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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON



A-58289

SEP 35 1938

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Chairman,  
Home Owners' Loan Corporation.

Sir:

There was received your letter of September 21, 1938, addressed to the Chief of the Audit Division of this office, as follows:

"The Board has had brought to its attention two communications from Mr. B. A. McGinn, Chief, Contract Examining Section, of your Division, the first, dated August 3, pointing out a number of respects in which some of the outstanding leases of the Corporation do not conform to usual government practice, and the second, dated August 4, dealing similarly with a number of existing contracts of the Corporation.

"Reply to these communications has been delayed pending a conference between representatives of the Home Owners' Loan Corporation and Mr. P. L. Yates, attorney-conferer of the General Accounting Office. On September 10 a conference was held between Messrs. A. L. Hemphill and Jonathan E. Richards, representatives of the Corporation, and Mr. Yates relative to the peculiar problems of the Corporation in adjusting its existing leases and contracts to uniform government practice. At that conference it was pointed out to Mr. Yates that the Corporation, in addition to something like 150 outstanding leases, has in the neighborhood of two hundred existing small recurring contracts of which those referred to in Mr. McGinn's letter of August 4 are representative. None of these latter contracts involve monthly payments of more than \$25 and by far the majority of them involve far smaller sums. The widespread geographical distribution of these outstanding leases and contracts of the Corporation will present a very real practical barrier to any attempt to accomplish a reformation of them at this time. Not only would such an undertaking involve much time and expense, but, likewise, would seriously hamper the current operations of the Corporation, due to the delay involved.

"On August 31, 1938, communication No. A-97432 was received from Mr. E. H. Elliott, Acting Comptroller General, with reference to a number of leases held by the Corporation in Baltimore. In that communication Mr. Elliott pointed out a number of objections

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to the leases from the viewpoint of uniform government practice, but indicated that correction of these features would be asked for only as to leases executed hereafter. As to existing leases, Mr. Elliott asked only that the Corporation supply evidence of fair market value of the premises leased. This latter information is being assembled for forwarding to your office at the earliest date possible.

Mr. Yates, in the recent conference held with him, indicated that the auditing operation of the General Accounting Office would be rendered the more difficult unless a method could be worked out whereby the leases and contracts of the Corporation could be brought as nearly as practicable into conformity with usual government practice. It is the desire of the Corporation to cooperate in this respect to the fullest possible extent. However, as to its outstanding leases and contracts, the Corporation will be spared very great outlays of time and expense and serious interference with its current operation will be avoided if, in accord with the suggestion of Mr. Elliott in his recent communication, the leases and contracts into which the Corporation has already entered be allowed to remain in status quo until their termination date. As to the leases and contracts of the Corporation executed hereafter, with the suggestions of your office at hand, all effort will be made to cooperate in bringing the same, so far as is possible, into conformity with usual government practice.

"I hope we may receive your advice on this matter at an early date inasmuch as a great many inquiries are being received as to the disposition of vouchers under our leases and contracts. If it is the practice in your Office to do so in matters of this nature, may we request that this communication be forwarded to Mr. Elliott, the Acting Comptroller General."

In view of the representations made in your letter, this office will not require that existing leases and contracts of the Home Owners' Loan Corporation be reformed or corrected to conform to the procedure and practice with respect to Government leases and contracts generally; and otherwise proper payments under such leases and contracts will not be further questioned solely because of the forms of the leases or contracts or the procedure followed in the execution thereof. However, any additional

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evidence or information deemed necessary to show that any of the expenditures are legal and proper will, of course, be requested and required.

Your cooperation in these matters is appreciated.

Respectfully,

(Signed) R. N. Elliott  
Acting Comptroller General  
of the United States.

taxation purposes "at not less than the full and true value thereof in lawful money." The same statutes provide that the six members of the board of assistant assessors, together with the assessor, as chairman, shall constitute the board of equalization and review of real-estate assessments. The assistant assessors are required by the said act of August 14, 1894, to be residents of the District of Columbia and conversant with real-estate values therein. The act of February 11, 1932, 47 Stat. 48, removes any disqualification of the assessor of the District of Columbia which might arise through his official position and qualifies him to act as an expert witness in testifying relative to the value of real estate in the District of Columbia.

In view of the above, and of the provisions of the act of June 12, 1934, 48 Stat. 930-933, authorizing the creation of the Authority and prescribing its duties, there would seem to be neither necessity nor authority to contract with persons not connected with the Government service to appraise all parcels of property proposed to be acquired in carrying out the provision of said act of June 12, 1934. The question presented is answered in the negative.

(A-0495)

#### PRINTING FOR THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

The Federal Savings & Loan Insurance Corporation, created by section 402 of the act of June 27, 1934, 48 Stat. 1250, is an "establishment of the Government" within the meaning of section 11 of the printing act of March 1, 1919, 40 Stat. 1270, and is required to secure its printing at the Government Printing Office, except such as may be authorized by the Joint Committee on Printing to be procured elsewhere than in the District of Columbia for exclusive use outside of the District.

Acting Comptroller General Elliott to the Chairman, Federal Home Loan Bank Board, March 13, 1935:

There has been received your letter of February 20, 1935, as follows:

Federal Savings and Loan Insurance Corporation had a small printing job done with a private printer and received a bill for \$40.00.

I am informed that 40 Stats. 1270, U. S. C. A., Title 41, sec. 11, requires "every executive department, independent office and establishment of the Government" to have its printing done at the Government Printing Office. At the same time, I am advised by our General Counsel that, in his opinion, Federal Savings and Loan Insurance Corporation is not subject to this said statute and may have printing done by private printers, and I enclose copy of his opinion and of a memorandum from a member of the legal staff on the subject.

Will you please advise us whether or not, in your opinion, Federal Savings and Loan Insurance Corporation is required by statute to secure its printing at the Government Printing Office?

Section 11 of the act of March 1, 1919, 40 Stat. 1270, provides in part as follows:

• • • That on and after July 1, 1919, all printing, binding and blank-book work for Congress, the Executive Office, the Judiciary, and every execu-

the department, independent office, and establishment of the Government shall be done at the Government Printing Office, except such classes of work as shall be deemed by the Joint Committee on Printing to be urgent or necessary to have done elsewhere than in the District of Columbia for the exclusive use of any field service outside of said District.

This statute by its plain terms is applicable to every "establishment of the Government." The word "establishment" is a broader term than department and in decision of January 8, 1928, *Emergency Fleet Corporation v. Western Union Telegraph Company*, 275 U. S. 415, the Supreme Court of the United States held that the United States Shipping Board Emergency Fleet Corporation was a "department of the Government" within the meaning of the Post Roads Act. In the opinion in that case the Court said (page 425):

It is urged that if the Fleet Corporation is granted the Government rate, it may likewise be claimed by every instrumentality of the Government. Instrumentalities like the national banks or the Federal reserve banks, in which there are private interests, are not departments of the Government. They are private corporations in which the Government has an interest. Compare *Bank of the United States v. Planters' Bank*, 9 Wheat. 904, 907. The Fleet Corporation is entitled to the Government rate, not because it is an instrumentality of the Government, but because it is a department of the United States within the meaning of the Post Roads Act.

See also *Merchant Fleet Corporation v. Harwood*, 281 U. S. 519, 525, and *McCarthy v. United States Shipping Board Merchant Fleet Corporation*, 53 F. (2d) 923.

The Federal Savings & Loan Insurance Corporation was created by section 402 of the act of June 27, 1934, 48 Stat. 1256, to be under the direction of the members of the Federal Home Loan Bank Board, serving as a board of trustees, and operated by it under such bylaws, rules, and regulations as it may prescribe for carrying out the purposes of the law. All of its stock is required to be subscribed to by the Home Owners' Loan Corporation, all of the stock of which is owned by the United States. Act of June 18, 1933, 48 Stat. 126.

Hence, the Federal Savings & Loan Insurance Corporation, having been created by the Government, controlled and directed solely by Government officials and authorized to carry on no activity other than as prescribed by the Federal statute which created it and for one of the purposes for which the Federal Government was established, to wit, "to promote the general welfare", is an "establishment of the Government", within the meaning of the printing act, *supra*.

You are advised, therefore, that the Federal Savings & Loan Insurance Corporation is required by statute to secure its printing at the Government Printing Office except such as may be authorized by the Joint Committee on Printing pursuant to the terms of the statute and its regulations issued thereunder, to be procured elsewhere than in the District of Columbia for exclusive use outside of said District.

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