



COMPTROLLER GENERAL OF THE UNITED STATES

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Mr. Robert J. Albers, Authorized Certifying Officer,
Department of Agriculture, Soil Conservation Service,
Lincoln 1, Nebraska.

Dear Mr. Albers:

I have your letter of December 16, 1943, received here
December 31, as follows:

"In accordance with Public 389, December 29, 1941, there is transmitted herewith for advance decision a voucher submitted by the Rubber Development Corporation, 811 Vermont Avenue, Washington, D. C., covering equipment (and freight) shipped to the Soil Conservation Service at Wahpeton, North Dakota.

"From the information in the voucher, it appears this transaction was contemplated under Section 601 of the Economy Act, approved June 30, 1932, 47 Stat. 417. Since this office does not have the means of determining whether the Rubber Development Corporation can be considered an independent establishment of the Government under the provisions of this act, your decision is kindly requested as to the propriety of certifying this payment. (If the payment is proper, we propose to use the executed Standard Form 1034 to support Standard Form 1080.)"

The voucher covers two Badger combination one-half yard shovels, and attachments, and it is stated in the papers attached thereto that the equipment was needed immediately and that it had not been possible to obtain it from any other source.

The provision of law to which you refer--Public Law 670, approved July 20, 1942 (56 Stat. 661), amending section 7(a) of the act of May 21, 1920 (41 Stat. 613), as amended by section 601

of the act of June 30, 1932 (47 Stat. 417)—authorizes the inter-departmental procurement of supplies, as follows:

"Sec. 7. (a) Any executive department or independent establishment of the Government, or any bureau or office thereof, if funds are available therefor and if it is determined by the head of such executive department, establishment, bureau, or office to be in the interest of the Government so to do, may place orders with any other such department, establishment, bureau, or office for materials, supplies, equipment, work, or services, of any kind that such requisitioned Federal agency may be in a position to supply or equipped to render, and shall pay promptly by check to such Federal agency as may be requisitioned, upon its written request, either in advance or upon the furnishing or performance thereof, all or part of the estimated or actual cost thereof as determined by such department, establishment, bureau, or office as may be requisitioned; but proper adjustments on the basis of the actual cost of the materials, supplies, or equipment furnished, or work or services performed, paid for in advance, shall be made as may be agreed upon by the departments, establishments, bureaus, or offices concerned: Provided, That the War Department, Navy Department, Treasury Department, Civil Aeronautics Administration, and the Maritime Commission may place orders, as provided herein, for materials, supplies, equipment, work, or services, of any kind that any requisitioned Federal agency may be in a position to supply, or to render or to obtain by contract * * *."

Section 5d (2) of the Reconstruction Finance Corporation Act, ^{Sec. 4, June 10, 1932} as amended (54 Stat. 571, 361; 55 Stat. 249; 15 U.S.C. 1940 ed., and Supp. I, 606b), provides that, in order to aid the Government in its national defense program, the Reconstruction Finance Corporation is authorized:

"To make loans to, or, when requested by the Federal Loan Administrator with the approval of the President, purchase the capital stock of, any corporation (a) for the purpose of producing, acquiring and carrying strategic and critical materials as defined by the President * * *."

It is understood that pursuant to the foregoing authority, the stock of the Pacific Development Company, Inc.—which was created

under Delaware law in 1940--was acquired and is owned by the Reconstruction Finance Corporation. On February 16, 1943, the Delaware certificate of incorporation was amended to change the name of the company to Rubber Development Corporation and to make certain changes in its charter powers.

Since the Rubber Development Corporation is a wholly owned subsidiary of the Reconstruction Finance Corporation, which in turn is owned by the United States, it properly may be regarded as an "independent establishment" of the Government within the meaning of that term appearing in the act of July 20, 1942, supra. Accordingly, the voucher transmitted with your letter is returned herewith and you are advised that the matter may be certified for payment, if correct in other respects.

Respectfully,

(Signed) Lindsay C. Warren

Comptroller General
of the United States.

Enclosure.