

File No. 46845 Continued

You further advise me that the manager of the company had led you to believe that the installation of the new machine, in his opinion, cancelled the existing contract and created a new one dating from the new installation date, and embracing all of the equipment installed under the contract of January 20, 1925, thus precluding you, in his opinion, from terminating your contractual relationship with this company at the end of the first quarter following January 20th, as is provided in this contract.

I have examined the contract, and find upon the second page the following provision:

"Tabulating machines, sorting machines or electric key punchers in addition to the above, or to replace any you may have in use, will be furnished you in accordance with the conditions of this contract at the rates prevailing at the time your order for same is received".

Upon the third page of the contract I find the following clause:

"This agreement shall remain in force for one year from the date that the machines are installed ready for your use and quarterly thereafter, unless terminated in accordance with the terms of this agreement".

It would seem by the inclusion of the first mentioned clause in the contract that the company contemplated the installation of additional machinery, or the replacement of existing machinery during the continuance of the contract, and that it was the company's intention to add new machinery, or to replace the installed machinery, without cancelling or abridging the contract in any way, and I cannot understand an interpretation of the contract such as the manager has indicated to you.

You advise me that you entered into no new contract when the new sorting machine was ordered, and it is my opinion that this machine is merely a replacement of existing machinery, and that it falls, upon installation, under the terms of the existing contract, it being understood, of course, that the new rental of \$35.00 per month is at the rate which prevails at the time of installation.