received by the SEC by 5:30 p.m. on February 3, 1997, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicant, 3435 Stelzer Road, Columbus, Ohio 43219.

FOR FURTHER INFORMATION CONTACT: Kathleen L. Knisely, Staff Attorney, at (202) 942–0517, or Alison E. Baur, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations

1. Applicant is an open-end diversified management investment company organized as a Delaware business trust. Applicant is comprised of a single series, the National Municipal Bond Fund.

2. On January 21, 1994, applicant filed a Notification of Registration on Form N–8A pursuant to section 8(a) under the Act and a registration statement on Form N–1A pursuant to section 8(b) of the Act. No registration statement was filed under the Securities Act of 1933.

3. On April 23–24, 1996, at the regular Board of Trustees meeting, the Board of Trustees approved, effective upon the withdrawal of the investment of the Feeder Fund from the applicant, the termination of the applicant's investment advisory and other service agreements. The board also authorized the taking of all actions necessary to effect the deregistration of applicant.

4. Prior to July 1, 1996, the National Municipal Bond Fund of Pacific Horizon Funds, Inc. (the ''Feeder Fund'') invested all of its investable assets in applicant's National Municipal Bond Fund. The Feeder Fund was the sole interest holder of applicant's National Municipal Bond Fund. On July 1, 1996, applicant's sole interest holder gave notice that it wanted to redeem its entire holdings, and on the same day complete redemption distributions were paid to the interest holder based on net asset value. Such distributions effectively liquidated applicant.

5. Bank of America National Trust and Savings Association, applicant's investment adviser, has undertaken to pay applicant's expenses in connection with the liquidation.

6. Applicant has no security holders, liabilities or assets. Applicant is not a party to any litigation or administrative proceeding. Applicant is not now engaged, nor does it propose to engage, in any business activities other than those necessary for the winding up of its affairs.

7. Applicant intends to file the necessary documentation with the State of Delaware to effect its dissolution as a Delaware business trust.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–805 Filed 1–13–97; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Release No. 22443; 812–10452]

United Financial Group, Inc.; Notice of Application

January 7, 1997.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of Application for exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANT: United Financial Group, Inc. (the ''Company'').

RELEVANT ACT SECTION: Order requested under sections 6(c) and 6(e) of the Act granting an exemption from all provisions of the Act.

SUMMARY OF APPLICATION: Applicant requests an order that would exempt it from all provisions of the Act until December 30, 1997. The requested relief would extend an exemption originally granted until December 30, 1990, and extended by subsequent orders until December 30, 1991, December 30, 1992, December 30, 1993, December 30, 1994, December 30, 1995, and December 30, 1996.

FILING DATE: The application was filed on December 5, 1996.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on February 3, 1997, and should be accompanied by proof of service on the applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicant, 5847 San Felipe, Suite 2600, Houston, Texas 77057.

FOR FURTHER INFORMATION CONTACT: Diane L. Titus, Paralegal Specialist, at (202) 942–0584, or Mary Kay Frech, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee from the SEC's Public Reference Branch.

Applicant's Representations

1. The Company was a savings and loan holding company whose primary asset and source of income was the United Savings Association of Texas (''USAT''). As a result of the recession in Texas beginning in 1986, USAT's financial condition deteriorated, and on December 30, 1988 it was placed into receivership. The assets of USAT were sold to an unaffiliated third party and the Company received no consideration for the loss of its primary subsidiary, thereby generating a substantial tax loss. In light of this tax loss, the Company determined not to liquidate, but instead to acquire an operating business.

2. The Company's efforts to acquire an operating business have been substantially hindered due to claims asserted against it by the Federal Deposit Insurance Corporation (the ''FDIC'') and the Office of Thrift Supervision (the ''OTS''). The FDIC asserted an approximately $534 million claim against the Company in January 1989 for failure to maintain the net worth of USAT (the ''Net Worth Claim'') and an approximately $14 million claim concerning certain tax refunds alleged to have been received by the Company (together with the Net Worth Claim, the ''FDIC Claims''). In addition, the FDIC has asserted the existence of possible other claims (the ''Indemnified Claims'') against the Company and certain former officers and directors of the Company and USAT. The Company may have indemnification obligations to these former officers and directors.[1] The FDIC

[1] Prior to 1996, the Company advanced certain expenses incurred by the former officers and

Continued

has not alleged a dollar amount for any Indemnified Claims. Although the Company disputes the FDIC Claims and the Indemnified Claims, their existence constitutes a large contingent liability against the Company's assets, thus making it difficult for the Company to acquire an operating business.

3. The OTS has asserted certain claims not included within the scope of the FDIC's jurisdiction. The OTS is investigating the possibility of certain regulatory violations (the ''OTS Claims'') by the Company and its current and former officers and directors. The Company has been in negotiations with the OTS since September, 1994 concerning possible settlement of the OTS Claims. These claims constitute a substantial contingent liability against the Company's assets.

4. During 1989 and 1990, the Company was in continuous negotiations with the FDIC in an attempt to reach a resolution of the FDIC Claims and in early 1990 the Company reached a tentative agreement. In December 1990, however, the FDIC rejected the Company's settlement offer and informed the Company that no counter proposal would be offered. In mid-1991, the Company again contacted the FDIC to determine whether a settlement could be reached. Beginning in July 1991, the Company and the FDIC's representatives met to determine if a possible solution could be reached. In December 1991, the FDIC requested, and the Company provided, an agreement to toll the statute of limitations. This tolling agreement was subsequently extended numerous times, and, as described below, the statute of limitations has been tolled until the terms of an Agreement and Release entered into among the Company, the FDIC, and others are effected or the Agreement and Release is terminated.

5. The Company and certain of its officers and directors also entered into tolling agreements with the OTS pursuant to which the OTS would have until the end of the tolling period to allege certain regulatory violations and seek regulatory enforcement. In connection with a Stipulation and Consent entered into among the Company, the OTS, and others, the statute of limitations has been tolled until the terms of the Stipulation are effected or the Consent cancelled. However, in 1996, the OTS brought enforcement action against certain officers and directors of the Company. Such action is still in its preliminary stage.

6. Effective December 1995, the Company entered into a Stipulation and Consent to Issuance of Consent Cease and Desist Order for Affirmative Relief with the OTS and a Settlement Agreement and Release with the FDIC, First Trust of California, National Association, and Nu-West Florida, Inc. (''Nu-West''). Under these agreements, the Company neither admits nor denies liability under claims by the OTS. The FDIC settlement is conditioned upon the Company obtaining a final order of the Delaware Bankruptcy Court, and requires a minimum payment of $9,450,000 to the FDIC, a minimum payment of $1,360,000 to the trustee for the 9% Secured Sinking Debentures (the ''Debenture Trustee''), and a minimum payment of $190,000 to Nu-West be made from the Company's assets. The Company is required to proceed with a plan of reorganization or liquidation in the Delaware Bankruptcy Court, and payments would be made after the Delaware Bankruptcy Court confirms a final plan. Any assets of the Company remaining after the payments and expenditures described above, and pursuant to the confirmed final plan of bankruptcy, must be paid to the FDIC, the Debenture Trustee, and Nu-West in proportion to the minimum settlement payments. The FDIC settlement also provides that the Company may not, except in limited circumstances, utilize the benefits of tax losses carried forward from 1988 and the prior years.

7. On June 30, 1996, the Company held assets of approximately $11.859 million, comprised of approximately $1.840 million in cash and cash equivalents, $9.788 million in short-term investments, $.083 million in other investments, and $.148 million in other assets. The Company's common stock currently is traded sporadically in the over-the-counter market. The Company does not employ any full-time employees. The Company's administrative operations are handled by contract bookkeepers, accountants, and attorneys.

8. Rule 3a–2 under the Act provides a one-year safe harbor to issuers that meet the definition of an investment company but intend to maintain that status only transiently. The Company relied on the safe harbor provided by this rule from December 30, 1988 until December 30, 1989. The expiration of the safe harbor period necessitated the filing of an application for exemption. In 1990, the Company was granted conditional relief from all provisions of the Act until December 30, 1990. The SEC extended this exemptive relief by six subsequent orders, most recently until December 30, 1996.[2]

9. As described in detail in the applications for the Prior Orders, during a portion of the period in which the requested exemption will be effective, it is possible that the Company will be subject to the jurisdiction of the federal bankruptcy courts. In this regard, the Company has formulated a plan of reorganization (the ''Reorganization Plan'') to be implemented under Chapter 11 of the Bankruptcy Code. The Reorganization Plan would settle the outstanding claims against the Company and provide a structure for the possible acquisition of a new operating business or businesses. Because the bankruptcy court is charged with protecting the interests of the Company's creditors and equity interest holders, the Company believes that it is not necessary for it to comply with section 17(a) or 17(d) with respect to transactions approved by the bankruptcy court.

Applicant's Legal Analysis

1. Section 3(a)(3) of the Act defines an investment company as an issuer engaged in the business of investing, reinvesting, owning, holding, or trading in securities, and owning investment securities having a value exceeding 40% of the value of such issuer's total assets (exclusive of government securities and cash items). The Company acknowledges that, based on its current mix of assets, it may be deemed to be an investment company under section 3(a)(3).

2. The Company requests, pursuant to sections 6(c) and 6(e) of the Act, that the SEC issue an order exempting the Company from all provisions of the Act, subject to certain exceptions, until December 30, 1997. The requested order would extend the exemption granted by the Prior Orders.

3. In determining whether to grant exemptive relief for a transient investment company, the SEC considers such factors as: (a) Whether the failure of the company to become primarily engaged in a non-investment business or excepted business or liquidate within one year was due to factors beyond its

directors, subject to a refund obligation if it was determined they were not entitled to such advances. In 1996, at the insistence of the FDIC and OTS, the Company ceased making these advances.

[2] Investment Company Act Release Nos. 17941 (Jan. 9, 1991) (notice) and 17989 (Feb. 7, 1991) (order); Investment Company Act Release Nos. 18430 (Dec. 5, 1991) (notice) and 18466 (Dec. 31, 1991) (order); Investment Company Act Release Nos. 19128 (Nov. 25, 1992) (notice) and 19175 (Dec. 22, 1992) (order); Investment Company Act Release Nos. 19839 (Nov. 5, 1993) (notice) and 19916 (Dec. 1, 1993) (order); Investment Company Act Release Nos. 20545 (Sept. 12, 1994) (notice) and 20608 (Oct. 7, 1994) (order); and Investment Company Act Release Nos. 21416 (Oct. 12, 1995) (notice) and 21480 (Nov. 7, 1995) (order) (the ''Prior Orders'').

control; (b) whether the company's officers and employees during that period tried, in good faith, to effect the company's investment of its assets in a non-investment business or excepted business or to cause the liquidation of the company; and (c) whether the company invested in securities solely to preserve the value of its assets. The Company believes that it meets these criteria.

4. The Company believes that its failure to become primarily engaged in a non-investment business by December 30, 1996 is a result of factors beyond its control. The existence of the FDIC Claims and the OTS Claims has precluded the Company from investing its assets in a non-investment company business. The magnitude of the FDIC Claims and OTS Claims and the potential threat that the FDIC and the OTS would seek to enjoin any utilization of the Company's assets have prevented the Company from investing its assets in a non-investment company business.

5. Pending the settlement of the FDIC Claims and the OTS Claims, the Company has limited its investments to high quality marketable securities, cash or cash equivalents. Thus, the Company believes that it primarily invests in securities solely to preserve the value of its assets.

6. The Company believes that the issuance of an order exempting it from all provisions of the Act, subject to certain exceptions, until December 10, 1997 would be in the public interest and consistent with the protection of investors and the purposes of the Act. The Company believes that it would be unfair to its stockholders to require it to register as an investment company and that such registration is not necessary for the protection of its stockholders.

Applicant's Conditions

The Company agrees that the requested exemption will be subject to the following conditions, each of which will apply to the Company until it acquires an operating business or otherwise falls outside the definition of an investment company:

1. During the period of time the Company is exempted from registration under the Act, it will not purchase or otherwise acquire any securities other than securities with a remaining maturity of 397 days or less and that are rated in one of the two highest rating categories by a nationally recognized statistical rating organization, as that term is defined in rule 2a–7(a)(10) under the Act.

2. The Company will continue to comply with sections 9, 17(e), and 36 of the Act.

3. The Company will continue to comply with sections 17(a) and 17(d), subject to the following exceptions:

(a) If the Company becomes subject to the jurisdiction of the bankruptcy court, the Company need not comply with sections 17(a) or 17(d) with respect to any transaction, including without limitation the Reorganization Plan, that is approved by the bankruptcy court; and

(b) The Company would not be required to comply with sections 17(a) or 17(d) with respect to any transaction or series of transactions that result in its ceasing to fall within the definition of an ''investment company'' provided that (i) no cash payments are made to an ''affiliated person'' (as defined in the Act) of the Company as part of such transaction or series of transactions, and (ii) no debt securities are issued to an affiliated person of the Company as part of such transaction or series of transactions unless such debt securities are expressly subordinated upon liquidation to claims of the holders of the Company's debentures.

4. The Company will continue to comply with sections 17(f) of the Act as provided in rule 17f–2.

For the SEC, by the Division of Investment Management, under delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–804 Filed 1–13–97; 8:45 am]

BILLING CODE 8010–01–M

[Release No. 34–38124; File No. SR–Amex–96–48]

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by American Stock Exchange, Inc. Relating to a Fee Change

January 6, 1997.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,[1] notice is hereby given that on December 16, 1996, the American Stock Exchange, Inc. (''Amex'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed fee change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed fee change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Amex is issuing a one-time credit against the Exchange's monthly Floor Facility Fee for those members who were charged such fee for the months of August through December, 1996 (amounting to $583.35 per member for such period).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the fee change and discussed any comments it received on the proposed fee change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

As the Exchange has had a rewarding year from a financial perspective, it has decided to issue a one-time credit against its monthly Floor Facility Fee for those members who were charged such fee for the months of August through December, 1996 (amounting to $583.35 per member for such period).

2. Statutory Basis

The proposed fee change is consistent with Section 6(b) of the Act[2] in general and furthers the objectives of Section 6(b)(4) in particular in that it is intended to assure the equitable allocation of reasonable dues, fees, and other charges among Exchange members, issuers, and other persons using the Exchange's facilities.

B. Self-Regulatory Organization's Statement on Burden on Competition

The fee change will impose no burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were solicited or received with respect to the fee change.

[1] 15 U.S.C. § 78s(b)(1).

[2] 15 U.S.C. § 78f(b).