

or sale of surplus personal property or real estate can be used. You did say in this one fund it was supposed to be appropriated. But I pointed out a case where it didn't follow the appropriation process.

Would you comment on my observations?

Mr. STAATS. Mr. Keller would like to respond to part of the question.

Mr. KELLER. Mr. Curtis, on the question of the use of receipts from the sale of property, the Federal Property Administrative Services Act authorizes the use of receipts under certain conditions.

The act authorizes the administrator to use receipts for the utilization of excess property and the disposal of surplus property including the expenses of sale, the payment of auctioneers, appraisers, et cetera. Also funds from the sale of property that was originally purchased from funds that are not appropriated funds or are revolving funds, would go back to the funds from which the purchase was made. Funds are authorized to be placed in a special deposit account to take care of any question of refunds that may be due to contractors. Also, funds can be applied against work performed by a contractor, under certain conditions.

The latter may be the sealskin-operation you were talking about, I am not sure of that because I haven't checked into it.

Representative CURTIS. Yes. If you would check into that.

(The following material was subsequently filed relative to the foregoing:)

#### STATEMENT RELATIVE TO PROTECTION, HARVESTING, AND SALE OF PRIBILOF FUR SEALS

The act of February 26, 1944, as amended, and subsequently repealed and replaced by the Fur Seal Act of 1966 (80 Stat. 1091), declared the Pribilof Islands to be a special reservation for Government purposes and gave the Secretary of the Interior authority to protect and harvest the fur seal herd, to furnish the necessities of life to the native inhabitants of the islands, and to provide for their comfort, maintenance, education, and protection. The act also provides that the proceeds from the sale of sealskins shall be deposited in a special fund in the Treasury (Pribilof Islands fund), and that there is authorized to be appropriated annually, for the purpose of carrying out the provisions of the act, an amount not exceeding the total proceeds of such sales covered into the Treasury during the preceding fiscal year. Beginning with fiscal year 1959, the State of Alaska (72 Stat. 339) has received 70 percent of the net proceeds from the sale of sealskins as determined by the Secretary of the Interior after deducting costs of administering the Pribilof Islands.

Since 1921, fur seals harvested from the Pribilof Islands have been processed and sold by the Fouke Fur Company under successive contracts with the Department of the Interior. We understand that the expenses of processing and marketing the sealskins have been met from the gross proceeds resulting from the sale of the sealskins and the net proceeds have been deposited into the Treasury. This practice appears to be a reasonable interpretation of the laws applicable to the harvesting and sale of fur seals from the Pribilof Islands and has been recognized by the Congress. See for example House Report No. 3052, 81st Congress.

The current contract with the Fouke Fur Company entered into on April 30, 1965, provides that seven-eighths of the sealskins harvested during 1963 through 1967 will be made available to Fouke for processing and sale. Pursuant to a determination by the Secretary of the Interior the remaining one-eighth of the sealskins harvested during 1963 through 1967 are to be retained by the Government for use under experimental contracts with other interested firms.

The initial research and development contract was entered into with the Pierre Laclede Fur Company on August 30, 1965, pursuant to authority contained in the act of February 26, 1944, as amended, and provided for the Government to furnish the contractor about 5,000 sealskins for research and development purposes. The total cost of the contract to the Government was estimated to be \$377,636, including a fixed fee of \$30,000, which was to be financed out of pro-