(c) *Tender of Actual Loss of Revenue.* A person who discloses the circumstances of the violation shall tender any actual loss of revenue either at the time of disclosure or within 30 days after a Customs officer notifies the person in writing of the calculation of the actual loss of revenue. The Fines, Penalties & Forfeitures Officer may extend the 30 day period if it is determined there is good cause to do so. Failure to tender the actual loss of revenue finally calculated by Customs shall result in denial of the prior disclosure benefits.

(d) *Effective Time and Date of Prior Disclosure.*

(1) If the documents which provide the disclosing information are sent by registered or certified mail, return-receipt requested, and are ultimately received by Customs, the disclosure shall be deemed to have been made at the time of mailing.

(2) If the documents are sent by other methods, including in-person delivery, the disclosure shall be deemed to have been made at the time of receipt by Customs. If the documents are delivered in person, the person delivering the documents is to request a receipt from Customs which will indicate the time and date of receipt.

(3) The provision of information which is not in writing but which qualifies for prior disclosure treatment pursuant to paragraph (a)(2) of this section shall be deemed to have occurred at the time when Customs was provided with information which substantially complies with the requirements set forth in paragraph (b) of this section.

(e) *Addressing and Filing Prior Disclosure.*

(1) A written prior disclosure should be addressed to the Commissioner of Customs and presented to a Customs officer at the Customs port of entry of the disclosed violation.

(2) In the case of a prior disclosure involving violations at multiple ports of entry, the disclosing party shall orally disclose or provide copies of the disclosure to all concerned Fines, Penalties & Forfeitures Officers. In accordance with internal Customs procedures, the officers will then seek consolidation of the disposition and handling of the disclosure.

(f) *Verification of Disclosure.* Upon receipt of a prior disclosure, the concerned Customs officer shall notify the Customs Office of Investigations of the disclosure. The violator may request, in the oral or written prior disclosure, that the Office of Investigations withhold the initiation of disclosure verification proceedings until after the party has provided the information or data within the time limits specified in paragraph (b)(4) of this section. It is within the concerned Fines, Penalties & Forfeitures Officer's discretion to grant or deny such a request.

(g) *Commencement of a Formal Investigation.* A formal investigation of a violation is considered to be commenced on the date recorded in writing by the Customs Service as the date on which facts and circumstances were discovered or information was received which caused the Customs Service to believe that a possibility of a violation existed. In the event that a party is denied prior disclosure treatment on the basis that Customs had commenced a formal investigation of the disclosed violation, and Customs initiates a penalty action against the disclosing party involving the disclosed violation, a copy of a writing evidencing the commencement of a formal investigation of the disclosed violation shall be attached to any required notice issued to the disclosing party pursuant to 19 U.S.C. 1592 or 19 U.S.C. 1593a.

(h) *Scope of the Disclosure and Expansion of a Formal Investigation.* A formal investigation is deemed to have commenced regarding additional violations not included or specified by the disclosing party in the party's original prior disclosure on the date recorded in writing by the Customs Service as the date on which facts and circumstances were discovered or information was received which caused the Customs Service to believe that a possibility of such additional violations existed. Additional violations not disclosed or covered within the scope of the party's prior disclosure which are discovered by Customs as a result of an investigation and/or verification of the prior disclosure shall not be entitled to treatment under the prior disclosure provisions.

(i) *Knowledge of the Commencement of a Formal Investigation.* (1) A disclosing party who claims lack of knowledge of the commencement of a formal investigation has the burden to prove that lack of knowledge. A person shall be presumed to have had knowledge of the commencement of a formal investigation of a violation if before the claimed prior disclosure of the violation a formal investigation has been commenced and:

(i) A Customs officer, having reasonable cause to believe that there has been a violation of 19 U.S.C. 1592 or 19 U.S.C. 1593a, so informed the person concerning the type of or circumstances of the disclosed violation; or

(ii) A Customs Special Agent, having properly identified himself or herself and the nature of his or her inquiry, had, either in person or in writing, made an inquiry of the person concerning the type of or circumstances of the disclosed violation; or

(iii) A Customs Special Agent having properly identified himself or herself and the nature of his or her inquiry, requested specific books and/or records of the person relating to the disclosed violation; or

(iv) The disclosing party receives a prepenalty or penalty notice issued pursuant to 19 U.S.C. 1592 or 19 U.S.C. 1593a relating to the type of or circumstances of the disclosed violation; or

(v) The merchandise which is the subject of the disclosure was seized by Customs because of the type of or circumstances of the disclosed violation; or

(vi) In the case of violations involving merchandise accompanying persons entering the United States or commercial merchandise inspected in connection with entry, the person has received oral notification of the Customs officer's finding of a violation.

(2) The presumption of knowledge may be rebutted by evidence that, notwithstanding the foregoing notice, inquiry or request, the person did not have knowledge that an investigation had commenced with respect to the disclosed information.

Dated: August 27, 1996.

William F. Riley,

Acting Commissioner of Customs.

Approved: August 27, 1996

Dennis M. O'Connell,

Acting Deputy Assistant Secretary of the Treasury.

[FR Doc. 96–24657 Filed 9–25–96; 8:45 am]

BILLING CODE 4820–02–P

Internal Revenue Service

31 CFR Part 1

Privacy Act of 1974; Proposed Rule Exempting A System of Records from Certain Provisions

AGENCY: Internal Revenue Service, Treasury.

ACTION: Proposed Rule.

SUMMARY: In accordance with the requirements of the Privacy Act of 1974, as amended, 5 U.S.C. 552a, the Department of the Treasury gives notice of a proposed amendment of 31 CFR 1.36 to exempt the system of records entitled the Automated Information

Analysis System—Treasury/IRS 46.050 from certain provisions of the Privacy Act. The exemption is intended to comply with legal prohibitions against the disclosure of certain kinds of information and to protect certain information on individuals maintained in this system of records.

DATES: Comments must be received no later than October 28, 1996.

ADDRESSES: Please submit comments to the Director, Office of Disclosure, Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC 20224. Comments will be made available for inspection and copying in the Freedom of Information Reading Room upon request.

FOR FURTHER INFORMATION CONTACT: Carman L. Gannotti, Director, Office of Disclosure, Internal Revenue Service at (202) 622–6200.

SUPPLEMENTARY INFORMATION: The Automated Information Analysis System is a computerized system that will automatically identify potential leads to money laundering and income tax violations which might not otherwise surface through traditional intelligence gathering efforts or auditing techniques. Access to this system would enable individuals to attempt to elude detection or otherwise frustrate any investigatory actions. The returns and return information contained within this system constitute investigatory material compiled for law enforcement purposes under Title 26 of the United States Code.

Pursuant to the Privacy Act of 1974, the Department of the Treasury is publishing separately the Notice of a New System of Records, to be maintained by the IRS.

Under 5 U.S.C. 552a(j)(2), the head of any agency may promulgate rules to exempt any system of records within the agency from certain provisions of the Privacy Act of 1974 if the agency or component thereof that maintains the system performs as its principal function any activities pertaining to the enforcement of criminal laws. Certain components of the Internal Revenue Service have as their principal function activities pertaining to the enforcement of criminal laws.

Under 5 U.S.C. 552a (k)(2), the head of any agency may promulgate rules to exempt any system of records within the agency from certain provisions of the Privacy Act of 1974 if the system is investigatory material compiled for law enforcement purposes. To the extent that information contained in the above-named systems has as its principal purpose the enforcement of criminal laws, exemption for such information under 5 U.S.C. 552a (j)(2) is hereby claimed.

The Department of the Treasury is hereby giving notice of a proposed rule to exempt this system of records described above from certain provisions of the Privacy Act pursuant to 5 U.S.C. 552a(j)(2) and (k)(2) and the authority of 31 CFR 1.23(c).

The reasons for exempting this system of records from certain provisions of 5 U.S.C. 552a are set forth below:

(1) 5 U.S.C. 552a(c)(3). This provision of the Privacy Act provides for the release of the disclosure accounting required by 5 U.S.C. 552a(c)(1) and (2) to the individual named in the record at his request. The reasons for exempting this system of records from the foregoing provision are as follows: (i) The release of disclosure accounting would put the subject of an investigation on notice of the existence of an investigation and that such person is subject of that investigation; (ii) Such release of disclosure accounting would provide the subject of an investigation with an accurate accounting of the date, nature, name and address of the person or agency to whom the disclosure is made. The release of such information to the subject of an investigation would provide the subject with significant information concerning the nature of the investigation and could result in the altering or destruction of documentary evidence, the improper influencing of witnesses, and other activities that could impede or compromise the investigation. In the case of a delinquent account, such release might enable the subject of the investigation to dissipate assets before levy; (iii) Release to the individual of the disclosure accounting would alert the individual as to which agencies were investigating this person and the scope of the investigation, and could aid the individual in impeding or compromising investigations by those agencies.

(2) 5 U.S.C. 552a(c)(4),(d)(1),(2),(3), and (4), (e)(4)(G) and (H), (f) and (g). These provisions of the Privacy Act relate to an individual's right to notification of the existence of records pertaining to such individual; requirements for identifying an individual who request access to records; the agency procedures relating to access to records and the contest of the information contained in such records; and the civil remedies available to the individual in the event of adverse determinations by an agency concerning access to or amendment of information contained in record systems. The reasons for exempting this system of records from the foregoing provisions are as follows: To notify an individual at the individual's request of the existence of records in an investigative file pertaining to such individual or to grant access to an investigative file could interfere with investigative and enforcement proceedings; deprive co-defendants of a right to a fair trial or an impartial adjudication; constitute an unwarranted invasion of the personal privacy of others, disclose the identity of confidential sources and reveal confidential information supplied by such sources; and disclose investigative techniques and procedures.

(3) 5 U.S.C. 552a(e)(4)(I). This provision of the Privacy Act requires the publication of the categories of sources of records in each system of records. In cases where an exemption from this provision has been claimed, the reasons are as follows: (i) Revealing categories of sources of information could disclose investigative techniques and procedures; (ii) Revealing categories of sources of information could cause sources who supply information to investigators to refrain from giving such information because of fear of reprisal, or fear of breach of promises of anonymity and confidentiality.

(4) 5 U.S.C. 552a(e)(1). This provision of the Privacy Act requires each agency to maintain in its records only such information about an individual as is relevant and necessary to accomplish a purpose of the agency required to be accomplished by statute or executive order. The reasons for exempting this system of records from the foregoing provision are as follows: (i) The Internal Revenue Service will limit its inquiries to information which is necessary for the enforcement and administration of tax laws. However, an exemption from the foregoing provision is needed because, particularly in the early stages of a tax audit or other investigation, it is not possible to determine the relevance or necessity of specific information. (ii) Relevance and necessity are questions of judgement and timing. What appear relevant and necessary when collected may subsequently be determined to be irrelevant or unnecessary. It is only after the information is evaluated that the relevance or necessity of such information can be established with certainty. (iii) When information is received by the Internal Revenue Service relating to violations of law within the jurisdiction of other agencies, the Service processes this information through Service systems in order to forward the material to the appropriate agencies.

(5) 5 U.S.C. 552a(e)(2). This provision of the Privacy Act requires an agency to

collect information to the greatest extent practicable directly from the subject individual when the information may result in an adverse determination about the individual's rights, benefits, and privileges under Federal programs. The reasons for exempting this system of records from the foregoing provision are as follows: (i) In certain instances the subject of a criminal investigation cannot be required to supply information to investigators. In those instances, information relating to a subject's criminal activities must be obtained from other sources; (ii) In a criminal investigation it is necessary to obtain evidence from a variety of sources other than the subject of the investigation in order to accumulate and verify the evidence necessary for the successful prosecution of person(s) suspected of violating criminal laws.

(6) 5 U.S.C. 552a(e)(3). This provision of the Privacy Act requires that an agency must inform the subject of an investigation who is asked to supply information of (A) the authority under which the information is sought and whether disclosure of the information is mandatory or voluntary, (B) the purposes for which the information is intended to be used, (C) the routine uses which may be made of the information, and (D) the effects on the subject, if any , of not providing the requested information. The reasons for exempting this system of records from the foregoing provision are as follows: (i) The disclosure to the subject of an investigation of the purposes for which the requested information is intended to be used would provide the subject with significant information concerning the nature of the investigation and could result in impeding or compromising the investigation. (ii) Informing the subject of an investigation of the matters required by this provision could seriously undermine the actions of undercover officers, requiring them to disclose their identity and impairing their safety, as well as impairing the successful conclusion of the investigation. (iii) Individuals may be contacted during preliminary information gathering, surveys, or compliance projects concerning the administration of the internal revenue laws before any individual is identified as the subject of an investigation. Informing the individual of the matters required by this provision would impede or compromise subsequent investigation.

(7) 5 U.S.C. 552a(e)(5). This provision of the Privacy Act requires an agency to maintain all records which are used in making any determination about an individual with such accuracy, relevance, timeliness, and completeness as is reasonably necessary to assure fairness to the individual in the determination. The reasons for exempting this system of records from the foregoing provisions are as follows: Since the law defines ''maintain'' to include the collection of information, compliance with the foregoing provision would prohibit the initial collection of any data not shown to be accurate, relevant, timely, and complete at the moment of its collection. In gathering information during the course of a criminal investigation, it is not feasible or possible to determine completeness, accuracy, timeliness, or relevancy prior to collection of the information. Facts are first gathered and then placed into a cohesive order which objectively proves or disproves criminal behavior on the part of a suspect. Seemingly nonrelevant, untimely, or incomplete information when gathered may acquire new significance as an investigation progresses. The restrictions of the foregoing provision could impede investigators in the preparation of a complete investigative report.

(8) 5 U.S.C. 552a(e)(8). This provision of the Privacy Act requires an agency to make reasonable efforts to serve notice on an individual when any record on such individual is made available to any person under compulsory legal process when such process becomes a matter of public record. The reason for exempting this system of records from the foregoing provision is as follows: The notice requirement of the foregoing provision could prematurely reveal the existence of criminal investigations to individuals who are the subject of such investigations.

As required by Executive Order 12291, it has been determined that this proposed rule is not a ''major'' rule and, therefore, does not require a Regulatory Impact Analysis.

Pursuant to the requirements of the Regulatory Flexibility Act, 5 U.S.C. 601–612, it is hereby certified that this rule will not have significant economic impact on a substantial number of small entities.

In accordance with the provisions of the Paperwork Reduction Act of 1980, the Department of the Treasury has determined that this proposed rule would not impose new recordkeeping, application, reporting, or other types of information collection requirements.

Lists of Subjects in 31 CFR Part 1

Privacy.

Part 1 of Title 31 of the Code of Federal Regulations is amended as follows:

PART 1—[AMENDED]

1. The authority citation for part 1 continues to read as follows:

Authority: 5 U.S.C. 301 and 31 U.S.C. 321. Subpart A also issued under 5 U.S.C. as amended. Subpart C also issued under 5 U.S.C. 552a.

§ 1.36 [Amended]

2. Section 1.36 of subpart C is amended by adding the following text to the table in paragraphs (a)(1) and (b)(1) under the heading THE INTERNAL REVENUE SERVICE

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(a) * * *

(1) * * *

Name of System	No.
* * * * *	
Automated Information Analysis System	46.050
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(b) * * *

(1) * * *

Name of System	No.
* * * * *	
Automated Information Analysis System	46.050
* * * * *	

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Dated: August 21, 1996.

Alex Rodriguez,

Deputy Assistant Secretary (Administration).

[FR Doc. 96–24668 Filed 9–25–96: 8:45 am]

BILLING CODE 4830–01–F

DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 100

[CGD07–96–048]

RIN 2115–AE46

Special Local Regulations: Charleston Christmas Parade of Boats, Charleston, SC

AGENCY: Coast Guard, DOT.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Coast Guard proposes to establish special local regulations for the Charleston Christmas Parade of Boats. This one-day event will be held on December 7, 1996, December 13, 1997, December 12, 1998, December 4, 1999 and December 9, 2000, on the