

Effective date. This order shall become effective 60 days from the date of its publication in the FEDERAL REGISTER.

Dated: July 28, 1964.

GEO. P. LARRICK,
Commissioner of Food and Drugs.

[F.R. Doc. 64-7735; Filed, Aug. 5, 1964;
8:45 a.m.]

Title 19—CUSTOMS DUTIES

Chapter I—Bureau of Customs, Department of the Treasury

[T.D. 56232]

PART 3—DOCUMENTATION OF VESSELS

Authorization of Deputy Collectors To Waive Certain Requirements

In order to improve and facilitate administration in the approvals of designations of home ports, collectors of customs may authorize deputy collectors to waive the requirements for production of recordable instruments of conveyance and approve the designation of home port.

Accordingly, the last sentence of § 3.17(f) is amended to read as follows:

§ 3.17 Home port; definition; change of.

(f) * * * After favorable recommendation by the Bureau if required, the collector, or assistant collector, and the deputy collector in charge of marine work for the port at which a designation is filed when authorized by the collector, may waive the requirements for production of recordable instruments of conveyances and may approve that designation if he is satisfied that it is impracticable to furnish any such instrument and that the owner has legal title to the vessel.

(R.S. 161 as amended, sec. 2, 23 Stat. 118, as amended, R.S. 1414, sec. 1, 43 Stat. 947, as amended; 5 U.S.C. 22, 46 U.S.C. 2, 17, 18)

[SEAL] PHILIP NICHOLS, JR.,
Commissioner of Customs.

Approved: July 29, 1964.

JAMES A. REED,
Assistant Secretary of the
Treasury.

[F.R. Doc. 64-7906; Filed, Aug. 5, 1964;
8:50 a.m.]

Title 26—INTERNAL REVENUE

Chapter I—Internal Revenue Service, Department of the Treasury

SUBCHAPTER A—INCOME TAX

[T.D. 6751]

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

Exchanges of Property for Property by Corporations

In order to eliminate the requirement that a duplicate of Form 982A be filed

upon consenting to have the basis of property adjusted under section 1082 (a) (2) (relating to transfers of property made in obedience to an order of the Securities and Exchange Commission), paragraph (g) of § 1.1081-4 is amended to read as follows:

§ 1.1081-4 Exchanges of property for property by corporations.

(g) *Consent to regulations under section 1082(a)(2).* To be entitled to the benefits of the provisions of section 1081(b), a corporation must file with its return for the taxable year in which the transfer occurs a consent to have the basis of its property adjusted under section 1082(a)(2) (see § 1.1082-3), in accordance with the provisions of the regulations in effect at the time of filing of the return for the taxable year in which the transfer occurs. Such consent shall be made on Form 982A in accordance with these regulations and instructions on the form or issued there-with.

Because this Treasury decision amends existing regulations merely by eliminating the requirement to file a duplicate copy of Form 982A, it is found that it is unnecessary to issue this Treasury decision with notice and public procedure thereon under section 9(a) of the Administrative Procedure Act, approved June 11, 1946, or subject to the effective date limitation of section 4(c) of said Act.

(Sec. 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805))

[SEAL] BERTRAND M. HARDING,
Acting Commissioner
of Internal Revenue.

Approved: July 31, 1964.

STANLEY S. SURREY,
Assistant Secretary of the
Treasury.

[F.R. Doc. 64-7907; Filed, Aug. 5, 1964;
8:50 a.m.]

Title 32—NATIONAL DEFENSE

Chapter I—Office of the Secretary of Defense

SUBCHAPTER N—COMMERCIAL INSURANCE

PART 276—SOLICITATION OF LIFE INSURANCE ON MILITARY INSTAL- LATIONS

The Deputy Secretary of Defense approved the following revision to Part 276 on March 3, 1964:

- Sec.
276.1 Purpose.
276.2 Applicability and scope.
276.3 Responsibility.
276.4 General policy statements.
276.5 Supervision of solicitation.
276.6 Use of the allotment system.
276.7 Requirements for insurers and agents for Department of Defense accreditation in the United States, its territories and the Commonwealth of Puerto Rico.
276.8 Requirements for insurers and agents soliciting on United States military installations in foreign areas.

- Sec.
276.9 Policy requirements.
276.10 Suspension or withdrawal of the solicitation and accreditation privilege.
276.11 Reports.

AUTHORITY: The provisions of this Part 276 issued under sec. 161, R.S., 5 U.S.C. 22.

§ 276.1 Purpose.

This part assigns responsibility and establishes uniform DoD policies governing the solicitation and purchase of life insurance.

§ 276.2 Applicability and scope.

The provisions of this part apply to all DoD components and covers (a) insurers and agents electing to request the privilege of soliciting and selling life insurance on United States military installations worldwide and (b) the use of military allotments in payment of life insurance policy premiums.

§ 276.3 Responsibility.

(a) *Overall administration of the program.* The Assistant Secretary of Defense (Manpower) (ASD(M)) shall be responsible for the administration of the provisions of this part and assure its effective implementation throughout the DoD.

(b) *Military departmental representation.* Each Military Department will appoint a representative to advise and assist, as requested from time to time, on all matters pertaining to the DoD insurance programs.

§ 276.4 General policy statements.

(a) *Solicitation on base.* The conduct of a private business including the solicitation and sale of insurance on a military installation is a privilege, as distinguished from a right, the control of which is a responsibility vested in the installation commander subject to compliance with this part.

(b) *Sound life insurance underwriting and programming encouraged.* A sound life insurance program suitably underwritten to meet the varying requirements of the individual is encouraged by the DoD. Accordingly, the conduct of such personal business on base is permitted where feasible, with disinterested third party counseling provided, interviewing hours set aside, and facilities supplied. However, the privilege of solicitation on military installations is conditioned upon the clear understanding that such permission in no wise constitutes endorsement of the insurer or the policies offered for sale. The DoD as a matter of continuing policy abstains from endorsing any seller or product.

§ 276.5 Supervision of solicitation.

(a) *Command supervision.* The Secretaries of the Military Departments will issue regulations to ensure that solicitation on military installations is properly supervised and controlled.

(1) Regulations will include prohibitions against:

(i) The solicitation of recruits or trainees and "mass" or "captive" audiences;

(ii) Practices involving rebates or elimination of competition;

(iii) Military personnel on active duty representing insurers in any capacity, officially or unofficially, with or without compensation;

(iv) The use of official identification cards to gain entrance to a military installation to solicit the sale of life insurance.

(2) Solicitation will be on an individual basis, preferably by appointment, in (i) specific location(s), and (ii) at hours designated by the installation commander.

(b) *Actions required of agents.* (1) Before being permitted to solicit, the agent will be required to examine a copy of the applicable insurance regulations and to indicate in writing that he understands them and that any violation of the regulations could result in the withdrawal of the privilege of solicitation for himself or the insurer he represents.

(2) For each proposed sale to enlisted personnel in the grades of E-1, E-2, and E-3, the agent must provide the applicant and the installation commander the following information in writing:

- (i) Name and address of the insurer;
- (ii) Name and address of the agent;
- (iii) Type of policy (straight life, endowment, term, other);
- (iv) Amount of life insurance;
- (v) Premium;
- (vi) Full name of person(s) to be insured and relationship;

(vii) Death benefit, guaranteed cash value, extended insurance, pure endowment (if any) at the end of the first to the fifth years inclusive and the tenth, fifteenth and twentieth years;

(viii) A statement that the policy will contain no restrictions by reason of military service or military occupational specialty of the insured unless such restrictions are clearly indicated on the face of the policy (see § 276.9(b)); and

(ix) A clear statement that dividends are not guaranteed if the presentation refers to dividends.

(c) *Counseling.* (1) Commanders will provide counseling for personnel under their command concerning the purchase of life insurance; counseling is mandatory for personnel of pay grades E-1, E-2, and E-3, and is encouraged for all others.

(2) Counseling will be accomplished, preferably by an officer; it is not expected that the counselor become a technical expert but he will have available, as a minimum, the information developed under paragraph (b)(2) of this section, and possess copies and be familiar with, the contents of the "Armed Forces Life Insurance Handbook" (DoD Pam 6-9, DA Pam 355-118, NAVPERS 15917, AFP 34-1-7, NAVMC 1195), as prepared and published in cooperation with the Institute of Life Insurance.

(d) *Installation regulations.* When there is a need to prescribe more restrictive requirements than may be contained in the implementing service regulations issued by the Military Departments, such additional requirements or restrictions must first be reviewed and confirmed by the cognizant Military Department.

§ 276.8 Use of the allotment system.

(a) Allotments of military pay will be made in accordance with DoD Directive 7330.1, subject: "Voluntary Military Pay Allotments," dated December 12, 1956, and the requirements of this section.

(b) Allotment forms may not be issued to agents. The possession of allotment forms by agents is cause for withdrawal of the privilege of solicitation.

(c) Applications for allotments will be authorized in payment of premiums for life insurance only under the following conditions:

(1) For life insurance solicited on-base both the insurer and its agents must be licensed in the state in which the installation is located.

(2) For life insurance solicited in foreign areas both the insurer and its agents must be accredited for on-base solicitation as prescribed in § 276.8.

(3) For life insurance solicited by mail the insurer must be licensed in the state in which the allotter is stationed.

The requirements of this paragraph (c) are waived for life insurance purchased prior to entry into service or as additional insurance coverage in a company which is receiving an allotment from the allotter.

(d) The following requirements must be strictly complied with before allotments of military pay may be authorized for personnel in pay grades E-1, E-2, and E-3:

(1) At least seven (7) days must elapse between the signing of an insurance application and the certification of an allotment unless the first full monthly insurance premium has been paid for in cash.

(2) Allotments will not be authorized in payment of premiums for life insurance purchased while in military service until the prospective buyer has been fully counseled as required by § 276.5(c).

§ 276.7 Requirements for insurers and agents for Department of Defense accreditation in the United States, its territories and the Commonwealth of Puerto Rico

(a) *License requirements.* Solicitation on-base by the representative of any insurer will not be authorized unless both the insurer and its agents are licensed in the state in which the installation is located. (Hereafter, throughout this part use of the word "state" as it pertains to political jurisdictions is defined to include the United States, its territories and the Commonwealth of Puerto Rico.)

(b) *Insurers.* Before an insurer may be accredited to solicit on a military installation a letter of application must be submitted to the commanding officer (with the understanding that a knowing and willful false statement is punishable by fine or imprisonment (18 U.S.C. 1001)) and signed by its President or Vice President:

(1) Reporting the states in which the insurer is qualified and licensed to sell insurance;

(2) Listing all policies, together with their form numbers, to be offered on the military installation;

(3) Assuring that only the policies listed are to be so offered and that such policies meet the requirements listed in § 276.9; and

(4) Including the name and complete address and telephone number of each agent who will solicit on the installation if approval is granted, state(s) in which licensed, the date(s) of licensing, expiration date(s) and a statement of agreement to report all future accessions and separations of agents employed for solicitation on the installation; further that the insurer assumes full responsibility for the acts of its agent(s) with respect to the solicitation and sale of life insurance to military personnel.

(c) *Agents.* Agents may be accredited for the on-base solicitation of life insurance by the installation commander providing the application to solicit is made by an accredited insurer as defined in paragraph (b) of this section.

§ 276.8 Requirements for insurers and agents soliciting on United States military installations in foreign areas.

(a) *Insurers.* (1) *Applications filed annually.* During the months of February and March of each year only, insurers may apply for solicitation privileges on U.S. military installations in foreign areas for the fiscal year beginning the following July 1.

(2) *Application instructions.* Before an insurer may be accredited to solicit on a U.S. military installation in foreign areas the President or Vice President thereof must file a letter of application (with the understanding that a knowing and willful false statement is punishable by fine or imprisonment (18 U.S.C. 1001)) during the months of February or March, under the corporate seal of the insurer, to the Director for Civil Affairs, Office of the Assistant Secretary of Defense (Manpower), the Pentagon, Washington, D.C., 20301, containing information submitted in the following order:

(i) Foreign countries and the commands (e.g. European Command, Pacific Command, etc.) where it is desired to solicit on U.S. military installations.

(ii) Management plan for the supervision and control of sales personnel, limited in numbers to one general agent (or company manager or director) and no more than 30 agents for each overseas area. If warranted, the number of agents may be further limited by the overseas command concerned.

(iii) List of states and other jurisdictions in which the insurer is licensed and the effective and terminal dates of such licensing.

(iv) A statement that the insurer has complied with or will comply with the applicable laws of the country or countries wherein it proposes to solicit (by "laws of the country" is meant all national, provincial, city or country laws or ordinances of any country, as applicable). Upon being authorized to do business in such country or countries, copies of such authorization(s) will be submitted to the Director for Civil Affairs, address as shown in this subparagraph.

(v) An authenticated copy of the current annual statement as filed with

the insurance department of the state of domicile.

(vi) An authenticated copy of the most recently completed convention or "association type" report of examination if the insurer is licensed by more than one state, otherwise, a current report of one insurance department.

(vii) A statement that the policies to be offered for sale:

(a) Conform to the standards prescribed in § 276.9;

(b) Do not contain other than standard provisions such as those prescribed by the Life Insurance Act of the District of Columbia (Chapters 3-8, title 35, District of Columbia Code).

(viii) The amount of unassigned surplus and paid-up capital or only surplus if a nonstock company. In computing the amount of unassigned surplus, include as liabilities all debts due or to become due, contingent or otherwise, as provided in the Act and a statement that the amount of unassigned surplus and paid-up capital has been computed by the method also prescribed in the Act.

(ix) A statement that none of its officers, directors, or principal stockholders, or any member of their immediate families, receives or has any contract to receive commissions, directly or indirectly, from business currently transacted by the insurer, or if the insurer cannot so state, a disclosure and justification for such contracts. (For the purposes of this part, a stockholder who owns directly or beneficially, in excess of five percent of the total stock issued and outstanding shall be considered a principal stockholder.)

(x) A statement that the insurer has not made any loan, secured or otherwise, (except policy loans), to any director, officer or principal stockholder, or to any member of their immediate families within the last year, and that there is not currently outstanding any loan to such person made prior to that period.

(xi) A statement that the insurer will:

(a) Be responsible for the acts of its agents with respect to the solicitation and sale of insurance to military personnel;

(b) Not utilize agents to solicit Defense personnel who do not possess official credentials authorizing solicitation privileges on U.S. military installations in the applicable overseas area(s);

(c) Not accept applications for life insurance on the lives of military personnel from agents overseas, directly or indirectly (viz., by brokerage, sale, etc.) who do not possess official credentials authorizing solicitation privileges on U.S. military installations in the applicable overseas area(s); and

(d) Require the general agent (or company manager or director) to make frequent checks to insure the strict enforcement of this requirement.

(xii) A statement that the insurer will, upon receipt of notification of accreditation, supply the applicable major component commander(s) with the name, age, legal residence, citizenship and present address of each agent who will solicit overseas, the state or states in which such agent(s) are licensed, the date of licensing, expira-

tion dates, and the area in which each agent will solicit; except that the requirement for a state license will be waived, upon request made by the insurer to the appropriate overseas commander, for the accredited agent who has been continuously in foreign areas successfully selling life insurance and forfeits his eligibility for a state license because of no fault of his own but due, instead, to the operation of State law or regulation governing residence or domicile requirements. The request should contain the name of the state or jurisdiction which would not renew the agent's license.

(xiii) The following formats,¹ except Format F, which will be supplied to all applicants for overseas accreditation, must be completed and attached as inclosures to the application:

(a) Format A, entitled "Analysis of Assets".

(b) Format B, entitled "Lapse Ratio and Military Business Statement".

(c) Format C, entitled "Operations Statement".

(d) Format D, entitled "Insurance Inforce".

(e) Format E, entitled "Selected Financial Information".

(f) Format F, entitled "Experience Ratios and Analysis—Ordinary," (to be submitted to DoD only when requested).

(xiv) The inclosure of a check for \$125.00 payable to the Treasurer of the United States in payment of the required application fee.

(xv) Any explanatory or supplemental comments that will assist in evaluating applications.

(3) *Financial and operational criteria.*

(i) The insurer must have demonstrated continuous successful operation in the life insurance business for a period of not less than five years on December 31 of the year immediately preceding the date of filing the application; provided, however, that an insurer or a division of an existing insurer organized to write life insurance and affiliated or connected with an insurer already writing the same and/or other lines of insurance may be granted a waiver of the otherwise mandatory five-year requirement if the insurer to which it is affiliated or connected has been in business for a minimum of twenty years and has a record of financial stability and sound management. In the event of a merger the operating result and all other financial data of both the surviving and the absorbed company will be evaluated within the terms and intent of this part.

(ii) "Continuous successful operation" in the absence of information to the contrary is assumed provided:

(a) The aggregate adjusted net gain from operations is positive for the five-year period defined above, after dividends to policyholders. The adjusted net gain, for each full calendar year of such five-year period, is the net gain from operations after dividends to policyholders as reported in the annual statements of the company; such gain may

¹ Filed as part of original document. Copies are available through the office of the Director for Civil Affairs, ASD(M), Washington, D.C., 20301.

be increased by an expense credit unit, to be determined by the DoD, and applied to the net increase of the amount of insurance in force in the event of an unusual, sound and bona-fide increase in new business. Group insurance shall be excluded in determining such expense credit units.

(b) The insurer's ethical standards and stability in management control are satisfactory as evidenced by: cooperation with the DoD which includes the commanders in the field and compliance with solicitation regulations; the absence of substantiated complaints: (1) on operations and sales techniques; (2) of unwarranted discrimination in underwriting practices by reason of military service, rank or grade or military occupational specialty, and (3) other relevant and evidential material.

(iii) Hereafter, for original accreditation applications, the insurer must be licensed to do business in one or more of the states, a territory or the District of Columbia; meet the minimum standards for initial licensing under current laws where domiciled even though doing business under statutes previously enacted; and (a) if a capital stock company possess paid-up capital of \$500,000 and unassigned paid-up surplus (the excess of admitted assets over liabilities and capital) of \$250,000; or (b) if a non-stock company, an unassigned surplus (the excess of admitted assets over liabilities) of \$750,000; but (c) if the amounts currently required by the state of domicile are larger than (a) or (b) such amounts will govern.

(4) *Announcement of findings.* (i) Advice of action taken by the DoD upon annual applications for accreditation will be announced as soon as practicable by letters dispatched to each insurer.

(ii) In the event accreditation is denied for failure to meet the financial and operational criteria stated above, specific reasons for such findings shall be submitted to the insurer.

(a) Upon receipt of notification of an unfavorable finding, the insurer shall have thirty (30) days from the receipt of such notification (forwarded certified mail, return receipt requested) in which to request reconsideration of the original decision. Such requests must be accompanied by substantiating data or information in rebuttal of the specific reasons upon which the adverse findings are based.

(b) Action by the ASD(M) on appeal is final.

(c) If the insurer is presently accredited, up to ninety (90) days from final action will be granted in which to close out overseas operations pertaining to the DoD.

(5) *Change in status.* Material changes affecting the status of the insurer which may occur during the fiscal year of accreditation must be reported at the time of occurrence. Accreditation may be terminated for failure to report material changes.

(b) *Agents.* (1) An agent may solicit business on U.S. military installations in foreign areas if:

(i) The insurer he represents has been accredited under the terms of this part;

(ii) The insurer he represents has obtained clearance for him from the appropriate overseas command commanders (separate letter instructions will be issued by the DoD to accredited insurers on accreditation procedures, security clearance procedures for agents, commanders addresses, etc.);

(iii) His name appears on the official list of accredited agents maintained by the applicable major component commander(s), and

(iv) He has been granted permission by the commanding officer(s) of the military installation(s) on which he desires to solicit.

(2) Agents must have at least one (1) year of successful life insurance underwriting in the United States or its territories, generally within the five years preceding the date of application, in order to be initially employed for overseas solicitation and designated as an accredited agent.

(3) Agents may not solicit for more than one insurer.

(4) General agents (or company managers or directors) may not represent more than one insurer in any capacity. (The formation of a sales management agency or corporation with more than one general agent and his insurer comprising the agency or corporation is in violation of the foregoing and prohibited.)

(5) Insurers requesting accreditation of an agent (see subparagraph (6) of this paragraph) formerly representing another accredited insurer will include a statement that a report has been received from the former insurer advising that his separation was voluntary or involuntary, with or without prejudice.

(6) Upon receiving the annual letter of accreditation, each insurer will send to the applicable major component commander(s) named therein a verified list of agents currently accredited and soliciting in the overseas area concerned. Where applicable, the insurer will also include the names of new agents for whom original accreditation and permission to solicit on-base is requested. Proposed agent changes (accessions and separations) must be reported but not more frequently than once a month. Information copies of each of the foregoing mailings will be supplied the Director for Civil Affairs, OASD(M), Washington, D.C., 20301.

§ 276.9 Policy requirements.

Insurance policies offered and sold on U.S. military installations must:

(a) Comply with the insurance laws of the states in which the installations are located where policies are offered and sold; such compliance to be determined by the applicable state insurance commissioner in the event of a dispute or complaint.

(b) Contain no restrictions by reason of military service or military occupational specialty of the insured unless such restrictions are clearly indicated on the face of the policy.

(c) Plainly indicate any extra premium charges imposed by reason of military service or military occupational specialty.

(d) Not provide for a variation in the amount of death benefit or premium depending upon the length of time the policy has been in force unless any such variations are clearly described therein.

§ 276.10 Suspension or withdrawal of the solicitation and accreditation privilege.

(a) The suspension or withdrawal, for cause, of the on-base solicitation or accreditation privilege should only be invoked for good and sufficient reasons, such as, but not limited to:

(1) Violation of DoD regulations.
(2) Substantiated adverse reports from state insurance commissioners, other authorities, state or Federal, or recognized financial or insurance advisory services.

(3) The use of any manipulative, deceptive, or fraudulent device, scheme, or artifice, including misleading advertising or other misleading sales literature.

(4) The solicitation (by mail or otherwise) urging the purchase of insurance when such communications or presentations are composed or delivered in any manner which gives rise to any appearance that the offer is sponsored or has the endorsement of the DoD or any element thereof.

(5) The offering for sale of any insurance policy or rider which fails to meet the requirements of this part.

(b) Installation commanders may suspend indefinitely the privilege of on-base solicitation or accreditation granted to insurers or agents for cause, or withhold the privilege of solicitation when classified operations are in progress or when such action is determined to be in the best interest of national security or in conflict with the military mission of the installation. When suspension occurs for the reasons enumerated in paragraph (a) of this section such reasons will be included in prompt notifications to the insurer; agent; insurance commissioner of the state in which the insurer is domiciled and the agent is licensed; insurance commissioner of the state in which the installation is located; and the Secretary of the Military Department concerned, including a recommendation as to whether the suspension should be extended throughout the Department.

(c) The Secretary of a Military Department may extend the suspension action of an installation commander (see paragraph (b) of this section) throughout the Department concerned, or order such a suspension without the recommendation of an installation commander. When the Secretary of a Military Department directs service-wide suspension he will notify promptly the other addressees listed in paragraph (b) of this section; the Secretaries of the other Military Departments, who will order the extension of the same actions throughout their Departments without delay; and the ASD(M).

(d) The Assistant Secretary of Defense (Manpower) may (1) direct the suspension of the privilege of solicitation or the withdrawal of accreditation for agents and insurers throughout the DoD and (2) the restoration thereof.

§ 276.11 Reports.

(a) The Military Departments will report to the ASD(M) violations or suspension actions in duplicate immediately after such violations or suspensions occur. As a minimum, the agent's name, the insurer's name, and a description of the violation will be reported. Violations by agents or insurers resulting in suspension of the solicitation privilege will be processed as required by § 276.10. Report Control Symbol DD-N(AR)374 is assigned to this reporting requirement.

(b) The public reporting requirements contained in this part have been approved by the Bureau of the Budget. Bureau of the Budget approval number 22-R188 may be cited.

MAURICE W. ROCHE,
Administrative Secretary.

[F.R. Doc. 64-7882; Filed, Aug. 5, 1964; 8:47 a.m.]

Title 32A—NATIONAL DEFENSE, APPENDIX

Chapter VIII—Transport Mobilization Staff, Interstate Commerce Commission

CONTROL OF RAILROAD TANK CARS AND LIQUID TRANSPORT VESSELS

NOTE: In the FEDERAL REGISTER of July 21, 1964 (29 F.R. 9793, 9794), there were published General Orders ICC TM-6 and TM-13. These orders are emergency readiness documents and were not intended to be published in the regular FEDERAL REGISTER. The documents are therefore withdrawn from the Federal Register System.

Title 38—PENSIONS, BONUSES, AND VETERANS' RELIEF

Chapter I—Veterans Administration PART 3—ADJUDICATION

Subpart A—Pension, Compensation, and Dependency and Indemnity Compensation

READJUSTMENT PAY AND DISABILITY SEVERANCE PAY

1. In § 3.700(a), subparagraphs (2) and (3) are amended to read as follows:

§ 3.700 General.

(a) Veterans. * * *

(2) Lump-sum readjustment pay. (i) A veteran who has received a lump-sum readjustment payment may receive disability compensation for disability incurred in or aggravated by service prior to the date of receipt of lump-sum readjustment payment subject to deduction of an amount equal to 75 percent of the amount received as readjustment payment. Compensation for such disability may not be authorized for any period prior to June 28, 1962, for a veteran who was separated from service prior to June 29, 1962, or prior to June

29, 1962, for a veteran who was separated from service on or after that date.

(ii) The receipt of readjustment pay does not affect the payment of disability compensation based on a subsequent period of service. Compensation payable for service-connected disability incurred or aggravated in a subsequent period of service will not be reduced for the purpose of offsetting readjustment pay based on a prior period of service. (50 U.S.C. 1016(b)(6))

(3) *Severance pay.* Where the disability or disabilities found to be service connected are the same as those upon which disability severance pay is granted, an award of compensation will be made subject to recoupment of the disability severance pay. There is no prohibition against payment of compensation where the veteran received nondisability severance pay or where disability severance pay was based upon some other disability. Compensation payable for service-connected disability other than the disability for which disability severance pay was granted will not be reduced for the purpose of recouping disability severance pay.

2. Section 3.1569 is revoked.

§ 3.1569 Payment of disability compensation with deduction of lump-sum readjustment pay.

[Revoked]

(72 Stat. 1114; 38 U.S.C. 210)

These VA Regulations are effective the date of approval.

Approved: July 31, 1964.

By direction of the Administrator.

[SEAL]

W. J. DRIVER,
Deputy Administrator.

[F.R. Doc. 64-7844; Filed, Aug. 5, 1964; 8:45 a.m.]

Title 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

[FCC 64-766]

PART 1—PRACTICE AND PROCEDURE

Applications for Frequencies Adjacent to Class I-A Channels

At a session of the Federal Communications Commission held at its offices in Washington, D.C., on the 29th day of July 1964;

The Commission has under consideration § 1.569 (formerly 1.351) of its rules, which sets forth special criteria governing the handling of and action on AM applications for facilities (new or major changes) on frequencies within 30 kc/s of the Class I-A clear channels mentioned in § 73.25. These criteria are necessary in order to avoid prejudicing possible future uses of the I-A channels. Paragraphs (b) and (c) of § 1.569 relate to frequencies which are within 30 kc/s of the 12 "unduplicated" clear chan-

nels. At the time this section of the rules was adopted following the Clear Channel decision (Docket 6741) in 1961, it was anticipated that final determination of the best use of these 12 I-A channels would be made within three years, and accordingly these paragraphs begin with the language: "Until September 1, 1964, or such earlier date as may be announced * * *"

Because of a number of factors, the ultimate disposition of these channels has not yet been determined. Several applications have been tendered by I-A stations thereon requesting developmental authority for "higher power" operations (up to 750 kilowatts). It has not been determined which of these, if any, should be granted, and if any such grants are made for experimental purposes it will take some time for the facilities to be installed and operate for a sufficient time to provide meaningful data. Therefore, it is necessary to continue such criteria in effect beyond the September 1, 1964 date mentioned. Accordingly, we are amending these paragraphs, as set forth below, by eliminating reference to that date.

Because the rule changes adopted herein are procedural, prior notice and public proceedings are not required under the Administrative Procedure Act, nor does the effective date provision of section 4(c) of that statute apply. The changes in the rules are effective August 31, 1964.

Authority for the adoption of the rule amendment herein is contained in sections 4 (i) and (j) and 303 of the Communications Act of 1934, as amended.

In view of the foregoing: *It is ordered*, That, effective August 31, 1964, section 1.569 of the Commission's rules is amended, as set forth below.

(Secs. 4, 303, 48 Stat. 1066, 1082, as amended; 47 U.S.C. 154, 303)

Released: July 31, 1964.

FEDERAL COMMUNICATIONS
COMMISSION,¹

[SEAL] BEN F. WAPLE,
Secretary.

Paragraphs (b) (1) and (c) (1) of § 1.569 of the Commission's rules are amended so as to eliminate the reference therein to September 1, 1964, and as amended read as follows:

§ 1.569 Applications for frequencies adjacent to Class I-A channels.

(b) (1) The provisions of this paragraph apply to all applications for the following frequencies: 680, 690, 710, 730, 790, 800, 810, 850, 860, 900, 1010, 1050, 1060, 1070, 1130, 1140, 1150, 1170, 1190, and 1220 kc/s.

(c) (1) The provisions of this paragraph apply to all applications for the following frequencies: 610, 620, 630 kc/s.

[F.R. Doc. 64-7833; Filed, Aug. 5, 1964; 8:45 a.m.]

¹ Dissenting statement of Commissioner Loevinger filed as part of the original document.

[Docket No. 15357; FCC 64-708]

PART 21—DOMESTIC PUBLIC RADIO SERVICES (OTHER THAN MARITIME MOBILE)

Dispatch Stations; Report and Order

1. The Commission issued a notice of proposed rule making in the above-entitled matter which was duly published in the *FEDERAL REGISTER* (29 F.R. 3204, March 10, 1964). Comments were invited concerning the proposal set forth therein. The dates for filing such comments and reply comments have passed and all those which were submitted¹ have been considered by the Commission in arriving at the determinations hereinafter set forth.

2. This proceeding was prompted by that portion of a Petition for Rule Making, filed September 11, 1962 by the National Mobile Radio System (NMRS), which, *inter alia*, requested a rule change to provide for blanket authorization of dispatch station facilities. Although the aforesaid petition did not specify a particular procedure or a definite proposed rule, it is clear that the NMRS seeks the broadest possible authorization for the establishment of dispatch stations with a minimum of restrictions. Recognizing certain meritorious aspects of a blanket authorization, the Commission proposed a rule which would provide for the grant of blanket authorizations to establish dispatch stations within the calculated reliable service area of a base station, subject to certain restrictions and requirements for notification.

3. In commenting on the proposed rule change NMRS reviewed the pertinent portions of its aforesaid petition and again described the scope of its request as follows: "Such blanket authority would be similar to existing mobile unit authority and would follow (but on a permanent basis) existing Commission procedures which permit blanket authority to establish temporary rural radio (subscriber) stations at temporary locations for a period up to six months." Although NMRS commends the Commission for proposing "to accord a measure of relief to the industry with respect to dispatch station authorization and establishment", the limitations

¹ Comments and supporting statements have been filed by Radio Broadcasters, Inc.; Mobilphone of Boston; Communications Industries, Inc.; Tydings Electronics, Inc.; Victor E. Duane, d/b as Central Mobile Radio Phone Service; General Communications Service, Inc.; Business Communications, Inc.; National Mobile Radio System; Fresno Mobile Radio, Inc.; Two-Way Radio Company; Chattanooga Venetian Blind Co., Inc.; Atlanta Radio Contact, Inc.; Allied Telephone Companies Association; Industrial Communications Systems, Inc.; Francis H. Drake; Keller and Heckman, Esqs.; August F. Gabriel; Sierra Communications, Inc.; E. M. McLeod; E. B. Brownell; Othal D. Vrans; Business Communications, Inc.; Robert J. Stipp; Franklin T. Wilson, d/b as Wilson Radio Dispatch; Salinas Valley Radio Dispatch Company; North Shore Radio Telephone, Inc.; Radio Communications, Inc.; Don W. Daymon, d/b as Daymon Radio Service.