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B-35062 July 28, 1943

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Chairman, Smaller Per Plants Corporation.

My dear General Johnson:

I have your letter of June 9, 1943, as follows:

Smaller Per Plants Corporation proposes to undertake a program which will include the holding of informal luncheon meetings in various industrial cities in an effort to influence prime contractors to distribute business to smaller manufacturors through subcontracting. The Corporation plans to invite officers of large and small banks, members of leading civic organization and firm holding prime contracts. It has been suggested that the Board of Directors of the Corporation appropriate a part of the Corporation's funds to defray the expenses of these luncheon meetings. The amount suggested would not exceed approximately $4,000.

(Sec. Bid) of Public Law 603-77th Congress, which created Smaller Per Plants Corporation, contains the following provision:

The Board of Directors of the Corporation shall determine and prescribe the manner in which its obligation shall be incurred and its expenses allowed and paid.

Please advise if you will be required to object to those expenditures if made by the Corporation.

The purpose of the act of June 11, 1942, as set forth in the title thereof is to mobilize the productive facilities of small business in the interests of successful prosecution of the war, and for other purposes and section 2 of the act provides:

The Chairman of the War Promotion Board shall have power, and he is hereby directed, whenever and to the extent that he determines such action to be necessary-

(3) to obtain information with respect to the extent and the terms up9on which prime contractors with the Government have led subcontracts, and to take such action as he may find appropriate to bring about the letting by such prime contractors of subcontracts upon fair and equitable terms and in the greatest volume practicable;

By the act of July 12, 1943, Public Law 139, making funds available for the administrative expenses of the Smaller Per Plants Corporation, it is specifically provided that such funds shall be available to make the Corporation to carry out the provisions of section 2 of the said act of June 11, 1942. Consequently, I have to advise that if it be administratively determined by the Board of Directors that the expenditures referred to in your publication are essential to carry out effectively the authorized functions of the Corporation this office will interpose no obligation to the use for that purpose of funds available to the Corporation for the administrative expense.

Respectfully,

Comptroller General of the United States.