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WAR DEPARTMENT,
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ARMY EXCHANGE SERVICE—Liquidation procedures—Circular No. 57, War Department, 1944, amended-----	Section I
GAS CYLINDER—Shipping regulations—Changes in AR 850-60-----	II
WAR TROPHY—Retention by military personnel, merchant seamen, and other civilians-----	III

I. ARMY EXCHANGE SERVICE.—Circular No. 57, War Department, 1944, as amended by section I, Circular No. 293, 1944, is further amended as follows:

1. The heading of section VI is changed to read "Standard operating procedure, liquidations," and the heading "VII—Standard operating procedure, complete liquidation," is deleted.

2. Paragraphs 9, 14, 22, 23, 24, 25a (11), (16), (17), (19), and (21), and 25b (2), (3), and (8), are rescinded and the following substituted therefor:

9. Pursuant to the authority contained in paragraph 11c, AR 210-65, the average net profit on sales of exchanges for each three consecutive months including the current month will not be permitted to exceed 6 percent, nor should it be less than 3½ percent.

14. Subject to specific directives of the Chief of Army Exchange Service, the commanding general of a service command is vested with complete authority to make final disposition of all Army Exchange Service property in such manner and at such prices as he deems appropriate. No contracts will be made, however, for the disposition of exchange assets which are not immediately available for sale in specific quantities.

22. a. The commanding general of the service command will direct a partial or complete liquidation of an exchange whenever, by reason of a decrease in personnel present at any post, camp, station, or installation, the assets of the exchange are greater than required for operation on the reduced basis. In determining whether the liquidation of an exchange should be partial or complete, the classification of the installation will govern. If such classification, using definitions contained in paragraph 2c, Circular No. 306, War Department, 1944, is inactive or surplus, a complete liquidation will be accomplished in accordance with the instructions set forth in Circular No. 57, War Department, 1944, as amended by this circular even though a small complement may be stationed there for caretaking or similar purposes.

b. If the commanding officer of the complement determines that an exchange is necessary, a new exchange may be activated, as provided in paragraph 4, AR 210-65, 1 June 1944.

c. When an installation is classified as inactive, the commanding general of the service command will determine whether any or all of the equipment of the exchange is to be removed, sold, or left at the installation.

d. Equipment of an exchange at an installation which is classified as surplus will be disposed of in accordance with the provisions of Circular No. 57, War Department, 1944, as amended by this circular.

e. Equipment of an exchange which is partially liquidating will not be removed or sold until determination has been made by the commanding general of the service command that the decrease in strength is permanent.

f. After a partial liquidation, all surplus exchange equipment, and after a complete liquidation, all equipment to be left at a post, camp, station, or installation for future use are the property of Army Exchange Service and will be so marked.

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** Sec III, rescinded by sec 11, AR 155 (18 Nov 1944) - see case ab 3263 (23 May 45)*

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g. The commanding general of the service command will prepare a list of all assets belonging to Army Exchange Service which are left at a post, camp, station, or installation for future use, giving the description, location, condition, age, serial number if any, estimated cash value, etc., of each asset. Post commanders will be responsible to Army Exchange Service for such assets and will forward to the Chief, Army Exchange Service, a certified list thereof.

h. The commanding general of the service command will arrange for necessary maintenance of all assets belonging to Army Exchange Service and left at a post, camp, station, or installation for future use. Such arrangement, whenever possible, will be made with the post engineer. Costs of maintenance, if any, of assets belonging to Army Exchange Service will be paid by the Army Exchange Service.

i. If an exchange at an installation classified as inactive is reestablished, Army Exchange Service will transfer, without cost to such exchange, all or any part of the exchange assets left at such installation for future use.

j. If an installation which is classified as inactive subsequently is classified as surplus, the exchange assets retained at such installation will be disposed of in accordance with the provisions of Circular No. 57, War Department, 1944, and this circular. The commanding general of the service command will notify the Chief of Army Exchange Service of such change in classification.

23. Partial liquidation.—Whenever a partial liquidation occurs, the commanding general of the service command will make sure that the following are accomplished by post commanders:

a. Terminate operation of outlets not necessary to maintenance of service to remaining troops.

b. Reduce personnel and other expenses to conform to decreased sales. Forward to the commanding general of the service command applications for employment (AES Personnel Form No. 2) of trained and experienced civilian personnel who desire to continue in exchange work. The commanding general of the service command will send briefs of application to other exchanges and to the Chief of Army Exchange Service in the case of persons willing to transfer to other service commands or overseas.

c. Reduce merchandise inventory as expeditiously as practicable to a point consistent with revised troop strength.

d. Cancel, if possible, that portion of merchandise and equipment "on order" which will not be required under revised troop strength.

e. Sell assets no longer required (see par. 22*e*) to other exchanges or other War Department agencies. Assets which cannot be disposed of in this manner and merchandise and unused (new) equipment for which arrangements for return to vendors cannot be concluded may, with the approval of the commanding general of the service command, be sold to civilians in the local trading area. Granting such authority to the exchange to make sales of all or part of the remaining unsold assets at the post level will depend upon such factors as the condition of the merchandise and equipment, as for example, broken lots, packing, case goods, the cost of shipping to the exchange distribution center, anticipated need for merchandise and equipment in Army exchanges, time available for completion of liquidation, and the ability of the local market to absorb the merchandise and equipment. Negotiated sales will not be used as a method of disposition of such assets. Authority to sell such assets at the post level will not be construed to eliminate the alternative of sending the merchandise and equipment to the exchange distribution center, whenever it is deemed by the commanding general

of the service command that bids received do not justify sales at the post level. Advertising and other publicity to civilians will include the following statement: "Merchandise, supplies, and equipment offered for sale are not Government property." Whenever sales to civilians in the local trading area are impractical, assets may, with the approval of the commanding general of the service command, be sent on a consignment basis to a distribution center. All sales must be made in conformity with priority or rationing rules established by appropriate governmental agencies. Collect ration currency where required. The distribution center will charge a reasonable commission for services rendered and expenses incurred in effecting consignment sales. Such fees will be applied against the cost of maintaining the distribution center. Whenever a distribution center sells such assets of an exchange, the proceeds will be remitted monthly to the exchange, together with a statement of the transaction so that the books of account of the exchange will reflect such sales.

24. The amount of net working capital to be retained by a partially liquidating exchange will be determined in accordance with the provisions of paragraph 15, AR 210-65, 1 June 1944. The commanding general of the service command will determine which fixed assets will be liquidated and which will be retained.

25. **Complete liquidation.**—In supervising liquidations pursuant to paragraph 7, AR 210-65, the commanding general of service command, upon receipt of notice that an exchange is to be liquidated, will designate a representative or representatives of his headquarters to supervise each liquidation. This is to insure the speed in liquidation which is essential to the conservation of the assets of the exchange. The following procedures contemplate that the closing of an exchange will be followed promptly by a cessation of operating expenses, and it will be the responsibility of the commanding general of service command to insure that the following essential procedures are taken:

a. Prior to closing.

(11) Release employees as sales volume and number of outlets decrease. Process applications for employment of trained and experienced personnel as outlined in paragraph 23b.

(16) Sell merchandise and equipment to other exchanges or other War Department agencies for immediate delivery or for prompt delivery after closing. See paragraph 22c and d.

NOTE.—Rationed items may be sold to other exchanges without exchange of ration currency.

(17) Subject to the approval of the commanding general of the service command, sell for cash to civilians in the local trading area as many of the assets of the exchange as practicable that have not been sold to other exchanges or other War Department agencies or for which arrangements for return (of merchandise and unused (new) equipment) to vendors cannot be concluded. Granting such authority to the exchange to make sales of all or part of the remaining unsold assets at the post level will depend upon such factors as the condition of the merchandise and equipment, as for example, broken lots, packing, case goods, the cost of shipping to the exchange distribution center, anticipated need for merchandise and equipment in Army exchanges, time available for completion of liquidation, and the ability of the local market to absorb the merchandise and equipment. Negotiated sales will not be used as a method of disposition of such assets. Authority to sell such assets

