SEAL] ROBERT M. PARRISH,
Secretary.

[F. R. Doc. 58-9934; Filed, Dec. 1, 1958;
8:48 a. m.]

TITLE 26—INTERNAL REVENUE, 1954

Chapter I—Internal Revenue Service, Department of the Treasury

[T. D. 6336]

PART 1—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953

INVENTORIES

On December 11, 1957, notice of proposed rule making regarding the regulations for taxable years beginning after December 31, 1953, and ending after August 16, 1954, under sections 471 and 472 of the Internal Revenue Code of 1954, relating to inventories, was published in the FEDERAL REGISTER (22 F. R. 9888). After consideration of all such relevant matter as was presented by interested persons regarding the rules proposed, the regulations as so proposed are hereby adopted. Consideration is being given to the issuance as a separate Treasury decision under section 472 of detailed rules with respect to the use of the so-called "dollar-value" method of pricing inventories.

O. GORDON DELK,
Acting Commissioner of
Internal Revenue.

Approved: November 25, 1958.

DAN THROOP SMITH,
Deputy to the Secretary
of the Treasury.

Regulations under sections 471 and 472 of the Internal Revenue Code of 1954, effective for taxable years beginning after December 31, 1953, and ending after August 16, 1954, as adopted, are as follows:

INVENTORIES

Sec.	
1.471	Statutory provisions; general rule for inventories.
1.471-1	Need for inventories.
1.471-2	Valuation of inventories.
1.471-3	Inventories at cost.
1.471-4	Inventories at cost or market, whichever is lower.
1.471-5	Inventories by dealers in securities.
1.471-6	Inventories of livestock raisers and other farmers.
1.471-7	Inventories of miners and manufacturers.
1.471-8	Inventories of retail merchants.
1.471-9	Inventories of acquiring corporations.
1.472	Statutory provisions; last-in, first-out inventories.
1.472-1	Last-in, first-out inventories.
1.472-2	Requirements incident to adoption and use of LIFO inventory method.
1.472-3	Time and manner of making election.
1.472-4	Adjustments to be made by taxpayer.
1.472-5	Revocation of election.
1.472-6	Change from LIFO inventory method.
1.472-7	Inventories of acquiring corporations.

AUTHORITY: §§ 1.471 to 1.472-7 issued under sec. 7805, 68A Stat. 917; 26 U. S. C. 7805.

INVENTORIES

§ 1.471 Statutory provisions; general rule for inventories.

Sec. 471. General rule for inventories. Whenever in the opinion of the Secretary

or his delegate the use of inventories is necessary in order clearly to determine the income of any taxpayer, inventories shall be taken by such taxpayer on such basis as the Secretary or his delegate may prescribe as conforming as nearly as may be to the best accounting practice in the trade or business and as most clearly reflecting the income.

§ 1.471-1 Need for inventories. In order to reflect taxable income correctly, inventories at the beginning and end of each taxable year are necessary in every case in which the production, purchase, or sale of merchandise is an income-producing factor. The inventory should include all finished or partly finished goods and, in the case of raw materials and supplies, only those which have been acquired for sale or which will physically become a part of merchandise intended for sale, in which class fall containers, such as kegs, bottles, and cases, whether returnable or not, if title thereto will pass to the purchaser of the product to be sold therein. Merchandise should be included in the inventory only if title thereto is vested in the taxpayer. Accordingly, the seller should include in his inventory goods under contract for sale but not yet segregated and applied to the contract and goods out upon consignment, but should exclude from inventory goods sold (including containers), title to which has passed to the purchaser. A purchaser should include in inventory merchandise purchased (including containers), title to which has passed to him, although such merchandise is in transit or for other reasons has not been reduced to physical possession, but should not include goods ordered for future delivery, transfer of title to which has not yet been effected. (But see § 1.472-1.)

§ 1.471-2 Valuation of inventories. (a) Section 471 provides two tests to which each inventory must conform:

(1) It must conform as nearly as may be to the best accounting practice in the trade or business, and

(2) It must clearly reflect the income.

(b) It follows, therefore, that inventory rules cannot be uniform but must give effect to trade customs which come within the scope of the best accounting practice in the particular trade or business. In order clearly to reflect income, the inventory practice of a taxpayer should be consistent from year to year, and greater weight is to be given to consistency than to any particular method of inventorying or basis of valuation so long as the method or basis used is substantially in accord with §§ 1.471-1 to 1.471-9. An inventory that can be used under the best accounting practice in a balance sheet showing the financial position of the taxpayer can, as a general rule, be regarded as clearly reflecting his income.

(c) The bases of valuation most commonly used by business concerns and which meet the requirements of section 471 are (1) cost and (2) cost or market, whichever is lower. (For inventories by dealers in securities, see § 1.471-5.) Any goods in an inventory which are unsalable at normal prices or unusable in the normal way because of damage, imperfections, shop wear, changes of style, odd or broken lots, or other similar causes, including second-hand goods

taken in exchange, should be valued at bona fide selling prices less direct cost of disposition, whether subparagraph (1) or (2) of this paragraph is used, or if such goods consist of raw materials or partly finished goods held for use or consumption, they shall be valued upon a reasonable basis, taking into consideration the usability and the condition of the goods, but in no case shall such value be less than the scrap value. Bona fide selling price means actual offering of goods during a period ending not later than 30 days after inventory date. The burden of proof will rest upon the taxpayer to show that such exceptional goods as are valued upon such selling basis come within the classifications indicated above, and he shall maintain such records of the disposition of the goods as will enable a verification of the inventory to be made.

(d) In respect of normal goods, whichever method is adopted must be applied with reasonable consistency to the entire inventory of the taxpayer's trade or business except as to those goods inventoried under the last-in, first-out method authorized by section 472 or to animals inventoried under the elective unit-livestock-price-method authorized by § 1.471-6. See § 1.446-1 (d) for rules permitting the use of different methods of accounting if the taxpayer has more than one trade or business. Where the taxpayer is engaged in more than one trade or business the Commissioner may require that the method of valuing inventories with respect to goods in one trade or business also be used with respect to similar goods in other trades or businesses if, in the opinion of the Commissioner, the use of such method with respect to such other goods is essential to a clear reflection of income. Taxpayers were given an option to adopt the basis of either (1) cost or (2) cost or market, whichever is lower, for their 1920 inventories. The basis properly adopted for that year or any subsequent year is controlling, and a change can now be made only after permission is secured from the Commissioner. Application for permission to change the basis of valuing inventories shall be made in writing and filed with the Commissioner as provided in § 1.446-1 (e). Goods taken in the inventory which have been so intermingled that they cannot be identified with specific invoices will be deemed to be the goods most recently purchased or produced, and the cost thereof will be the actual cost of the goods purchased or produced during the period in which the quantity of goods in the inventory has been acquired. But see section 472 as to last-in, first-out inventories. Where the taxpayer maintains book inventories in accordance with a sound accounting system in which the respective inventory accounts are charged with the actual cost of the goods purchased or produced and credited with the value of goods used, transferred, or sold, calculated upon the basis of the actual cost of the goods acquired during the taxable year (including the inventory at the beginning of the year), the net value as shown by such inventory accounts will be

deemed to be the cost of the goods on hand. The balances shown by such book inventories should be verified by physical inventories at reasonable intervals and adjusted to conform therewith.

(e) Inventories should be recorded in a legible manner, properly computed and summarized, and should be preserved as a part of the accounting records of the taxpayer. The inventories of taxpayers on whatever basis taken will be subject to investigation by the district director, and the taxpayer must satisfy the district director of the correctness of the prices adopted.

(f) The following methods, among others, are sometimes used in taking or valuing inventories, but are not in accord with the regulations in this part:

(1) Deducting from the inventory a reserve for price changes, or an estimated depreciation in the value thereof.

(2) Taking work in process, or other parts of the inventory, at a nominal price or at less than its proper value.

(3) Omitting portions of the stock on hand.

(4) Using a constant price or nominal value for so-called normal quantity of materials or goods in stock.

(5) Including stock in transit, shipped either to or from the taxpayer, the title to which is not vested in the taxpayer.

§ 1.471-3 *Inventories at cost.* Cost means:

(a) In the case of merchandise on hand at the beginning of the taxable year, the inventory price of such goods.

(b) In the case of merchandise purchased since the beginning of the taxable year, the invoice price less trade or other discounts, except strictly cash discounts approximating a fair interest rate, which may be deducted or not at the option of the taxpayer, provided a consistent course is followed. To this net invoice price should be added transportation or other necessary charges incurred in acquiring possession of the goods.

(c) In the case of merchandise produced by the taxpayer since the beginning of the taxable year, (1) the cost of raw materials and supplies entering into or consumed in connection with the product, (2) expenditures for direct labor, (3) indirect expenses incident to and necessary for the production of the particular article, including in such indirect expenses a reasonable proportion of management expenses, but not including any cost of selling or return on capital, whether by way of interest or profit.

(d) In any industry in which the usual rules for computation of cost of production are inapplicable, costs may be approximated upon such basis as may be reasonable and in conformity with established trade practice in the particular industry. Among such cases are: (1) Farmers and raisers of livestock (see § 1.471-6); (2) miners and manufacturers who by a single process or uniform series of processes derive a product of two or more kinds, sizes, or grades, the unit cost of which is substantially alike (see § 1.471-7); and (3) retail merchants who use what is known as the "retail method" in ascertaining approximate cost (see § 1.471-8).

§ 1.471-4 *Inventories at cost or market, whichever is lower.* (a) Under ordinary circumstances and for normal goods in an inventory, "market" means the current bid price prevailing at the date of the inventory for the particular merchandise in the volume in which usually purchased by the taxpayer, and is applicable in the cases—

(1) Of goods purchased and on hand, and

(2) Of basic elements of cost (materials, labor, and burden) in goods in process of manufacture and in finished goods on hand; exclusive, however, of goods on hand or in process of manufacture for delivery upon firm sales contracts (i. e., those not legally subject to cancellation by either party) at fixed prices entered into before the date of the inventory, under which the taxpayer is protected against actual loss, which goods must be inventoried at cost.

(b) Where no open market exists or where quotations are nominal, due to inactive market conditions, the taxpayer must use such evidence of a fair market price at the date or dates nearest the inventory as may be available, such as specific purchases or sales by the taxpayer or others in reasonable volume and made in good faith, or compensation paid for cancellation of contracts for purchase commitments. Where the taxpayer in the regular course of business has offered for sale such merchandise at prices lower than the current price as above defined, the inventory may be valued at such prices less direct cost of disposition, and the correctness of such prices will be determined by reference to the actual sales of the taxpayer for a reasonable period before and after the date of the inventory. Prices which vary materially from the actual prices so ascertained will not be accepted as reflecting the market.

(c) Where the inventory is valued upon the basis of cost or market, whichever is lower, the market value of each article on hand at the inventory date shall be compared with the cost of the article, and the lower of such values shall be taken as the inventory value of the article.

§ 1.471-5 *Inventories by dealers in securities.* A dealer in securities who in his books of account regularly inventories unsold securities on hand either—

(a) At cost,

(b) At cost or market, whichever is lower, or

(c) At market value,

may make his return upon the basis upon which his accounts are kept, provided that a description of the method employed is included in or attached to the return, that all the securities are inventoried by the same method, and that such method is adhered to in subsequent years, unless another method is authorized by the Commissioner pursuant to a written application therefor filed as provided in § 1.446-1 (e). A dealer in securities in whose books of account separate computations of the gain or loss from the sale of the various lots of securities sold are made on the basis of the cost of each lot shall be regarded,

for the purposes of this section, as regularly inventorying his securities at cost. For the purposes of this section, a dealer in securities is a merchant of securities, whether an individual, partnership, or corporation, with an established place of business, regularly engaged in the purchase of securities and their resale to customers; that is, one who as a merchant buys securities and sells them to customers with a view to the gains and profits that may be derived therefrom. If such business is simply a branch of the activities carried on by such person, the securities inventoried as provided in this section may include only those held for purposes of resale and not for investment. Taxpayers who buy and sell or hold securities for investment or speculation, irrespective of whether such buying or selling constitutes the carrying on of a trade or business, and officers of corporations and members of partnerships who in their individual capacities buy and sell securities, are not dealers in securities within the meaning of this section.

§ 1.471-6 Inventories of livestock raisers and other farmers. (a) A farmer may make his return upon an inventory method instead of the cash receipts and disbursements method. It is optional with the taxpayer which of these methods of accounting is used but, having elected one method, the option so exercised will be binding upon the taxpayer for the year for which the option is exercised and for subsequent years unless another method is authorized by the Commissioner as provided in § 1.446-1 (e).

(b) In any change of accounting method from the cash receipts and disbursements method to an inventory method, adjustments shall be made as provided in section 481 (relating to adjustments required by change in method of accounting) and the regulations thereunder.

(c) Because of the difficulty of ascertaining actual cost of livestock and other farm products, farmers who render their returns upon an inventory method may value their inventories according to the "farm-price method", and farmers raising livestock may value their inventories of animals according to either the "farm-price method" or the "unit-livestock-price method".

(d) The "farm-price method" provides for the valuation of inventories at market price less direct cost of disposition. If this method of valuing inventories is used, it must be applied to the entire inventory except as to livestock inventoried, at the taxpayer's election, under the "unit-livestock-price method". If the use of the "farm-price method" of valuing inventories for any taxable year involves a change in method of valuing inventories from that employed in prior years, permission for such change shall first be secured from the Commissioner as provided in § 1.446-1 (e).

(e) The "unit-livestock-price method" provides for the valuation of the different classes of animals in the inventory at a standard unit price for each animal within a class. A livestock raiser elect-

ing this method of valuing his animals must adopt a reasonable classification of the animals in his inventory with respect to the age and kind included so that the unit prices assigned to the several classes will reasonably account for the normal costs incurred in producing the animals within such classes. Thus, if a cattle raiser determines that it costs approximately \$15 to produce a calf, and \$7.50 each year to raise the calf to maturity, his classifications and unit prices would be as follows: Calves, \$15; yearlings, \$22.50; 2-year olds, \$30; mature animals, \$37.50. The classification selected by the livestock raiser, and the unit prices assigned to the several classes, are subject to approval by the district director upon examination of the taxpayer's return.

(f) A taxpayer who elects to use the "unit-livestock-price method" must apply it to all livestock raised, whether for sale or for draft, breeding, or dairy purposes. Once established, the unit prices and classifications selected by the taxpayer must be consistently applied in all subsequent taxable years in the valuation of livestock inventories. No changes in the classification of animals or unit prices will be made without the approval of the Commissioner.

(g) A livestock raiser who uses the "unit-livestock-price method" must include in his inventory at cost any livestock purchased, except that animals purchased for draft, breeding, or dairy purposes can, at the election of the livestock raiser, be included in inventory or be treated as capital assets subject to depreciation after maturity. If the animals purchased are not mature at the time of purchase, the cost should be increased at the end of each taxable year in accordance with the established unit prices, except that no increase is to be made in the taxable year of purchase if the animal is acquired during the last six months of that year. If the records maintained permit identification of a purchased animal, the cost of such animal will be eliminated from the closing inventory in the event of its sale or loss. Otherwise, the first-in, first-out method of valuing inventories must be applied.

(h) If a taxpayer using the "farm-price method" desires to adopt the "unit-livestock-price method" in valuing his inventories of livestock, permission for the change shall first be secured from the Commissioner as provided in § 1.446-1 (e). However, a taxpayer who has filed returns on the basis of inventories at cost, or cost or market whichever is lower, may adopt the "unit-livestock-price method" for valuing his inventories of livestock without formal application for permission, but the classifications and unit prices selected are subject to approval by the district director upon examination of the taxpayer's return. A livestock raiser who has adopted a constant unit-price method of valuing livestock inventories and filed returns on that basis will be considered as having elected the "unit-livestock-price method".

(i) If returns have been made in which the taxable income has been computed upon incomplete inventories, the

abnormality should be corrected by submitting with the return for the current taxable year a statement for the preceding taxable year. In this statement such adjustments shall be made as are necessary to bring the closing inventory for the preceding taxable year into agreement with the opening complete inventory for the current taxable year. If necessary clearly to reflect income, similar adjustments may be made as at the beginning of the preceding year or years, and the tax, if any be due, shall be assessed and paid at the rate of tax in effect for such year or years.

§ 1.471-7 Inventories of miners and manufacturers. A taxpayer engaged in mining or manufacturing who by a single process or uniform series of processes derives a product of two or more kinds, sizes, or grades, the unit cost of which is substantially alike, and who in conformity to a recognized trade practice allocates an amount of cost to each kind, size, or grade of product, which in the aggregate will absorb the total cost of production, may, with the consent of the Commissioner, use such allocated cost as a basis for pricing inventories, provided such allocation bears a reasonable relation to the respective selling values of the different kinds, sizes, or grades of product. See section 472 as to last-in, first-out inventories.

§ 1.471-8 Inventories of retail merchants. (a) Retail merchants who employ what is known as the "retail method" of pricing inventories may make their returns upon that method, provided that the use of such method is designated upon the return, that accurate accounts are kept, and that such method is consistently adhered to unless a change is authorized by the Commissioner as provided in § 1.446-1 (e). Under the retail method the total of the retail selling prices of the goods on hand at the end of the year in each department or of each class of goods is reduced to approximate cost by deducting therefrom an amount which bears the same ratio to such total as—

(1) The total of the retail selling prices of the goods included in the opening inventory plus the retail selling prices of the goods purchased during the year, with proper adjustment to such selling prices for all mark-ups and mark-downs, less

(2) The cost of the goods included in the opening inventory plus the cost of the goods purchased during the year, bears to (1).

The result should represent as accurately as may be the amounts added to the cost price of the goods to cover selling and other expenses of doing business and for the margin of profit.

(b) For further adjustments to be made in the case of a retail merchant using the last-in, first-out inventory method authorized by section 472, see § 1.472-1 (k).

(c) A taxpayer maintaining more than one department in his store or dealing in classes of goods carrying different percentages of gross profit should not use a percentage of profit based upon

an average of his entire business, but should compute and use in valuing his inventory the proper percentages for the respective departments or classes of goods.

(d) A taxpayer (other than one using the last-in, first-out inventory method) who previously has determined inventories in accordance with the retail method, except that, to obtain a basis of approximate cost or market, whichever is lower, has consistently and uniformly followed the practice of adjusting the retail selling prices of the goods included in the opening inventory and purchased during the taxable year for mark-ups but not for mark-downs, may continue such practice subject to the conditions prescribed in this section. The adjustments must be bona fide and consistent and uniform. Where mark-downs are not included in the adjustments, mark-ups made to cancel or correct mark-downs shall not be included; and the mark-ups included must be reduced by the mark-downs made to cancel or correct such mark-ups.

(e) In no event shall mark-downs not based on actual reduction of retail sale prices, such as mark-downs based on depreciation and obsolescence, be recognized in determining the retail selling prices of the goods on hand at the end of the taxable year.

(f) A taxpayer (other than one using the last-in, first-out inventory method) who previously has determined inventories without following the practice of eliminating mark-downs in making adjustments to retail selling prices, may adopt such practice, provided permission to do so is obtained in accordance with, and subject to the terms provided by, § 1.446-1 (e). A taxpayer filing a first return of income may adopt such practice subject to approval by the district director upon examination of the return.

(g) A taxpayer using the last-in, first-out inventory method in conjunction with retail computations must adjust retail selling prices for mark-downs as well as mark-ups, in order that there may be reflected the approximate cost of the goods on hand at the end of the taxable year regardless of market values.

§ 1.471-9 *Inventories of acquiring corporations.* For additional rules in the case of certain corporate acquisitions specified in section 381 (a), see section 381 (c) (5) and the regulations thereunder.

§ 1.472 *Statutory provisions; last-in, first-out inventories.*

Sec. 472. *Last-in, first-out inventories.*—(a) *Authorization.* A taxpayer may use the method provided in subsection (b) (whether or not such method has been prescribed under section 471) in inventorying goods specified in an application to use such method filed at such time and in such manner as the Secretary or his delegate may prescribe. The change to, and the use of, such method shall be in accordance with such regulations as the Secretary or his delegate may prescribe as necessary in order that the use of such method may clearly reflect income.

(b) *Method applicable.* In inventorying goods specified in the application described in subsection (a), the taxpayer shall:

(1) Treat those remaining on hand at the close of the taxable year as being: First, those included in the opening inventory of the taxable year (in the order of acquisition) to the extent thereof; and second, those acquired in the taxable year;

(2) Inventory them at cost; and

(3) Treat those included in the opening inventory of the taxable year in which such method is first used as having been acquired at the same time and determine their cost by the average cost method.

(c) *Condition.* Subsection (a) shall apply only if the taxpayer establishes to the satisfaction of the Secretary or his delegate that the taxpayer has used no procedure other than that specified in paragraphs (1) and (3) of subsection (b) in inventorying such goods to ascertain the income, profit, or loss of the first taxable year for which the method described in subsection (b) is to be used, for the purpose of a report or statement covering such taxable year—

(1) To shareholders, partners, or other proprietors, or to beneficiaries, or

(2) For credit purposes.

(d) *Preceding closing inventory.* In determining income for the taxable year preceding the taxable year for which the method described in subsection (b) is first used, the closing inventory of such preceding year of the goods specified in the application referred to in subsection (a) shall be at cost.

(e) *Subsequent inventories.* If a taxpayer, having complied with subsection (a), uses the method described in subsection (b) for any taxable year, then such method shall be used in all subsequent taxable years unless—

(1) With the approval of the Secretary or his delegate a change to a different method is authorized; or

(2) The Secretary or his delegate determines that the taxpayer has used for any such subsequent taxable year some procedure other than that specified in paragraph (1) of subsection (b) in inventorying the goods specified in the application to ascertain the income, profit, or loss of such subsequent taxable year for the purpose of a report or statement covering such taxable year (A) to shareholders, partners, or other proprietors, or beneficiaries, or (B) for credit purposes; and requires a change to a method different from that prescribed in subsection (b) beginning with such subsequent taxable year or any taxable year thereafter.

If paragraph (1) or (2) of this subsection applies, the change to, and the use of, the different method shall be in accordance with such regulations as the Secretary or his delegate may prescribe as necessary in order that the use of such method may clearly reflect income.

(f) *Gross reference.* For provisions relating to involuntary liquidation and replacement of LIFO inventories, see section 1321.

§ 1.472-1 *Last-in, first-out inventories.* (a) Any taxpayer permitted or required to take inventories pursuant to the provisions of section 471, and pursuant to the provisions of §§ 1.471-1 to 1.471-9, inclusive, may elect with respect to those goods specified in his application and properly subject to inventory to compute his opening and closing inventories in accordance with the method provided by section 472, this section, and § 1.472-2. Under this last-in, first-out (LIFO) inventory method, the taxpayer is permitted to treat those goods remaining on hand at the close of the taxable year as being:

(1) Those included in the opening inventory of the taxable year, in the order of acquisition and to the extent thereof, and

(2) Those acquired during the taxable year.

The LIFO inventory method is not dependent upon the character of the business in which the taxpayer is engaged, or upon the identity or want of identity through commingling of any of the goods on hand, and may be adopted by the taxpayer as of the close of any taxable year.

(b) If the LIFO inventory method is used by a taxpayer who regularly and consistently, in a manner similar to hedging on a futures market, matches purchases with sales, then firm purchases and sales contracts (i. e., those not legally subject to cancellation by either party) entered into at fixed prices on or before the date of the inventory may be included in purchases or sales, as the case may be, for the purpose of determining the cost of goods sold and the resulting profit or loss, provided that this practice is regularly and consistently adhered to by the taxpayer and provided that, in the opinion of the Commissioner, income is clearly reflected thereby.

(c) A manufacturer or processor who has adopted the LIFO inventory method as to a class of goods may elect to have such method apply to the raw materials only (including those included in goods in process and in finished goods) expressed in terms of appropriate units. If such method is adopted, the adjustments are confined to costs of the raw material in the inventory and the cost of the raw material in goods in process and in finished goods produced by such manufacturer or processor and reflected in the inventory. The provisions of this paragraph may be illustrated by the following examples:

Example (1). Assume that the opening inventory had 10 units of raw material, 10 units of goods in process, and 10 units of finished goods, and that the raw material cost was 6 cents a unit, the processing cost 2 cents a unit, and overhead cost 1 cent a unit. For the purposes of this example, it is assumed that the entire amount of goods in process was 50 percent processed.

OPENING INVENTORY

	Raw material	Goods in process	Finished goods
Raw material.....	\$0.60	\$0.60	\$0.60
Processing cost.....		.10	.20
Overhead.....		.05	.10

In the closing inventory there are 20 units of raw material, 6 units of goods in process, and 8 units of finished goods and the costs were: Raw material 10 cents, processing cost 4 cents, and overhead 1 cent.

CLOSING INVENTORY

(Based on cost and prior to adjustment)

	Raw material	Goods in process	Finished goods
Raw material.....	\$2.00	\$0.60	\$0.80
Processing costs.....		.12	.32
Overhead.....		.03	.08
Total.....	2.00	.75	1.20

There were 30 units of raw material in the opening inventory and 34 units in the closing

inventory. The adjustment to the closing inventory would be as follows:

CLOSING INVENTORY AS ADJUSTED

	Raw material	Goods in process	Finished goods
Raw material:			
20 at 6 cents.....	\$1.20		
6 at 6 cents.....		\$0.36	
4 at 6 cents.....			\$0.24
4 at 10 cents ¹			.40
Processing costs.....		.12	.32
Overhead.....		.03	.08
Total.....	1.20	.51	1.04

¹ This excess is subject to determination of price under section 472 (b) (1) and § 1.472-2. If the excess falls in goods in process, the same adjustment is applicable.

The only adjustment to the closing inventory is the cost of the raw material; the processing costs and overhead cost are not changed.

Example (2). Assume that the opening inventory had 5 units of raw material, 10 units of goods in process, and 20 units of finished goods, with the same prices as in example (1), and that the closing inventory had 20 units of raw material, 20 units of goods in process, and 10 units of finished goods, with raw material costs as in the closing inventory in example (1). The adjusted closing inventory would be as follows in so far as the raw material is concerned:

Raw material, 20 at 6 cents.....	\$1.20
Goods in process:	
15 at 6 cents.....	.90
5 at 10 cents ¹	.50
Finished goods:	
None at 6 cents.....	.00
10 at 10 cents ¹	1.00

¹ This excess is subject to determination of price under section 472 (b) (1) and § 1.472-2.

The 20 units of raw material in the raw state plus 15 units of raw material in goods in process make up the 35 units of raw material that were contained in the opening inventory.

(d) For the purposes of this section, raw material in the opening inventory must be compared with similar raw material in the closing inventory. There may be several types of raw materials, depending upon the character, quality, or price, and each type of raw material in the opening inventory must be compared with a similar type in the closing inventory.

(e) In the cotton textile industry there may be different raw materials depending upon marked differences in length of staple, in color or grade of the cotton. But where different staple lengths or grades of cotton are being used at different times in the same mill to produce the same class of goods, such differences would not necessarily require the classification into different raw materials.

(f) As to the pork packing industry a live hog is considered as being composed of various raw materials, different cuts of a hog varying markedly in price and use. Generally a hog is processed into approximately 10 primal cuts and several miscellaneous articles. However, due to similarity in price and use, these may be grouped into fewer classifications, each group being classed as one raw material.

(g) When the finished product contains two or more different raw materials as in the case of cotton and rayon

mixtures, each raw material is treated separately and adjustments made accordingly.

(h) Upon written notice addressed to the Commissioner of Internal Revenue, Attention T:R, Washington 25, D. C., by the taxpayer, a taxpayer who has heretofore adopted the LIFO inventory method in respect of any goods may adopt the method authorized in this section and limit the election to the raw material including raw materials entering into goods in process and in finished goods. If this method is adopted as to any specific goods, it must be used exclusively for such goods for any prior taxable year (not closed by agreement) to which the prior election applies and for all subsequent taxable years, unless permission to change is granted by the Commissioner.

(i) The election may also be limited to that phase in the manufacturing process where a product is produced that is recognized generally as a salable product as, for example, in the textile industry where one phase of the process is the production of yarn. Since yarn is generally recognized as a salable product, the election may be limited to that portion of the process when yarn is produced. In the case of copper and brass processors, the election may be limited to the production of bars, plates, sheets, etc., although these may be further processed into other products.

(j) The election may also apply to any one raw material, when two or more raw materials enter into the composition of the finished product; for example, in the case of cotton and rayon yarn, the taxpayer may elect to inventory the cotton only. However, a taxpayer who has previously made an election to use the LIFO inventory method may not later elect to exclude any raw materials that were covered by such previous election.

(k) If a taxpayer using the retail method of pricing inventories, authorized by § 1.471-8, elects to use in connection therewith the LIFO inventory method authorized by section 472 and this section, the apparent cost of the goods on hand at the end of the year, determined pursuant to § 1.471-8, shall be adjusted to the extent of price changes therein taking place after the close of the preceding taxable year. The amount of any apparent inventory increase or decrease to be eliminated in this adjustment shall be determined by reference to acceptable price indexes established to the satisfaction of the Commissioner. Price indexes prepared by the United States Bureau of Labor Statistics which are applicable to the goods in question will be considered acceptable to the Commissioner. Price indexes which are based upon inadequate records, or which are not subject to complete and detailed audit within the Internal Revenue Service, will not be approved.

(l) If a taxpayer uses consistently the so-called "dollar-value" method of pricing inventories, or any other method of computation established to the satisfaction of the Commissioner as reasonably adaptable to the purpose and intent of section 472 and this section, and if such taxpayer elects under section 472 to use the LIFO inventory method authorized

by such section, the taxpayer's opening and closing inventories shall be determined under section 472 by the use of the appropriate adaptation.

§ 1.472-2 *Requirements incident to adoption and use of LIFO inventory method.* Except as otherwise provided in § 1.472-1 with respect to raw material computations, with respect to retail inventory computations, and with respect to "dollar-value" and other methods of computation established to the satisfaction of the Commissioner as reasonably adapted to the purpose and intent of section 472, the adoption and use of the LIFO inventory method is subject to the following requirements:

(a) The taxpayer shall file an application to use such method specifying with particularity the goods to which it is to be applied.

(b) The inventory shall be taken at cost regardless of market value.

(c) Goods of the specified type included in the opening inventory of the taxable year for which the method is first used shall be considered as having been acquired at the same time and at a unit cost equal to the actual cost of the aggregate divided by the number of units on hand. The actual cost of the aggregate shall be determined pursuant to the inventory method employed by the taxpayer under the regulations applicable to the prior taxable year with the exception that restoration shall be made with respect to any writedown to market values resulting from the pricing of former inventories.

(d) Goods of the specified type on hand as of the close of the taxable year in excess of what were on hand as of the beginning of the taxable year shall be included in the closing inventory, regardless of identification with specific invoices and regardless of specific cost accounting records, at costs determined pursuant to the provisions of subparagraph (1) or (2) of this paragraph, dependent upon the character of the transactions in which the taxpayer is engaged:

(1) (i) In the case of a taxpayer engaged in the purchase and sale of merchandise, such as a retail grocer or druggist, or engaged in the initial production of merchandise and its sale without processing, such as a miner selling his ore output without smelting or refining, such costs shall be determined—

(a) By reference to the actual cost of the goods most recently purchased or produced;

(b) By reference to the actual cost of the goods purchased or produced during the taxable year in the order of acquisition;

(c) By application of an average unit cost equal to the aggregate cost of all of the goods purchased or produced throughout the taxable year divided by the total number of units so purchased or produced, the goods reflected in such inventory increase being considered for the purposes of section 472 as having been acquired all at the same time; or

(d) Pursuant to any other proper method which, in the opinion of the Commissioner, clearly reflects income.

(ii) Whichever of the several methods of valuing the inventory increase is

adopted by the taxpayer and approved by the Commissioner shall be consistently adhered to in all subsequent taxable years so long as the LIFO inventory method is used by the taxpayer.

(iii) The application of subdivisions (i) and (ii) of this subparagraph may be illustrated by the following examples:

Example (1). Suppose that the taxpayer adopts the LIFO inventory method for the taxable year 1957 with an opening inventory of 10 units at 10 cents per unit, that it makes 1957 purchases of 10 units as follows:

January	1 at \$0.11	\$0.11
April	2 at .12	.24
July	3 at .13	.39
October	4 at .14	.56
Totals	10	1.30

and that it has a 1957 closing inventory of 15 units. This closing inventory, depending upon the taxpayer's method of valuing inventory increases, will be computed as follows:

(a) Most recent purchases—		
10 at \$0.10	\$1.00	
4 at .14 (October)	.56	
1 at .13 (July)	.13	
Totals	15	1.69

or

(b) In order of acquisition—		
10 at \$0.10	\$1.00	
1 at .11 (January)	.11	
2 at .12 (April)	.24	
2 at .13 (July)	.26	
Totals	15	1.61

or

(c) At an annual average—		
10 at \$0.10	\$1.00	
5 at .13 (130/10)	.65	
Totals	15	1.65

Example (2). Suppose that the taxpayer's closing inventory for 1958, the year following that involved in example (1) of this subdivision, reflects an inventory decrease for the year, and not an increase; suppose that there is, accordingly, a 1958 closing inventory of 13 units. Inasmuch as the decreased closing inventory will be determined wholly by reference to the 15 units reflected in the opening inventory for the year, and will be taken "in the order of acquisition" pursuant to section 472 (b) (1), and inasmuch as the character of the taxpayer's opening inventory for 1958 will be dependent upon its method of valuing its 5-unit inventory increase for 1957, the closing inventory for 1958 will be computed as follows:

(a) In case the increase for 1957 was taken by reference to the most recent purchases—

10 at \$0.10 (from 1956)	\$1.00	
1 at .13 (July 1957)	.13	
2 at .14 (October 1957)	.28	
Totals	13	1.41

or

(b) In case the increase for 1957 was taken in the order of acquisition—		
10 at \$0.10 (from 1956)	\$1.00	
1 at .11 (January 1957)	.11	
2 at .12 (April 1957)	.24	
Totals	13	1.35

or

(c) In case the increase for 1957 was taken on the basis of an average—		
10 at \$0.10 (from 1956)	\$1.00	
3 at .13 (from 1957)	.39	
Totals	13	1.39

(2) In the case of a taxpayer engaged in manufacturing, fabricating, processing, or otherwise producing merchandise, such costs shall be determined:

(i) In the case of raw materials purchased or initially produced by the taxpayer, in the manner elected by the taxpayer under subparagraph (1) of this paragraph to the same extent as if the taxpayer were engaged in purchase and sale transactions; and

(ii) In the case of goods in process, regardless of the stage to which the manufacture, fabricating, or processing may have advanced, and in the case of finished goods, pursuant to any proper method which, in the opinion of the Commissioner, clearly reflects income.

(e) The taxpayer shall establish to the satisfaction of the Commissioner that the taxpayer, in ascertaining income, profit, or loss for the taxable year for which the LIFO inventory method is first used or for any subsequent taxable year, for credit purposes or for the purpose of reports to shareholders, partners, or other proprietors, or to beneficiaries, has not used any inventory method other than that referred to in § 1.472-1 or at variance with the requirement referred to in paragraph (c) of this section. The taxpayer's use of market value in lieu of cost or his issuance of reports or credit statements covering a period of operations less than the whole of the taxable year is not considered at variance with this requirement.

(f) Goods of the specified type on hand as of the close of the taxable year preceding the taxable year for which this inventory method is first used shall be included in the taxpayer's closing inventory for such preceding taxable year at cost determined in the manner prescribed in paragraph (c) of this section.

(g) The LIFO inventory method, once adopted by the taxpayer with the approval of the Commissioner, shall be adhered to in all subsequent taxable years unless—

(1) A change to a different method is approved by the Commissioner; or

(2) The Commissioner determines that the taxpayer, in ascertaining income, profit, or loss for the whole of any taxable year subsequent to his adoption of the LIFO inventory method, for credit purposes or for the purpose of reports to shareholders, partners, or other proprietors, or to beneficiaries, has used any inventory method at variance with that referred to in § 1.472-1 and requires of the taxpayer a change to a different method for such subsequent taxable year or any taxable year thereafter.

(h) The records and accounts employed by the taxpayer in keeping his books shall be maintained in conformity with the inventory method referred to in § 1.472-1; and such supplemental and detailed inventory records shall be maintained as will enable the district director readily to verify the taxpayer's inventory computations as well as his compliance with the requirements of section 472 and §§ 1.472-1 through 1.472-7.

(i) Where the taxpayer is engaged in more than one trade or business, the Commissioner may require that if the LIFO method of valuing inventories is used with respect to goods in one trade

or business the same method shall also be used with respect to similar goods in the other trades or businesses if, in the opinion of the Commissioner, the use of such method with respect to such other goods is essential to a clear reflection of income.

§ 1.472-3 *Time and manner of making election.* (a) The LIFO inventory method may be adopted and used only if the taxpayer files with his income tax return for the taxable year as of the close of which the method is first to be used, in triplicate on Form 970, and pursuant to the instructions printed thereon and to the requirements of this section, a statement of his election to use such inventory method. Such statement shall be accompanied by an analysis of all inventories of the taxpayer as of the beginning and as of the end of the taxable year for which the LIFO inventory method is proposed first to be used, and also as of the beginning of the prior taxable year. In the case of a manufacturer, this analysis shall show in detail the manner in which costs are computed with respect to raw materials, goods in process, and finished goods, segregating the products (whether in process or finished goods) into natural groups on the basis of either (1) similarity in factory processes through which they pass, or (2) similarity of raw materials used, or (3) similarity in style, shape, or use of finished products. Each group of products shall be clearly described.

(b) The taxpayer shall submit for the consideration of the Commissioner in connection with the taxpayer's adoption or use of the LIFO inventory method such other detailed information with respect to his business or accounting system as may be at any time requested by the Commissioner.

(c) As a condition to the taxpayer's use of the LIFO inventory method, the Commissioner may require that the method be used with respect to goods other than those specified in the taxpayer's statement of election if, in the opinion of the Commissioner, the use of such method with respect to such other goods is essential to a clear reflection of income.

(d) Whether or not the taxpayer's application for the adoption and use of the LIFO inventory method should be approved, and whether or not such method, once adopted, may be continued, and the propriety of all computations incidental to the use of such method, will be determined by the Commissioner in connection with the examination of the taxpayer's income tax returns.

§ 1.472-4 *Adjustments to be made by taxpayer.* A taxpayer may not change to the LIFO method of taking inventories unless, at the time he files his application for the adoption of such method, he agrees to such adjustments incident to the change to or from such method, or incident to the use of such method, in the inventories of prior taxable years or otherwise, as the district director upon the examination of the taxpayer's returns may deem necessary in order that the true income of the taxpayer will be clearly reflected for the years involved.

§ 1.472-5 *Revocation of election.* An election made to adopt and use the LIFO inventory method is irrevocable, and the method once adopted shall be used in all subsequent taxable years, unless the use of another method is required by the Commissioner, or authorized by him pursuant to a written application therefor filed as provided in § 1.446-1 (e).

§ 1.472-6 *Change from LIFO inventory method.* If the taxpayer is granted permission by the Commissioner to discontinue the use of LIFO method of taking inventories, and thereafter to use some other method, or if the taxpayer is required by the Commissioner to discontinue the use of the LIFO method by reason of the taxpayer's failure to conform to the requirements detailed in § 1.472-2, the inventory of the specified goods for the first taxable year affected by the change and for each taxable year thereafter shall be taken—

(a) In conformity with the method used by the taxpayer under section 471 in inventorying goods not included in his LIFO inventory computations; or

(b) If the LIFO inventory method was used by the taxpayer with respect to all of his goods subject to inventory, then in conformity with the inventory method used by the taxpayer prior to his adoption of the LIFO inventory method; or

(c) If the taxpayer had not used inventories prior to his adoption of the LIFO inventory method and had no goods currently subject to inventory by a method other than the LIFO inventory method, then in conformity with such inventory method as may be selected by the taxpayer and approved by the Commissioner as resulting in a clear reflection of income; or

(d) In any event, in conformity with any inventory method to which the taxpayer may change pursuant to application approved by the Commissioner.

§ 1.472-7 *Inventories of acquiring corporations.* For additional rules in the case of certain corporate acquisitions specified in section 381 (a), see section 381 (c) (5) and the regulations thereunder.

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TITLE 29—LABOR

Chapter V—Wage and Hour Division, Department of Labor

PART 657—TOBACCO INDUSTRY IN PUERTO RICO

Pursuant to section 5 of the Fair Labor Standards Act of 1938 (52 Stat. 1062, as amended; 29 U. S. C. 205), the Secretary of Labor by Administrative Order No. 514 (23 F. R. 7408-10), appointed, convened, and gave notice of the hearing of industry Committee No. 42-A to recommend the minimum wage rate or rates to be paid under section 6 (c) of the act (52 Stat. 1062, as amended; 29 U. S. C. 206) to employees in the Tobacco Industry in Puerto Rico, who are engaged in com-

merce or in the production of goods for commerce.

Subsequent to investigations and hearings conducted pursuant to the notice, the committee filed with the Administrator a report containing its findings with respect to the matters referred to it. The present wage order for the tobacco industry in Puerto Rico is contained in 29 CFR Part 657. The recommendations of industry Committee No. 42-A did not revise the classifications within the industry, but recommended new rates of pay for four of the five classifications.

Accordingly, as authorized and required by section 8 of the Fair Labor Standards Act of 1938 (52 Stat. 1064, as amended; 29 U. S. C. 208), Reorganization Plan No. 6 of 1950 (64 Stat. 1263; 3 CFR, 1950 Supp., p. 165), and General Order No. 45-A of the Secretary of Labor (15 F. R. 3290), the recommendations of the committee are hereby published in these amendments to Title 29 of the Code of Federal Regulations, effective December 18, 1958, to read as follows: Part 657 is revised to read as follows:

Sec.
657.1 Definition.
657.2 Wage rates.
657.3 Notices.

AUTHORITY: §§ 657.1 to 657.3 issued under sec. 8, 52 Stat. 1064, as amended; 29 U. S. C. 208. Interpret or apply sec. 5, 52 Stat. 1062, as amended; 29 U. S. C. 205.

§ 657.1 *Definition.* The tobacco industry in Puerto Rico is defined as the processing of leaf tobacco including, but without limitation, the grading, fermenting, stemming, chopping, packing, storing, drying, and handling of tobacco; and the manufacture of cigarettes, cigars, cheroots, little cigars, snuff, chewing tobacco, and smoking tobacco.

§ 657.2 *Wage rates.* (a) Wages at a rate of not less than 36 cents an hour shall be paid under section 6 of the Fair Labor Standards Act of 1938 by every employer to each of his employees in the Puerto Rican Cigar Filler Tobacco Processing Classification of the tobacco industry in Puerto Rico, who is engaged in commerce or in the production of goods for commerce, and this classification shall be defined as the processing of Puerto Rican cigar filler type tobacco including, but without limitation, the grading, fermenting, stemming, packing, storing, drying, and handling of such tobacco prior to its use in the manufacture of cigars or other finished products: *Provided, however,* That this classification shall not include such activities when they are performed as part of an integrated machine processing operation: *And provided further,* That this classification shall not include the shredding, chopping, threshing, or stemming of Puerto Rican tobacco by machine and operations immediately incidental thereto.

(b) Wages at a rate of not less than 72 cents an hour shall be paid under section 6 of the Fair Labor Standards Act of 1938 by every employer to each of his employees in the Wrapper Type Tobacco

Processing Classification of the tobacco industry in Puerto Rico, who is engaged in commerce or in the production of goods for commerce, and this classification shall be defined as the processing of cigar wrapper type tobacco including, but without limitation, the bulking, dampening, sorting, sizing, tying, mulling or fermenting, drying, packing, storing, and handling of such tobacco prior to its use in the manufacture of cigars or other finished tobacco products: *Provided, however,* That the shredding, chopping, threshing, or stemming of such tobacco by machine and operations immediately incidental thereto shall not be included.

(c) Wages at a rate of not less than 86 cents an hour shall be paid under section 6 of the Fair Labor Standards Act of 1938 by every employer to each of his employees in the Machine Threshing, Machine Operations Classification of the tobacco industry in Puerto Rico, who is engaged in commerce or in the production of goods for commerce, and this classification shall be defined as the shredding, chopping, or threshing of all types of tobacco by machine and drying and inspection operations immediately incidental thereto.

(d) Wages at a rate of not less than 68 cents an hour shall be paid under section 6 of the Fair Labor Standards Act of 1938 by every employer to each of his employees in the Machine Threshing, Other Operations Classification of the tobacco industry in Puerto Rico, who is engaged in commerce or in the production of goods for commerce, and this classification shall be defined as all processing of tobacco preceding and subsequent to the shredding, chopping, or threshing of all types of tobacco by machine and drying and inspection operations immediately incidental thereto, when such preceding and subsequent processing is performed as part of an integrated operation of machine shredding, chopping or threshing.

(e) Wages at a rate of not less than 85 cents an hour shall be paid under section 6 of the Fair Labor Standards Act of 1938 by every employer to each of his employees in the General Classification of the tobacco industry in Puerto Rico, who is engaged in commerce or in the production of goods for commerce, and this classification shall be defined as all products and activities in the tobacco industry in Puerto Rico, as defined, except products and activities included in the Puerto Rican Cigar Filler Tobacco Processing Classification, the Wrapper Type Tobacco Processing Classification, the Machine Threshing, Machine Operations Classification, or in the Machine Threshing, Other Operations Classification.

§ 657.3 *Notices.* Every employer subject to the provisions of § 657.2 shall post in a conspicuous place in each department of his establishment where employees subject to the provisions of § 657.2 are working, such notices of this part as shall be prescribed from time to time by the Administrator of the Wage and Hour

Division of the United States Department of Labor and shall give such other notice as the Administrator may prescribe.

Signed at Washington, D. C., this 24th day of November 1958.

[SEAL] CLARENCE T. LUNDQUIST,
Administrator.

[F. R. Doc. 58-9956; Filed, Dec. 1, 1958;
8:51 a. m.]

TITLE 31—MONEY AND FINANCE: TREASURY

Chapter II—Fiscal Service, Department of the Treasury

Subchapter B—Bureau of the Public Debt

PART 306—GENERAL REGULATIONS WITH RESPECT TO UNITED STATES SECURITIES

MISCELLANEOUS AMENDMENTS

NOVEMBER 26, 1958.

The following changes are hereby made in connection with the publication of the revision of Titles 30 and 31 of the Code of Federal Regulations as of January 1, 1959:

1. In § 306.25, add:

(d) As to any other securities which are not specifically provided for in paragraphs (a), (b) and (c) of this section, the following will govern:

(1) One year in the case of securities issued for a term of five years or longer.

(2) Six months in the case of securities issued for a term of one year or more but less than five years.

(3) Three months in the case of securities issued for a term of less than one year.

2. Section 306.37 (e) is hereby amended and revised to read:

(e) *Endorsement of interest checks by voluntary guardians of incompetents.* Any checks, drawn to the order of an incompetent (as defined in § 306.58 (a)) for whose estate no legal guardian or similar legal representative has been or is to be appointed, in payment of interest on bonds registered in the name of the incompetent, without reference to a voluntary guardian, should be returned to the Bureau of the Public Debt, Division of Loans and Currency, Washington 25, D. C., with a full explanation of the circumstances. The relative responsible for the incompetent's care and support, or some other proper person, may apply on Form PD 1461 for authorization to collect the interest. To facilitate the collection of future interest checks, the applicant should also request the reissue of the bonds in the name of the incompetent, followed by that of the voluntary guardian, in the form "A, an incompetent under voluntary guardianship of B."

3. Section 306.57 (a) (1) is hereby amended and revised to read:

(1) For redemption or for exchange for bearer securities, if satisfactory proof is furnished that the proceeds of the bonds are necessary and will be used for the support or education of the minor and the total face amount of Treasury bonds registered in the name of the minor for which redemption or such ex-

change is requested in any 90-day period does not exceed \$1,000.

4. Section 306.58 (c) (1) and (2) are hereby amended and revised to read:

(c) *Assignments by voluntary guardians.* Bonds belonging to an incompetent for whose estate no legal guardian or similar representative has been appointed by a proper court or is otherwise legally qualified may be assigned by the relative responsible for his care and support or some other proper person as voluntary guardian:

(1) For redemption or exchange for bearer securities, if the proceeds of the bonds are necessary and will be used for the care or support of the incompetent or that of his legal dependents and the total face amount of registered Treasury bonds belonging to the incompetent for which redemption or such exchange is requested in any 90-day period does not exceed \$1,000.

(2) For redemption if the bonds are matured or have been called and the proceeds are to be reinvested in other securities to be registered in the incompetent's name followed by that of his voluntary guardian in the form "A, an incompetent, under voluntary guardianship of B."

(R. S. 161, as amended, 3706, secs. 1, 4, 18, 40 Stat. 288, as amended, 290, as amended, 1309, as amended, sec. 19, 49 Stat. 343, as amended, sec. 8, 50 Stat. 481, as amended; 5 U. S. C. 22, 31 U. S. C. 739, 752, 752a, 753, 754a, 738a)

[SEAL] JULIAN B. BAIRD,
Acting Secretary of the Treasury.

[F. R. Doc. 58-9958; Filed, Dec. 1, 1958;
8:51 a. m.]

PROPOSED RULE MAKING

DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service

[7 CFR Parts 925, 1008]

[Docket Nos. AO-226-A5, AO-275-A4]

HANDLING OF MILK IN INLAND EMPIRE AND PUGET SOUND, WASH., MARKETING AREAS

NOTICE OF EXTENSION OF TIME FOR FILING EXCEPTIONS TO RECOMMENDED DECISION WITH RESPECT TO PROPOSED AMENDMENTS TO MARKETING AGREEMENT AND ORDER

Pursuant to the provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U. S. C. 601 et seq.), and the applicable rules of practice and procedure, as amended, governing the formulation of marketing agreements and marketing orders (7 CFR Part 900), notice is hereby given that the time for filing exceptions to the recommended decision with respect to the proposed amendments to the marketing agreements and orders to regulate the handling of milk in the Inland Empire and Puget Sound, Washington, marketing areas, which was issued November 13, 1958 (23 F. R. 8989, F. R. Doc. 58-9585),

is hereby extended to December 1, 1958. Such exceptions must be filed with the Hearing Clerk, Room 112, Administration Building, United States Department of Agriculture, Washington 25, D. C., not later than the close of business on December 1, 1958.

Dated: November 25, 1958.

[SEAL] ROY W. LENNARTSON,
Deputy Administrator.

[F. R. Doc. 58-9927; Filed, Dec. 1, 1958;
8:46 a. m.]

Commodity Exchange Authority

[17 CFR Part 1]

REGULATIONS UNDER COMMODITY EXCHANGE ACT

NOTICE OF PROPOSED AMENDMENT OF REG- ULATIONS RELATING TO EXECUTION OF SIMULTANEOUS BUYING AND SELLING ORDERS OF DIFFERENT PRINCIPALS

Pursuant to section 4 of the Administrative Procedure Act (60 Stat. 238; 5 U. S. C. 1003), notice is hereby given that the Secretary of Agriculture, under au-

thority contained in section 8a (5) of the Commodity Exchange Act (7 U. S. C. 12a (5)), is considering the amendment of § 1.39 of the regulations under the Commodity Exchange Act (17 CFR 1.39). The proposed amendments would extend the provisions of § 1.39 specifically to board trading, and would require that any rules of a contract market adopted to make available to its members the procedure specified in § 1.39 must have been submitted to and not disapproved by the Secretary of Agriculture.

1. Under the proposed amendments, paragraph (a) (1) and (2) of § 1.39 would read substantially as follows:

§ 1.39 *Simultaneous buying and selling orders of different principals; execution of, for and between principals—(a) Conditions and requirements.* A member of a contract market who shall have in hand at the same time both buying and selling orders of different principals for the same commodity for future delivery in the same delivery month may execute such orders for and directly between such principals at the market price, if, in conformity with written rules of such contract market which have been submitted to and not disapproved by the Secretary of Agriculture—

(1) When trading is conducted in a trading pit or ring, such orders are first offered openly and competitively by open outcry in such trading pit or ring (i) by both bidding and offering at the same price, and neither such bid nor offer is accepted, or (ii) by bidding and offering to a point where such offer is higher than such bid by not more than the minimum permissible price fluctuation applicable to such commodity on such contract market, and neither such bid nor offer is accepted; or

(2) When in nonpit trading, bids and offers are posted on a board, such member (i) pursuant to such buying order posts a bid on the board and, incident to the execution of such selling order, accepts such bid and all other bids posted at prices not lower than the bid posted by him, or (ii) pursuant to such selling order posts an offer on the board and, incident to the execution of such buying order, accepts such offer and all other offers posted at prices not higher than the offer posted by him;

2. Paragraphs (a) (2) (3), and (4) of § 1.39 would be redesignated as (a) (3), (4), and (5).

All persons who desire to submit written statements for consideration in connection with the proposed amendments should file the same with the Administrator, Commodity Exchange Authority, U. S. Department of Agriculture, Washington 25, D. C., not later than December 15, 1958.

Issued this 25th day of November 1958.

[SEAL] RODGER R. KAUFFMAN,
Administrator,
Commodity Exchange Authority.

[F. R. Doc. 58-9926; Filed, Dec. 1, 1958;
8:46 a. m.]

CIVIL AERONAUTICS BOARD

[14 CFR Part 48]

[Draft Release No. 58-21]

OPERATION OF ROCKETS AND MISSILES

NOTICE OF PROPOSED RULE MAKING

Notice is hereby given that the Civil Aeronautics Board has under consideration the adoption of proposed amendments to Part 48 of the Civil Air Regulations as hereinafter set forth.

Interested persons may participate in the making of the proposed rules by submitting such written data, views or arguments as they may desire. Communications should be submitted in duplicate to the Civil Aeronautics Board, attention Bureau of Safety, Washington 25, D. C. In order to insure their consideration by the Board before taking further action on the proposed rules, communications must be received by January 27, 1959. Copies of such communications will be available after January 29, 1959, for examination by interested persons at the Docket Section of the Board, Room 5412, Department of Commerce Building, Washington, D. C.

The proposed amendments contained herein stem from the increasing number of instances of potential hazard to aircraft in flight resulting from the indis-

criminate launching or firing of rockets and missiles. Launchings have been conducted within the confines of airport traffic patterns, civil airways, and in such manner that the rockets have penetrated other controlled airspace areas. They have occurred at times when weather conditions prevented observation of aircraft in flight thus creating a hazard to aircraft operating under instrument flight conditions.

The continued rapid expansion of flying activities has and will in the future dictate extremely efficient and precise use of the Nation's "diminishing airspace." However, in view of the growing interest in experimental amateur rocketry by the youth of our Nation, additional demands upon airspace utilization for such purpose appear entirely within reason. The educational benefits to be derived from an organized experimental rocketry program are of great importance to the Nation as a whole.

It should be made clear that the Board does not wish to destroy or unduly suppress any truly scientific endeavor. However, it is necessary that these activities be conducted in a manner that will afford the highest degree of safety to aircraft in flight.

The Board's concern with the potential hazards associated with the firing of rockets has been shared by state and municipal authorities who have, in many instances, enacted ordinances providing that no rocket, other than for military or industrial research purposes, shall be fired within the area of their authority without prior approval and issuance of a permit.

This concern has been enlarged by recent large scale production of rockets which are available to the general public at a relatively small cost through hobby shops and department stores.

In order to afford the desired degree of protection to aircraft in flight, the Board proposes that Part 48 of the Civil Air Regulations be amended to require that rockets and missiles be fired only under certain conditions or in compliance with the terms and conditions of a permit issued by the Administrator.

Accordingly, it is proposed that no rocket or missile shall be fired so as to be at any time at an altitude of more than 500 feet above the surface, unless the site utilized and the firing is approved by the Administrator of Civil Aeronautics.

In addition, it is also necessary to provide for the protection of the proportionally larger numbers of aircraft in the vicinity of airports. Accordingly, it is proposed that no rocket or missile shall be fired from within or into any control zone or so as to be at any time within 5 miles of any airport.

In consideration of the foregoing, notice is hereby given that the Board proposes to amend Part 48 of the Civil Air Regulations as follows:

1. By amending the title of Part 48 to read "Operation of Moored Balloons, Large Kites, Rockets, and Missiles."
2. By amending § 48.1 to read as follows:

§ 48.1 *Scope.* This part shall apply to moored balloons having a diameter of

more than 6 feet or a gas capacity of more than 115 cubic feet, kites weighing more than 5 pounds, and rockets and missiles when operated or fired by other than the military services anywhere in the United States, including the several states, the District of Columbia, and the several territories and possessions of the United States, including the territorial waters and the overlying airspace thereof.

3. By amending Part 48 so as to include §§ 48.2 to 48.5 under the heading "Subpart A—Moored Balloons and Kites."

4. By the addition of a new Subpart B to read as follows:

SUBPART B—ROCKETS AND MISSILES

Sec.

48.6 General.

48.7 Operations requiring permit.

§ 48.6 *General.* Rockets and missiles may be fired without permission of the Administrator when fired so as to remain at all times:

- (a) Below an altitude of 500 feet above the surface, and
- (b) At least 5 miles from any airport, and
- (c) Outside of any control zone.

§ 48.7 *Operations requiring permit.* Unless fired under the conditions specified in § 48.6, rockets and missiles subject to the provisions of this part shall be fired only in compliance with the terms, conditions, and limitations of a permit issued by the Administrator; except that, no permit shall be issued authorizing the firing of a rocket or missile from within or into any control zone:

NOTE: Holders of or applicants for a permit are cautioned that any permit issued by the Administrator in no way relieves them of their responsibility to comply with any State or local (police, fire, aviation) ordinance, law, or regulation.

These amendments are proposed under the authority of Title VI of the Civil Aeronautics Act of 1938, as amended, and may be changed in the light of comments received in response to this notice of proposed rule making.

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

Dated at Washington, D. C., November 26, 1958.

By the Civil Aeronautics Board:

[SEAL] MABEL McCART,
Acting Secretary.

[F. R. Doc. 58-9957; Filed, Dec. 1, 1958;
6:51 a. m.]

FEDERAL COMMUNICATIONS COMMISSION

[47 CFR Parts 1, 3]

[Docket No. 12673; FCC 58-1098]

BROADCAST APPLICATION FORMS

NOTICE OF PROPOSED RULE MAKING

In the matter of amendment of Section IV (Statement of Program Service)

of Broadcast Application Forms 301, 303, 314 and 315.

1. Notice is hereby given of proposed rule making in the above-entitled matter.

2. The Commission has before it for consideration certain changes in Section IV of Form 303—Application for Renewal of Broadcast Station License. This section is identical with Section IV in Forms 301, 314, and 315. The changes were first proposed by the Committee on Radio and Television Broadcasting, Advisory Council on Federal Reports, Bureau of the Budget. The proposed changes have been the subject of discussion among representatives of the Bureau of the Budget, of the above Committee and of the Commission. The Commission has given careful consideration to the Committee's proposals and has concluded that some were acceptable as submitted, some were acceptable as revised, and some were not acceptable. At the same

time, the Commission believes that additional changes not submitted by the above Committee would be warranted.

3. The Commission proposes to revise Section IV of Forms 301, 303, 314, and 315 so that it will read as set forth in the attachment hereto.¹ Accordingly, these rule making proceedings are being instituted in order that interested parties may be afforded the opportunity to submit their views and relevant data.

4. Any interested party who believes that the proposed changes in Section IV should not be adopted, or should not be adopted in the manner set forth herein, may file with the Commission on or before January 19, 1959, a written statement setting forth his comments. Comments supporting the proposals may also be filed on or before said date. Reply comments may be filed within 10 days from the last day for filing original comments. No additional comments may be

filed unless permitted by the Commission upon a showing of good cause.

5. In accordance with the provisions of § 1.54 of the rules, the Commission shall be furnished with an original and 14 copies of all written comments filed herein.

6. Authority for adopting the amendments proposed herein is contained in sections 4 (l), 303 (j), 303 (r), 307 (d), 308 (a) and 308 (b) of the Communications Act of 1934, as amended.

Adopted: November 19, 1958.

Released: November 24, 1958.

FEDERAL COMMUNICATIONS
COMMISSION,²

[SEAL] MARY JANE MORRIS,
Secretary.

[F. R. Doc. 58-9937; Filed, Dec. 1, 1958;
8:49 a. m.]

NOTICES

DEPARTMENT OF THE INTERIOR

Bureau of Reclamation

[No. 76]

YUMA IRRIGATION PROJECT, ARIZONA-CALIFORNIA RESERVATION DIVISION, CALIFORNIA

PUBLIC NOTICE OF ANNUAL OPERATION AND MAINTENANCE CHARGES AND ANNUAL WATER RENTAL CHARGES

NOVEMBER 17, 1958.

Act of June 17, 1902, 32 Stat. 388, as amended or supplemented.

1. *Annual operation and maintenance charges for lands under public notice, Reservation Division.* The minimum annual operation and maintenance charge for the Calendar Year 1959 and thereafter until further notice against all lands of the Reservation Division under public notice shall be \$9.00 per irrigable acre, whether water is used or not, payment of which will entitle the water user to 7 acre-feet of water per acre on certain sandy areas shown on the list attached to Public Notice No. 72 dated December 1, 1955, as amended February 16, 1956, and to 5 acre-feet of water per irrigable acre on all other lands of the Division under public notice. Additional water, if available, will be furnished at the rate of \$2.00 per acre-foot payable in advance. Credit equivalent to the amount paid for additional water unused prior to the end of any calendar year will be applied against the minimum charges for water for the following calendar year. No credit will be given for water purchased during any calendar year at the minimum charge but undelivered at the end of said calendar year.

Where in the opinion of the Project Manager, Yuma Projects Office, it may be done without interference with other project requirements, upon written request filed in advance by a water user who is not delinquent in the payment of any operation and maintenance charges, water will be furnished free of charge for reclaiming lands by the usual meth-

ods: *Provided, however,* That lands for which free water was served during the preceding calendar year will not again be served free water in the absence of evidence satisfactory to the Project Manager that although the water so served free of charge during such preceding year was applied to the land in sufficient quantities over a period of not less than 3 months, the results accomplished during such preceding year were not satisfactory.

All minimum annual operation and maintenance charges shall be due and payable on January 1, 1959, and on January 1 of each year thereafter.

2. *Annual water rental charges for other lands, Reservation Division.* Irrigation water will be furnished during the Calendar Year 1959 and thereafter until further notice for lands in the Reservation Division not under public notice which can be irrigated from the present distribution system without further construction expense by the Bureau, upon a rental basis under approved applications for temporary water service, at the following rates: the minimum annual charge shall be \$9.00 per irrigable acre, payment of which will entitle the applicant to 5 acre-feet of water per acre. Additional water, if available, will be furnished at the rate of \$2.00 per acre-foot. All charges shall be payable in advance of the delivery of water. Credit will be given for additional water paid for but not used.

3. *Penalties.* On all payments not made on or before the due dates, there shall be added on the following day a penalty of one-half of one percent of the amount unpaid and a like penalty of one-half of one percent of the amount unpaid on the first day of each calendar month thereafter so long as such default shall continue.

4. *Place of payment.* All payments should be made to the Bureau of Rec-

lamation, Yuma Air Base, or mailed to Bureau of Reclamation, Bin 151, Yuma, Arizona.

W. H. TAYLOR,
Regional Director.

[F. R. Doc. 58-9931; Filed, Dec. 1, 1958;
8:47 a. m.]

DEPARTMENT OF COMMERCE

Federal Maritime Board

UNITED STATES LINES CO. AND ALCOA
STEAMSHIP CO., INC.

NOTICE OF AGREEMENT FILED FOR APPROVAL

Notice is hereby given that the following described agreement has been filed with the Board for approval pursuant to section 15 of the Shipping Act, 1916 (39 Stat. 733, 46 U. S. C. 814):

Agreement No. 8341, between United States Lines Company (American Pioneer Line) and Alcoa Steamship Company, Inc., covers a through billing arrangement on general cargo in the trade from certain designated countries in the Far East and South Pacific areas to the Virgin Islands, with transshipment at New York or Baltimore. Agreement No. 8341, upon approval, will supersede and cancel present Agreement No. 7738, between the same parties in the same trade.

Interested parties may inspect this agreement and obtain copies thereof at the Regulation Office, Federal Maritime Board, Washington, D. C., and may submit, within 20 days after publication of this notice in the FEDERAL REGISTER, written statements with reference to the agreement and their position as to approval, disapproval, or modification, together with request for hearing should such hearing be desired.

² Dissenting statement of Commissioner Craven filed as part of the original document.

¹ Filed as part of the original document.

By order of the Federal Maritime Board.

Dated: November 26, 1958.

JAMES L. PIMPER,
Secretary.

[F. R. Doc. 58-9929; Filed, Dec. 1, 1958;
8:47 a. m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket No. 12685]

EUGENE K. STEINER

ORDER TO SHOW CAUSE

In the matter of Eugene K. Steiner, 1502 Hilby, Seaside, California, Docket No. 12685; order to show cause why there should not be revoked the license for radio station WB-5626 aboard the vessel "Azalea."

There being under consideration the matter of certain alleged violations of the Commission's rules in connection with the operation of the above-captioned station;

It appearing that pursuant to § 1.61 of the Commission's rules, written notice of violation of the Commission's rules was served upon the above-named licensee as follows:

Notice mailed September 4, 1957, alleging violations of the Commission's rules on August 29, 1957, as follows:

§ 8.357: Failure to maintain a copy of Part 8 of the rules of the Federal Communications Commission aboard the subject vessel.

§ 8.368: Failure to maintain an accurate radio-telephone station log.

Notice mailed October 29, 1957, alleging violation of § 8.601 (a) of the Commission's rules by failure to reply to the official notice of violation mailed on September 4, 1957.

It further appearing that the above-named licensee having failed to make satisfactory reply thereto, the Commission, by letter dated April 8, 1958, and sent by Certified Mail, Return Receipt Requested (No. 6665693), brought this matter to the attention of the licensee and requested that such licensee respond to the Commission's letter within fifteen (15) days from the date of its receipt stating the measures which had been taken, or were being taken, in order to bring the operation of the radio station into compliance with the Commission's rules, and warning the licensee that his failure to respond to such letter might result in the institution of proceedings for the revocation of the radio station license; and

It further appearing that receipt of the Commission's letter was acknowledged by the signature of the licensee on May 7, 1958, to a Post Office Department return receipt; and

It further appearing that although more than fifteen (15) days have elapsed since the licensee's receipt of the Commission's letter, no response thereto has been received; and

It further appearing that in view of the foregoing, the licensee has willfully violated § 1.61 of the Commission's rules;

It is ordered, This 21st day of November 1958, pursuant to section 312 (a) (4) and (c) of the Communications Act of

1934, as amended, and section 0.291 (b) (8) of the Commission's Statement of Delegations of Authority, that the said licensee show cause why the license for the above-captioned radio station should not be revoked and appear and give evidence in respect thereto at a hearing to be held at a time and place to be specified by subsequent order; and

It is further ordered, That the Secretary send a copy of this order by Certified Mail, Return Receipt Requested to the said licensee.

Released: November 25, 1958.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL] MARY JANE MORRIS,
Secretary.

[F. R. Doc. 58-9943; Filed, Dec. 1, 1958;
8:50 a. m.]

[Docket Nos. 12674, 12675; FCC 58M-1328]

HARVARD RADIO BROADCASTING CO., INC.,
AND WKOX, INC.

ORDER SCHEDULING HEARING

In re applications of Harvard Radio Broadcasting Co., Inc. (WHRB-FM), Cambridge, Massachusetts, Docket No. 12674, File No. BPH-2343; WKOX, Inc., Framingham, Massachusetts, Docket No. 12675, File No. BPH-2493; for construction permits.

It is ordered, This 21st day of November 1958, that Herbert Sharfman will preside at the hearing in the above-entitled proceeding which is hereby scheduled to commence on January 26, 1959, in Washington, D. C.

Released: November 25, 1958.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL] MARY JANE MORRIS,
Secretary.

[F. R. Doc. 58-9939; Filed, Dec. 1, 1958;
8:50 a. m.]

Section 1.62 of the Commission's rules provides that a licensee, in order to avail himself of the opportunity to be heard, shall, in person or by his attorney, file with the Commission, within thirty (30) days of the receipt of the order to show cause, a written statement stating that he will appear at the hearing and present evidence on the matter specified in the order. If the licensee fails to file such an appearance within the time specified, the right to a hearing shall be deemed to have been waived. Where a hearing is waived, a written statement in mitigation or justification may be submitted within thirty (30) days of the receipt of the order to show cause. If such statement contains, with particularity, factual allegations denying or justifying the facts upon which the show cause order is based, the Hearing Examiner may call upon the submitting party to furnish additional information, and shall request all opposing parties to file an answer to the written statement and/or additional information. The record will then be closed and an initial decision issued on the basis of such procedure. Where a hearing is waived and no written statement has been filed within the thirty (30) days of the receipt of the order to show cause, the allegations of fact contained in the order to show cause will be deemed as correct and the sanctions specified in the order to show cause will be invoked.

[Docket No. 12559, etc.; FCC 58M-1333]

DONNER BROADCASTING CO. ET AL.

ORDER FOLLOWING PRE-HEARING CONFERENCE

In re applications of Dr. Nathan Movich, tr/as Donner Broadcasting Company, Truckee, California, Docket No. 12559, File No. BP-11377; Edward J. Jansen and Keith Jack Rudd, d/b as Kakeside Broadcasters, Sparks, Nevada, Docket No. 12560, File No. BP-11656; Joseph William Rupley and Robert Sherman, d/b as Truckee Broadcasting, Truckee, California, Docket No. 12561, File No. BP-11910; for construction permits.

At a pre-hearing conference held in the above-entitled proceeding on November 21, 1958, the following calendar of future events was established:

December 22, 1958—Exchange of engineering exhibits;

January 12, 1959—Exchange of direct written presentation;

January 26, 1959—Further pre-hearing conference;

February 17, 1959—Hearing.

So ordered, This 24th day of November 1958.

Released: November 25, 1958.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL] MARY JANE MORRIS,
Secretary.

[F. R. Doc. 58-9938; Filed, Dec. 1, 1958;
8:50 a. m.]

[Docket Nos. 12680, 12681; FCC 58M-1331]

KANSAS BROADCASTERS, INC., AND SALINA RADIO, INC.

ORDER SCHEDULING HEARING

In re applications of Kansas Broadcasters, Inc., Salina, Kansas, Docket No. 12680, File No. BP-11527; Salina Radio, Inc., Salina, Kansas, Docket No. 12681, File No. BP-11802; for construction permits.

It is ordered, This 21st day of November 1958, that Basil P. Cooper will preside at the hearing in the above-entitled proceeding which is hereby scheduled to commence on January 29, 1959, in Washington, D. C.

Released: November 25, 1958.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL] MARY JANE MORRIS,
Secretary.

[F. R. Doc. 58-9941; Filed, Dec. 1, 1958;
8:50 a. m.]

[Docket No. 12676, etc.; FCC 58M-1332]

FOUR STATES BROADCASTING CO. ET AL.

ORDER SCHEDULING HEARING

In re applications of John L. Miller tr/as The Four States Broadcasting Company, Halfway, Maryland, Docket No. 12676, File No. BP-11227; Dover Broadcasting Company (WDOV), Dover, Delaware, Docket No. 12677, File No.

BP-11327; Regional Broadcasting Company, Halfway, Maryland, Docket No. 12678, File No. BP-11646; George Fishman, Brunswick, Maryland, Docket No. 12679, File No. BP-12034; for construction permits.

It is ordered, This 21st day of November 1958, that Annie Neal Huntting will preside at the hearing in the above-entitled proceeding which is hereby scheduled to commence on January 26, 1959, in Washington, D. C.

Released: November 25, 1958.

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

[F. R. Doc. 58-9940; Filed, Dec. 1, 1958;
8:50 a. m.]

[Docket Nos. 12682, 12683; FCC 58M-1330]

TEXAS TWO-WAY COMMUNICATIONS

ORDER SCHEDULING HEARING

In the matter of Applications of J. E. Moore, Jr., Wm. R. Lastinger, and J. L. Sheerin, d/b as Texas Two-Way Communications, Docket No. 12682, File No. 11-C2-P-59; for a construction permit to establish a new two-way common carrier station in the Domestic Public Land Mobile Radio Service in Dallas, Texas (call sign KKT409); and Docket No. 12683, File No. 13-C2-P-59; for a construction permit to establish a new two-way common carrier station in the Domestic Public Land Mobile Radio Service in Fort Worth, Texas (call sign KKT410).

It is ordered, This 21st day of November 1958, that Herbert Sharfman will preside at the hearing in the above-entitled proceeding which is hereby scheduled to commence on December 29, 1958, in Washington, D. C.

Released: November 25, 1958.

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

[F. R. Doc. 58-9942; Filed, Dec. 1, 1958;
8:50 a. m.]

[Docket No. 12687]

CAROLINIAN, INC.

ORDER TO SHOW CAUSE

In the matter of Carolinian, Inc., 1216 North Charles Street, Baltimore, Maryland, Docket No. 12687; order to show cause why there should not be revoked the license for radio station WD-2875 aboard the vessel "Carolinian."

There being under consideration the matter of certain alleged violations of the Commission's rules in connection with the operation of the above-captioned station;

It appearing that pursuant to § 1.61 of the Commission's rules, written notice of violation of the Commission's rules was

served upon the above-named licensee as follows:

Notice mailed April 29, 1958, specifying that on April 2, 1958, the subject radio station had been observed in violation of the Commission's rules as follows:

§ 8.102 (a): Failure to post radio station license at principal location aboard ship at which station is operated.

§ 8.156: Failure to post operator license at principal location aboard ship at which station is operated.

§ 8.367 (a) (2) (vi): Failure to provide ship station with Part 8 of the rules of the Federal Communications Commission.

§ 8.368 (a): Failure to maintain radio station log.

Notice mailed May 28, 1958, specifying that on May 6, 1958, the subject radio station had been observed in violation of the Commission's rules as follows:

§ 8.358 (a): Transmission of communications other than those of a safety or operational nature on a frequency below 3000 kc (2638 kc).

and that on May 13, 1958, the subject radio station had been observed in violation of the Commission's rules as follows:

§ 8.366 (b) (2): Failure to establish communication by initially calling on the calling channel of which 2182 kc is the authorized carrier frequency prior to transmitting on the intership frequency of which 2638 kc is the authorized carrier frequency.

It further appearing that the above-named licensee having failed to make satisfactory reply to the notice of violation mailed on April 29, 1958, the Commission, by letter dated June 20, 1958, and sent by Certified Mail, Return Receipt Requested (501716), brought to the attention of the licensee the matter of its failure to respond to such notice, advised it that by such failure it had violated § 8.601 (a) of the Commission's rules, and requested that it respond to the Commission's letter within fifteen (15) days from the date of its receipt stating the measures which had been taken, or were being taken, in order to bring the operation of the radio station into compliance with the Commission's rules, and warning the licensee that its failure to respond to such letter might result in the institution of proceedings for the revocation of the radio station license; and

It further appearing that the above-named licensee having failed to make satisfactory reply to the notice of violation mailed on May 28, 1958, the Commission, by letter dated July 23, 1958, and sent by Certified Mail, Return Receipt Requested (7922713), brought to the attention of the licensee the matter of its failure to respond to such notice, advised it that by such failure it had violated § 1.61 of the Commission's rules, and requested that it respond to the Commission's letter within fifteen (15) days from the date of its receipt stating the measures which had been taken, or were being taken, in order to bring the operation of the radio station into compliance with the Commission's rules, and warning the licensee that its failure to respond to such letter might result in the institution of proceedings for the

revocation of the radio station license; and

It further appearing that receipt of the Commission's letter dated June 20, 1958, was acknowledged by the signature of the licensee's agent, Juanita J. Anderton, on or about June 27, 1958, to a Post Office Department return receipt; and

It further appearing that receipt of the Commission's letter dated July 23, 1958, was acknowledged by the signature of the licensee's agent, Juanita J. Anderton, on July 30, 1958, to a Post Office Department return receipt; and

It further appearing that although more than fifteen (15) days have elapsed since the licensee's receipt of each of the Commission's letters, no response to either of them has been received; and

It further appearing that in view of the foregoing, the licensee has willfully violated § 1.61 of the Commission's rules;

It is ordered, This 21st day of November 1958, pursuant to section 312 (a) (4) and (c) of the Communications Act of 1934, as amended, and section 0.291 (b) (8) of the Commission's Statement of Organization, Delegation of Authority and Other Information, that the said licensee show cause why the license for the above-captioned radio station should not be revoked and appear and give evidence in respect thereto at a hearing¹ to be held at a time and place to be specified by subsequent order; and

It is further ordered, That the Secretary send a copy of this order by Certified Mail, Return Receipt Requested to the said licensee.

Released: November 25, 1958.

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

¹Section 1.62 of the Commission's rules provides that a licensee, in order to avail himself of the opportunity to be heard, shall, in person or by his attorney, file with the Commission, within thirty (30) days of the receipt of the order to show cause, a written statement stating that he will appear at the hearing and present evidence on the matter specified in the order. If the licensee fails to file such an appearance within the time specified, the right to a hearing shall be deemed to have been waived. Where a hearing is waived, a written statement in mitigation or justification may be submitted within thirty (30) days of the receipt of the order to show cause. If such statement contains, with particularity, factual allegations denying or justifying the facts upon which the show cause order is based, the Hearing Examiner may call upon the submitting party to furnish additional information, and shall request all opposing parties to file an answer to the written statement and/or additional information. The record will then be closed and an initial decision issued on the basis of such procedure. Where a hearing is waived and no written statement has been filed within the thirty (30) days of the receipt of the order to show cause, the allegations of fact contained in the order to show cause will be deemed as correct and the sanctions specified in the order to show cause will be invoked.

[F. R. Doc. 58-9944; Filed, Dec. 1, 1958;
8:51 a. m.]

SMALL BUSINESS ADMINISTRATION

[Declaration of Disaster Area 206]

MINNESOTA

DECLARATION OF DISASTER AREA

Whereas, it has been reported that during the month of November 1958, because of the effects of certain disasters, damage resulted to residences and business property located in certain areas in the State of Minnesota;

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

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

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

1. Applications for disaster loans under the provisions of section 7 (b) of the Small Business Act may be received and considered by the Office below indicated from persons or firms whose property situated in the following Counties (including any areas adjacent to said Counties) suffered damage or other destruction as a result of the catastrophe herein-after referred to:

Counties: Lake and Cook (Excessive Winds occurring on or about November 17 and 18, 1958).

Office: Small Business Administration Regional Office, 301 Metropolitan Building, Second Avenue and Third Street, Minneapolis 1, Minn.

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

3. Applications for disaster loans under the authority of this declaration will not be accepted subsequent to May 31, 1959.

Dated: November 20, 1958.

WENDELL B. BARNES,
Administrator.

[F. R. Doc. 58-9922; Filed, Dec. 1, 1958;
8:45 a. m.]

DEPARTMENT OF DEFENSE

Department of the Navy

[No. 20]

CERTAIN NAVAL VESSELS

NAVIGATIONAL LIGHT WAIVERS

All ships are warned that, if United States naval vessels are met on the high seas or on navigable waters of the United States during periods when navigational lights may be displayed, they may expect that certain navigational lights of some naval vessels may vary from the requirements of the Regulations for Preventing Collisions at Sea, 1948, 33 U. S. Code, sections 144 to 147d, and rules applicable to the navigable waters of the United States, as to number, position, range of visibility or arc of visibility.

These differences are necessitated by reasons of military function or special construction of the naval ships. An example is the aircraft carrier where the two white lights are in most instances on the island superstructure considerably displaced from the center or keel line of the vessel when viewed from ahead. Certain other naval vessels cannot comply with the horizontal separation requirements of the white lights, and the two white lights on even large naval vessels, such as some cruisers, will thus appear to be crowded together when viewed from a distance. Other naval vessels may also have unorthodox navigational light arrangements or characteristics when seen either underway or at anchor.

Naval vessels may also be expected to display certain other lights. These lights include, but are not limited to, different colored recognition light signals, landing lights on carriers, pulsating red lights to indicate speed to other naval ships, and green lights to indicate minesweeping operations. These lights may sometimes be shown in combination with navigational lights.

During peacetime naval maneuvers, naval ships, alone or in company, may also dispense with showing any lights, through efforts will be made to display lights on the approach of shipping.

33 U. S. Code, sections 143a and 360, provides that the requirements of the Regulations for Preventing Collisions at Sea, 1948, the Inland Rules, the Great Lakes Rules and the Western River Rules as to the number, position, range of visibility, or arc of visibility of lights required to be displayed by vessels shall not apply to any vessel of the Navy where the Secretary of the Navy shall find or certify that, by reason of special construction or purpose, it is not possible for such vessel or class of vessels to comply with the statutory provisions as to lights.

A study of the present status of navigational light waivers issued under the authority of 33 U. S. Code, sections 143a and 360, indicates the possibility of confusion due to several additional changes to the basic tabulation listed in Waiver Certificate No. 15 published in FEDERAL REGISTER, Volume 18, No. 250 of December 24, 1953. This waiver certificate consolidates and supersedes all previously approved waivers and includes some additional waivers. As a result of this study it has been determined that, because of their construction, it is not possible for the naval vessels, as hereinafter listed in the attached tabulation, which is made a part hereof, to comply with the requirements of the statutes enumerated in sections 360 and 143a, Title 33, United States Code.

Now, therefore, I, Thomas S. Gates, Secretary of the Navy, do hereby find and certify that these vessels are naval vessels of special construction and that with respect to the position of those certain navigation lights listed on such vessels, it is not possible to comply with the requirement of the statutes enumerated in sections 360 and 143a, Title 33, United States Code.

Further, I do find and certify that it is feasible to locate the aforesaid navigational lights where listed;

And, further, I direct that the aforesaid navigational lights shall be positioned approximately in accordance with the stated dimensions which may vary by at least several feet in certain instances.

And, further, I certify that such locations constitute compliance as closely with the applicable statutes as I hereby find to be feasible.

I withdraw herewith any previous certifications issued by me prior to the effective date of this certificate.

I do specify that the effective date of this certificate is December 1, 1958.

Dated at Washington, D. C., this 17th day of November A. D. 1958.

THOMAS S. GATES,
Secretary of the Navy.

TABLE ONE

Vessel type and class, as defined in "Naval Vessel Register" dated Jan. 1, 1958	Approximate height of the forward 20-point white light in feet above the hull	Approximate height of the after 20-point white light in feet above the hull	Approximate vertical separation in feet between the two 20-point white lights	Approximate horizontal separation in feet between the two 20-point white lights
ADG-8.....	40	55	15	29
AG-398.....	22	43	21	50
AGB-1, 2, 3 & 5.....	35	54	19	23
AGB-4 (only).....	43	59	16	28
AGS-17.....	25	40	15	22
AKS-27.....	6	40	34	204
AN-78.....	15	38	19	60
APB-35.....	26	58	32	48
ARSD-1.....	10	38	28	192
AVB-1.....	5	45	40	205
AVM-1.....	41	70	29	43
CA-68 (except as otherwise listed)	66	90	24	32
CA-75, 120, 132, 133 (only).....	48	74	27	48
CA-135 (only).....	48	76	28	41
CA-73 (only).....	48	73	25	39
CA-74 (only).....	60	82	22	54
CA-139.....	50	80	30	68
CAG-1.....	36	83	27	54
CL-144.....	55	81	26	35
DD-448 (High Director).....	25	40	15	31
DD-448 (Low Director).....	25	40	15	30
DD-692.....	25	40	15	32
DD-710.....	25	40	15	32
DD-631.....	62	84	22	22
DDE-448.....	25	40	15	30
DDE-719, 764 and 825.....	25	40	15	25
DDR.....	30	45	15	25
DL-1.....	43	62	19	27
DL-2.....	40	80	40	40
IFS-1.....	23	38	15	44
LSD-5, 6 and 22 (only).....	40	55	15	24
LSM.....	22	43	21	80
LST-209, 491 and 542.....	5	45	40	205
LST-1153.....	1	52	51	310
LST-1156.....	1	56	55	310
MHC-11 (only).....	19	35	16	11
MHC-11 (except 11).....	10	31	15	15
MSF-223 (foot).....	25	40	15	22
MSO.....	23	55	31	35
PC (all).....	10	25	15	22
PCE (all).....	29	44	15	36
PCR (all).....	29	41	15	36
YG-22.....	15	28	13	27
YV-1, 2.....	25	43	18	27
Self-propelled crane t.....	40	55	15	15

¹ Considerable reduction in the all around visibility of anchor lights exists. Two sets of "not under command" lights are on either side of the crane superstructure.

NOTE: The two 20-point white lights listed in above table are located in a line with and over the keel.

TABLE TWO

Vessel type and class as defined in "Naval Vessel Register" dated Jan. 1, 1958	Approximate height of the forward 20-point white light in feet above the hull	Approximate height of the after 20-point white light in feet above the hull	Approximate vertical separation in feet between the two 20-point white lights	Approximate horizontal separation in feet between the two 20-point white lights	Approximate horizontal distance of the two 20-point white lights to the left of the keel line in feet when viewed from ahead. (This distance is measured perpendicularly from the keel line to the two white lights.)	Approximate vertical distance of the forward anchor lights in feet below the uppermost continuous deck. (Two lights at same level.) These lights are located forward and on either side of the vessel.	Approximate vertical distance of the after anchor lights in feet below the uppermost continuous deck. (Two lights at same level.) These lights are located aft and on either side of the vessel.
CVA-9	40	58	18	33	39	4	27
CVA-19	42	58	16	32	40	5	27
CVA-34	42	58	16	32	39	5	27
CVA-41	44	62	18	25	62	3	27
CVA-43 (only)	79	96	17	26	62	4	19
CVA-59	47	76	29	36	86	2	23
CVHA-1	42	57	15	23	45	1	28
CVS-9 (except CVS-45)	40	58	18	33	39	4	27
CVS-34	42	58	16	32	39	5	27
CVS-36	40	58	18	33	39	4	27
CVS-39	42	58	16	32	39	5	27
CVS-45 (only)	32	69	37	54	40	2	27

TABLE THREE

Vessel type and class as defined in "Naval Vessel Register" dated Jan. 1, 1958	Minimum height of the 20-point white light in feet above the hull	Approximate horizontal distance of the 20-point white light from the keel line in feet when viewed from ahead. (This distance is measured perpendicularly from the keel line to the white light.)
LCU-501	33	11 to left.
LCU-1273	33	11 to left.
LCU-1466	35	0.
LCU-1608	34	2 to right.
94-foot aircraft rescue boats.	12	0.

NOTE: Only one 20-point white light is installed and is located in the afterpart of the ship.

TABLE FOUR

Vessel type and class as defined in "Naval Vessel Register" dated Jan. 1, 1958	Approximate height of the 20-point white light in feet above the hull (when towing light)	Approximate height of the lower towing light in feet above the hull
PT-800 (only)	15	11
PT-812 (only)	16	12

NOTE: The above described lights are located in a line with and over the keel.

TABLE FIVE

Vessel type and class as defined in "Naval Vessel Register" dated Jan. 1, 1958	Approximate height of the forward 20-point white light in feet above the hull	Approximate height of the after 20-point white light in feet above the hull	Approximate vertical separation in feet between the two 20-point white lights	Approximate horizontal separation in feet between the two 20-point white lights
CA-122 (except CA-123)	74	95	21	75

NOTE: (a) The arc of visibility of the after 20-point white light may be obstructed by as much as one point when viewed from ahead.
(b) The two 20-point white lights are located in line with and over the keel.

No. 234-4

TABLE SIX

U. S. SUBMARINES

(a) One, twenty-point white light is generally carried in the forward part of the vessel and will not be less than 15 feet above the hull. This light is visible over a maximum arc of 27 points, that is from right ahead to 5½ points (63 degrees) abaft the beam on either side.

(b) A second, twenty-point or other white light is not installed.

(c) Side lights may be visible simultaneously across the bow. The side lights may also be visible 30 degrees abaft the beam.

(d) Not-under-command lights are not installed.

(e) The white light showing to the stern will be visible over a maximum arc of 23 points of the compass, that is from right astern to 11½ points (approximately 126 degrees) to either side. This light is not installed at the stern but may be located from 20 to 190 feet forward of the stern.

(f) The forward anchor light is installed at a height not less than six feet above the hull, and the after anchor light is installed at a height of not less than five feet lower than the forward anchor light, however, it is not installed at the extreme stern of the ship.

TABLE SEVEN

36-foot minesweeping launches will carry the underwater task lights (Rule 4 (c)) at a 3-foot separation.

TABLE EIGHT

APD'S DER'S AND DE'S

The navigation lights of these ships conform to the requirements of the regulations except as indicated below:

(1) The forward twenty point white light is mounted at any elevation from one to seventeen feet lower than the minimum required by the regulations.

(2) The vertical separation between the forward twenty point white light and the after twenty point white light may be less than the fifteen feet minimum allowed by the regulations; however, never less than ten feet.

(3) The horizontal separation between the forward twenty point white light and the after twenty point white light is less than three times the vertical separation, the minimum required by the regulations. The

horizontal separation will vary from one to three times the vertical separation.

[F. R. Doc. 58-9875; Filed, Dec. 1, 1958; 8:45 a. m.]

SECURITIES AND EXCHANGE COMMISSION

[File No. 24NY-3508]

NORTH STAR OIL & URANIUM CORP.

ORDER PERMANENTLY SUSPENDING EXEMPTION

NOVEMBER 25, 1958.

North Star Oil & Uranium Corporation having filed with the Commission on October 23, 1953 a notification and offering circular, and amendments thereto, relating to an offering of 600,000 shares of its common stock at 50 cents per share, for the purpose of obtaining an exemption from the registration requirements of the Securities Act of 1933, pursuant to the provisions of section 3 (b) thereof and Regulation A issued thereunder;

The Commission having by order dated March 27, 1957, pursuant to Rule 223 of Regulation A, temporarily suspended the exemption of such securities, and having on May 8, 1957, ordered a hearing to determine whether to vacate the order of temporary suspension or to enter an order permanently suspending the exemption;

Hearings having been held after appropriate notice, proposed findings having been filed, and the hearing examiner having filed a recommended decision;

The Commission having on August 7, 1958 issued its Findings and Opinion and having this day issued its Supplemental Findings and Opinion; on the basis of said Findings and Opinions

It is ordered, Pursuant to Rule 223 of Regulation A under the Securities Act of 1933, that the exemption from registration with respect to said offering of securities of North Star Oil & Uranium Corporation be, and it hereby is, permanently suspended.

By the Commission.

[SEAL]

ORVAL L. DuBOIS,
Secretary.

[F. R. Doc. 58-9935; Filed, Dec. 1, 1958; 8:49 a. m.]

[File No. 1-1760]

SILVER SHIELD MINING AND MILLING CO.

ORDER AND NOTICE OF HEARING

NOVEMBER 25, 1958.

I. Silver Shield Mining and Milling Company (registrant) a Utah corporation filed an application for registration of its 15 cents par value, assessable, common stock with the Salt Lake Stock Exchange under section 12 of the Securities Exchange Act of 1934 and filed a duplicate, original Form 10 with the Commission. The registration became effective on July 16, 1935.

II. Members of the staff have reported to the Commission information which tends to show that the registrant has failed to comply with the provisions of

sections 13 and 14 of the Exchange Act in the following regards:

(1) Registrant failed to report on Form 8-K that one D. E. Kivett, acting alone or in concert with others, secured control of the registrant during the year 1956 as required by the rules and regulations adopted pursuant to section 13 of the act.

(2) In its Form 10-K reports for the fiscal years ended December 31, 1956, and December 31, 1957, registrant falsely reported in answer to Item 3 that it had no parent nor other person in control whereas in fact D. E. Kivett acting alone or in concert with others was at such time in control of registrant.

(3) In its current reports on Form 8-K for the following months: August 1956, as amended; March 1957, as amended; September 1958; and October 1958, in response to Item 7 thereof, registrant falsely reported that various sales of registrant's stock therein described were exempt from the registration requirements of the Securities Act of 1933, as amended, whereas in fact said sales were subject to the registration requirements of said act.

(4) In its report on Form 8-K for March 1957 filed April 12, 1957 in answer to Item 7, registrant falsely stated that its 15 cents par value common stock was non-assessable when in fact said stock was assessable, and was so reported in a subsequent report filed August 26, 1957.

(5) In its report on Form 8-K for January 1958 registrant failed to disclose (a) the transaction or transactions by which a person who was a parent of the registrant ceased to be such a parent, as required by Item 1 (b) of said Form 8-K; and (b) a description of all matters (including a stock assessment levied and subsequently recalled by the corporation) voted upon at a meeting of security holders held January 7, 1958 and the vote cast with respect to each such matter as required by Item 11 (c) of said Form 8-K.

(6) Registrant violated the provisions of section 14 of the Securities Exchange Act of 1934, of Regulation X-14 promulgated thereunder, in that registrant solicited proxies for a meeting of stockholders held January 7, 1958 and failed to file the proxy material as required by said Regulation X-14.

III. It is ordered, That a public hearing pursuant to section 19 (a) (2) of the Securities Exchange Act of 1934, be held December 16, 1958, at 10:00 o'clock a. m., m. s. t., at the Salt Lake Branch Office, Room 1119 Newhouse Building, 10 Exchange Place, Salt Lake City, Utah, to determine whether it is necessary or appropriate for the protection of investors to suspend for a period not exceeding 12 months, or to withdraw, the registration of the common stock of registrant on the Salt Lake Stock Exchange for violation of section 10 (b) and for failure to comply with sections 13 and 14 of the Act, and the rules and regulations adopted thereunder, as set forth in paragraph II above.

It is further ordered, That William W. Swift, an officer of the Commission,

or such other officer as the Commission may designate, is hereby designated and assigned as hearing officer in the proceeding and is authorized to exercise the powers and perform the duties of the Commission and any other duties which he may be authorized to perform in accordance with law.

Notice of such hearing is hereby given to registrant, the Salt Lake Stock Exchange and to any other person or persons whose participation in such proceedings may be necessary or appropriate in the public interest or for the protection of investors. Any such further persons desiring to be heard in such proceedings should file with the Hearing Officer or Secretary of the Commission on or before December 14, 1958 his application therefor, as provided by the rules of practice of the Commission, setting forth therein any of the above matters of issues of fact or law upon which he desires to be heard and any additional issues he deems raised by the aforesaid order.

By the Commission.

[SEAL]

ORVAL L. DuBOIS,
Secretary.

[P. R. Doc. 58-9936; Filed, Dec. 1, 1958;
8:49 a. m.]

DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

SALES OF CERTAIN COMMODITIES

NOVEMBER 1958 MONTHLY SALES LIST

The price listing for the Commodity Credit Corporation Monthly Sales List for November 1958 is amended, effective November 24, 1958, as set forth below, pursuant to the policy of Commodity Credit Corporation issued October 12, 1954 (19 P. R. 6669), by the following:

In the section entitled "Dairy Products" there is to be deleted the following at all places shown: "under LD-26 and amendments," and in the place thereof is to be substituted "under LD-29."

Issued: November 25, 1958.

[SEAL] CLARENCE L. MILLER,
Acting Executive Vice President,
Commodity Credit Corporation.

[P. R. Doc. 58-9954; Filed, Dec. 1, 1958;
8:51 a. m.]

INTERSTATE COMMERCE COMMISSION

FOURTH SECTION APPLICATIONS FOR RELIEF

NOVEMBER 25, 1958.

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

LONG-AND-SHORT HAUL

FSA No. 35112: *Newsprint papers—Port Alberni, B. C., to New Mexico and Texas.* Filed by Trans-Continental

Freight Bureau, Agent (No. 355), for interested rail carriers. Rates on newsprint paper, in carloads from Port Alberni, B. C., Canada to points in New Mexico and Texas.

Grounds for relief: Market competition.

Tariff: Supplement 45 to Trans-Continental Freight Bureau, Agent, tariff I. C. C. 1590.

FSA No. 35113: *Anthracite coal and briquettes to Harlem River, N. Y., Area.* Filed by Erie Railroad Company (No. 5), for itself and other interested rail carriers. Rates on anthracite coal and anthracite briquettes, in carloads from Blakely, Forest City, Hawley, Hillside Jet., Honesdale, Midvale, Plains, Riverside Jet., Rocky Gland, and Suscon, Pa., to points in Harlem River, New York area.

Grounds for relief: Market competition with other coal producing points at the considered destinations.

Tariff: Supplement 22 to Erie Railroad Company tariff I. C. C. D-1493.

FSA No. 35114: *Sweet potatoes from Louisiana to southwestern territory.* Filed by Southwestern Freight Bureau, Agent (No. B-7420), for interested rail carriers. Rates on sweet potatoes or yams, in carloads from points in Louisiana to points in southwestern territory including Mississippi River crossings.

Grounds for relief: Truck competition and rates constructed on basis of a short line distance scale.

Tariff: Southwestern Freight Bureau, Agent, tariff I. C. C. 4311.

FSA No. 35115: *Roofing and building material from Pauls Valley and Wynne Wood, Okla.* Filed by Southwestern Freight Bureau, Agent (No. B-7425), for interested rail carriers. Rates on roofing and building material, and roofing slate, in carloads from Pauls Valley and Wynne Wood, Okla., to Mississippi River crossings Memphis, Tenn., and South, including Helena and West Helena, Ark., and points in southern territory.

Grounds for relief: Market competition.

Tariff: Supplement 17 to Southwestern Freight Bureau, Agent, tariff I. C. C. 4264.

FSA No. 35116: *Muriatic acid from the southwest to Illinois.* Filed by Southwestern Freight Bureau, Agent (No. B-7426), for interested rail carriers. Rates on muriatic acid (hydrochloric), in tank-car loads from Louisiana, New Mexico and Texas points to points in Illinois.

Grounds for relief—Market competition.

Tariffs: Supplement 218 to AT&SF tariff I. C. C. 14346. Supplement 531 to Southwestern Freight Bureau, Agent, tariff I. C. C. 4139. Supplement 352 to Southwestern Freight Bureau, Agent, tariff I. C. C. 4087.

By the Commission.

[SEAL]

HAROLD D. MCCOY,
Secretary.

[P. R. Doc. 58-9895; Filed, Nov. 28, 1958;
8:48 a. m.]

FOURTH SECTION APPLICATIONS FOR RELIEF

NOVEMBER 26, 1958.

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

LONG-AND-SHORT HAUL

FSA No. 35117: *Petroleum coke, Lake Charles and West Lake Charles, La., to southern points.* Filed by Southwestern Freight Bureau, Agent (No. B-7427), for interested rail carriers. Rates on petroleum coke, in carloads from Lake Charles and West Lake Charles, La., to southern points.

Grounds for relief—Market competition.

Tariff—Supplement 22 to Southwestern Freight Bureau, Agent, tariff I. C. C. 4110.

FSA No. 35118: *Petroleum and petroleum products to points in Kansas.* Filed by Western Trunk Line Committee Agent (A-2031), for interested rail carriers. Rates on petroleum and petroleum products, in carloads from Kansas City, Sugar Creek, Mo., and points in Kansas to points in Kansas.

Grounds for relief—Rates constructed on basis of a shortline distance scale.

FSA No. 35119: *Substituted service—Motor-rail-rates—St. L.-S. F. Ry.* Filed by J. D. Hughett, agent (No. 18), for interested rail and motor carriers. Rates on freight traffic loaded in motor-truck trailers on railroad flat cars between Tulsa, Okla., on the one hand, and Oklahoma City, Okla., on the other.

Grounds for relief—Motor carrier competition.

Supplement 1 to Agent J. D. Hughett's tariff MF-I. C. C. 285.

By the Commission.

[SEAL] HAROLD D. McCoy,
Secretary.

[F. R. Doc. 58-9921; Filed, Dec. 1, 1958; 8:45 a. m.]

DEPARTMENT OF JUSTICE

Immigration and Naturalization Service

STATEMENT OF ORGANIZATION

MISCELLANEOUS AMENDMENTS

Effective upon publication in the FEDERAL REGISTER, the following amendments to the Statement of Organization of the Immigration and Naturalization Service (19 F. R. 8071, December 8, 1954), as amended, are prescribed:

1. Section 1.10 is amended to read as follows:

SEC. 1.10 *Organization and delegations.* The Attorney General has delegated to the Commissioner, the principal officer of the Immigration and Naturalization Service, authority to direct the administration of the Service and enforce the Act and all other laws relating to immigration and naturalization, except the authority delegated to the Board of Immigration Appeals. The Commissioner has delegated his authority to the following-described officers of the Service, within their respective operational areas of activity: Associate Commissioner, Operations; Associate Commissioner, Management; Deputy Associate Commissioner, Domestic Control; Deputy Associate Commissioner, Travel Control; Deputy Associate Commissioner, Security; Deputy Associate Commissioner, Administrative Services; Assistant Commissioner, Investigations; Assistant Commissioner, Enforcement; Assistant Commissioner, Examinations; Assistant Commissioner, Special Projects; Assistant Commissioner, Inspections; Assistant Commissioner, Field Inspection and Security; Assistant Commissioner, Naturalization; Assistant Commissioner, Administration; Assistant Commissioner, Detention and Deportation; General Counsel; Chief Special Inquiry Officer; regional commissioner; district directors; officers in charge, and special inquiry officers.

2. Section 1.11 *Central Office; the Commissioner, section 1.12 Central Office; the Deputy Commissioner, section*

1.13 Central Office; the Assistant Commissioner, Examinations Division, section 1.14 Central Office; the Assistant Commissioner, Investigations Division, section 1.15 Central Office; the Assistant Commissioner, Enforcement Division, section 1.16 Central Office; the Assistant Commissioner, Administrative Division, section 1.17 Central Office; the Assistant Commissioner, Field Inspection and Security Division, section 1.18 Central Office; the General Counsel, section 1.18a Central Office; the Chief Special Inquiry Officer, section 1.19 Field Service; Regional Commissioners, section 1.20 Field Service; District Directors, and section 1.21 Field Service; Officers in Charge are revoked.

3. The fifth sentence of subparagraph (2) *Ports of entry for aliens arriving by vessel or by land transportation of paragraph (c) Suboffices of section 1.51 Field Service is amended by deleting the reference "8 CFR 212.1 (a) (1) and (2)" and inserting in lieu thereof the reference "8 CFR 212.1 (a)".*

4. The second sentence of section 1.61 *Rule making is amended to read as follows: "The Attorney General has delegated certain rule making authority to the Commissioner of Immigration and Naturalization."*

5. The second sentence of section 1.70 *Files, documents, records, and reports of the Immigration and Naturalization Service regarded as confidential is amended to read as follows: "Such officer or employee may not permit the disclosure or use thereof for any purpose other than for the performance of his official duties, except in the discretion of the Attorney General, or the Commissioner of Immigration and Naturalization."*

6. Section 1.73 *Copies of records is amended by deleting the reference "Part 2" and inserting in lieu thereof the reference "§ 103.7".*

Dated: November 25, 1958.

J. M. SWING,
Commissioner of
Immigration and Naturalization.

[F. R. Doc. 58-9945; Filed, Dec. 1, 1958; 8:51 a. m.]









