

# FEDERAL REGISTER

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Pages 5731-5783

**Agencies in this issue—**

The President  
Atomic Energy Commission  
Civil Aeronautics Board  
Civil Service Commission  
Commodity Credit Corporation  
Consumer and Marketing Service  
Federal Aviation Administration  
Federal Communications Commission  
Federal Maritime Commission  
Federal Mediation and Conciliation Service  
Federal Power Commission  
Federal Reserve System  
Federal Trade Commission  
Fish and Wildlife Service  
Health, Education, and Welfare Department  
Indian Affairs Bureau  
Interstate Commerce Commission  
Land Management Bureau  
Navy Department  
Securities and Exchange Commission  
State Department

Detailed list of Contents appears inside.





Just Released

## CODE OF FEDERAL REGULATIONS

(As of January 1, 1968)

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[A cumulative checklist of CFR issuances for 1968 appears in the first issue of the Federal Register each month under Title 1]

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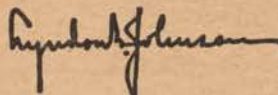
## Title 3—THE PRESIDENT

### Executive Order 11406

#### ASSIGNING AUTHORITY WITH RESPECT TO ORDERING UNITS IN THE READY RESERVE TO ACTIVE DUTY

By virtue of the authority vested in me by paragraph (e) of title I of the Department of Defense Appropriation Act, 1967 (80 Stat. 981), and by section 301 of title 3 of the United States Code, and as President of the United States, it is hereby ordered as follows:

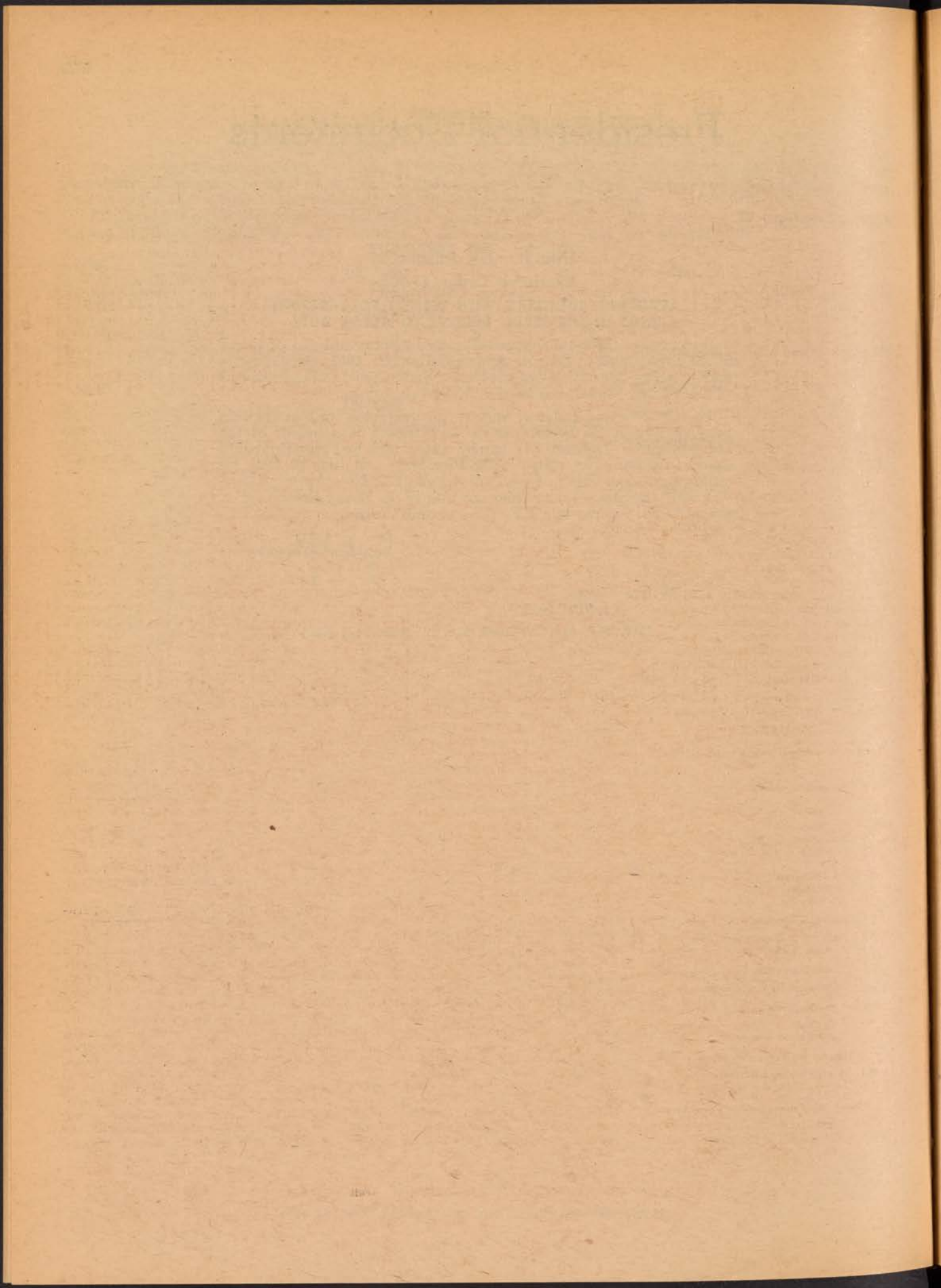
The Secretary of Defense, and, when designated by him for this purpose, any of the Secretaries of the military departments of the Department of Defense, are hereby authorized and empowered to exercise the authority vested in the President until June 30, 1968, by paragraph (e) of title I of the Department of Defense Appropriation Act, 1967 (80 Stat. 981) to order any unit in the Ready Reserve of an armed force to active duty for a period of not to exceed 24 months.



THE WHITE HOUSE,  
*April 10, 1968.*

[F.R. Doc. 68-4521; Filed, Apr. 12, 1968; 1:31 p.m.]







# Rules and Regulations

## Title 5—ADMINISTRATIVE PERSONNEL

### Chapter I—Civil Service Commission

#### PART 870—REGULAR LIFE INSURANCE

#### PART 871—OPTIONAL LIFE INSURANCE

#### Expansion of Life Insurance Coverage

On December 16, 1967, Chapter 87 of Title 5, United States Code, providing group life insurance for Federal employees, was amended in several respects. The previously existing life insurance program for Federal employees was altered in several respects, and a new program of additional life insurance, differing in several respects from the previously existing program was added.

On January 25, 1968, temporary regulations were issued and published in the FEDERAL REGISTER (33 F.R. 923), to provide for immediate implementation of the life insurance programs. These regulations expire by their own terms on April 15, 1968. Consequently, it is necessary to adopt continuing regulations governing the life insurance programs. Accordingly, it is ordered:

(1) That Part 870 of Chapter I of Title 5 of the Code of Federal Regulations is revised, effective April 15, 1968, to read as follows:

#### PART 870—REGULAR LIFE INSURANCE

##### Subpart A—Administration and General Provisions

Sec.  
870.101 Actions on the policy.

##### Subpart B—Coverage

870.201 Coverage.  
870.202 Exclusions.  
870.203 Effective dates of insurance coverage.  
870.204 Cancellation of waiver of insurance coverage.  
870.205 Appeals.

##### Subpart C—Amount of Insurance

870.301 Amount of employee's insurance.  
870.302 Annual rates of pay.

##### Subpart D—Withholdings and Contributions

870.401 Withholdings and contributions.

##### Subpart E—Termination and Conversion

870.501 Termination and conversion of insurance coverage.

##### Subpart F—Retired Employees

870.601 Eligibility for life insurance.  
870.602 Amount of life insurance.

##### Subpart G—Employees' Compensation

870.701 Eligibility for life insurance.  
870.702 Amount of life insurance.

##### Subpart H—[Reserved]

Sec.  
Subpart I—Order of Precedence and Designation of Beneficiary

870.901 Designation of beneficiary.

AUTHORITY: The provisions of this Part 870 issued under 5 U.S.C. 8716.

#### Subpart A—Administration and General Provisions

##### § 870.101 Actions on the policy.

Life and accidental death and dismemberment benefits (referred to in this part as "regular insurance") shall be payable in accordance with a policy or policies purchased by the Commission from the Metropolitan Life Insurance Co., 1 Madison Avenue, New York, N.Y. 10010, pursuant to section 8709 of Title 5, United States Code. Actions at law or in equity to recover on an insurance policy, in which there is not alleged any breach of any obligation undertaken by the United States, should be brought against the insurance company.

#### Subpart B—Coverage

##### § 870.201 Coverage.

Except as provided in § 870.202, each employee as defined by section 8701 of Title 5, United States Code, shall, at the time and subject to the conditions prescribed in this part, be insured for an amount of regular insurance as specified in §§ 870.301, 870.602, and 870.702.

##### § 870.202 Exclusions.

(a) Employees, as defined by section 8701 of Title 5, United States Code, in the following groups are excluded from the application of this part:

(1) An employee serving under appointment limited to 1 year or less, except an employee so appointed for full-time employment or part-time employment with a regular tour of duty, without break in service or after a separation of 3 days or less, following service in which he was insured, and an acting postmaster.

(2) An employee whose employment is of uncertain or purely temporary duration, or who is employed for brief periods at intervals and an employee who is expected to work less than 6 months in each year, except an employee who is employed under a cooperative work-study program of at least 1 year's duration which requires the employee to be in pay status during not less than one-third of the total time required for completion of the program.

(3) An intermittent employee—a non-full-time employee without a pre-arranged regular tour of duty, except when the employee enters into such a status without break in service or after a separation of 3 days or less, following service in a position in which he was in-

sured and to which he is expected to return.

(4) An employee whose pay on an annual basis is \$12 a year or less.

(5) A beneficiary or patient employee in a government hospital or home.

(6) An employee paid on a contract or fee basis, except an employee who is a citizen of the United States who is appointed by a contract between the employee and the Federal employing authority which requires his personal service and is paid on the basis of units of time.

(7) An employee paid on a piecework basis, except one whose work schedule provides for full-time service or part-time service with a regular tour of duty.

(b) The Commission shall make final determination regarding applicability of the above classifications to a specific employee or group of employees.

##### § 870.203 Effective dates of insurance coverage.

(a) (1) An employee appointed, or transferred from a position wherein he is not insured, is insured at the time he actually enters on duty on his first day in a pay status, unless before the end of his first pay period he files with his employing office a waiver of regular insurance coverage, or had previously filed such a waiver which remains uncanceled.

(2) An employee transferring from a position wherein he is insured to another position wherein he is not excluded from coverage is insured at the beginning of the effective date of his transfer, unless before the end of his first pay period in the new position he files with his new employing office a waiver of regular insurance coverage.

(b) An employee who returns to duty and is in a pay status after a period of more than 12 months of nonpay status is insured at the time he actually enters on duty on his first day in a pay status, unless before the end of the first pay period he files with his employing office a waiver of regular insurance coverage, or had previously filed such waiver which remains uncanceled.

(c) An employee serving in cooperation with a non-Federal agency paid in whole or in part from non-Federal funds may not be insured before the date that the Commission prescribes for the group of which he is a member following Commission approval of arrangements which are placed into effect and provide (1) that the required withholdings and contributions will be made from federally controlled funds and timely deposited into the Employees' Life Insurance Fund, or (2) that the cooperating non-Federal agency will, by written agreement with the Federal agency, make the required withholdings and contributions from non-Federal funds and will transmit the total of such amounts to the Federal



agency for timely deposit into the Employees' Life Insurance Fund.

**§ 870.204 Cancellation of waiver of insurance coverage.**

(a) An insured employee may at any time cancel his regular insurance by filing with his employing office a waiver of insurance coverage. The waiver shall be effective and the employee's insurance ceases at the end of the pay period in which the waiver is received in the employing office.

(b) An employee who has filed a waiver of regular insurance coverage may cancel the waiver and become insured if (1) he is under age 50, (2) at least 1 year has elapsed since the effective date of such waiver, and (3) he furnishes satisfactory evidence of insurability.

(c) An employee who has complied with paragraph (b) of this section is insured at the time he actually enters on duty on his first day in a pay status in a position wherein he is not excluded from insurance by law or regulation, following the approval of his Request for Insurance by the Office of Federal Employees Group Life Insurance. The approval is revoked automatically and the employee is not insured unless he acquires such a duty and pay status effective within 31 days following the date of such approval.

**§ 870.205 Appeals.**

(a) A person may appeal an action of his employing office denying regular insurance coverage to the Bureau of Retirement and Insurance, United States Civil Service Commission, Washington, D.C. 20415.

(b) An appeal may be taken to the Commission's Board of Appeals and Review from the final action or order of the Bureau of Retirement and Insurance denying regular insurance coverage.

(c) The time for filing an appeal is not later than 6 months from the date of mailing notice of the final action or order of which complaint is made.

**Subpart C—Amount of Insurance**

**§ 870.301 Amount of employee's insurance.**

The amount of an employee's regular insurance is equal to the lowest multiple of \$1,000 which is not less than the current rate of his annual pay plus \$2,000 but in no event may the amount be less than \$10,000, nor more than the annual rate of pay for positions at Level II of the Executive Schedule under section 5313 of Title 5, United States Code, rounded to the next higher thousand, plus \$2,000.

**§ 870.302 Annual rates of pay.**

(a) An insured employee's annual pay is his annual basic pay rate as fixed by law or regulation.

(b) A pay rate of other than annual is converted to an annual rate by multiplying the prescribed rate by the number of pay units in a 52-week work year.

(c) The annual pay for a part-time employee is his basic pay applicable to his tour of duty in a 52-week work year.

(d) The annual pay for an employee who legally and concurrently serves in more than one position, other than as a substitute in the Postal Field Service, is the sum of the annual basic pay fixed by law or regulation for each position.

**Subpart D—Withholdings and Contributions**

**§ 870.401 Withholdings and contributions.**

(a) During any period in any part of which an insured employee is in a pay status there shall be withheld from the biweekly pay of such employee the sum of 27½ cents for each \$1,000 of his regular insurance. The amount withheld from the pay of an employee who is paid on other than a biweekly basis is determined at a proportionate rate, adjusted to the nearest cent.

(b) The amount withheld from the pay of an insured employee whose annual pay is paid during a period shorter than 52 workweeks is the sum obtained by converting the biweekly rate of 27½ cents for each \$1,000 of his regular insurance to an annual rate and prorating the annual rate over the number of installments of pay regularly paid during the year.

(c) The amount withheld from the pay of an insured employee whose amount of insurance changes during a pay period is based on the last amount of insurance in force during the pay period.

(d) For each period in which an employee is insured there shall be contributed from the respective appropriation or fund which is used for the payment of his pay (or, in the case of an elected official, from such appropriation or fund as may be available for payment of other pay of the same office or establishment) an amount equal to one-half the amount withheld from the employee's pay.

**Subpart E—Termination and Conversion**

**§ 870.501 Termination and conversion of insurance coverage.**

(a) Except as provided in §§ 870.601 and 870.701, the regular insurance of an insured employee stops on the date of his separation from the service, subject to a 31-day extension of regular life insurance coverage.

(b) The regular insurance of an insured employee who moves without a break in service to a position wherein he is excluded from regular insurance stops on his last day on the roll in the former position, subject to a 31-day extension of regular life insurance coverage.

(c) Except as provided in paragraph (e) of this section and in §§ 870.601 and 870.701, the regular insurance of an insured employee continues without cost to the employee while he is in nonpay status for up to 12 months at which time it stops, subject to a 31-day extension of regular life insurance coverage. The 12 months nonpay status may be continuous or broken by periods of less than 4

consecutive months in pay status. If an employee has at least 4 consecutive months in pay status after a period of nonpay status he is entitled to begin the 12 months continuation of regular insurance anew. If after a return to duty he is not entitled to any further continuation of regular insurance in nonpay status because he has not had 4 consecutive months of pay status since exhausting his 12 months continuation in nonpay status, his regular insurance stops the last day of his last pay period in pay status. For the purposes of this paragraph, 4 consecutive months in pay status means any 4-month period during which the employee is in pay status for at least part of each pay period.

(d) The regular insurance of an insured person who enters on active duty or active duty for training as a member of a uniformed service stops, subject to a 31-day extension of regular life insurance coverage, on the day preceding his entrance on such duty, unless the period of such duty is covered by military leave with pay from his civilian position. This stopping of regular insurance coverage does not operate with respect to regular insurance granted before January 1, 1957, to commissioned officers of the Coast and Geodetic Survey or of the Regular or Reserve Corps of the Public Health Service.

(e) During the 31-day extension of regular life insurance coverage under this section a person may, upon application and without medical examination, convert all or any part of his regular life insurance to an individual policy of life insurance at rates applicable to his attained age and class of risk unless, within 3 calendar days after the date his regular insurance stopped, he returns to a position wherein he is not excluded from coverage.

**Subpart F—Retired Employees**

**§ 870.601 Eligibility for life insurance.**

(a) The regular life insurance of an insured employee who is separated from service is continued or reinstated without cost to him if he (1) is entitled to retirement on immediate annuity under a system legally established for the retirement of civilian employees of the Federal or District of Columbia Governments, (2) has had at least 12 years of creditable service or retires for disability, (3) has met all requirements for annuity (including filing of application where necessary), whether or not final administrative action has been taken, and (4) has not exercised his right of conversion to an individual policy of life insurance under § 870.501(e).

(b) An immediate annuity is one which begins to accrue not later than 1 month after the date the insurance would otherwise stop.

(c) Creditable service is (1) civilian service allowable under the provisions of section 8332 of Title 5, United States Code, and (2) honorable active service performed as a commissioned officer or enlisted man in the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States if the individual at



retirement has at least 5 years of such civilian service.

(d) If the annuity of an insured retired employee is terminated under any applicable law or regulation, his regular life insurance as a retired employee stops on the date of such termination.

(e) If an insured retired employee is appointed to a position wherein he is not excluded from insurance by law or regulation, the amount of his regular life insurance as a retired employee is suspended on the day preceding the first day in a pay status under the appointment, and unless he gives written notice that he desires not to be insured, is automatically reinstated upon his death in such amount as may be necessary to assure that the total of all regular insurance benefits paid after his death is not less than the amount which would have been paid if he had not been re-employed.

**§ 870.602 Amount of life insurance.**

The amount of a retired employee's regular life insurance is the amount based on his annual pay at the date his insurance would otherwise have stopped because of his separation from the service or completion of 12 months of nonpay status, reduced by 2 percent a month, effective at the beginning of the second calendar month after (a) such date, or (b) his 65th birthday, whichever is later, with a maximum reduction of 75 percent.

**Subpart G—Employees' Compensation**

**§ 870.701 Eligibility for life insurance.**

The regular life insurance of an insured employee who is separated from the service or completes 12 months of nonpay status, and who is receiving compensation for work injury under Subchapter I of Chapter 81 of Title 5, United States Code and is held by the Department of Labor to be unable to return to duty, shall be continued or reinstated without cost to him provided he has not, on or after May 23, 1956, exercised his right of conversion under § 870.501(e). This continued or reinstated insurance shall stop with no 31-day extension of regular life insurance coverage and no right of conversion, upon termination of the employee's compensation under Subchapter I of Chapter 81 of Title 5, United States Code, or upon a finding by the Department of Labor that he is able to return to duty.

**§ 870.702 Amount of life insurance.**

The amount of regular life insurance of an employee whose insurance is continued while he is receiving compensation for work injury under Subchapter I of Chapter 81 of Title 5, United States Code and is held by the Department of Labor to be unable to return to duty is the amount based on his annual pay at the date his regular insurance would otherwise have stopped because of his separation from the service or completion of 12 months of nonpay status.

**Subpart H—[Reserved]**

**Subpart I—Order of Precedence and Designation of Beneficiary**

**§ 870.901 Designation of beneficiary.**

(a) The designation of beneficiary shall be in writing, signed, and witnessed, and received in the employing office (or, in the case of (1) a retired employee and (2) an employee whose regular life insurance is continued while he is receiving compensation for work injury under Subchapter I of Chapter 81 of Title 5, United States Code and who is held by the Department of Labor to be unable to return to duty, in the Commission) before the death of the designator.

(b) A change or cancellation of beneficiary in a last will or testament, or in any other document not witnessed and filed as required by this part, shall not have any force or effect.

(c) A witness to a designation of beneficiary is ineligible to receive payment as a beneficiary.

(d) Any person, firm, corporation, or legal entity (except an agency of the Federal or District of Columbia Governments) may be named as beneficiary.

(e) A change of beneficiary may be made at any time and without the knowledge or consent of the previous beneficiary, and this right cannot be waived or restricted.

(f) A designation of beneficiary is automatically canceled (1) on the day the employee transfers (except by mass transfer) to another agency, or (2) 31 days after the employee stops being insured.

(2) That, effective April 15, 1968, a new Part 871 is added to Chapter I of Title 5 of the Code of Federal Regulations, to read as follows:

**PART 871—OPTIONAL LIFE INSURANCE**

**Subpart A—Administration and General Provisions**

- Sec. 871.101 Actions on the policy.
- 871.102 Payment of benefits; designations of beneficiary.

**Subpart B—Coverage**

- 871.201 Eligibility.
- 871.202 Election or declination.
- 871.203 Effective date of insurance.
- 871.204 Declination.
- 871.205 Cancellation of declination.
- 871.206 Appeals.

**Subpart C—Amount of Insurance**

- 871.301 Amount of employee's insurance.

**Subpart D—Withholdings**

- 871.401 Withholdings.

**Subpart E—Termination and Conversion**

- 871.501 Termination and conversion of insurance.

**Subpart F—Retired Employees and Employees Compensation**

- 871.601 Amount of insurance.
- 871.602 Termination of annuity or compensation.

- Sec. 871.603 Waiver or suspension of annuity or compensation.
- 871.604 Reemployed retired employees.

**AUTHORITY:** The provisions of this Part 871 issued under 5 U.S.C. 8716. Interprets and applies 5 U.S.C. 8714a.

**Subpart A—Administration and General Provisions**

**§ 871.101 Actions on the policy.**

Optional life and accidental death and dismemberment benefits (referred to in this part as "optional insurance") shall be payable in accordance with an amendment to the policy purchased by the Commission from the Metropolitan Life Insurance Co., 1 Madison Avenue, New York, N.Y. 10010, pursuant to section 8709 of Title 5, United States Code, to provide group insurance coverage (referred to in this part as "regular insurance"). Actions at law or in equity to recover on the policy, in which there is not alleged any breach of any obligations undertaken by the United States, should be brought against the insurance company.

**§ 871.102 Payment of benefits; designations of beneficiary.**

Optional insurance in force on a person at the date of his death shall be paid, on receipt of a valid claim, in the same order of precedence and under the same conditions as are applicable to regular insurance. A designation of beneficiary for regular insurance is also a designation of beneficiary for optional insurance unless the insured person specifies otherwise in his designation.

**Subpart B—Coverage**

**§ 871.201 Eligibility.**

Each employee, as defined in section 8701 of Title 5, United States Code, who is insured for regular insurance and for whom an uncanceled declination of optional insurance is not in effect is eligible to elect the optional insurance, if his periodic pay, after all other deductions, is sufficient to cover the full cost thereof.

**§ 871.202 Election or declination.**

(a) Except as otherwise provided in paragraph (b) of this section, each employee shall, on the form entitled Election, Declination, or Waiver of Life Insurance Coverage, elect or decline the optional insurance within 31 days after becoming eligible, unless during earlier employment he filed an election or declination which remains in effect.

(b) On a determination by an employing office, within 6 months after a person becomes eligible, that he was unable, for cause beyond his control, to elect or decline the optional insurance within the prescribed time limit regulation, the employee shall elect or decline the optional insurance within 31 days after he is advised of that determination. Optional insurance in that case is retroactive to the first day of the first pay period beginning after the date the person became eligible, or after February 14, 1968, whichever is later, and the



person shall pay the full cost thereof from that date for the time that he is in a pay status or retired and under age 65.

(c) A person who does not file an Election, Declination, or Waiver of Life Insurance Coverage with his employing office (which, for a retired employee is the office that administers his retirement system, and, for an employee or former employee in receipt of compensation for work injury under Subchapter I of Chapter 81 of Title 5, United States Code, is the Department of Labor) and who dies or suffers dismemberment does not have the optional insurance.

#### § 871.203 Effective date of insurance.

(a) The effective date of an election of optional insurance is the first day an employee actually enters on duty in a pay status on or after the day the election is received in his employing office.

(b) An election of optional insurance remains in effect until canceled as provided in § 871.204. For an employee whose optional insurance has stopped for a reason other than declination or waiver, optional insurance is reinstated on the first day he actually enters on duty in a pay status in a position in which he again becomes eligible.

#### § 871.204 Declination.

(a) An insured person may at any time cancel his optional insurance by filing with his employing office a declination of optional insurance or a waiver of regular insurance coverage.

(b) A cancellation of optional insurance becomes effective and optional insurance stops at the end of the pay period in which the declination or waiver is received in the employing office.

(c) A declination of optional insurance remains in effect until it is canceled as provided in § 871.205.

#### § 871.205 Cancellation of declination.

(a) An employee who has declined the optional insurance may elect it if (1) he is under age 50, (2) at least 1 year has elapsed since the effective date of his last declination or waiver, and (3) he furnishes satisfactory evidence of insurability.

(b) The effective date of the optional insurance for an employee who has complied with paragraph (a) of this section is the first day he actually enters on duty in a pay status, on or after the day his election is received in his employing office following the approval of his Request for Insurance by the Office of Federal Employees Group Life Insurance. This approval is revoked automatically and the optional insurance does not become effective if the employee fails to submit his election or meet the pay and duty status requirement within 31 days following the date of the approval.

#### § 871.206 Appeals.

(a) A person may appeal an action of his employing office denying optional insurance coverage to the Bureau of Re-

tirement and Insurance, U.S. Civil Service Commission, Washington, D.C. 20415.

(b) An appeal may be taken to the Commission's Board of Appeals and Review from the final action or order of the Bureau of Retirement and Insurance denying optional insurance coverage.

(c) The time for filing an appeal is not later than six months from the date of mailing notice of the final action or order of which complaint is made.

#### Subpart C—Amount of Insurance

##### § 871.301 Amount of employee's insurance.

The amount of an employee's optional insurance is \$10,000, except that an employee whose annual rate of pay (as defined in section 870.302 of this chapter) exceeds the sum of (1) the annual rate of pay for positions at Level II of the Executive Schedule under section 5313 of Title 5, United States Code, plus (2) \$10,000, may elect optional insurance in an amount which, when added to the amount of his regular insurance, does not at any time exceed his annual rate of pay.

#### Subpart D—Withholdings

##### § 871.401 Withholdings.

(a) During any period in any part of which an insured employee is in a pay status there shall be withheld from his pay the full cost of his optional insurance as specified in paragraph (c) of this section.

(b) For any period before the first of the month following his 65th birthday during which an insured retired employee (or employee or former employee in receipt of compensation for work injury) receives annuity (or compensation), there shall be withheld from his annuity (or compensation) the full cost of his optional life insurance as specified in paragraph (c) of this section.

(c) The biweekly full cost of the \$10,000 of optional insurance (and, for a person in receipt of annuity or compensation for work injury, of optional life insurance), until determined by the Commission on the basis of experience to be otherwise, is:

For persons under age 35.....	\$3.00
For persons ages 35 through 54.....	6.00
For persons age 55 or over.....	20.00

The amount withheld from a person paid on other than a biweekly period or insured for more than \$10,000 shall be determined at a proportionate rate, adjusted to the nearest cent.

(d) For the purposes of this section, a person is deemed to attain 35 years of age or 55 years of age on the first day of his first pay period beginning on or after January 1 of the year following the one in which his 35th or 55th birthday occurs.

(e) The amount withheld from the pay of an insured employee whose annual pay is paid during a period shorter

than 52 workweeks is the sum obtained by converting the biweekly rate for his age group to an annual rate and prorating the annual rate over the number of installments of pay regularly paid during the year.

#### Subpart E—Termination and Conversion

##### § 871.501 Termination and conversion of insurance.

(a) The optional insurance of an insured employee stops when his regular insurance stops as provided in § 870.501 of this chapter subject to a 31-day extension of optional life insurance coverage.

(b) If, because of a declination or waiver, an insured employee has not had the optional insurance during the full period or periods of service during which it was available to him, his optional insurance stops, subject to a 31-day extension of optional life insurance coverage, on the date preceding the date his regular insurance is continued or reinstated under the provisions of § 870.601 (during retirement) or § 870.701 (while in receipt of compensation) of this chapter.

(c) The optional insurance of an insured person who remains in a pay status stops, subject to a 31-day extension of optional life insurance coverage, at the end of the pay period in which it is determined that his periodic pay, compensation for work injury, or annuity, after all other deductions, is insufficient to cover the full cost of the optional insurance.

(d) During the 31-day extension of optional life insurance coverage under this section, a person may, upon application and without medical examination, convert all or any part of his optional life insurance to an individual policy of life insurance at rates applicable to his attained age and class of risk unless, within 3 calendar days after the date his optional insurance stopped, he returns to a position wherein he is not excluded from coverage.

#### Subpart F—Retired Employees and Employees Compensation

##### § 871.601 Amount of insurance.

A reduction in the amount of a retired employee's optional life insurance begins at the same time and continues at the same rate and to the same extent as his regular insurance. Optional life insurance which is continued while an employee or former employee is in receipt of compensation for work injury (referred to in this part as "compensation") continues at the full amount without reduction.

##### § 871.602 Termination of annuity or compensation.

If the annuity or compensation for work injury paid to an insured person is



terminated, or if the Department of Labor finds that an insured person receiving compensation for work injury is able to return to duty, optional life insurance held as a retired employee or person receiving compensation stops, with no 31-day extension of coverage or right of conversion, on the date of that termination or finding.

§ 871.603 Waiver or suspension of annuity or compensation.

(a) Except as provided in paragraph (b) of this section, when annuity or compensation for work injury is waived or suspended, optional life insurance continues. When payment of annuity or compensation is resumed, the employing office shall withhold the full cost of the insurance for the period of waiver or suspension during which the person is under age 65.

(b) If suspension of annuity or compensation is because of reemployment, the reemploying office shall withhold the full cost of the insurance currently and the optional life insurance continues during reemployment.

§ 871.604 Reemployed retired employees.

(a) (1) A retired employee appointed to a position wherein he is not excluded from regular insurance by law or regulation is eligible for optional insurance as an employee. If he has optional life insurance as a retired employee, that insurance (and any withholdings therefor) is suspended on the day preceding his first day in a pay status under the appointment and, unless he files with his employing office a declination of optional insurance (or waiver of regular insurance), he acquires optional insurance as an employee.

(2) Except as provided in paragraph (b) of this section, the optional insurance acquired as an employee stops, with no 31-day extension or right of conversion, on the date reemployment terminates and any suspended optional life insurance is reinstated on the day following termination of the reemployment.

(b) Optional insurance acquired during reemployment may be continued after termination of the reemployment if the retired employee qualifies for a supplemental annuity or acquires a new retirement right, continues his regular insurance, and has had optional insurance in force for the full period (or periods) of service during which it was available to him. If the optional insurance acquired during reemployment is so continued, any suspended optional life insurance stops with no 31-day extension of coverage or right of conversion.

UNITED STATES CIVIL SERVICE COMMISSION,

[SEAL] JAMES C. SPRY,

Executive Assistant to the Commissioners.

[F.R. Doc. 68-4413; Filed, Apr. 12, 1968; 8:46 a.m.]

Title 7—AGRICULTURE

Chapter I—Consumer and Marketing Service (Standards, Inspections, Marketing Practices), Department of Agriculture

PART 52—PROCESSED FRUITS AND VEGETABLES, PROCESSED PRODUCTS THEREOF, AND CERTAIN OTHER PROCESSED FOOD PRODUCTS

Subpart—U.S. Standards for Grades of Canned Leafy Greens<sup>1</sup>

On September 20, 1967, a notice of proposed rule making was published in the FEDERAL REGISTER (32 F.R. 13289) regarding a proposed issuance of the U.S. Standards for Grades of Canned Leafy Greens.

After consideration of all relevant matters presented, including the proposal set forth in the aforesaid notice, the following U.S. Standards for Grades of Canned Leafy Greens are hereby promulgated pursuant to the authority contained in the Agricultural Marketing Act of 1946 (secs. 202-208, 60 Stat. 1087, et seq. as amended; 7 U.S.C. 1621-1627).

*Statement of consideration leading to the issuance of the new standards.* In the past, Canned Leafy Greens have been inspected and certified on the basis of the U.S. Standards for Grades of canned Spinach. Because of the many differences between Canned Leafy Greens and Canned Spinach when marketed, the Department and interested canners feel that separate grade standards would provide a more effective marketing tool. These products are labeled as to their separate identities and a substantial portion of Canned Leafy Greens are marketed on the basis of USDA grades and require certification.

The USDA grade standards for canned Spinach (now in process of revision), therefore, omit reference to Canned Leafy Greens which are covered by the new standards here adopted.

Comments from California canners suggested a further extension of study for Canned Leafy Greens to coincide with the period of study of the proposal for Canned Spinach. Their proposal for further study is nullified, since the grade standards here adopted revert to the sampling plans of the regulations which apply to all processed fruits and vegetables.

Comments from the Ozark Canners Association suggested minor changes from the proposed grade standards for Canned Leafy Greens to coincide with like provisions for Canned Spinach.

The following modifications from the published proposal—none of which is more restrictive than as originally proposed—will not alter compliance with

<sup>1</sup> Compliance with the provisions of these standards shall not excuse failure to comply with the provisions of the Federal Food, Drug, and Cosmetic Act or with applicable state laws and regulations.

basic requirements nor cause industry to change its processing or packing procedures:

(1) Lowering the minimum drained weight for individual sampling units (designated as "LL") for No. 10 cans, from 55.2 ounces (as proposed) to 54.7 ounces (the same as for Canned Spinach);

(2) Reverting from the extensive, detailed, and special sampling plan proposed—to those in the "Regulations Governing Inspection of Processed Fruits, Vegetables, and Related Products" (7 CFR 52.1-52.87);

(3) Adjusting the sizes of the sample units for evaluation in the various container sizes to make them statistically compatible with the total sample weight and lot weight under the sampling plans of the regulations; and

(4) Modifying the acceptance criteria to delete the requirement pertaining to the order of production.

Other changes from the proposal are of an editorial nature, particularly a consolidation of tables and format, to make the grade standards more understandable. These modifications do not affect the basic requirements for the various grade classifications.

Sec.	PRODUCT DESCRIPTION
52.6081	Product description. TYPES, STYLES, AND GRADES
52.6082	Types.
52.6083	Styles.
52.6084	Grades.
DEFINITIONS OF TERMS AND SYMBOLS	
52.6085	Definitions of terms and symbols.
FILL OF CONTAINER	
52.6086	Recommended fill of container.
RECOMMENDED DRAINED WEIGHTS	
52.6087	Recommended drained weights.
FACTORS OF QUALITY, AND SAMPLE UNIT SIZE	
52.6088	Factors of quality.
52.6089	Sample unit size.
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52.6090	Classification of defects.
52.6091	Tolerances for defects.
LOT ACCEPTANCE	
52.6092	Lot acceptance for drained weights.
52.6093	Lot acceptance for quality.
SCORE SHEET	
52.6094	Score sheet for canned leafy greens.

AUTHORITY: The provisions of this subpart issued under sec. 202-208, 60 Stat. 1087 et seq. as amended; 7 U.S.C. 1621-1627.

PRODUCT DESCRIPTION  
§ 52.6081 Product description.

(a) "Canned Leafy Greens" (other than spinach), means the product properly prepared from the succulent leaves of any one of the plants listed under § 52.6082 "Types" and packed with the addition of water in hermetically sealed containers and sufficiently processed by heat to prevent spoilage. The products may be acidified and/or seasoned with one or more of the acidifying or seasoning ingredients and in a quantity per-



mitted under the Federal Food, Drug, and Cosmetic Act.

#### TYPES, STYLES, AND GRADES

##### § 52.6082 Types.

(a) The following types are defined under the Standards of Identity for Canned Vegetables (21 CFR 51.990) issued pursuant to the Federal Food, Drug, and Cosmetic Act:

- (1) Collards.
- (2) Kale.
- (3) Mustard greens.
- (4) Turnip greens.

(b) Other types included in this subpart, but not covered by the Standards of Identity for Canned Vegetables are:

(1) Mixed leafy greens—consists of a substantial mixture of any two of the types listed in paragraph (a) of this section.

(2) Poke salad—consists of leaves and adjoining stem of the pokeberry plant (*Phytolacca Americana*).

##### § 52.6083 Styles.

(a) "Whole leaf" consists substantially of the whole leaf and adjoining portion of stem.

(b) "Cut" or "sliced" consists of the leaves and adjoining portion of stem that has been cut predominantly into large pieces approximating  $\frac{3}{4}$  inch or more in the longest dimension or cut predominantly into approximate strips.

(c) "Chopped" consists of the leaves and adjoining portions of the stem that have been cut predominantly into small pieces less than approximately  $\frac{3}{4}$  inch in the longest dimension.

##### § 52.6084 Grades.

(a) "U.S. Grade A" (or "U.S. Fancy") is the quality of the product that has a good flavor and odor characteristic of the type and has an attractive appearance and eating quality within the limitations as specified in the subpart with respect to: (1) Color; (2) character; (3) damage; and (4) harmless extraneous material.

(b) "U.S. Grade B" (or "U.S. Extra Standard") is the quality of the product that has a good flavor and odor characteristic of the type and has a reasonably attractive appearance and eating quality within the limitations as specified in the subpart with respect to: (1) Color; (2) character; (3) damage; and (4) harmless extraneous material.

(c) "Substandard" is the quality of the product that fails to meet the requirements for "U.S. Grade B."

#### DEFINITIONS OF TERMS AND SYMBOLS

##### § 52.6085 Definitions of terms and symbols.

###### (a) Terms.

Defect----- Any specifically defined variation from a particular requirement.

Deviant----- A sample unit that exceeds an upper limit (such as for various defect classifications) or fails to meet a lower limit (such as drained weights).

Sample----- Any number of sample units to be used for inspection of a lot.

Sample unit---- The entire contents of a container, a portion of the contents of a container or a combination of the contents of two or more containers as specified to be used for inspection.

Sample average value----- The numerical value calculated by dividing the total number of applicable defects in a sample by the total number of sample units in that sample.

###### (b) Symbols.

$\bar{X}_d$ ----- Minimum sample average drained weight.

LL----- Lower limit for individual drained weights.

UL----- Upper limit is the value which represents the maximum number of defects a sample unit may have for a grade classification.

#### FILL OF CONTAINER

##### § 52.6086 Recommended fill of container.

The recommended fill of container is not incorporated in the grades of the finished product since fill of container, as such, is not a factor of quality for the purpose of these grades. The recommended fill of container for canned leafy greens is the maximum amount of

product that can be sealed in a container and processed by heat to a point of proper sterilization without impairment of quality. It is recommended that the product and packing medium occupy not less than 90 percent of the water capacity of the container.

#### RECOMMENDED DRAINED WEIGHTS

##### § 52.6087 Recommended drained weights.

(a) *General.* The recommended drained weight values in Table I of this subpart are not incorporated in the grades of the finished product, since drained weight, as such, is not a factor of quality for the purpose of these grades.

(b) *Method for ascertaining drained weight.* (1) The drained weight of canned leafy greens is determined when the product is at approximately room temperature (68° F.). The contents of the containers are emptied upon a dry, previously weighed U.S. Standard No. 8 circular sieve of proper diameter containing 8 meshes to the inch (0.0937,  $\pm 3$  percent, square openings). With the sieve flat on the tray, the container of product is placed open end down in the sieve in an upright position. The container is lifted off the product without spreading the product out on the sieve. The product is allowed to drain for exactly two minutes. The weight of the product and sieve minus the weight of the dry sieve is the drained weight of the product.

(2) A sieve 8 inches in diameter is used for the equivalent of a No. 3 size can (404 x 700) and smaller and a sieve 12 inches in diameter is used for containers larger than the equivalent of a No. 3 size can.

TABLE I.—RECOMMENDED MINIMUM DRAINED WEIGHTS FOR CANNED LEAFY GREENS

Container designation (metal, unless otherwise stated)	Container size overall dimensions		Capacity—weight H <sub>2</sub> O at 68° F. (avoirdupois ounces)	Minimum drained weight (avoirdupois ounces)	
	Diameter (inches)	Height (inches)		LL	$\bar{X}_d$
8Z tall	2 $\frac{1}{2}$ $\frac{1}{2}$	3 $\frac{1}{2}$	8.65	4.8	5.2
No. 1 picnic	2 $\frac{1}{2}$ $\frac{1}{2}$	4	10.90	6.3	6.8
No. 300	3	4 $\frac{1}{2}$	15.20	8.6	9.1
No. 1 tall	3 $\frac{1}{2}$	4 $\frac{1}{2}$ $\frac{1}{2}$	16.60	9.4	10.0
No. 303	3 $\frac{1}{2}$	4 $\frac{1}{2}$	16.85	9.6	10.2
No. 303 glass			17.70	9.4	10.0
No. 2	3 $\frac{1}{2}$	4 $\frac{1}{2}$	20.50	11.9	12.6
No. 2 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$ $\frac{1}{2}$	29.75	17.6	18.6
No. 2 $\frac{1}{2}$ glass			29.50	15.8	16.6
No. 10	6 $\frac{1}{2}$	7	109.45	54.7	58.4

#### FACTORS OF QUALITY, AND SAMPLE UNIT SIZE

##### § 52.6088 Factors of quality.

The grade of a lot of canned spinach is based on requirements for product characteristics with respect to the following quality factors:

- (a) Flavor and odor.
- (b) Color.
- (c) Character.
- (d) Damage.
- (e) Harmless extraneous material.

##### § 52.6089 Sample unit size.

(a) Compliance with the factors of flavor and odor, color, and character may be determined on: (1) The contents of an entire container, or (2) a representative subsample from containers yielding more than 10 ounces of drained weight.

(b) Compliance with requirements for harmless extraneous material other than plant material is determined on the contents of an entire container.



(c) Compliance with requirements for the factors of damage and extraneous plant material shall be determined on subsamples as specified on Table II of this subpart.

TABLE II—SAMPLE UNIT SIZE

Style	Containers smaller than No. 2½ (drained leafy greens)	No. 2½ Containers (drained leafy greens)	No. 10 Containers (drained leafy greens)
Whole Leaf; Cut leaf	10 ounces	15 ounces	30 ounces
Chopped	2 ounces	3 ounces	6 ounces

PRODUCT CHARACTERISTICS

§ 52.6090 Classification of defects.

(a) *General.* Scoreable defects in the factors of color, character, extraneous plant material, other extraneous material, and damaged leafy greens are outlined in Tables III, IV, and V.  
 (b) *Extraneous plant material.* Extraneous plant material includes root crowns and root stubs of the applicable leafy green plant and harmless grass and weeds of various kinds and texture.

(c) *Other extraneous material.* Other extraneous material includes grit, sand, silt, or other earthy material.  
 (d) *Damage.* Damage includes discoloration or other similar injury on a leaf or stem or portion thereof which damage affects, materially affects, or seriously affects the appearance or eating quality of the portion of leafy green and/or entire product.  
 (e) *Degrees of defect classes.* Defects are classified as to minor, major, or severe. Each "X" mark in Tables III, IV, and V represents "one (1) defect."

TABLE III—WHOLE LEAF; CUT LEAF; CHOPPED STYLES

Quality factors	Defects	Minor	Major	Severe
Color	Color appearance is— adversely affected to a degree that is noticeable. adversely affected to a degree that is objectionable.		X	X
Character	Appearance or eating quality, due to a mushy texture, disintegration, ragged cutting, or shredded leaves and shredded stems or portions thereof, as applicable for the style, is— adversely, but not seriously, affected. seriously affected.		X	X
Extraneous plant material	Root crown: Any significant portion of the solid area of the plant between the root and attached leaves. Root stub: Any portion of the root whether or not any are attached.		X	X
Other extraneous material	Grit, sand, silt, or other earthy material: A trace, that is, more than slightly affects appearance or eating quality. Presence materially affects appearance or eating quality.		X	X

Quality factors	Defects	Minor	Major	Severe
WHOLE LEAF; CUT LEAF STYLES <i>Grass and Weeds (Aggregate measurement)</i>				
Extraneous plant material	(1) Green, fine, tender stringlike blades and stems: 3 inches or less More than 3 inches but not more than 8 inches. More than 8 inches. (2) Green and coarse: ½ inch or less More than ½ inch but not more than 2 inches. More than 2 inches. (3) Other than green—of any texture or kind: ½ inch or less More than ½ inch Seed Head: Longer than 1 inch or objectionable regardless of size.	X	X	X
CHOPPED STYLE				
	(1) Green, fine, tender stringlike blades and stems: ¾ inch or less More than ¾ inch but not more than 2 inches. More than 2 inches. (2) Green and coarse: ¾ inch or less More than ¾ inch (3) Other than green—of any texture or kind: All amount. Seed Head—Pieces affect appearance or eating quality. More than slightly but not materially. Materially. Seriously.	X	X	X

TABLE V

Quality factors	Defects	Minor	Major	Severe
WHOLE LEAF; CUT LEAF STYLES <i>Discoloration or other injury (affecting the appearance or eating quality)</i>				
Damage	Less than 1 square inch that more than slightly X but not materially affects. Less than 1 square inch that materially affects X 1 square inch or more but less than 4 square inches that affects to any degree. More than 4 square inches that affects to any degree. CHOPPED STYLE Any area that materially affects.	X	X	X



§ 52.6091 Tolerances for defects.

TABLE VI(a)—WHOLE LEAF; CUT LEAF STYLES

For container sizes: Less than No. 2½; sample unit size—10 ozs.

Grade classification	Defect classification	Number of defects permitted in a sample unit		Sample average value
		Upper limit (UL)	Maximum allowed for deviants	
U.S. Grade A	Severe	1	2	0.25
	Major	4	6	1.50
	Total <sup>3</sup>	5	8	4.0
U.S. Grade B	Severe	2	3	0.50
	Major	8	11	4.0
	Total <sup>3</sup>	10	14	12.0

<sup>3</sup> "Total"—the sum of severe, major, and minor defects.

TABLE VI(b)—WHOLE LEAF; CUT LEAF STYLES

For container size: No. 2½; sample unit size—15 ozs.

Grade classification	Defect classification	Number of defects permitted in a sample unit		Sample average value
		Upper limit (UL)	Maximum allowed for deviants	
U.S. Grade A	Severe	1	3	0.375
	Major	5	8	2.25
	Total <sup>3</sup>	6	11	6.0
U.S. Grade B	Severe	2	4	0.75
	Major	10	14	6.0
	Total <sup>3</sup>	12	18	18.0

<sup>3</sup> "Total"—the sum of severe, major, and minor defects.

TABLE VI(c)—WHOLE LEAF; CUT LEAF STYLES

For container size: No. 10; sample unit size—30 ozs.

Grade classification	Defect classification	Number of defects permitted in a sample unit		Sample average value
		Upper limit (UL)	Maximum allowed for deviants	
U.S. Grade A	Severe	2	4	0.75
	Major	8	12	4.5
	Total <sup>3</sup>	10	16	12.0
U.S. Grade B	Severe	4	6	1.5
	Major	18	23	12.0
	Total <sup>3</sup>	22	29	36.0

<sup>3</sup> "Total"—the sum of severe, major, and minor defects.

TABLE VII(a)—CHOPPED STYLE

For container sizes: Less than No. 2½; sample unit size—2 ozs.

Grade classification	Defect classification	Number of defects permitted in a sample unit		Sample average value
		Upper limit (UL)	Maximum allowed for deviants	
U.S. Grade A	Severe	1	2	0.25
	Major	4	6	1.50
	Total <sup>3</sup>	5	8	2.0
U.S. Grade B	Severe	2	3	0.50
	Major	8	11	4.0
	Total <sup>3</sup>	10	14	6.0

TABLE VII(b)—CHOPPED STYLE

For container size: No. 2½; sample unit size—3 ozs.

Grade classification	Defect classification	Number of defects permitted in a sample unit		Sample average value
		Upper limit (UL)	Maximum allowed for deviants	
U.S. Grade A	Severe	1	3	0.375
	Major	5	8	2.25
	Total <sup>3</sup>	6	11	3.0
U.S. Grade B	Severe	2	4	0.75
	Major	10	14	6.0
	Total <sup>3</sup>	12	18	6.0

<sup>3</sup> "Total"—the sum of severe, major, and minor grass and weeds and other minor defects.

TABLE VII(c)—CHOPPED STYLE

For container size: No. 10; sample unit size—6 ozs.

Grade classification	Defect classification	Number of defects permitted in a sample unit		Sample average value
		Upper limit (UL)	Maximum allowed for deviants	
U.S. Grade A	Severe	2	4	0.75
	Major	8	12	4.5
	Total <sup>3</sup>	10	16	12.0
U.S. Grade B	Severe	4	6	1.50
	Major	18	23	12.0
	Total <sup>3</sup>	22	29	36.0

<sup>3</sup> "Total"—the sum of severe, major, minor grass and weeds and other minor defects.



LOT ACCEPTANCE

§ 52.6092 Lot acceptance for drained weights.

A lot of canned leafy greens is considered as meeting the minimum drained weight when the following criteria are met:

(a) The average of the drained weights from all the containers in the sample meets the average drained weight in Table I of this subpart (designated as X<sub>s</sub>); and

(b) The number of deviants for drained weight do not exceed the applicable acceptance number specified in the single sampling plan in the Regulations Governing Inspection of Processed Fruits, Vegetables, and Related Products (§§ 52.1-52.87).

§ 52.6093 Lot acceptance for quality.

A lot of canned leafy greens shall be considered as meeting the quality requirements for the applicable grade when the following criteria are met:

(a) *Flavor and odor.* All sample units meet the requirements for flavor and odor.

(b) *Defects.* (1) The number of sample units which exceed the upper limit (UL) for these defects for the applicable grade (deviants), specified in Tables VI(a), VI(b), VI(c), VII(a), VII(b), and VII(c), does not exceed the acceptance number specified for the sample size in the Single Sampling Plan of the Regulations Governing Inspection of Processed Fruits, Vegetables, and Related Products (§§ 52.1-52.87); and

(2) The sample average values for the various defect classifications specified in Tables VI(a), VI(b), VI(c), VII(a), VII(b), and VII(c) are not exceeded.

(3) No sample unit exceeds the maximum number of defects allowed for deviants.

SCORE SHEET

§ 52.6094 Score sheet for canned leafy greens.

No., size, kind of container.....									
Label statements.....									
Container mark or identification:									
Cans.....									
Glass.....									
Cases.....									
Net weight (ounces).....									Average
Vacuum (inches).....									
Drained weight (ounces).....									
Style.....									
Type.....									
	Defects								
Quality factors:	Sample unit			Sample unit			Sample average value		
	Minor	Major	Severe	Minor	Major	Severe			
	Color.....								
Character.....									
Damage.....									
Harmless extraneous material.....							Minor	Major	Severe
Total (each class.).....									
Total.....	Minor	Major	Severe						
Flavor and odor:									
Good.....									
Objectionable.....									

The U.S. Standards for Grades of Canned Leafy Greens (which is the first issue) contained in this subpart shall become effective 30 days after date of publication hereof in the FEDERAL REGISTER.

Dated: April 8, 1968.

G. R. GRANGE,  
Deputy Administrator,  
Marketing Services.

[F.R. Doc. 68-4321; Filed, Apr. 12, 1968; 8:45 a.m.]

Chapter IX—Consumer and Marketing Service (Marketing Agreements and Orders; Fruits, Vegetables, Nuts), Department of Agriculture

[Grapefruit Reg. 34, Amdt. 3]

PART 909—GRAPEFRUIT GROWN IN THE STATE OF ARIZONA; IN IMPERIAL COUNTY, CALIF.; AND IN THAT PART OF RIVERSIDE COUNTY, CALIF., SITUATED SOUTH AND EAST OF WHITE WATER, CALIF.

Limitation of Shipments

*Findings.* (1) Pursuant to the marketing agreement, as amended, and Order No. 909, as amended (7 CFR Part 909), regulating the handling of grapefruit grown in the State of Arizona; in Imperial County, Calif.; and in that part of Riverside County, Calif., situated south and east of White Water, Calif., effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and upon the basis of the recommendations of the Administrative Committee (established under the aforesaid amended marketing agreement and order), and upon other available information, it is hereby found that the limitation of shipments of grapefruit, as hereinafter provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this amendment until 30 days after publication thereof in the FEDERAL REGISTER (5 U.S.C. 553) because of the time intervening between the date when information upon which this amendment is based became available and the time when



this amendment must become effective in order to effectuate the declared policy of the act is insufficient, and a reasonable time is permitted, under the circumstances, for preparation for such effective date. The Administrative Committee held an open meeting on April 4, 1968, to consider recommendation for regulation, after giving due notice of such meeting, and interested persons were afforded an opportunity to submit their views at this meeting; the recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after such open meeting; necessary supplemental economic and statistical information upon which this recommended amendment is based were received on April 8, 1968; information regarding the provisions of the regulation recommended by the committee has been disseminated to shippers of grapefruit, grown as aforesaid, this amendment, including the effective time thereof, is identical with the recommendation of the committee; it is necessary, in order to effectuate the declared policy of the act, to make this amendment effective on the date hereinafter set forth; and compliance with this amendment will not require any special preparation on the part of the persons subject thereto, which cannot be completed on or before the effective date hereof, and this amendment relieves restrictions on the handling of grapefruit.

*Order.* In § 909.334 (Grapefruit Regulation 34, 32 F.R. 14201, 32 F.R. 17849, 33 F.R. 4617), paragraphs (a) and (b) are amended to read as follows:

#### § 909.334 Grapefruit Regulation 34.

(a) *Order.* (1) Except as otherwise provided in subparagraph (2) of this paragraph, during the period April 14, 1967, through August 30, 1968, no handler shall handle from the State of California or the State of Arizona to any point outside thereof:

(i) Any grapefruit which do not meet the requirements of the U.S. No. 2 grade which for purpose of this regulation shall include the requirement that the grapefruit be free from peel that is more than one inch in thickness at the stem end (measured from the flesh to the highest point of the peel): *Provided*, That the tolerance prescribed for the U.S. No. 2 grade shall be the tolerance applicable to the requirements of this subparagraph except that an additional tolerance of 15 percent shall be allowed for grapefruit having light colored scarring on an aggregate of more than 25 percent of the fruit surface and a tolerance of 5 percent shall be allowed for grapefruit having peel more than one inch in thickness at the stem end; or

(ii) Any grapefruit which measure less than  $3\frac{1}{16}$  inches in diameter, except that a tolerance of 5 percent, by count, for grapefruit smaller than  $3\frac{1}{16}$  inches shall be permitted, which tolerance shall be applied in accordance with the provisions for the application of tolerances specified in the revised U.S. Standards for Grapefruit (California and Arizona), 7 CFR 51.925-51.955: *Provided*, That in

determining the percentage of grapefruit in any lot which are smaller than  $3\frac{1}{16}$  inches in diameter, such percentage shall be based only on the grapefruit in such lot which are of a size  $3\frac{1}{16}$  inches in diameter and smaller.

(2) Subject to the requirements of subparagraph (1) (i) of this paragraph, any handler may, but only as the initial handler thereof, handle grapefruit smaller than  $3\frac{1}{16}$  inches in diameter directly to a destination in Zone 4, Zone 3, or Zone 2.

(b) As used herein, "handler," "grapefruit," "handle," "Zone 2," "Zone 3," and "Zone 4" shall have the same meaning as when used in said amended marketing agreement and order; the term "U.S. No. 2" GDR shall have the same meaning as when used in the aforesaid revised U.S. Standards for Grapefruit; and "diameter" shall mean the greatest dimension measured at right angles to a line from the stem to blossom end of the fruit.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated April 11, 1968, to become effective April 14, 1968.

PAUL A. NICHOLSON,  
Deputy Director, Fruit and  
Vegetable Division, Consumer  
and Marketing Service.

[F.R. Doc. 68-4463; Filed, Apr. 12, 1968;  
8:48 a.m.]

[Lemon Reg. 316]

### PART 910—LEMONS GROWN IN CALIFORNIA AND ARIZONA

#### Limitation of Handling

##### § 910.616 Lemon Regulation 316.

(a) *Findings.* (1) Pursuant to the marketing agreement, as amended, and Order No. 910, as amended (7 CFR Part 910), regulating the handling of lemons grown in California and Arizona, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (7 U.S.C. 601-674), and upon the basis of the recommendations and information submitted by the Lemon Administrative Committee, established under the said amended marketing agreement and order, and upon other available information, it is hereby found that the limitation of handling of such lemons, as hereinafter provided, will tend to effectuate the declared policy of the act.

(2) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice, engage in public rule-making procedure, and postpone the effective date of this section until 30 days after publication hereof in the FEDERAL REGISTER (5 U.S.C. 553) because the time intervening between the date when information upon which this section is based became available and the time when this section must become effective in order to effectuate the declared policy of the act is insufficient, and a reasonable time is permitted, under the circumstances, for preparation for such effective time; and good cause

exists for making the provisions hereof effective as hereinafter set forth. The committee held an open meeting during the current week, after giving due notice thereof to consider supply and market conditions for lemons and the need for regulation; interested persons were afforded an opportunity to submit information and views at this meeting; the recommendation and supporting information for regulation during the period specified herein were promptly submitted to the Department after such meeting was held; the provisions of this section, including its effective time, are identical with the aforesaid recommendation of the committee, and information concerning such provisions and effective time has been disseminated among handlers of such lemons; it is necessary, in order to effectuate the declared policy of the act, to make this section effective during the period herein specified; and compliance with this section will not require any special preparation on the part of persons subject hereto which cannot be completed on or before the effective date hereof. Such committee meeting was held on April 9, 1968.

(b) *Order.* (1) The respective quantities of lemons grown in California and Arizona which may be handled during the period April 14, 1968, through April 20, 1968, are hereby fixed as follows:

(i) District 1: Unlimited movement;

(ii) District 2: 232,500 cartons;

(iii) District 3: Unlimited movement.

(2) As used in this section, "handled," "District 1," "District 2," "District 3," and "carton" have the same meaning as when used in the said amended marketing agreement and order.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674)

Dated: April 11, 1968.

PAUL A. NICHOLSON,  
Deputy Director, Fruit and Veg-  
etable Division, Consumer and  
Marketing Service.

[F.R. Doc. 68-4464; Filed, Apr. 12, 1968;  
8:48 a.m.]

### Chapter XIV—Commodity Credit Corporation, Department of Agriculture

#### SUBCHAPTER B—LOANS, PURCHASES, AND OTHER OPERATIONS

[Amtd. 17]

### PART 1421—GRAINS AND SIMILARLY HANDLED COMMODITIES

#### Subpart—Provisions for Participation of Commercial Banks in Pools of CCC Price Support Loans on Certain Commodities

##### INCREASE IN INTEREST RATE

The regulations issued by the Commodity Credit Corporation published in 29 F.R. 3614, as amended by 29 F.R. 4991, 8396, 15281, and 18212, 30 F.R. 14310 and 15582, 31 F.R. 474, 10179 and 13641, 32 F.R. 122, 3339, 5462, 6342, 10431, 13713, and 16528, containing the terms and conditions for participation of commercial



banks in pools of CCC price support loans on certain commodities, are hereby further amended to change from 5.375 to 5.625 percent per annum, effective April 15, 1968, the rate of interest on certificates evidencing participation in financing price support loans.

Section 1421.3825(a) is amended to read as follows:

**§ 1421.3825 Rate of interest and basis of computation of interest earned.**

(a) *Rate of interest.* Certificates shall earn interest at the rate of 4.375 percent per annum through and including July 14, 1967, 4.875 percent per annum from July 15, 1967, through and including September 30, 1967, 5.125 percent per annum from October 1, 1967, through and including November 30, 1967, 5.375 percent per annum from December 1, 1967, through and including April 14, 1968, and 5.625 percent per annum thereafter.

(Secs. 4 and 5, 62 Stat. 1070, 1072, as amended; 15 U.S.C. 714 b and c)

Signed at Washington, D.C., on April 10, 1968.

RAY FITZGERALD,  
*Acting Executive Vice President,  
Commodity Credit Corporation.*

[F.R. Doc. 68-4434; Filed, Apr. 12, 1968; 8:48 a.m.]

[Amdt. No. 13]

**PART 1427—COTTON**

**Subpart—Participation of Financial Institutions in Cotton Loan Pools**

**INCREASE IN INTEREST RATE**

The regulation issued by the Commodity Credit Corporation published in 30 F.R. 7814, as amended by 30 F.R. 14310 and 15582, 31 F.R. 474, 10179, and 13641, 32 F.R. 122, 3340, 5462, 6342, 10431, 13714, and 16528, containing the terms and conditions for participation of financial institutions in pools of CCC price support loans on cotton are hereby further amended to change from 5.375 to 5.625 percent per annum, effective April 15, 1968, the rate of interest on certificates evidencing participation in financing price support loans. Section 1427.2239(a) is amended to read as follows:

**§ 1427.2239 Rate of interest and basis of computation of interest earned.**

(a) *Rate of interest.* Certificates shall earn interest at the rate of 4.375 percent per annum through and including July 14, 1967, 4.875 percent per annum from July 15, 1967, through and including September 30, 1967, 5.125 percent per annum from October 1, 1967, through and including November 30, 1967, 5.375 percent per annum from December 1, 1967, through and including April 14, 1968, and 5.625 percent per annum thereafter.

(Secs. 4 and 5, 62 Stat. 1070, 1072, as amended; 15 U.S.C. 714 b and c)

Signed at Washington, D.C., on April 10, 1968.

RAY FITZGERALD,  
*Acting Executive Vice President,  
Commodity Credit Corporation.*

[F.R. Doc. 68-4435; Filed, Apr. 12, 1968; 8:48 a.m.]

**Title 14—AERONAUTICS AND SPACE**

**Chapter I—Federal Aviation Administration, Department of Transportation**

[Docket No. 68-CE-4-AD, Amdt. 39-575]

**PART 39—AIRWORTHINESS DIRECTIVES**

**Cessna Models 188 and A188 Aircraft**

There have been reports of rudder pedal assembly separation from the pedal shaft at the stub tube weld on Cessna Model 188 aircraft. This condition can result in loss of rudder control. To correct this condition, on August 22, 1967, the manufacturer issued Cessna Service Letter 67-47 which states Agwagons (Cessna Models 188 and A188 aircraft) in the field should be modified by the installation of either reinforcement straps or strengthened shaft assemblies within the next 25 hours' of operation. On the manufacturer's assurance that it could obtain compliance through its service letter the Agency agreed to forego the issuance of an airworthiness directive. The manufacturer advised in March 1968 it had confirmation of modification of less than 50 percent of the fleet. The Agency believes that 7 months should have been ample time for the manufacturer to obtain 100 percent compliance. Since these are aircraft primarily used in agricultural spraying operations and such operations will be on a marked increase during the spring and summer months, and since this condition is likely to develop in other aircraft of the same type design, it is imperative that all affected aircraft be modified without further delay. Accordingly, the Agency is issuing an airworthiness directive requiring all Cessna Models 188 and A188 aircraft up to and including Serial No. 188-0317, except those aircraft containing the serial numbers hereinafter listed, within the next 25 hours' time in service, to be modified in accordance with Cessna Service Letter 67-47, dated August 22, 1967, or equivalent approved by the Chief, Engineering and Manufacturing Branch, Federal Aviation Administration, Central Region.

Since immediate adoption is required in the interest of safety, compliance with the notice and public procedure provisions of the Administrative Procedures Act is not practical and good cause exists for making this rule effective in less than thirty (30) days.

In consideration of the foregoing and pursuant to the authority delegated to me by the Administrator (31 F.R. 13697), § 39.13 of Part 39 of the Federal Aviation Regulations is amended by adding the following new airworthiness directives:

**Cessna.** Applies to Models 188 and A188 aircraft up to and including Serial No. 188-0317, except Serial Nos. 188-0052, 188-0055, 188-0212, 188-0215, 188-0217, 188-0219, 188-0220, 188-0225, 188-0246, 188-0263, 188-0279, 188-0287, 188-0288, 188-0290, 188-0298, 188-0304, 188-0306, 188-0307, 188-0308, 188-0310, 188-0311, 188-0312, and 188-0314.

**Compliance:** Required as indicated, unless already accomplished.

To prevent the separation of the rudder pedal assembly from the pedal shaft at the stub tube weld, accomplish the following:

Within the next 25 hours' time in service after the effective date of this airworthiness directive, modify the rudder pedal assembly in accordance with either of the two methods contained in Cessna Service Letter 67-47, dated August 22, 1967, or any other method approved as an equivalent by the Chief, Engineering and Manufacturing Branch, Federal Aviation Administration, Central Region.

This amendment becomes effective April 13, 1968.

(Secs. 313(a), 601, 603, Federal Aviation Act of 1958; 49 U.S.C. 1354(a), 1421, 1423)

Issued in Kansas City, Mo., on March 28, 1968.

EDWARD C. MARSH,  
*Director, Central Region.*

[F.R. Doc. 68-4397; Filed, Apr. 12, 1968; 8:45 a.m.]

[Docket No. 68-CE-5-AD, Amdt. 39-578]

**PART 39—AIRWORTHINESS DIRECTIVES**

**Maule Model M-4 Series Aircraft**

There have been reports of binding of the rudder trim tab hinges on Maule Model M-4 Series Aircraft, caused by insufficient lubrication. The primary result of this condition is binding of the rudder trim tab and subsequent interference with the aileron control through the interconnection. Since this condition is likely to exist or develop in other aircraft of the same type design, an airworthiness directive is being issued requiring the rudder trim tab hinges on all Maule Models M-4 series aircraft hereinafter listed, within the next 50 hours' time in service, to be modified in accordance with either the Maule Aircraft Corp. Service Letter Number 14, dated February 19, 1968, or any other method approved by the Chief, Engineering and Manufacturing Branch, Federal Aviation Administration, Central Region, Maule Service Letter No. 14 provides a method for eliminating the existing steel-to-steel hinge assemblies by installing nylon bushings.

Since immediate adoption is required in the interest of safety, compliance with the notice and public procedure provisions of the Administrative Procedure Act



is not practical and good cause exists for making this rule effective in less than thirty (30) days.

In consideration of the foregoing and pursuant to the authority delegated to me by the Administrator (31 F.R. 13697), § 39.13 of Part 39 of the Federal Aviation Regulations is amended by adding the following new airworthiness directive:

**MAULE.** Applies to Models M-4, Serial Nos. 3 through 94, M-4C, Serial Nos. 1C through 10C, M-45, Serial Nos. 1S through 3S, M-4T, Serial Nos. 1T through 3T, M-4-210, Serial Nos. 1001 through 1045, M-4-210C, Serial Nos. 1001C through 1064C, M-4-220S, Serial Nos. 2001S through 2003S, and M-4-220C, Serial Nos. 2001C through 2006C, series aircraft.

Compliance: Required as indicated, unless already accomplished.

To prevent loss of rudder trim tab control and resultant interference with alleron operation, accomplish the following:

Within the next 50 hours' time in service after the effective date of the airworthiness directive, modify the rudder trim tab hinges in accordance with either Maule Aircraft Corp. Service Letter No. 14, dated February 19, 1968, or any other method approved by the Chief, Engineering and Manufacturing Branch, Federal Aviation Administration, Central Region.

This amendment becomes effective April 13, 1968.

(Secs. 313(a), 601, 603, Federal Aviation Act of 1958; 49 U.S.C. 1354(a), 1421, 1423)

Issued in Kansas City, Mo., on April 2, 1968.

EDWARD C. MARSH,  
Director, Central Region.

[F.R. Doc. 68-4398; Filed, Apr. 12, 1968; 8:45 a.m.]

## Title 16—COMMERCIAL PRACTICES

### Chapter I—Federal Trade Commission

[Docket No. C-1312]

## PART 13—PROHIBITED TRADE PRACTICES

### Al Kaufman Furs, Inc., et al.

Subpart—Furnishing false guaranties: § 13.1053 *Furnishing false guaranties*: 13.1053-35 Fur Products Labeling Act. Subpart—Invoicing products falsely: 13.1108 *Invoicing products falsely*: 13.1108-45 Fur Products Labeling Act. Subpart—Misbranding or mislabeling: § 13.1185 *Composition*: 13.1185-30 Fur Products Labeling Act: § 13.1212 *Formal regulatory and statutory requirements*: 13.1212-30 Fur Products Labeling Act. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1845 *Composition*: 13.1845-30 Fur Products Labeling Act.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended, sec. 8, 65 Stat. 179; 15 U.S.C. 45, 69f) [Cease and desist order, Al Kaufman Furs, Inc., et

al., New York City, N.Y., Docket C-1312, Mar. 22, 1968.]

### In the Matter of Al Kaufman Furs, Inc., a Corporation, and Albert Kaufman, Ltd., a Corporation, and Albert Kaufman, Individually and as an Officer of Said Corporations

Consent order requiring a New York City manufacturing furrier to cease misbranding, deceptively invoicing, and falsely guaranteeing its fur products.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

It is ordered, That respondents Al Kaufman Furs, Inc., a corporation, and its officers, and Albert Kaufman, Ltd., a corporation, and its officers, and Albert Kaufman, individually and as an officer of said corporations, and respondents' representatives, agents, and employees, directly or through any corporate or other device, in connection with the introduction, or manufacture for introduction, into commerce, or the sale, advertising, or offering for sale in commerce, or the transportation or distribution in commerce, of any fur product; or in connection with the manufacture for sale, sale, advertising, offering for sale, transportation, or distribution, of any fur product which is made in whole or in part of fur which has been shipped and received in commerce, as the terms "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

1. Misbranding any fur product by: 1. Representing, directly or by implication, on a label that the fur contained in such fur product is natural when such fur is pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

2. Falsely or deceptively labeling or otherwise falsely or deceptively identifying such fur product as to the name or designation of the animal or animals that produced the fur contained in the fur product.

3. Failing to affix a label to such fur product showing in words and in figures plainly legible all of the information required to be disclosed by each of the subsections of section 4(2) of the Fur Products Labeling Act.

4. Setting forth information required under section 4(2) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder in abbreviated form on a label affixed to such fur product.

5. Failing to set forth the term "natural" as part of the information required to be disclosed on a label under the Fur Products Labeling Act and the rules and regulations promulgated thereunder to describe such fur product which is not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

6. Setting forth information required under section 4(2) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder in handwriting on a label affixed to such fur product.

7. Failing to set forth information required under section 4(2) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder on a label in the sequence required by Rule 30, of the aforesaid rules and regulations.

8. Failing to set forth on a label the item number or mark assigned to such fur product.

B. Falsely or deceptively invoicing any fur product by:

1. Failing to furnish an invoice, as the term "invoice" is defined in the Fur Products Labeling Act, showing in words and figures plainly legible all the information required to be disclosed by each of the subsections of section 5(b)(1) of the Fur Products Labeling Act.

2. Setting forth on an invoice pertaining to such fur product any false or deceptive information with respect to the name or designation of the animal or animals that produced the fur contained in such fur product.

3. Setting forth information required under section 5(b)(1) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder in abbreviated form.

4. Failing to set forth the term "natural" as part of the information required to be disclosed on an invoice under the Fur Products Labeling Act and rules and regulations promulgated thereunder to describe such fur product which is not pointed, bleached, dyed, tip-dyed, or otherwise artificially colored.

5. Failing to set forth on an invoice the item number or mark assigned to such fur product.

It is further ordered, That Al Kaufman Furs, Inc., a corporation, and its officers, and Albert Kaufman, Ltd., a corporation, and its officers, and Albert Kaufman, individually and as an officer of said corporations, and respondents' representatives, agents, and employees, directly or through any corporate or other device, do forthwith cease and desist from furnishing a false guaranty that any fur product is not misbranded, falsely invoiced or falsely advertised when the respondents have reason to believe that such fur product may be introduced, sold, transported, or distributed in commerce.

It is further ordered, That the respondent corporations shall forthwith distribute a copy of this order to each of their operating divisions.

It is further ordered, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: March 22, 1968.

By the Commission.

[SEAL]

JOSEPH W. SHEA,  
Secretary.

[F.R. Doc. 68-4405; Filed, Apr. 12, 1968; 8:45 a.m.]



[Docket No. C-1311]

**PART 13—PROHIBITED TRADE PRACTICES**

**Permalum Products Co. and Leonard Morris**

Subpart—Advertising falsely or misleadingly: § 13.105 *Individual's special selection or situation*; § 13.155 *Prices*; § 13.155-10 *Bait*; § 13.175 *Quality of product or service*; § 13.240 *Special or limited offers*. Subpart—Misrepresenting oneself and goods—Goods: § 13.1663 *Individual's special selection or situation*; § 13.1715 *Quality*; § 13.1747 *Special or limited offers*; Misrepresenting oneself and goods—Prices: § 13.1779 *Bait*. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1905 *Terms and conditions*.

(Sec. 6, 38 Stat. 721; 15 U.S.C. 46. Interprets or applies sec. 5, 38 Stat. 719, as amended; 15 U.S.C. 45) [Cease and desist order, Permalum Products Co. et al., Atlanta, Ga., Docket C-1311, Mar. 22, 1968.]

*In the Matter of Permalum Products Co., a Corporation, and Leonard Morris, Individually and as an Officer of Said Corporation.*

Consent order requiring a home improvement concern located in Atlanta, Ga., to cease using bait advertising, false pricing, and savings claims, misrepresenting that a customer's property is being used as a model home and neglecting to disclose all the details of negotiable papers, signed by customer.

The order to cease and desist, including further order requiring report of compliance therewith, is as follows:

*It is ordered*, That respondents Permalum Products Co., a corporation, and its officers, and Leonard Morris, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporate or other device, in connection with the advertising, offering for sale, sale, distribution, or installation of residential aluminum siding or any other products, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using, in any manner, a sales plan, scheme, or device wherein false, misleading, or deceptive statements or representations are made in order to obtain leads or prospects for the sale of other merchandise or services.

2. Making representations purporting to offer merchandise for sale when the purpose of the representation is not to sell the offered merchandise but to obtain leads or prospects for the sale of other merchandise at higher prices.

3. Discouraging the purchase of or disparaging any merchandise or services which are advertised or offered for sale.

4. Representing, directly or by implication, that any merchandise or services are offered for sale when such offer is not a bona fide offer to sell such merchandise or services.

5. Representing, directly or by implication, that respondents' offer of products is limited as to time, or in any other

manner: *Provided, however*, That it shall be a defense in any enforcement proceeding instituted hereunder for respondents to establish that any represented limitation as to time or other represented restriction is actually imposed and in good faith adhered to by respondents.

6. Representing, directly or by implication, that any price for respondents' products is a special or reduced price unless such price constitutes a significant reduction from an established selling price at which such products have been sold in substantial quantities by respondents in the recent regular course of their business.

7. Misrepresenting, in any manner, savings available to purchasers of respondents' products.

8. Representing, directly or by implication, that the home of any of respondents' customers or prospective customers has been selected as a model home to be used for advertising purposes or will be used for advertising purposes.

9. Representing, directly or by implication, that any allowance, discount, commission, or other compensation is granted by respondents to purchasers in return for permitting the premises on which respondents' products are installed to be used for advertising purposes.

10. Representing, directly or by implication, that respondents' siding materials are a new or revolutionary kind of product, or that respondents' products differ substantially from other siding materials available on the market.

11. Representing that respondents' siding materials will not require repainting or repair; or misrepresenting, in any manner, the efficacy, durability or efficiency of respondents' products.

12. Failing to orally disclose prior to the time of sale, and in writing on any conditional sales contract, promissory note or other instrument of indebtedness executed by a purchaser, and with such conspicuousness and clarity as is likely to be observed and read by such purchaser, that:

Any such instrument at respondents' option and without notice to the purchaser, may be discounted, negotiated or assigned to a finance company or other third party to which the purchaser will thereafter be indebted and against which the purchaser's claims or defenses may not be available.

13. Failing to clearly and fully reveal, disclose and inform customers of all terms and conditions of a sale and of any installment contract or promissory note or other instrument to be signed by any customer.

14. Failing to deliver a copy of this order to cease and desist to all present and future salesmen or other persons engaged in the sale of respondents' products or services, and failing to secure from each such salesman or other person a signed statement acknowledging receipt of said order.

*It is further ordered*, That the respondent corporation shall forthwith distribute a copy of this order to each of its operating divisions.

*It is further ordered*, That the respondents herein shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.

Issued: March 22, 1968.

By the Commission.

[SEAL] JOSEPH W. SHEA,  
Secretary.

[F.R. Doc. 68-4406; Filed, Apr. 12, 1968; 8:45 a.m.]

**Title 17—COMMODITY AND SECURITIES EXCHANGES**

**Chapter II—Securities and Exchange Commission**

[Release Nos. 34-8278, IC-5325]

**PART 274—FORMS PRESCRIBED UNDER THE INVESTMENT COMPANY ACT OF 1940**

**Subpart B—Forms for Reports**

**MANAGEMENT INVESTMENT COMPANIES ANNUAL REPORT; ADOPTION OF REVISED FORM N-1R**

On February 8, 1968, the Securities and Exchange Commission published notice (Investment Company Act Release No. 5246) (33 F.R. 2716) that it had under consideration a proposed revision of Form N-1R (§ 274.101) for annual reports filed with the Commission by registered management investment companies (except those issuing periodic payment plan certificates and small business investment companies, for which other annual report forms are prescribed) pursuant to section 30 of the Investment Company Act of 1940 ("Act") and section 13 or 15(d) of the Securities Exchange Act of 1934.

The revision would append to Form N-1R attachments to be used to furnish data to the Commission in a form readily adaptable for electronic data processing purposes. These attachments, referred to as "EDP attachments," would be filled in by registered investment companies filing annual reports on Form N-1R and would be included as exhibits to the reports. Exact copies of the attachments could be duplicated by registrants for this purpose in the form prescribed, or copies would be furnished by the Commission upon request. The EDP attachments would be provided in separate form for open-end and closed-end investment companies to furnish information specified in Part I and Part II, respectively, of Form N-1R.

The information presently required by Form N-1R, is, for the most part, in narrative form or in other form not readily adaptable for electronic data processing purposes. The EDP attachments are designed to provide specific answers, where feasible, to items of Form N-1R in spaces provided in the attachments. These answers would either set



forth the substance of the information required by such items, in figures or other concise form, or would indicate whether there was affirmative or negative response to items of the annual report on Form N-1R for the fiscal year. A limited amount of information, described in the notice, which is not presently included as such in the present Form N-1R, would be included in the EDP attachments. This information would summarize certain pertinent basic data which can be readily processed from the attachments or used to process other data.

The uniform arrangement of information in concise form in the EDP attachments will facilitate the processing of data through the use of the Commission's computer. The attachments will be used as source documents for automated processing of information with respect to investment companies. This processing will enable the Commission to retrieve and analyze more efficiently pertinent financial data for use in industry studies. It will also enable the Commission to screen on a continuing basis the information furnished in the annual reports in order to ascertain the areas of information and the companies in which problems exist. The Commission believes that the automated processing of data made possible by the use of the EDP attachments will materially improve its means for protecting the public interest and the interests of investors in registered investment companies.

The Commission has considered the written comments received on the proposed revision of Form N-1R and has made clarifying changes in certain of the items of the EDP attachments published in the notice. In drafting the proposed revision, it also received the benefit of oral presentations of views and comments by a representative group connected with the investment company industry, which resulted in a number of changes in items and instructions of the EDP attachments prior to the proposal published in the notice.

The Commission has adopted the revision of Form N-1R effective for all fiscal years ending on and after December 31, 1967. The due date for the filing of Form N-1R is prescribed by Rule 30a-1 (§ 270.30a-1) under the Act as a date not more than 120 days after the close of the fiscal year covered by the report. This due date will be applicable to the revised Form N-1R, except that, because of the adoption of the EDP attachments, the due date for the filing of annual reports for the fiscal year ended December 31, 1967, is extended to a date not later than May 31, 1968, so that all registrants will have a period of at least 60 days from the date of the adoption of the revised Form N-1R within which to file their annual reports.

The General Instructions to the revised Form N-1R prescribe the EDP attachments and require that eight copies of Part I of the report, including the Part I EDP attachment, and five copies of Part II (nonpublic) of the re-

port, including the Part II EDP attachment, shall be filed with the Commission. (The registrant shall no longer file copies with a regional office of the Commission, since such distribution will be made by the Commission.) Part II, if bound and signed by the registrant separately from Part I, will be classified by the Commission pursuant to the provisions of section 45(a) of the Act as a nonpublic filing, in the same manner and subject to the same conditions as provided in the present Form N-1R.

The revised Form N-1R provides for the inclusion on its facing page of the Internal Revenue Service employers' identification numbers of the registrant and its investment adviser and principal underwriter and the inclusion in Item 1.11(a) of the Social Security numbers of the affiliated persons of the registrant to be listed therein, and Item 1.22 has been conformed with the same item of the EDP attachments. The only other revisions in the items of the present Form N-1R eliminate outdated references to the manner of reporting information in annual reports for past fiscal years.

The Commission has directed its staff to bring to its attention the views of any interested persons with respect to their experience in completing the attachments to the form.

The Commission, acting pursuant to sections 30, 31, 38, and 45(a) of the Act and sections 13, 15(d), and 23(a) of the Securities Exchange Act of 1934, deeming it necessary to the functions vested in it, and necessary and appropriate in the public interest and for the protection of investors, hereby adopts the revised Form N-1R, including EDP attachments, which accompany this release,<sup>1</sup> effective for all fiscal years ending on and after December 31, 1967.

#### Commission action:

I. Section 274.101 Form N-1R is hereby amended to read as follows:

§ 274.101 Form N-1R, for annual report of registered management investment company under the Investment Company Act of 1940 and the Securities Exchange Act of 1934.

The following form shall be used for annual reports to be filed, pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 and pursuant to section 30 of the Investment Company Act of 1940, by all management investment companies registered under the latter Act, except those which issue periodic payment plan certificates and small business investment companies licensed as such under the Small Business Investment Act, of 1958 which file annual reports with the Commission on Form N-5R (listed and described in § 274.105).

#### (a) General instructions.

<sup>1</sup> The revised Form N-1R and attachments are being mailed with this release to all registered investment companies. Others may obtain them upon request.

### FORM N-1R—FOR ANNUAL REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940 AND THE SECURITIES EXCHANGE ACT OF 1934

(TO BE ACCOMPANIED BY ATTACHMENTS FOR FORM N-1R)<sup>2</sup>

#### A. Rule as to Use of Form N-1R.

This form shall be used for annual reports pursuant to section 30 of the Investment Company Act of 1940 and section 13 or 15(d) of the Securities Exchange Act of 1934 by all management investment companies except those which issue periodic payment plan certificates and small business investment companies licensed as such under the Small Business Investment Act of 1958 which file annual reports with the Commission on Form N-5R.

#### B. Application of General Rules and Regulations.

(a) The General Rules and Regulations under the Act contain certain general requirements which are applicable to registration on any form. These general requirements should be carefully read and observed in the preparation and filing of reports on this form.

(b) Particular attention is directed to Regulation 8B under the Act which contains general requirements regarding matters such as the kind and size of paper to be used, the legibility of the report, the information to be given whenever the title of securities is required to be stated, and the filing of the report. The definitions contained in Rule 8b-2 under the Act should be especially noted.

(c) Eight complete copies of Part I of each report on this form, including all exhibits, papers, and documents filed in respect of such Part I, shall be filed with the Commission. At least one complete copy of Part I, including all exhibits, papers, and documents filed in respect of Part I, shall be filed with each exchange, if any, on which a security of the registrant is registered. At least one of the copies filed with the Commission and one filed with each such exchange shall be manually signed. Unsigned copies shall be conformed.

Five complete copies of Part II (nonpublic) of each report on this form, including all exhibits, papers, and documents filed in respect of such Part II, shall be filed with the Commission. At least one of such copies shall be manually signed, and the other copies shall be conformed.

#### C. Material Comprising Annual Report.

The annual report consists of the facing sheets of the form, the tables of contents, the information called for by Parts I and II of the form, the required signatures, the opinion of the independent public accountant for the registrant, and any financial statements and exhibits, including the EDP attachments, and any other information, undertaking, or documents which are required or which the registrant may file as a part of the annual report. See General Instruction F below with respect to classification by the Commission of such Part II as a nonpublic filing.

#### D. Preparation of Report Other Than the EDP Attachments.

(a) This form (other than the EDP attachments) is not to be used as a blank form to be filled in, but only as a guide in the preparation of the report on paper meeting the requirements of Rule 8b-12 under the Act. The report shall contain the numbers

<sup>2</sup> See §§ 274.101a-1 and 274.101a-2 of this chapter.



and captions of all items required to be answered but the text of any item may be omitted if the answer thereto is prepared in the manner specified in Rule 8b-13 under the Act. All instructions should also be omitted. Unless expressly provided otherwise, if any item is inapplicable or the answer thereto is in the negative, an appropriate statement to that effect shall be made. In preparing the answers to the items, the registrant should consider not only the sections of the Act specifically referred to in the captions of certain of the items, but also any rules promulgated thereunder.

(b) If the registrant has filed a prospectus pursuant to Rule 424 under the Securities Act of 1933 meeting the requirements of section 10 of that Act, and such prospectus contains information for the fiscal year, the registrant may incorporate in the report, at the location of the pertinent item of the report, any information, including financial statements, contained in the prospectus by reference to the specific page or caption which contains such information. In such event, an additional copy of the prospectus shall be filed with each copy of the report.

(c) If the registrant has filed a definitive proxy statement pursuant to Rule 20a-1 under the Act and such proxy statement contains the information required by any item of this form, such item of this form may be answered by incorporating, at the location of such item, the information contained in the proxy statement by reference to the specific page or caption which contains such information. In such event, an additional copy of the proxy statement shall be filed with each copy of the report.

(d) If the registrant has filed an annual report to stockholders for the fiscal year, pursuant to Rule 30b2-1 under the Act, meeting the requirements of Sections 30(d) and 30(e) of, and Rule 30d-1 under, the Act, and such annual report contains the information required by any item of this form, such item of this form may be answered by incorporating, at the location of such item, the information contained in such annual report, including financial statements if prepared in accordance with the instructions as to financial statements contained in this form, by reference to the specific page or caption which contains such information. In such event, an additional copy of the annual report to stockholders shall be filed with each copy of the report.

(e) If the registrant wishes to supplement its answer to any item with any relevant statement or explanation, it may do so.

(f) Where an item uses the phrase "to the knowledge of the registrant," "if known to the registrant," or other similar phrase, it shall be incumbent on the registrant to make all reasonable effort to obtain the required information.

(g) Except as otherwise stated, the information required by any item shall be given as of the end of the registrant's fiscal year, or as of the latest practicable date subsequent thereto, which date shall be stated in the answer to the item.

(h) The tables of contents applicable to Parts I and II, respectively, shall be prepared in a manner substantially identical with the forms prescribed therefor, and shall identify the page number in the report at which each item begins.

**E. Preparation of the EDP Attachments.**

The EDP attachments which accompany this portion of Form N-1R are provided in separate form for open-end and closed-end management investment companies. The applicable attachments shall be used as blank forms to be filled in by the registrant and included as exhibits to Part I and Part II, respectively, of the annual report, in accordance with the General Instructions set forth in the EDP attachments. As stated in such

instructions, exact copies of the EDP attachment forms may be duplicated by the registrant for this purpose, or copies will be furnished by the Commission upon request. The General Instructions and instructional notes appearing in the EDP attachment forms shall be followed in filling in the items of the EDP attachments.

**F. Nonpublic Classification of Part II of Report.**

If the registrant desires to have Part II of this report, including the Part II EDP attachment, classified by the Commission as a nonpublic filing, it shall bind Part II separately from Part I and shall sign Part II separately in the form prescribed therefor. Such nonpublic classification by the Commission shall not preclude the Commission, if it should deem public disclosure necessary or appropriate in the public interest or for the protection of investors, from making public all or any portion of the information contained in Part II or requiring that such information be included in any registration statement, application, report, or other document of a public nature filed by the registrant with the Commission under any of the statutes administered by the Commission. To provide an affected registrant an opportunity to state to the Commission any objections it might have to the public disclosure of any information contained in Part II, unless such information is then a requirement of an existing rule or form requiring public disclosure or unless a proceeding has been commenced before the Commission or a court, the Commission shall notify such registrant in writing of its intention to make or require public disclosure thereof not less than 5 business days prior to the date of such public disclosure.

**G. Definitions.**

Unless the context clearly indicates the contrary, terms used in the annual report have meanings as defined in the Investment Company Act of 1940 and the rules and regulations issued thereunder. In this connection, specific attention is called to the definition of "director" contained in section 2(a)(12) of the Act as including, among others, any natural person who is a member of a board of trustees of a management investment company created as a common-law trust.

In addition, the following definitions apply:

**Act:** The term "Act" means the Investment Company Act of 1940.

**Depositor:** The term "depositor" means the person or persons primarily responsible for the creation or the operation, or both, of an investment company not having a board of directors. It includes the person or persons, sometimes designated as the sponsor or manager of the investment company, who have continuing functions or responsibilities with respect to the administration of the affairs of the investment company, but does not include a trustee or custodian designated in accordance with the provisions of section 26 of the Act unless the trustee or custodian is also the creator, sponsor, or manager of the investment company.

**Fiscal year:** The term "fiscal year" means the fiscal year of the registrant covered by the report.

**Investment adviser:** The term "investment adviser," as used herein, shall be defined as in section 2(a)(19) of the Act and the applicable rules and regulations thereunder, except that, for the purposes of answering the items herein, the term shall also be deemed to include a corporate trustee rendering any services to the registrant of an investment advisory nature.

**Officer:** The term "officer" means a president, vice president, treasurer, secretary, controller, and any other person who per-

forms for an organization, whether incorporated or unincorporated, functions corresponding to those of a policy-making nature performed by the foregoing officers.

**Registrant:** The term "registrant" means the management investment company filing this annual report or on whose behalf this report is filed.

**Subsidiary:** The term "subsidiary" shall be defined as in Rule 1-02 of Regulation S-X promulgated by the Commission.

(b) Facing page.

Annual Report of Management Investment Company

Pursuant to section 30 of the Investment Company Act of 1940 and section 13 or 15(d) of the Securities Exchange Act of 1934\*

For fiscal year ended \_\_\_\_\_ 19\_\_

(Name of registrant)

(IRS empl. ident. No.)

(Address of principal executive office: (No. and street, city, State, ZIP code))

Check appropriate box: Open-end company: Diversified  Nondiversified   
Closed-end company: Diversified  Nondiversified

(Investment adviser(s) name)

(Address of: (No. and street, city, State, ZIP code)) (IRS empl. ident. No.)

(Principal underwriter(s) name)

(Address of: (No. and street, city, State, ZIP code)) (IRS empl. ident. No.)

\* Omit reference to Securities Exchange Act of 1934, if inapplicable.

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Signature

Financial statements (to be itemized)

Exhibits (to be itemized)

(d) Information required in report.

PART I

Item 1.01. Securities Registered on Exchanges.

As to each class of securities of the registrant which is registered on a national securities exchange, furnish the information required by the following table:

(1) Title of class	(2) Name of each exchange on which registered
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Item 1.02. Diversification of Assets (sections 5(b) and 5(c)).

Furnish the following information as of the end of each fiscal quarter of the fiscal year:

(a) With respect to the following classes of assets of the registrant—

(1) Class of assets	(2) End of Fiscal Quarter	
	Value of class	Percent of total
Cash and cash items, including receivables.....		
Government securities.....		
Securities of other investment companies.....		
Other securities, as defined in section 5(b)(1) of the Act.....		
Other assets.....		
Total assets.....		

(b) With respect to each company in which the registrant had invested in all classes of such company's securities more than 5 percent of the value of the registrant's total assets at the end of the fiscal quarter—

(1) Name and address of company	(2) Nature of its principal business	(3) Percentage of value of registrant's assets invested therein (at end of fiscal quarter)
------------------------------------	---	---

(c) With respect to each company, 5 percent or more of whose voting securities are directly or indirectly owned, controlled, or held with power to vote, by the registrant at the end of the fiscal quarter—

(1) Name and address of company	(2) Nature of its principal business	(3) Percentage of its voting securities owned by registrant (at end of fiscal quarter)
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Instructions. 1. The term "value" is defined in section 2(a) (39) of the Act.

2. Section 5(b) (1) of the Act defines "other securities" for the purpose of the calculation specified therein as being limited in respect of any one issuer to an amount not greater in value than 5 percent of the value of the total assets of the registrant and to not more than 10 percent of the outstanding voting securities of such issuer.

Item 1.03. Underwriting Commitments (section 12(c)).

If the registrant is a diversified company, furnish the following information with respect to each commitment as underwriter made by the registrant during the fiscal year:

- (a) The value of the registrant's total assets immediately after each such commitment as underwriter.
- (b) The dollar amount of all outstanding commitments as underwriters at such time.
- (c) The value at such time of registrant's investments in all securities of issuers (other than investment companies) of which the registrant owned more than 10 percent of the outstanding voting securities.
- (d) The percentage which paragraph (b) plus paragraph (c) represents of paragraph (a).

Item 1.04. Tax Status.

State whether the registrant during its last taxable year met the requirements of Subchapter M of the Internal Revenue Code, and state its present intention with respect to meeting such requirements during its current taxable year.

Item 1.05. Condensed Financial Information.

Furnish the following information for the fiscal year with respect to the registrant, or for the registrant and its subsidiaries consolidated as prescribed by caption 3 of Rule 6-02 of Regulation S-X:

PER SHARE INCOME AND CAPITAL CHANGES  
(For a share outstanding throughout the year)

- INCOME AND EXPENSE
1. Income.
  2. Operating expenses.
  3. Net income.
  4. Dividends from net income.

- CAPITAL CHANGES
5. Net asset value at beginning of period.
  6. Net realized and unrealized profits (or losses) on securities.
  7. Distributions from realized capital gains.
  8. Net asset value at end of period.
  9. Number of shares outstanding at end of period.

- RATIOS
10. Ratio of operating expenses to total investment income.
  11. Ratio of operating expenses to average net assets.
  12. Ratio of net income to average net assets.

Instructions. 1. The information shall be given as to the shares of all open-end com-

panies and, where practicable, as to the common shares of closed-end companies, except that companies having senior securities outstanding during the fiscal year may modify the table in an appropriate manner. Any such modifications shall be clearly and specifically noted. With respect to companies having senior securities outstanding, the ratios required at captions 11 and 12 may, in the case of open-end companies, and shall, in the case of closed-end companies, be computed on the basis of average net assets determined before deduction of senior securities; and the ratio required at caption 12 may, in the case of open-end companies, and shall, in the case of closed-end companies, be computed on the basis of net income on common stock adjusted to add back interest on any debt securities (net of any income tax effect thereof) plus dividends on any preferred stock.

2. Per share figures may be given to the nearest cent.

3. Appropriate adjustments shall be made to reflect any stock split-up or stock dividend during the period.

4. "Operating expenses," as used at caption 2 above, includes the expenses described at captions 2 and 3 of Rule 6-04(b) of Regulation S-X. If there were income deductions such as those described at captions 4 and 6 of that rule, compute the per share amounts thereof in accordance with instruction 7(b) below and state them separately immediately after caption 2 above.

5. Distributions not exceeding the capital gains computed on the federal tax basis may be treated as distributions from capital gains for purposes of the above table, even though they exceed capital gains on a book basis.

6. If any distributions were made from capital sources other than capital gains, change caption 7 to "Distributions from realized capital gains and other capital sources" and in a footnote indicate the amounts and nature of distributions from such other sources.

7. For open-end companies having continuous transactions in their own shares:

(a) The amount to be shown at caption 3 is derived by adding to, or deducting from, dividends paid from net income per share for the year (caption 4) the increase or decrease per share in undistributed net income for the year. Such increase or decrease may be derived from a comparison of the per share figures obtained by dividing the undistributed net income at the beginning and end of the year by the number of shares outstanding on those respective dates.

(b) The amounts to be shown at captions 1 and 2 are derived by applying to the net income on a per-share basis the ratio of such items, as shown in the financial statements prepared under Rule 6-04 of Regulation S-X, to the net income as shown in such statements.

8. The amount to be shown at caption 6, while mathematically determinable by summation of amounts computed for as many periods during the year as shares were sold or repurchased (which could be as often as twice daily), is also the balancing figure derived from the figures in the statement and may be so computed. The amount shown at this caption for a share outstanding throughout the year may not accord with the change in the aggregate gains and losses in the portfolio securities for the year because of the timing of sales and repurchases of registrant's shares in relation to fluctuating market values for the portfolio.

9. "Total investment income," as used at caption 10, does not include equalization adjustments.

10. "Average net assets," as used at captions 11 and 12, shall be computed upon the basis of the value of the net assets determined no less frequently than as of the end



of each month, except that the average value of securities for which market quotations are not available may be based upon the value of such securities as of the end of the preceding fiscal quarter.

11. The number of shares outstanding at the end of the period may be shown to the nearest thousand (000 omitted), provided it is indicated that such has been done, or may be shown in a footnote.

**Item 1.06. Asset Coverage of Senior Securities (section 18).**

Furnish the following information as of the end of the fiscal year with respect to each class of senior securities (including bank loans) of the registrant:

(1)	(2)	(3)
Title of class	Total amount outstanding, exclusive of treasury securities	Asset coverage

*Instructions.* 1. The amounts set forth in column (2) shall be the total amount of each class of senior security (including bank loans) representing indebtedness, or the total involuntary liquidation preference of each class of senior security which is a stock.

2. The asset coverage called for in column (3) shall be a single ratio (expressed as a percentage) which the value of the net assets of the registrant, before deducting senior securities, bears to the aggregate amount of senior securities representing indebtedness, and also, in the case of a class of senior security which is a stock, a single ratio which the value of such net assets bears to the aggregate amount of senior securities representing indebtedness plus the aggregate of the involuntary liquidation preference of such stock, as specified in section 18(h) of the Act.

**Item 1.07. Issuance and Redemption of Securities (sections 22(g) and 23).**

(a) State for each quarter of the fiscal year as to each class of securities of the registrant (1) the amount of such class issued by the registrant during the quarter and the aggregate net cash consideration and the aggregate amount of any other consideration received, or to be received, in connection with such issuance; and (2) the amount of such class acquired, retired, or redeemed during the quarter and the aggregate net cash consideration and the aggregate amount of any other consideration paid, or to be paid, in connection with such acquisitions, retirements, or redemptions.

(b) State whether or not securities issued were registered under the Securities Act of 1933; if not, indicate the exemption claimed, the facts relied upon to make the exemption available, and the names of the principal underwriters, if any, indicating any such underwriters which are affiliated persons of, or affiliated persons of affiliated persons of, the registrant.

(c) If during the fiscal year the registrant issued any of its securities for either of the following purposes, state the facts:

- (1) Securities were issued for services.
- (2) Securities were issued for property other than cash or securities (including securities of which the registrant is the issuer), except as a dividend or distribution to its security holders or in connection with a reorganization.

(d) (This paragraph is applicable to closed-end companies only.) If during the fiscal year the registrant sold any shares of its common stock at a price below its current net asset value, exclusive of any distributing commission or discount, state the facts and state which of the exceptions, if

any, permitted in section 23(b) of the Act were relied upon.

(e) (This paragraph is applicable to closed-end companies only.) If any purchases of its outstanding capital stock were made during the fiscal year by the registrant, state the facts as to each purchase to indicate compliance with, or the basis for exemption from, section 23(c) of the Act. If any purchases were made pursuant to an order of the Commission or pursuant to Rule 23c-1 under the Act, it will be sufficient to cite the order number or the date of the statement filed on Form N-23C-1 pursuant to said rule, whichever is applicable.

*Instructions.* 1. This item does not apply to short-term paper. This item does not apply to ordinary sinking fund operations, similar periodic decreases made pursuant to the terms of the governing instruments or payment of indebtedness at maturity.

2. The term "issuance" shall include the re-issuance of treasury securities or securities held by or for the account of the issuer thereof. The extension of the maturity date of indebtedness shall be deemed the issuance of new indebtedness for the purpose of this item.

3. The answer to this item should, in the case of a closed-end company, indicate the basis used for determining the price at which securities were acquired, retired, or redeemed and, unless the securities were registered under the Securities Act of 1933, for determining the price at which securities were issued.

**Item 1.08. Persons in Control Relationship with Registrant (section 2(a)(9)).**

Furnish a list or diagram of all persons directly or indirectly controlling, controlled by, or under common control with, the registrant, and as to each such person indicate (1) if a company, the State or other sovereign power under the laws of which it was organized, and (2) the percentage of voting securities owned or other basis of control by the person, if any, immediately controlling it.

*Instructions.* 1. For the purposes of this item, "control" shall mean (a) the beneficial ownership, either directly or through one or more controlled companies, of more than 25 percent of the voting securities of a company; (b) the acknowledgment of assertion by the registrant of the existence of

control; or (c) an adjudication under section 2(a)(9) of the Act, which has become final, that control exists.

2. The list or diagram shall include the registrant and shall be so prepared as to show clearly the relationship of each company named to the registrant and to the other companies named. If any company is controlled by means of the direct ownership of its securities by two or more persons, so indicate by appropriate cross reference.

3. Designate by appropriate symbols (a) subsidiaries for which separate financial statements are filed; (b) subsidiaries included in the respective consolidated financial statements; (c) subsidiaries included in the respective group financial statements filed for unconsolidated subsidiaries; (d) other subsidiaries, indicating briefly why statements of such subsidiaries are not filed.

4. The names of particular subsidiaries may be omitted if the unnamed subsidiaries considered in the aggregate as a single subsidiary would not constitute a significant subsidiary.

5. This item may be answered by specific reference to the last annual report on this form, and to the relevant item number therein, containing the required information, provided there has been no change in the information therein furnished.

**Item 1.09. Persons Owning Equity Securities of Registrant.**

Furnish the information required by the table below as to all equity securities of the registrant owned by the following persons:

(a) Each person who owns of record or is known by the registrant directly or indirectly to own, control, or hold with power to vote, 5 percent or more of the outstanding voting securities of the registrant.

(b) Each person who owns of record or is known by the registrant to own beneficially more than 10 percent of any other class of equity securities of the registrant.

(c) All officers, directors, and members of any advisory board of the registrant as a group, without naming them.

(1)	(2)	(3)	(4)	(5)
Name and address	Title of class	Type of ownership	Amount owned	Percent of class

(1)	(1A)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Name and address	Social Security No.	Positions and offices with registrant	Dates of service with registrant in each capacity during fiscal year	Principal occupations during past 5 years	Was, or was affiliated person of—			
					Name of any associated registered investment company	Name of investment adviser of registrant	Name of principal underwriter for registrant	Name of regular broker for registrant

Directors and officers.  
Members of advisory board.  
Employees.  
Regular legal counsel.

*Instructions.* 1. Indicate in column (3) whether the securities are owned both of record and beneficially, of record only, or beneficially only, and show separately in columns (4) and (5) the respective amounts and percentages owned in each such manner.

2. The percentages are to be calculated on the basis of the amount of outstanding securities of the class. In any case where the amount owned by all officers, directors, and members of the advisory board as a group is less than 1 percent of the class, a statement to that effect will suffice as an answer to paragraph (c).

**Item 1.10. Number of Holders of Equity Securities.**

State, in substantially the tabular form indicated, the approximate number of holders of record of each class of equity securities of the registrant.

(1)	(2)
Title of class	Number of holders

**Item 1.11. Directors, Officers, Members of Advisory Board, and Certain Employees and Legal Counsel (sections 10 and 2(a)(1)).**

(a) Furnish the information required by the following table as to—



(i) all directors, officers, and members of any advisory board of the registrant who served in such capacities at any time during the fiscal year; and

(ii) all employees who perform policy-making functions for the registrant, and all regular legal counsel for the registrant (whether or not on retainer), who at any time during the fiscal year were, or were affiliated persons of, any of the persons named in the captions of columns (5), (6), (7), and (8) of the table.

**Instructions.** 1. The names of the persons referred to in the captions of columns (5), (6), (7), and (8) shall be stated only if an individual named in column (1) was, or was an affiliated person of, any such person. List under columns (5), (6), (7), or (8), as appropriate, all positions and offices, including acting as regular legal counsel, whether or not on retainer, held with the persons named in the captions of such columns, by any individual listed under column (1), as well as any other basis on which any such individual was an affiliated person of such persons. If more than one person is named in any one of the captions of columns (5), (6), (7), and (8), indicate by appropriate symbols to which of such persons the affiliated-person relationship of a particular individual is intended to apply. Also, if one person serves in two or more of the capacities referred to in the captions of columns (6), (7), and (8), that fact shall be indicated, but the registrant need furnish the required information as to the individuals in only one of the relevant columns.

2. There should not be listed under the heading "Employees" in column (1) any individual who is listed under any of the other headings in column (1). However, if any individual listed under any of such other headings is also an employee of the registrant, that fact shall be stated in column (2).

3. For the purposes of this item, the registrant shall indicate in its answer as to regular legal counsel in column (1) of the table whether such counsel also acts as regular legal counsel, whether or not on retainer, for any of the persons named in the captions of columns (5), (6), (7), and (8). If a partnership is named in column (1), also include the name of each partner or associate, if any, who, instead of the law firm itself, is regular legal counsel, whether or not on retainer, for any of the persons named in the captions of columns (5), (6), (7), and (8), or is an affiliated person of any of the persons named in such columns.

4. For the purposes of this item, an associated registered investment company (column (5)) means any registered investment company which retains as its investment adviser or principal underwriter the same person, or an affiliated person thereof, as retained by the registrant, or which owns an interest in a company in which the registrant also owns an interest and which company is of the character described in clause (iii) of the instruction to Item 1.24 below.

5. If the registrant is an unincorporated company not having a board of directors, the information required in paragraph (a) with respect to the directors of the registrant shall be applicable to the board of directors of the depositor and of every investment adviser of the registrant.

6. If the registrant relied upon any of the provisions of section 10(d) or 10(e) of the Act for an exception from the applicable requirements of section 10(a), 10(b), or 10(c), it shall state the facts with respect to any such claimed exception. If an order of the Commission granting an exemption from such requirements was relied upon, the registrant shall cite the specific order.

(b) Indicate in a note to the table in paragraph (a) above, or otherwise, which individ-

uals, if any, listed under column (1) were at any time during the fiscal year investment bankers or affiliated persons of any investment bankers. If there were any, state also the name and address of each such investment banker and the basis on which each such individual was an affiliated person of each such investment banker.

**Instructions.** 1. For the purposes of this item, a person shall not be deemed an affiliated person of an investment banker solely by reason of the fact that he is an affiliated person of a company of the character described in section 12(d)(3)(A) and (B) of the Act.

2. See instruction 5 to paragraph (a) of this item for comparable requirement of this paragraph (b).

(c) Indicate in a note to the table in paragraph (a) above, or otherwise, which members (if two or more) of the board of directors of the registrant, and of any advisory board of the registrant, were at any time during the fiscal year officers or directors of any one bank. If there were any, state also the name and address of each such bank and the positions of each such director or advisory board member with each such bank.

**Instruction.** See instruction 5 to paragraph (a) of this item for comparable requirement of this paragraph (c).

**Item 1.12. Remuneration of Directors, Officers, and Members of Advisory Board.**

(a) Furnish the information required by the following table as to all remuneration received during the fiscal year by the following individuals, and by the following groups as a whole, for services in all capacities, to whomsoever rendered, from (1) the registrant

and its subsidiaries; (ii) any other registered investment company (and its subsidiaries) which retains as its investment adviser or principal underwriter the same person, or an affiliated person thereof, as retained by the registrant; (iii) any other registered investment company (and its subsidiaries) which owns an interest in a company of the character described in clause (iii) of the instruction to Item 1.24 below; (iv) a company of the character described in clause (iii) of the instruction to Item 1.24 below; and (v) any investment adviser, principal underwriter, or broker of the character described in instruction 3 to this paragraph (a):

(1) Each director, each of the three highest-paid officers, and each member of the advisory board, of the registrant whose aggregate remuneration from all of the foregoing sources exceeded \$30,000. Name each such individual and each person (whether the registrant or any other person) from whom any part of the remuneration was received, and state the amount received by any such individual from each such person.

(2) All directors and officers of the registrant as a group, without naming them, but naming each person (whether the registrant or any other person) from whom any part of the remuneration was received, and state the aggregate amount so received by such group from each such person.

(3) All members of the advisory board of the registrant as a group, without naming them, but naming each person (whether the registrant or any other person) from whom any part of the remuneration was received, and state the aggregate amount so received by such group from each such person.

(A)	(B)	(C)	(D)
Name of individual or identity of group	Capacities in which remuneration was received	Name of each person from whom remuneration was received by individual or group	Amount of remuneration received by individual or group from each person

**Instructions.** 1. This item applies to any individual who was a director, officer, or member of the advisory board of the registrant at any time during the fiscal year. However, information need not be given for any portion of the year during which any such individual did not occupy one of the positions indicated.

2. The information is to be given on an accrual basis if practicable. The tables required by paragraph (a) above and paragraph (b) below may be combined if desired.

3. For the purposes of clause (v) of paragraph (a) above, include any investment adviser, principal underwriter, or broker only if, for the most recent fiscal year of such person ending at least 60 days prior to the last date on which this report is required to be filed by the registrant, the gross income received by such person in any capacity from the registrant and subsidiaries, and from any other registered investment companies and subsidiaries specified in clauses (ii) and (iii) of paragraph (a) above, exceeded 50 percent of the aggregate gross income of such investment adviser, principal underwriter, or broker, as the case may be, during such fiscal year from all sources. For the purposes of this item, net underwriting discounts and commissions retained by a principal underwriter from the sale of shares of a registered investment company shall be deemed to be received from such registered company.

4. For the purposes of instruction 3 above, include gross income from all sources other than profit or loss from transactions in securities and commodities for the firm's investment account.

5. For the purposes of this item, include as remuneration salaries or other compensation received by the specified individuals or groups from the persons specified in clauses (i) through (v) of paragraph (a) above. If the investment adviser, principal underwriter, or broker is a partnership, include as remuneration partners' withdrawals or any portion thereof, or any portion of the partnership's net income applicable to the interests of partners, to the extent such amounts represent substantially the equivalent of salaries or other compensation. In determining such equivalence, give due consideration to the rates of salaries or other compensation paid to officers or other policy-making employees by an investment adviser, principal underwriter, or broker, as the case may be, similarly situated but doing business as a corporation.

(b) Furnish the following information, in substantially the tabular form indicated below, as to all pension or retirement benefits proposed to be paid under any existing plan in the event of retirement at normal retirement date, directly or indirectly, to each individual named in the answer to subparagraph (1) of paragraph (a) above, by the persons specified in clauses (i) through (v) of paragraph (a):



(1)	(2)	(3)	(4)
Name of individual	Name of each person providing pension or retirement benefits to individual	Amount set aside or accrued during registrant's fiscal year	Estimated annual benefits to individual upon retirement under each plan

*Instructions.* 1. Column (3) need not be answered with respect to payments computed on an actuarial basis pursuant to any plan which provides for fixed benefits in the event of retirement at a specified age or after a specified number of years of service.

2. The information called for by column (4) may be given in a table showing the annual benefits payable upon retirement to persons in specified salary classifications.

3. In the case of any plan (other than those specified in instruction 1) where the amount set aside each year depends upon the amount of earnings for such year or a prior year of the person providing the pension or retirement benefits to the specified individuals, or where it is otherwise impracticable to state the estimated annual benefits upon retirement, there shall be set forth, in lieu of the information called for by column (4), the aggregate amount set aside or accrued to date, unless it is impracticable to do so, in which case there shall be stated the method of computing such benefits.

**Item 1.13. Remuneration of Certain Other Affiliated Persons.**

Furnish the information required by the following table as to each of the persons specified below who received from the registrant and its subsidiaries during the fiscal year aggregate remuneration in excess of \$30,000 for services in all capacities. Indicate the nature of the relationship by reason of which the remuneration of each such person named is required to be given.

(a) Each affiliated person of the registrant other than its directors, officers, employees, and members of its advisory board.

(b) Each affiliated person of any of the following: any director, officer, or member of the advisory board of the registrant; any company named in the answer to Item 1.02 (c); any security holder named in the answer to Item 1.09 (a) or (b); any investment adviser of the registrants; any principal underwriter currently distributing securities of the registrant.

(1)	(2)	(3)
Name of person	Capacities in which services were rendered	Aggregate remuneration

*Instruction.* Information furnished in the answers to Items 1.12(a), 1.18(a)(4), 1.32 (c), and 1.36(a) need not be furnished in the answer to this item, provided an appropriate statement and cross reference are made here.

**Item 1.14. Indemnification of Directors and Officers (section 17(h)).**

Summarize or state the provisions of any new or amended contract or arrangement, and cite any new or amended statute, under which any director or officer of the registrant is insured or indemnified in any manner against any liability which he may incur in his capacity as such.

*Instruction.* This item may be answered with the word "none" if there is no such new or amended contract, arrangement, or statute. No information need be given as to insurance provided by any director or officer for his own protection. The information required by this item may be omitted if there

has been no change from that previously reported, provided specific reference is made to the last filed document of the registrant containing the required information.

**Item 1.15. Employees of Registrant.**

(a) Furnish the information required by the following table with respect to the employees of (1) the registrant and (2) any company (stating the name thereof) of the character specified in section 2(a)(19)(iii) of the Act.

Class of employees	(A)	(B)	(C)
		Number of full-time employees	Number of part-time employees
(1) Of the registrant:			
Executive and research	.....		
All other employees	.....		
(2) Of a section 2(a)(19)(iii)-type company (state name):			
Executive and research	.....		
All other employees	.....		

(b) State in a note to the table in paragraph (a) above, or otherwise, the names of any registered investment companies other than the registrant which used the services of any company named at caption (2) above.

**Item 1.16. Custody of Securities and Similar Investments (section 17(f)).**

(a) If the securities and similar investments of the registrant are maintained in the custody of a bank, state the name of such bank and whether or not it has the qualifications prescribed in paragraph (1) of section 26(a) of the Act for the trustees of unit investment trusts, as required by section 17(f) of the Act.

(b) If such securities and similar investments are maintained in the custody of a member of a national securities exchange, state the full name of such member and whether or not such custody is maintained in accordance with Rule 17f-1 under the Act.

(c) If such securities and similar investments are maintained in the custody of the registrant, so state and indicate whether or not such custody is maintained in accordance with Rule 17f-2 under the Act, naming the bank or other depository.

(d) State the basis upon which the remuneration for custodial services was determined for the fiscal year.

*Instructions.* 1. Note that any new or amended contract or arrangements pertaining to the custody of securities or similar investments must be filed as an exhibit to the report unless it has previously been filed, in which case specific reference should be made to such previous filing.

2. Instruction 5 to Item 1.08 above shall also apply to this item.

**Item 1.17. Fidelity Bond (section 17(g)).**

In respect of the fidelity bond required by section 17(g) of the Act and Rule 17g-1 thereunder, set forth the name of the fidelity insurance company, the bond number, the amount of coverage and type of bond (i.e., blanket or individual), and the portion of the fiscal year during which the bond was in effect.

**Item 1.18. Investment Advisers (section 15(a)).**

(a) Furnish the following information as to each investment adviser of the registrant:

(1) Name and principal business address.

(2) Name and address of any affiliated person of the registrant who is also an affiliated person of the investment adviser and the nature of the affiliation.

(3) A brief description of the investment advisory contract with the registrant, including but not limited to the basis for determining the remuneration of the investment adviser and any contract provisions placing limits on the total expenses of the registrant.

(4) The dollar amount of the remuneration paid by the registrant to the investment adviser for the fiscal year pursuant to the terms of the investment advisory contract, and the dollar amount of the reduction, if any, taken into account in determining such payment by reason of the contract provisions referred to in subparagraph (3) above.

(b) State the dollar amount of the remuneration received during the registrant's fiscal year, pursuant to an investment advisory contract, by the investment adviser of the registrant, or by any other investment adviser which was an affiliated person of such investment adviser, from each associated registered investment company as defined in instruction 4 to Item 1.11(a) above. Also name each such investment adviser and each such registered investment company.

*Instructions.* 1. Information furnished in the answer to Item 1.11(a) need not be furnished in the answer to subparagraph (2) of paragraph (a) of this item, provided an appropriate statement and cross reference are made here.

2. The information required by subparagraph (3) of paragraph (a) of this item may be omitted if there has been no change from that previously reported, provided specific reference is made to the last filed document of the registrant containing the required information.

3. The information required by paragraph (b) of this item need not be furnished with respect to any associated registered investment company unless an affiliated person of such company was also an affiliated person of the registrant, of the investment adviser of the registrant (or of any investment adviser which was an affiliated person of such investment adviser), or of the principal underwriter for the registrant.

**Item 1.19. Entry into or Renewal of Investment Advisory Contract (sections 15(a) and 15(e)).**

If during the fiscal year the registrant entered into or renewed an investment advisory contract, state:

(a) Whether the action involved the execution of a new contract or the renewal of an existing contract.

(b) Whether the action was by the vote of shareholders or by the board of directors; if by the vote of the board of directors, state also (1) the number of directors, if any, who voted against the action, and (2) whether a majority of the directors who were not parties to the contract or affiliated persons of the investment adviser of the registrant, or of the registrant itself (except solely in their positions as directors of the registrant), voted in favor of the action.

(c) The date of such action.

(d) The beginning and ending dates of the period for which the contract was executed or renewed.

*Instructions.* 1. For the purposes of this item, the amendment of an existing investment advisory contract shall be deemed to constitute an entry into an investment advisory contract.

2. For the purposes of numbered clause 2 of paragraph (b) of this item, a director of the registrant who acts as regular legal counsel for the investment adviser or for the



registrant, or who is a partner or an associate of any firm which acts as regular legal counsel for the investment adviser or for the registrant, whether or not on retainer, shall be considered an affiliated person of the investment adviser or of the registrant, as the case may be, wholly apart from his being an affiliated person of the registrant by virtue of being a director thereof.

**Item 1.20. Business and Other Connections of Management and of Investment Advisers.**

Describe briefly any other business, profession, vocation, or employment of a substantial nature in which each director, officer, member of the advisory board, or investment adviser of the registrant, and each director, officer, or partner of any such investment adviser, is engaged for his own account or in the capacity of director, officer, employee, partner, or trustee.

**Instructions.** 1. Do not include in the answer to this item any information furnished in the answer to Item 1.11 above.

2. Minor and inconsequential connections which do not contribute significantly to the income of any individual specified and which have no relation to the registrant or its subsidiaries, its investment adviser, its principal underwriter, or a regular broker for the registrant may be excluded.

3. When a connection with a company is given, state the name and principal business of the company and the nature of such connection.

4. The names of investment advisory clients need not be given in answering this item.

5. With respect to each of the specified individuals, instruction 5 to Item 1.08 above shall also apply to this item.

**Item 1.21. Personnel of Investment Adviser.**

Furnish the information required by the following table, in substantially the tabular form indicated, with respect to all personnel (other than directors, officers, partners, or proprietors) of each investment adviser of the registrant:

(1) Class of personnel	(2) Number of full-time employees	(3) Number of part-time employees
Executives		
Economists, statisticians, and research personnel		
Account supervisors and counsellors		
All other personnel		

**Instruction.** Indicate by footnote or otherwise the number of employees, if any, who are also employed by one or more other investment advisers and the names of such other investment advisers. State whether any such other investment adviser, to the knowledge of the registrant, is an affiliated person of the investment adviser of the registrant.

**Item 1.22. Services Provided by Investment Adviser.**

Check the services listed below which were supplied or paid for wholly or in substantial part during the fiscal year by each investment adviser in connection with the investment advisory or management contract with the registrant.

- (a) Occupancy and office rental.
- (b) Clerical and bookkeeping.
- (c) Accounting services.
- (d) Auditing services.
- (e) Legal fees.
- (f) Registration and filing fees.
- (g) Stationery, supplies, and printing.
- (h) Salaries and compensation of registrant's directors.
- (i) Salaries and compensation of registrant's officers.

- (j) Reports to shareholders.
- (k) Determination of offering and redemption prices.
- (l) Trading department.
- Other (specify) \_\_\_\_\_
- (m) \_\_\_\_\_
- (n) \_\_\_\_\_

**Instruction.** If any of the above services were supplied or paid for by any person, other than the registrant or the investment adviser, so note and name such person, state the direct or indirect relationship, if any, of such person with the registrant, its investment adviser, or its principal underwriter, and state, to the knowledge of the registrant, the actual amount paid or other consideration given, if any, for such services.

**Item 1.23. Administrative and Other Services.**

If any person, otherwise than in connection with an investment advisory contract with the registrant, furnished administrative, bookkeeping, or similar services to the registrant during the fiscal year, furnish the following information:

- (a) The Name of the person.
- (b) The direct or indirect relationship, if any, of such person with the registrant, its investment adviser, or its principal underwriter.
- (c) The nature of the services performed.
- (d) The amount and basis of the compensation paid therefor.

**Instruction.** The term "similar services" is not intended to include services performed by any person in the capacity of custodian, transfer agent, or dividend-paying agent for the registrant; services for which payment is made at a standard rate for mailing proxies or periodic reports to the shareholders of the registrant, or the like; or any service for which aggregate payments of less than \$500 were made during the fiscal year. It is also not intended to include services performed by any personnel of the registrant or by a company of the character described in clause (iii) of the instruction to Item 1.24 below.

**Item 1.24. Other Persons Furnishing Investment Advice.**

If during the fiscal year any person (other than a bona fide director, officer, member of an advisory board, or employee of the registrant, as such, or a person named as an investment adviser in response to paragraph (a) of Item 1.18 above), pursuant to any understanding, whether formal or informal, regularly furnished advice to the registrant or to the investment adviser of the registrant with respect to the desirability of the registrant's investing in, purchasing, or selling securities or other property, or was empowered to determine what securities or other property should be purchased or sold by the registrant, furnish the following information:

- (a) The name of such person.
- (b) A description of the circumstances involved and the nature of the advice or information furnished.
- (c) The remuneration (including participation, directly or indirectly, in commissions or other compensation paid in connection with transactions in portfolio securities of the registrant) paid for such advice or information, and a statement as to how such remuneration was paid and by whom it was paid.

**Instruction.** Information need not be included in response to this item with respect to any of the following: (i) Persons whose advice was furnished to the investment adviser or the registrant solely through uniform publications distributed to subscribers thereto; (ii) persons who furnished the investment adviser or the registrant only with statistical and other factual information, advice regarding economic factors and trends, or advice as to occasional transactions in specific securities, but without generally

furnishing advice to them or making recommendations to them regarding the purchase or sale of securities by the registrant; or (iii) a company which furnished the services described in the text of this item at cost to one or more registered investment companies (including the registrant), insurance companies, or other financial institutions.

**Item 1.25. Portfolio Turnover Rates.**

(a) State the rate of total portfolio turnover for the fiscal year and for each of the immediately two preceding fiscal years.

**Instructions.** 1. The rate shall be calculated by dividing (A) the lesser of purchases or sales of portfolio securities for the particular fiscal year by (B) the monthly average of the value of the portfolio securities owned by the registrant during the particular fiscal year. Such monthly average shall be calculated by totaling the values of the portfolio securities as of the beginning and end of the first month of the particular fiscal year and as of the end of each of the succeeding eleven months, and dividing the sum by 13, except that the average value of securities for which market quotations are not available may be based upon the value of such securities as of the end of the preceding fiscal quarter.

2. For the purposes of this item, there shall be excluded from both the numerator and the denominator all U.S. Government securities (short-term and long-term) and all other securities whose maturities at the time of acquisition were one year or less. Purchases shall include any cash paid upon the conversion of one portfolio security into another. Purchases shall also include the cost of rights or warrants purchased. Sales shall include the net proceeds of the sale of rights or warrants. Sales shall also include the net proceeds of redemptions of portfolio securities by call or maturity.

3. If during the particular fiscal year the registrant acquired the assets of another investment company or of a personal holding company in exchange for its own shares, it shall exclude from purchases the value of securities so acquired, and from sales all sales of such securities made following a purchase-of-assets transaction to realign the registrant's portfolio. In such event, the registrant shall also make appropriate adjustment in the denominator of the portfolio turnover computation. The registrant shall make appropriate disclosure of such exclusions and adjustments in its answer to this item.

4. For each of the fiscal years, the registrant shall show, in addition to the calculated portfolio turnover rate, both the amount of the purchases and the amount of the sales (calculated as prescribed in instructions 2 and 3 above), and the monthly average (but not the individual monthly figures) of the value of the portfolio securities owned by the registrant during each such fiscal year.

5. The registrant may if it wishes make any statement or explanation with respect to any significant variations in the portfolio turnover rates during the 3 fiscal years.

(b) State the rate of common equity portfolio turnover for the fiscal year and for each of the immediately 2 preceding fiscal years.

**Instructions.** 1. The rate shall be calculated by dividing (A) the lesser of purchases or sales of common equity portfolio securities for the particular fiscal year by (B) the monthly average of the value of the common equity portfolio securities owned by the registrant during the particular fiscal year. Such monthly average shall be calculated by totaling the values of the common equity portfolio securities as of the beginning and end of the first month of the particular fiscal year and as of the end of each of the succeeding eleven months, and dividing the sum



by 13, except that the average value of securities for which market quotations are not available may be based upon the value of such securities as of the end of the preceding fiscal quarter.

2. For the purposes of this item, common equity portfolio securities shall include all classes of common capital stock, and rights and warrants to purchase the same, owned by the registrant during the particular fiscal year. If a common equity security was acquired by the exercise of a conversion option attaching to a noncommon equity security, there shall be included in purchases the market value, as of the date of the exercise, of the security surrendered, plus any cash paid therewith. If one common equity security was exchanged for another by the exercise of a conversion option, there shall be included in purchases any cash paid upon the conversion. Purchases shall also include the cost of rights or warrants purchased. Sales shall include the net proceeds of the sale of rights or warrants.

3. Instructions 3 through 5 to paragraph (a) of this item shall also apply to paragraph (b) above.

**Item 1.26. Purchases of Securities on Margin; Joint Trading; Short Sales.**

(a) If during the fiscal year the registrant (1) purchased any securities on margin, (2) participated on a joint or a joint and several basis in any trading account in securities, or (3) effected short sales of any securities, describe the nature and extent of such transactions.

(b) State whether the transactions, if any, reported in the answer to paragraph (a) of this item, were permitted by the registrant's policies as recited in its registration statement and reports filed under the Act. If they were, identify the specific policies relied on as permitting the transactions. If there was no policy relevant to the transactions, so state.

**Item 1.27. Holdings of "Restricted Securities" Other Than Straight Debt Securities.**

As to each security, other than a straight debt security, which at any time during the fiscal year was carried on the books of the registrant, as required by Rule 31a-1(b)(2)(B) under the Act, as a security the salability of which was conditioned by reason of its being a "restricted security," furnish the following information, which may be presented in tabular form:

(a) The name of the issuer and the title of the security.

(b) The date of purchase, the number of shares or principal amount purchased, the purchase price, and the value if owned by the registrant at the end of the fiscal year.

(c) If the registrant or its counsel has determined that such security is no longer a restricted security, a statement as to when such opinion was reached.

**Item 1.28. Purchases of Portfolio Securities Shortly Prior to Ex-Dividend Dates.**

State whether the registrant followed a practice during the fiscal year of purchasing portfolio securities shortly prior to the ex-dividend dates. If it did, explain the purpose of such practice and state whether realization of the ensuing dividend was a consideration.

**Item 1.29. Monthly Sales of Registrant's Shares; Dividends, Capital Gains, and Other Distributions.**

(a) Furnish the information required by the following table with respect to (i) the total number of shares of the registrant sold during each month of the fiscal year and (ii) the amount per share of each distribution during the fiscal year on the registrant's outstanding common stock.

(1) Month	(2) Total number of shares sold	(3) through (8) Distributions per share					
		(3) Dividends from net income		(5) Capital gains		(7) Other	
		(4) Amount	(6) Record date	(8) Amount	(9) Record date	(10) Amount	(11) Record date

**Instructions.** 1. If the registrant is an open-end company, it shall furnish the information required by columns (1) through (8); if it is a closed-end company, only columns (3) through (8) shall be applicable.

2. As to each distribution listed under column (5), indicate by footnote or otherwise what portion represented realized long-term capital gains and what portion represented realized short-term capital gains, as those terms are defined in the Internal Revenue Code.

3. Explain by footnote or otherwise the nature of each distribution listed under column (7), and state also the aggregate amount of each such distribution.

(b) If realized capital gains were distributed on other than an annual basis, state the reasons therefor.

**Item 1.30. Solicitation of Proxies (section 20(a)).**

Furnish the following information with respect to each meeting of shareholders of the registrant held during the fiscal year:

(a) The date of the meeting.

(b) State whether proxies for such meeting were solicited by or in behalf of the management of the registrant, its investment adviser, or its principal underwriter.

(c) The date on which definitive proxy material was filed with the Commission with respect to any such solicitation.

**Item 1.31. Practice Regarding Participation by Brokers and Dealers in Commissions or Other Compensation Paid on Portfolio Transactions of Registrant.**

If during the fiscal year dealers who sold shares of the registrant, or broker-dealers who furnished services or benefits in the form of payment of expenses or otherwise to the registrant or to its investment adviser or to dealers who sold shares of the registrant, participated in commissions or other compensation paid in connection with purchases and sales of portfolio securities for the registrant, either directly in payment for executing purchase and sale orders, or indirectly by participating in the commissions paid to the brokers who executed purchase and sale orders, furnish the following information:

(a) Describe specifically and fully the practice followed with respect to the degree of participation of such brokers or dealers in commissions or other compensation and the basis or bases upon which such participation was allocated, including the nature of the services or benefits made available to the registrant, its investment adviser, or dealers who sold shares of the registrant. Include also a clear statement of the practice followed with respect to the allocation of commissions or other compensation paid on portfolio transactions effected in the over-the-counter market.

(b) State the names of and positions held, in the registrant, investment adviser, underwriter, or otherwise, by the person or persons who made the determination as to the participations in commissions or other compensation as referred to in paragraph (a) above.

**Instructions.** 1. Where participations in commissions or other compensation involved, in whole or in part, the application of a general or a specific formula or other determinant, as, for example, the relative sales

of the registrant's shares, the answer should describe in detail such formula or other determinant. Also, where executing brokers gave up part of their commissions to non-executing brokers or dealers, the specific basis for such "give-ups" should be described, together with a statement as to how the percentages of "give-ups" were determined.

2. Describe any practice of according participations in commissions or other compensation to brokers or dealers on a combined basis in respect of portfolio transactions of the registrant and other investment companies which have the same investment adviser or principal underwriter.

**Item 1.32. Interests of Certain Persons in Investment Adviser, Principal Underwriter, or Certain Brokers and Dealers; Commissions Paid to Certain Brokers and Dealers.**

(a) State the direct or indirect interest which each director, officer, member of any advisory board or advisory committee, and any person who owns of record or is known by the registrant to own beneficially 5 percent or more of the outstanding voting securities, of the registrant had during the fiscal year in (1) the investment adviser, (2) the principal underwriter, (3) any broker (naming such broker) among the 10 brokers listed in Item 2.17(b) of Part II of this report as having received the greatest dollar amount of brokerage commissions by virtue of direct or indirect participation in the purchase or sale of portfolio securities during the fiscal year by the registrant, or (4) any broker or dealer (naming such broker or dealer) among the 10 brokers or dealers listed in Item 2.18 of said Part II as having engaged as principals in the largest dollar amount of purchases or sales of portfolio securities during the fiscal year by the registrant.

(b) State the direct or indirect interest which each director, officer, member of any advisory board or advisory committee, and any person who owns of record or is known by the registrant to own beneficially 5 percent or more of the outstanding voting securities, and each partner, of the investment adviser or of the principal underwriter had during the fiscal year in any person specified in clause (1), (2), (3), or (4) of paragraph (a) above.

(c) State the amount of brokerage commissions received by each broker or dealer specified in clauses (3) and (4) of paragraph (a) above by virtue of direct or indirect participation in the purchase or sale of portfolio securities by the registrant during the fiscal year, where any individual specified in paragraph (a) or (b) above was an affiliated person of any such broker or dealer.

(d) State the amount of brokerage commissions received by each broker or dealer specified in clauses (3) and (4) of paragraph (a) above by virtue of direct or indirect participation in the purchase or sale of portfolio securities during the fiscal year by each associated registered investment company (naming such company) as defined in instruction 4 to Item 1.11(a) above, where any individual specified in paragraph (a) or (b) above was an affiliated person of any such broker or dealer.



**Instructions.** 1. For the purposes of this item, include as brokerage commissions the amount of the compensation on those principal transactions (i.e., new issues and secondary distributions) where the compensation was fixed by agreement under the rules of a national securities exchange, or where the discount or concession was specified in the prospectus or fixed by the terms of the offering.

2. For the purposes of paragraphs (a) and (b) of this item, if the individual's interest in the persons specified in clauses (1), (2), (3), and (4) of paragraph (a) exceeded 25 percent of any class of equity securities of any such person, it will be sufficient to so state without reporting the specific percent, and if such interest did not exceed that amount, it will be sufficient to state that he was a holder of such securities. Where the interest owned by the individual was a partnership interest, it will be sufficient to state that it represents one of the four largest partnership interests (computed by whatever method is appropriate in the particular case) if such is the case, and if otherwise, that the individual was a partner; and where the interest owned by the individual was that of a sole proprietorship, this fact shall be stated. Information furnished in the answer to Item 1.11 above need not be included in the answer to this item, provided an appropriate statement and cross reference are made here.

**Instructions.** 1. See numbered paragraph 1 ("Private Dealings") of the Investment Company Institute's "Guide to Business Standards" adopted in January 1962.

2. See "Instructions as to Exhibits," paragraphs 1C and 1D, appearing at the end of Part I of this report, with respect to filing, as exhibits to said Part I, copies of the written codes of ethics or other written statements of policy referred to in this item.

3. It is not necessary, in the answers to clauses (3) of paragraphs (a) and (b) above, to disclose the methods, if any, which are employed to administer any code of ethics or other policy.

#### ITEMS 1.34 THROUGH 1.38 APPLY ONLY TO OPEN-END COMPANIES

##### Item 1.34 Business of Principal Underwriters.

State the name of each investment company (other than the registrant and closed-end companies) for which each principal underwriter currently distributing securities of the registrant also acts as a principal underwriter, depositor, or investment adviser.

**Instruction.** Instruction 5 to Item 1.08 above shall also apply to this item.

##### Item 1.35 Management of Principal Underwriters.

Furnish the information required by the following table with respect to each director, officer, or partner of each principal underwriter currently distributing securities of the registrant:

3. For the purposes of paragraph (d) of this item, do not include as amounts received by any broker amounts paid by the particular registered investment company to such broker if the choice of such broker is not made by such registered company, its investment adviser, or its principal underwriter. Such amounts should be considered as being received by the broker selecting such broker receiving such amounts. Also for the purposes of paragraph (d) of this item, "indirect participation" does not include commissions paid to floor brokers.

##### Item 1.33 Policy with Respect to Trading in Securities by Certain Affiliated Persons of Registrant or of Investment Adviser.

(a) State (1) whether the registrant has a code of ethics or other policy, whether written or informal, with respect to trading in securities (other than securities issued by

the registrant) by its directors, officers, or employees, or members of any advisory board or advisory committee of the registrant; (2) what procedures the registrant employs to make known the existence of any such code or other policy to the persons to whom it is applicable; and (3) whether the registrant undertakes affirmatively to administer such code or other policy.

(b) State (1) whether the investment adviser of the registrant, or any company of the character described in clause (iii) of the instruction to Item 1.24 above, has a code of ethics or other policy, whether written or informal, with respect to trading in securities (other than securities issued by the registrant) by its directors, officers, or employees; (2) what procedures the investment adviser, or such other company, employs to make known the existence of any such code or other policy to the persons to whom it is applicable; and (3) whether the investment adviser, or

such other company, undertakes affirmatively to administer such code or policy.

(1)	(2)	(3)
Name and principal business address	Positions and offices with principal underwriter	Positions and offices with registrant

**Instruction.** Instruction 5 to Item 1.08 above shall also apply to this item.

##### Item 1.36 Compensation of Principal Underwriters.

(a) Furnish the information required by the following table with respect to all commissions and other compensation and profits received by each principal underwriter directly or indirectly from the registrant during the fiscal year:

(1)	(2)	(3)	(4)	(5)
Name of principal underwriter	Net underwriting discounts and commissions deducted from offering price at time of sale	Compensation or profit on redemptions and repurchases	Gross brokerage commissions	Other compensation

(b) State the commissions or other compensation or profits received during the registrant's fiscal year by the principal underwriter for the registrant, or by any other principal underwriter which was an affiliated person of such principal underwriter, from any associated registered investment company as defined in instruction 4 to Item 1.11 (a) above. Also name each such principal underwriter and each such registered investment company. The information shall be set forth in tabular form, similar to that required in paragraph (a) of this item, for each such principal underwriter and for each such registered investment company.

**Instructions.** 1. Indicate in a note, or otherwise, the nature of the services rendered in consideration of the compensation set forth under column (5). Include under this column any compensation received by a principal underwriter in connection with the sale of shares of the registrant which was not deducted from the offering price at the time of sale, and compensation for keeping the registrant's securities outstanding in the hands of the public.

2. Information furnished in the answer to Item 1.18(a) (4) above need not be included under column (5) of this item, provided an appropriate statement and cross reference are made here.

3. The information required by paragraph (b) of this item need not be furnished with respect to any associated registered investment company unless an affiliated person of such company was also an affiliated person of the registrant, of the principal underwriter for the registrant (or of any principal underwriter which was an affiliated person of such principal underwriter), or of the investment adviser of the registrant.

##### Item 1.37 Other Payments by Registrant to Underwriters or Dealers.

If during the fiscal year any payments were made by the registrant to an underwriter or dealer in the registrant's shares other than (a) payments made through deduction from the offering price at the time of sale of securities issued by the registrant, (b) payments representing the purchase price of portfolio securities acquired by the registrant, (c) commissions on any purchase or sale of portfolio securities by the registrant, or (d) payments for investment advisory

services pursuant to an investment advisory contract, furnish the following information:

(1) The name and address of the underwriter or dealer.

(2) A description of the circumstances surrounding the payments.

(3) The amount paid.

(4) The basis on which the amount of the payment was determined and the consideration received for it.

**Instructions.** 1. Do not include in the answer to this item any information furnished in the answers to Items 1.23 and 1.36 (a) above or in the answers to Items 2.17 and 2.28 of Part II of this report. Also, do not include any payment for a service excluded by the instruction to Item 1.23.

2. If the payments were made pursuant to an arrangement or policy applicable to dealers generally, it will be sufficient to describe such arrangement or policy.

##### Item 1.38 Entry into or Renewal of Principal Underwriting Contract (sections 15(b) and 15(c)).

If during the fiscal year the registrant entered into or renewed a principal underwriting contract, state:

(a) Whether the action involved the execution of a new contract or the renewal of an existing contract.

(b) Whether the action was by the vote of shareholders or by the board of directors; if by the vote of the board of directors, state also (1) the number of directors, if any, who voted against the action, and (2) whether a majority of the directors who were not parties to the contract or affiliated persons of the principal underwriter for the registrant, or of the registrant itself (except solely in their positions as directors of the registrant), voted in favor of the action.

(c) The date of such action.

(d) The beginning and ending dates of the period for which the contract was executed or renewed.

**Instructions.** 1. For the purposes of this item, the amendment of an existing principal underwriting contract shall be deemed to constitute an entry into a principal underwriting contract.

2. For the purposes of numbered clause (2) of paragraph (b) of this item, a director of the registrant who acts as regular legal counsel for the principal underwriter or for the registrant, or who is a partner or an



associate of any firm which acts as regular legal counsel for the principal underwriter or for the registrant, whether or not on retainer, shall be considered an affiliated person of the principal underwriter or of the registrant, as the case may be, wholly apart from his being an affiliated person of the registrant by virtue of being a director thereof.

**Item 1.39. Financial Statements and Exhibits.**

List all financial statements and exhibits filed as a part of this report.

- (a) Financial statements.
- (b) Exhibits.

(c) Signature.

This Part I of the registrant's report on Form N-1R has been submitted to each member of the board of directors of the registrant (or to each member of the board of directors of the depositor or to each member of the board of directors of the trustee), and, pursuant to the requirements of the Investment Company Act of 1940 and the Securities Exchange Act of 1934\*, the undersigned registrant (or depositor or trustee) has caused this Part I to be signed on its behalf in the city of \_\_\_\_\_ and State of \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

(Name of registrant, depositor, or trustee)

By \_\_\_\_\_  
(Name and title of person signing on behalf of registrant, depositor, or trustee)\*\*

Witness:

(Name and title)\*\*

\*Omit reference to Securities Exchange Act of 1934, if inapplicable.

\*\*Print name and title of signing officer and of witness under their respective signatures.

(f) Instructions as to financial statements.

These instructions specify the financial statements required to be filed as a part of a report on this form. Regulation S-X governs the certification, form, and content of the statements required, including the basis of consolidation, and prescribes the statements of surplus and schedules to be filed in support thereof.

**A. STATEMENTS OF THE REGISTRANT**

**1. Balance Sheets and Statements of Assets and Liabilities.**

The registrant shall file a certified balance sheet or statement of assets and liabilities as of the close of the fiscal year.

**2. Statements of Income and Expense, Realized and Unrealized Gain or Loss on Investments.**

The statements specified in Rules 6-04, 6-05, and 6-06 of Regulation S-X shall be filed for the registrant for the fiscal year. Such statements shall be certified.

**B. CONSOLIDATED STATEMENTS**

**3. Consolidated Balance Sheets and Statements of Assets and Liabilities.**

There shall be filed a certified consolidated balance sheet or statement of assets and liabilities of the registrant and its subsidiaries as of the close of the fiscal year of the registrant.

**4. Consolidated Statements of Income and Expense, Realized and Unrealized Gain or Loss on Investments.**

The statements specified in Rules 6-04, 6-05, and 6-06 of Regulation S-X shall be filed for the registrant and its subsidiaries consolidated for the fiscal year. Such statements shall be certified.

**C. UNCONSOLIDATED SUBSIDIARIES**

**5. Unconsolidated Subsidiaries.**

(a) Subject to Rules 4-03 and 6-02-3 of Regulation S-X regarding group statements of unconsolidated subsidiaries, there shall be filed for each subsidiary of the registrant not consolidated, the financial statements which would be required if the subsidiary were itself a registrant.

(b) If the fiscal year of any unconsolidated subsidiary ends within 90 days before the date of filing the report, or ends after the date of filing, the financial statements of the subsidiary may be filed as an amendment to the report within 120 days after the end of the subsidiary's fiscal year.

**6. Omission of Statements Required by Instruction 5.**

Notwithstanding instruction 5, there may be omitted from the report all financial statements of any one or more unconsolidated subsidiaries if all such subsidiaries for which statements are so omitted, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary.

**D. SPECIAL PROVISIONS**

**7. Filing of Other Statements in Certain Cases.**

The Commission may, upon the informal written request of the registrant and where consistent with the protection of investors, permit the omission of one or more of the statements herein required or the filing in substitution thereof of appropriate statements of comparable character. The Commission may also by informal written notice require the filing of other statements in addition to, or in substitution for, the statements herein required in any case where such statements are necessary for an adequate presentation of the financial condition of any person whose financial statements are required, or whose statements are otherwise necessary for the protection of investors.

(g) Instructions as to exhibits.

Subject to the rules regarding incorporation by reference, the following exhibits shall be filed as a part of the report:

**1. EDP attachments—Part I.**

**1A. Copies of all amendments or modifications, not previously filed, to all documents required to be filed as exhibits to an original registration statement (or copies of such exhibits as amended or modified).**

**1B. Copies of all documents which would be required to be filed as an exhibit to an original registration statement if such a registration statement were currently being filed and which have been executed or otherwise put into effect during the fiscal year and not previously filed.**

**1C. Copies of any written code of ethics or other written statement of policy of the registrant with respect to trading in securities (other than securities issued by the registrant) by directors, officers, employees, or members of any advisory board or committee, of the registrant, except that if there has been no material change in any such code or other statement of policy since copies were last filed as an exhibit to this report, it will be sufficient to so state, provided specific reference is made to the last annual report of the registrant containing such copies as an exhibit.**

**1D. Copies of any written code of ethics or other written statement of policy of the investment adviser of the registrant, or of any (the registrant) by directors, officers, or employees of the investment adviser, or of such other company, except that if there has been no material change in any such code or other statement of policy since copies were last filed as an exhibit to this report, it will be sufficient to so state, provided specific refer-**

ence is made to the last annual report of the registrant containing such copies as an exhibit.

**1E. Copies of any written statement required to be filed pursuant to Section 19 of the Act and Rule 19-1 thereunder with respect to certain dividend payments and other distributions to shareholders of the registrant.**

**1F. Copies of the financial statements of the investment adviser of the registrant specified in "Instructions as to Exhibits," paragraph 2A, appearing at the end of Part II of this report, only if the conditions prescribed in instruction 2 to said paragraph 2A exist.**

**1G. Copies of the financial statements of the principal underwriter for the registrant specified in "Instructions as to Exhibits," paragraph 2B, appearing at the end of Part II of this report, only if the conditions prescribed in instruction 2 to said paragraph 2B exist.**

(h) Part II (facing page).

FORM N-1R

Registrant requests nonpublic classification for this Part II of Form N-1R.  
For fiscal year ended \_\_\_\_\_, 19\_\_\_\_

(Name of registrant)

(Address of principal executive office of registrant)

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Signature  
Opinion of independent public accountant Exhibits (to be itemized)

(j) Supplemental information required in report.

**PART II**  
*Item 2.01. Attendance of Directors and Members of Advisory Board of Registrant at Formal Meetings.*

Furnish the information required by the following tables as to all formal meetings held during the fiscal year by the board of directors of the registrant, by any executive or equivalent committee of the registrant, and by any advisory board of the registrant.

(1) *Formal meetings held by board of directors.*

Date of meeting	Total number of members of board		Total number of members in attendance at meeting	
	Affiliated	Unaffiliated	Affiliated	Unaffiliated
(2) <i>Formal meetings of executive or equivalent committee of board of directors.</i>				
Date of meeting	Total number of members of committee		Total number of members in attendance at meeting	
	Affiliated	Unaffiliated	Affiliated	Unaffiliated

(3) *Formal meetings of advisory board.*

Date of meeting	Total number of members of board	Total number of members in attendance at meeting

*Instruction. For the purposes of this item, an affiliated director shall mean any director of the registrant who is (i) an investment adviser of, principal underwriter for, or regular broker for, the registrant; (ii) an affiliated person of any investment adviser of, principal underwriter for, or regular broker for, the registrant; (iii) an officer or employee of the registrant; or (iv) regular legal counsel for the registrant, whether or not on retainer and whether acting as such individually or as a partner or associate of a law firm which acts as regular legal counsel for the registrant. Also for the purposes of this item, an unaffiliated director of the registrant shall mean any director of the registrant other than an affiliated director as herein defined.*

*Item 2.02. Purchase and Sale Transactions Within 6-Month Period.*  
If during the fiscal year the registrant (a) purchased any portfolio securities of the same class of the same issuer which it had sold within a period of 6 months immediately preceding the date of purchase, or (b) sold any portfolio securities of the same class of the same issuer which it had purchased within a period of 6 months immediately preceding the date of sale, state the aggregate dollar amount of the purchases described in the above clause (a) and the aggregate dollar amount of the sales described in the above clause (b).

*Item 2.03. Procedures with Respect to Stated Policies (sections 8(b) and 13).*

Describe the procedures followed by the registrant during the fiscal year for ensuring that its holdings of portfolio securities or other assets, its liabilities, and the terms and nature of its outstanding securities were consistent in all material respects with its policies as recited in its registration statement and reports filed under the Act.

*Instruction. Instruction 5 to Item 1.08 of Part I of this report shall also apply to this item.*

*Item 2.04. Purchase of Securities During Underwriting by Affiliated Principal Underwriter (section 10(f)).*

If during the fiscal year the registrant purchased or otherwise acquired from any source, during the existence of any underwriting or selling syndicate, any security (except a security of which the registrant was the issuer) a principal underwriter of which security was an officer, director, member of an advisory board, investment adviser, or employee of the registrant, or was a person (other than a company of the character described in section 12(d)(3)(A) and (B) of the Act) of which any such officer, director, member of an advisory board, investment adviser, or employee was an affiliated person, unless in acquiring such security the registrant was itself acting as a principal underwriter for the issuer, explain the basis for any claimed exemption from section 10(f) of the Act and cite the specific rule or order of the Commission relied upon.

*Instruction. If the registrant claimed exemption from section 10(f) of the Act by virtue of Rule 10f-3 thereunder and filed with the Commission the statement required by Rule 10f-3(h), it will be sufficient to state the date when such statement was filed.*

*Item 2.05. Purchase of Securities of or Other Interest in Investment Company, Investment Adviser, Broker, Dealer, Underwriter, or Insurance Company (section 12(d)).*

If during the fiscal year the registrant or any company controlled by it purchased or otherwise acquired, to the knowledge of the registrant, any security issued by, or any other interest in the business of, any other investment company, investment adviser, broker, dealer, underwriter, or, in the case of an insurance company, a security resulting in the holding of more than 10 percent of the total outstanding voting stock of such insurance company, furnish the following information:

- (a) List each such acquisition.
- (b) Show the resultant percentage of outstanding voting stock of, or other proprietary interest in, the issuer held by the registrant and any company controlled by the registrant.

*Instructions. 1. Instruction 1 to Item 1.08 of Part I of this report shall also apply to this item.*

*2. Do not report any transaction in which the registrant or any company controlled by it acquired the assets of another investment company or of a personal holding company in exchange for its own shares.*

*3. If the registrant or any company controlled by it relied upon any of the provisions of section 12(d) of the Act for an exception from the prohibitions of such section, or if it relied upon Rule 12d-1 for exemption from any of the prohibitions of section 12(d)(3), it shall furnish the information required by this item and shall state the specific basis for the claimed exception or exemption. If the registrant or any company controlled by it, however, relied upon an order of the Commission granting an exemption from any of the prohibitions of section 12(d), or upon a no-action letter from the Commission or its staff, it need only cite the specific order or letter.*

*Item 2.06. Vacancies in Board of Directors of Registrant; Percent of Board Elected by Security Holders (sections 16(a) and 16(b)).*

(a) If during the fiscal year any vacancy in the board of directors of the registrant was filled by action of the board, state whether,



immediately after the filling of any such vacancy, at least two-thirds of the directors then holding office had been elected by the holders of the outstanding voting securities of the registrant at an annual or a special meeting of the shareholders.

(b) If at any time during the fiscal year less than a majority of the directors of the registrant then holding office had been elected by the holders of the outstanding voting securities of the registrant, state whether a meeting of such holders was held within 60 days for the purpose of electing directors to fill any existing vacancies in the board of directors.

*Instruction.* The reporting requirements of this item shall not apply to the registrant if it is a common-law trust existing on the date of enactment of the Act under an indenture of trust which does not provide for the election of trustees by the shareholders. If the registrant is of the character described in this instruction, it shall so state.

**Item 2.07. Transactions Between Registrant or Controlled Company and Affiliated or Certain Other Persons (sections 17(a), 17(b), 17(c), and 21).**

(a) Describe the method, if any, which the registrant employs to determine annually, so far as practicable, the identities of all persons who are affiliated persons of the registrant, or affiliated persons of such persons or of any promoter of or principal underwriter for the registrant.

(b) If during the fiscal year any of the persons specified below, acting as principal, sold to the registrant, or to any company controlled by the registrant, any security or other property, other than pursuant to any of the exceptions specified in section 17(a)(1) or 17(c) of the Act, cite the specific order, if any, of the Commission pursuant to section 17(b) of the Act relied upon for exemption, or, in the absence of such an order, describe the transaction, identify the persons and the nature of the affiliation with the registrant, and cite the rule, if any, under the Act relied upon for exemption.

- (1) Any affiliated person of the registrant.
- (2) Any promoter of the registrant.
- (3) Any principal underwriter for the registrant (other than a company of the character described in section 12(d)(3) (A) and (B) of the Act).
- (4) Any affiliated person of any of the foregoing specified persons known to be such by the registrant.

(c) If during the fiscal year any of the persons specified in paragraph (b) above, acting as principal, purchased from the registrant, or from any company controlled by the registrant, any security or other property, other than pursuant to any of the exceptions specified in section 17(a)(2) or 17(c) of the Act, furnish the information required in paragraph (b) above.

(d) If during the fiscal year any of the persons specified in paragraph (b) above, acting as principal, borrowed money or other property from the registrant or from any company controlled by the registrant (unless the borrower was controlled by the lender), furnish the information required in paragraph (b) above, but do not report any transactions in the answer to this paragraph (d) if required to be reported in the answer to paragraph (f) below.

(e) [Reserved for future use for transactions subject to section 17(d) of the Act and rule(s) thereunder.]

(f) If during the fiscal year the registrant lent money or property to any person, directly or indirectly, which person controlled or was under common control with the registrant, state the facts.

*Instructions.* 1. Instruction 1 to Item 1.08 of Part I of this report shall also apply to this item.

2. If during the fiscal year the registrant relied upon Rule 17a-6 under the Act for exemption of any transaction, it shall furnish all information pertinent to the availability of such exemption.

3. Do not include in the answer to paragraph (d) above advances to personnel to cover reimbursable expenses which were duly accounted for.

4. Do not include in the answer to paragraph (f) above any loan by the registrant to a company which owned all of the outstanding securities of the registrant, except directors' qualifying shares.

**Item 2.08. Transactions Between Registrant and Certain Affiliated Persons of Directors or Officers of Investment Adviser or Principal Underwriter.**

Describe each transaction during the fiscal year between the registrant and any corporation or organization (other than the investment adviser of, or the principal underwriter for, the registrant) which was an affiliated person, known to be such by the registrant, of any director or officer of the investment adviser of, or the principal underwriter for, the registrant.

*Instructions.* 1. If the corporation or organization referred to in this item directly or indirectly controlled, was controlled by, or was under common control with, any affiliated person of the registrant or the principal underwriter for the registrant, the information required in this item should have been reported in the answer to Item 2.07 above, unless excepted by the provisions of section 17(a)(1), 17(a)(2), or 17(c) of the Act, in which case it should not be furnished here.

2. Instruction 1 to Item 1.08 of Part I of this report shall also apply to this item.

3. Include the name of each person whose interest in any transaction is described and the nature of the relationship by reason of which such interest is described.

4. As to any transaction involving the purchase or sale of assets, state the cost of the assets to the purchaser and the cost thereof to the seller if the seller was such director, officer, or other corporation or organization, and such assets were acquired by the seller within two years prior to the transaction. If the interest of any person arises from the position of such persons as a partner in a partnership, only the amount involved in the transaction with the partnership need be stated.

5. No information need be given with respect to (i) transactions in the ordinary course of business with a broker or dealer; normal commercial or investment banking transactions; legal, accounting, or auditing services; public utility or telephone services; (ii) services solely as a director, officer, or employee; or (iii) sales and purchases of merchandise, leases, and services incident thereto, made or entered into in the ordinary course of business.

6. No information need be given with respect to transactions not involving remuneration for services where the aggregate amount did not exceed \$5,000, nor with respect to any individual transaction involving remuneration for services where the remuneration did not exceed \$1,000.

**Item 2.09. Remuneration of Certain Affiliated Persons Acting as Agent in Property Transactions or as Broker in Securities Transactions (section 17(e)).**

(a) If during the fiscal year the registrant compensated (other than through a regular salary or wages or underwriting or brokerage fees) any affiliated person, or, to the knowledge of the registrant, any affiliated person of such person, acting as agent, for the purchase or sale of any property to or for the registrant or any controlled company thereof, furnish the following information:

(1) The name of the affiliated person, or of the affiliated person of such person, and the basis of the affiliation.

(2) A description of the transaction.

(3) The amount and basis of the compensation.

(b) If the compensation referred to in paragraph (a) above was paid by any person other than the registrant, furnish the information required in such paragraph insofar as it may be known to the registrant.

(c) If during the fiscal year the registrant compensated any affiliated person, or any affiliated person of such person, acting as broker, in connection with the sale of securities to or by the registrant or any controlled company thereof, for effecting such transaction where the compensation exceeded (1) the usual and customary broker's commission if the sale was effected on a securities exchange, or (2) 2 percent of the sales price if the sale was effected in connection with a secondary distribution of such securities, or (3) such other percent as permitted by Rule 17e-1 under the Act, furnish the information required in paragraph (a) above.

(d) If the compensation referred to in paragraph (c) above was paid by any person other than the registrant, furnish the information required in paragraph (a) above insofar as it may be known to the registrant.

*Instruction.* Instruction 1 to Item 1.08 of Part I of this report shall also apply to this item.

**Item 2.10. Deposit of Funds in Banks Other Than Custodian Banks (section 17(f)).**

(a) Name each bank, other than the custodian bank or banks named in the answer to Item 1.16(a) of Part I of this report, in which the registrant kept deposits at any time during the fiscal year, and state the average monthly balance of the registrant's deposits in each such bank during the fiscal year.

(b) Describe any practice or arrangement, formal or otherwise, under which the custodian bank or banks named in the answer to Item 1.16(a) of Part I of this report maintained deposits of the registrant's funds or equivalent funds of any such bank or banks in other banks.

*Instruction.* Instruction 5 to Item 1.08 of Part I of this report shall also apply to this item.

**Item 2.11. Fidelity Bond (section 17(g)).**

(a) State whether each fidelity bond in effect during the fiscal year contained the substantive provision(s) required by Rule 17g-1(a) under the Act.

(b) State whether the board of directors of the registrant made any determination(s) during the fiscal year with respect to the adequacy of each fidelity bond, as required by Rule 17g-1(a) under the Act.

(c) With respect to each fidelity bond and each amendment thereto executed during the fiscal year, state whether the registrant filed with the Commission within 10 days after each such execution, as required by Rule 17g-1(b)(1) under the Act, (1) a copy of each resolution of the board of directors of the registrant determining the amount, type, form, and coverage of each fidelity bond; (2) a statement as to the period for which the premiums for each such bond have been paid; and (3) a copy of each such bond and of each amendment thereto.

(d) State whether the registrant filed with the Commission, in writing, within 5 days after the making of a claim under the fidelity bond during the fiscal year, a statement of the nature and amount thereof, as required by Rule 17g-1(b)(2) under the Act.

(e) State whether the registrant filed with the Commission, within 5 days of the receipt thereof during the fiscal year, a copy of the terms of the settlement of any claim made



under the fidelity bond by the registrant, as required by Rule 17g-1(b)(3) under the Act.

(f) State whether the registrant notified by registered mail, as required by Rule 17g-1(b)(4) under the Act, each member of the board of directors of the registrant, at his last known residence address, of (1) any cancellation, termination, or modification of the fidelity bond occurring during the fiscal year, not less than 20 days prior to the effective date of such cancellation, termination, or modification, and (2) the filing and settlement of any claim under the fidelity bond by the registrant at the time the filings required by subparagraphs (2) and (3) of Rule 17g-1(b) under the Act were made with the Commission.

*Instruction.* This item shall be applicable only with respect to reports on this form filed by registrants for fiscal years beginning on or after August 1, 1964. If existing arrangements between the registrant and any fidelity insurance company did not permit compliance with any of the provisions of Rule 17g-1 under the Act for any portion of a period of one year from said date, the registrant shall so state in its answer to this item.

**Item 2.12. Disposition of "Restricted Securities" Other Than Straight Debt Securities.**

If any security listed in Item 1.27 of Part I of this report was sold or otherwise disposed of by the registrant during the fiscal year, furnish the following information as to each such security, which information may be presented in tabular form:

- (a) The name of the issuer and the title of the security.
- (b) The date of sale and the nature of the transaction or market in which sold.
- (c) The number of shares or principal amount sold and the aggregate sale price.
- (d) The name of the person, if known to the registrant, to whom such security was sold.
- (e) The basis of any exemption from registration under the Securities Act of 1933 claimed for the sale by the registrant.

**Item 2.13. Dividends or Distributions Requiring Written Statement to Stockholders of Registrant (section 19).**

If during the fiscal year the registrant paid any dividend or made any distribution in the nature of a dividend payment (including securities, whether or not of its own issue, or property), on any outstanding class of its capital stock, wholly or partly from any source other than (a) accumulated undistributed net income (not including profits or losses realized on the sale of securities or other properties), or (b) net income for the current or preceding fiscal year, state whether such payment or distribution was accompanied by a written statement to the stockholders disclosing the source or sources thereof and otherwise complying with the provisions of Rule 19-1 under the Act.

*Instruction.* See "Instructions as to Exhibits," paragraph 1E, appearing at the end of Part I of this report, with respect to filing, as an exhibit to said Part I, copies of the written statement referred to in this item.

**Item 2.14. Cross-Ownership and Circular Ownership (sections 20(c) and 20(d)).**

If during the fiscal year the registrant purchased any voting securities of a company where, to the knowledge of the registrant, cross-ownership or circular ownership then existed or after such acquisition existed, or if, to the knowledge of the registrant, any such cross-ownership or circular ownership otherwise came into existence, describe the circumstances leading to such cross-ownership or circular ownership and state what

steps, if any, were taken by the registrant, when any such relationship became known to it, to terminate such ownership.

**Item 2.15. Periodic Calculation of Current Net Asset Value Per Share of Registrant's Outstanding Capital Stock (section 22).**

State whether the registrant during the fiscal year followed the procedures specified in Rule 2a-4 under the Act in the making of periodic calculations of the current net asset value per share of its outstanding capital stock for purposes of the distribution, redemption, and repurchase of such stock. If the registrant's procedures differed from those specified in Rule 2a-4, describe the differences and state the reasons therefor.

*Instruction.* This item shall be applicable only with respect to reports on this form filed by registrants for fiscal years beginning on or after January 1, 1965.

**Item 2.16. Selection and Ratification of Accountants and Auditors; Preparation of Financial Statements Filed with Commission (section 32).**

(a) If any financial statement filed by the registrant with the Commission during the fiscal year was certified by an independent public accountant other than one selected and ratified in accordance with section 32(a) of the Act, identify such statement and the certifying accountant.

*Instruction.* If the registrant claims exemption from the selection requirements of section 32(a)(1) of the Act by virtue of Rule 32a-1, or if it deems the ratification requirements of section 32(a)(2) to be not required because of the specific exception contained in such section of the Act, it shall so state in the answer to paragraph (a) above.

(b) If during the fiscal year the registrant filed with the Commission any financial statement in the preparation of which the controller or other principal accounting officer of the registrant participated, and if such individual had not been selected, either by vote of the holders of the registrant's voting securities at the last annual meeting of such security holders, or by the board of directors of the registrant, identify such statement and the participating individual.

**Item 2.17. Total Brokerage Commissions Paid on Portfolio Transactions of Registrant; Ten Largest Participating Brokers in Commissions Paid.**

(a) State the total amount of brokerage commissions paid by the registrant during the fiscal year on portfolio transactions.

(b) Set forth in order of size, for the fiscal year, the 10 brokers, by name, who received the greatest amount of brokerage commissions by virtue of direct or indirect participation in the purchase or sale of portfolio securities of the registrant. For each, show separately:

- (1) Gross commissions received for executing portfolio transactions.
- (2) Amounts received from other brokers or dealers at the direction or request of the registrant, its principal underwriter, or its investment adviser.
- (3) Amounts paid to other brokers or dealers or other persons at the direction or request of the registrant, its principal underwriter, or its investment adviser.

*Instructions.* 1. Instruction 1 to Item 1.32 of Part I of this report shall also apply to this item.

2. Do not include as paid to a broker amounts paid by the registrant to such broker if the choice of such broker is not made by the registrant, its investment adviser, or its principal underwriter. Such amounts should be considered as being received by the broker selecting such broker receiving such amounts. For the purpose of this item, "indirect participation" does not include commissions paid to floor brokers.

**Item 2.18. Portfolio Transactions by Registrant with Brokers and Dealers Acting as Principal.**

Set forth for the fiscal year the total cost of portfolio securities (including Government securities) purchased by the registrant from, and the total proceeds of portfolio securities sold by the registrant to, each broker or dealer named in the answers to Item 2.17 above and Item 2.28 below acting as principal, and each other broker or dealer among the 10 brokers or dealers who engaged as principals in the largest dollar amount of such purchase and sale transactions.

*Instruction.* For the purpose of this item, the registrant may but need not consider principal transactions in which the compensation to the dealer was fixed by agreement under the rules of a national securities exchange, or in which the discount or concession was specified in the prospectus or fixed by the terms of the offering.

**Item 2.19. Portfolio Transactions by Registrant with Brokers or Dealers in Return for Benefits Provided to Other Persons.**

If, pursuant to any arrangement, understanding, or practice, whether occasional or regular, orders for the purchase or sale of securities on behalf of the registrant were placed with a broker or dealer during the fiscal year in return for advice, information, or other services provided, directly or indirectly, to any other person (other than the investment adviser of, or the principal underwriter for, the registrant, or a company of the character described in clause (iii) of the instruction to Item 1.24 of Part I of this report), furnish the following information:

- (a) Name each such other person.
- (b) Explain the nature of any such arrangement or practice.
- (c) Indicate the dollar amount of the commissions paid on such orders during the fiscal year as to each such other person.
- (d) Name the broker or dealer in each such case.

*Instruction.* If the aggregate amount of the commissions on such orders placed with any one broker or dealer on behalf of any one person during the fiscal year did not exceed \$500, it will not be necessary to furnish the information required by paragraphs (a) and (c); in such event, however, the information furnished in the answer to paragraph (d) shall also state the aggregate amount of such commissions paid to the broker or dealer during the fiscal year and the total number of persons on whose behalf such orders were placed.

**Item 2.20. Family Relationships of Certain Affiliated Persons of Registrant.**

As to each director, officer, member of any advisory board or advisory committee of the registrant, or any person who owns of record or is known by the registrant to own beneficially 5 percent or more of the outstanding voting securities of the registrant, indicate each immediate family relationship, known to the registrant, with (a) any other director, officer, or member of any advisory board or advisory committee, of the registrant, of its investment adviser, or of its principal underwriter; (b) any other person who owns of record or is known by the registrant to own beneficially 5 percent or more of the outstanding voting securities of the registrant, of its investment adviser, or of its principal underwriter; or (c) any partner of such investment adviser or principal underwriter.

*Instruction.* For the purpose of this item, "immediate family" of a specified person shall include parents, father-in-law, mother-in-law, spouse, children, son-in-law, daughter-in-law, and any relative to whose support the specified person contributes directly or indirectly.



**Item 2.21. Transactions Between Investment Adviser, Principal Underwriter, or Certain Brokers and Unaffiliated Directors or Officers of Registrant.**

Describe each transaction during the fiscal year between the investment adviser of, or the principal underwriter for, the registrant, or any broker named in the answers to Items 2.17 and 2.18 above and Item 2.28 below, and (a) any director or officer of the registrant who was not an affiliated person of such investment adviser, principal underwriter, or broker, as the case may be, or (b) any corporation or organization controlled by such director or officer.

**Instructions.** 1. Instructions 3 through 6 to Item 2.08 above shall also apply to this item. Also, do not report any information on transactions involving private advisory accounts. 2. Instruction 1 to Item 1.08 of Part I of this report shall also apply to this item.

**Item 2.22. Indebtedness of Unaffiliated Directors or Officers of Registrant to Investment Adviser or Principal Underwriter.**

If at any time during the fiscal year any director or officer of the registrant who was not then an affiliated person of the investment adviser of, or principal underwriter for, the registrant, as the case may be, was indebted (other than by virtue of margin accounts) in an amount exceeding \$1,000 to the investment adviser or the principal underwriter, or to any director, officer, or other affiliated person of such investment adviser or principal underwriter, furnish the following information:

- (a) Name each such person to whom he was so indebted.
- (b) State the largest aggregate amount of indebtedness to each such person at any time during the fiscal year and the amount outstanding at the end of the fiscal year.
- (c) State the rate of interest paid or charged thereon.

**ITEMS 2.23 THROUGH 2.29 APPLY ONLY TO OPEN-END COMPANIES**

**Item 2.23. Procedures Followed Upon Receipt of Orders for Purchase, Repurchase, or Redemption of Registrant's Shares.**

(a) State what procedures the registrant followed during the fiscal year upon the receipt of orders, whether by mail, telephone, teletype, or otherwise, for the purchase by investors, or the repurchase or redemption by the registrant, of its outstanding shares, with respect to details as to the practice in stamping or otherwise noting the date and time of receipt of such orders. Indicate also whether the timing of the receipt of such orders was governed by their receipt by the registrant or its principal underwriter or otherwise.

(b) State what procedures the registrant followed during the fiscal year to effectuate the policy recited in its current prospectus and in its registration statement under the Act with respect to the time as of which the registrant priced the shares which it sold, repurchased, or redeemed in relation to the time of the receipt of orders therefor.

**Instructions.** 1. Include in the answer to paragraph (b) of this item a statement as to whether the registrant made interim computations of, or adjustments to, the current net asset value to reflect changes in the market value of its portfolio securities between regular pricing; if it did, describe the nature of such computations or adjustments and the circumstances under which they were made.

2. Instruction 5 to Item 1.08 of Part I of this report shall also apply to this item.

**Item 2.24. Time Lapse Between Sale of Shares of, and Receipt of Proceeds by, Registrant.**

(a) State the practice of the registrant, in terms of maximum number of business days elapsed from the date of sale of its shares,

as to what constitutes prompt payment to it of the proceeds from such sale, and describe the internal procedures followed by the registrant during the fiscal year to ensure compliance with such policy.

(b) State the practice of the registrant during the fiscal year as to who sustains the loss on the sale of its shares occurring by reason of any decline in the current net asset value of such shares between the date of sale and the date of any cancellation of the sale.

**Instruction.** Instruction 5 to Item 1.08 of Part I of this report shall also apply to this item.

**Item 2.25. Suspension or Postponement of Right of Redemption (section 22(e)).**

If during the fiscal year the registrant suspended the right of redemption or postponed the date of payment or satisfaction upon redemption of any of its outstanding shares for more than seven days after the tender thereof to the registrant or its designated agent, furnish (a) the dates, (b) the periods of time, (c) the number of shares involved, and (d) the reasons therefor.

**Item 2.26. Exchange Offers Made to Shareholders of Registrant or of Any Other Open-End Company (section 11).**

If during the fiscal year the registrant made or caused to be made (a) an offer to the holder of a security of the registrant or of any other open-end investment company to exchange his security for a security in the same or another open-end investment company on any basis other than the relative net asset values of the respective securities to be exchanged, or (b) an offer of exchange of any security of a registered open-end company, including a security of the registrant, for a security of a registered unit investment trust or registered face-amount certificate company, irrespective of the basis of exchange, cite the specific order, if any, of the Commission approving the terms of the offer or exempting it from the provisions of section 11(a) or 11(c) of the Act, or, if the offer was not so approved or exempted, describe the offer, including the basis for any claimed exception from the provisions of section 11(a) or 11(c) pursuant to the provisions of section 11(b).

**Item 2.27. Variations in Sales Load Except as Permitted by Rule (section 22(d)).**

If during the fiscal year the public offering prices of the registrant's shares were determined on a basis which resulted in any variations in sales load other than as permitted by Rule 22d-1 under the Act or other rules under section 22(d) of the Act, cite the specific order, if any, of the Commission exempting such variations therefrom, or, in the absence of any such order, state the facts with respect to such variations.

**Item 2.28. Ten Largest Dealers in Registrant's Shares.**

Set forth in order of size, for the fiscal year, the 10 dealers, by name, who sold the largest dollar amount of shares of the registrant. For each, show separately:

- (a) The total dollar amount of shares sold.
- (b) The brokerage commissions received by virtue of direct or indirect participation in the purchase and sale of portfolio securities of the registrant, such commissions to be broken down as follows:
  - (1) Gross commissions received for executing portfolio transactions.
  - (2) Amounts received from other brokers or dealers at the request of the registrant, its principal underwriter, or its investment adviser.
  - (3) Amounts paid to other brokers or dealers or other persons at the direction or request of the registrant, its principal underwriter, or its investment adviser.

**Instructions.** 1. Instruction 1 to Item 1.32 of Part I of this report shall also apply to this item.

2. Instruction 2 to Item 2.17 above shall also apply to this item.

**Item 2.29. Shares of Registrant Sold Pursuant to Periodic Payment Plans of the Installment Type.**

Furnish the name and address of each sponsor or depositor of a separately registered unit investment trust through which shares of the registrant were sold during the registrant's fiscal year, and as to each such sponsor or depositor state (a) the dollar sales of shares of the registrant during the registrant's fiscal year pursuant to periodic payment plans of the installment type issued by the unit investment trust, and (b) the percent of such sales to the total dollar sales of shares of the registrant under all methods of sale during the registrant's fiscal year.

(k) Signature.

This Part II of the registrant's report on Form N-1R has been submitted to each member of the board of directors of the registrant (or to each member of the board of directors of the depositor or to each member of the board of directors of the trustee), and, pursuant to the requirements of the Investment Company Act of 1940 and the Securities Exchange Act of 1934,\* the undersigned registrant (or depositor or trustee) has caused this Part II to be signed on its behalf in the city of \_\_\_\_\_ and State of \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

(Name of registrant, depositor, or trustee)

By \_\_\_\_\_  
(Name and title of person signing on behalf of registrant, depositor, or trustee)\*\*  
Witness:

(Name and title)\*\*

\*Omit reference to Securities Exchange Act of 1934, if inapplicable.

\*\*Print name and title of signing officer and of witness under their respective signatures.

(l) Opinion of independent public accountant.

The registrant shall include in its report an opinion of its independent public accountant, which shall be addressed to the registrant, shall be on the stationery of the accountant, shall be signed manually, and shall be dated. The opinion shall cover the following subject matter and be in substantially the following form:

We have examined the (description of financial statements) as of (date) and for the year then ended and have rendered our opinion thereon dated \_\_\_\_\_. We have also examined the answers to the items enumerated below which are included in the report of (state the exact name of the registrant) filed with the Securities and Exchange Commission on Form N-1R for the fiscal year ended \_\_\_\_\_ (state the same fiscal year as appears on the facing sheet of the report); in connection therewith, we have applied such supplemental tests and other auditing procedures as we considered necessary in the circumstances.

In our opinion, the answers set forth in the following items present fairly the information they purport to show:

- Items 1.03; 1.05; 1.06; 1.07 (a), (c); 1.17; 1.18(a) (1), (3), (4); 1.22; 1.25; 1.26(a); 1.29(a); 1.36(a); 1.37 (numbered clauses (1), (3), (4)); 2.02; 2.12 (lettered clauses (a), (b), (c), (d)); 2.13; 2.15; 2.17 (a), (b) (clause (1)); 2.18; 2.23; 2.24; 2.28 (clauses (a), (b) (1)).



The answers set forth in the following items are in accordance with the minutes of (name of registrant) examined by us:

Items 1.19; 1.38; 2.06; 2.11(b).

The procedures which we applied were not of sufficient scope to enable us to express an opinion, and we do not express an opinion as to the answers to the following items:

Items 1.13; 2.05; 2.25 (lettered clauses (a), (b), (c)).

However, in connection with our examination, nothing came to our attention which causes us to believe that the accompanying answers to such items do not fairly set forth the information they purport to show.

We consent to the use of this opinion in connection with the filing of the report of (name of registrant) with the Securities and Exchange Commission on Form N-1R.

(Signature of independent public accountant)

*Instruction.* Any exceptions shall be specifically and clearly stated, together with the reasons therefor.

(m) Instructions as to exhibits.

Subject to the rules regarding incorporation by reference, the following exhibits shall be filed as a part of the report.

2. EDP attachment—Part II.

2A. If the investment adviser of the registrant is of the character described in instruction 1 below—

Statements of profit and loss and surplus of the investment adviser of the registrant for each of not less than the immediately preceding three fiscal years of such adviser ending at least 60 days prior to the last date on which this report is required to be filed by the registrant, and a balance sheet of the investment adviser as of the end of the most recent of such fiscal years. These statements shall be prepared in reasonable detail.

*Instructions.* 1. Furnish the financial statements specified in paragraph 2A above only if (a) during the most recent fiscal year of the investment adviser to be reported the gross income received by it in any capacity from the registrant and subsidiaries, and from other registered investment companies and subsidiaries, exceeded 25 percent of the gross income of the investment adviser from all sources, and (b) the combined total net assets (determined before deduction of any outstanding senior securities) of the registrant and such other registered investment companies at any time during the most recent fiscal year of the investment adviser to be reported exceeded \$100 million.

2. If the investment adviser is of the character described in instruction 1 above and the financial statements specified in paragraph 2A above are substantially of the character required to be filed by the investment adviser as a public record with the Commission pursuant to any of the statutes administered by the Commission or any rule or form thereunder, then such statements shall not be included as an exhibit to this Part II but shall be included as an exhibit to Part I of this report. See "Instructions as to Exhibits," paragraph 1F, appearing at the end of Part I of this report. Notwithstanding the fact that such financial statements may be required to be included as an exhibit to Part I of this report, any financial data filed pursuant to instruction 4 below shall be included as an exhibit to this Part II.

3. For the purposes of instruction 1 above, include gross income of the investment adviser from all sources other than profit or loss from transactions in securities and commodities for the firm's investment account.

For the purposes of clause (a) of instruction 1 above, net underwriting discounts and commissions retained by the investment adviser in the capacity of a principal underwriter from the sale of shares of a registered investment company shall be deemed to be received from such registered company.

4. The registrant may if it wishes supplement the financial statements specified in paragraph 2A above with any additional financial data, presented in reasonable detail, relevant to the net income realized by the investment adviser from the investment advisory contract and any other contract for services (other than a principal underwriting contract) with the registrant. This shall not preclude the registrant from including with the financial data described in the first sentence of this instruction additional financial data, likewise presented in reasonable detail, relevant to the net income realized by the investment adviser from the registrant as a whole. Any financial data filed pursuant to this instruction shall relate to at least the same fiscal years of the investment adviser required to be reported pursuant to said paragraph 2A. If allocations of expenses of the investment adviser are employed in such financial data, the basis or bases of such allocations shall be clearly explained. Also, if the investment adviser acts as such for other registered management investment companies, any such financial data may in the alternative be stated in the aggregate as to the registrant and all such other registered companies.

2B. If the principal underwriter for the registrant is of the character described in instruction 1 below—

Statements of profit and loss and surplus of the principal underwriter for the registrant for each of not less than the immediately preceding 3 fiscal years of such underwriter ending at least 60 days prior to the last date on which this report is required to be filed by the registrant, and a balance sheet of the principal underwriter as of the end of the most recent of such fiscal years. These statements shall be prepared in reasonable detail.

*Instructions.* 1. Furnish the statements specified in paragraph 2B above only if (a) during the most recent fiscal year of the principal underwriter to be reported the gross income received by it in any capacity from the registrant and subsidiaries, and from other registered investment companies and subsidiaries, exceeded 25 percent of the gross income of the principal underwriter from all sources, and (b) the combined total net assets (determined before deduction of any outstanding senior securities) of the registrant and such other registered investment companies at any time during the most recent fiscal year of the principal underwriter to be reported exceeded \$100 million.

2. If the principal underwriter is of the character described in instruction 1 above and the financial statements specified in paragraph 2B above are substantially of the character required to be filed by the principal underwriter as a public record with the Commission pursuant to any of the statutes administered by the Commission or any rule or form thereunder, then such statements shall not be included as an exhibit to this Part II but shall be included as an exhibit to Part I of this report. See "Instructions as to Exhibits," paragraph 1G, appearing at the end of Part I of this report. Notwithstanding the fact that such financial statements may be required to be included as an exhibit to Part I of this report, any financial data filed pursuant to instruction 4 below shall be included as an exhibit to this Part II.

3. For the purposes of instruction 1 above, include gross income of the principal under-

writer from all sources other than profit or loss from transactions in securities and commodities for the firm's investment account. For the purposes of clause (a) of instruction 1 above, net underwriting discounts and commissions retained by the principal underwriter from the sale of shares of a registered investment company shall be deemed to be received from such registered company.

4. The registrant may if it wishes supplement the financial statements specified in paragraph 2B above with any additional financial data, presented in reasonable detail, relevant to the net income realized by the principal underwriter from the principal underwriting contract with the registrant. This shall not preclude the registrant from including with the financial data described in the first sentence of this instruction additional financial data, likewise presented in reasonable detail, relevant to the net income realized by the principal underwriter from the registrant as a whole. Any financial data filed pursuant to this instruction shall relate to at least the same fiscal years of the principal underwriter required to be reported pursuant to said paragraph 2B. If allocations of expenses of the principal underwriter are employed in such financial data, the basis or bases of such allocations shall be clearly explained. Also, if the principal underwriter acts as such for other registered management investment companies, any such financial data may in the alternative be stated in the aggregate as to the registrant and all such other registered companies.

II. A new § 274.101a-1 and a new § 274.101a-2 are adopted to read as follows:

§ 274.101a-1 EDP attachment for Form N-1R of registered open-end management investment company.

This attachment shall be used by registered open-end management investment companies as an exhibit to annual reports filed on Form N-1R, pursuant to section 30 of the Investment Company Act of 1940. This attachment has been filed as part of this document, and copies of the attachment may be obtained from the headquarters office of the Securities and Exchange Commission.

§ 274.101a-2 EDP attachment for Form N-1R of registered closed-end management investment company.

This attachment shall be used by registered closed-end management investment companies as an exhibit to annual reports filed on Form N-1R, pursuant to section 30 of the Investment Company Act of 1940 and section 13 or 15(d) of the Securities Exchange Act of 1934. This attachment has been filed as part of this document, and copies of the attachment may be obtained from the headquarters office of the Securities and Exchange Commission.

[Sees. 13, 15(d), 23(a), 48 Stat. 894, 895, 901, as amended, secs. 3, 8, 49 Stat. 1377, 1379, secs. 4, 6, 78 Stat. 569, 570, 15 U.S.C. 78m, 78o(d), 78w; 30, 31, 38, 45(a), 15 U.S.C. 80a-29, 80a-30, 80a-37, 80a-44(a)]

By the Commission, March 29, 1968.

[SEAL] ORVAL L. DuBOIS,  
Secretary.

[F.R. Doc. 68-4183; Filed, Apr. 12, 1968; 8:45 a.m.]



**Title 29—LABOR**

**Chapter XII—Federal Mediation and Conciliation Service**

**PART 1400—STANDARDS OF CONDUCT, RESPONSIBILITIES, AND DISCIPLINE**

Pursuant to and in conformity with sections 201 through 209 of Title 18 of the United States Code, Executive Order 11222 of May 8, 1965 (30 F.R. 6469), and Title 5, Chapter 1, Part 735 of the Code of Federal Regulations, Part 1400 is added to Title 29 of the Code of Federal Regulations reading as follows:

<b>Subpart A—General</b>	
Sec.	
1400.735-1	Introduction.
1400.735-2	Definitions.
1400.735-3	Advice and counseling service.
<b>Subpart B—Employees: Ethical and Other Conduct and Responsibilities</b>	
1400.735-10	Proscribed actions.
1400.735-11	Gifts, entertainment, and favors.
1400.735-12	Outside employment, business activities, or interests (paid or unpaid).
1400.735-13	Financial interest and responsibilities.
1400.735-14	Use of Government property.
1400.735-15	Misuse of information.
1400.735-16	Indebtedness.
1400.735-17	Gambling, betting, and lotteries.
1400.735-18	General conduct prejudicial to the Government.
1400.735-19	Influencing members of Congress.
1400.735-20	Code of Professional Conduct for Labor Mediators.
1400.735-21	Miscellaneous statutory provisions.
<b>Subpart C—Special Government Employees: Ethical and Other Conduct and Responsibilities</b>	
1400.735-30	Applicability of Subpart B of this part.
1400.735-31	Representation of persons outside Government.
1400.735-32	Use of Government employment.
1400.735-33	Use of inside information.
1400.735-34	Coercion.
1400.735-35	Miscellaneous statutory provisions.
<b>Subpart D—Statements of Employment and Financial Interests</b>	
1400.735-40	Employees.
1400.735-41	Special Government employees.
1400.735-42	Confidentiality of statements.
<b>Subpart E—Review of Statements, Disciplinary Action: Responsibilities and Procedures</b>	
1400.735-50	Agency Counselor.
1400.735-51	Director.
1400.735-52	Supervisor reporting.
1400.735-53	Reports to the Director.
<b>Subpart F—Disciplinary Actions and Penalties</b>	
1400.735-60	Disciplinary actions.
1400.735-61	Notice to and appeal of employee.
<b>Appendix—Code of Professional Conduct for Labor Mediators.</b>	

**AUTHORITY:** The provisions of this Part 1400 issued under E.O. 11222 of May 8, 1965, 30 F.R. 6469, 3 CFR, 1965 Supp.; 5 CFR 735.104.

**Subpart A—General**

**§ 1400.735-1 Introduction.**

(a) This part establishes a revised code of conduct, ethics, and responsibilities for all employees of the Service.

(b) The maintenance of high moral and ethical standards in the public service is essential both to efficiency in the conduct of Government business and to assuring the confidence of the public in their Government. Unwavering integrity and standards of behavior that reflect credit on the Government are required. The nature of Service operations requires that such a high standard of personal integrity and conduct must be established for and adhered to by its employees.

(c) The elimination of conflicts of interest and apparent conflicts of interest in the Federal service is one of the most important objectives in establishing general standards of conduct. A conflict of interest situation may be defined as one in which a Federal employee's private interest, usually of an economic nature, conflicts or raises a reasonable question of conflict with his public duties and responsibilities. The potential conflict is of concern whether it is real or only apparent. In this part are listed some of the kinds of conduct or activity prohibited or restricted by law, regulation, or commonly accepted standards of good conduct. These prohibitions are not all-inclusive; in addition, employees should refrain from any action prejudicial to the best interests of the Service.

(d) The failure of an employee to observe the basic principles of good conduct, ethics, and integrity will result in immediate remedial, adverse or disciplinary action of a severity in keeping with the offense committed and in accordance with equitable administrative practice. The regulations in this part covering Employees of the Service and special Government employees are established in conformity with Part 735 of the Civil Service Regulations, 5 CFR Part 735.

**§ 1400.735-2 Definitions.**

(a) "Executive order" means Executive Order 11222 of May 8, 1965.

(b) "Person" means an individual, a corporation, a company, an association, a firm, a partnership, a society, a joint stock company, or any other organization or institution.

(c) "Employee" means an officer or employee of the Service, but does not include a special Government employee.

(d) "Special Government employee" means a person appointed by the Service to a position as defined in FPM 735, Appendix C, and FPM 304-3.

**§ 1400.735-3 Advice and counseling service.**

The Director will designate a counselor for the Service on all matters relating to the conduct and responsibilities of employees, and special Government employees, under the Executive order. The counselor is responsible for providing individual employees with interpretations

on questions of conflicts of interest, and other matters covered by this part. (Due to the small size of the Federal Mediation and Conciliation Service, it is unrealistic to designate deputy counselors, and therefore, all questions concerning matters covered in this part should be directed to the one counselor appointed by the Director.)

**Subpart B—Employees: Ethical and Other Conduct and Responsibilities**

**§ 1400.735-10 Proscribed actions.**

An employee shall avoid any action, whether or not specifically prohibited by this part which might result in or create the appearance of:

- (a) Using public office for private gain;
- (b) Giving preferential treatment to any person;
- (c) Impeding Government efficiency or economy;
- (d) Losing complete independence or impartiality;
- (e) Making a Government decision outside official channels; or
- (f) Affecting adversely the confidence of the public in the integrity of the Government.

**§ 1400.735-11 Gifts, entertainment, and favors.**

(a) Except as provided in paragraph (b) of this section, an employee shall not solicit or accept, directly or indirectly, any gift, gratuity, favor, entertainment, loan, or any other thing of monetary value, from a person who:

- (1) Has, or is seeking to obtain, contractual or other business or financial relations with the Federal Mediation and Conciliation Service;
- (2) Conducts operations or activities that are affected by Federal Mediation and Conciliation Service functions; or
- (3) Has interests that may be substantially affected by the performance or non-performance of his official duty.

(b) Exceptions may be necessary and appropriate in view of the nature of the Federal Mediation and Conciliation Service work, and the duties and responsibilities of its employees. Appropriate exceptions are those that:

- (1) Govern obvious family or personal relationships (such as those between the parents, children, or spouse of the employee and the employee) when the circumstances make it clear that those relationships rather than the business of the persons concerned are the motivating factors;
- (2) Permit acceptance of food and refreshments of nominal value on infrequent occasions in the ordinary course of a luncheon or dinner meeting, or other meeting, or an inspection tour where an employee may properly be in attendance;
- (3) Permit acceptance of loans from banks or other financial institutions on customary terms to finance proper and usual activities of employees, such as home mortgage loans; and
- (4) Permit acceptance of unsolicited advertising or promotional material such as pens, pencils, note pads, calendars,



and other items of nominal intrinsic value.

(c) An employee shall not solicit contributions from another employee for a gift to an employee in a superior official position. An employee in a superior official position shall not accept a gift presented as a contribution from employees receiving less salary than himself. An employee shall not make a donation as a gift to an employee in a superior official position (5 U.S.C. 7351). However, this paragraph does not prohibit a voluntary gift of nominal value or donation in a nominal amount made on a special occasion such as marriage, illness, or retirement.

(d) An employee shall not accept a gift, present, decoration, or other thing from a foreign government unless authorized by Congress as provided by the Constitution and in 5 U.S.C. 7342.

**§ 1400.735-12 Outside employment, business activities, or interests (paid or unpaid).**

(a) *Outside employment.* (1) An employee shall not engage in outside employment or other outside activity not compatible with the full and proper discharge of the duties and responsibilities of his Government employment.

(2) Neither outside employment limitations in subparagraph (1) of this paragraph nor the provisions of § 1400.735-11 preclude an employee from:

(i) Receipt of a bona fide reimbursement, unless prohibited by law, for actual expenses for travel and such other necessary subsistence as is compatible with this part for which no Government payment or reimbursement is made. However, this paragraph does not allow an employee to be reimbursed, or payment to be made on his behalf, for excessive personal living expenses, gifts, entertainment, or other personal benefits, nor does it allow an employee to be reimbursed by a person for travel on official business under agency order.

(ii) Participation in the activities of national or State political parties not prohibited by law.

(iii) Participation in the affairs of, or acceptance of an award for a meritorious public contribution or achievement given by a charitable, religious, professional, social, fraternal, nonprofit educational and recreational, public service, or civic organization.

(3) Incompatible activities referred to in subparagraph (1) of this paragraph, include, but are not limited to:

(i) Acceptance of a fee, compensation, gift, payment of expense, or any other thing of monetary value in circumstances in which acceptance may result in, or create the appearance of, conflicts of interest; or

(ii) Outside employment if it is determined that engaging in the proposed outside activity might:

(a) Influence or conflict with the employee's decisions or actions in planning, interpreting, or executing policies, programs, and work assignments of the Service;

(b) Injure relations of the Service with the public;

(c) Impair the employee's physical capacity to render proper and efficient service at all times;

(d) Interfere with the impartial performance or jeopardize acceptability of the employee in his work;

(e) Conflict with the employee's normal office hours, including an allowance for sufficient time for travel to place of outside employment or activity. (Normal office hours will be considered as those which are established for the specific office in which the employee works.) In the absence of extenuating circumstances, approval generally will not be granted where the outside activity requires presence of the employee prior to 6 p.m.

(NOTE: Teaching activities are not approved automatically, but rather on the basis of time required, appropriate subject matter, etc.).

(4) The Service, as a matter of policy, does not look upon any outside employment or business activity, including concurrent employment by the Federal Mediation and Conciliation Service and any other Governmental political subdivision or agency, as being consistent with the best interests of the Service.

(5) Employees may not engage in any outside employment, including teaching, lecturing, or writing, which might reasonably result in a conflict of interest, or an apparent conflict of interest, between the private interests of the employee and his official government duties and responsibilities. No employee shall directly or indirectly accept, engage in, or continue in any outside employment or business activity, full- or part-time, paid or unpaid, without advance written approval (including teaching or lecturing).

(b) *Private compensation.* An employee shall not receive any salary or anything of monetary value from a private source as compensation for his services to the Government (18 U.S.C. 209).

(c) *Teaching, writing and lecturing.*

(1) Teaching, writing and lecturing by Federal employees are generally to be encouraged so long as the laws, general standards, and regulations pertaining to conflicts of interest and the standards and regulations in this part applying to outside employment are observed. Teaching commitments will generally be limited to one class, course, or assignment during a concurrent period. These activities frequently serve to enhance the employee's value to the Service, as well as to increase the spread of knowledge and information in our society. Such activities, if remuneration is anticipated, must not be dependent on information obtained as a result of the employee's official government position if such information is not available to others, as least on request.

(2) This provision does not, of course, prevent the Director from authorizing an employee to base his writings or

lectures on nonpublic materials in the Federal Mediation and Conciliation Service files (not involving national security) when this will be done in the public interest. Personal research relating to mediation, collective bargaining and labor management relations is encouraged as a progressive step in self-development. The writing of articles in this area, which may be released or submitted for publication, is also encouraged. Research and writing are not considered official activity, and therefore may not be undertaken on duty time; and the author may receive compensation for publication thereof. Advance approval by the Director, before undertaking the research or writing, is not required. However, when such research is undertaken, or such article is being written on the basis of an official assignment, the work will be performed on duty time and the product will be the property of the Service.

(3) If any type of article, when published or released, will identify the author in any manner as an employee of the Service, such identification necessarily implies that the article reflects either the official policy or the philosophies of the Service. For that reason, it must be submitted to the Director before release or publication, or it must contain a disclaimer phrase to the effect that the article or statement does not necessarily reflect the official policy or philosophies of the Service.

(d) *Procedure for approval of outside employment or teaching.* Clerical and administrative employees' approval for outside activity shall be in writing and may be granted by the Regional Director, if a regional employee, or by the Director of Administrative Management, if a national office employee. Approval for such outside activity for all other employees of the Service shall be granted by the Director or his designee. Requests for approval shall be made in writing through the employee's supervisor and must contain the following:

- (1) The name and address of the employer or business activity;
- (2) The exact nature of the work or employment;
- (3) Working hours.

**§ 1400.735-13 Financial interest and responsibilities.**

(a) An employee shall not:

(1) Have a direct or indirect financial interest that conflicts substantially, or appears to conflict substantially, with his Government duties and responsibilities; or

(2) Engage in, directly or indirectly, a financial transaction as a result of, or primarily relying on, information obtained through his Government employment.

(b) This section does not preclude an employee from having a financial interest or engaging in financial transactions to the same extent as a private citizen not employed by the Government so long as it is not prohibited by law, the Executive order, or the regulations in this part.



§ 1400.735-14 Use of Government property.

An employee shall not, directly or indirectly, use, or allow the use of, Government property of any kind, including property leased to the Government, for other than official approved activities. An employee has a positive duty to protect and conserve Government property, including equipment, supplies, and other property entrusted or issued to him.

§ 1400.735-15 Misuse of information.

For the purpose of furthering a private interest, an employee shall not, except as provided in § 1400.735-12(c) directly or indirectly use, or allow the use of, official information obtained through or in connection with his Government employment, which has not been made available to the general public.

§ 1400.735-16 Indebtedness.

An employee shall pay each just financial obligation in a proper and timely manner, especially one imposed by law such as Federal, State or local taxes. For the purposes of this part, a "just financial obligation" means one acknowledged by the employee or reduced to judgment by a court, and "in a proper and timely manner" means in a manner which the agency determines does not, under the circumstances, reflect adversely on the Government as his employer. In the event of dispute between an employee and an alleged creditor, the Service is not required to determine the validity or amount of the disputed debt.

§ 1400.735-17 Gambling, betting, and lotteries.

An employee shall not participate while on Government owned or leased property, or while on duty for the Government, in any gambling activity including the operation of a gambling device, in conducting a lottery or pool, in a game for money or property, or in selling or purchasing a numbers slip or ticket.

§ 1400.735-18 General conduct prejudicial to the Government.

An employee shall not engage in criminal, infamous, dishonest, immoral, or notoriously disgraceful conduct, or other conduct prejudicial to the Government.

§ 1400.735-19 Influencing Members of Congress.

No money appropriated to the Service shall be used by any employee of the Service to pay for any personal service, printed or written matter, or other devices intended to influence any Member of Congress regarding any legislation or appropriation before the Congress.

§ 1400.735-20 Code of Professional Conduct for Labor Mediators.

In 1964, a Code of Professional Conduct for Labor Mediators was drafted

by a Federal-State Liaison Committee and approved by the Service and the Association of Labor Mediation Agencies at its annual meeting. It is expected that mediators in the Federal Mediation and Conciliation Service will make themselves familiar with this Code and will conduct themselves in accordance with the responsibilities outlined therein. The complete narrative of the Code appears in the appendix to this part.

§ 1400.735-21 Miscellaneous statutory provisions.

Each employee shall acquaint himself with the statutes that relate to his ethical and other conduct as an employee of the Federal Mediation and Conciliation Service and of the Government. The attention of all employees is directed to the following statutory provisions and to the accompanying chart of penalties and statutory references:

(a) House Concurrent Resolution 175, 85th Congress, 2d session, 72 Stat. B12, the "Code of Ethics for Government Service."

(b) Chapter 11 of Title 18, United States Code, relating to bribery, graft, and conflicts of interest, as appropriate to the employees concerned.

(c) The prohibition against lobbying with appropriated funds (18 U.S.C. 1913).

(d) The prohibitions against disloyalty and striking (5 U.S.C. 7311, 18 U.S.C. 1918).

(e) The prohibition against the employment of a member of a Communist organization (50 U.S.C. 784).

(f) The prohibitions against (1) the disclosure of classified information (18 U.S.C. 798, 50 U.S.C. 783); and (2) the disclosure of confidential information (18 U.S.C. 1905).

(g) The provision relating to the habitual use of intoxicants to excess (5 U.S.C. 7352).

(h) The prohibition against the misuse of a Government vehicle (31 U.S.C. 638a(c)).

(i) The prohibition against the misuse of the franking privilege (18 U.S.C. 1719).

(j) The prohibition against the use of deceit in an examination of personnel action in connection with Government employment (18 U.S.C. 1917).

(k) The prohibition against fraud or false statements in a Government matter (18 U.S.C. 1001).

(l) The prohibition against mutilating or destroying a public record (18 U.S.C. 2071).

(m) The prohibition against counterfeiting and forging transportation requests (18 U.S.C. 508).

(n) The prohibitions against (1) embezzlement of Government money or property (18 U.S.C. 641); (2) failing to account for public money (18 U.S.C. 643); and (3) embezzlement of the money or property of another person in the possession of an employee by reason of his employment (18 U.S.C. 654).

(o) The prohibition against unauthorized use of documents relating to claims from or by the Government (18 U.S.C. 285).

(p) The prohibitions against political activities in Subchapter III of Chapter 73 of Title 5, United States Code and 18 U.S.C. 602, 603, 607, and 608.

(q) The prohibition against an employee acting as the agent of a foreign principal registered under the Foreign Agents Registration Act (18 U.S.C. 219).

(r) Penalties: The following table, copied from the Federal Personnel Manual, lists maximum penalties for some of the more serious offenses.

Prohibition	Statute and United States Code	Maximum penalty
A-1. Gifts to official superiors.....	5 U.S.C. 7351.....	Removal.
A-2. Conflicts of interest:		
a. Receiving compensation in relation to claims, contracts, etc.	18 U.S.C. 203.....	\$10,000 fine; 2 years imprisonment or both; and removal.
b. Prosecuting claims against and other matters affecting the Government.	18 U.S.C. 205.....	\$10,000 fine; 2 years imprisonment or both.
c. Prosecuting claims involving matters connected with former duties—disqualification of partners.	18 U.S.C. 207.....	\$10,000 fine; 2 years imprisonment or both.
d. Interested persons acting as Government agents.	18 U.S.C. 208.....	\$10,000 fine; 2 years imprisonment or both.
e. Salaries from other than Government sources....	18 U.S.C. 209.....	\$5,000 fine; 1 year imprisonment or both.
A-3. Lobbying with appropriated funds.....	18 U.S.C. 1913.....	\$500 fine; 1 year imprisonment or both; and removal.
A-4. Denial of rights to petition Congress.....	5 U.S.C. 7102.....	No specific penalty provided.
A-5. Failure to make return or report.....	18 U.S.C. 2975.....	\$1,000 fine.
A-6. Disloyalty and striking.....	5 U.S.C. 7311; 18 U.S.C. 1918.	\$1,000 fine, 1 year and a day imprisonment or both; and removal.
A-7. Employment of member of proscribed communist organization.	50 U.S.C. 784 et seq.	\$10,000 fine; 5 years imprisonment or both; and removal.
A-8. Disclosure of classified information.....	18 U.S.C. 798; 50 U.S.C. 783.	\$10,000 fine; 10 years imprisonment or both; and removal.
A-9. Disclosure of confidential information.....	18 U.S.C. 1905.....	\$1,000 fine; 1 year imprisonment or both; and removal.
A-10. Habitual use of intoxicants to excess.....	5 U.S.C. 7352.....	Removal.
A-11. Misuse of Government vehicles.....	31 U.S.C. 638a(c).....	Removal.
A-12. Misuse of franking privilege.....	18 U.S.C. 1719.....	\$300 fine.
A-13. Deceit in examinations and personnel actions....	5 U.S.C. 1917.....	\$1,000 fine; 1 year imprisonment or both.
A-14. Fraud and false statements.....	18 U.S.C. 1001.....	\$10,000 fine; 5 years imprisonment or both.
A-15. Unlawful mutilating or destroying public records.	18 U.S.C. 2071(b).....	\$2,000 fine; 3 years imprisonment or both; and removal.



Prohibition	Statute and United States Code	Maximum penalty
A-16. Bribery and graft:		
a. Bribery of public officials.....	18 U.S.C. 201.....	\$20,000 fine or three times the money or thing received, whichever is greater; 15 years imprisonment or both; and removal.
b. Acceptance or solicitation to obtain appointive office.....	18 U.S.C. 211.....	\$1,000 fine; 1 year imprisonment or both.
A-17. Counterfeiting and forgery of transportation requests.....	18 U.S.C. 508.....	\$5,000 fine; 10 years imprisonment or both.
A-18. Embezzlement and theft:		
a. Taking money, property, or records.....	18 U.S.C. 641.....	\$10,000 fine; 10 years imprisonment or both.
b. Failure to render accounts for public money.....	18 U.S.C. 643.....	Fine equal to amount embezzled; imprisonment not more than 10 years or both.
c. Wrongfully converting property of another.....	18 U.S.C. 654.....	Same as penalty immediately above.
A-19. Taking or using papers related to claims.....	18 U.S.C. 285.....	\$5,000 fine; 5 years imprisonment or both.

### Subpart C—Special Government Employees: Ethical and Other Conduct and Responsibilities

#### § 1400.735-30 Applicability of Subpart B of this part.

In addition to the rules of conduct issued herewith, special Government employees shall also be governed by the ethical and other conduct and responsibilities outlined in the following listed sections of this part:

Section 1400.735-11	Gifts, entertainment, and favors.
Section 1400.735-14	Use of Government property.
Section 1400.735-15	Misuse of information.
Section 1400.735-17	Gambling, betting, and lotteries.
Section 1400.735-18	General conduct prejudicial to the Government.
Section 1400.735-19	Influencing Members of Congress.
Section 1400.735-20	Code of Professional Conduct for Labor Mediators.

#### § 1400.735-31 Representation of persons outside Government.

(a) A special Government employee may not, except in the discharge of his official duties, represent anyone else before a court or Government agency in a matter involving a specific party or parties in which the United States is a party or has a direct and substantial interest, and in which he had at any time participated personally and substantially in the course of his Government employment.

(b) He may not, except in the discharge of his official duties, represent anyone else in a matter involving a specific party or parties in which the United States is a party or has a direct and substantial interest and which is pending before the Federal Mediation and Conciliation Service. However, this restraint is not applicable if he has served the Federal Mediation and Conciliation Service no more than 60 days during the past 365. He is bound by the restraint, if applicable, regardless of whether the matter is one in which he has ever participated personally and substantially.

(c) These restrictions prohibit both paid and unpaid representation and apply to a special Government employee on the days when he does not serve the Government, as well as on the days when he does.

#### § 1400.735-32 Use of Government employment.

A special Government employee shall not use his Government employment for a purpose that is, or gives the appearance of being, motivated by the desire for private gain for himself or another person, particularly one with whom he has family, business or financial ties.

#### § 1400.735-33 Use of inside information.

A special Government employee shall not use inside information obtained as a result of his Government employment for private gain for himself or another person, either by direct action on his part, or by counsel, recommendation, or suggestion to another person, particularly one with whom he has family, business, or financial ties. For the purpose of this part, "inside information" means information obtained under Government authority which has not become a part of the body of public information. However, a special Government employee may teach, lecture, or write in a manner not inconsistent with § 1400.735-12(c) in regard to employees.

#### § 1400.735-34 Coercion.

A special Government employee shall not use his Government employment to coerce, or give the appearance of coercing, a person to provide financial benefit to himself or another person, particularly one with whom he has family, business, or financial ties.

#### § 1400.735-35 Miscellaneous statutory provisions.

Special Government employees shall acquaint themselves with each statute that relates to their ethical and other conduct as a special Government employee. Upon entrance on duty, each special Government employee will be issued a copy of the regulations in this part, and shall be counseled to acquaint themselves with the statutes outlined in § 1400.735-21.

### Subpart D—Statements of Employment and Financial Interests

#### § 1400.735-40 Employees.

(a) *Covered employees.* (1) The following employees in the Federal Mediation and Conciliation Service must file employment and financial statements:

(i) The Deputy Director;  
(ii) Employees in Grade GS-16 or above of the General Schedule; see § 1400.735-2.

(2) Although Federal Mediation and Conciliation Service mediators are not required to submit a statement of employment and financial interests, inherent in the position is the responsibility of the individual to report to his supervisor (Regional Director or Disputes Director) any situation where possible or apparent areas of conflict could appear. Examples of possible or apparent conflicts follow:

(i) Case assignment where the assigned mediator has interest (securities, etc.) in the company(ies) involved.

(ii) The assigned mediator has a close family relationship to officials or the staff of either party to the dispute.

(iii) In the judgment of the mediator, assignment to a specific case would in any way possibly result in embarrassment to the Service or the U.S. Government.

In these situations, the mediator should explain the circumstances to the Regional Director and suggest that he be relieved of such assignment.

(b) *Form and content of statements.*  
(1) FMCS Form AP-41 "Confidential Statement of Employment and Financial Interests (For Use by Government employees)."

(2) Employees required to submit statements shall use FMCS Form AP-41 which will be issued to each employee for completion and signature at the time they meet the criteria specified in paragraph (a)(1) of this section.

(3) The statements shall be submitted to the counselor in confidence within 1 month of the employee's entrance into a covered category; or within 1 month of the effective date of this part, whichever is earlier. The Deputy Director and the counselor shall file the required statements with the Director.

(c) *Supplementary statements.* Changes in, or additions to, the information contained in an employee's statement of employment and financial interests shall be reported in a supplementary statement as of June 30 each year. If no changes or additions occur, a negative report is required. Notwithstanding the filing of the annual report required by this section, each employee shall at all times avoid acquiring a financial interest that could result, or taking an action that would result, in a violation of the conflicts of interest provisions of section 208 of Title 18, United States Code, or Subpart B of this part.

(d) *Interests of employees' relatives.* The interest of a spouse, minor child, or other member of an employee's immediate household is considered to be an interest of the employee. For the purpose of this part, "member of an employee's immediate household" means those blood relations who are residents of the employee's household.

(e) *Information not known by employees.* If any information required to



be included on a statement of employment and financial interests or supplementary statement, including holdings placed in trust, is not known to the employee but is known to another person, the employee shall request that other person to submit information in his behalf.

(f) *Information prohibited.* Employees are not required to submit on a statement of employment and financial interests or supplementary statement any information relating to the employee's connection with, or interest in, a professional society or a charitable, religious, social, fraternal, recreational, public service, civic, or political organization or a similar organization not conducted as a business enterprise. For these purposes, educational and other institutions doing research and development or related work involving grants of money from, or contracts with the Government are deemed "business enterprises" and are required to be included in an employee's statement of employment and financial interests.

(g) *Effect of employees' statements on other requirements.* The statements of employment and financial interests and supplementary statements required of employees are in addition to, and not in substitution for, or in derogation of, any similar requirement imposed by law, order, or regulation. The submission of a statement or supplementary statement by an employee does not permit him or any other person to participate in a matter in which his or the other person's participation is prohibited by law, order or regulation.

§ 1400.735-41 Special Government employees.

(a) Each special Government employee appointed by the Federal Mediation and Conciliation Service to a position equal in pay to or in excess of Grade GS-16 of the General Pay Scale, shall file a statement of employment and financial interests on a form to be furnished by the Service: *Provided, however,* That special or ad hoc mediators, working only to mediate labor disputes or appointed to emergency panels, or boards to mediate or find facts in specific disputes, are not required to file a statement of employment and financial interests due to the fact that the duties of the positions held by these appointees are of such a nature and at such a level of responsibility that the submission of such a statement is not necessary to protect the integrity of the Government. However, these special or ad hoc mediators must report to the Director any situation where possible or apparent areas of conflict could appear. See Subpart D, § 1400.735-40 for examples of such situations.

(b) It shall be the duty of the Federal Mediation and Conciliation Service to notify each of its special Government employees of the specific requirements of the regulations in this part and Executive Order 11222 concerning impartiality, integrity, and conflicts of interest.

(c) The statement of employment and financial interests shall be submitted not later than 1 month after the time of employment of the special Government employee. Each special Government employee shall keep his statement current throughout his employment with the Service by the submission of supplementary statement.

§ 1400.735-42 Confidentiality of statements.

Employees' and special Government employees' statements submitted in accordance with this part will be held in confidence by the Director and the Agency Counselor, and information may not be disclosed except as the Civil Service Commission or the Director may determine for good cause shown. The Director and Agency Counselor shall maintain the statements in confidence and shall not allow access to, or allow information to be disclosed from, a statement except to carry out the purpose of this part.

Subpart E—Review of Statements, Disciplinary Action: Responsibilities and Procedures

§ 1400.735-50 Agency counselor.

The counselor will review each statement and supplementary statement of employment and financial interests within 1 week of receipt.

(a) *No conflict or appearance of conflict exists.* If no conflict or appearance of conflict is apparent, the statements shall be filed as confidential material in a secure fashion until two years after leaving the position requiring the statement. The statements will then be shredded and destroyed as stipulated for the destruction of classified information.

(b) *Conflict or appearance of conflict is evident.* If the counselor believes that a conflict or possible conflict exists from review of the statement, he will:

- (1) Contact the employee or special Government employee and request a written explanation of the conflict or appearance of conflict.
- (2) Submit his findings and this explanation to the Director.

§ 1400.735-51 Director.

(a) If, after considering the findings and the explanation, the Director, decides that remedial action is required, he shall take immediate action to end the conflicts or appearance of conflicts of interest. Remedial action may include, but is not limited to:

- (1) Changes in assigned duties;
- (2) Divestment by the employee or special Government employee of his conflicting interest;
- (3) Disciplinary action; or
- (4) Disqualification for a particular assignment.

(b) All remedial action, whether disciplinary or otherwise, will be effected in accordance with Federal Mediation and Conciliation Service and Civil Service procedures.

§ 1400.735-52 Supervisor reporting.

Each supervisor shall be responsible for immediately reporting to the counselor the commission of any prohibited activity, as well as any conduct prejudicial to the best interests of the Service, or of a nature to bring discredit on it. The supervisor will promptly make a preliminary investigation of the matter and file a written report with the counselor. The counselor shall be responsible for:

- (a) Receiving and following up complaints and information from all sources, including Federal agencies;
- (b) Investigating by someone outside the organizational unit involved;
- (c) Referring immediately to the Department of Justice any information, allegation, or complaint indicating criminal activity;
- (d) Taking such immediate interim action, through the Office of the Director of Administrative Management, as may be required to protect the best interests of the Service, including suspension.

§ 1400.735-63 Reports to the Director.

The counselor shall keep the Director advised as to any and all charges, suspensions, and reports concerning prohibited activity, prejudicial, or discreditable conduct on the part of any employee. The counselor shall submit a written report to the Director setting forth the method of investigation and the facts ascertained, together with his decision.

Subpart F—Disciplinary Actions and Penalties

§ 1400.735-60 Disciplinary actions.

The Service shall take prompt disciplinary action against an employee committing prohibited activity, or whose conduct is prejudicial to the best interests of the Service, or of a nature to bring discredit to it. There are four major types of disciplinary action possible, following the above proceedings.

(a) *Reprimand.* An official reprimand usually shall be issued to an employee or special Government employee for a first offense which is not serious.

(b) *Suspension.* Under Civil Service and Federal Mediation and Conciliation Service regulations, an employee or special Government employee may be suspended without pay during the course of an investigation of alleged criminal, infamous, dishonest, immoral, or notoriously disgraceful conduct. Also, an employee may be suspended without pay for a definite period of time because of some offense of a less serious nature for which more drastic action is not justified.

(c) *Demotion.* When such action will "promote the efficiency of the Service," an employee or special Government employee may be demoted because of some offense for which more drastic action is not justified.

(d) *Separation.* The Service is responsible for the prompt dismissal of unsatisfactory, incompetent, or unfit employees. Separation (dismissal or removal) can be the penalty for a single breach of



conduct that is extremely serious in nature.

§ 1400.735-61 Notice to and appeal of employee.

The Director of Administrative Management will prepare charges and institute proceedings, which in all cases will be in accordance with Civil Service procedures for disciplinary actions against status employees. Such proceedings will include notification to the employee of his appeal rights.

This Part 1400 was approved by the Civil Service Commission on March 6, 1968.

*Effective date.* This Part 1400 shall become effective upon publication in the FEDERAL REGISTER.

WILLIAM E. SIMKIN,  
Director.

APRIL 5, 1968.

[F.R. Doc. 68-4429; Filed, Apr. 12, 1968; 8:47 a.m.]

## Title 32—NATIONAL DEFENSE

### Chapter VI—Department of the Navy

#### SUBCHAPTER B—NAVIGATION

#### PART 706—NAVIGATIONAL LIGHT WAIVERS

##### Certificate

Sections 360 and 1052 of Title 33, United States Code provide that the requirements of the Regulations for Preventing Collisions at Sea, 1960, the Inland Rules, the Great Lakes Rules, and the Western River Rules, as to number, position, range of visibility or arc of visibility of lights required to be displayed by vessels shall not apply to any vessel of the Navy when the Secretary of the Navy shall find or certify that, by reason of special construction, it is not possible for such vessel or class of vessels to comply with the statutory provisions as to navigation lights.

A recent study indicates that the military design characteristics of the Side Loaded Warping Tug preclude the installation of the 20-point white light (mast-

head light) as required by Rule 2(a) (1) of the Regulations for Preventing Collisions at Sea (33 United States Code, section 1062(a) (1)) and Article 2(a) of the Inland Rules (33 United States Code, section 172(a)).

I hereby certify that these Side Loaded Warping Tugs are naval vessels of special construction and, with respect to the position on such vessels of the 20-point white light, it is not possible to comply with the requirements of the statutes enumerated in sections 172(a) and 1062(a) (1), Title 33, United States Code.

Further, I do find that it is feasible to locate the said navigation light as follows:

(a) The 20-point white light (masthead light) will be located 55½ feet, or approximately two-thirds of the vessel's length, aft of the bow, 5 feet to starboard of the vessel's centerline.

Further, I certify that such a location constitutes compliance as closely with the applicable statutes as I hereby find to be feasible.

I do direct that the consolidated tabulation of light waivers titled Notes under § 706.2, Title 32, Code of Federal Regulations, as published in the FEDERAL REGISTER of August 31, 1965 (30 F.R. 11172, 11173) be amended by adding the following note, No. 14 thereto:

\* \* \* \* \*

14. On Side Loaded Warping Tugs the 20-point white light (masthead light) will be located 55½ feet, or approximately two-thirds of the vessel's length, aft of the bow, rather than in the forepart of the vessel (based on International Rule 2(a) (1) and Inland Article 2(a)). Also, this light will be located 5 feet to starboard of the vessel's centerline.

\* \* \* \* \*

I specify that the foregoing amendment shall become effective on the date of publication of this document in the FEDERAL REGISTER.

(Sec. 1, 59 Stat. 590, sec. 2, 77 Stat. 194, 33 U.S.C. 360, 1052)

Dated: April 4, 1968.

[SEAL] CHARLES F. BAIRD,  
Acting Secretary of the Navy.

[F.R. Doc. 68-4401; Filed, Apr. 12, 1968; 8:45 a.m.]

## Title 50—WILDLIFE AND FISHERIES

### Chapter I—Bureau of Sport Fisheries and Wildlife, Fish and Wildlife Service, Department of the Interior

#### PART 33—SPORT FISHING

#### J. Clark Salyer National Wildlife Refuge, N. Dak.

The following special regulation is issued and is effective on date of publication in the FEDERAL REGISTER.

#### § 33.5 Special regulations; sport fishing; for individual wildlife refuge areas.

##### NORTH DAKOTA

#### J. CLARK SALYER NATIONAL WILDLIFE REFUGE

Sport fishing on the J. Clark Salyer National Wildlife Refuge, N. Dak., is permitted only on the areas designated by signs as open to fishing. These open areas, comprising 900 acres or 8 percent of the total water area of the refuge, are delineated on a map and described in a leaflet available at the refuge headquarters and from the office of the Regional Director, Bureau of Sport Fisheries and Wildlife, 1006 West Lake Street, Minneapolis, Minn. 55408. Sport fishing shall be in accordance with all applicable State regulations subject to the following special condition:

(1) The open season for sport fishing on the refuge extends from May 4, 1968, through September 14, 1968, daylight hours only. The provisions of this special regulation supplement the regulations which govern fishing on wildlife refuge areas generally which are set forth in Title 50, Part 33, and are effective through September 14, 1968.

JERALD J. WILSON,  
Refuge Manager, J. Clark Salyer  
National Wildlife Refuge,  
Upham, N. Dak.

APRIL 5, 1968.

[F.R. Doc. 68-4407; Filed, Apr. 12, 1968; 8:45 a.m.]



# Proposed Rule Making

## CIVIL AERONAUTICS BOARD

[ 14 CFR Parts 208, 295, 378 ]

[ Docket No. 19808; EDR-136, SFDR-11 ]

### INCLUSIVE TOUR CHARTERS TO FOREIGN TOUR OPERATORS BY SUPPLEMENTAL AIR CARRIERS

#### Notice of Proposed Rule Making

APRIL 9, 1968.

Notice is hereby given that the Civil Aeronautics Board has under consideration certain amendments to Parts 208, 295, and 378 which would authorize inclusive tour charters to be operated by U.S. supplemental air carriers for foreign tour operators.

The principal features of the proposed amendments are further described in the explanatory statement. They are proposed under the authority of sections 204(a), 401, and 402 of the Federal Aviation Act of 1958, as amended (72 Stat. 743, 754 (as amended by 76 Stat. 143), 757; 49 U.S.C. 1324, 1371, and 1372).

Interested persons may participate in the proposed rule making through submission of twelve (12) copies of written data, views or arguments pertaining thereto, addressed to the Docket Section, Civil Aeronautics Board, Washington, D.C. 20428. All relevant matter received on or before May 13, 1968, will be considered by the Board.

Upon receipt by the Board, copies of the above communications will be available for examination by interested persons in the Docket Section of the Board, Room 710, Universal Building, 1825 Connecticut Avenue NW., Washington, D.C.

By the Civil Aeronautics Board.

[SEAL] HAROLD R. SANDERSON,  
Secretary.

*Explanatory statement.* Section 378.2 (d) of Part 378 (Inclusive Tours by Supplemental Air Carriers, Certain Foreign Air Carriers, and Tour Operators) defines "Tour operator" as "any person (other than a direct air carrier) authorized hereunder to engage in the formation of groups for transportation on inclusive tours." Since § 378.3 grants an exemption to tour operators and the Board can grant exemptions only to citizen direct and indirect carriers, tour operators under Part 378 are, in effect, restricted to citizens of the United States, and a foreign tour operator could only receive authorization through issuance of a permit under section 402. However, in the Sudflug case<sup>1</sup> the Board, in authorizing

a foreign direct air carrier to operate foreign-originated inclusive tours, decided not to exercise its jurisdiction over foreign tour operators. And while subsequent permits authorizing both U.S.- and foreign-originated inclusive tours make U.S.-originated inclusive tours subject to Part 378, foreign-originated inclusive tours have been authorized subject to regulation by foreign licensing agencies.<sup>2</sup> On the other hand, the Board has not taken similar action with respect to inclusive tours operated by U.S. supplemental carriers. The result is that U.S. supplemental carriers are prohibited under Part 378 from engaging in inclusive tour charters with foreign tour operators.

Capitol Airways and Trans International Airlines (TIA) have filed petitions (Dockets 17995 and 18193, respectively)<sup>3</sup> requesting that the Board institute a rule-making proceeding to authorize U.S. supplemental air carriers to operate inclusive tours for foreign tour operators. The Board considers that the proposal has merit and should be considered in a rule-making proceeding.

Encouragement of foreign travel to the United States is in the national interest, since it will contribute toward correcting the imbalance in travel flow and assist in reduction of the large international balance of payments deficit. At present, although the regulations do not prevent a U.S. tour operator from organizing a foreign-originated inclusive tour, he cannot in general do so economically. The foreign tour operator, on the other hand, is the most logical generator of foreign-originated inclusive tours, since the effective development of such tours requires the use of locally based tour operators in foreign countries which have experience in packaging such tours within their countries and are otherwise engaged in selling foreign travel to their own nationals.

We believe therefore that Part 378 should be amended so as to permit U.S. supplemental carriers to use foreign tour operators for inclusive tours. To this end, we propose to decline to exercise Board jurisdiction over foreign tour operators to the extent that they make use of inclusive tour charters of supplemental air carriers for foreign-originated tours. The reasons stated in Sudflug for declining

<sup>2</sup> See Caledonian Airways (Prestwick), Ltd., Order E-25017, served Apr. 21, 1967; Transavia, N.Y., Order E-26136, served Dec. 19, 1967; Wardair Canada, Ltd., Order E-26137, served Dec. 19, 1967.

<sup>3</sup> Dockets 17995 and 18193, the petitions for rule making filed by Capitol and TIA, respectively, will be consolidated into the rule-making proceeding (Docket 19808) which is being instituted by this notice. The portion of Docket 17995 which pertains to matters other than inclusive tours by foreign tour operators will not be consolidated herein.

jurisdiction over foreign tour operators with respect to inclusive tours operated by foreign air carriers are equally applicable to inclusive tours operated by U.S. supplemental carriers.<sup>4</sup>

Under the proposed rule, no Statement of Authorization or other affirmative Board authorization would be required of either foreign tour operators or U.S. supplemental carriers. However, at least 90 days in advance of a proposed tour the U.S. supplemental carrier would be required to file a Tour Prospectus<sup>5</sup> to insure that the tour will meet the present standards for inclusive tours set forth in section 378.2 as to elapsed time between departure and return, fares, etc., to insure that the tours are true charters and not individually ticketed services. The U.S. supplemental carrier shall also require full payment of the total charter price prior to the commencement of the tour to prevent possible stranding of foreign travelers.

In our view, no purpose would be served by requiring foreign tour operators to demonstrate their fitness or furnish a surety bond for the protection of passengers. These are matters which are properly the concern of foreign governments and should be left for them to regulate.

Finally, the proposed rule would make implementing and uniform amendments to Parts 208 (Terms, Conditions, and Limitations of Certificates to Engage in Supplemental Air Transportation) and 295 (Transatlantic Supplemental Air Transportation).

*Proposed rule.* It is proposed to amend Parts 208 and 295 of the economic regulations and Part 378 of the special regulations (14 CFR Parts 208, 295, 378) as follows:

1. Amend § 208.3(s) by modifying § 208.3(s)(2)(i)(d), adding § 208.3(s)(2)(i)(e), and revising the second proviso so that paragraph (s) reads, in part, as follows:

#### § 208.3 Definitions.

For the purposes of this part:

(s) "Charter flight" (other than transportation pursuant to authority conferred under section 7 of Public Law 87-528) means—

<sup>4</sup> See Order E-24697, supra, pp. 6-7.

<sup>5</sup> If the Board finalizes the subject amendments to authorize supplemental air carriers to operate inclusive tour charters for foreign tour operators in foreign air transportation, we propose to amend Part 389 (Fees and Charges for Special Services) to impose a filing fee for prospectuses in connection with such tours. The fee would be \$5 for each tour charter described therein subject to a minimum charge of \$25 per prospectus.

<sup>1</sup> Order E-24697, served Jan. 31, 1967; affirmed by the Court of Appeals for the District of Columbia Circuit on Jan. 31, 1968. Pan American World Airways, et al. v. C.A.B., Nos. 20,860 and 21,149.



(2) Air transportation performed by a direct air carrier on a time, mileage, or trip basis where—

(i) The entire capacity of one or more aircraft has been engaged for the movement of persons and property—

(d) By an indirect air carrier, other than a tour operator or a foreign tour operator, authorized by the Board to charter aircraft from such direct air carrier;

(e) By a tour operator or a foreign tour operator as defined in Part 378 of this chapter; or

(ii) Less than the entire capacity of an aircraft has been engaged for the movement of persons and their personal baggage—

*Provided* That, with respect to subdivision (ii) of this subparagraph, a maximum of three groups may be chartered on one aircraft and each group shall consist of 40 or more passengers: *And provided, further*, That subdivision (ii) of this subparagraph shall not be construed to apply to movements of property and shall not be construed to apply to the charter of less than the entire capacity of an aircraft by an indirect air carrier or a tour operator or a foreign tour operator.

2. Amend § 295.2(b) (iii) and modify a proviso so that § 295.2(b) reads, in part as follows:

#### § 295.2 Definitions.

As used in this part, unless the context otherwise requires—

(b) "Charter flight" means air transportation performed by a direct air carrier on a time, mileage, or trip basis where

(1) the entire capacity of one or more aircraft has been engaged for the movement of persons and their personal baggage—

(iii) By a tour operator or a foreign tour operator as defined in Part 378 of this chapter;

or (2) less than the entire capacity \* \* \*

*Provided*, That, with respect to subparagraph (2), a maximum of three groups may be chartered on one aircraft and each group shall consist of 40 or more passengers: *And provided, further*, That subparagraph (2) of this paragraph shall not be construed to apply to the charter of less than the entire capacity of an air-

craft by a tour operator or a foreign tour operator.

3. Amend the Table of Contents for Part 378 to add the titles of new §§ 378.3a and 378.19 as follows:

Sec.	
378.3a	Jurisdiction over foreign tour operators.
378.19	Inclusive tours operated by U.S. supplemental carriers for foreign tour operators.

4. Amend § 378.1 to read as follows:

#### § 378.1 Applicability.

This part establishes the terms and conditions governing the furnishing of inclusive tours in interstate, overseas, and foreign air transportation by supplemental air carriers, certain foreign air carriers, and tour operators, and in foreign air transportation by foreign tour operators. This part also relieves tour operators from various provisions of the Act and the Board's regulations for the purpose of enabling them to provide inclusive tours to members of the general public utilizing aircraft chartered from supplemental air carriers and certain foreign air carriers. It also sets forth the circumstances and conditions under which supplemental air carriers may charter to foreign tour operators, and contains a limited declination of exercise of jurisdiction over the latter. The provisions of this regulation shall not be construed as limiting any other authority to engage in air transportation issued by the Board. Nothing contained in this part shall be construed as repealing or amending any provisions of any of the Board's regulations, unless the context so requires.

5. Amend § 378.2 (a), (b) (5), (c), and (d) and add (d-1) to read as follows:

#### § 378.2 Definitions.

As used in this part, unless the context otherwise requires—

(a) "Inclusive tour charter" means the charter of an entire aircraft by a tour operator or, with respect to tours which originate in a foreign country, a foreign tour operator for the carriage by a supplemental air carrier of persons traveling in air transportation on inclusive tours.

(5) An aircraft under charter to one tour operator or foreign tour operator may carry a maximum of three tour groups, provided that if more than one group is carried each of the groups shall consist of 40 or more tour participants.

(c) An "inclusive tour group" means an aggregate of persons who are assem-

bled by a tour operator or a foreign tour operator for the purpose of participation as a single unit in an inclusive tour.

(d) "Tour operator" means any person of U.S. citizenship (other than a supplemental air carrier) authorized hereunder to engage in the formation of groups for transportation on inclusive tours.

(d-1) "Foreign tour operator" means any person who is not a U.S. citizen (other than a direct foreign air carrier) engaging in the formation of groups for transportation on inclusive tours and over which the Board by § 378.3a has declined to exercise its jurisdiction.

6. Add a new § 378.3a to read as follows:

#### § 378.3a Jurisdiction over foreign tour operators.

The Board declines to exercise its jurisdiction over foreign tour operators with respect to inclusive tours which originate in a foreign country. The Board reserves the right to exercise its jurisdiction over any foreign tour operator at any time if it finds that such action is in the public interest.

7. Add a new § 378.19 to read as follows:

#### § 378.19 Inclusive tours operated by U.S. supplemental carriers for foreign tour operators.

(a) At least 90 days in advance of the date of departure of the proposed tour or series of tours to be operated by a U.S. supplemental air carrier for a foreign tour operator, the supplemental carrier shall file with the Civil Aeronautics Board (Director, Bureau of Operating Rights) a Tour Prospectus which shall contain the following information:

- (1) Name and address of the foreign tour operator;
- (2) The proposed date and time of each flight;
- (3) Equipment to be used, including the aggregate number of each type of aircraft and capacity;
- (4) The tour itinerary, including hotels (name and length of stay at each), and sightseeing or other arrangements, if any;
- (5) The tour price per passenger;
- (6) The number of persons expected to participate in the tour;
- (7) Charter price of the aircraft;
- (8) The individually ticketed air fare, computed as provided in § 378.2(b) (4).

(b) A U.S. supplemental air carrier operating an inclusive tour for a foreign tour operator shall require full payment of the total charter price prior to commencement of the air transportation.

[F.R. Doc. 68-4431; Filed, Apr. 12, 1968; 8:47 a.m.]



# Notices

## DEPARTMENT OF STATE

[Public Notice 293]

### AMERICAN BRINE, INC.

#### Notice of Application for Presidential Permit

The Department of State has received an application dated March 6, 1968, from American Brine, Inc., a Delaware corporation having its main office at 110 North Wacker Drive, Chicago, Ill. (a wholly owned subsidiary of Morton International, Inc., of the same address), requesting amendment of its existing Presidential Permit to construct, connect, operate, and maintain two pipelines and one electric cable appurtenant thereto under the Detroit River at Detroit, Mich., to a point on the international boundary line between the United States and Canada, near Windsor, Ontario, and to connect said pipelines and cable with like facilities in Canada. The existing Presidential permit authorizes the transmission of brine through the pipelines. The application requests only that the permit be amended to permit the transmission of all commercial fluids other than oil, natural gas, and other hydrocarbons.

Notice is hereby given that copies of this application are available to the public and that written comments thereon will be received by the Department of State for 30 days from the date of publication of this notice in the FEDERAL REGISTER.

Dated: April 4, 1968.

For the Secretary of State.

MURRAY J. BELMAN,  
Deputy Legal Adviser.

[F.R. Doc. 68-4417; Filed, Apr. 12, 1968;  
8:46 a.m.]

## DEPARTMENT OF THE INTERIOR

### Bureau of Indian Affairs

[Bureau Order 551, Amdt. 115]

#### CHIEF, BRANCH OF PLANT DESIGN AND CONSTRUCTION

#### Redelegation of Authority Regarding Specific Legislation

APRIL 6, 1968.

Order 551 (an order by which the Commissioner of Indian Affairs redelegates authority to Bureau officials), as amended, is further amended by the revision of subsection (d) under section 2, Authority of Central Office Personnel. The revision authorizes the Chief, Branch of Plant Design and Construction to exercise the authority of the Secretary of the Interior delegated to the Commissioner under section 23 of the

act of June 25, 1910. As so revised, section 2(d) reads as follows:

Sec. 2. Authority of Central Office Personnel.

(d) The Chief, Branch of Property and Supply, and the Chief, Branch of Plant Design and Construction (located in Albuquerque, N. Mex.), or anyone acting in their stead, are authorized to exercise all authority under section 23 of the act of June 25, 1910 (Public Law 313; 61st Congress, 2d session; 36 Stat. 861, as amended, 25 U.S.C. 47), which relates to the employment of Indian labor and for the purchase of the products of Indian industry in the open market, delegated to the Commissioner by the Secretary of the Interior; subject to the exceptions contained in the authority delegated by the Secretary to the Commissioner in Order 2508, Amendment 56 (28 F.R. 5687). Contracts or agreements entered into pursuant to this redelegation of authority shall conform to the requirements of Order 566, as amended.

ROBERT L. BENNETT,  
Commissioner.

[F.R. Doc. 68-4408; Filed, Apr. 12, 1968;  
8:45 a.m.]

[Portland Area Office Redelegation Order 1,  
Amdt. 19]

#### SUPERINTENDENTS, SCHOOL SUPERINTENDENT, PROJECT ENGINEER, AND ASSISTANT SUPERINTENDENTS

#### Redelegation of Authority Regarding Forestry Matters

APRIL 6, 1968.

Portland Area Office Redelegation Order 1, as amended, is further amended, under Part 2, by the revision of subsection (a) of section 2.230. The revision will give the Western Washington Agency Superintendent approval authority for timber sale contracts involving an estimated stumpage volume of 250,000 feet, board measure. Subsections (b), (c), (d), and (e) remain unchanged. As so revised, subsection (a) of section 2.230 reads as follows:

Sec. 2.230 *Forest Management.* (a) Issue advertisements and approve timber sale contracts on approved forms involving an estimated stumpage volume of not to exceed 100,000 feet, board measure, except for the Superintendent of the Western Washington Agency, who may issue advertisements and approve timber sale contracts involving an estimated stumpage volume of not to exceed 250,000 feet, board measure, pursuant to 25 CFR 141.8 and 25 CFR 141.13.

ROBERT L. BENNETT,  
Commissioner.

[F.R. Doc. 68-4409; Filed, Apr. 12, 1968;  
8:45 a.m.]

## Bureau of Land Management ADMINISTRATIVE OFFICER, VERNAL DISTRICT

### Redelegation of Authority Regarding Purchasing

District Manager, Vernal District Supplement to Bureau of Land Management Manual 1510.

A. Pursuant to delegation of authority contained in Bureau Manual Supplement 1510.03B2g, the Administrative Officer, Vernal District is authorized:

1. To purchase from established sources, supplies and services, excluding capitalized and major noncapitalized equipment not to exceed \$1,000 per transaction, and

2. To purchase on the open market supplies, materials and services, excluding capitalized and major noncapitalized equipment not to exceed \$500 per transaction: *Provided*, That the requirement is not available from established sources.

B. This authority may not be redelegated.

O'DELL A. FRANSEN,  
District Manager.

[F.R. Doc. 68-4414; Filed, Apr. 12, 1968;  
8:46 a.m.]

[New Mexico 5242]

### NEW MEXICO

#### Notice of Proposed Withdrawal and Reservation of Lands

APRIL 9, 1968.

The U.S. Department of Agriculture, Forest Service, has filed an application, Serial No. New Mexico 5242 for the withdrawal of lands described below, from all forms of appropriation, including the general mining, but not the mineral leasing laws. The applicant desires the land for use as an administrative site.

For a period of 30 days from the date of publication of this notice, all persons who wish to submit comments, suggestions, or objections in connection with the proposed withdrawal may present their views in writing to the undersigned officer of the Bureau of Land Management, Department of the Interior, Chief, Division of Lands and Minerals, Program Management and Land Office, Post Office Box 1449, Santa Fe, N. Mex. 87501.

The authorized officer of the Bureau of Land Management will undertake such investigations as are necessary to determine the existing and potential demand for the lands and their resources. He will also undertake negotiations with the applicant agency with the view of adjusting the application to reduce the area to the minimum essential to meet the applicant's needs, to provide for the maximum concurrent utilization of the lands for purposes other than the applicant's,



to eliminate lands needed for purposes more essential than the applicant's, and to reach agreement on the concurrent management of the lands and their resources.

He will also prepare a report for consideration by the Secretary of the Interior who will determine whether or not the lands will be withdrawn as requested by the applicant.

The determination of the Secretary on the application will be published in the FEDERAL REGISTER. A separate notice will be sent to each interested party of record.

If circumstances warrant it, a public hearing will be held at a convenient time and place, which will be announced.

The lands involved in the application are:

NEW MEXICO PRINCIPAL MERIDIAN

T. 18 S., R. 10 E.,  
Sec. 16, S $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$ , N $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ ,  
SE $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ , and NE $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ .

The area described contains 60 acres.

MICHAEL T. SOLAN,  
Chief, Division of Lands and  
Minerals, Program Management  
and Land Office.

[F.R. Doc. 68-4430; Filed, Apr. 12, 1968;  
8:47 a.m.]

## DEPARTMENT OF AGRICULTURE

### Commodity Credit Corporation SALES OF CERTAIN COMMODITIES April Sales List

*Amendment 1.* The 14th paragraph of the Notice to Buyer section of the CCC Monthly Sales List for April 1968 (33 F.R. 5469) is amended to read as follows:

The following commodities are currently available for new and existing barter contracts: Oats, cotton (upland and extra long staple), and tobacco. Wheat and grain sorghum are also available under conditions noted in the individual commodity listings. (In addition, free market stocks of corn, grain sorghum, oats, wheat, and wheat flour, under Announcement PS-1; tobacco under Announcement PS-3; upland and extra long staple cotton under Announcement PS-4; and cottonseed oil and soybean oil under Announcement PS-2 are eligible for programming in connection with barter contracts covering procurements for Federal agencies that will reimburse CCC except that Hard Red Winter, Hard Red Spring, and Durum wheats, and flour produced from those wheats, may not be exported through west coast ports, nor may Hard Red Winter wheat 13 percent or higher protein be exported from gulf coast ports under announcement of January 2, 1968, pertaining to quality incremental subsidy.) Further information on private-stock commodities may be obtained from the Office of Barter and Stockpiling, Foreign Agricultural Service, USDA, Washington, D.C. 20250.

Signed at Washington, D.C., April 5, 1968.

ROLAND F. BALLOU,  
Acting Executive Vice President,  
Commodity Credit Corporation.

[F.R. Doc. 68-4436; Filed, Apr. 12, 1968;  
8:48 a.m.]

## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

### Office of the Secretary DIVISION OF MICROBIOLOGY, BUREAU OF SCIENCE

#### Statement of Organization, Functions, and Delegations of Authority

Part 10 (Food and Drug Administration) of the Statement of Organization, Functions, and Delegations of Authority for the Department of Health, Education, and Welfare (32 F.R. 10010) is hereby amended as follows:

In section 10-B Organization and Functions, the statement for the Division of Microbiology of the Bureau of Science has been revised as follows:

*Division of Microbiology*—Originates, plans, and conducts researches to determine the nature, extent, and significance of microbial and other microscopic contaminants occurring in foods and drugs; studies causes and develops methods for the detection and prevention of food poisoning. Devises new microscopic methods for the analysis of foods and cosmetics, and biological methods for the analysis of foods, drugs, and cosmetics; and explores the utilization of novel biological systems, instruments, and techniques. Designs and participates in collaborative studies to determine the reliability of new analytical methods and to evaluate important discoveries within the areas of its special competence. Organizes and conducts short-term training courses to impart its findings to scientists in other Bureaus of FDA and to State and municipal regulatory officials. Recommends the initiation of new research projects to the Bureau Director. Provides expert advice and consultation to the Commissioner and the components of FDA and to other Government agencies with respect to technological developments, research, and the interpretation of scientific information in the areas of microbiology (bacteriology, mycology, virology, etc.) entomology and other biological sciences, and microanalysis; participates in the formulation of regulatory programs involving these disciplines. Performs regulatory analyses when required facilities are not available elsewhere, and when additional or check data are desired to support legal actions. Publishes the results of its investigations in scientific journals and circulates preliminary reports among the scientists in

FDA to apprise them promptly of its findings.

Dated: April 9, 1968.

DONALD F. SIMPSON,  
Assistant Secretary  
for Administration.

[F.R. Doc. 68-4437; Filed, Apr. 12, 1968;  
8:48 a.m.]

## ATOMIC ENERGY COMMISSION

[Docket No. 50-240]

### GULF GENERAL ATOMIC, INC.

#### Notice of Proposed Issuance of Facility License Amendment

The Atomic Energy Commission is considering the issuance of an amendment, as set forth below, to Facility License No. R-104. The license authorizes Gulf General Atomic, Inc., to possess and operate the Modified HTGR Critical Facility on its Torrey Pines Mesa site in San Diego, Calif. The amendment would change (by adding a new § 13.6) the Technical Specifications appended to License No. R-104 to authorize the performance of experiments relating to the measurement of the reactivity worth of and the interaction between simulated control rod elements (experimental elements), in accordance with application for amendment dated September 6, 1967, and supplement thereto dated November 22, 1967.

Within fifteen (15) days from the date of publication of this notice in the FEDERAL REGISTER, the applicant may file a request for a hearing, and any person whose interest may be affected by the issuance of this facility license amendment may file a petition for leave to intervene. Requests for a hearing and petitions to intervene shall be filed in accordance with the provisions of the Commission's rules of practice, 10 CFR Part 2. If a request for a hearing or a petition for leave to intervene is filed within the time prescribed in this notice, a notice of hearing or an appropriate order will be issued.

For further details with respect to this proposed license amendment, see (1) the application for amendment dated September 6, 1967, and supplement thereto dated November 22, 1967, (2) a related Safety Evaluation prepared by the Division of Reactor Licensing, and (3) related changes to the Technical Specifications, all of which are available for public inspection in the Commission's Public Document Room, 1717 H Street, NW., Washington, D.C. A copy of the Safety Evaluation may be obtained at the Commission's Public Document Room or upon request addressed to the Atomic Energy Commission, Washington, D.C. 20545, Attention: Director, Division of Reactor Licensing.



Dated at Bethesda, Md., this 9th day of April 1968.

For the Atomic Energy Commission.

DONALD J. SKOVHOLT,  
Assistant Director for Reactor  
Operations, Division of Re-  
actor Licensing.

PROPOSED AMENDMENT TO FACILITY LICENSE  
[License R-104 Amdt. 2]

The Atomic Energy Commission has found that:

a. The application for license amendment dated September 6, 1967, as supplemented by letter dated November 22, 1967, complies with the requirements of the Atomic Energy Act of 1954, as amended, and the Commission's regulations set forth in Title 10, Chapter 1, CFR;

b. There is reasonable assurance that (1) the reactor can be operated in accordance with the license as amended, without endangering the health and safety of the public, and (2) such activities will be conducted in compliance with the rules and regulations of the Commission; and

c. The issuance of this amendment will not be inimical to the common defense and security or to the health and safety of the public.

Facility License No. R-104, as amended, issued to Gulf General Atomic, Inc., authorizing possession and operation of the Modified HTGR Critical Facility located on the Torrey Pines Mesa site in San Diego, Calif., is hereby further amended by adding the following subparagraph to paragraph 3.B:

"The Technical Specifications contained in appendix A are changed by adding § 13.6, appended hereto as attachment A and designated as Change No. 1, to authorize performance of experiments relating to the measurement of the reactivity worth of and the interaction between simulated control rod elements (experimental elements) in accordance with application for amendment dated September 6, 1967, and November 22, 1967, supplement thereto."

For the Atomic Energy Commission.

DONALD J. SKOVHOLT,  
Assistant Director for Reactor Opera-  
tions, Division of Reactor Licensing.

Attachment A: Change No. 1 to Technical Specifications.<sup>1</sup>

Date of Issuance:

[F.R. Doc. 68-4415; Filed, Apr. 12, 1968;  
8:46 a.m.]

## CIVIL AERONAUTICS BOARD

[Docket No. 19683; Order E-26623]

### PILGRIM AVIATION AND AIRLINES, INC.

#### Order To Show Cause Regarding Establishment of Service Mail Rate

By notice of intent filed on March 6, 1968, pursuant to 14 CFR Part 298, and amended petition filed April 1, 1968, the Postmaster General petitioned the Board

<sup>1</sup> This item was not filed with the Office of the Federal Register but is available for inspection in the Public Document Room of the Atomic Energy Commission.

to establish for Pilgrim Aviation and Airlines, Inc., an air taxi operator, a final service mail rate of 7 cents per pound for the transportation of airmail and first-class mail by aircraft between New London, Conn., New Haven, Conn., and New York, N.Y.

The Postmaster General states that present schedules and services in this market do not meet postal requirements. Pilgrim proposes to initiate service with Twin Otter type aircraft. No protest or objection has been filed against the services proposed in the notice of intent.

The Postmaster General also states that the proposed rate is acceptable to the Department and the carrier, and represents a fair and reasonable rate of compensation for the services which the carrier will perform. The Postmaster General believes these services will meet postal needs in this market.

Since no mail rate is presently in effect for this carrier in this market, it is in the public interest to fix and determine the fair and reasonable rate of compensation to be paid to Pilgrim Aviation and Airlines, Inc., by the Postmaster General for the transportation of mail by aircraft, the facilities used and useful therefor, and the services connected therewith, between the aforesaid points. Upon consideration of the notice of intent and other matters officially noticed, it is proposed to issue an order<sup>1</sup> to include the following findings and conclusions:

1. That the fair and reasonable final service mail rate to be paid to Pilgrim Aviation and Airlines, Inc., pursuant to section 406 of the Act for the transportation of mail by aircraft, the facilities used and useful therefor, and the services connected therewith between New London, Conn., New Haven, Conn., and New York, N.Y., as described in the notice of intent, shall be 7 cents per pound explained.

2. The final service mail rate here fixed and determined is to be paid in its entirety by the Postmaster General.

Accordingly, pursuant to the Federal Aviation Act of 1958, and particularly sections 204(a) and 406 thereof, and regulations promulgated in 14 CFR Part 302, 14 CFR Part 298, and 14 CFR 385.14(f),

It is ordered, That:

1. All interested persons and particularly Pilgrim Aviation and Airlines, Inc., the Postmaster General, Allegheny Airlines, Inc., and Eastern Air Lines, Inc., are directed to show cause why the Board should not adopt the foregoing proposed findings and conclusions and fix, deter-

<sup>1</sup> As this order to show cause does not constitute a final action and merely affords interested persons an opportunity to be heard on the matters herein proposed, it is not regarded as subject to the review provisions of Part 385 (14 CFR Part 385). The provisions of that part dealing with petitions for Board review will be applicable to any final action which may be taken by the staff in this matter under authority delegated in § 385.14(g).

mine, and publish the final rate specified above, as the fair and reasonable rate of compensation to be paid to Pilgrim for the transportation of mail by aircraft, the facilities used and useful therefor, and the services connected therewith as specified above;

2. Further procedures herein shall be in accordance with 14 CFR Part 302, and if there is any objection to the rate or to the other findings and conclusions proposed herein, notice thereof shall be filed within 10 days, and if notice is filed, written answer and supporting documents shall be filed within 30 days after the date of service of this order;

3. If notice of objection is not filed within ten days after service of this order, or if notice is filed and if answer is not filed within 30 days after service of this order, all persons shall be deemed to have waived the right to a hearing and all other procedural steps short of a final decision by the Board, and the Board may enter an order incorporating the findings and conclusions proposed herein and fix and determine the final rate specified herein;

4. If answer is filed presenting issues for hearing, the issues involved in determining the fair and reasonable final rate shall be limited to those specifically raised by the answer, except insofar as other issues are raised in accordance with Rule 307 of the rules of practice (14 CFR 302.307); and

5. This order shall be served upon Pilgrim Aviation and Airlines, Inc., the Postmaster General, Allegheny Airlines, Inc., and Eastern Air Lines, Inc.

This order will be published in the FEDERAL REGISTER.

[SEAL] HAROLD R. SANDERSON,  
Secretary.

[F.R. Doc. 68-4432; Filed, Apr. 12, 1968;  
8:47 a.m.]

[Docket No. 18142]

### SOCIETE ANONYME BELGE D'EX- PLOITATION DE LA NAVIGATION AERIENNE ENFORCEMENT PRO- CEEDING

#### Notice of Hearing

Notice is hereby given, pursuant to the provisions of the Federal Aviation Act of 1958, as amended, that hearing in the above-entitled matter is assigned to be held on May 6, 1968, at 10 a.m., e.d.s.t., in Room 211, Universal Building, 1825 Connecticut Avenue NW., Washington, D.C., before Examiner Robert M. Johnson.

Dated at Washington, D.C., April 8, 1968.

[SEAL] THOMAS L. WRENN,  
Chief Examiner.

[F.R. Doc. 68-4433; Filed, Apr. 12, 1968;  
8:47 a.m.]



## FEDERAL COMMUNICATIONS COMMISSION

[List No. CTV-7]

## CANADIAN TELEVISION STATIONS

## List of Changes, Additions and Corrections in Assignments

APRIL 5, 1968.

List of changes, additions and corrections in Canadian television assignments compiled from details supplied by the Department of Transport of Canada, pursuant to section B of the Canadian-United States television agreement (TIAS-2594) on or before April 1, 1968. This list is supplementary to the recapitulative list issued by the commission on June 22, 1966.

Call sign	Licensee	Location	Effective radiated power (kw)	Directivity	Above ground	Above m.s.l.	Above terrain	Offset
<i>Channel 2 (54-60 mc)</i>								
CBXT-5	Canadian B/Cing Corp	Lac La Biche, Alberta	0.825 V	} D.A.	218	2,320	281	(+)
		N. 54°44'25", W. 112°03'30"	0.165 A					
CHSA-TV	CHSA TV, Ltd	Lloyminster, Alberta	116.00 V	} Om.	633	2,783	730	No.
		N. 53°23'50", W. 110°00'40"	58.0 A					
CHBC-TV	Okanagan Valley TV Co., Ltd	Kelowna, British Columbia	3.70 V	} Om.	77	4,310	2,704	No.
		N. 49°58'00", W. 119°31'40"	0.48 A					
CFCL-TV-2	J. Conrad Lavigne Enterprises, Ltd	Kirkland Lake (Kearns), Ontario	14.60 V	} D.A.	400	1,750	722	No.
		N. 48°08'12", W. 79°33'12"	7.30 A					
<i>Channel 3 (60-66 mc)</i>								
CJLH-TV-1	Lethbridge Television, Ltd	Burmis, Alberta	0.225 V	} D.A.	110	4,765	420	No.
		N. 49°31'54", W. 114°11'37"	0.112 A					
CFCK-TV	Skeena Broadcasters	Terrace, British Columbia	4.10 V	} Om.	70	3,390	1,783	No.
		N. 54°31'04", W. 128°28'16"	2.10 A					
CBYBT	Canadian B/Cing Corp	Port-Aux-Basque, Newfoundland	0.47 V	} D.A.	176	381	187	(-)
		N. 47°34'49", W. 59°08'45"	0.235 A					
CFCL-TV-3	J. Conrad Lavigne Enterprises, Ltd	Kapuskasing, Ontario	0.075 V	} D.A.	380	1,137	368	(+)
		N. 49°22'32", W. 82°21'35"	0.0375 A					
CFQC-TV-1	A. A. Murphy and Sons, Ltd	Stranraer, Saskatchewan	6.80 V	} D.A.	520	3,100	930	(-)
		N. 51°40'45", W. 108°30'55"	1.02 A					
CKOS-TV	Yorktown TV Co.	Yorktown, Saskatchewan	15.00 V	} Om.	525	2,284	534	No.
		N. 51°12'53", W. 102°43'59"	2.60 A					
<i>Channel 4 (66-72 mc)</i>								
CBWT-2	Canadian B/Cing Corp	Lac du Bonnet, Manitoba	9.70 V	} Om.	486	1,336	443	No.
		N. 50°15'30", W. 95°57'20"	1.90 A					
<i>Channel 5 (76-82 mc)</i>								
CBUAT-3	Canadian B/Cing Corp	Crawford Bay, British Columbia	0.468 V	} D.A.	138.7	3,359.7	-440	No.
		N. 49°38'54", W. 116°50'53"	0.930 A					
CJDC-TV	Radio Station CJDC	Dawson Creek, British Columbia	5.00 V	} D.A.	420	3,730	1,236	No.
		N. 55°43'44", W. 120°28'42"	0.76 A					
CBYT	Canadian B/Cing Corp	Corner Brook, Newfoundland	10.00 V	} D.A.	230	1,229	490	No.
		N. 48°56'01", W. 57°58'04"	2.12 A					
CKSO-TV	CKSO Radio, Ltd	Sudbury, Ontario	100.00 V	} Om.	975	2,006	1,049	No.
		N. 46°30'02", W. 81°01'16"	14.40 A					
<i>Channel 6 (82-88 mc)</i>								
CBWFT	Canadian B/Cing Corp. (Delete assignment)	St. Boniface, Manitoba	2.87 V	} Om.	203.4	964	196	(-)
		N. 49°38'25", W. 97°09'20"	1.72 A					
CBYBT	Canadian B/Cing Corp	St. Andrew's, Newfoundland	0.50 V	} D.A.	186	486	115	(+)
		N. 47°48'12", W. 59°17'23"	0.52 A					
CJCB-TV-1	Cape Breton B/Csters, Ltd	Inverness, Nova Scotia	9.40 V	} Om.	118	1,268	1,017	No.
		N. 46°09'13", W. 61°23'01"	4.70 A					
CKBL-TV-5	La Compaigne de Radiodiffusion de Matane, Ltee.	Matane, Quebec	0.422 V	} Om.	64	414	134	(+)
		N. 48°49'34", W. 67°32'34"	0.211 A					
CKOS-TV-3	Yorktown TV Co., Ltd	Wynyard, Saskatchewan	11.00 V	} Om.	514	2,539	614	No.
		N. 51°42'30", W. 104°17'55"	1.80 A					
<i>Channel 7 (174-180 mc)</i>								
CHBC-TV-2	Okanagan Valley TV Co., Ltd	Vernon, British Columbia	0.310 V	} D.A.	93	2,826	805	(-)
		N. 50°16'58", W. 119°19'09"	0.039 A					
CJAY-TV	Channel 7 Television, Ltd	Winnipeg, Manitoba	325.00 V	} Om.	929.5	1,704.5	932.5	(+)
		N. 49°34'48", W. 97°10'04"	65.00 A					
CKCD-TV	Moncton, B/Cing, Ltd	Campbellton, New Brunswick (Harrison Brook)	1.44 V	} D.A.	90	1,140	640	(-)
		N. 48°04'57", W. 66°34'54"	0.72 A					
CFCL-TV-6	J. Conrad Lavigne, Ltd	Chapleau, Ontario	0.101 A	} D.A.	256	1,876	420	(+)
		N. 47°51'15", W. 83°25'08"	0.020 V					
<i>Channel 8 (180-186 mc)</i>								
CBXT-3	Canadian B/Cing Co., Ltd	Hinton, Alberta	0.350 V	} D.A.	109	4,239	312	No.
		N. 53°23'49", W. 117°42'30"	0.175 A					
CHBC-TV-3	Okanagan Valley Television Co.	Oliver, British Columbia	0.110 V	} D.A.	57	2,487	1,346	No.
		N. 49°06'00", W. 119°34'45"	0.01A					
CKSS-TV	Yorkton Television Co., Ltd	Baldy Mountain (Dauphin), Manitoba	120.00V	} D.A.	540	3,267	1,147	No.
		N. 51°28'14", W. 100°43'10"	12.00A					
CKSS-TV	Canadian B/Cing Corp	Stephenville, Newfoundland	11.60V	} D.A.	178	1,398	1,231	No.
		N. 48°35'23", W. 58°29'44"	2.32A					
CFYT-TV	Canadian B/Cing Corp	Yellowknife, Northwest Territory	0.0590V	} Om.	78	668	100	No.
		N. 62°27'09", W. 114°22'09"	0.0059A					
CJSS-TV	Cornwall B/Cing Ltd	Cornwall, Ontario	130.00V	} D.A.	638	813	615	(+)
		N. 45°10'35", W. 74°31'33"	78.00A					
CBLAT-1	Canadian B/Cing Corp	Manitouwadge, Ontario	22.00V	} D.A.	581	1,997	599	(+)
		N. 49°08'21", W. 85°49'23"	4.40A					
CFQC-TV	A. A. Murphy and Sons, Ltd	Saskatoon, Saskatchewan	180.00V	} D.A.	625	2,585	866	(+)
		N. 52°11'30", W. 106°23'01"	27.00A					



Call sign	Licensee	Location	Effective radiated power (kw)	Directivity	Above ground	Above m.s.l.	Above terrain	Offset
<i>Channel 9 (186-192 mc)</i>								
CHBC-TV-4	Okanagan Valley Television Co., Ltd.	Salmon Arm, British Columbia	0.199V N. 50°45'20", W. 119°19'45"	} D.A.	110	1,810	155	(-)
CBFST-3	Canadian B/Cing Corp. (delete assignment)	Elliot Lake, Ontario	0.025A					
CBLAT-3	Canadian B/Cing Corp.	N. 46°23'21", W. 82°37'06"	10.80V	} D.A.	145	1,645	532	(+)
		Wawa, Ontario	5.40A					
		N. 48°01'13", W. 84°44'08"	16.00V	} D.A.	374	1,814	581	(+)
			3.20A					
<i>Channel 10 (192-198 mc)</i>								
CFCH-TV	Tel-Ad Co., Ltd.	North Bay (Callander), Ontario	119.00 V	} D.A.	340	1,185	420	(-)
CKBI-TV-1	Central B/Cing Co., Ltd.	N. 46°12'15", W. 79°21'05"	61.00 A					
		Alticane, Saskatchewan	0.34 V	} D.A.	162.5	2,602.5	590	(+)
		N. 52°51'47", W. 107°39'51"	0.70 A					
<i>Channel 11 (198-204 mc)</i>								
CBUAT	Canadian B/Cing Corp.	Trail, British Columbia	5.540 V	} D.A.	203	4,453	703	No.
CBAFT	Canadian B/Cing Corp.	N. 49°05'27", W. 117°47'55"	1.670 A					
CBIAT-4	Canadian B/Cing Corp.	Moncton, New Brunswick	165.00 V	} D.A.	394	1,010	781	No.
		N. 46°08'41", W. 64°54'14"	35.00 A					
		Marathon, Ontario	7.66 V	} D.A.	378	1,758	932	(-)
		N. 48°44'03", W. 86°34'18"	1.530 A					
<i>Channel 12 (204-210 mc)</i>								
CJBR-TV-1	Lower St. Lawrence Radio, Inc. (Delete assignment)	Edmunston, New Brunswick	1.43 V	} D.A.	521	1,696	856	No.
CBFST-3	Canadian B/Cing Corp.	N. 47°23'25", W. 68°18'59"	0.714 A					
		Elliot Lake, Ontario	18.60 V	} D.A.	145	1,645	532	(+)
		N. 46°33'21", W. 82°37'06"	3.72 A					
<i>Channel 13 (210-216 mc)</i>								
CHBC-TV-1	Okanagan Valley TV Co., Ltd.	Penticton, British Columbia	0.300 V	} D.A.	91	4,391	2,717	No.
CJBR-TV-1	Lower St. Lawrence Radio, Inc.	N. 49°39'34", W. 119°34'18"	0.093 A					
CBLAT	Canadian B/Cing Corp.	Edmunston, New Brunswick	1.430 V	} D.A.	521	1,696	856	No.
		N. 47°23'25", W. 68°18'59"	0.714 A					
CKCO-TV	Central Ontario TV, Ltd.	Geraldton, Ontario	2.00 V	} D.A.	540	1,600	598	(+)
		N. 49°43'50", W. 80°43'21"	4.40 A					
		Kitchener, Ontario	325.00 V	} Om.	653.8	2,089	954	(+)
		N. 43°24'15", W. 80°38'05"	65.00 A					
<i>Channel 72</i>								
CHGP-TV-1	Princeton Television, Ltd. (Delete assignment)	Princeton, British Columbia	0.039 V	} D.A.	53	4,153	665	No.
CHBC-TV-5	Okanagan Television Co., Ltd. (new assignment)	N. 49°28'18", W. 120°33'57"	0.020 A					
CJAO-TV-1	Gaspé Television, Ltd.	Enderby, British Columbia	0.020 V	} D.A.	103	2,003	-625	No.
		N. 50°33'48", W. 119°06'10"	0.0025 A					
<i>Channel 80</i>								
		Mont Blanc, Province of Quebec	0.401 V	} D.A.	62.25	1,262.25	1,126.5	(No.)
		N. 48°31'39", W. 64°14'40"	0.201 A					

[SEAL]

FEDERAL COMMUNICATIONS COMMISSION,  
BEN F. WAPLE,  
Secretary.

[F.R. Doc. 68-4389; Filed, Apr. 12, 1968; 8:45 a.m.]

[Docket No. 18035; FCC 68M-564]

**CARDINAL BROADCASTING CO., INC.**  
**Order Continuing Prehearing Conference**

In re application of Cardinal Broadcasting Co., Inc., Jenkins, Ky., for construction permit, Docket No. 18035, File No. BP-16924.

The Hearing Examiner having under consideration the informal request of Folkways Broadcasting Co., Inc., dated April 3, 1968, for continuance of the prehearing conference scheduled herein for April 18, 1968, to April 26, 1968 commencing at 2 p.m.;

It appearing, that all parties have consented to immediate consideration and grant of said request which is predicated on personal reasons of counsel for Folkways Broadcasting Co., Inc., which constitute good cause for a grant thereof:

It is ordered, That the said request is granted, and the prehearing conference scheduled for April 18, 1968, is continued to April 26, 1968, commencing at 2 p.m.

in the offices of the Commission at Washington, D.C.

Issued: April 5, 1968.

Released: April 8, 1968.

FEDERAL COMMUNICATIONS COMMISSION,  
[SEAL] BEN F. WAPLE,  
Secretary.

[F.R. Doc. 68-4422; Filed, Apr. 12, 1968; 8:46 a.m.]

[Docket Nos. 18093-18095; FCC 68M-567]

**MANATEE CABLEVISION, INC., ET AL.**  
**Order Scheduling Hearing**

In re petition by Manatee Cablevision, Inc., Manatee County, Fla., Docket No. 18093, File No. CATV 100-78, for authority pursuant to § 74.1107 of the rules to operate CATV systems in the Tampa-St. Petersburg, Fla., Television Market (ARB 31) and in re petitions by Clear Channel TV, Inc., Holly Hill and part of Volusia County, Fla., Docket No. 18094,

File No. CATV 100-262; Halifax Cable TV, Inc., Daytona Beach, South Daytona, and unincorporated Volusia County, Fla., Docket No. 18095, File No. CATV 100-296; for authority pursuant to § 74.1107 of the rules to operate CATV systems in the Orlando-Daytona Beach Television Market (ARB 65).

It is ordered, That Forest L. McClenning shall serve as Presiding Officer in the above-entitled proceeding; that the hearings therein shall be convened on June 4, 1968, at 10 a.m.; and that a prehearing conference shall be held on May 8, 1968, commencing at 9 a.m.; And, it is further ordered, That all proceedings shall take place in the offices of the Commission, Washington, D.C.

Issued: March 25, 1968.

Released: April 8, 1968.

FEDERAL COMMUNICATIONS COMMISSION,  
[SEAL] BEN F. WAPLE,  
Secretary.

[F.R. Doc. 68-4423; Filed, Apr. 12, 1968; 8:46 a.m.]



[Canadian Change List 241]

### RADIOTELEGRAPH EQUIPPED VESSELS WITH RADIOTELEGRAPH AUTO ALARMS

#### Notice to Ship Owners and Radio Station Licensees

APRIL 1, 1968.

Radiotelegraph auto alarms which were type approved by the Commission prior to January 1, 1954, and installed prior to May 26, 1965, are acceptable until May 26, 1969. Effective May 26, 1969, all radiotelegraph auto alarm type approvals dated prior to January 1, 1954, will be canceled.

As specified in § 83.453 of the Commission's rules, type approval for the following listed radiotelegraph auto alarms will be canceled effective May 26, 1969.

Manufacturer	Type No.	Date of FCC type approval
Radiomarine Corp. of America.	AR-8600	3-1-40
	AR-8600-X	2-13-42
	AR-8600-XA	12-16-52
	AR-8601	6-6-42
	AR-8601-A	12-16-52
Mackay Radio & Telegraph Co.	AR-8602	7-8-52
	101-A	3-1-40
	101-B	3-1-40
	5001-A	7-14-47

The above-listed types of radiotelegraph auto alarms when installed on U.S. vessels for compliance with compulsory radiotelegraph requirements must be replaced with types of auto alarms approved subsequent to January 1, 1954. The replacement of the auto alarm must be completed prior to May 26, 1969.

An application for modification of the ship station license is not required when the auto alarm is changed. However the licensee should promptly notify the Commission of the change. The notice, which may be in letter form should contain the name of the vessel, the call sign and the name of the manufacturer and type number of the new auto alarm. The notice should be sent to the Federal Communications Commission, Washington, D.C. 20554, and a copy should be posted with the license until a new license is issued.

FEDERAL COMMUNICATIONS COMMISSION,

[SEAL] BEN F. WAPLE,  
Secretary.

[F.R. Doc. 68-4424; Filed, Apr. 12, 1968; 8:47 a.m.]

### CANADIAN BROADCAST STATIONS

#### List of Changes, Proposed Changes, and Corrections in Assignment

MARCH 26, 1968.

Notification under the provision of Part III, section 2 of the North American Regional Broadcasting Agreement.

List of changes, proposed changes, and corrections in assignment of Canadian Broadcast Stations modifying appendix containing Assignments of Canadian Stations (Mimeograph No. 47214-3) attached to the Recommendation of the North American Regional Broadcasting Agreement Engineering Meeting.

Call letters	Location	Power kw	Antenna	Schedule	Class	Expected date of commencement of operation
VOWR (correction of geographical coordinates only 47° 34'19"N., 52°45'14" W.)	St. Johns, Newfoundland	1 kw	800 kilocycles	ND	U	II
CJLR (now in operation with change in mode of operation notified in list No. 229).	Quebec, Quebec	10 kw	1000 kilocycles	DA-2	U	II
New	Castlegar, British Columbia	1 kw D/0.25N	1250 kilocycles	DA-D ND-N	U	IV E.I.O. 3-31-69.
CHGB (daytime increase only—PO: 1310 kc/s 5 kw, DA-N).	Ste. Anne de la Pocatiere, Quebec	10 kw D/5 kW N	1510 kilocycles	DA-N	U	III E.I.O. 3-31-69.
New (delete assignment—see substitution assignment for Guelph, Ontario, on this frequency, notified on list No. 240).	Burlington, Ontario	1 kw	1570 kilocycles	DA-2	U	II E.I.O. 3-31-69.
New (delete assignment—see substitution assignment for Guelph, Ontario, on this frequency, notified on list No. 240).	Kitchener-Waterloo, Ontario	10 kw	1690 kilocycles	DA-2	U	III

[SEAL]

FEDERAL COMMUNICATIONS COMMISSION,  
BEN F. WAPLE,  
Secretary.

[F.R. Doc. 68-4425; Filed, Apr. 12, 1968; 8:47 a.m.]

### FEDERAL MARITIME COMMISSION UNIVERSAL SHIPPING CORP. AND NACIREMA OPERATING CO., INC.

#### Notice of Agreement Filed for Approval

Notice is hereby given that the following agreement has been filed with the Commission for approval pursuant to section 15 of the Shipping Act, 1916, as amended (39 Stat. 733, 75 Stat. 763, 46 U.S.C. 814).

Interested parties may inspect and obtain a copy of the agreement at the Washington office of the Federal Maritime Commission, 1321 H Street NW., Room 609; or may inspect agreements at the offices of the District Managers, New York, N.Y., New Orleans, La., and San

Francisco, Calif. Comments with reference to an agreement including a request for hearing, if desired, may be submitted to the Secretary, Federal Maritime Commission, Washington, D.C. 20573, within 20 days after publication of this notice in the FEDERAL REGISTER. A copy of any such statement should also be forwarded to the party filing the agreement (as indicated hereinafter), and the comments should indicate that this has been done.

Notice of agreement filed for approval by:

Mr. John Cunningham, Attorney at Law, Kominers, Fort Schlefer, Farmer and Boyer, 1401 K Street NW., Washington, D.C. 20005.

Agreement No. T-2158 between Universal Shipping Corp. (Universal) and Nacirema Operating Co., Inc. (Nacirema), provides for a joint venture whereby Universal agrees to discharge its chartered



vessels at Berths 5 and 7, Port Newark, N.J., and Nacirema will provide terminal and stevedoring services for Universal's vessels and any other vessels loading or discharging at Berths 5 and 7. The joint venture will pay a fixed monthly rental for the berths and will share equally in either profits or losses. In addition to the facilities at Berths 5 and 7, the joint venture applies to all cargoes of steel discharged by Nacirema whether at Berths 5 and 7 or anywhere in the New York Harbor area.

Dated: April 8, 1968.

By order of the Federal Maritime Commission.

THOMAS LIST,  
Secretary.

[F.R. Doc. 68-4411; Filed, Apr. 12, 1968;  
8:46 a.m.]

### ITALY, SOUTH FRANCE/U.S. GULF CONFERENCE

#### Notice of Agreement Filed for Approval

Notice is hereby given that the following agreement has been filed with the Commission for approval pursuant to section 15 of the Shipping Act, 1916, as amended (39 Stat. 733, 75 Stat. 763, 46 U.S.C. 814).

Interested parties may inspect and obtain a copy of the agreement at the Washington office of the Federal Maritime Commission, 1321 H Street NW., Room 609; or may inspect agreements at the offices of the District Managers, New York, N.Y., New Orleans, La., and San Francisco, Calif. Comments with reference to an agreement including a request for hearing, if desired, may be submitted to the Secretary, Federal Maritime Commission, Washington, D.C. 20573, within 20 days after publication of this notice in the FEDERAL REGISTER. A copy of any such statement should also be forwarded to the party filing the agreement (as indicated hereinafter), and the comments should indicate that this has been done.

Notice of agreement filed for approval by:

Mr. G. Ravera, Secretary, Italy, South France/U.S. Gulf Conference, Vico San Luca 4, 16123 Genova, Italy.

Agreement No. 9522-8, between the member lines of the Italy, South France/U.S. Gulf Conference, modifies the basic agreement (1) to extend its geographic scope to include North African Spanish ports and Spanish Mediterranean Island ports, and (2) to change the name of the Conference to read "Italy, South France, South Spain/U.S. Gulf Conference."

Dated: April 10, 1968.

By order of the Federal Maritime Commission.

THOMAS LIST,  
Secretary.

[F.R. Doc. 68-4426; Filed, Apr. 12, 1968;  
8:47 a.m.]

### CUNARD STEAM-SHIP CO., LTD., ET AL.

#### Notice of Agreement Filed for Approval

Notice is hereby given that the following agreement has been filed with the Commission for approval pursuant to section 15 of the Shipping Act, 1916, as amended (39 Stat. 733, 75 Stat. 763, 46 U.S.C. 814).

Interested parties may inspect and obtain a copy of the agreement at the Washington office of the Federal Maritime Commission, 1321 H Street NW., Room 609; or may inspect agreements at the offices of the District Managers, New York, N.Y., New Orleans, La., and San Francisco, Calif. Comments with reference to an agreement including a request for hearing, if desired, may be submitted to the Secretary, Federal Maritime Commission, Washington, D.C. 20573, within 10 days after publication of this notice in the FEDERAL REGISTER. A copy of any such statement should also be forwarded to the party filing the agreement (as indicated hereinafter) and the comments should indicate that this has been done.

The Cunard Steam-Ship Co., Ltd., and Cunard Line, Ltd., and French Line.

Notice of agreement filed for approval by:

Mr. Burton H. White, Burlingham, Underwood, Wright, White and Lord, 25 Broadway, New York, N.Y. 10004.

Agreement No. 9708, between The Cunard Steam-Ship Co., Ltd., and Cunard Line, Ltd., and French Line, establishes a cooperative working arrangement (1) for the scheduling of the SS France and RMS Queen Elizabeth II in cruise and transatlantic sailings, (2) for the use of common facilities in New York City for passenger sales offices, and (3) for agreement on common advertising, joint purchasing of vessel supplies and equipment, and joint use of terminal facilities.

Dated: April 10, 1968.

By order of the Federal Maritime Commission.

THOMAS LIST,  
Secretary.

[F.R. Doc. 68-4427; Filed, Apr. 12, 1968;  
8:47 a.m.]

[Independent Ocean Freight Forwarder License 917]

### TOMAS SHIPPING CO., INC.

#### Order of Revocation

Whereas, Tomas Shipping Co., Inc., 11 Broadway, New York, N.Y. 10004, Independent Ocean Freight Forwarder License No. 917, has ceased to operate as an independent ocean freight forwarder; and

Whereas, Tomas Shipping Co., Inc., has returned its Independent Ocean Freight Forwarder License No. 917 to the Commission for cancellation.

Now, therefore, by virtue of authority vested in me by the Federal Maritime Commission as set forth in Manual of Orders, Commission Order No. 201.1 (Revised), § 6.03.

It is ordered, That the Independent Ocean Freight Forwarder License No. 917 of Tomas Shipping Co., Inc., be and is hereby cancelled effective April 4, 1968.

It is further ordered, That a copy of this order be published in the FEDERAL REGISTER and served on the licensee.

LEROY F. FULLER,  
Director.

Bureau of Domestic Regulation.

[F.R. Doc. 68-4428; Filed, Apr. 12, 1968;  
8:47 a.m.]

## FEDERAL POWER COMMISSION

[Docket No. E-7402]

### MISSISSIPPI POWER & LIGHT CO.

#### Notice of Application

APRIL 9, 1968.

Take notice that on March 22, 1968 Mississippi Power & Light Co. (Applicant) filed an application seeking an order pursuant to section 203 of the Federal Power Act authorizing it to acquire certain electric transmission facilities from Southwest Mississippi Electric Power Association (Association).

Applicant is incorporated under the laws of the State of Mississippi with its principal business office at Jackson, Miss., and is engaged in the electric utility business in parts of 45 of the 82 counties in the State.

The Association is an electric power association organized under the laws of Mississippi and owns and operates other facilities for the transmission, distribution, and sale of electric energy at retail.

The Applicant proposes, subject to regulatory approval, to perform its agreement of September 13, 1967, with the Association to construct for the account of Association, to lease, operate, maintain and to purchase at the end of 10 years (or earlier) approximately 4.5 miles of 115 kv transmission line to be located in Adams County, Miss.

Applicant will pay an annual lease rental equal to 2½ percent of the original cost of said line and will make ten annual payments each equal to 7½ percent of said cost toward the purchase of the line. Upon the completion of said ten payments Association will convey title of said line to the Applicant.

Any person desiring to be heard or to make any protest with reference to said application should, on or before April 29, 1968, file with the Federal Power Commission, Washington, D.C. 20426, petitions or protests in accordance with the requirements of the Commission's rules of practice and procedure (18 CFR



1.8 or 1.10). The application is on file and available for public inspection.

GORDON M. GRANT,  
Secretary.

[F.R. Doc. 68-4402; Filed, Apr. 12, 1968;  
8:45 a.m.]

[Docket No. CI-62-578 etc.]

### THORNTON PETROLEUM CORP.

#### Order Amending Orders Issuing Certificates, Redesignating Proceedings, and Redesignating FPC Gas Rate Schedules

APRIL 4, 1968.

Thornton Petroleum Corp. (Operator) et al. (formerly Rodman Petroleum Corp. (Operator) et al.), Docket No. CI62-578; Thornton Petroleum Corp. and Late, et al. (formerly Rodman and Late), Docket No. CS66-48; Thornton Petroleum Corp. (Operator) et al. (formerly Rodman Petroleum Corp. (Operator) et al.), Docket No. CS66-52.

On November 13, 1967, Thornton Petroleum Corp. filed a notice of change in name to advise the Commission that its name had been changed from Rodman Petroleum Corp. on July 12, 1967, all as more fully set forth in the notice.

The Commission orders:

(A) The orders issuing certificates of public convenience and necessity to Rodman Petroleum Corp. are amended by changing the name of the certificate holder to Thornton Petroleum Corp., and in all other respects said orders shall remain in full force and effect.

(B) The pending proceedings in which the Rodman Petroleum Corp. is Applicant or Respondent are redesignated to reflect the change in name to Thornton Petroleum Corp.

(C) The FPC gas rate schedules of Rodman Petroleum Corp. are redesignated as those of Thornton Petroleum Corp. and are given the numerical designations set forth in the appendix.

By the Commission.

[SEAL] KENNETH F. PLUMB,  
Acting Secretary.

#### APPENDIX

Docket No.	Former rate schedule designation	New rate schedule designation	Contract date
CS66-52	Rodman Petroleum Corp. (Operator) et al., FPC Gas Rate Schedule No. 1.	Thornton Petroleum Corp. (Operator) et al., FPC Gas Rate Schedule No. 1.	5-1-52
CS66-52	Rodman Petroleum Corp. (Operator) et al., FPC Gas Rate Schedule No. 2.	Thornton Petroleum Corp. (Operator) et al., FPC Gas Rate Schedule No. 2.	5-13-60
CS66-52	Rodman Petroleum Corp., FPC Gas Rate Schedule No. 3.	Thornton Petroleum Corp., FPC Gas Rate Schedule No. 3.	4-30-49
CS66-48	Rodman Petroleum Corp. and Late et al., FPC Gas Rate Schedule No. 4.	Thornton Petroleum Corp. and Late et al., FPC Gas Rate Schedule No. 4.	7-14-52
CS66-52	Rodman Petroleum Corp., FPC Gas Rate Schedule No. 5.	Thornton Petroleum Corp., FPC Gas Rate Schedule No. 5.	10-12-62
CS66-52	Rodman Petroleum Corp., <sup>2</sup> FPC Gas Rate Schedule No. 6.	Thornton Petroleum Corp., FPC Gas Rate Schedule No. 6.	8-2-57
CI62-578	Rodman Petroleum Corp., <sup>1</sup> (Operator) et al., FPC Gas Rate Schedule No. 5.	Thornton Petroleum Corp. (Operator) et al., FPC Gas Rate Schedule No. 7.	10-9-61

<sup>1</sup> Duplicated Designation—New Designation should be Thornton Petroleum Corp. (Operator) et al., FPC Gas Rate Schedule No. 7.

<sup>2</sup> Formerly designated E. G. Rodman, FPC Gas Rate Schedule No. 6 which was previously designated E. G. Rodman and W. D. Noel, FPC Gas Rate Schedule No. 1.

[F.R. Doc. 68-4403; Filed, Apr. 12, 1968; 8:45 a.m.]

## FEDERAL RESERVE SYSTEM

### FEDERAL OPEN MARKET COMMITTEE

#### Current Economic Policy Directive

In accordance with § 271.5 of its Rules Regarding Availability of Information, there is set forth below the Committee's Current Economic Policy Directive issued at its meeting held on January 9, 1968.<sup>1</sup>

The information reviewed at this meeting indicates that overall economic activity has been expanding vigorously, with both industrial and consumer prices continuing to rise at a substantial rate, and that prospects are for further rapid growth and persisting inflationary pressures in the period ahead. The imbalance in U.S. international transactions wors-

<sup>1</sup> The Record of Policy Actions of the Committee for the meeting of Jan. 9, 1968, is filed as part of the original document. Copies are available on request to the Board of Governors of the Federal Reserve System, Washington, D.C. 20551.

ened further in late 1967, but the new program announced by the President should result in a considerable reduction in the deficit this year. Following announcement of the program, foreign purchases of gold slackened abruptly and the dollar strengthened in foreign exchange markets. Long-term bond yields have declined in recent weeks but some short-term interest rates have risen further. Bank credit has changed little on balance recently as banks have disposed of Government securities to accommodate strengthened loan demands. Growth in the money supply has slackened and flows into time and savings accounts at bank and nonbank financial intermediaries have continued to moderate. In this situation, it is the policy of the Federal Open Market Committee to foster financial conditions conducive to resistance of inflationary pressures and progress toward reasonable equilibrium in the country's balance of payments.

To implement this policy, System open market operations until the next meeting of the Committee shall be conducted

with a view to maintaining the somewhat firmer conditions that have developed in the money market in recent weeks, partly as a result of the increase in reserve requirements announced to become effective in mid-January: *Provided, however*, That operations shall be modified as needed to moderate any apparently significant deviations of bank credit from current expectations.

Dated at Washington, D.C., the 4th day of April 1968.

By order of the Federal Open Market Committee.

ARTHUR L. BROIDA,  
Assistant Secretary.

[F.R. Doc. 68-4404; Filed, Apr. 12, 1968;  
8:45 a.m.]

## INTERSTATE COMMERCE COMMISSION

### CENTRAL AND FIELD ORGANIZATION

#### Description

APRIL 8, 1968.

The current description of the central and field organization of the Interstate Commerce Commission published on page 8690 of the June 16, 1967, issue of the FEDERAL REGISTER, is amended as follows:

1. In Item 1, entitled "The Commission", paragraph (a) is amended to read as follows:

#### 1. The Commission.

(a) *Offices.* The Central and principal office of the Commission is located at 12th and Constitution Avenue NW., Washington, D.C. 20423. In the field, there are six Regional Offices and 77 area offices, located in the more important transportation centers throughout the United States. A list of these offices is included in an appendix attached hereto.

2. The locations of the Commission's field offices listed in the appendix are amended by changing the addresses of the following area offices to read as follows:

Buffalo, N.Y. 14203, 518 Federal Office Building, 121 Ellicott Street.  
Newark, N.J. 07102, 902 Federal Office Building, 970 Broad Street.  
Syracuse, N.Y. 13202, 104 O'Donnell Building, 301 Erie Boulevard West.  
Baltimore, Md. 21201, 1125 Federal Building, 31 Hopkins Plaza.  
Cleveland, Ohio 44199, 181 Federal Office Building, 1240 East Ninth Street.  
Birmingham, Ala. 35203, Room 823, 2121 Building, 2121 Eighth Avenue North.



Charlotte, N.C. 28202, 417 BSR Building,  
316 East Morehead Street.  
Columbia, S.C. 29201, 601A Federal Office  
Building, 901 Sumter Street.  
Jackson, Miss. 39201, 312A U.S. Post Office  
and Courthouse.

\* \* \* \* \*  
Miami, Fla. 33130, 51 Southwest First Avenue,  
Room 1226.

Nashville, Tenn. 37203, Room 803, 1808 West-  
end Building.

\* \* \* \* \*  
Milwaukee, Wis. 53202, 135 West Wells Street,  
Room 807.

\* \* \* \* \*  
Davenport, Iowa 52801, 332 Federal Building,  
Fourth and Perry Streets.

Des Moines, Iowa 50309, 677 Federal Build-  
ing, 210 Walnut Street.

\* \* \* \* \*  
Boise, Idaho 83702, 455 Federal Building and  
U.S. Courthouse, 550 West Fort Street.

\* \* \* \* \*  
Phoenix, Ariz. 85025, 3427 Federal Building,  
230 North First Avenue.

\* \* \* \* \*  
Salt Lake City, Utah 84111, 6201 Federal  
Building, 125 South State Street.

\* \* \* \* \*  
3. The listings for the Binghamton,  
N.Y., Lebanon, N.H., and Shreveport,  
La. area offices are deleted.

4. Following are listings for area offices  
to be added in Region 1:

Concord, N.H. 03301, 424 Federal Building,  
55 Pleasant Street.  
Montpelier, Vt. 05602, 52 State Street, Room 5.

[SEAL] H. NEIL GARSON,  
Secretary.  
[F.R. Doc. 68-4418; Filed, Apr. 12, 1968;  
8:46 a.m.]

#### FOURTH SECTION APPLICATION FOR RELIEF

APRIL 10, 1968.

Protests to the granting of an appli-  
cation must be prepared in accordance  
with Rule 1100.40 of the general rules of  
practice (49 CFR 1100.40) and filed with-  
in 15 days from the date of publication  
of this notice in the FEDERAL REGISTER.

##### LONG-AND-SHORT HAUL

FSA No. 41285—*Superphosphate from  
Florida points to Peoria, Ill.* Filed by O.  
W. South, Jr., agent (No. A5097), for in-  
terested rail carriers. Rates on super-  
phosphate, not defluorinated superphos-  
phate, nor feed grade superphosphate,  
in bulk, minimum 100,000 pounds per  
car, subject to volume minimum of not  
less than 500,000 pounds per shipment,  
from specified Florida producing points,  
to Peoria, Ill.

Grounds for relief—Rail-barge com-  
petition.

Tariff—Supplement 38 to Southern  
Freight Association, agent, tariff ICC  
S-700.

By the Commission.

[SEAL]

H. NEIL GARSON,  
Secretary.

[F.R. Doc. 68-4419; Filed, Apr. 12, 1968;  
8:46 a.m.]

[Notice 122]

#### MOTOR CARRIER TRANSFER PROCEEDINGS

APRIL 10, 1968.

Synopses of orders entered pursuant  
to section 212(b) of the Interstate Com-  
merce Act, and rules and regulations pre-  
scribed thereunder (49 CFR Part 1132),  
appear below:

As provided in the Commission's spe-  
cial rules of practice any interested per-  
son may file a petition seeking recon-  
sideration of the following numbered  
proceedings within 20 days from the  
date of publication of this notice. Pur-  
suant to section 17(8) of the Interstate  
Commerce Act, the filing of such a peti-  
tion will postpone the effective date of  
the order in that proceeding pending its  
disposition. The matters relied upon by  
petitioners must be specified in their  
petitions with particularity.

No. MC-FC-70255. By order of April 3,  
1968, the Transfer Board approved the  
transfer to Hayes Truck Line, Inc., Jack-  
son, Wyo., of certificate in No. MC-104816  
(Sub-No. 2), issued November 27, 1957,  
to Merlin H. Hayes, doing business as  
Hayes Truck Line, Jackson, Wyo., au-  
thorizing the transportation of, building  
materials, new furniture crated, seeds,  
animal and poultry feed, grain, and live-  
stock feed, from, to, or between specified  
points in Idaho and Wyoming. Robert  
A. Hufsmith, Post Office Box 988, Jack-  
son, Wyo., 83001, attorney for applicants.

No. MC-FC-70264. By order of March  
29, 1968, the Transfer Board approved  
the transfer to Atkinson Lines, Inc., Day-  
ton, Ohio, of certificate of registration  
No. MC-98489 (Sub-No. 1), issued June  
17, 1968, to Hi-Point Trucking & Storage,  
Inc., Bellefontaine, Ohio, evidencing a  
right to engage in interstate or foreign  
commerce, transporting property, be-  
tween points in Ohio. Paul F. Berry, 100  
East Broad Street, Columbus, Ohio 43215,  
attorney for applicants.

[SEAL]

H. NEIL GARSON,  
Secretary.

[F.R. Doc. 68-4420; Filed, Apr. 12, 1968;  
8:46 a.m.]



## CUMULATIVE LIST OF PARTS AFFECTED—APRIL

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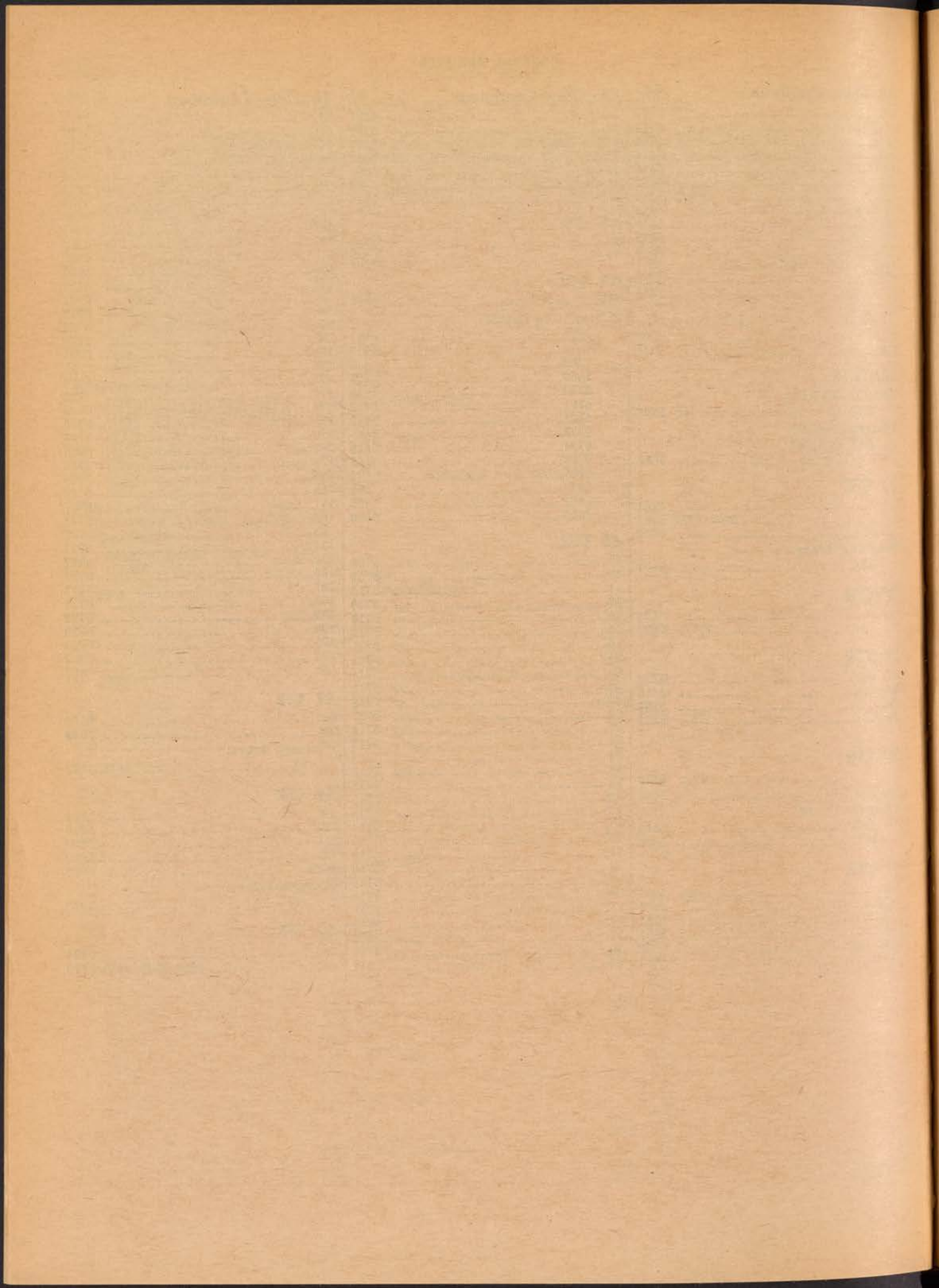
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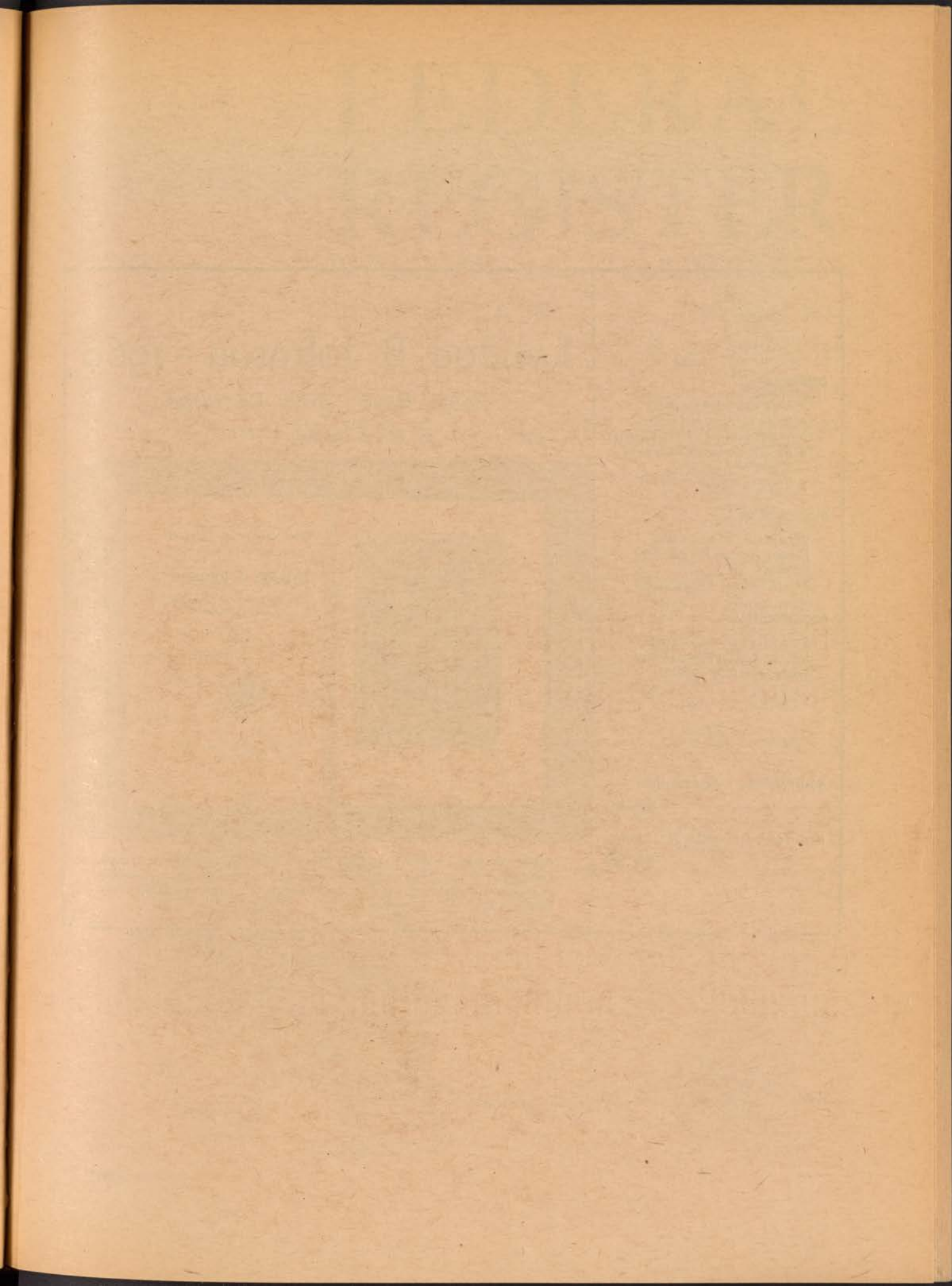
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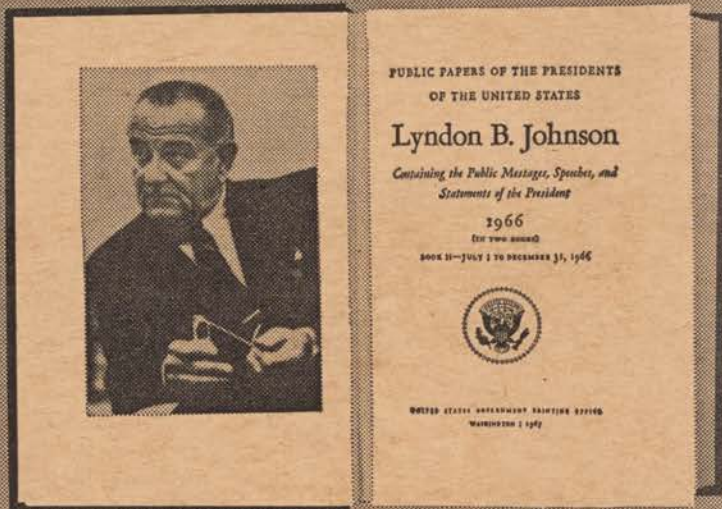


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