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Washington, Saturday, June 6, 1936

PRESIDENT OF THE UNITED STATES.

KISATCHIE NATIONAL FOREST—LOUISIANA

By the President of the United States of America

A PROCLAMATION

WHEREAS certain forest lands within the State of Louisiana have been or may hereafter be acquired by the United States of America under the authority of sections 6 and 7 of the act of March 1, 1911, ch. 186, 36 Stat. 961, as amended (U. S. C., title 16, secs. 515, 516); and

WHEREAS it appears that it would be in the public interest to designate such lands as the Kisatchie National Forest;

NOW, THEREFORE, I, FRANKLIN D. ROOSEVELT, President of the United States of America, under and by virtue of the authority vested in me by section 24 of the act of March 3, 1891, ch. 561, 26 Stat. 1095, 1103, as amended (U. S. C., title 16, sec. 471), and by section 11 of the said act of March 1, 1911 (U. S. C., title 16, sec. 521), do proclaim that there are hereby reserved and set apart as the Kisatchie National Forest (consisting of the Catahoula, Evangeline, Kisatchie, and Vernon divisions) all lands of the United States within the area shown on the diagrams¹ hereto attached and made a part hereof, and that all lands therein which may hereafter be acquired by the United States under authority of the said act of March 1, 1911, as amended, shall upon their acquisition be reserved and administered as a part of the Kisatchie National Forest.

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

DONE at the City of Washington this 3rd day of June, in the year of our Lord nineteen hundred and [SEAL] thirty-six and of the Independence of the United States of America the one hundred and sixtieth.

FRANKLIN D ROOSEVELT

By the President:

CORDELL HULL
Secretary of State.

[No. 2173]

[F. R. Doc. 831—Filed, June 5, 1936; 11: 15 a. m.]

EXECUTIVE ORDER

TRANSFERRING TO WAR DEPARTMENT POSSESSION AND CONTROL OF CERTAIN LAND AT ARMY SUPPLY BASE, CHARLESTON, S. C.

WHEREAS by Executive Order No. 3920, dated November 3, 1923, the possession and control of all that portion of the Charleston Quartermaster Intermediate Depot, Charleston, South Carolina, designated as Tracts Nos. 1 and 2 on the map on file in the office of the Quartermaster General, War Department, entitled "Charleston Port Terminal, Plan No.

¹ See pp. 639, 640, 641, and 642.

6243-107, dated May 10, 1923", were transferred from the War Department to the United States Shipping Board; and

WHEREAS it is deemed necessary in order to permit the proper maintenance of and supervision over the adjoining Charleston Ordnance Depot that the possession and control of the hereinafter-described portion of the said Tract No. 2 be returned to the War Department:

NOW, THEREFORE, by virtue of and pursuant to the authority vested in me by section 17 of the act of June 5, 1920, 41 Stat. 988, 994, the possession and control of the following-described tract of land, comprising a part of the said Tract No. 2, are hereby transferred to the War Department for such period of time as the land may, in the opinion of the President, be required for military purposes:

Beginning at an iron pipe marking the point of intersection of a line parallel to and 25 feet easterly of the center line of Cosgrove Avenue, produced northerly, with a line parallel to and 25 feet northerly of the center line of a 20 foot concrete road, said pipe also marking the northwesterly corner of tract No. 2.

Thence from said initial point, by metes and bounds,

- N. 84°44'30" E., 825.50 ft. to a steel bolt;
- S. 26°46'50" E., 60.88 ft. to a concrete monument;
- S. 68°06' W., 333.12 ft. to a concrete monument;
- S. 28°24'40" W., 69.23 ft. to a concrete monument;
- S. 61°39'50" W., 558.80 ft. to a concrete monument;
- N. 2°02' W., 429.97 ft. to the place of beginning.

The tract as described contains an area of 4.56 acres.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE,

June 3, 1936.

[No. 7381]

[F. R. Doc. 826—Filed, June 4, 1936; 3:26 p. m.]

TREASURY DEPARTMENT.

Bureau of Internal Revenue.

[T. D. 4648]

AUTHORIZING COMPLETELY DENATURED ALCOHOL FORMULAE 11, 12, and 13

To District Supervisors and Others Concerned:

Pursuant to authority conferred by the Act of June 7, 1906, and Title III of the National Prohibition Act, the following completely denatured alcohol formulae are hereby authorized:

COMPLETELY DENATURED ALCOHOL FORMULA NO. 11

To every 100 parts by volume of ethyl alcohol of not less than 160° proof add:

3 parts by volume of "Pontol-K", or a compound similar thereto.



FEDERAL REGISTER

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3 parts by volume of "ST-115", or a compound similar thereto.

1 part by volume of Gasoline.

0.5 part by volume of "Agdite" or a compound similar thereto, or 1 part by volume of "Hydronol" or a compound similar thereto.

COMPLETELY DENATURED ALCOHOL FORMULA NO. 12

To every 100 parts by volume of ethyl alcohol of not less than 160° proof add:

4 parts by volume of "Pontol-K", or a compound similar thereto.

2 parts by volume of Methyl Isobutyl Ketone.

1 part by volume of Gasoline.

1 part by volume of "Agdite" or a compound similar thereto, or 2 parts by volume of "Hydronol" or a compound similar thereto.

COMPLETELY DENATURED ALCOHOL FORMULA NO. 13

To every 100 parts by volume of ethyl alcohol of not less than 160° proof add:

4 parts by volume of "ST-115", or a compound similar thereto.

2 parts by volume of Methyl Isobutyl Ketone.

1 part by volume of Gasoline.

0.5 part by volume of "Agdite" or a compound similar thereto, or 1 part by volume of "Hydronol" or a compound similar thereto.

All completely denatured alcohol formulae heretofore authorized are hereby revoked, except that the formulae for the modification of existing stocks of completely denatured alcohol Formulae Numbers 5-A and 10 prescribed by Treasury Decision 4646,¹ approved May 27, 1936, shall remain in effect until such stocks are so modified.

This regulation shall become effective July 1, 1936.

[SEAL]

GUY T. HELVERING,

Commissioner of Internal Revenue.

Approved, June 3, 1936.

WAYNE C. TAYLOR,

Acting Secretary of the Treasury.

[F. R. Doc. 827—Filed, June 5, 1936; 9:45 a. m.]

DEPARTMENT OF AGRICULTURE.

Agricultural Adjustment Administration.

ORDER AMENDING THE ORDER REGULATING THE HANDLING OF ORANGES AND GRAPEFRUIT GROWN IN THE STATES OF CALIFORNIA AND ARIZONA

Whereas the Secretary of Agriculture of the United States issued an order regulating the handling of oranges and grapefruit grown in the States of California and Arizona on January 4, 1936, effective as of January 13, 1936; and

Whereas at the request of the Growers Advisory Committee established by the said order, a hearing was held upon the amendments to the order on March 20, 1936, notice of which was given to interested parties in accordance with the general regulations of the Agricultural Adjustment Administration of the Department of Agriculture; and

Whereas the Secretary of Agriculture, on April 30, 1936, issued the amendments, hereinafter quoted, and took steps to ascertain whether the producers of oranges and grapefruit grown in the States of California and Arizona favor or approve making the amendments effective; and

Whereas, the Secretary of Agriculture finds and determines that the making effective of the amendments hereinafter quoted, is favored by producers who, during the year November 1, 1934 to October 31, 1935 (which the Secretary of Agriculture hereby determines to be a representative period), produced in the States of California and Arizona for market more than two-thirds of the entire volume of oranges produced for market during the said period in the said States and by producers who produced more than two-thirds of the entire volume of grapefruit produced for market in the same States during the same period; and

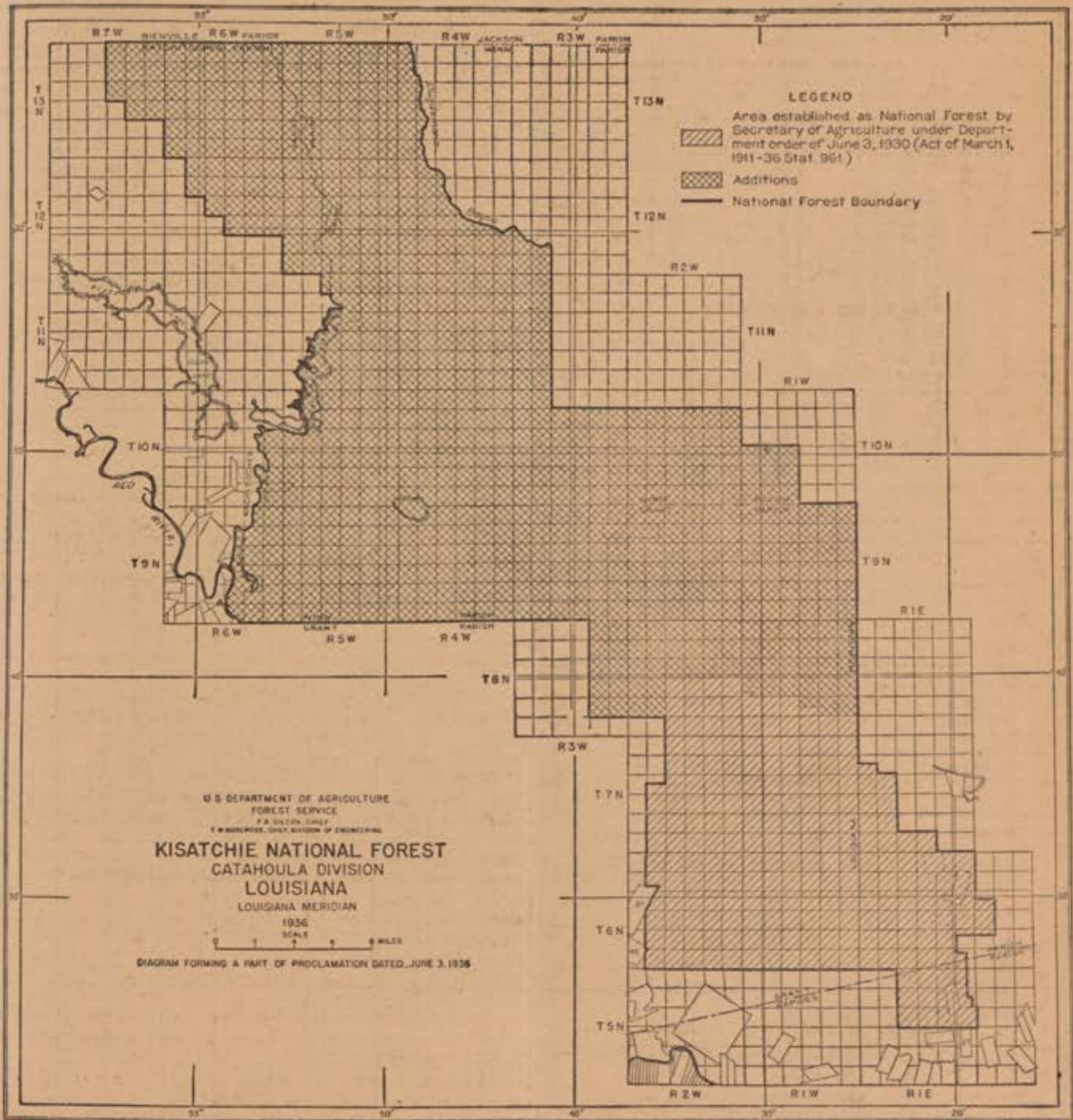
Whereas, the Secretary of Agriculture further finds that the making effective of the said amendments will tend to effectuate the declared policy of the Agricultural Adjustment Act, as amended;

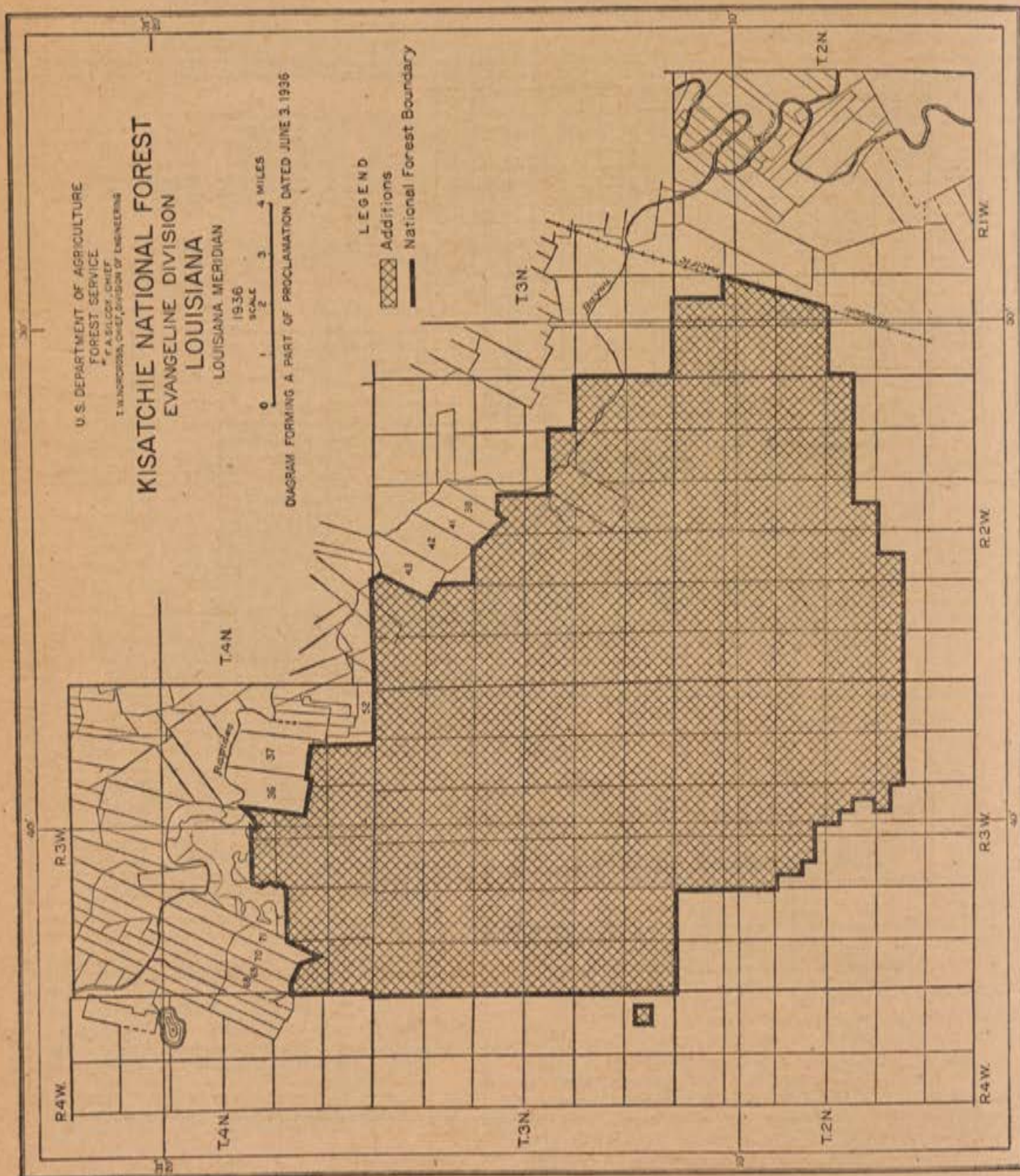
Now, therefore, the Secretary of Agriculture, acting under the authority vested in him under the Agricultural Adjustment Act, as amended, hereby amends the Order Regulating the Handling of Oranges and Grapefruit Grown in the States of California and Arizona in the following respects:

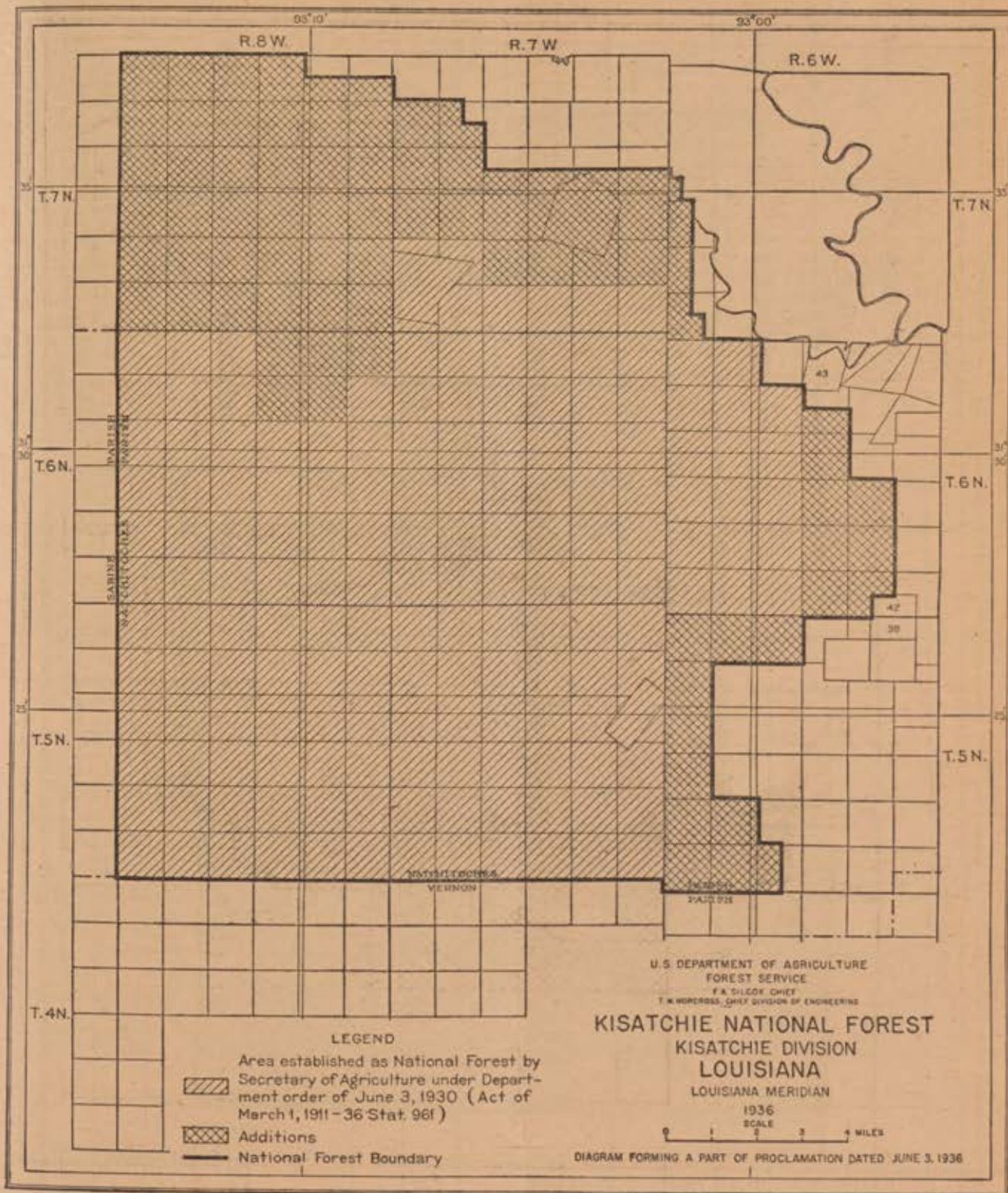
1. Subsection 6 of section 3 of article III shall be deleted from the order and the following shall be substituted therefor:

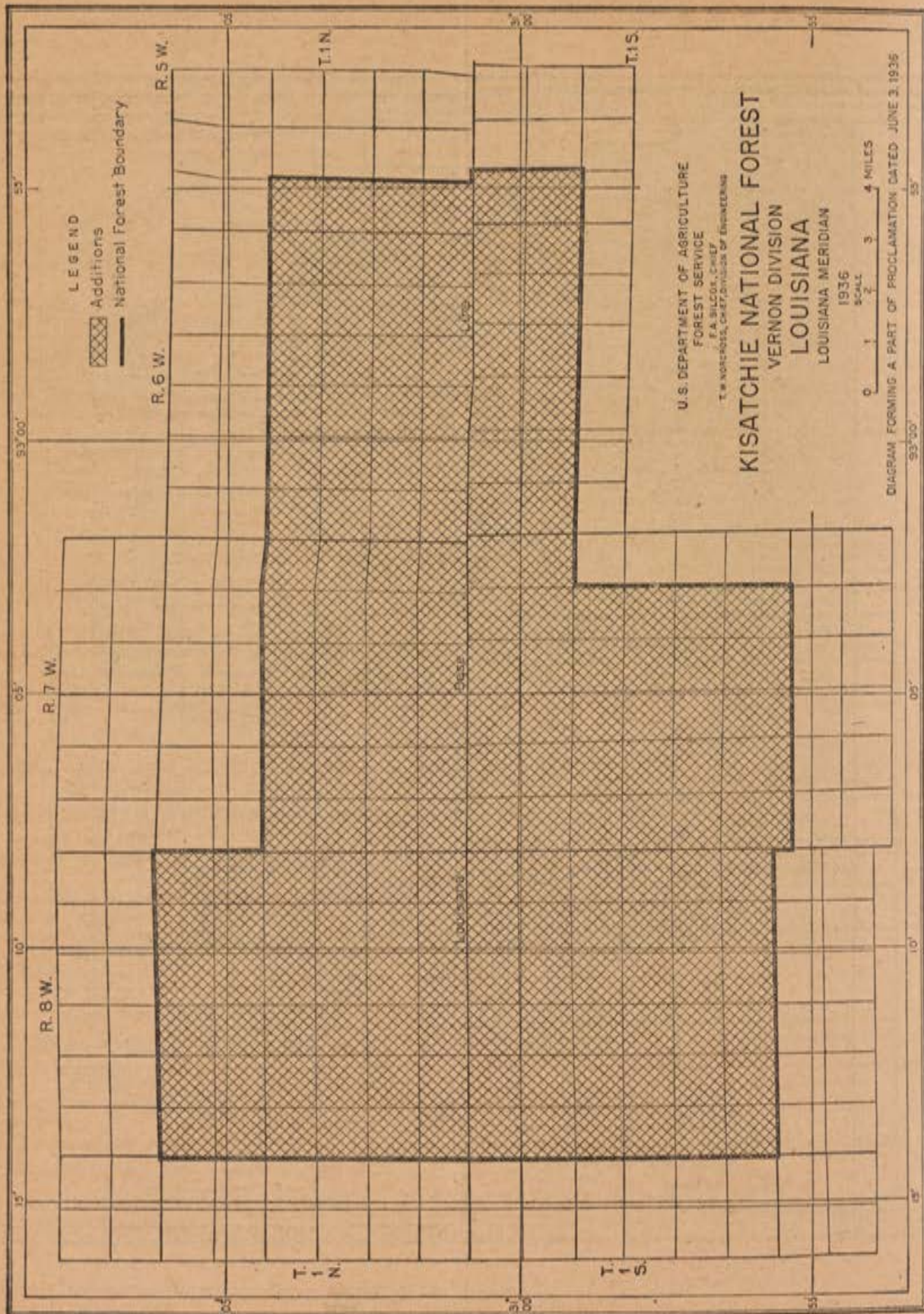
6. During any week in which the Secretary fixes allotments as herein provided, every shipper, for the purpose of providing flexi-

¹ 1 F. R. 576.









bility in the preparation of fruit for market, may ship, during any prorate period when not required to reduce shipments as provided in the following sentence, in addition to his allotment, an amount not to exceed ten (10) percent of his allotment, or one (1) carload if ten (10) percent of his allotment is less than one carload: *Provided*, That no shipper shall, during any prorate period, ship, by reason of the tolerance allowed by this subsection, more than twenty (20) percent of the total fruit under his control. The quantity of fruit shipped in excess of the allotment and not exceeding the quantity permitted by the foregoing sentence shall be offset by a reduction of an equal amount from his allotment for the next week in which proration is in effect, or if such weekly allotment be less than such permitted excess shipment, then such permitted excess shipment shall be deducted from succeeding weekly allotments until such excess shipment has been entirely offset. Any shipper shipping a quantity of fruit in excess of the allotment fixed for him by the Secretary and the quantity represented by exchanges or transfer of allotments shall report such overshipment to the Growers Advisory Committee within twenty-four (24) hours from the date thereof. If a shipper ships a quantity of fruit less than his allotment during any week, such shipper may ship, during the next week only in which such shipper is given an allotment, in addition to such allotment, a quantity equal to the undershipment: *Provided*, That the shipper report the undershipment to the agency within one (1) business day subsequent to the close of the weekly period when the undershipment occurred.

2. Subsection 7 of section 3 of article III of the order shall be deleted from the order and the following shall be substituted therefor:

7. Shippers may exchange allotments for fruit of the same variety in the same or different prorate districts if prorate districts are established pursuant to this article: *Provided*, That the Growers Advisory Committee may, when deemed advisable and subject to the approval of the Secretary, restrict the exchange of allotments to the exchange of allotments for fruit grown in a prorate district for allotments of fruit grown within the same district, and *Provided, further*, That the shipper acquiring an allotment by exchange agree to return an allotment at a later period during the same shipping season in the same quantity and covering the same variety of fruit to the shipper lending it and the shipper acquiring same have sufficient fruit under his control (within the meaning of subsection 3, section 2 of this article) to enable him to return an allotment for the same quantity of the same variety of fruit during the same shipping season. No shipper who has an allotment to exchange shall make an exchange of his allotment with another shipper where such shipper who has the allotment for exchange does not need the return of such allotment to complete his shipments for the shipping season of the variety of fruit then under the control of such shipper: *Provided*, That both shippers making an exchange of an allotment shall report the same to the Growers Advisory Committee at such time and in such manner as said committee may determine.

3. Section 5 of article III of the order shall be deleted from the order and the following shall be substituted therefor:

"Sec. 5. *Exchange for State Allotments.* An exchange between shippers of allotments or any part thereof under this order for an equivalent quantity of fruit of the same variety under an allotment for the same weekly period fixed pursuant to a corresponding order, license, or other regulation of the duly constituted authorities, pursuant to the provisions of the California Agricultural Adjustment Act of 1935 and amendments thereto, is hereby authorized, subject to such administrative rules and regulations as the Growers Advisory Committee may make to govern the procedure to be followed in connection with such exchange: *Provided, however*, That the Growers Advisory Committee may, when deemed advisable and subject to the approval of the Secretary, restrict the exchange of allotments, as provided in this section, to the exchange of allotments for fruit grown in a prorate district for allotments of fruit grown within the same district."

In witness whereof, the Secretary of Agriculture does hereby execute in duplicate and issue this order, in the city of Washington, District of Columbia, on the 5th day of June 1936, and declares this order to be effective on or after 12:01 A. M., eastern standard time, June 9, 1936.

[SEAL]

H. A. WALLACE,
Secretary of Agriculture.

[F. R. Doc. 834—Filed, June 5, 1936; 11:57 a. m.]

Bureau of Biological Survey.

ORDER

PERMITTING FISHING WITHIN THE BOULDER CANYON WILDLIFE
REFUGE, ARIZONA AND NEVADA

Pursuant to regulations 1 and 2 of the regulations of the
Secretary of Agriculture issued May 7, 1930, governing the

administration of Federal wildlife refuges, it is hereby ordered that until further notice, fish may be taken when and as permitted by the laws and regulations of the States of Arizona and Nevada from waters within the Boulder Canyon Wildlife Refuge, established by Executive Order No. 6065, dated March 3, 1933, subject to the following conditions and restrictions:

1. *Licenses.*—Any person exercising the privilege of fishing within the refuge shall be in possession of a valid State fishing license issued by the State in which such fishing is done, if such license is required, and shall carry such license on his person when exercising the privilege of fishing, and when requested to do so shall exhibit it to any representative of the State Game Department authorized to enforce fishing laws, any representative of the Bureau of Reclamation, or any representative of the Biological Survey: *Provided*, That fishing shall be done in such manner as will not interfere with the objects for which the refuge was established.

2. *Routes of travel.*—Persons entering the refuge for fishing purposes shall follow such routes of travel as shall from time to time be designated by the officer in charge.

3. *Firearms and fires.*—The carrying or being in possession of firearms of any description is not permitted. Special care must be observed to prevent lighted matches, cigars or cigarettes, or pipe ashes from being dropped in grass or other inflammable material.

[SEAL]

H. A. WALLACE, Secretary.

JUNE 4, 1936.

[F. R. Doc. 833—Filed, June 5, 1936; 11:57 a. m.]

FEDERAL TRADE COMMISSION.

United States of America—Before Federal Trade
Commission

At a regular session of the Federal Trade Commission, held at its office in the City of Washington, D. C., on the 2nd day of June, A. D. 1936.

Commissioners: Charles H. March, Chairman; Garland S. Ferguson, Jr., Ewin L. Davis, William A. Ayres, Robert E. Freer.

Docket No. 2658

ORDER APPOINTING EXAMINER AND FIXING TIME AND PLACE FOR
TAKING TESTIMONY

IN THE MATTER OF FANNIE CHANOWITZ, DOING BUSINESS AS
ATLAS PRODUCTS COMPANY

This matter being at issue and ready for the taking of
testimony.

It is ordered that Edward M. Averill, an examiner of this
Commission, be and he hereby is designated and appointed
to take testimony and receive evidence in this proceeding and
to perform all other duties authorized by law;

It is further ordered that the taking of testimony in this
proceeding begin on Tuesday, June 16, 1936, at nine o'clock
in the forenoon of that day (eastern standard time), in room
500, 45 Broadway, New York, N. Y.

Upon completion of testimony for the Federal Trade Com-
mission, the examiner is directed to proceed immediately
to take testimony and evidence on behalf of the respondent.
The examiner will then close the case and make his report.

By the Commission.

[SEAL]

OTIS B. JOHNSON, Secretary.

[F. R. Doc. 832—Filed, June 5, 1936; 11:34 a. m.]

INTERSTATE COMMERCE COMMISSION.

ORDER

At a Session of the Interstate Commerce Commission,
Division 5, held at its office in Washington, D. C., on the
29th day of May A. D. 1936.

Docket No. BMC 2890

APPLICATION OF ALL AMERICAN BUS LINES, INCORPORATED, FOR AUTHORITY TO OPERATE AS A COMMON CARRIER

In the Matter of the Application of All American Bus Lines, Incorporated, of 506 South Wabash Avenue, Chicago, Ill., for a Certificate of Public Convenience and Necessity (Form BMC 9) to Extend Its Present Operations Filed on Form BMC 2 Authorizing Operation as a Common Carrier by Motor Vehicle in the Transportation of Persons, Light Express, Mail and Newspapers in Interstate Commerce between New York, N. Y., and San Francisco, Calif., via but not Limited to Pittsburgh, Pa., Columbus, Ohio, Indianapolis, Ind., Chicago, Ill., St. Louis, Mo., Tulsa and Oklahoma City, Okla., Dallas, Fort Worth, and El Paso, Tex., Tucson and Phoenix, Ariz., and San Diego, Long Beach, Los Angeles, and San Francisco, Calif., over Specific Routes

It appearing, That the above-entitled matter is one which the Commission is authorized by the Motor Carrier Act, 1935, to refer to an examiner:

It is ordered, That the above-entitled matter be, and it is hereby, referred to Examiner K. J. McAuliffe for hearing and for the recommendation of an appropriate order thereon, to be accompanied by the reasons therefore;

It is further ordered, That this matter be set down for hearing before Examiner K. J. McAuliffe, on the 29th day of June 1936 at 9 o'clock a. m. (standard time), at the office of the Interstate Commerce Commission, Washington, D. C.

And it is further ordered That notice of this proceeding be duly given.

By the Commission, division 5.

[SEAL] GEORGE B. MCGINTY, Secretary.

[F. R. Doc. 828—Filed, June 5, 1936; 11:07 a. m.]

ORDER

At a Session of the Interstate Commerce Commission, Division 5, held at its office in Washington, D. C., on the 29th day of May A. D. 1936.

Docket No. BMC 2891

APPLICATION OF NI SUN LINES, LTD., FOR AUTHORITY TO OPERATE AS A COMMON CARRIER

In the Matter of the Application of Ni Sun Lines, Ltd., a Corporation of 506 South Wabash Avenue, Chicago, Ill., for a Certificate of Public Convenience and Necessity (Form BMC A) Authorizing Operation as a Common Carrier by Motor Vehicle in the Transportation of Persons, Light Express, Mail, and Newspapers, in Interstate Commerce Between New York, N. Y., and Chicago, Ill., via but not Limited to Somerville, N. J., Harrisburg and New Castle, Pa., Delphos, Ohio, Fort Wayne and Hammond, Ind., Over Specified Routes

It appearing, That the above-entitled matter is one which the Commission is authorized by the Motor Carrier Act, 1935, to refer to an examiner:

It is ordered, That the above-entitled matter be, and it is hereby, referred to Examiner K. J. McAuliffe for hearing and for the recommendation of an appropriate order thereon, to be accompanied by the reasons therefor;

It is further ordered, That this matter be set down for hearing before Examiner K. J. McAuliffe, on the 29th day of June 1936, at 10 o'clock a. m. (standard time), at the office of the Interstate Commerce Commission, Washington, D. C.

And it is further ordered, That notice of this proceeding be duly given.

By the Commission, division 5.

[SEAL] GEORGE B. MCGINTY, Secretary.

[F. R. Doc. 829—Filed, June 5, 1936; 11:07 a. m.]

ORDER

At a Session of the Interstate Commerce Commission, Division 5, held at its office in Washington, D. C., on the 1st day of June A. D. 1936.

Docket No. BMC 49296

APPLICATION OF BIGLEY BROS., INCORPORATED, FOR AUTHORITY TO OPERATE AS A COMMON CARRIER

In the Matter of the Application of Bigley Bros., Incorporated, of 1600 Willow Avenue, Hoboken, N. J., for a Certificate of Public Convenience and Necessity (Form BMC A) Authorizing Operation as a Common Carrier by Motor Vehicle in the Transportation of Commodities Generally in Interstate Commerce, From and Between Points Located in the States of New York, New Jersey, Connecticut, Pennsylvania, Massachusetts, Maryland, Delaware, and the District of Columbia

It appearing, That the above-entitled matter is one which the Commission is authorized by the Motor Carrier Act, 1935, to refer to an examiner:

It is ordered, That the above-entitled matter be, and it is hereby, referred to Examiner B. E. Stillwell for hearing and for the recommendation of an appropriate order thereon, to be accompanied by the reasons therefor;

It is further ordered, That this matter be set down for hearing before Examiner B. E. Stillwell, on the 22nd day of June 1936, at 10 o'clock a. m. (standard time), at the office of the Interstate Commerce Commission, Washington, D. C.

And it is further ordered, That notice of this proceeding be duly given.

By the Commission, division 5.

[SEAL] GEORGE B. MCGINTY, Secretary.

[F. R. Doc. 830—Filed, June 5, 1936; 11:07 a. m.]

SECURITIES AND EXCHANGE COMMISSION.

HOLDING COMPANY ACT

[Release No. 229]

The Securities and Exchange Commission, acting pursuant to the authority granted by the Public Utility Holding Company Act of 1935, particularly Sections 13, 15, and 20 (a) thereof, and finding such action necessary and appropriate in the public interest and for the protection of investors and consumers, for the enforcement of the provisions of said Section 13 and the rules and regulations thereunder, and to carry out the provisions of said Act, hereby adopts the following rule and the Uniform System of Accounts for Mutual and Subsidiary Service Companies under the Public Utility Holding Company Act of 1935, referred to in said Rule and annexed thereto:

RULE 13-50. Accounts and records of mutual and subsidiary service companies.—Every mutual service company and every company whose organization and conduct of business the Commission has found, pursuant to Rule 13-22, sufficient to meet the requirements of Section 13 (b), shall keep such accounts, cost-accounting procedures, correspondence, memoranda, papers, books, and other records, in such manner and preserve them for such periods, as are prescribed in the Uniform System of Accounts for Mutual and Subsidiary Service Companies under the Public Utility Holding Company Act of 1935, dated May 12, 1936, and shall keep no other records with respect to the same subject matter except (1) records other than accounts, (2) records required by State law, (3) sub-accounts or supporting accounts which are not inconsistent with the accounts required by such Uniform System; and (4) such other accounts as may be authorized by the Commission. This Rule shall become effective August 1, 1936, except that a company as to which the Commission does not grant such approval, or make such finding, until after that date shall not be subject to this

Rule until the first of the month following such approval or finding.

[SEAL]

[P. R. Doc. 824—Filed, June 4, 1936; 12:57 p. m.]

UNIFORM SYSTEM OF ACCOUNTS FOR MUTUAL SERVICE COMPANIES AND SUBSIDIARY SERVICE COMPANIES UNDER THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

[Adopted May 12, 1936; Effective August 1, 1936]

GENERAL INSTRUCTIONS

Companies for Which This System of Accounts Is Prescribed

This system of accounts is designed for use by:

A. Any company operating, or organized to operate, as a mutual service company under the provisions of Section 13 of the Public Utility Holding Company Act of 1935, and

B. Any subsidiary company whose organization and conduct of business the Commission has found sufficient to meet the requirements of Section 13 (b) of the Public Utility Holding Company Act of 1935, with respect to the performance of services or construction work for, or the sale of goods to, associate companies.

Application to Companies Deriving Profit from Certain Sources

While this accounting system is designed for companies whose principal business is the performance of services or construction for, or the sale of goods to, associate companies, at cost, it contemplates situations in which the company may perform service or construction, or make sales under circumstances when the rules of the Commission permit a charge at a price in excess of cost. In recognition of the element of profit in such cases, an account is included in the "Income" group for "service rendered at other than cost."

General Structure of Accounting System

The accounts herein provided are embraced in the following general groups:

Balance Sheet Accounts.
Income Accounts.
Surplus Accounts.

The "Income" accounts include, under separate divisions, accounts for recording the revenue or income which the company becomes entitled to receive and also, under the sub-title, "expenses", appropriate accounts for all expenses of operation, maintenance, taxes, and interest, including all elements of cost allocable to the service performed, except compensation for the use of necessary capital procured through the issue of capital stock, or other form of proprietary interest.

Construction and Sales Accounting

Specific accounts have not been provided in which to classify expenditures made in the performance of construction contracts, under which the company undertakes to construct physical property for associate companies or others. The differences in the nature of undertakings which will be embraced in such contracts render impracticable an attempt to prescribe the accounts, applicable in all cases. The company shall keep records to show the cost of each construction project and the amount of service costs allocated thereto, and such additional classification of expenditures relating to a construction project as will meet the accounting requirements of the company for which the work is performed.

Service costs allocated to construction shall include the proper proportion of salaries, expense of officers and employees, and other expense of maintaining the company's organization and equipment. Cost of materials, construction pay rolls, including pay of employees on the company's regular staff specifically assigned to construction work (see account 210 note B) and other expenses directly assignable to construction work, shall be excluded from service costs and charged directly to the construction project involved.

No. 61—2

Service costs allocated to sales shall include only the costs of the service performed by the company in connection with the sale of goods to customers. The cost of goods sold shall not be included in expenses as a part of service costs, but should be charged directly to the customer concerned. The company shall keep records to show the amount of goods sold to each customer and the amount of service costs allocated thereto.

Determination of Cost of Service

Service at cost and a fair sharing of such cost require, first of all, an accurate accounting for the elements which make up the aggregate expense of conducting the business of the servicing company. In the accounts herein prescribed the total amounts included in the several expense accounts during any period plus such amount as properly may be added as compensation for the use of capital not otherwise compensated constitute cost during such period.

Allocation of Cost of Service

The total cost as thus determined requires classification and allocation:

A. If service or construction is performed for, or sales are made to, customers with whom transactions are not required by the rules of the Commission to be at cost, there shall be allocated to such business (in accordance with the principles set forth in paragraph B below) an equitable portion of the servicing company's total cost of operation for the period. The balance is allocable among the companies serviced at cost.

B. The amounts allocable to the companies with which transactions are required to be at cost shall be equitably allocated in accordance with sound accounting procedure. Direct charges shall be made so far as costs can be identified and related to the particular transactions and/or customers without excessive effort or expense. Amounts not so charged shall be allocated fairly and equitably among such companies.

C. The amount allocable to companies serviced at cost shall be accounted for so as to segregate the amount applicable to construction services or construction work performed for such companies, in a manner adequate to meet their accounting requirements. (See also General Instructions "Construction and Sales Accounting", page 2.)

Departmental Classification Required

The importance of "Salaries" as an element of cost requires analysis of this item of expense. The departmental organization which the company maintains for operating purposes affords a basis readily available for such analysis. Accordingly, each company will be required to furnish, in its annual report to the Commission, a departmental classification of the items in "Salaries" account to such extent as the Commission deems requisite.

Records

The books of account and other records of the company shall be so kept as to show fully the facts pertaining to all entries in these accounts. All such entries shall be supported by such detailed information as will permit ready identification and analysis.

The books and records referred to herein include not only accounting records in a limited technical sense, but all other records, such as minute books, stock books, reports, memoranda, etc., which may be useful in developing the history of or facts regarding any transaction of the company.

Except as otherwise authorized by the Commission, the company shall preserve permanently all books, reports, invoices, memoranda, correspondence, maps, and other papers and documents which support the entries to any of the accounts prescribed herein and are necessary or useful in analyzing the accounts or developing the facts concerning any transaction.

Accounts which are clearly summaries of other accounts or of subaccounts provided for herein are not required to be kept in the company's books.

Companies may subdivide any of the accounts, provided such subdivisions do not impair the integrity of the prescribed accounts. The titles of all subdivisions or subaccounts shall refer by number of title to the accounts of which they are subdivisions.

Clearing accounts may be kept when necessary or useful in making the proper distribution of items to the appropriate accounts prescribed herein.

As of the effective date of this system of accounts, the several accounts prescribed herein shall be opened by transferring thereto the balances carried in the accounts previously maintained by the company. The company is authorized to make such subdivisions, reclassification, or consolidations of such balances as are necessary to meet the requirements of this system of accounts.

DEFINITIONS.—When used in this system of accounts:

"Accounts" or "These accounts" means the accounts in this system of accounts.

"Actually outstanding" as applied to certificates of capital stock or evidences of funded debt, means those which have been issued and are not held by or for the company or in its sinking or other funds.

"Affiliate" of a specified company means—

(A) any person that directly or indirectly owns, controls, or holds with power to vote, 5 per centum or more of the outstanding voting securities of such specified company;

(B) any company 5 per centum or more of whose outstanding voting securities are owned, controlled, or held with power to vote, directly or indirectly, by such specified company;

(C) any individual who is an officer or director of such specified company, or of any company which is an affiliate thereof under clause (A) of this paragraph; and

(D) any person or class of persons that the Commission determines, after appropriate notice and opportunity for hearing, to stand in such relation to such specified company that there is liable to be such an absence of arm's-length bargaining in transactions between them as to make it necessary or appropriate in the public interest or for the protection of investors or consumers that such person be subject to the obligations, duties, and liabilities imposed in this title upon affiliates of a company.

"Associate company" of a company means any company in the same holding-company system with such company.

"Holding-company system" means a holding company with all its subsidiaries and all mutual service companies of which such holding company or any subsidiary company thereof is a member company.

"Book Cost" means the amount at which assets are recorded in the accounts of the company (without deduction of any related reserves or other items).

"Book Liability" means the amount at which securities issued or assumed by the company and other liability items are recorded in the accounts of the company.

"Commission" means the Securities and Exchange Commission.

"Company" or "the company", when not otherwise indicated in the context, means the accounting company.

"Debt Expense", as applied to funded debt, means all expense in connection with the issue and sale of evidences of debt.

"Discount", as applied to actually outstanding securities issued or assumed by the company, means the excess of the par value of the securities plus interest or dividends accrued at the date of sale over the current money value of the consideration received therefor.

"Member company" means a company which is a member of an association or group of companies mutually served by a mutual service company.

"Mutual Service Company", means a company approved by the Commission as a mutual service company under Section 13 of the Public Utility Holding Company Act of 1935.

"Premium", as applied to actually outstanding securities issued or assumed by the company, means the excess of the current money value of the consideration received at their sale over the sum of their par value and interest or dividends accrued at the date of the sale.

Unaudited Items

When the amount of any known item affecting these accounts cannot be accurately determined in time for inclusion in the accounts of the fiscal year in which the transaction occurs, the amount of the item shall be estimated and included in the proper accounts. When the item

is audited, the necessary adjustments shall be made through the accounts in which the estimate was recorded. If, during the interval between the date of inclusion of the item in the accounts and the date on which it is audited, a substantial difference from the initial estimate is determined, appropriate adjustments shall be made in the current accounts to cover such difference. The company is not required to anticipate minor items which would not appreciably affect these accounts.

Delayed Items

The term "delayed items" means items relating to transactions which occurred before the current fiscal year but which were not recorded in the books of accounts in such prior year. It includes adjustments of errors in the income and expense accounts of prior years.

Delayed items shall be charged or credited to the same accounts which should have been charged or credited if the items had been taken up or adjusted in the period to which they pertained.

Submission of Questions

To promote and maintain uniformity in accounting, the company shall submit all questions of doubtful interpretation of the prescribed accounting to the Commission for consideration and decision.

BALANCE SHEET ACCOUNTS

ASSET AND OTHER DEBIT ACCOUNTS

INVESTMENTS:

- 100. Office furniture and miscellaneous equipment.
- 101. Construction equipment.
- 102. Other investments.
 - (a) Associate companies.
 - (b) Miscellaneous investments.
- 105. Organization.

CURRENT ASSETS:

- 110. Cash.
- 111. Notes receivable—Associate companies.
Notes receivable—Others.
- 112. Accounts receivable—Associate companies.
Accounts receivable—Others.
- 113. Unbilled charges—Associate companies.
Unbilled charges—Others.
- 114. Other current assets.

CAPITAL STOCK DISCOUNT AND EXPENSE:

- 115. Discount on capital stock.
- 116. Commissions and expense on capital stock.

DEFERRED CHARGES:

- 120. Prepayments.
- 121. Other deferred charges.

REACQUIRED SECURITIES:

- 125. Reacquired capital stock.
- 126. Reacquired long-term debt.

LIABILITY AND OTHER CREDIT ACCOUNTS

- 150. Capital stock.
- 151. Long-term debt.
- 152. Indebtedness to associate companies.

CURRENT LIABILITIES:

- 160. Notes Payable—Banks.
Notes Payable—Associate companies.
Notes Payable—Others.
- 161. Accounts payable—Associate companies.
Accounts payable—Others.
- 162. Accrued interest—Associate companies.
Accrued interest—Others.
- 163. Accrued taxes.
- 164. Other current liabilities.
- 170. Deferred credits.

RESERVES:

- 180. Reserve for depreciation.
- 181. Other reserves.
(Each reserve to be shown.)

SURPLUS:

- 190. Capital surplus.
- 191. Earned surplus.

Balance Sheet Accounts

ASSET AND OTHER DEBIT ACCOUNTS

100. OFFICE FURNITURE AND MISCELLANEOUS EQUIPMENT.—This account shall include the book cost of office furniture and miscellaneous equipment, having an expected life in service of more than one year including desks, chairs, tables, movable safes, filing cabinets, book cases, lockers, fans, floor coverings, and other similar items of furniture and

equipment; typewriters, postal scales, adding and calculating machines, addressographs, and other mechanical office appliances; also laboratory equipment, libraries, automobiles and other transportation equipment used for general purposes.

101. CONSTRUCTION EQUIPMENT.—This account shall include the book cost of construction equipment, having an expected life in service of more than one year, including boilers, engines, motors, hoists, concrete mixers, pumps, air compressors, riveters, lathes, pipe machines, forgers, steam hammers, pile drivers, steam shovels, trenching machines, trucks, automobiles, and other equipment of a permanent character used for construction purposes.

The cost of repairs to equipment shall be charged to account 227, "Construction equipment supplies and expense."

102. OTHER INVESTMENTS.—This account shall include the book cost of the company's investment not otherwise provided for.

Such investments embrace securities issued or assumed by associate companies or others and advances to them on notes or open account when such advances are not subject to current settlement, also real estate and other miscellaneous investments not includible in other investment accounts.

This account shall be subdivided to show the book cost of investments in (a) associate companies and (b) miscellaneous investments.

Records supporting the entries to this account shall be so kept that the company can furnish complete information concerning any investment included in the account.

105. ORGANIZATION.—This account shall include expenditures incident to incorporation or other form of organization of the company.

Include in this account fees paid to governments for the privilege of incorporation; legal and office expense incident to organizing the company; cost of stock and minute books and corporate seal; cost of preparing and filing amendments to certificate of incorporation; and special counsel and other fees and expenses in mergers, consolidations, and reorganizations.

The balance in this account may be written off in such manner and over such period as the Commission may approve.

NOTE A.—When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included in this account on the books of the various companies concerned shall not be carried over.

NOTE B.—This account shall not include any discounts on securities issued, nor shall it include costs incident to negotiating loans, selling bonds or other evidences of debt, or expenses in connection with the authorization, issuance, sale, or resale of capital stock.

110. CASH.—This account shall include the amount of current funds available for use on demand in the hands of financial officers and agents, or deposited in banks or trust companies.

111. NOTES RECEIVABLE.—This account shall include the book cost of demand or time notes, bills and drafts receivable, or other similar evidences (except interest coupons) of money receivable on demand or within a period of time not exceeding one year from date of issue.

This account shall be subdivided to show notes receivable of (a) associate companies and (b) others.

NOTE.—Obligations of associate companies any part of which matures more than one year from date of issue and notes evidencing investment advances shall be included in account 103, "Other investments."

112. ACCOUNTS RECEIVABLE.—This account shall include amounts owing the company by corporations, firms, or individuals on open accounts.

This account shall be subdivided to show the amount owing by (a) associate companies and (b) others.

113. UNBILLED CHARGES.—This account shall include the amount of costs of services and of construction or of goods sold, which have not been billed to associate companies or others at the date of the balance sheet statement.

This account shall be subdivided to show the amount of unbilled charges relating to (a) associate companies and (b) others.

NOTE.—It is not intended that this account shall include expenditures which although made on behalf of associate companies or others do not pertain to sales of goods or performance of services or construction by the accounting company. Such expenditures should be charged directly to the client concerned.

114. OTHER CURRENT ASSETS.—This account shall include all current assets not provided for elsewhere, such as materials and supplies, working funds, interest receivable, and other miscellaneous current assets.

115. DISCOUNT ON CAPITAL STOCK.—This account shall include all discounts suffered in connection with the issuance and sale of capital stock. Records supporting the entries to this account shall be kept to show the discount on each class and series of capital stock.

Discount relating to a particular class and series of capital stock may be offset or reduced to the extent that net gain from reacquisition of, and premium and assessments on, the same class and series of capital stock are included in capital surplus.

A debit balance in this account may be amortized or written off to earned surplus, or to capital surplus to the extent indicated in the preceding paragraph.

When any issue of capital stock, or any part thereof, is reacquired, there shall be credited to this account the amount of discount applicable to such stock reacquired and concurrent charge made to earned surplus, or to capital surplus to the extent indicated in the second preceding paragraph.

NOTE.—This account shall not include discount in connection with the acquisition and resale of the company's capital stock.

116. COMMISSIONS AND EXPENSE ON CAPITAL STOCK.—This account shall include commissions and expense incurred in connection with the issuance and sale of first and subsequent issues of capital stock. Records supporting the entries to this account shall be kept to show commissions and expense on each class and series of capital stock. The expense chargeable to this account shall include all such expenses not includible in account 105, "Organization."

Commissions and expense relating to a particular class and series of stock may be offset or reduced to the extent that net gain from reacquisition of, and premium and assessments on, the same class and series of stock are included in capital surplus.

A debit balance in this account may be amortized or written off to earned surplus, or to capital surplus to the extent indicated in the preceding paragraph.

When any issue of capital stock, or any part thereof, is reacquired, there shall be credited to this account the amount of commissions and expense applicable to such stock reacquired, and concurrent charge made to earned surplus or to capital surplus to the extent indicated in the second preceding paragraph.

NOTE.—This account shall not include commissions and expense in connection with the acquisition and resale of the company's capital stock.

120. PREPAYMENTS.—This account shall include amounts representing prepayments. The account shall be kept in such manner as to disclose the balance in each of the following classes: (a) Taxes, (b) Insurance, (c) Interest, (d) Rents, (e) Miscellaneous. As the term expires for which the prepayment was made, this account shall be credited at monthly intervals and the appropriate account charged. Minor prepayments may be charged direct to final accounts.

121. OTHER DEFERRED CHARGES.—This account shall include unamortized discount and expense on long-term debt; and also all other deferred charges not provided for elsewhere, the proper final disposition of which has not been determined. Whenever the proper disposition of any item included in this account is determined the amount thereof shall be credited to this account and concurrently charged elsewhere as appropriate; provided, that discount and expense on debt and other items applicable to future accounting periods shall be amortized by periodic charges to the

appropriate accounts in such amounts and over such periods of time as shall be determined to be proper; provided further, that debt discount and expense incurred in connection with the issue of long-term debt shall be amortized by the consistent application of a rule by which the entire amount of discount and expense pertaining to any issue shall be amortized through such regular charges to income as will equitably distribute the balance thereof during the life of such issue, unless the company elects to charge the amount of the unamortized portion thereof to earned surplus.

In case an issue of long-term debt is retired prior to maturity and not in connection with a refunding operation any remaining balance of unamortized discount and expense pertaining to the issue shall be charged to earned surplus.

In case an issue of long-term debt is refunded and at the date of refunding there is a balance of unamortized discount and expense relating to the issue, the amount of such balance together with any premium paid in retiring the issue shall be charged to earned surplus or amortized in accordance with such rules, regulations, or orders, as the Commission may issue.

This account shall be so kept that the company can furnish complete information concerning each deferred charge included in the account.

125. REACQUIRED CAPITAL STOCK.—This account shall include the par value of capital stock issued or assumed by the company and reacquired by it and held uncanceled, except reacquired stock which is to be held in sinking or other funds. Stock without par value shall be included in this account at the proportionate amount at which the particular class and series of stock is included in account 150, "Capital Stock."

The difference between the amount at which capital stock is included in this account and the amount paid by the company for such stock, including commissions and expense in connection with the reacquisition, shall be credited or debited at the time of reacquisition to account 190, "Capital surplus", provided, however, that the excess of a debit over the amount of accumulated net gains included in capital surplus arising from reacquisition or resale of capital stock shall be charged to earned surplus.

When reacquired capital stock is sold the difference between the amount at which such stock is included in this account and the net sale price realized shall be disposed of as provided in the preceding paragraph.

Records supporting the entries to this account shall be maintained to show particulars concerning each class and series of stock included therein.

126. REACQUIRED LONG-TERM DEBT.—This account shall include the par or face amount of bonds or other long-term debt of the company reacquired and held uncanceled, except bonds or other long-term debt held in sinking or other funds.

The difference between the par or face amount of bonds or other long-term debt included in this account and the amount paid by the company for such securities, including commissions and expenses paid in connection with the reacquisition, shall be credited or debited to account 305, "Other credits to earned surplus" or account 315, "Other debits to earned surplus" as may be appropriate. Concurrently the portion of unamortized premium, discount, and expense relating to the long-term debt reacquired shall be credited or debited as appropriate to account 305, "Other credits to earned surplus" or account 315, "Other debits to earned surplus."

When reacquired bonds or other long-term debt are resold by the company, the par or face amount of the securities shall be credited to this account, and the difference between such amount and the net sale price realized shall be credited or debited to account 305, "Other credits to earned surplus" or account 315, "Other debits to earned surplus" as appropriate.

Records supporting the entries to this account shall be maintained to show particulars concerning each class and series of long-term debt.

Liability and Other Credit Accounts

150. CAPITAL STOCK.—This account shall include the total par value, the stated or assigned value, or (in case of stock without par or assigned value) the money value of the consideration received, in respect of capital stock or other form of proprietary interest in the company which has been issued to bona fide purchasers and has not been reacquired and canceled. Appropriations of surplus which have been transferred to non par stock account shall also be included.

A separate sub-account shall be maintained for each class and series of stock showing the number of shares authorized by the articles of incorporation and amendments thereto, the number of shares issued, the number reacquired and canceled, the number outstanding, and the book liability therefor.

When capital stock is retired and canceled this account shall be charged with the amount at which such stock is carried in this account. In the case of non par stock the amount to be charged hereto shall be the proportion, applicable to the reacquired shares immediately prior to reacquisition, of the total book liability included herein of actually outstanding shares of the particular class and series of stock of which the reacquired shares are a part.

151. LONG-TERM DEBT.—This account shall include the face amount of long-term debt (except indebtedness to associate companies as defined in account 152), maturing more than one year from date of issue, issued or assumed by the company and not retired or canceled.

Include in this account the face amount of mortgage bonds, equipment notes, and other miscellaneous funded obligations.

The account shall be subdivided to show the particulars in respect of each class of long term debt issued and outstanding.

NOTE.—The face amount of serial obligations, any part of which matures more than one year from date of issue, shall be included in this account.

152. INDEBTEDNESS TO ASSOCIATE COMPANIES.—This account shall include advances made by the associate company or companies owning the capital stock of the company. Include in this account the face amount of notes issued and the amount of open accounts representing such advances. The account shall be subdivided to show the amount of (a) Notes and (b) Open Accounts.

NOTE A.—The records supporting the entries to this account shall be so kept that the company can furnish complete information concerning each note or open account.

NOTE B.—Notes and open accounts representing indebtedness subject to current settlement when incurred should be included in accounts 160 and 161, as appropriate.

160. NOTES PAYABLE.—This account shall include the face amount of notes, drafts, and similar evidences of indebtedness (except interest coupons) issued or assumed by the company, which are payable on demand or not more than one year from date of issue. The account shall be subdivided to show the amount of notes payable to (a) banks, (b) associate companies, and (c) others.

NOTE.—The records supporting the entries to this account shall be so kept that the company can furnish complete information concerning each note included in the account.

161. ACCOUNTS PAYABLE.—This account shall include the amount of unpaid vouchers, accrued pay rolls, and open accounts owing to creditors. The accounts shall be subdivided to show the amount of accounts payable owing to (a) associate companies and (b) others.

162. ACCRUED INTEREST.—This account shall include the amount of interest on indebtedness of the company accrued to the date of the balance sheet statement. The account shall be subdivided to show the amount of interest accrued on indebtedness to (a) associate companies and (b) others.

163. ACCRUED TAXES.—This account shall include the amount of unpaid taxes accrued.

164. OTHER CURRENT LIABILITIES.—This account shall include all liabilities of a current character which are not includible in accounts 160 to 163, inclusive.

170. DEFERRED CREDITS.—This account shall include the amount of credit balances in suspense accounts that cannot

be properly disposed of until additional information is available.

180. **RESERVE FOR DEPRECIATION.**—It is the purpose of the reserve to accumulate during the useful life of the property an amount sufficient to write off the book cost, plus cost of removal, less salvage, of all classes of property included in account 100, "Office furniture and miscellaneous equipment expense", and account 227, "Construction equipment."

Credits to this account shall be made in such a way that operations of each year shall bear a proportionate share of the burden.

Debits shall be made in such a way as to accomplish the purpose stated. To the extent that credits are made to this account such amounts shall be included in account 222, "Office furniture and miscellaneous equipment expense", and account 227, "Construction equipment supplies and expense", as may be appropriate.

Any balance which, at the effective date of this system of accounts, the company may be carrying in retirement or depreciation reserves with respect to its property, shall be transferred to this account, and used for the purposes herein provided, subject to such ultimate disposition as the Commission may direct in respect of any excess thereof not required for such purposes.

181. **OTHER RESERVES.**—This account shall include the net balance in each reserve maintained by the company, except reserve for depreciation.

A subdivision of this account shall be provided for each reserve, the title of which shall indicate the purpose for which the reserve is maintained. The amount of each reserve shall be shown in the balance sheet statement.

When a reserve is maintained as a measure of estimated loss expected to be sustained with respect to specific assets such reserve for balance sheet purposes may be deducted at the option of the company, from the book cost of the assets or group of assets to which the reserve relates, provided such assets shall be included at their book cost and the amount of the applicable reserves separately shown. Such reserves as are not deducted from asset accounts shall be shown in the balance sheet statement under account 181, "Other reserves."

The records pertaining to each reserve shall be kept in such manner that the company can readily furnish information in respect of the charges and credits made thereto during each accounting period.

190. **CAPITAL SURPLUS.**—This account shall include the net balance of surplus debits and credits, if any, which are not properly includible in earned surplus.

Include in this account such items as amounts paid in for capital stock over amounts credited to account 150, "Capital stock", in respect of such stock; net gains from reacquisition or resale of the company's stock; surplus arising from donations of the company's stock by stockholders, or from a reduction in the par or stated value of the company's stock; forgiveness of debt of the company; and surplus from other sources which may be properly includible herein.

This account shall be kept in such manner that the company can furnish details as to the nature and amount of the items included.

191. **EARNED SURPLUS.**—This account shall include the balance, if any, in earned surplus account.

INCOME ACCOUNT

INCOME:

- 200. Service rendered at cost.
- 201. Service rendered at other than cost.
- 202. Miscellaneous income.
- Total income.

EXPENSES:

- 210. Salaries.
- 211. Expenses of officers and employees.
- 212. Directors' fees and expenses.
- 213. Legal service—special.
- 214. Engineering service—special.
- 215. Tax service—special.
- 216. Auditing service—special.
- 217. Other service—special.
- 218. Advertising.
- 219. General office and other rents.
- 220. Telephone and telegraph.

EXPENSES—Continued.

- 221. Stationery and printing.
- 222. Office furniture and miscellaneous equipment expense.
- 223. Other office supplies and expenses.
- 224. Insurance.
- 225. Dues and memberships.
- 226. Contributions and donations.
- 227. Construction equipment supplies and expense.
- 228. Other expenses.
- 240. Taxes.
- 241. Interest.
- Total expenses.
- Net Income.
- 250. Income distributed to associate companies.
- 300. Net income balance (to earned surplus).

INCOME ACCOUNTS

Income

200. **SERVICE RENDERED AT COST.**—This account shall include amounts charged by the company to associate or member companies and others for service rendered at cost.

Credits to this account may be made upon an estimated basis which shall conform as nearly as may be possible to actual cost, provided, that at stated intervals adjustment to actual cost shall be made. Such adjustment may be made at intervals during the year, but final adjustment shall be made as of the end of the fiscal year unless circumstances in a particular instance render the adjustment impracticable. Over-charges or under-charges arising from adjustments of estimated to actual cost should be cleared through this account and concurrent adjustments made to other accounts involved.

This account shall be subdivided to show separately the amount billed for (a) recovery of expenses and (b) compensation for the use of capital.

201. **SERVICE RENDERED AT OTHER THAN COST.**—This account shall include amounts charged to clients by the company for service rendered at a price other than cost.

This account shall be subdivided to show separately the amount billed for (a) recovery of expenses, and (b) compensation for the use of capital, and (c) any other component.

202. **MISCELLANEOUS INCOME.**—This account shall include all miscellaneous revenues or income not includible in the foregoing income accounts, such as interest, dividends, and discounts not otherwise applied.

Expenses

GENERAL NOTE.—Records supporting the charges to each expense account shall be kept in such manner that the company can, if so required, report separately the amount of charges included therein representing transactions with (a) associate companies, (b) affiliates other than associate companies, and (c) companies, firms, or individuals that are neither associate companies nor affiliates.

210. **SALARIES.**—This account shall include the pay of all persons in the regular employ of the company.

Include in this account the pay of officers, their assistants, attorneys, engineers, accountants, clerks, stenographers, typists, messengers, telephone operators, and all other employees.

Records supporting the charges to this account shall be kept in such manner as to show, in respect of each department of the company, the employees included thereunder and their respective salaries.

NOTE A.—Special fees paid for legal or other professional service rendered by persons outside the regular staff of the company are not includible in this account. (See accounts 213 to 217, inclusive.)

NOTE B.—Salaries of employees specifically assigned to construction work shall be credited to this account and charged to the construction project involved.

211. **EXPENSES OF OFFICERS AND EMPLOYEES.**—This account shall include expenses of officers and employees whose salaries are charged to account 210, "Salaries."

Include in this account railway, automobile, and other transportation service, meals, lodging, and other incidental expenses, cost of meals incident to overtime work, and other similar items.

Records supporting the charges to this account shall be kept in such manner as to show, in respect of each depart-

ment of the company, the amount of expense of each employee thereof.

NOTE A.—Expenses of employees specifically assigned to construction work shall be credited to this account and charged to the construction project involved.

NOTE B.—This account shall not include expenditures made by officers or employees in behalf of associate companies, or others, which do not represent costs of performing services by the accounting company.

212. DIRECTORS' FEES AND EXPENSES.—This account shall include fees, traveling and other incidental expense payable to directors of the company for attendance at board or committee meetings.

This account shall be kept in such manner that the company can furnish, if required, the amount of fees and the amount of expenses paid to each director.

213. LEGAL SERVICE—SPECIAL.—This account shall include the cost of legal services rendered by firms or individuals outside the company, including other service companies.

Include in this account fees, retainers, and expenses of counsel and attorneys specially employed.

NOTE.—Salaries and expenses of counsel and attorneys in the legal department of the company shall be included respectively in account 210, "Salaries" and account 211, "Expenses of officers and employees."

214. ENGINEERING SERVICE—SPECIAL.—This account shall include the cost of engineering services rendered by firms or individuals outside the company, including other service companies.

Include in this account fees and expenses of engineers specially employed.

NOTE.—Salaries and expenses of engineers in the engineering department of the company shall be included respectively in accounts 210, "Salaries", and account 211, "Expenses of officers and employees."

215. TAX SERVICE—SPECIAL.—This account shall include the cost of service rendered by firms or individuals outside the company, including other service companies, in all matters pertaining to taxes.

Include in this account fees and expenses of tax consultants, experts, accountants, and others specially employed for tax work.

NOTE.—Salaries and expenses of regular employees engaged in tax matters shall be included in account 210, "Salaries", and account 211, "Expenses of officers and employees."

216. AUDITING SERVICE—SPECIAL.—This account shall include the cost of audits or investigations made by firms or individuals outside the company, including other service companies.

Include in this account fees and expenses of auditors, their assistants, and others specially employed for audits or investigations.

NOTE.—Salaries and expenses of auditors and their assistants in the regular employ of the company shall be included respectively in account 210, "Salaries", and account 211, "Expenses of officers and employees."

217. OTHER SERVICE—SPECIAL.—This account shall include the cost of other services rendered by firms or individuals outside the company, including other service companies, not includible in accounts 213 to 216, inclusive.

Include in this account fees and expenses of firms or individuals specially employed for such services.

This account shall be so kept that the company can report the cost of each kind of service.

NOTE.—Salaries and expenses of regular employees of the company shall be included respectively in account 210, "Salaries", and account 211, "Expenses of officers and employees."

218. ADVERTISING.—This account shall include fees paid to advertising agents; cost of printing, publishing, and distributing folders and other advertising matter; advertising in newspapers and periodicals for the purpose of securing business; amounts paid for the use of radio broadcasting facilities for advertising purposes and cost of radio pro-

grams; the amounts paid for advertising through other media.

NOTE A.—No amount for salaries and expenses of regular employees of the company shall be included in this account.

NOTE B.—The cost of publishing corporate and financial notices shall be charged to account 228, "Other expenses."

219. GENERAL OFFICE AND OTHER RENTS.—This account shall include rental for space occupied in buildings for general offices, and other purposes (except for construction), vault and safety-deposit box rents, and rentals for office, laboratory, or other similar equipment.

NOTE.—Rentals for telephone and other communication equipment shall be charged to account 220, "Telephone and telegraph."

220. TELEPHONE AND TELEGRAPH.—This account shall include the cost of telephone and telegraph service, exclusive of salaries of telephone, telegraph, and teletypewriter operators, and other employees engaged in the operation of communication equipment.

Include in this account amounts payable to telephone and telegraph companies for local and long distance service, including charges for the use of private exchange switchboards, teletypewriters, leased or rented lines, and other equipment regularly used by the service company for communication purposes.

NOTE A.—Charges for the use of radio broadcasting facilities for advertising purposes shall be charged to account 218, "Advertising."

NOTE B.—Salaries of telephone, telegraph, and teletypewriter operators and other employees regularly engaged in the operation of communication equipment shall be charged to account 210, "Salaries."

221. STATIONERY AND PRINTING.—This account shall include the cost of stationery and printing, and stationery supplies, except as provided for elsewhere.

NOTE A.—The cost of printing briefs and other legal papers shall be charged to account 228, "Other expenses." The cost of printing signs, posters, and other advertising matter shall be charged to account 218, "Advertising."

NOTE B.—The cost of repairing typewriters, duplicating machines, multigraph machines, and other office appliances shall be charged to account 222, "Office furniture and miscellaneous equipment expense."

222. OFFICE FURNITURE AND MISCELLANEOUS EQUIPMENT EXPENSE.—A. This account shall include the cost of repairs to office furniture and equipment, including calculating machines, typewriters, duplicating machines, multigraph machines, mimeograph machines, and other mechanical office appliances; also cost of repairs to automobiles and other miscellaneous equipment, except automobiles and other equipment used for construction purposes.

This account shall include the cost of items having an expected life in service of not more than one year and not included in account 100, "Office furniture and miscellaneous equipment."

B. This account shall include in an appropriate sub-division thereof, annually, the amount charged to operation for depreciation of property included in account 100, "Office furniture and miscellaneous equipment."

NOTE.—Repairs to and provision for depreciation of equipment used for construction purposes shall be charged to account 227, "Construction equipment supplies and expense."

223. OTHER OFFICE SUPPLIES AND EXPENSES.—This account shall include the cost of office supplies and expenses not chargeable to other accounts.

Include in this account the cost of light and power, fuel, heat, ice, cleaning supplies, and towel service; postage, freight and express charges; books, periodicals, and newspapers; charts, maps; and other similar items; also all office supplies not chargeable elsewhere.

NOTE.—No amount for salaries and expenses of regular employees of the company shall be included in this account.

224. INSURANCE.—This account shall include the cost of commercial insurance to protect the company against losses and damages, except insurance relating to construction activities.

Include in this account premiums paid for fire, fidelity, casualty, burglary, public liability, and property damage, and other forms of insurance coverage; and incidental expenses incurred in connection with procuring insurance.

Recoveries from insurance companies for loss or damage shall be credited to the account chargeable with the loss or damage.

NOTE A.—It is not intended that this account shall include costs incurred by the company in rendering insurance service to an associate company under a contract providing for such service.

NOTE B.—No amount for salaries and expenses of officers and employees in the regular employ of the company shall be included in this account.

NOTE C.—The excess cost (premiums paid, less cash surrender value) of insurance on lives of officers and employees shall be charged to account 228, "Other expenses", when the company is the beneficiary of such insurance. Premiums paid by the company for group life insurance for employees shall also be charged to account 228, "Other expenses."

NOTE D.—Premiums paid for insurance carried in connection with construction activities of the company shall be charged to account 227; "Construction equipment supplies and expense."

225. DUES AND MEMBERSHIPS.—This account shall include, except as prohibited by rules, regulations, or orders of the Commission, initial fees paid by the company for membership in trade or other associations and annual or other periodic dues to such associations for continuing membership therein; also, dues and membership fees assumed and paid by the company on behalf of employees for membership in technical societies or other professional organizations.

226. CONTRIBUTIONS AND DONATIONS.—This account shall include contributions or donations by the company such as contributions or donations to community chests or other community welfare organizations, and contributions or donations having a direct or intimate relation to the welfare of its employees.

NOTE.—The records supporting the charges to this account shall be kept in a manner to show in respect of each contribution or donation, the identity of the organization, institution, or person receiving the contribution or donation, the purpose thereof, and the amount.

227. CONSTRUCTION EQUIPMENT SUPPLIES AND EXPENSE.—This account shall include the cost of supplies and expense, including items having an expected life in service of not more than one year, incurred in connection with the operation and maintenance of equipment used for construction purposes, when the company maintains a construction department devoted to the performance of construction contracts under which the company undertakes to perform construction work for associate companies or others.

Sub-accounts shall be provided on the books of the company to show without further analysis the amount of each of the principal classes of expenditures chargeable to this account, as follows: (a) Operating supplies and expense, (b) repairs and maintenance, (c) provision for depreciation, (d) rentals. Such additional sub-accounts shall be provided as are necessary to disclose a comprehensive analysis of the charges to this account.

The provision for depreciation shall include, annually, such amounts as are charged to operation for depreciation of property included in account 101, "Construction equipment."

NOTE A.—It is not intended that this account shall include expenditures for materials which are directly applied and constitute a physical part of the completed project.

NOTE B.—Salaries and expenses of regular employees of the company shall be included in account 210, "Salaries", and account 211, "Expenses of officers and employees."

228. OTHER EXPENSES.—This account shall include all operating expenses not provided for elsewhere.

Include in this account the cost of printing legal briefs and papers not chargeable to other accounts, losses not covered by insurance, cost of insurance on lives of officers when the company is the beneficiary of such insurance; premiums on group life insurance for employees and other employees' welfare expense; losses from foreign exchange; cost of publishing reports to stockholders, notices of stockholders' meetings, election of directors, and other corporate and financial

notices; and expenses not properly chargeable to other accounts.

240. TAXES.—This account shall include Federal income, capital stock, social security, or other Federal taxes; and State, county, municipal, and other taxing district taxes, applicable to the period for which the income account is stated. Taxes accrued through this account prior to their payment shall be credited to account 163, "Accrued taxes."

This account shall be kept in such manner as to show the amount of each class of taxes.

241. INTEREST.—This account shall include (a) the amount of interest accrued during the period for which the income account is stated on actually outstanding interest bearing obligations of the company, and (b) amortization of long-term debt discount and expense.

NOTE.—Interest expressly provided for and included in the face amount of obligations issued shall be charged at the time of issuance to balance sheet account 120, "Prepayments", and cleared to this account as the term expires to which the interest applies.

Distribution of Income

250. INCOME DISTRIBUTED TO ASSOCIATE COMPANIES.—This account shall include distributions of income to associate companies other than as dividends on capital stock. Dividends on capital stock shall be accounted for as provided in earned surplus account 311, "Dividends."

NOTE.—It is not intended that this account shall include adjustments arising from over-billing or under-billing for services rendered at cost. Such adjustments, if any, should be made in income account 200, "Service rendered at cost."

EARNED SURPLUS ACCOUNT

191. Balance at beginning of period.
300. Net income balance.
305. Other credits to earned surplus.
Total
310. Surplus distributed to associate companies.
311. Dividends.
315. Other debits to earned surplus.
Total
191. Balance at end of period.

Earned Surplus Accounts

300. NET INCOME BALANCE.—This account shall include the net balance resulting from closing at the end of each fiscal year the income primary accounts 200 to 250, inclusive.

305. OTHER CREDITS TO EARNED SURPLUS.—This account shall include all amounts properly creditable to earned surplus not provided for elsewhere.

This account shall be so kept that the company can readily furnish details as to the nature and amount of each item credited to the account.

310. SURPLUS DISTRIBUTED TO ASSOCIATE COMPANIES.—This account shall include such distributions of earned surplus as the company may make to associate companies other than dividends on capital stock.

311. DIVIDENDS.—This account shall include dividends on capital stock actually outstanding.

A sub-account shall be kept for dividends on each class of stock.

315. OTHER DEBITS TO EARNED SURPLUS.—This account shall include all amounts properly chargeable to earned surplus not provided for elsewhere.

This account shall be so kept that the company can readily furnish details as to the nature and amount of each item charged to the account.

[SEAL]

[P. R. Doc. 825—Filed, June 4, 1936; 1:01 p. m.]

United States of America—Before the Securities and Exchange Commission

At a regular session of the Securities and Exchange Commission, held at its office in the City of Washington, D. C., on the 14th day of May 1936.

Commissioners: James M. Landis, Chairman; George C. Mathews, Robert E. Healy, J. D. Ross, William O. Douglas.

IN THE MATTER OF DONALD MONTAGUE & Co., Inc., 120 WALL STREET, NEW YORK, NEW YORK.

ORDER SUSPENDING REGISTRATION PURSUANT TO RULE MA5

The registration of Donald Montague & Co., Inc., as a broker or dealer on the over-the-counter markets having come on for hearing before the Commission upon the question of revocation or suspension; and the Commission having entered its opinion and findings of fact in the matter, and being of the opinion that it is in the public interest and for the protection of investors to suspend the said registration;

It is ordered, pursuant to Rule MA5 (a) (2) (iv), that the registration of Donald Montague & Co., Inc., as a broker or dealer on the over-the-counter markets, be and the same is hereby suspended until further order of the Commission.

By the Commission.

[SEAL]

FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 835—Filed, June 5, 1936; 12:27 p. m.]

SECURITIES EXCHANGE ACT OF 1934

[Release No. 718]

The Securities and Exchange Commission finding that Rule JB4, as herein amended, will provide disclosure fully adequate in the public interest and for the protection of investors, and that such rule is necessary for the exercise of the functions vested in the Commission, pursuant to authority conferred upon it by the Securities Exchange Act of 1934, particularly Sections 12, 13, and 23 (a) thereof, hereby amends Rule JB4 to read as follows:

RULE JB4. Incorporation by reference.—(a) An issuer may incorporate by reference as an exhibit in any application or report filed with the Commission any document or part thereof previously or concurrently filed with the Commission pursuant to any Act administered by the Commission, and it may incorporate by reference as an exhibit in any application or report filed with an exchange any document or part thereof previously or concurrently filed with such exchange. The incorporation may be made whether the matter incorporated was filed by the issuer or any other person. If any modification has occurred in the text of any such document since the filing thereof, the issuer shall file with the reference a statement containing the text of any such modification and the date thereof. If the number of copies of any document previously or concurrently filed with the Commission or with the exchange is less than the number required to be filed with the application or report which incorporates such document, the issuer shall file therewith as many additional

copies of the document as may be necessary to meet the requirements of the application or report.

(b) An issuer may incorporate by reference in any application or report filed with the Commission any financial statement or part thereof previously or concurrently filed with the Commission pursuant to any Act administered by the Commission, if it substantially conforms to the requirements of the form on which such application or report is filed. An issuer may incorporate by reference in any application or report filed with an exchange any financial statement or part thereof previously or concurrently filed with such exchange pursuant to the Securities Exchange Act of 1934, if it substantially conforms to the requirements of the form on which such application or report is filed. The incorporation may be made whether the matter incorporated was filed by the issuer or any other person. If a certificate of an independent public or independent certified public accountant or accountants is required to accompany a financial statement in any application or report, the incorporation by reference of a certificate previously or concurrently filed will not be deemed a compliance with such requirement unless the written consent of the accountant or accountants to such incorporation is filed with the application or report.

(c) In case securities of an issuer are registered as listed securities on a national securities exchange otherwise than on Form 2, 3, or 7, such issuer may, in its application for the registration on the same exchange of additional securities (whether of the same or a different class), incorporate by reference, in whole but not in part, any item contained in any application pursuant to which such prior registration is effective.

(d) In each case of incorporation by reference, the matter incorporated shall be clearly identified in the reference. An express statement shall be made to the effect that the specified matter is incorporated in the application or report at the particular place where the information is required.

(e) Notwithstanding any particular provision permitting incorporation by reference, no application or report shall incorporate by reference any exhibit or financial statement which (1) has been withdrawn, or (2) was filed in connection with the registration on a national securities exchange of, or any report with respect to, securities the registration of which has ceased to be effective, or (3) is contained in a registration statement subject, at the time of filing the application or report, to pending proceedings under Section 8 (b) or 8 (d) of the Securities Act of 1933 or to an order entered under either of those sections.

(f) Notwithstanding any particular provision permitting incorporation by reference, the Commission or exchange may refuse to permit such incorporation in any case in which in its judgment such incorporation would render the application or report incomplete, unclear, or confusing.

The foregoing amendment shall be effective immediately upon publication, provided that any application or report filed with the Commission on or before July 6, 1936, need comply only with the requirements of Rule JB4 as in effect prior to this amendment.

[SEAL]

[F. R. Doc. 836—Filed, June 5, 1936; 12:27 p. m.]

