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Washington, Friday, August 21, 1936

PRESIDENT OF THE UNITED STATES.

EXECUTIVE ORDER

AMENDMENT OF EXECUTIVE ORDER NO. 7164, OF AUGUST 29, 1935, PRESCRIBING RULES AND REGULATIONS RELATING TO STUDENT-AID PROJECTS AND TO EMPLOYMENT OF YOUTH ON OTHER PROJECTS UNDER THE EMERGENCY RELIEF APPROPRIATION ACT OF 1935

Amendment to Regulation No. 7

By virtue of and pursuant to the authority vested in me by the Emergency Relief Appropriation Act of 1935, approved April 8, 1935 (49 Stat. 115), and the Emergency Relief Appropriation Act of 1936, approved June 22, 1936 (Pub. No. 739, 74th Cong., 2nd Sess.), section 5 of Regulation No. 7, prescribed by Executive Order No. 7164 of August 29, 1935, and made applicable to the said Emergency Relief Appropriation Act of 1936 by Executive Order No. 7396 of June 22, 1936,[1] is hereby amended to read as follows:

5. *Employment of Youth on Projects.* The maximum and minimum hours of work, the conditions of employment and the monthly earnings to be paid young persons eligible for benefits under the National Youth Administration and employed on projects of the National Youth Administration (other than student-aid projects) and on projects of the Works Progress Administration shall be determined by the Works Progress Administration: *Provided, however,* that the monthly earnings applicable to part-time employment of such young persons shall not exceed fifty per centum (50%) of the schedule of monthly earnings as set forth in Executive Order No. 7046, dated May 20, 1935, and amendments thereto.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE
August 18, 1936.

[No. 7433]

[F. R. Doc. 1833—Filed, August 20, 1936; 12:01 p. m.]

EXECUTIVE ORDER

REVOCATION OF EXECUTIVE ORDER NO. 6123 OF MAY 2, 1933, WITHDRAWING PUBLIC LANDS

Colorado

By virtue of and pursuant to the authority vested in me by the act of June 25, 1910, ch. 421, 36 Stat. 847, as amended by the act of August 24, 1912, ch. 369, 37 Stat. 497, Executive Order No. 6123 of May 2, 1933, withdrawing public lands in T. 4 N., R. 78 W. of the sixth principal meridian, Colorado, pending a resurvey, is hereby revoked.

This order shall become effective upon the date of the official filing of the plat of resurvey of said township.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE
August 18, 1936.

[No. 7434]

[F. R. Doc. 1832—Filed, August 20, 1936; 12:01 p. m.]

EXECUTIVE ORDER

ESTABLISHING WINNEMUCCA MIGRATORY BIRD REFUGE

Nevada

By virtue of and pursuant to the authority vested in me as President of the United States and by the act of June 25, 1910, ch. 421, 36 Stat. 847, as amended by the act of August 24, 1912, ch. 369, 37 Stat. 497, and in order to effectuate further the purposes of the Migratory Bird Conservation Act (45 Stat. 1222), it is ordered that the public lands within the following-described area, together with all lands of the United States within the meander line of Winnemucca Lake and east of the eastern boundary of the Pyramid Lake Indian Reservation, be, and they are hereby, withdrawn from settlement, location, sale, or entry and reserved and set apart for the use of the Department of Agriculture, subject to valid existing rights, as a refuge and breeding ground for migratory birds and other wildlife: *Provided,* That upon the termination of any private right to, or appropriation of, any public lands within the exterior limits of the area described in this order, such lands shall become a part of the refuge:

MOUNT DIABLO MERIDIAN

Tps. 24 and 25 N., R. 23 E., all east of the Pyramid Lake Indian Reservation;
T. 27 N., R. 23 E.,
secs. 2, 11, and 14,
secs. 15, 22 and 23, all east of the Pyramid Lake Indian Reservation;
T. 28 N., R. 23 E.,
sec. 12, lots 3 to 6, inclusive, NE¼SW¼, SW¼SW¼, and NW¼SE¼;
sec. 13, all;
sec. 14, lot 1, NE¼SE¼, and SW¼SE¼;
sec. 23, lots 1 to 4, inclusive, and NE¼SW¼;
sec. 26, all;
sec. 35, lots 1, 2, 4, and 5, E½NW¼, and NE¼SW¼.
T. 24 N., R. 24 E.,
sec. 4, W½W½;
secs. 5 and 8;
sec. 9, W½W½;
sec. 16, W½W½;
secs. 17 and 19;
sec. 20, lots 1 and 2, SE¼NW¼, and N½SW¼;
sec. 30, all.

[1] 1 F. R. 761.

FEDERAL REGISTER

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T. 25 N., R. 24 E.,
sec. 5, lots 2 to 6, inclusive, SW¼NE¼, and W½SE¼;
sec. 8, lots 1 to 4, inclusive, W½NE¼, NE¼SW¼, and W½SE¼;
sec. 17, lots 1 to 4, inclusive, NW¼NE¼, S½NE¼, and E½SE¼;
sec. 20, all;
sec. 21, W½W½;
sec. 28, W½W½;
secs. 29 and 32;
sec. 33, W½W½.
T. 26 N., R. 24 E.,
sec. 4, lots 3 and 4;
sec. 5, lots 1 to 4, inclusive;
sec. 7, lot 1;
sec. 8, lots 1 to 4, inclusive; and E½SW¼;
sec. 17, lots 1, 2, and 3, N½NW¼, and SE¼NW¼;
sec. 18, all;
sec. 20, lots 1 to 4, inclusive;
sec. 29, lots 1 to 4, inclusive;
sec. 32, lots 1 to 5, inclusive, and NE¼SE¼.
T. 27 N., R. 24 E.,
sec. 4, lots 3 to 6, inclusive;
secs. 5 and 8;
sec. 16, lots 1, 2, and 3;
secs. 17 and 21;
sec. 22, lots 1, 2, and 3;
sec. 27, lots 1 to 4, inclusive;
sec. 33, lots 1 and 2;
sec. 34, lots 1 and 2.
T. 28 N., R. 24 E.,
sec. 16, lots 1 and 2;
sec. 17, lots 1 to 4, inclusive;
sec. 18, all;
sec. 21, lots 1 to 4, inclusive;
sec. 28, lots 1 to 4, inclusive;
sec. 33, lots 1 to 4, inclusive.

The greater part of the land herein reserved has been withdrawn for reclamation purposes in connection with the Newlands Irrigation Project and is primarily under the jurisdiction of the Department of the Interior. The reservation of such lands as a migratory bird refuge is subject to the use thereof by said Department for irrigation and other incidental purposes.

The reservation made by this order supersedes as to such of the above-described lands as are affected thereby the temporary withdrawal for classification and other purposes made by Executive Order No. 6910 of November 26, 1934, as amended.

This refuge shall be known as the Winnemucca Migratory Bird Refuge.

FRANKLIN D ROOSEVELT

THE WHITE HOUSE,
Aug. 19, 1936.

[No. 7435]

[F. R. Doc. 1831—Filed, August 20, 1936; 12 m.]

TREASURY DEPARTMENT.

Bureau of Customs.

[T. D. 48486]

CUSTOMS REGULATIONS AMENDED—DRAWBACK

ARTICLE 1031, CUSTOMS REGULATIONS OF 1931, AMENDED TO COVER MAIL EXPORTATIONS OF DRAWBACK MERCHANDISE FROM POST OFFICE AT A POINT WHERE NO CUSTOMS OFFICER IS STATIONED

AUGUST 15, 1936.

To Collectors of Customs and Others Concerned:

Pursuant to the authority contained in Section 251, Revised Statutes (U. S. C., title 19, sec. 66), Section 313 (i) U. S. C., title 19, sec. 1313 (i) and Section 624 (U. S. C., title 19, sec. 1624) of the Tariff Act of 1930, Article 1031 of the Customs Regulations of 1931 is hereby amended by redesignating paragraph (b) as paragraph (c) and by adding the following new paragraph (b):

(b) Where it is desired to export merchandise with benefit of drawback, through the mails, from a post office located at a point where no customs officer is stationed, the exporter shall advise the Bureau to that effect, and request that the necessary arrangements be made with the Post Office Department for official inspection and supervision of mailing of such merchandise. Upon receipt by the exporter of notification from the Bureau that the local postmaster has been furnished with instructions regarding the procedure to be followed in such cases, the merchandise, together with Notices of Intent, may be presented to such postmaster. One extra copy of each Notice of Intent shall be filed with the postmaster and may be retained as a part of his official records. Exporters will advise the postmaster of the port to which the Notices of Intent are to be forwarded by him for use by the collector of customs in liquidating the drawback entry.

[SEAL] FRANK DOW,
Acting Commissioner of Customs.

Approved, August 15, 1936.

JOSEPHINE ROCHE,
Acting Secretary of the Treasury.

[F. R. Doc. 1826—Filed, August 20, 1936; 10:59 a. m.]

Bureau of Internal Revenue.

[T. D. 4677]

INCOME TAX

REVENUE ACT OF 1936

Regulations under sections 112 (b) (6) and 113 (a) (15), relating to nonrecognition of gain or loss upon receipt by corporation of property, and basis of property, distributed in complete liquidation of another corporation

To Collectors of Internal Revenue and Others Concerned:

PARAGRAPH A. Section 112 (b) (6) (Title I—Income Tax) of the Revenue Act of 1936, approved June 22, 1936 (Public, No. 740, seventy-fourth Congress, second session), provides:

SEC. 112. *Recognition of Gain or Loss.*—

* * * * *

(b) *Exchanges Solely in Kind.*—

* * * * *

(6) *Property received by corporation on complete liquidation of another.*—No gain or loss shall be recognized upon the receipt by a corporation of property distributed in complete liquidation of another corporation. For the purposes of this paragraph a distribution shall be considered to be in complete liquidation only if—

(A) the corporation receiving such property was, on the date of the adoption of the plan of liquidation, and has continued to be at all times until the receipt of the property, the owner of stock (in such other corporation) possessing at least 80 per centum of the total combined voting power of all classes of stock entitled to vote and the owner of at least 80 per centum of the total number of shares of all other classes of stock (except nonvoting stock which is limited and preferred as to dividends), and was at no time on or after the date of the adoption of the plan of liquidation and until the receipt of the property the owner of a greater percentage of any class of stock than the percentage of such class owned at the time of the receipt of the property; and

(B) no distribution under the liquidation was made before the first day of the first taxable year of the corporation beginning after December 31, 1935; and either

(C) the distribution is by such other corporation in complete cancellation or redemption of all its stock, and the transfer of all the property occurs within the taxable year; in such case the adoption by the stockholders of the resolution under which is authorized the distribution of all the assets of such corporation in complete cancellation or redemption of all its stock, shall be considered an adoption of a plan of liquidation, even though no time for the completion of the transfer of the property is specified in such resolution; or

(D) such distribution is one of a series of distributions by such other corporation in complete cancellation or redemption of all its stock in accordance with a plan of liquidation under which the transfer of all the property under the liquidation is to be completed within three years from the close of the taxable year during which is made the first of the series of distributions under the plan, except that if such transfer is not completed within such period, or if the taxpayer does not continue qualified under subparagraph (A) until the completion of such transfer, no distribution under the plan shall be considered a distribution in complete liquidation.

If such transfer of all the property does not occur within the taxable year the Commissioner may require of the taxpayer such bond, or waiver of the statute of limitations on assessment and collection, or both, as he may deem necessary to insure, if the transfer of the property is not completed within such three-year period, or if the taxpayer does not continue qualified under subparagraph (A) until the completion of such transfer, the assessment and collection of all income, war-profits, and excess-profits taxes then imposed by law for such taxable year or subsequent taxable years, to the extent attributable to property so received. A distribution otherwise constituting a distribution in complete liquidation within the meaning of this paragraph shall not be considered as not constituting such a distribution merely because it does not constitute a distribution or liquidation within the meaning of the corporate law under which the distribution is made; and for the purposes of this paragraph a transfer of property of such other corporation to the taxpayer shall not be considered as not constituting a distribution (or one of a series of distributions) in complete cancellation or redemption of all the stock of such other corporation, merely because the carrying out of the plan involves (i) the transfer under the plan to the taxpayer by such other corporation of property, not attributable to shares owned by the taxpayer, upon an exchange described in paragraph (4) of this subsection, and (ii) the complete cancellation or redemption under the plan, as a result of exchanges described in paragraph (3) of this subsection, of the shares not owned by the taxpayer.

PAR. B. Section 113 (a) (15) of the Revenue Act of 1936 provides:

SEC. 113. *Adjusted Basis for Determining Gain or Loss.*—

(a) *Basis (Unadjusted) of Property.*—The basis of property shall be the cost of such property; except that—

* * * * *

(15) *Property received by a corporation on complete liquidation of another.*—If the property was received by a corporation upon a distribution in complete liquidation of another corporation within the meaning of section 112 (b) (6), then the basis shall be the same as it would be in the hands of the transferor.

Pursuant to the provisions of section 62 of the Revenue Act of 1936, the following regulations are hereby prescribed with respect to sections 112 (b) (6) and 113 (a) (15) of the Act:

ARTICLE 1. *Distributions in liquidation of subsidiary corporation.*—(a) *General.*—Under the general rule prescribed by section 115 (c) of the Act for the treatment of distributions in liquidation of a corporation, amounts received by one corporation in complete liquidation of another corporation are treated as in full payment in exchange for stock in such other corporation, and gain or loss from the receipt of such amounts is to be determined as provided in section 111 of the Act. The scope of this treatment is governed by the meaning of the term "amounts distributed in complete liquidation of a corporation" as used in section 115 (c) of the Act. Section 112 (b) (6) of the Act excepts from the general rule property received, under certain specifically described circumstances, by one corporation as a distribution in complete liquidation of another corporation and provides for the nonrecognition of gain or loss in those cases which meet the statutory requirements. Section 112 (i) of the Act places a limitation on the application of section 112 (b) (6) of the Act in the case of foreign corporations.

(b) *Requirements for nonrecognition of gain or loss.*—The nonrecognition of gain or loss is limited to the receipt of such property by a corporation which is the actual owner

of stock (in the liquidating corporation) possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote and the owner of at least 80 percent of the total number of shares of all other classes of stock (except nonvoting stock which is limited and preferred as to dividends). The Act expressly requires that the recipient corporation must have been the owner of the specified amount of such stock on the date of the adoption of the plan of liquidation and have continued so to be at all times until the receipt of the property. The Act also expressly requires that the recipient corporation shall, at no time on or after the date of the adoption of the plan and until the receipt of the property, be the owner of a greater percentage of any class of stock than the percentage of such class owned at the time of the receipt of the property. If the recipient corporation does not continue qualified with respect to the ownership of stock of the liquidating corporation and if the failure to continue qualified occurs at any time prior to the completion of the transfer of all the property, the provisions for the nonrecognition of gain or loss do not apply to any distribution received under the plan.

The provisions of section 112 (b) (6) of the Act do not apply to any liquidation if any distribution in pursuance thereof has been made before the first day of the first taxable year of the recipient corporation beginning after December 31, 1935. Section 112 (b) (6) of the Revenue Act of 1934, as added by section 110 of the Revenue Act of 1935, relating to the nonrecognition of gain or loss in the case of liquidations begun after August 30, 1935, is inoperative and does not apply to any liquidation, regardless of when it was made.

To constitute a distribution in complete liquidation within the meaning of section 112 (b) (6) of the Act, the distribution must be (a) made by the liquidating corporation in complete cancellation or redemption of all its stock in accordance with a plan of liquidation or (b) one of a series of distributions in complete cancellation or redemption of all its stock in accordance with a plan of liquidation. It is essential that a status of liquidation exist at the time the first distribution is made under the plan and that such status continue to the date of dissolution of the corporation. A status of liquidation exists when the corporation ceases to be a going concern and its activities are merely for the purpose of winding up its affairs, paying its debts, and distributing any remaining balance to its shareholders. A liquidation may be completed prior to the actual dissolution of the liquidating corporation but no liquidation is completed until the liquidating corporation and the received or trustees in liquidation are finally divested of all the property (both tangible and intangible).

If a transaction constitutes a distribution in complete liquidation within the meaning of the Act and satisfies the requirements of section 112 (b) (6) of the Act, it is not material that it is otherwise described under the local law. If a liquidating corporation distributes all of its property in complete liquidation and if pursuant to the plan for such complete liquidation a corporation owning the specified amount of stock in the liquidating corporation receives property constituting amounts distributed in complete liquidation within the meaning of the Act and also receives other property attributable to shares not owned by it, the transfer of the property to the recipient corporation shall not be treated, by reason of the receipt of such other property, as not a distribution (or one of a series of distributions) in complete cancellation or redemption of all of the stock of the liquidating corporation within the meaning of section 112 (b) (6) of the Act, even though for purposes of those provisions in section 112 of the Act relating to reorganizations the amount received by the recipient corporation in excess of its ratable share is regarded as acquired upon the issuance of its stock or securities in a tax-free exchange as described in section 112 (b) (4) of the Act and the cancellation or redemption of the stock not owned by the recipient corporation is treated as occurring as a result of a tax-free exchange described in section 112 (b) (3) of the Act. The application of this paragraph may be illustrated by the following example:

Example.—On July 1, 1936, the M Corporation had outstanding capital stock consisting of 3,000 shares of common stock, par value $100 a share, and 1,000 shares of preferred stock, par value $100 a share, which was limited and preferred as to dividends and had no voting rights. On July 1, 1936, and thereafter until the date of dissolution of the M Corporation, the O Corporation owned 2,500 shares of the common stock of the M Corporation. By a statutory merger consummated on August 1, 1936, pursuant to a plan of liquidation adopted on July 1, 1936, the M Corporation was merged into the O Corporation, the O Corporation under the plan issuing stock which was received by the holders of the stock of the M Corporation not owned by the O Corporation in exchange for their stock in the M Corporation. The receipt by the O Corporation of the properties of the M Corporation is a distribution received by the O Corporation in complete liquidation of the M Corporation within the meaning of section 112 (b) (6) of the Act, and no gain or loss is recognized as the result of the receipt of such properties.

ART. 2. *Liquidations completed within one taxable year.*—If in a liquidation completed within one taxable year, pursuant to a plan of complete liquidation, distributions in complete liquidation are received by a corporation which owns the specified amount of stock in the liquidating corporation and which continues qualified with respect to the ownership of such stock until the transfer of all the property within such year is completed (see article 1 of these regulations), then no gain or loss shall be recognized with respect to the distributions received by the recipient corporation. In such case no waiver or bond is required of the recipient corporation under section 112 (b) (6) of the Act.

ART. 3. *Liquidations covering more than one taxable year.*—If the plan of liquidation is consummated by a series of distributions covering a period of more than one taxable year, the nonrecognition of gain or loss with respect to the distributions in liquidation shall, in addition to the requirements of article 1 of these regulations, be subject to the following requirements:

(a) In order for the distribution in liquidation to be brought within the exception provided in section 112 (b) (6) of the Act to the general rule for computing gain or loss with respect to amounts received in liquidation of a corporation, the entire property of the corporation shall be transferred in accordance with a plan of liquidation, which plan shall include a statement showing the period within which the transfer of the property of the liquidating corporation to the recipient corporation is to be completed. The transfer of all the property under the liquidation must be completed within three years from the close of the taxable year during which is made the first of the series of distributions under the plan.

(b) For each of the taxable years which falls wholly or partly within the period of liquidation, the recipient corporation shall, at the time of filing its return, file with the collector of internal revenue for transmittal to the Commissioner of Internal Revenue a waiver of the statute of limitations on assessment. The waiver shall be executed on such form as may be prescribed by the Commissioner of Internal Revenue and shall extend the period for assessment of all income and profits taxes for each such year to a date not earlier than one year after the last date of the period for assessment of such taxes for the last taxable year in which the transfer of the property of the liquidating corporation to the controlling corporation may be completed in accordance with section 112 (b) (6) of the Act. Such waiver shall also contain such other terms with respect to assessment as may be considered by the Commissioner of Internal Revenue to be necessary to insure the assessment and collection of the correct tax liability for each year within the period of liquidation.

(c) For each of the taxable years which falls wholly or partly within the period of liquidation, the recipient corporation shall file a bond, the amount of which shall be fixed by the Commissioner of Internal Revenue. The bond shall contain all terms specified by the Commissioner of Internal Revenue including provisions unequivocally assur-

ing prompt payment of the excess of income and profits taxes (plus penalty, if any, and interest) as computed by the Commissioner of Internal Revenue without regard to the provisions of sections 112 (b) (6) and 113 (a) (15) of the Act over such taxes computed with regard to such provisions, regardless of whether such excess may or may not be made the subject of a notice of deficiency under section 272 of the Act and regardless of whether it may or may not be assessed. Any bond required under section 112 (b) (6) of the Act shall have such surety or sureties as the Commissioner of Internal Revenue may require. However, see section 1126 of the Revenue Act of 1926, as amended, providing that where a bond is required by law or regulations, in lieu of surety or sureties there may be deposited bonds or notes of the United States. Only surety companies holding certificates of authority from the Secretary of the Treasury as acceptable sureties on Federal bonds will be approved as sureties. The bonds shall be executed in triplicate so that the Commissioner of Internal Revenue, the taxpayer, and the surety or the depository may each have a copy.

Pending the completion of the liquidation, if there is a compliance with paragraphs (a), (b), and (c) of this article and article 1 of these regulations with respect to the nonrecognition of gain or loss, the income and profits tax liability of the recipient corporation for each of the years covered in whole or in part by the liquidation shall be determined without the recognition of any gain or loss on account of the receipt of the distributions in liquidation. In such determination, the basis of the property or properties received by the recipient corporation shall be the basis which such property or properties would have had in the hands of the liquidating corporation with proper adjustments. See sections 113 (a) (15) and 113 (b) of the Act and article 5 of these regulations. However, if the transfer of the property is not completed within the three-year period allowed by section 112 (b) (6) of the Act or if the recipient corporation does not continue qualified with respect to the ownership of stock of the liquidating corporation as required by that section, gain or loss shall be recognized with respect to each distribution and the tax liability for each of the years covered in whole or in part by the liquidation shall be recomputed without regard to the provisions of section 112 (b) (6) or section 113 (a) (15) of the Act and the amount of any additional tax due upon such recomputation shall be promptly paid.

ART. 4. *Distributions in liquidation as affecting minority interests.*—Upon the liquidation of a corporation in pursuance of a plan of complete liquidation, the gain or loss of minority shareholders shall be determined without regard to section 112 (b) (6) of the Act, since it does not apply to that part of distributions in liquidation received by minority shareholders.

ART. 5. *Basis of property received in complete liquidation.*—The basis of property received in complete liquidation, without the recognition of gain or loss as provided in section 112 (b) (6) of the Act, shall be the same as the basis of the property in the hands of the liquidating corporation with proper adjustments as provided in section 113 of the Act. See sections 113 (a) (15) and 113 (b) of the Act.

ART. 6. *Records to be kept and information to be filed with return.*—(a) Permanent records in substantial form shall be kept by every corporation receiving distributions in complete liquidation within the exception provided in section 112 (b) (6) of the Act showing the information required by this article to be submitted with its return. The plan of liquidation must be adopted by each of the corporations parties thereto; and the adoption must be shown by the acts of its duly constituted responsible officers, and appear upon the official records of each such corporation.

(b) For the taxable year in which the liquidation occurs, or, if the plan of liquidation provides for a series of distributions over a period of more than one year, for each taxable year in which a distribution is received under the plan, the recipient shall file with its return a complete statement of all facts pertinent to the nonrecognition of gain or loss, including—

(1) A duly certified copy of the plan for complete liquidation, and of the resolutions under which the plan was adopted and the liquidation was authorized, together with a statement under oath showing in detail all transactions incident to, or pursuant to, the plan.

(2) A list of all the properties received upon the distribution, showing the cost or other basis of such properties to the liquidating corporation at the date of distribution and the fair market value of such properties on the date distributed.

(3) A statement as to its ownership of all classes of stock of the liquidating corporation (showing as to each class the number of shares and percentage owned and the voting power of each share) as of the date of the adoption of the plan of liquidation, and at all times since, to and including the date of the distribution in liquidation, and the cost or other basis of such stock.

[SEAL] CHAS. T. RUSSELL,
Acting Commissioner of Internal Revenue.

Approved, August 18, 1936.

WAYNE C. TAYLOR,
Acting Secretary of the Treasury.

[F. R. Doc. 1828—Filed, August 20, 1936; 10:59 a. m.]

[T. D. 4678]

INCOME TAX

REGULATIONS RELATING TO THE TAXATION OF MUTUAL INVESTMENT COMPANIES UNDER THE REVENUE ACT OF 1936

To Collectors of Internal Revenue and Others Concerned:

PARAGRAPH A. Section 13 (a) of the Revenue Act of 1936 (Public, No. 740, 74th Congress, 2d Session, approved June 22, 1936, 9 p. m.) provides:

SEC. 13. *Normal Tax on Corporations.*—(a) *Definition.*—As used in this title the term "normal-tax net income" means the net income minus the sum of—

(1) *Interest on obligations of the United States and its instrumentalities.*—The credit provided in section 26 (a).

(2) *Dividends received.*—The credit provided in section 26 (b). Such credit shall not be allowed in the case of a mutual investment company, as defined in section 48.

(3) *Dividends paid.*—In the case of a mutual investment company the credit provided in section 27, computed without the benefit of subsection (b) thereof (relating to dividend carry-over).

PAR. B. Section 48 of the Revenue Act of 1936 provides in part:

SEC. 48. *Definitions.*—When used in this title—

* * * * *

(e) *Mutual Investment Companies.*—

(1) *General definition.*—The term "mutual investment company" means any corporation (whether chartered or created as an investment trust, or otherwise), other than a personal holding company as defined in section 351, if—

(A) It is organized for the purpose of, and substantially all of business consists of, holding, investing, or reinvesting in stock or securities; and

(B) At least 95 per centum of its gross income is derived from dividends, interest, and gains from sales or other disposition of stock or securities; and

(C) Less than 30 per centum of its gross income is derived from the sale or other disposition of stock or securities held for less than six months; and

(D) An amount not less than 90 per centum of its net income is distributed to its shareholders as taxable dividends during the taxable year; and

(E) Its shareholders are, upon reasonable notice, entitled to redemption of their stock for their proportionate interests in the corporation's properties, or the cash equivalent thereof less a discount not in excess of 3 per centum thereof.

(2) *Limitations.*—Despite the provisions of paragraph (1) a corporation shall not be considered as a mutual investment company if, subsequent to a date thirty days after the date of the enactment of this Act, at any time during the taxable year—

(A) More than 5 per centum of the gross assets of the corporation, taken at cost, was invested in stock or securities, or both, of any one corporation, government, or political subdivision thereof, but this limitation shall not apply to investments in obligations of the United States or in obliga-

tions of any corporation organized under general Act of Congress if such corporation is an instrumentality of the United States; or

(B) It owned more than 10 per centum of the outstanding stock or securities, or both, of any one corporation; or

(C) It had any outstanding bonds or indebtedness in excess of 10 per centum of its gross assets taken at cost; or

(D) It fails to comply with any rule or regulation prescribed by the Commissioner, with the approval of the Secretary, for the purpose of ascertaining the actual ownership of its outstanding stock.

PAR. C. Section 351 (b) (1) of the Revenue Act of 1936 provides:

SEC. 351. *Surtax on Personal Holding Companies.*—

* * * * *

(b) *Definitions as used in this title*—

(1) The term "personal holding company" means any corporation (other than a corporation exempt from taxation under section 101, and other than a bank, as defined in section 104, and other than a life-insurance company or surety company) if—(A) at least 80 per centum of its gross income for the taxable year is derived from royalties, dividends, interest, annuities, and (except in the case of regular dealers in stock or securities) gains from the sale of stock or securities, and (B) at any time during the last half of the taxable year more than 50 per centum in value of its outstanding stock is owned, directly or indirectly, by or for not more than five individuals. For the purpose of determining the ownership of stock in a personal holding company—(C) stock owned, directly or indirectly, by a corporation, partnership, estate, or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries; (D) an individual shall be considered as owning, to the exclusion of any other individual, the stock owned, directly or indirectly, by his family, and this rule shall be applied in such manner as to produce the smallest possible number of individuals owning, directly or indirectly, more than 50 per centum in value of the outstanding stock; and (E) the family of an individual shall include only his brothers and sisters (whether by the whole or half blood); spouse, ancestors, and lineal descendants.

PAR. D. Section 62 of the Revenue Act of 1936 provides:

SEC. 62. *Rules and Regulations.*—The Commissioner, with the approval of the Secretary, shall prescribe and publish all needful rules and regulations for the enforcement of this title.

Pursuant to the above-quoted provisions of the Revenue Act of 1936 and the provisions of other internal revenue laws, the following regulations are hereby prescribed with respect to mutual investment companies:

ARTICLE 1. *Taxation of mutual investment companies—General.*—If a corporation, as defined in section 1001 of the Act, shows to the satisfaction of the Commissioner of Internal Revenue that it is entitled to the status of a mutual investment company, as defined in section 48 (e) of the Act, it is allowed, under section 13 (a) (3) of the Act, a credit for dividends paid, as provided in section 27 of the Act, computed without the benefit of section 27 (b) of the Act relating to dividend carry-over, but, under section 13 (a) (2) of the Act it is not allowed the credit for dividends received provided in section 26 (b) of the Act. It is also required to keep records satisfactory to the Commissioner of Internal Revenue for the purpose of ascertaining the actual ownership of its outstanding stock. In all other respects a mutual investment company is treated, for purposes of taxation, as any other corporation subject to taxation under the Act.

ART. 2. *Definition of a mutual investment company.*—The term "mutual investment company" means a corporation whether chartered or incorporated, or created under a trust instrument or otherwise, as an investment trust, and whether of the fixed or general management type (other than a personal holding company as defined in section 351 of the Act), which complies with all the conditions prescribed by section 48 (e) of the Act. As to definition of a corporation see section 1001 of the Act.

ART. 3. *Proof of status of a mutual investment company.*—(a) The Act requires that the company must have been organized for the purpose of, and that substantially all of its business must have consisted of, holding, investing, or reinvesting in, stock or securities. It is not sufficient that the corporation is engaged in holding, investing, or reinvesting in, stock or securities. It must have been organized for that purpose, and, throughout the taxable year, operated primarily as a medium through which contributing shareholders are offered centralized management and diversity of investments. If its predominant purpose is to hold, invest or reinvest in, stock or securities, and if substantially all of its business consists of holding, investing, or reinvesting in, such stock or securities, the existence or exercise of incidental powers to engage in other business will not deprive a corporation of classification as a mutual investment company. A finance company, or a company engaged in the business of a dealer in stock or securities, or of a trader in stock or securities for its own account, is not a mutual investment company.

(b) The Act provides that at least 95 percent of the company's gross income for the taxable year must be derived from dividends, interest, and gains from sales or other disposition of stock or securities, and that less than 30 percent of the company's gross income for the taxable year must have been derived from the sale or other disposition of stock or securities held for less than six months. (See section 48 (e) (1) (B) and (C) of the Act.) In determining the percentage of the company's gross income which has been derived from such sources, a loss from the sale or other disposition of stock or securities does not enter into the computation. The determination of the period for which stock or securities have been held shall be governed by the provisions of section 117 (c) of the Act in so far as applicable.

(c) The Act provides that an amount not less than 90 percent of the company's net income for the taxable year must have been distributed to its shareholders as taxable dividends during the taxable year. The term "taxable dividends" means dividends (as defined in section 115 of the Act) which are taxable in the hands of such shareholders as are subject to taxation under the Act, and includes the proportionate share of the net earnings of the current year to the date of redemption distributed to the shareholder upon redemption. A taxable dividend is not distributed to its shareholders during the taxable year within the meaning of section 48 (e) (1) (D) of the Act, unless the dividend is received by the shareholders during the taxable year of the company. See article 27–1 of Treasury Decision 4674, approved August 6, 1936 (Int. Rev. Bull. XV–32, 2), relating to surtax imposed by the Act on undistributed profits of corporations.

(d) The Act requires that shareholders must, upon reasonable notice, be entitled at all times during the taxable year to redemption or purchase of their stock for their proportionate interests in the corporation's properties, or the cash equivalent thereof, less a discount not in excess of 3 percent thereof. Redemption within sixty days of written notice is redemption upon reasonable notice, even though subject to exception in case of extraordinary crises.

(e) Corporations are given thirty days after June 22, 1936, the date of the enactment of the Act, within which to comply with the provisions of section 48 (e) (2) of the Act. Although a corporation may be otherwise classified as a mutual investment company, it will not be considered such for any taxable year if at any time (after July 22, 1936) during the taxable year it failed to comply with section 48 (e) (2) of the Act.

ART. 4. *Records to be kept for purpose of ascertaining actual ownership of outstanding stock of mutual investment companies.*—Every mutual investment company shall maintain in the collection district in which it is required to file its income tax return permanent records showing the information relative to the actual owners of its stock contained in the written statements required by these regulations to be demanded from the shareholders. The term "actual owner of stock", as used in these regulations, includes the person who is required to include in gross income in his return the dividends received on the stock. All such records shall be open for inspection, by any duly authorized officer or employee of the Bureau of Internal Revenue, for a period of four years from the end of the taxable year of the company to which they relate.

A mutual investment company shall demand of each of its shareholders (or in the case of a company all or substantially all of the capital stock of which is held by trustees for the purpose of exercising voting rights, such company shall demand of each of the registered holders of certificates of

beneficial interest in the company) on or before the payment of any dividend made after thirty days from the date these regulations are approved, a written statement giving (1) the name and address of the actual owner, or the names and addresses of the actual owners, of the stock with respect to which the dividend is payable, (2) the name and address of the person who executes the statement, and (3) the number of shares to which the statement pertains, or if the statement is made by the actual owner or his agent, the total number of shares actually owned by such person.

At the time the first demand is made after the expiration of thirty days from the date this regulation is approved, a like statement shall be demanded as of the date of payment of any prior dividends paid within the taxable year.

ART. 5. *Records to be kept for purpose of determining whether a company claiming to be a mutual investment company is a personal holding company.*—For the purpose of determining whether a company claiming to be a mutual investment company is a personal holding company as defined in section 351 of the Act, the permanent records of the company shall show the additional information required by these regulations disclosing the maximum number of shares actually owned by each person at any time during the last half of the company's taxable year (in the case of an individual actual owner, information also giving, to the best of his knowledge and belief, the names and addresses of, and the maximum number of shares actually owned by each member of his family (as defined in section 351 (b) (1) of the Act) at any time during the last half of the company's taxable year, and in case the actual owner is a corporation, partnership, estate, or trust, information also giving the names and addresses and the proportionate interests of such shareholders, partners, or beneficiaries, who had beneficial interests to the extent of at least 10 percent at any time during the last half of the mutual investment company's taxable year). Statements giving such additional information shall be demanded not later than thirty days after the close of the company's taxable year, as follows:

(1) in the case of a company having 2,000 or more actual owners of its stock on any dividend payment date, as disclosed by statements received in response to demands made by the company as provided in article 3, from each person so disclosed or known to the company as the actual owner of 5 percent or more of its stock; or

(2) in the case of a company having less than 2,000 and more than 200 actual owners of its stock as so disclosed, from each person so disclosed or known to the company as actually owning 1 percent or more of its stock; or

(3) in the case of a company having 200 or less actual owners of its stock from each person who is the actual owner of one-half of 1 percent or more of its stock.

ART. 6. *Additional information required in returns of shareholders.*—Any person who fails or refuses to comply with the demand of a mutual investment company for the written statements which articles 3 and 4 above require the company to demand from its shareholders shall submit as a part of the income tax return required by the Act of such person a statement showing, to the best of his knowledge and belief—

(1) the number of shares actually owned by him at any and all times during the period for which the return is filed in any company claiming to be a mutual investment company;

(2) the dates of acquisition of any such stock during such period and the names and addresses of persons from whom it was acquired;

(3) the dates of dispositions of any such stock among such period and the names and addresses of the transferees thereof;

(4) the names and addresses of the members of his family, as defined in section 351 of the Act relating to personal holding companies; and the maximum number of shares, if any, actually owned by each in any company claiming to be a mutual investment company, at any time during the last half of the taxable year of such company;

(5) the names and addresses of any corporation, partnership, association, or trust in which he had a beneficial interest to the extent of at least 10 percent at any time during the period for which such return is made, and the number of shares of any company claiming to be a mutual investment company actually owned by each; and

(6) the amount and date of receipt of each dividend received during such period from every company claiming to be a mutual investment company.

When making demand for the written statements required of each shareholder under these regulations, the company shall inform each of the shareholders of his duty to submit as a part of his income tax return the statements which are required by the preceding paragraph if he fails or refuses to comply with such demand. A list of the persons failing or refusing to comply in whole or in part with a company's demand shall be maintained as a part of its records required by these regulations. A company which fails to keep such records to show the actual ownership of its outstanding stock as are required by these regulations, or which may be required from time to time by any rule or regulation prescribed by the Commissioner, with the approval of the Secretary, for such purpose, shall not be taxable as a mutual investment company.

Nothing in these regulations shall be construed to relieve mutual investment companies or their shareholders from the duty of filing information returns required by regulations prescribed under sections 147 and 148 of the Act.

[SEAL] CHAS. T. RUSSELL,
Acting Commissioner of Internal Revenue.

Approved, August 18, 1936.

WAYNE C. TAYLOR,
Acting Secretary of the Treasury.

[F. R. Doc. 1827—Filed, August 20, 1936; 10:59 a. m.]

DEPARTMENT OF AGRICULTURE.

Agricultural Adjustment Administration.

N.E.R.—B-2—Maine (Maine—Amendment No. 2)
Issued August 19, 1936

1936 AGRICULTURAL CONSERVATION PROGRAM—NORTHEAST REGION

BULLETIN NO. 2—AMENDMENT NO. 11

Soil-Building Practices—Maine, Amendment No. 2

Pursuant to the authority vested in the Secretary of Agriculture under Section 8 of the Soil Conservation and Domestic Allotment Act, Northeast Region Bulletin No. 2,[1] as amended, for the State of Maine is, in respect to its application to the State of Maine, amended as follows:

(1) The section of such bulletin entitled "Applying Lime and Superphosphate in Preparation for Seeding Grasses and Legumes" is amended by inserting the word "or" after paragraph 8 of such section and by adding to such section the following new paragraphs as paragraphs 9 and 10, respectively:

Payment Per Acre

9. 500 pounds of ground limestone: $1.00; or
10. 1,000 pounds of ground limestone: $2.00.

(2) There is hereby added to such bulletin after the section entitled "Fencing Livestock Out of Farm Woodlots" the following new section as section VIII (with a reference in such section VIII to footnote 1 of such bulletin):

VIII. *Improving Soil-Conserving Crops in Orchards and Vineyards by the Use of Nitrogen:*

Payment Per Acre

Applying, between March 1, 1936, and December 1, 1936, not less than 200 pounds of 16-percent nitrate of soda, or its equivalent,[1] per acre over the entire acreage of any orchard or vineyard interplanted to soil-conserving crops, and leaving such interplanted soil-conserving crops in their entirety on the land: $1.00.

[1] 1 F. R. 809.

In testimony whereof, W. R. Gregg, Acting Secretary of Agriculture, has hereunto set his hand and caused the official seal of the Department of Agriculture to be affixed in the City of Washington, District of Columbia, this 19th day of August 1936.

[SEAL] W. R. GREGG, *Acting Secretary.*

[F. R. Doc. 1829—Filed, August 20, 1936; 11:54 a. m.]

N. E. R.—B-2—Vermont (Vermont—Amendment No. 2)
Issued August 19, 1936

1936 AGRICULTURAL CONSERVATION PROGRAM—NORTHEAST REGION

BULLETIN NO. 2—AMENDMENT NO. 12

Soil-Building Practices—Vermont, Amendment No. 2

Pursuant to the authority vested in the Secretary of Agriculture under Section 8 of the Soil-Conservation and Domestic Allotment Act, Northeast Region Bulletin No. 2,[1] as amended, for the State of Vermont is, in respect to its application to the State of Vermont, amended by adding after the section of such bulletin entitled "Fencing Livestock Out of Farm Woodlots" the following new section as Section VII (with a reference in such section VII to footnote 1 of such bulletin):

VII. *Improving Soil-Conserving Crops in Orchards and Vineyards by the Use of Nitrogen:*

Payment Per Acre

Applying, between March 1, 1936, and December 1, 1936, not less than 200 pounds of 16-percent nitrate of soda, or its equivalent,[1] per acre over the entire acreage of any orchard or vineyard interplanted to soil-conserving crops, and leaving such interplanted soil-conserving crops in their entirety on the land: $1.00.

In testimony whereof, W. R. Gregg, Acting Secretary of Agriculture, has hereunto set his hand and caused the official seal of the Department of Agriculture to be affixed in the City of Washington, District of Columbia, this 19th day of August 1936.

[SEAL] W. R. GREGG, *Acting Secretary.*

[F. R. Doc. 1830—Filed, August 20, 1936; 11:54 a. m.]

FEDERAL EMERGENCY ADMINISTRATION OF PUBLIC WORKS.

[Administrative Order No. 79 (Supplement 10)]

GRANTS—E. R. A., 1935

AUGUST 15, 1936.

1. Paragraph 2 of Administrative Order No. 79 (Supplement 8), dated May 19, 1936,[2] is hereby amended so as to read as follows:

2. *15% Advance (optional).*—(a) At any time after the acceptance by the Grantee of an offer from the Public Works Administration to aid in financing the construction of a project, the Grantee may request an advance on account of the grant not to exceed 15% of the previously approved estimated cost of the project. This advance grant may be used for paying architectural, engineering, and planning fees, costs of surveys, borings, and other preliminary investigations, costs of preparation of plans, specifications, and other forms of proposed contract documents, and costs of advertisements for bids for contracts and the printing of the Bonds, but not in payment for legal fees or for the acquisition of lands, easements, or rights of way.

(b) In justifiable cases where the progress of the work will be delayed due to insufficient funds, the Grantee may request the Administrator to permit the use for construction purposes of a portion of the advance grant requisitioned. The State Director shall submit his recommendation as to the proper disposition of such a request.

2. This Order is issued under authority of Executive Order No. 7064 of June 7, 1935.

HAROLD L. ICKES, *Administrator.*

[F. R. Doc. 1824—Filed, August 20, 1936; 10:02 a. m.]

[1] 1 F. R. 309.
[2] 1 F. R. 495.

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 15th day of August A. D. 1936.

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

[Docket No. 2681]

IN THE MATTER OF JOHN J. KANE, TRADING AS LAPEP BEVERAGE COMPANY

ORDER APPOINTING EXAMINER AND FIXING TIME AND PLACE FOR TAKING TESTIMONY

This matter being at issue and ready for the taking of testimony, and pursuant to authority vested in the Federal Trade Commission, under an Act of Congress (38 Stat. 717; 15 U. S. C. A., Section 41);

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

It is further ordered, that the taking of testimony in this proceeding begin on Monday, August 24, 1936, at nine o'clock in the forenoon of that day (eastern standard time) in room 313 of the Old Post Office Building, Ninth Street, Philadelphia, Pennsylvania.

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

By the Commission.

[SEAL] OTIS B. JOHNSON, *Secretary.*

[F. R. Doc. 1825—Filed, August 20, 1936; 10:31 a. m.]

INTERSTATE COMMERCE COMMISSION.

In the Matter of Security for the Protection of the Public as Provided in the Motor Carrier Act, 1935, and of Rules and Regulations Governing the Filing and Approval of Surety Bonds, Policies of Insurance, Qualifications as a Self-Insurer or Other Securities and Agreements by Motor Carriers and Brokers Subject to the Motor Carrier Act, 1935

Submitted May 13, 1936 Decided August 3, 1936

RULES AND REGULATIONS GOVERNING THE FILING AND APPROVAL OF SURETY BONDS, POLICIES OF INSURANCE, QUALIFICATIONS AS A SELF-INSURER OF OTHER SECURITIES OR AGREEMENTS, PRESCRIBED

John H. Awtry, Edward S. Brashears, J. W. Blood, Theo. F. Behler, C. D. Cass, Jos. C. Colquitt, Chas. E. Cotterill, G. H. Dilla, Peter J. Decker, George M. Eichler, N. Ward Guthrie, Albert M. Hartung, R. C. Hoffman, Jr., Geo. F. Graham, Edward L. Hefron, S. A. Markel, Sterling G. McNees, John M. Meighan, Rembert Marshall, Edgar Watkins, Jr., Edmund W. Wakelee, J. M. Zachara, and *J. N. Campbell* for various motor carriers and parties supporting carriers.

John E. Benton and *Clyde S. Bailey* for National Association of Railroad and Utilities Commissioners; *Daniel de Brier* for Board of Public Utility Commissioners of New Jersey; *Owen B. Hunt* for Commonwealth of Pennsylvania Insurance Commissioner; *Herbert Qualls* for Tennessee Railroad and Public Utilities Commission; and *F. J. Schaaf* for Washington Department of Public Service.

Roy D. Brown, E. T. Buckley, Paul E. Blanchard, Jos C. Colquitt, C. H. McAuley, and *R. D. Rynder* for various shippers.

B. B. Bridge, W. E. Benoy, G. T. Crisp, H. Economidy, Harry Green, H. O. Hirt, Eugene Heusel, Daniel V. Howell, David P. Janes, David J. Kadyk, Paul H. Lacques, S. A. Markel, and *Morris Gewirz* for various insurance companies;

and *R. B. Gwathmey and R. J. Doss* for Atlantic Coast Line Railroad.

Report of the Commission

Division 5, Commissioners Eastman, Lee, and Caskie

By Division 5:

This is an investigation, instituted upon our own motion, into the matter of security for the protection of the public under the Motor Carrier Act, 1935.

A hearing was had and the issues were orally argued. Motor carriers, State Commissions, shippers, and insurance companies were represented individually and by their respective organizations at the hearing and much testimony was offered on their behalf. The Atlantic Coast Line Railroad Company appeared but offered no evidence. A committee of State Commissioners cooperated with us in determining the issues. Some time prior to the hearing, our Bureau of Motor Carriers published a draft of proposed rules concerning this matter for the purpose of eliciting comments and criticisms, which rules are set out in appendix 1. Practically all of the evidence submitted was directed to these proposed rules.

The rules and regulations hereby prescribed cover all motor carrier operations in interstate and foreign commerce (not specifically exempted by the Act), including those conducted solely within any State under a certificate of public convenience and necessity issued by the board of such State. The language of Section 215 of the Act here involved is that no "certificate or permit shall be issued to a motor carrier or remain in force, unless such carrier complies with such reasonable rules and regulations as the Commission shall prescribe" governing security for the protection of the public. The second proviso of Section 206 (a), concerning certificates of public convenience and necessity, is as follows:

And provided further, That this paragraph shall not be so construed as to require any such carrier lawfully engaged in operation solely within any State to obtain from the Commission a certificate authorizing the transportation by such carrier of passengers or property in interstate or foreign commerce between places within such State if there be a board in such State having authority to grant or approve such certificates and if such carrier has obtained such certificates from such board. Such transportation shall, however, be otherwise subject to the jurisdiction of the Commission under this part.

The problem here presented is whether certificates of State boards described in the latter provision are included within those mentioned in Section 215.

It is our opinion that the purpose of the latter provision was to relieve motor carriers who engaged in interstate or foreign commerce wholly between points within a single State, under the authority of a certificate from that State, from the burden of obtaining a further certificate from this Commission; and that this is its sole and only purpose and effect. The specific language of the last sentence of the proviso shows a clear intent to bring the interstate or foreign transportation performed by such carriers under the jurisdiction of this Commission in every other particular. In effect, the quoted provision of Section 206 (a) creates a statutory adoption by this Commission of such State certificates, in lieu of certificates actually issued or to be issued by this Commission. Both constitute valid authority under the Act for motor carrier operation in interstate or foreign commerce and are to be so recognized by this Commission. As such, both may be said to emanate from this Commission and to be embraced within the term "certificate" which, under Section 215, shall not "be issued to a motor carrier or remain in force" unless such carrier complies with the rules and regulations hereby prescribed.

It would be clearly unfair and discriminatory, and would result in an anomalous and indefensible situation to require compliance with such regulations by one interstate motor carrier because he crossed State lines, and relieve another interstate motor carrier from such duty merely because he did not. We are clear that in such matters as public protection, all motor carriers subject to the Act, because of their participation in interstate or foreign commerce, should be compelled to comply with the same requirements, and that the language of the Act as well as the public interest demand the conclusion here reached.

INSURANCE LIMITS

Statistics on loss experience of certain insurance companies on intercity buses and of certain bus companies acting as self-insurers, excluding statistics which are apparently inaccurate, reveal that on public liability losses, that is, for bodily injuries to or the death of any person, the vast majority of individual claims are for $500 or less, that claims over $5,000 range from 0.5 to 1.2 percent of those paid, but that payments on the claims last mentioned range from 18.5 to 45.5 percent of the total. These percentages are based on 10,579 paid claims aggregating $3,086,577 covering a three-year period of country-wide experience. Substantially the same group of companies report that on intercity buses, over a three-year period, 31 accidents occurred in which more than one person was injured, and in which the aggregate cost per accident exceeded $10,000. The largest cost per accident to these companies from the 31 accidents ranged from $14,000 to $49,378, and the average cost per company varied from $12,060 to $25,300.

Data of certain insurance companies and self-insurers relating to bodily injury liability loss experience on so-called long-haul trucks, that is, trucks operated more than 50 miles by common and private carriers, show that most of the individual claims are for $500 or less, that as to some companies no claims over $5,000 have been paid, and that other claims of the size last mentioned ranged from 0.2 to 2.3 percent per company in number but cost from 6.8 to 49.6 percent of the total. These percentages are based on 6,205 paid claims totaling $2,428,629 during a three-year period of country-wide experience, except that the figures of one self-insurer cover a period of two years. The self-insurers and several insurance companies had no claims on accidents involving more than one person in which the aggregate cost per accident exceeded $10,000. However, other insurance companies in this group report that for a two-year period 13 such accidents occurred, the largest cost per accident for the several companies ranging from $13,640 to $42,064, and the average cost per company from $13,639 to $37,532. Much other evidence to the same effect was introduced. The insurance companies' data reflect only losses within the scope of their policies and therefore do not include losses sustained by carriers in excess of the amount of insurance carried. Complete information as to the number of vehicles and the extent of the operations covered by these figures is not available. Apparently, however, from estimates made in connection with most of the data submitted, the annual operations of about 4,500 buses and 20,000 trucks are represented, which, while a minor portion of the industry, nevertheless furnish a good cross-section of experience. It appears that while a negligible percentage of public liability claims cost more than $5,000 each, payments on such claims represent a substantial proportion of the total paid.

The evidence as to property damage liability claims is meager. One insurance agency shows that for a four-year period payments on 208,480 claims from bus operations averaged $9.50 each, three exceeding $1,000 each. Included in these figures are 26,408 baggage loss claims averaging $6.10, two of which exceeded $1,500 each. A group of insurance companies, which carried policies covering about 3,500 trucks used in long-haul operations in 33 States, paid 1,365 property damage liability claims averaging $58 each, of which two exceeded $1,000 each.

The record indicates that insured carriers generally have primary liability insurance in amounts of $5,000 per person and $10,000 per accident, and in some instances $10,000 and $20,000 respectively, and that a considerable number of the larger operators maintain insurance up to amounts as great as or greater than those proposed by the Bureau. Additional insurance is frequently carried in so-called excess policies which cover losses to the extent they exceed the

primary coverage and do not exceed the limits of the excess policies. No evidence is of record as to loss experience on such policies.

Apparently most bus operators are insured. The limits for many of them, especially the smaller ones, are $5,000 per person, $10,000 per accident, and $1,000 property damage. A substantial number of property carriers have insurance within these limits, and many do not have any coverage. The financial responsibility of a substantial number of carriers is very limited, and the security furnished by them pursuant to the requirements of Section 215 will be the major source of compensation for any injuries by them to persons and loss of or damage to property.

The present cost of insurance, when carried, is said to range from about 5 percent of the gross revenue for the larger operators to about 15 percent for the smaller ones. It is urged that the cost of insurance according to the limits proposed by the Bureau will be more than the traffic can bear. Based on the so-called Manual of Rates established by the National Bureau of Casualty and Surety Underwriters, raising the limits as proposed on buses would result in percentage increases in premiums as follows: from $5,000 per person to $10,000, 24 percent; from $5,000 per person and $10,000 per accident, to $10,000 and $50,000, respectively, 59 percent, and to $10,000 and $100,000, respectively, 76 percent; and under the limits proposed on trucks from $5,000 per person and $10,000 per accident to $10,000 and $25,000, respectively, 17 percent. It is pointed out that our rules will be a matter of public knowledge, and that if high limits are imposed they will be reflected to some extent in larger claims, eventually resulting in an increased loss ratio. Most claims, however, are under $1,000, and it is conceded by some respondents that high limits do not necessarily affect such claims. Many of the larger interstate freight carriers are listed in the publication *Official Motor Freight Guide*, and in such listings the amount of insurance carried is generally indicated.

The subject of limits of liability for insurance policies and other forms of security is one to which we have devoted a great deal of thought and as to which not all are of the same mind. We are unanimous in believing that higher limits of liability are desirable. Practical considerations prevent us, for the present, from prescribing such higher limits. One of these features is the expense which will be imposed upon the carriers for the insurance premiums. A large number of carriers have not been protected by any kind of insurance. Some of these are operators who have heretofore been regarded both by themselves and the States as contract carriers, but will be classified as common carriers under the federal act. Many others are operators in States which have no insurance requirements whatever. The expense of furnishing this insurance will therefore prove to be a burden on many small carriers not hitherto borne by them. Moreover, we recognize that other expenses which are and will be new to the carrier's experience will be imposed by this act, such as compiling and filing tariffs, and installing safety devices which have not been previously required.

It is to be expected that it will be possible in the future without undue burden to increase the limits of liability beyond those now prescribed. We anticipate that the insurance companies and the Commission will acquire a broader and more accurate experience on the losses, and that such experience will in time justify a reduction in premium rates. Insurance companies undoubtedly have charged rates which are designed to protect them against all hazards, and have not failed to make their charges amply large to cover these unknown contingencies. Again, the experience of the insurance companies, upon which their rates are based, has included both regulated and unregulated motor vehicles, and it is anticipated that with safer operation which should follow regulation, the losses will decrease, and will be attended by a corresponding decrease in premium rates. We have already begun the collection of statistics bearing on insurance and are taking steps to decrease the hazards which attend motor vehicle transportation. After a period of operation under regulation it is to be anticipated that a more stable condition in the industry will follow, which will enable the motor vehicle operators to purchase insurance for higher limits without undue burden.

Concerning the actual limits which we have adopted, it may be observed that they are comparable to the limits imposed by a large majority of the States. It will be borne in mind that it is likely that in States having higher limits many interstate operators will also be operating intra-state and be required to furnish insurance up to such limits. After considering all the circumstances it is our best judgment that, for the present, the limits hereinafter set forth in the findings are reasonable.

BROKERS

Section 211 (c) imposes upon us the duty to require brokers to furnish a bond or other security in such form and amount as will insure financial responsibility and the supplying of authorized transportation in accordance with contracts, agreements, or arrangements therefor.

At the hearing, discussion was had as to the proposal previously made by the Bureau that the security or bond to be required by the broker should be in the penal sum of $5,000. No objection was heard as to this recommendation and, we are of the opinion that such requirement is reasonable.

CARGO INSURANCE

The American Trucking Associations and a number of individual property carriers and other respondents recommend that cargo insurance be required of all common carriers of property by motor vehicle. It is generally admitted that there is a need for such a requirement and that shippers in general are inadequately protected at present especially in those situations where trucks are the only means of transportation. A truckload may range in value from an amount much less than $1,000, as on low-grade heavy-loading commodities, to an amount over $150,000, as, for example, on silk.

Truck cargo insurance is a form of inland marine insurance and may be secured by either carriers or shippers. The usual policy may cover anything from so-called all-risks to individual hazards. There is no prescribed form of coverage, the policies being written to meet individual needs. The ordinary policy issued to motor carriers covers only the liability of carriers for loss or damage to merchandise in their custody due to certain specific perils or causes, sometimes called road hazards, such as fire, lightning, rise of navigable waters, windstorm, collision or upsets, collapse of bridges, and the stranding, sinking, burning, or collision of ferry boats that may occur while trucks are being transported thereon. There are many risks excluded, such as loss or damage caused by (1) neglect of driver to use all reasonable means to preserve shipments from damage either before or after an accident, (2) poor packing or stowage, or rough handling, (3) leakage, (4) shipments coming in contact with other merchandise, (5) strikes or as a consequence of civil commotions, etc., (6) loss of money, such as cash-on-delivery collections, and (7) loss or damage occurring while trucks are held in the carrier's premises or in buildings in which trucks are usually garaged. In some cases losses due to *hijacking* of trucks are excluded entirely, and in others such losses are excluded while trucks are passing through some particular zone.

The Inland Marine Underwriters Association is composed of 154 member companies which during 1935 wrote approximately 94 percent of the total gross inland marine insurance written in the United States. The following data were submitted by 147 of these companies which wrote 90 percent of the total insurance in 1935: For the period 1933–1935 on motor-truck cargo insurance the total losses paid were $5,834,910.28 on 35,596 individual claims ranging from 10 cents to $28,865, the averages being for 1933, 1934, and 1935, $165.56, $160.94, and $165.68, respectively. The total loss on claims over $2,500 was $1,640,893.16. In 1933, 0.82 percent of the number of claims were for amounts over $2,500, representing 25.8 percent of the loss; in 1934, 0.79 percent of such claims represented 28.8 percent of the loss; and in 1935, 0.92 percent of such claims represented 29.4 percent of the loss.

As the amount of insurance carried limits the liability of the insurance company, the companies were unable to supply information on actual losses.

Another feature which caused us some difficulty was the question of whether to require cargo insurance covering defaults of the common carrier of property. The question involved a construction of the statute. It will be noted that Section 215 deals with two subjects. The section consists of three sentences, the first of which deals with security for the consequences of negligence resulting in bodily injury to or death of persons and for loss or damage to property of others. This kind of insurance is what is commonly known as bodily injury liability and property damage liability and is written by insurance companies commonly described as casualty companies. The last two sentences in the section deal with security for loss, damage, or default in respect to property transported, such insurance is commonly known as cargo insurance. Companies writing cargo insurance ordinarily are not authorized to write casualty insurance. Insurance against defaults represents still another kind of insurance, which is commonly known as fidelity insurance. By defaults we understand is meant misconduct such as failure to transmit collections made by the carrier of C. O. D. shipments, delays in delivery, certain embezzlements of property or money, unauthorized delivery of goods transported under an "order-notify" bill of lading, and the like. It would therefore be the practical result of a requirement for security against defaults, that the carrier of property would be compelled to furnish two policies of insurance covering the two separate classes of risk. Insurance against undefined defaults involves such hazards that many carriers will be unable to procure it at all. It will be noted that in respect to cargo insurance we are vested with a wide discretion, the statute differing in this respect from the provisions of the first sentence of the section. It reads: "the Commission may in its discretion * * * require any such common carrier," etc. We also considered in this respect that many carriers do not furnish the services called C. O. D. service. If a carrier does furnish such service, he must provide by a rule in his tariff for its rendition. Not many tariffs filed with us contain such a rule and it is probable that the larger number of common carriers are not authorized to render this service and do not desire to do so. We also consider that it is within the power of a shipper who desires to have C. O. D. service to require security from the carrier or to procure it at his own expense from an insurance company writing such insurance. For the foregoing reasons we have decided, for the present, to make no provision for insurance against what has been described as defaults.

We have determined to exercise the discretion given by statute by not requiring cargo insurance of carriers of passengers. We recognize that passenger carriers transport a certain amount of property for hire in the form of express, newspapers, excess baggage, etc., and that in certain instances property of this class will be transported in a vehicle other than that in which passengers are transported. We considered requiring cargo insurance covering this transportation, but have decided not to do so at this time for the reasons that no demand for this protection was expressed by any of the parties either at the hearing or in subsequent conferences, that few, if any, States make this requirement, that usually such losses are small in value, and that the passenger carriers as a class have a fairly high degree of financial responsibility, and might safely be looked upon as qualifying as self-insurers to this limited extent. We are of the opinion that, unless and until experience indicates otherwise, no requirement should be made for cargo insurance of this type.

At the hearing a very considerable amount of testimony was offered, and very illuminating briefs have been filed on the subject of shipper's cargo insurance. The plan in question may be briefly summarized as follows: cargo insurance is furnished which protects both the carrier and the shipper, and which covers not only the ordinary features of cargo insurance but certain other hazards as well. The expense of this insurance is divided between the shipper and carrier, and carriers' transportation charges are reduced to that extent. Cases are now pending before the Commission on which this question is raised directly. It is believed desirable to determine this question in a proceeding in which it is made a direct issue rather than in a proceeding of this kind. We will, therefore, not pass upon this question at the present time.

BONDS, INSURANCE POLICIES, FORMS, AND PROCEDURE

It will be noted that our rules do not require the filing with us of the actual policy of insurance but instead require filing only of a certificate of insurance. We deem it desirable to make some explanation of the administrative method contemplated and the reasons for adopting it. We have prescribed a form of endorsement to be attached to policies of insurance issued by insurance companies to motor carriers. This endorsement will describe the insurance coverage which we require and will provide that the endorsement is paramount to any term or condition in the policy or to any other endorsement attached thereto. We regard this endorsement as stating in substance all the coverage which our rules require. We recognize that many conditions and provisions of policies of insurance are proper as between the insurer and the insured, but since the purpose of requiring the insurance is for the protection of the public and since those features which we deem essential for such protection are included in the endorsement, we consider it unnecessary to require the policy itself to be filed with us. We have therefore concluded to adopt a practice which has been inaugurated by other departments of the Government and by some State commissions, in which all that will be required to be filed with us is a certificate from the insurance company, reciting that our prescribed form of endorsement has been attached to a policy of insurance, together with a description of the policy by indicating its effective date and date of termination and parties and number, and the territorial limits which it covers. This certificate, coupled with the requirement that on our request a duplicate original of such policy and all endorsements will be furnished, and the insurance company's acquiescence and specific agreement to such requirements, seems all that is requisite for the protection of the public. The practice is justified by economy in administration, because of the facility with which such certificates may be examined and filed, thus relieving us of the necessity of examining all of the various terms and conditions of policies. The success which has attended the use of such system by other commissions prompts us to adopt this method.

Sections 211 (c) and 215 of the act empower us to prescribe reasonable rules and regulations governing the filing and approval of surety bonds and policies of insurance which we may require as a condition to the issuance of a certificate, permit, or license. As an incident to such filing and approval it is necessary that we set up certain standards as to the acceptability of the contract of insurance and financial responsibility of the issuing company.

The rules and regulations proposed by the Bureau for the approval of bonds and bonding companies are based on the provisions of United States Code, title 6, sections 6–13, called the Corporate Surety Act or the Surety Companies Act. This act is deemed to be applicable to surety companies furnishing bonds required by us. With respect to the approval of surety bonds written by corporate surety companies, we will, in accordance with the laws of the United States, require such bonds to be written by companies authorized thereto by the Treasury Department of the United States.

It is contemplated that the liability in the bond shall be the limit prescribed per vehicle times the number of vehicles, the obligation to be continuous during the life of the bond regardless of payments thereunder. This is a so-called open penalty bond on which the premium, it is claimed, is extremely high, namely, $10 per annum per $1,000 (1%) on the maximum limit of bodily injuries for each vehicle. For example, the rate on a bus covered for $50,000 is $500. The bond merely guarantees payment by the surety if the car-

rier defaults. It is suggested that the public would be adequately protected under a so-called fixed penalty bond for a reasonable amount such as double the limits of insurance prescribed for one accident subject to a maximum obligation of $100,000. Under this bond, the obligation is discharged when the amount named is paid. It is urged that as only financially strong carriers would be able to procure such bonds without depositing full collateral and such companies are primarily responsible, the public would be amply protected. We are not persuaded, however, that a bonded carrier should be permitted to furnish less security than the minimum prescribed for insured carriers.

Another rule proposed by the Bureau was that insurance must be written by one insurance company for the full limits prescribed. The evidence is to the effect that this requirement, which prohibits excess insurance within such limits, would, in view of the coverage proposed, render the cost of insurance prohibitive. The cost of primary and excess insurance in combination is much less than that for a single policy for the total amount. An example based on manual rates shows that on an assumed premium of $2.25 per $1,000 gross annual earnings, the net cost for 200 buses covered for $10,000 per person, $50,000 per accident, and $5,000 property damage would be $135,400, whereas the cost of primary insurance of $10,000 for one or more persons and $5,000 property damage would be $88,800 and on an excess policy for $200,000 above the first $10,000 covering one or more persons would be $15 per bus or $3,000, making a total cost of $91,800. The principal objection to two policies on one risk is due to the so-called contribution question, which arises when the primary company seeks from the excess company a contribution on a settlement which may be had within the primary limits but which, if not made and the claim involved is litigated, might result in a verdict in excess of the primary cover. It is stated that this situation occasionally develops in an insignificant number of cases and may result in postponement of a settlement, but that claimant does not lose thereby. It is, of course, clear that while controversies between insurance companies obstruct settlements and delay payments, regardless thereof claimant will, if he litigates his claim, eventually secure judgment for the damage sustained if entitled thereto plus interest from the date of the accident. In theory, therefore, claimant would lose nothing by such delay. Delays are disadvantageous in many respects, however, and are always dangerous if there is any question as to the solvency of the insurance company. It is desirable for the coverage, if possible, to be written under one policy and the general practice is in this direction, especially when the policy limits are not such as to provide for all contingencies.

A standard proposed by the Bureau for insurance companies was that the policy must be issued by a company licensed to do business in every State in which the policy is effective. Most States require by law or regulation that motor vehicles for hire within their jurisdiction must be insured by domesticated insurance companies. As an alternative to domestication it is suggested that an insurance company should be permitted to appoint an agent for service of process in each State in which its policies are in effect and file an agreement with the proper authorities in such State that the policy shall be construed under and subject to its law and that, subject to the limits contained in the policy, in any action or proceeding thereon the insurance company shall pay any judgment becoming final. If one of the above rules were not adopted, a claimant would be compelled to sue the insurance company in its home State or in a State in which it was domiciled, in the event the company tried to evade responsibility. The domestication requirement, it is stated, will cause expense to insurance companies in connection with complying with State regulations. This expense could be saved without sacrifice of security, it is urged, if the alternative suggestion were adopted.

An additional standard proposed by the Bureau was to the effect that policies must be written by an insurance company with a minimum surplus to policy holders of $250,000, of which $100,000 shall be on deposit with the insurance department of its home State or any of the States in which it is licensed. The Corporate Surety Act provides that corporate bonds required or permitted by laws of the United States must be written by companies with a paid-up capital of not less than $250,000 in cash or its equivalent. The United States Treasury Department, under rules and regulations issued in connection with that act, requires a deposit fund similar to that here proposed. Certain small insurance companies state that their policies would be unacceptable under this standard, and that they would thereby sustain serious financial losses, and that if all companies unable to meet the requirements were prevented from writing this business, there would be a dearth of companies, with a resultant trend toward monopoly and higher rates. However, an analysis of the business written by these respondents based on the loss-experience data furnished at our request discloses that they have covered none of the interstate buses and a negligible number of long-haul trucks. While it may be conceded, as these respondents contend, that the surplus of an insurance company is not the only measure of its solvency, it is desirable that there be some standard of financial responsibility. It is also urged that the domestication rule, if established, would set a sufficiently high standard. It is conceded, however, that some companies which are authorized to do business in certain States could not qualify in others. The mutual companies offered evidence in support of their position that some value should be attached to the assessment feature in their policies and that an allowance therefor should be made in the capitalization standard.

One of the most difficult questions which is presented by this record is that of determining the standards of eligibility and responsibility of insurance companies. We recognize that it probably will be necessary in the development of regulation to prescribe standards for the insurance companies writing insurance for the protection of the public. We are, however, confronted with the difficulty that neither this nor any other department of the Federal Government now possesses facilities designed for the investigation and determination of the responsibility of insurance companies, financial or otherwise. The various States through their existing insurance departments do have these facilities.

The practical solution of the problem, therefore, is that, for the time being and until we are better prepared for the performance of this duty, we be guided by the standards for insurance companies acceptable to the States. With this principle in mind, we have decided to require that the insurance companies be legally authorized to transact business in each State in which their policies cover the operations of the insured motor carrier.

It is recognized that to some extent this may impose a hardship on the insurance companies. In many instances insurance companies with a high degree of responsibility do not, for reasons of their own, desire to enter certain States. The question of the ability of reciprocal and mutual companies to qualify arises, for the reason that in some States there is no provision in the law for licensing insurance institutions of this kind. Thus it may happen that in some instances insurance companies which may desire to write insurance for a particular motor carrier may not be able to do so under the rule which we have adopted. On the other hand, it will be borne in mind that in many instances the carriers who come under our regulation are also operating intrastate under the regulation of the States. It is almost a universal requirement of the States that motor carriers file insurance policies written by domesticated insurance companies; hence a very large number of the motor carriers subject to our jurisdiction already have procured insurance written by companies domesticated in the States in which they operate, and our rule will impose no undue burden upon them or upon the insurance companies. Furthermore, our rules do not limit the carrier to the furnishing of one single policy, provided, of course, that his entire operation is covered by some form of the security provided for the protection of the public. Hence, in the cases in which difficulty may be encountered because of our requirements of domestication, the carrier may, under our rules, furnish a policy written by

some company domesticated in the State, even though he may have to furnish more than one policy or some other form of security covering portions of his operation.

What has been said is not to be understood as authorizing excess policies, which, because of the limits of liability adopted by us, are deemed undesirable and will not be accepted.

SELF-INSURANCE

It is generally conceded that self-insurance requirements should be stringent and that carriers availing themselves of this privilege should maintain adequate reserves to meet claims. It is urged, however, that no set rules be established and that each application for the right to self-insure receive individual consideration.

Prior to the hearing, the Bureau had submitted a tentative proposal providing for minimum financial standards as qualifications for self-insurance. Much discussion and some criticism of these standards developed at the hearing. After due consideration we are of the opinion that the standard by which the qualifications of a self-insurer or other arrangements contemplated by the statute should be measured is that such self-insurance or such other arrangements afford the public the security contemplated in Section 215 of the Motor Carrier Act, 1935, this fact to be determined by us after consideration of the merits of each individual case.

No evidence was introduced in opposition to the other rules proposed.

FINDINGS

Upon the facts we find and conclude that, under Sections 211 (c) and 215 of the Motor Carrier Act, 1935:

1. Reasonable minimum amounts of insurance for bodily injury or death on each motor vehicle transporting passengers are and will be as follows: For one person, $5,000; subject to that limit per person, for all persons in any one accident where the seating capacity is 7 passengers or less, $15,000; 8 to 12 passengers, inclusive, $20,000; 13 to 20 passengers, inclusive, $30,000; 21 to 30 passengers, inclusive, $40,000; and 31 passengers, or more, $50,000; and for property damage, $1,000.

2. Reasonable minimum amounts of insurance on each motor vehicle transporting property for bodily injury or death are and will be: For one person, $5,000; subject to that limit per person, for all persons in any one accident, $10,000; and for property damage, $1,000.

3. A reasonable minimum amount of insurance to cover loss or damage to property belonging to shippers or consignees and coming into the possession of such carrier in connection with its transportation service is and will be: For the loss or damage to property carried on any one motor vehicle, $1,000; for loss of or damage to or aggregate of losses or damages of or to property occurring at any one time and place, $2,000.

4. A reasonable minimum amount of protection as a condition to the issuance of a broker's license is and will be a bond or other security in the sum of $5,000.

5. Each certificate or policy of insurance or surety bond with corporate or individual sureties filed with us for approval must be for not less than the full limits of liability prescribed by us; and in each case in which surety on any bond is a surety company, such company must be one approved by the United States Treasury Department under the laws of the United States and the applicable rules and regulations governing bonding companies.

6. Upon this record, no set rules governing the qualifications for self-insurers can be established and for the present we will receive and consider for approval the application of any motor carrier which can establish to our satisfaction its ability to satisfy its obligations for bodily injury liability, property damage, or cargo liability without affecting the stability or permanency of its business; and we will also consider applications for approval of securities or other agreements other than surety bonds, policies of insurance, or qualifications as a self-insurer.

7. In order to afford reasonable security for the protection of the public, endorsements for policies of insurance, surety bonds, certificates of insurance and applications to qualify as a self-insurer and notices of cancellation must be in the forms prescribed and approved by this Commission.

8. In order to afford reasonable security for the protection of the public, all policies of insurance as amended by endorsements must be written by insurance companies legally authorized to transact business in each State in which their policies cover the operations of the insured motor carrier.

9. In order to afford reasonable security for the protection of the public no surety bond, policy of insurance, endorsement or certificate of insurance or other securities and agreements shall be cancelled or withdrawn until after thirty days' notice to this Commission.

10. The following rules are reasonable and should be adopted:

RULE I

No motor carrier subject to the provisions of the Motor Carrier Act, 1935, shall engage in interstate or foreign commerce, and no certificate or permit shall be issued to a motor carrier, or shall remain in force unless and until there shall have been filed with and approved by the Commission a surety bond, policy of insurance (or certificate of insurance in lieu thereof), qualifications as a self-insurer, or other securities or agreements in not less than the amounts hereinafter prescribed, conditioned to pay, within the amount of such surety bond, policy of insurance (or certificate of insurance in lieu thereof), qualifications as a self-insurer, or other securities or agreements any final judgment recovered against such motor carrier for bodily injuries to or the death of any person resulting from the negligent operation, maintenance, or use of motor vehicles under such certificate or permit, or for loss or damage to property of others; nor shall any common carrier by motor vehicle subject to the provisions of said Act engage in interstate or foreign commerce, nor shall any certificate be issued to such carrier, nor remain in force unless and until there shall have been filed with and approved by the Commission a surety bond, policy of insurance (or certificate of insurance in lieu thereof), qualifications as a self-insurer, or other securities or agreements in not less than the amounts hereinafter prescribed, conditioned upon such carrier making compensation to shippers or consignees for all property belonging to shippers or consignees and coming into the possession of such carrier in connection with its transportation service.

RULE II

The minimum amounts referred to in Rule I are hereby prescribed as follows:

A. *Motor Carriers—Bodily Injury Liability—Property Damage Liability*

(1) Kind of equipment	(2) Limit for bodily injuries to or death of one person	(3) Limit for bodily injuries to or death of all persons injured or killed in any one accident (subject to a maximum of $5,000 for bodily injuries to or death of one person)	(4) Limit for loss or damage in any one accident to property of other (excluding cargo)
Passenger equipment (seating capacity):			
7 passengers or less	$5,000	$15,000	$1,000
8 to 12 passengers, inclusive	5,000	20,000	1,000
13 to 20 passengers, inclusive	5,000	30,000	1,000
21 to 30 passengers, inclusive	5,000	40,000	1,000
31 passengers or more	5,000	50,000	1,000
Freight equipment: All motor vehicles used in the transportation of property	5,000	10,000	1,000

B. *Motor Common Carriers—Cargo Liability*

Security required to compensate shippers or consignees for loss of or damage to property belonging to shippers or consignees and coming into the possession of motor common carriers in connection with their transportation service, (1) for loss of or damage to property carried on any one motor vehicle—$1,000; (2) for loss of or damage to or aggregate of losses or damages of or to property occurring at any one time and place—$2,000.

RULE III

The following combinations will be regarded as one motor vehicle for purposes of these rules, (1) a tractor and trailer or semi-trailer when the tractor is engaged solely in drawing the trailer or semi-trailer, and (2) a truck and trailer when both together bear a single load.

RULE IV

Brokers

No person shall engage in the business of a broker as defined in the Motor Carrier Act, 1935, and no brokerage license shall be issued to any such person nor remain in force unless and until such person shall have furnished a bond or other security approved by the Commission, in an amount of not less than $5,000, and in such form as will insure the financial responsibility of such broker and the supplying of authorized transportation in accordance with the contracts, agreements, or arrangements therefor.

RULE V

Qualifications as a Self-Insurer and Other Securities or Agreements

The Commission will give consideration to and will approve the application of a motor carrier to qualify as a self-insurer if such carrier furnishes a true and accurate statement of its financial condition and other evidence which will establish to the satisfaction of the Commission the ability of such motor carrier to satisfy its obligations for bodily injury liability, property damage liability, or cargo liability without affecting the stability or permanency of the business of such motor carrier.

The Commission will also consider applications for approval of other securities or agreements and will approve any such applications if satisfied that the security or agreement offered will afford the security for the protection of the public contemplated by Sections 211 (c) and 215 of the Motor Carrier Act, 1935.

RULE VI

Bonds and Insurance Policies

Each certificate or policy of insurance or surety bond with corporate or individual sureties filed with the Commission for approval must be for not less than the full limits of liability required under these rules and regulations. In each case in which the surety on any such bond is a surety company, such company must be one approved by the United States Treasury Department under the laws of the United States and the applicable rules and regulations governing bonding companies.

RULE VII

Forms and Procedure

Endorsements for policies of insurance, surety bonds, certificates of insurance, and applications to qualify as a self-insurer or for approval of other securities or agreements, and notices of cancellation all must be in the forms prescribed and approved by the Commission.

Certificates of insurance, surety bonds, and notices of cancellation must be filed with the Commission in triplicate. Upon receipt and approval by the Commission one copy will be stamped "received and approved" and returned to the home office of the insurance or surety company.

Insurance policies and surety bond shall be written in the full and correct name of the individual, partnership, corporation, or other person to whom the certificate, permit, or license is, or is to be, issued. In case of a partnership all partners shall be named.

Surety bonds, policies of insurance, endorsements, or certificates of insurance, and other securities and agreements shall not be cancelled or withdrawn until after thirty (30) days' notice in writing by the insurance company, surety, or sureties, motor carrier, broker, or other party thereto as the case may be, has first been given to the Commission at its office in Washington, D. C., which period of thirty (30) days shall commence to run from the date such notice is actually received at the office of the Commission.

Motor carriers and brokers subject to the jurisdiction of this Commission are hereby required to maintain in effect at all times the security for the protection of the public contemplated in Sections 211 (c) and 215, Motor Carrier Act, 1935, and prescribed by these rules.

RULE VIII

Policies of insurance as amended by the endorsements provided by these rules covering bodily injury liability, property damage liability, and cargo liability must be written by insurance companies legally authorized to transact business in each State in which their policies cover the operations of the insured motor carrier, except that more than one policy of insurance may be used in cases where, in the judgment of the Commission, the territorial operations of such carriers warrant separate coverage on separate portions of their routes or territories.

RULE IX

The Commission may revoke its approval of any surety bond, policy of insurance (or certificate of insurance in lieu thereof), qualification as a self-insurer, or other securities or agreements if it finds at any time that such security no longer complies with these rules.

An appropriate order will be entered.

CASKIE, *Commissioner*, concurring in part:

I concur in the conclusions of the majority except in two respects, (1) that the amounts of insurance here prescribed to secure compensation for personal injuries from the negligent operation, maintenance, or use of passenger and freight motor vehicles are reasonable within the meaning of that term as used in section 215 of the Motor Carrier Act, 1935, and (2) that the amounts of insurance fixed to cover loss of or damage to cargo are adequate to secure compensation to shippers therefor.

The title, viz, "Security for the Protection of the Public", and the context of section 215 clearly disclose that its essential purpose is the protection of the public. In fixing the amounts of insurance to secure compensation for personal injuries the majority have given controlling weight to the opinions and contentions of certain of the parties, largely unsupported by any evidence of probative value, as to what the industry can afford. Thus they have failed to give consideration to or to make provision for the all-important factor of adequate protection of the public. According to my information, $5,000, the minimum amount of insurance required by the majority to secure compensation for injuries to or the death of one person caused by the negligent operation of passenger and freight motor vehicles, and $10,000, the minimum amount of insurance required to secure compensation for injuries to or death of all persons in one accident caused by the negligent operation of freight motor vehicles, are the smallest amounts of insurance for which policies generally are written by casualty companies. The fact, stressed by the majority, that these amounts correspond to the minimum amounts of liability insurance required by a large majority of the States in the case of passenger and freight motor carriers, therefore, is without significance as indicating that such amounts have been found by those States to constitute adequate protection to the public. Aside from the fact that these amounts will not afford adequate protection to the public, the record indicates that they will be insufficient to protect the investment of the small operator in the event he meets with a serious accident.

In my opinion, the evidence fully warrants the prescription of $10,000 as a reasonable amount of insurance to secure compensation for bodily injuries to or the death of any one person caused by the negligent operation of either passenger or freight motor vehicles; of $20,000 to $75,000 as reasonable amounts to secure compensation for bodily injuries to or the death of all persons in any one accident caused by the negligent operation of passenger motor vehicles; and of $20,000 as a reasonable amount to secure compensation for bodily injuries to or death of all persons injured or killed in any one accident by the negligent operation of freight motor vehicles. These or greater amounts of insurance are carried by most of the motor carrier operators who testified at the hearing herein. Substantially these or higher insurance limits are required in seven States[1] on passenger motor vehicles and in six States[2] on freight motor vehicles. No evidence was offered that these limits are more than the motor carrier industry in these States can afford. In Illinois, Indiana, Michigan, and Wisconsin, in which it is a matter of common knowledge that the great bulk of passenger and freight motor vehicles is manufactured, the minimum insurance limits for personal liability are $10,000 for one person, except in Michigan, where he minimum limit is $20,000, and except that in Indiana the minimum limit on freight motor vehicles is $5,000. There is no evidence that these limits have in any way impeded motor carrier operations or interfered with the ability of motor carriers to do business in these States, each of which is an important field of motor carrier operations.

The amounts of insurance required by the majority as to cargo are substantially less than those recommended by the American Trucking Associations and will not, in my opinion, afford adequate security for the protection of shippers. The effect will be to impose upon the shippers in many instances the duty of carrying their own insurance. In my opinion, the limits should be not less than $2,500 for one vehicle and $5,000 for the aggregate losses or damages at any one time and place.

Rules and Regulations Governing the Filing and Approval of Surety Bonds, Policies of Insurance, Qualifications as a Self-Insurer, or Other Securities and Agreements by Motor Carriers and Brokers Subject to the Motor Carrier Act, 1935

SECTIONS 211 (C) AND 215 OF THE MOTOR CARRIER ACT, 1935

SEC. 211 (c). The Commission shall prescribe reasonable rules and regulations for the protection of travelers or shippers by motor vehicle, to be observed by any person holding a brokerage license, and no such license shall be issued or remain in force unless such person shall have furnished a bond or other security approved by the Commission, in such form and amount as will insure financial responsibility and the supplying of authorized transportation in accordance with contracts, agreements, or arrangements therefor.

SEC. 215. No certificate or permit shall be issued to a motor carrier or remain in force, unless such carrier complies with such reasonable rules and regulations as the Commissioner shall prescribe governing the filing and approval of surety bonds, policies of insurance, qualifications as a self-insurer, or other securities or agreements, in such reasonable amount as the Commission may require, conditioned to pay, within the amount of such surety bonds, policies of insurance, qualifications as a self-insurer, or other securities or agreements, any final judgment recovered against such motor carrier for bodily injuries to or the death of any person resulting from the negligent operation, maintenance, or use of motor vehicles under such certificate or permit, or for loss or damage to property of others. The Commission may, in its discretion and under such rules and regulations as it shall prescribe, require any such common carrier to file a surety bond, policies of insurance, qualifications as a self-insurer, or other securities or agreements, in a sum to be determined by the Commission, to be conditioned upon such carrier making compensation to shippers and/or consignees for all property belong[3] to shippers and/or consignees, and coming into the possession of such carrier in connection with its transportation service. Any carrier which may be required by law to compensate a shipper and/or consignee for any loss, damage, or default for which a connecting motor common carrier is legally responsible shall be subrogated to the rights of such shipper and/or consignee under any such bond, policies of insurance, or other securities or agreements, to the extent of the sum so paid.

The cancellation or expiration of a policy of insurance or other form of security for the protection of the public provided for in these rules or the revocation by the commission of its approval of any policy of insurance or other form of security without substitution of other security approved by the commission will under the terms of the foregoing sections of the Motor Carrier Act, 1935, render of no force any certificate, permit, or license in connection with which such security was accepted or approved, and all authority to operate granted by this commission can be lawfully exercised only so long as the security provided for by section 211 (c) and 215 of the Motor Carrier Act, 1935, and by the rules of this commission remains in effect.

Order

At a Session of the Interstate Commerce Commission, Division 5, held at its office in Washington, D. C., on the 3rd day of August A. D. 1936.

In the Matter of Security for the Protection of the Public as Provided in the Motor Carrier Act, 1935, and of Rules and Regulations Governing the Filing and Approval of Surety Bonds, Policies of Insurance, Qualifications as a Self-Insurer or Other Securities and Agreements by Motor Carriers and Brokers Subject to the Motor Carrier Act, 1935

It appearing, That by order dated February 20, 1936, the Commission, by Division 5, entered upon an investigation into and concerning security for the protection of the public as provided in the Motor Carrier Act, 1935, and rules and regulations governing the filing and approval of surety bonds, policies of insurance, qualifications as self-insurer, or other securities and agreements by motor carriers and brokers subject to the Motor Carrier Act, 1935:

It further appearing, That a full investigation of the matters and things involved has been had, and that the Commission, by Division 5, on the date hereof, has made and filed a report containing its findings of fact and conclusions thereon, which said report is hereby referred to and made a part hereof:

It is ordered, That the following rules and regulations be, and they are hereby, approved and prescribed, and from and after the 15th day of November 1936, shall be observed by motor carriers and brokers subject to the Motor Carrier Act, 1935, as the minimum requirement:

RULE I

No motor carrier subject to the provisions of the Motor Carrier Act, 1935, shall engage in interstate or foreign commerce, and no certificate or permit shall be issued to a motor carrier, or shall remain in force unless and until there shall have been filed with and approved by the Commission a surety bond, policy of insurance (or certificate of insurance in lieu thereof), qualifications as a self-insurer, or other securities or agreements in not less than the amounts hereinafter prescribed, conditioned to pay, within the amount of such surety bond, policy of insurance (or certificate of insurance in lieu thereof), qualifications as a self-insurer, or other securities or agreements any final judgment recovered against such motor carrier for bodily injuries to or the death of any person resulting from the negligent operation, maintenance, or use of motor vehicles under such certificate or permit, or for loss or damage to property of others: nor shall any common carrier by motor vehicle subject to the provisions of said Act engage in interstate or foreign commerce, nor shall any certificate be issued to such carrier, nor remain in force unless and until there shall have been filed with and approved by the Commission a surety bond, policy of insurance (or certificate of insurance in lieu thereof), qualifications as a self-insurer, or other securities or agreements in not less than the amounts hereinafter prescribed, conditioned upon such carrier making compensation to shippers or consignees for all

[1] Connecticut, Illinois, Indiana, Michigan, Minnesota, Missouri, and Wisconsin.
[2] Illinois, Louisiana, Maine, Michigan, Minnesota, and Wisconsin.
[3] So in original.

property belonging to shippers or consignees and coming into the possession of such carrier in connection with its transportation service.

RULE II

The minimum amounts referred to in Rule I are hereby prescribed as follows:

A. *Motor Carriers—Bodily Injury Liability—Property Damage Liability*

(1) Kind of equipment	(2) Limit for bodily injuries to or death of one person	(3) Limit for bodily injuries to or death of all persons injured or killed in any one accident (subject to a maximum of $5,000 for bodily injuries to or death of one person)	(4) Limit for loss or damage in any one accident to property or other (excluding cargo)
Passenger equipment (seating capacity):			
7 passengers or less	$5,000	$15,000	$1,000
8 to 12 passengers inclusive	5,000	20,000	1,000
13 to 20 passengers inclusive	5,000	30,000	1,000
21 to 30 passengers inclusive	5,000	40,000	1,000
31 passengers or more	5,000	50,000	1,000
Freight equipment:			
All motor vehicles used in the transportation of property	5,000	10,000	1,000

B. *Motor Common Carriers—Cargo Liability*

Security required to compensate shippers or consignees for loss of or damage to property belonging to shippers or consignees and coming into the possession of motor common carriers in connection with their transportation service, (1) for loss of or damage to property carried on any one motor vehicle—$1,000; (2) for loss of or damage to or aggregate of losses or damages of or to property occurring at any one time and place—$2,000.

RULE III

The following combinations will be regarded as one motor vehicle for purposes of these rules, (1) a tractor and trailer or semi-trailer when the tractor is engaged solely in drawing the trailer or semi-trailer, and (2) a truck and trailer when both together bear a single load.

RULE IV

Brokers

No person shall engage in the business of a broker as defined in the Motor Carrier Act, 1935, and no brokerage license shall be issued to any such person nor remain in force unless and until such person shall have furnished a bond or other security approved by the Commission, in an amount of not less than $5,000, and in such form as will insure the financial responsibility of such broker and the supplying of authorized transportation in accordance with the contracts, agreements, or arrangements therefor.

RULE V

Qualifications as a Self-Insurer and Other Securities or Agreements

The Commission will give consideration to and will approve the application of a motor carrier to qualify as a self-insurer if such carrier furnishes a true and accurate statement of its financial condition and other evidence which will establish to the satisfaction of the Commission the ability of such motor carrier to satisfy its obligations for bodily injury liability, property damage liability, or cargo liability without affecting the stability or permanency of the business of such motor carrier.

The Commission will also consider applications for approval of other securities or agreements and will approve any such applications if satisfied that the security or agreement offered will afford the security for the protection of the public contemplated by Sections 211 (c) and 215 of the Motor Carrier Act, 1935.

RULE VI

Bonds and Insurance Policies

Each certificate or policy of insurance or surety bond with corporate or individual sureties filed with the Commission for approval must be for not less than the full limits of liability required under these rules and regulations. In each case in which the surety on any such bond is a surety company, such company must be one approved by the United States Treasury Department under the laws of the United States and the applicable rules and regulations governing bonding companies.

RULE VII

Forms and Procedure

Endorsements for policies of insurance, surety bonds, certificates of insurance and applications to qualify as a self-insurer, or for approval of other securities or agreements, and notices of cancellation all must be in the forms prescribed and approved by the Commission.

Certificates of insurance, surety bonds, and notices of cancellation must be filed with the Commission in triplicate. Upon receipt and approval by the Commission one copy will be stamped "received and approved" and returned to the home office of the insurance or surety company.

Insurance policies and surety bonds shall be written in the full and correct name of the individual, partnership, corporation or other person to whom the certificate, permit, or license is or is to be issued. In case of a partnership all partners shall be named.

Surety bonds, policies of insurance, endorsements, or certificates of insurance and other securities and agreements shall not be cancelled or withdrawn until after thirty (30) days' notice in writing by the insurance company, surety or sureties, motor carrier, broker, or other party thereto as the case may be, has first been given to the Commission at its office in Washington, D. C., which period of thirty (30) days shall commence to run from the date such notice is actually received at the office of the Commission.

Motor carriers and brokers subject to the jurisdiction of this Commission are hereby required to maintain in effect at all times the security for the protection of the public contemplated in Sections 211 (c) and 215, Motor Carrier Act, 1935, and prescribed by these rules.

RULE VIII

Policies of insurance as amended by the endorsements provided by these rules covering bodily injury liability, property damage liability, and cargo liability must be written by insurance companies legally authorized to transact business in each State in which their policies cover the operations of the insured motor carrier, except that more than one policy of insurance may be used in cases where, in the judgment of the Commission, the territorial operations of such carriers warrant separate coverage on separate portions of their routes or territories.

RULE IX

The Commission may revoke its approval of any surety bond, policy of insurance (or certificate of insurance in lieu thereof), qualification as a self-insurer, or other securities or agreements if it finds at any time that such security no longer complies with these rules.

By the Commission, Division 5.

[SEAL] GEORGE B. MCGINTY, *Secretary.*

[F. R. Doc. 1779—Filed, August 18, 1936; 12:32 p. m.]

ORDER

At a Session of the Interstate Commerce Commission, Division 5, held at its office in Washington, D. C., on the 10th day of August A. D. 1936.

[Docket No. BMC 23614]

APPLICATION OF MOTORWAYS TERMINAL, INC., FOR AUTHORITY TO OPERATE AS A BROKER

In the Matter of the Application of Motorways Terminal, Inc., of 623 Washington Street, New York, N. Y., for a License (Form BMC 4), Authorizing Operation as a Broker for the Purpose of Arranging Transportation of Commodities Generally, in Interstate Commerce by Motor Vehicles Operating in the Following States: Connecticut, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Tennessee, Vermont, Virginia, and West Virginia

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 Paul Coyle 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 Paul Coyle, on the 29th day of September A. D. 1936, at 9 o'clock a. m. (standard time), at the Hotel Pennsylvania, New York, N. Y.;

It is further ordered, That notice of this proceeding be duly given;

And it is further ordered, That any party desiring to be notified of any change in the time or place of the said hearing (at his own expense if telegraphic notice becomes necessary) shall advise the Bureau of Motor Carriers of the Commission, Washington, D. C., to that effect by notice which must reach the said Bureau within 10 days from the date of service hereof and that the date of mailing of this notice shall be considered as the time when said notice is served.

By the Commission, division 5.

[SEAL] GEORGE B. MCGINTY, *Secretary*.

[F. R. Doc. 1835—Filed, August 20, 1936; 12:08 p. m.]

ORDER

At a Session of the Interstate Commerce Commission, Division 5, held at its office in Washington, D. C., on the 14th day of August A. D. 1936.

[Docket No. BMC 44360]

APPLICATION OF GEORGE H. BUERGI AND GERALD W. RICKERD FOR AUTHORITY TO OPERATE AS A COMMON CARRIER

In the Matter of the Application of George H. Buergi and Gerald W. Rickerd, Co-partners, Doing Business as R–B Distributing Co., of Plevna, Mont., for a Certificate of Public Convenience and Necessity (Form BMC 8), to Extend Their Present Operation Filed on Form BMC 1, Authorizing Operation as a Common Carrier by Motor Vehicle in the Transportation of Commodities Generally, in Interstate Commerce, between Minneapolis, Minn., and Miles City, Mont. Over U. S. Highway 12

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 R. J. Olentine 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 R. J. Olentine, on the 16th day of September A. D. 1936, at 9 o'clock a. m. (standard time), at the Federal Building, Miles City, Mont.;

It is further ordered, That notice of this proceeding be duly given;

And it is further ordered, That any party desiring to be notified of any change in the time or place of the said hearing (at his own expense if telegraphic notice becomes necessary) shall advise the Bureau of Motor Carriers of the Commission, Washington, D. C., to that effect by notice which must reach the said Bureau within 10 days from the date of service hereof and that the date of mailing of this notice shall be considered as the time when said notice is served.

By the Commission, division 5.

[SEAL] GEORGE B. MCGINTY, *Secretary*.

[F. R. Doc. 1840—Filed, August 20, 1936; 12:09 p. m.]

ORDER

At a Session of the Interstate Commerce Commission, Division 5, held at its office in Washington, D. C., on the 10th day of August A. D. 1936.

[Docket No. BMC 50185]

APPLICATION OF THOMAS CROZIER AND JOHN CROZIER FOR AUTHORITY TO OPERATE AS A COMMON CARRIER

In the Matter of the Application of Thomas Crozier and John Crozier, Co-partners, Doing Business as Crozier Brothers, of 74 Stevens Street, White Plains, N. Y., for a Certificate of Public Convenience and Necessity (Form BMC 8, New Operation), Authorizing Operation as a Common Carrier by Motor Vehicle in the Transportation of Household Goods and Office Furniture, in Interstate Commerce, from and Between Points Located in the States of New York, New Jersey, Massachusetts, Connecticut, and Pennsylvania, Over Irregular 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 Paul Coyle 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 Paul Coyle, on the 26th day of September A. D. 1936, at 9 o'clock a. m. (standard time), at the Hotel Pennsylvania, New York, N. Y.;

It is further ordered, That notice of this proceeding be duly given;

And it is further ordered, That any party desiring to be notified of any change in the time or place of the said hearing (at his own expense if telegraphic notice becomes necessary) shall advise the Bureau of Motor Carriers of the Commission, Washington, D. C., to that effect by notice which must reach the said Bureau within 10 days from the date of service hereof and that the date of mailing of this notice shall be considered as the time when said notice is served.

By the Commission, division 5.

[SEAL] GEORGE B. MCGINTY, *Secretary*.

[F. R. Doc. 1836—Filed, August 20, 1936; 12:08 p. m.]

ORDER

At a Session of the Interstate Commerce Commission, Division 5, held at its office in Washington, D. C., on the 14th day of August A. D. 1936.

[Docket No. BMC 50194]

APPLICATION OF CARL E. DEGROOT FOR AUTHORITY TO OPERATE AS A CONTRACT CARRIER

In the Matter of the Application of Carl E. DeGroot, Individual, Doing Business as DeGroot Truck Line, of Elm Street, Lusk, Wyo., for a Permit (Form BMC 10, New Operation), Authorizing Operation as a Contract Carrier, by Motor Vehicle, in the Transportation of Commodities Generally, in Interstate Commerce, from and between Points Located in the States of Montana, South Dakota, Kansas, Idaho, Utah, Nebraska, Colorado, and Wyoming

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 M. T. Corcoran 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 M. T. Corcoran, on the 16th day of September A. D. 1936, at 9 o'clock a. m. (standard time), at the Federal Building, Casper, Wyo.;

It is further ordered, That notice of this proceeding be duly given;

And it is further ordered, That any party desiring to be notified of any change in the time or place of the said hearing (at his own expense if telegraphic notice becomes necessary) shall advise the Bureau of Motor Carriers of the Commission, Washington, D. C., to that effect by notice which must reach the said Bureau within 10 days from the date of service hereof and that the date of mailing of this notice shall be considered as the time when said notice is served.

By the Commission, division 5,

[SEAL] GEORGE B. MCGINTY, *Secretary*.

[F. R. Doc. 1841—Filed, August 20, 1936; 12:10 p. m.]

ORDER

At a Session of the Interstate Commerce Commission, Division 5, held at its office in Washington, D. C., on the 10th day of August A. D. 1936.

[Docket No. BMC 50197]

APPLICATION OF DIAMOND TERMINAL AND TRANSPORTATION CORP., OF N. J., FOR AUTHORITY TO OPERATE AS A COMMON CARRIER

In the Matter of the Application of Diamond Terminal and Transportation Corp., of N. J., of 96 Maine Street, Newark, N. J., for a Certificate of Public Convenience and Necessity (Form BMC 8, New Operation), 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 Jersey, New York, Rhode Island, Connecticut, Massachusetts, Pennsylvania, Maryland, Delaware, and District of Columbia, Over Irregular Routes

A more detailed statement of route or routes (or territory) is contained in said application, copies of which are on file and may be inspected at the office of the Interstate Commerce Commission, Washington, D. C., or offices of the boards, commissions, or officials of the States involved in this application.

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 Paul Coyle 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 Paul Coyle, on the 25th day of September A. D. 1936, at 9 o'clock a. m. (standard time), at the Hotel Pennsylvania, New York, N. Y.;

It is further ordered, That notice of this proceeding be duly given;

And it is further ordered, That any party desiring to be notified of any change in the time or place of the said hearing (at his own expense if telegraphic notice becomes necessary) shall advise the Bureau of Motor Carriers of the Commission, Washington, D. C., to that effect by notice which must reach the said Bureau within 10 days from the date of service hereof and that the date of mailing of this notice shall be considered as the time when said notice is served.

By the Commission, division 5.

[SEAL] GEORGE B. MCGINTY, *Secretary*.

[F. R. Doc. 1837—Filed, August 20, 1936; 12:09 p. m.]

ORDER

At a Session of the Interstate Commerce Commission, Division 5, held at its office in Washington, D. C., on the 10th day of August A. D. 1936.

[Docket No. BMC 50235]

APPLICATION OF MURRAY FEIGENBAUM FOR AUTHORITY TO OPERATE AS A CONTRACT CARRIER

In the Matter of the Application of Murray Feigenbaum, Individual, Doing Business as Trio Motor Lines, of 73 Debevoise Street, Brooklyn, N. Y., for a Permit (Form BMC 10, New Operation), Authorizing Operation as a Contract Carrier by Motor Vehicle in the Transportation of Furniture, in Interstate Commerce, in the States of New York, New Jersey, Pennsylvania, Delaware, Maryland, and the District of Columbia, Over the Following Routes

Route No. 1.—Between New York, N. Y., and Washington, D. C., via Philadelphia, Pa.

A more detailed statement of route or routes (or territory) is contained in said application, copies of which are on file and may be inspected at the office of the Interstate Commerce Commission, Washington, D. C., or offices of the boards, commissions or officials of the States involved in this application.

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 Paul Coyle 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 Paul Coyle, on the 25th day of September A. D. 1936, at 9 o'clock a. m. (standard time), at the Hotel Pennsylvania, New York, N. Y.;

It is further ordered, That notice of this proceeding be duly given;

And it is further ordered, That any party desiring to be notified of any change in the time or place of the said hearing (at his own expense if telegraphic notice becomes necessary) shall advise the Bureau of Motor Carriers of the Commission, Washington, D. C., to that effect by notice which must reach the said Bureau within 10 days from the date of service hereof and that the date of mailing of this notice shall be considered as the time when said notice is served.

By the Commission, division 5.

[SEAL] GEORGE B. MCGINTY, *Secretary*.

[F. R. Doc. 1838—Filed, August 20, 1936; 12:09 p. m.]

ORDER

At a Session of the Interstate Commerce Commission, Division 5, held at its office in Washington, D. C., on the 10th day of August A. D. 1936.

[Docket No. BMC 50793]

APPLICATION OF ARTHUR SARACINO FOR AUTHORITY TO OPERATE AS A CONTRACT CARRIER

In the Matter of the Application of Arthur Saracino, Individual, Doing Business as Triangle Trucking Co., of 141-02 Lincoln Avenue, Jamaica, N. Y., for a Permit (Form BMC 10, New Operation), Authorizing Operation as a Contract Carrier by Motor Vehicle in the Transportation of Special Commodities, in Interstate Commerce, in the States of New York, New Jersey, Pennsylvania, Delaware, Maryland, Connecticut, Massachusetts, and District of Columbia, Over the Following Routes

Route No. 1.—Between New York, N. Y., and Washington, D. C., via Philadelphia, Pa., and Baltimore, Md.

Route No. 2.—Between New York, N. Y., and Boston, Mass., via Hartford, Conn.

Route No. 3.—Between New York, N. Y., and Boston, Mass., via Providence, R. I.

A more detailed statement of route or routes (or territory) is contained in said application, copies of which are on file and may be inspected at the offices of the Interstate Commerce Commission, Washington, D. C., or offices of the boards, commissions, or officials of the States involved in this application.

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 Paul Coyle 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 Paul Coyle, on the 25th day of September A. D. 1936, at 9 o'clock a. m. (standard time), at the Hotel Pennsylvania, New York, N. Y.;

It is further ordered, That notice of this proceeding be duly given;

And it is further ordered, That any party desiring to be notified of any change in the time or place of the said hearing (at his own expense if telegraphic notice becomes necessary) shall advise the Bureau of Motor Carriers of the Commission, Washington, D. C., to that effect by notice which must reach the said Bureau within 10 days from the date of service hereof and that the date of mailing of this notice shall be considered as the time when said notice is served.

By the Commission, division 5.

[SEAL] GEORGE B. MCGINTY, *Secretary*.

[F. R. Doc. 1839—Filed, August 20, 1936; 12:09 p. m.]

[Fourth Section Application No. 16477]

GRAVEL—RIVERTON, IND., TO GREENDALE, ILL.

AUGUST 20, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act,

Filed by: R. A. Sperry, Agent.
Commodity involved: Gravel, road surfacing, in carloads.
From: Riverton, Ind.
To: Greendale, Ill.
Grounds for relief: Truck competition.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.

[SEAL] GEORGE B. MCGINTY, *Secretary*.

[F. R. Doc. 1842—Filed, August 20, 1936; 12:10 p. m.]

[Fourth Section Application No. 16478]

GRAVEL—MISSOURI TO ILLINOIS

AUGUST 20, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of Section 4 (1) of the Interstate Commerce Act,

Filed by: R. A. Sperry, Agent.
Commodity involved: Gravel, road surfacing, in carloads.
From: La Grange and Reading, Mo.
To: Youngstown and Swan Creek, Ill.
Grounds for relief: Truck competition.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.

[SEAL] GEORGE B. MCGINTY, *Secretary*.

[F. R. Doc. 1843—Filed, August 20, 1936; 12:11 p. m.]

[Fourth Section Application No. 16479]

BAGGING TO WILMINGTON, N. C.

AUGUST 20, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act,

Filed by: J. E. Tilford, Agent.
Commodity involved: Burlap bagging, in carloads.
From: Charleston, S. C., Norfolk and Newport News, Va.
To: Wilmington, N. C.
Grounds for relief: Water competition.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

By the Commission, division 2.

[SEAL] GEORGE B. MCGINTY, *Secretary*.

[F. R. Doc. 1844—Filed, August 20, 1936; 12:11 p. m.]

[Fourth Section Application No. 16480]

COAL TO HIGH POINT AND THOMASVILLE, N. C.

AUGUST 20, 1936.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provisions of section 4 (1) of the Interstate Commerce Act,

Filed by: J. E. Tilford, Agent.
Commodity involved: Coal, in carloads.
From: Stations on Interstate Railroad.
To: High Point and Thomasville, N. C.
Grounds for relief: Carrier competition and to maintain grouping.

Any interested party desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice; otherwise the Commission may proceed to investigate and determine the matters involved in such application without further or formal hearing.

[SEAL] GEORGE B. MCGINTY, *Secretary*.

[F. R. Doc. 1845—Filed, August 20, 1936; 12:11 p. m.]

SECURITIES AND EXCHANGE COMMISSION.

SECURITIES ACT OF 1933

[Release No. 994]

SECURITIES EXCHANGE ACT OF 1934

[Release No. 816]

HOLDING COMPANY ACT

[Release No. 339]

AMENDMENTS TO RULES OF PRACTICE

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by the Securities Act of 1933, as amended, particularly Section 19 (a) thereof, the Securities Exchange Act of 1934, particularly Section 23 (a) thereof, the Public Utility Holding Company Act of 1935, particularly Section 20 (a) thereof, and finding that it is necessary to carry out the provisions of the Securities Act of

1933, as amended, and the Public Utility Holding Company Act of 1935, and that it is necessary for the execution of the functions vested in the Commission by the Securities Exchange Act of 1934, hereby amends Rule VIII of the Rules of Practice of the Commission:

1. By the addition to paragraph (b) of said Rule VIII of the following sentences: "The initial page of the report shall contain a statement to such effect. In any proceeding in which, under the provisions of Rule XII (e) of the Rules of Practice of the Commission, the report is first to be made available to the public on the opening date of public hearing on the merits before the Commission, the initial page of the report shall also contain a statement to the effect that the report is confidential, shall not be made public, and is for the use only of the Commission, the respondent or respondents, and counsel, but copies of the report issued on or after such opening date may omit such statement.", so that, as amended, said paragraph (b) shall read as follows:

(b) Such report shall be advisory only and the findings of fact therein contained shall not be binding upon the Commission. The initial page of the report shall contain a statement to such effect. In any proceeding in which, under the provisions of Rule XII (e) of the Rules of Practice of the Commission, the report is first to be made available to the public on the opening date of public hearing on the merits before the Commission, the initial page of the report shall also contain a statement to the effect that the report is confidential, shall not be made public, and is for the use only of the Commission, the respondent or respondents, and counsel, but copies of the report issued on or after such opening date may omit such statement.

2. By deletion of the period at the end of paragraph (e), as amended, of said Rule VIII and the addition to said paragraph of the following clause: ", or hearings pursuant to Section 22 (b) of the Public Utility Holding Company Act of 1935.", so that, as further amended, said paragraph (e) shall read as follows:

(e) The provisions of this rule and of Rules IX, X, and XI shall not be applicable to hearings pursuant to Clause 30 of Schedule A of the Securities Act of 1933, or hearings pursuant to Section 24 (b) of the Securities Exchange Act of 1934, or hearings pursuant to Section 22 (b) of the Public Utility Holding Company Act of 1935.

These amendments shall be effective immediately upon publication.

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by the Securities Act of 1933, as amended, particularly Section 19 (a) thereof, the Securities Exchange Act of 1934, particularly Section 23 (a) thereof, the Public Utility Holding Company Act of 1935, particularly Section 20 (a) thereof, and finding that it is necessary to carry out the provisions of the Securities Act of 1933, as amended, and the Public Utility Holding Company Act of 1935, and that it is necessary for the execution of the functions vested in the Commission by the Securities Exchange Act of 1934, hereby amends Rule XII of the Rules of Practice of the Commission:

1. By the deletion in its entirety of paragraph (a), as amended, of said Rule XII, and the substitution therefor of a new paragraph (a), to read as follows:

(a) All reports, exceptions, briefs, and other papers required to be filed with the Commission in any proceeding shall be filed with the Secretary, except that all papers containing data as to which confidential treatment is sought pursuant to Rules 580, UB2 or 22B–1 of the Rules and Regulations of the Commission, together with applications making objection to the disclosure thereof, shall be filed with the Chairman. Any such papers may be sent by mail or express to the officer with whom they are directed to be filed, but must be received by such officer at the office of the Commission in Washington, D. C., within the time limit, if any, for such filing, except that in any case when the hearing has been held in a district within which a regional office has been established, papers filed under Rules VIII (d), IX, X, and XI (a) may be filed with the Regional Administrator for the District, within the times prescribed. The Regional Administrator shall immediately transmit such papers to the Secretary or Chairman of the Commission, as the case may be in accordance with the provisions of this Rule.

2. By the deletion of the word "five" in paragraph (d) of said Rule XII, and the substitution therefor of the word "eight", so that, as amended, said paragraph (d) shall read as follows:

(d) Unless otherwise specifically provided in these rules, an original and eight copies of all papers shall be filed, unless the same be printed, in which case twenty copies shall be filed.

3. By the addition to said Rule XII of a new paragraph, to be designated paragraph (e), and to read as follows:

(e) All papers containing data as to which confidential treatment is sought pursuant to Rules 580, UB2, or 22B–1 of the Rules and Regulations of the Commission, together with applications making objection to the disclosure thereof, shall be made available to the public only in accordance with the applicable provisions of Rules 580(h), UB2(i), or 22B–1(b). All reports, exceptions, briefs and other papers filed in connection with any hearing pursuant to Section 15(b) or Section 19(a)(3) of the Securities Exchange Act of 1934 shall first be made available to the public on the opening date of public hearing on the merits before the Commission.

These amendments shall be effective immediately upon publication.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 1849—Filed, August 20, 1936; 12:49 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 18th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE PURE-SWAIN FARM, FILED ON JULY 27, 1936, BY AMERICAN NATIONAL BROKERAGE COMPANY, RESPONDENT

ORDER FOR CONTINUANCE (UNDER RULE 340 (B))

The Securities and Exchange Commission having been requested by its Counsel for continuance of a hearing in the above entitled matter, which matter was last set to be heard at 10:00 o'clock in the forenoon of the 18th day of August 1936 at the office of the Securities and Exchange Commission, 18th Street and Pennsylvania Avenue, Washington, D. C., and it appearing proper to grant the request;

It is ordered, that the said hearing be continued to 4:00 o'clock in the afternoon of the 31st day of August 1936, at the same place and before the same Trial Examiner.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 1817—Filed, August 19, 1936; 1:02 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 18th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE BRITISH-AMERICAN-ALTA-VISTA-BURNHAM FARM, FILED ON JULY 28, 1936, BY JAMES M. JOHNSON, RESPONDENT

ORDER FOR CONTINUANCE (UNDER RULE 340 (B))

The Securities and Exchange Commission having been requested by its Counsel for continuance of a hearing in the above entitled matter, which matter was last set to be heard at 11:00 o'clock in the forenoon of the 18th day of August 1936 at the office of the Securities and Exchange Commission, 18th Street and Pennsylvania Avenue, Washington, D. C., and it appearing proper to grant the request;

It is ordered, that the said hearing be continued to 4:30 o'clock in the afternoon of the 31st day of August 1936, at the same place and before the same Trial Examiner.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 1816—Filed, August 19, 1936; 1:02 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 18th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A WORKING INTEREST IN THE SEALY-BURKE #2 FARM, FILED ON JULY 27, 1936, BY DION A. KITSOS, RESPONDENT

ORDER FOR CONTINUANCE (UNDER RULE 340 (B))

The Securities and Exchange Commission having been requested by its Counsel for continuance of a hearing in the above entitled matter, which matter was last set to be heard at 1:00 o'clock in the afternoon of the 18th day of August 1936 at the office of the Securities and Exchange Commission, 18th Street and Pennsylvania Avenue, Washington, D. C., and it appearing proper to grant the request;

It is ordered, that the said hearing be continued to 11:00 o'clock in the forenoon of the 1st day of September 1936 at the same place and before the same Trial Examiner.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 1819—Filed, August 19, 1936; 1:02 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 19th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE GULF-CULP FARM, FILED ON JULY 16, 1936, BY CONTINENTAL INVESTMENT CORP., RESPONDENT

ORDER FOR CONTINUANCE BY STIPULATION

The Securities and Exchange Commission finding that the above respondent has stipulated with the Commission's conference officer for a continuance of the hearing in the above entitled matter, which was last set to be heard at 11:00 o'clock in the forenoon of the 19th day of August 1936, at the office of the Securities and Exchange Commission, 18th Street and Pennsylvania Avenue, Washington, D. C.;

It is ordered, pursuant to Rule VI of the Commission's Rules of Practice under the Securities Act of 1933, as amended, that the said hearing be continued to 10:00 o'clock in the forenoon of the 20th day of August 1936, at the same place and before the same Trial Examiner.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 1848—Filed, August 20, 1936; 12:48 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 19th day of August A. D. 1936.

[File No. 2-1015]

IN THE MATTER OF REGISTRATION STATEMENT OF MAJESTIC GOLD MINES LIMITED

ORDER FIXING TIME AND PLACE OF HEARING UNDER SECTION 8 (D) OF THE SECURITIES ACT OF 1933, AS AMENDED, AND DESIGNATING OFFICER TO TAKE EVIDENCE

It appearing to the Commission that there are reasonable grounds for believing that the registration statement filed by Majestic Gold Mines, Ltd., under the Securities Act of 1933, as amended, includes untrue statements of material facts and omits to state material facts required to be stated therein and material facts necessary to make the statements therein not misleading.

It is ordered, that a hearing in this matter under Section 8 (d) of said Act, as amended, be convened on August 31, 1936, at 10 o'clock in the forenoon, in Room 1103, Securities and Exchange Commission Building, 1778 Pennsylvania Avenue NW., Washington, D. C., and continue thereafter at such times and places as the officer hereinafter designated may determine; and

It is further ordered, that Edward C. Johnson, an officer of the Commission, be and he hereby is, designated to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law.

Upon the completion of testimony in this matter, the officer is directed to close the hearing and make his report to the Commission.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 1846—Filed, August 20, 1936; 12:48 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 19th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE BRITISH-AMERICAN-ALTA VISTA-BURNHAM LEASE FILED ON JULY 28, 1936, BY JAMES M. JOHNSON, RESPONDENT

ORDER TERMINATING PROCEEDING (UNDER RULE 340) THROUGH WITHDRAWAL

The Securities and Exchange Commission having due regard for the public interest and the protection of investors, and finding that the offeror has by letter dated August 17, 1936, received by the Commission on August 18, 1936, represented that no sales of any of the interests covered by the above offering sheet have been made and has requested that the said offering sheet be withdrawn, consents to the withdrawal thereof without allowing the papers heretofore filed to be removed from the files of the Commission; and

It is so ordered.

It is further ordered that the Suspension Order, Order for Hearing and Order Designating a Trial Examiner heretofore entered in this proceeding on the 3rd day of August 1936, be, and the same are hereby, revoked and the said proceeding terminated.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 1847—Filed, August 20, 1936; 12:48 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 18th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE KANOKA-GIFFIN FARM, FILED ON JULY 22, 1936, BY SOUTHWEST ROYALTIES COMPANY, RESPONDENT

ORDER TERMINATING PROCEEDING (UNDER RULE 340) THROUGH AMENDMENT

The Securities and Exchange Commission finding that the amendments to the offering sheet which is the subject of this proceeding filed with the said Commission are so far as necessary in accordance with the suspension order previously entered in this proceeding:

It is ordered, that the amendment dated August 10, 1936, and received at the office of the Commission on August 11,

1936, to Division III of the said offering sheet be effective as of August 11, 1936; and

It is further ordered, that the Suspension Order, Order for Hearing and Order Designating a Trial Examiner entered in this proceeding on July 28, 1936, be and the same hereby are revoked and the said proceeding terminated.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 1820—Filed, August 19, 1936; 1:03 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 18th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF AN OVER-RIDING ROYALTY INTEREST IN THE TATE-DAVIS FARM, FILED ON AUGUST 12, 1936, BY JOHN H. BANKSTON, RESPONDENT

SUSPENSION ORDER, ORDER FOR HEARING (UNDER RULE 340 (A)), AND ORDER DESIGNATING TRIAL EXAMINER

The Securities and Exchange Commission, having reasonable grounds to believe, and therefore alleging, that the offering sheet described in the title hereof and filed by the respondent named therein is incomplete or inaccurate in the following material respects, to wit:

1. In that an offering of over-riding non-producing royalty interests should be prepared on Schedule F provided by the regulations, not on Schedule B.

2. In that the date indicated as that on which the information contained in the offering sheet will be out of date on page 1, Division I, is miscalculated.

3. In that the date and scale has been omitted from Exhibit A of the offering sheet.

4. In that Item 1, Division II, has incorrectly stated the fractional interest the offering contemplates "in terms of the gross production."

5. In that Item 5 (b) iii of Division II is not responsive.

6. In that Item 10 (b) of Division II omits the name of oil pipeline.

7. In that Item 10 (c) of Division II is omitted.

8. In that Item 10 (c) of Division II should be numbered 10 (d).

9. In that Item 10 of Division II is not responsive.

10. In that Item 18 (b) of Division II appears to be incorrectly answered. If, as appears, it should be "no", then Item 19 of Division II should be answered.

11. In that Exhibit A omits the date and scale.

It is ordered, pursuant to Rule 340 (a) of the Commission's General Rules and Regulations under the Securities Act of 1933, as amended, that the effectiveness of the filing of said offering sheet be, and hereby is, suspended until the 17th day of September 1936, that an opportunity for hearing be given to the said respondent for the purpose of determining the material completeness or accuracy of the said offering sheet in the respects in which it is herein alleged to be incomplete or inaccurate, and whether the said order of suspension shall be revoked or continued; and

It is further ordered, that Robert P. Reeder, an officer of the Commission, be, and hereby is, designated as trial examiner to preside at such hearing, to continue or adjourn the said hearing from time to time, to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, consider any amendments to said offering sheet as may be filed prior to the conclusion of the hearing, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law; and

It is further ordered, that the taking of testimony in this proceeding commence on the 2nd day of September 1936 at 2:00 o'clock in the afternoon at the office of the Securities and Exchange Commission, 18th Street and Pennsylvania Avenue, Washington, D. C., and continue thereafter at such times and places as said examiner may designate.

Upon the completion of testimony in this matter the examiner is directed to close the hearing and make his report to the Commission.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 1823—Filed, August 19, 1936; 1:04 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 18th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE PHILLIPS-HOAGLAND FARM, FILED ON AUGUST 11, 1936, BY HARRY A. GEORGE, RESPONDENT

SUSPENSION ORDER, ORDER FOR HEARING (UNDER RULE 340(A)) AND ORDER DESIGNATING TRIAL EXAMINER

The Securities and Exchange Commission, having reasonable grounds to believe, and therefore alleging, that the offering sheet described in the title hereof and filed by the respondent named therein is incomplete or inaccurate in the following material respects, to wit:

1. In that Item 13, Division II, states that the three main formations in the Oklahoma City field are closely allied with producing formations in other fields but that in the Oklahoma City field they lie at greater depths, carry larger gas volumes, with attendant high pressures, are thicker, somewhat more porous and more highly saturated. It is also stated that this difference will undoubtedly assure a greater ultimate recovery of oil per acre than is usual in most fields. There is nothing said about what other fields or producing formations therein are referred to nor is it pointed out that these circumstances mentioned pertain to the older part of the Oklahoma City field, and that the tract in question is in the newer north extension.

2. In that nothing is said in Item 13, Division II, about the gas volumes and pressures in the north extension wherein they are much lower than in the older Oklahoma City field.

3. In that the date given on page 1, Division I, upon which the information will be out of date is miscalculated.

4. In that Item 15 is incorrect in including allowable rather than actual production for July in the total production.

5. In that Item 16 (a), Division II, has used allowable rather than actual production figures as a basis for computing the date when the information in the offering sheet will be out of date.

6. In that Items 16 (c) and 16 (d), Division II, have misstated the amounts shown in that they are computed on the allowable rather than actual production figures.

It is ordered, pursuant to Rule 340 (a) of the Commission's General Rules and Regulations under the Securities Act of 1933, as amended, that the effectiveness of the filing of said offering sheet be, and hereby is, suspended until the 17th day of September 1936; that an opportunity for hearing be given to the said respondent for the purpose of determining the material completeness or accuracy of the said offering sheet in the respects in which it is herein alleged to be incomplete or inaccurate, and whether the said order of suspension shall be revoked or continued; and

It is further ordered, that Robert P. Reeder, an officer of the Commission be, and hereby is, designated as trial examiner to preside at such hearing, to continue or adjourn the said hearing from time to time, to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, consider any amendments to said offering sheet as may be filed prior to the conclusion of the hearing, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law; and

It is further ordered, that the taking of testimony in this proceeding commence on the 2nd day of September 1936 at 11:00 o'clock in the forenoon, at the office of the Securities and Exchange Commission, 18th Street and Pennsylvania Avenue, Washington, D. C., and continue thereafter at such times and places as said examiner may designate.

Upon the completion of testimony in this matter the examiner is directed to close the hearing and make his report to the Commission.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 1818—Filed, August 19, 1936; 1:02 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 18th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE SUNRAY-PHILLIPS—CAPITAL MANSION-STATE FARM, FILED ON AUGUST 11, 1936, BY HARRY A. GEORGE, RESPONDENT

SUSPENSION ORDER, ORDER FOR HEARING (UNDER RULE 340 (A)), AND ORDER DESIGNATING TRIAL EXAMINER

The Securities and Exchange Commission, having reasonable grounds to believe, and therefore alleging, that the offering sheet described in the title hereof and filed by the respondent named therein is incomplete or inaccurate in the following material respects, to wit:

1. In that Item 13, Division II, states that the three main formations in the Oklahoma City field are closely allied with producing formations in other fields but that in the Oklahoma City field they lie at greater depths, carry larger gas volumes, with attendant high pressures, are thicker, somewhat more porous and more highly saturated. It is also stated that this difference will undoubtedly assure a greater ultimate recovery of oil per acre than is usual in most fields. There is nothing said about what other fields or producing formations therein are referred to nor is it pointed out that these circumstances mentioned pertain to the older part of the Oklahoma City field, and that the tract in question is in the newer north extension.

2. In that nothing is said in Item 13, Division II, about the gas volumes and pressures in the north extension wherein they are much lower than in the older Oklahoma City field.

3. In that in Division II the smallest fractional interest to be offered is stated in Item 1 to be 875/1,291,474.6 of ¼. In Item 9 (c) it is also stated to be based on a ¼ royalty. In Items 16 (c) and (d) it is stated to be 1750/1,291,474.6 of ⅛ royalty interest. It is believed these should be consistently expressed to avoid possible confusion.

It is ordered, pursuant to Rule 340 (a) of the Commission's General Rules and Regulations under the Securities Act of 1933, as amended, that the effectiveness of the filing of said offering sheet be, and hereby is, suspended until the 17th day of September 1936; that an opportunity for hearing be given to the said respondent for the purpose of determining the material completeness or accuracy of the said offering sheet in the respects in which it is herein alleged to be incomplete or inaccurate, and whether the said order of suspension shall be revoked or continued; and

It is further ordered, that Robert P. Reeder, an officer of the Commission be, and hereby is, designated as trial examiner to preside at such hearing, to continue or adjourn the said hearing from time to time, to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, consider any amendments to said offering sheet as may be filed prior to the conclusion of the hearing, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law; and

It is further ordered, that the taking of testimony in this proceeding commence on the 2nd day of September 1936 at 11:00 o'clock in the forenoon, at the office of the Securities and Exchange Commission, 18th Street and Pennsylvania Avenue, Washington, D. C., and continue thereafter at such times and places as said examiner may designate.

Upon the completion of testimony in this matter the examiner is directed to close the hearing and make his report to the Commission.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 1821—Filed, August 19, 1936; 1:03 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 18th day of August A. D. 1936.

IN THE MATTER OF AN OFFERING SHEET OF A ROYALTY INTEREST IN THE HOLLENBACK ET AL-PIERCE FARM, FILED ON AUGUST 13, 1936, BY ALEX MACDONALD, RESPONDENT

SUSPENSION ORDER, ORDER FOR HEARING (UNDER RULE 340 (A)), AND ORDER DESIGNATING TRIAL EXAMINER

The Securities and Exchange Commission, having reasonable grounds to believe, and therefore alleging, that the offering sheet described in the title hereof and filed by the respondent named therein is incomplete or inaccurate in the following material respects, to wit:

1. In that Item 10 (a), Division II, does not give the distance to the nearest producing oil and/or gas field, as required;

2. In that Item 13, Division II, is not answered;

3. In that the so-called Oil Production map, affixed to the top of the offering sheet filed, is not required, and should not, if used, precede Division I of the offering sheet;

4. In that the so-called Oil Production map has shown a so-called "Norman Field" which is not believed to exist;

It is ordered, pursuant to Rule 340 (a) of the Commission's General Rules and Regulations under the Securities Act of 1933, as amended, that the effectiveness of the filing of said offering sheet be, and hereby is, suspended until the 17th day of September 1936, that an opportunity for hearing be given to the said respondent for the purpose of determining the material completeness or accuracy of the said offering sheet in the respects in which it is herein alleged to be incomplete or inaccurate, and whether the said order of suspension shall be revoked or continued; and

It is further ordered, that Robert P. Reeder, an officer of the Commission be, and hereby is, designated as trial examiner to preside at such hearing, to continue or adjourn the said hearing from time to time, to administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, consider any amendments to said offering sheet as may be filed prior to the conclusion of the hearing, and require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, and to perform all other duties in connection therewith authorized by law; and

It is further ordered that the taking of testimony in this proceeding commence on the 2nd day of September 1936 at 10:00 o'clock in the forenoon, at the office of the Securities and Exchange Commission, 18th Street and Pennsylvania Avenue, Washington, D. C., and continue thereafter at such times and places as said examiner may designate.

Upon the completion of testimony in this matter the examiner is directed to close the hearing and make his report to the Commission.

By the Commission.

[SEAL] FRANCIS P. BRASSOR, *Secretary.*

[F. R. Doc. 1822—Filed, August 19, 1936; 1:03 p. m.]