

person or entity selected to be a CES operator, the written agreement to operate a CES facility, the port director's discretion to immediately suspend a CES operator's or entity's selection and the written agreement to operate the CES or to propose the permanent revocation of a CES operator's or entity's selection and cancellation of the written agreement for specified conduct, and the appeal procedures to challenge an immediate suspension or proposed revocation and cancellation action.

* * *

3. In § 118.21:

(a) The heading is revised and introductory text is added;

(b) Paragraph (a) is revised;

(c) Paragraph (b)(1) is amended by adding the words "to comply with any of" before the words "the provisions of";

(d) A new paragraph (b)(6) is added; and

(e) A new paragraph (c) is added.

The revisions and additions read as follows:

§ 118.21 Temporary suspension; permanent revocation of selection and cancellation of agreement to operate a CES.

The port director may immediately suspend or propose permanent revocation and cancellation of CES operations for cause as provided in this section.

(a) *Immediate suspension.* The port director may immediately suspend, for a temporary period of time or until revocation and cancellation proceedings are concluded pursuant to § 118.23, a CES operator's or entity's selection and the written agreement to operate the CES if:

(1) The selection and written agreement were obtained through fraud or the misstatement of a material fact; or

(2) The CES operator or an officer of a corporation which is a CES operator or a person the port director determines is exercising substantial ownership or control over such operator or officer is indicted for, convicted of, or has committed acts, which would constitute a felony, or a misdemeanor involving theft or a theft-connected crime. In the absence of an indictment or conviction, the port director must have probable cause to believe the proscribed acts occurred.

(b) * * *

(6) The CES operator or an officer of a corporation which is a CES operator or a person the port director determines is exercising substantial ownership or control over such operator or officer is indicted for, convicted of, or has committed acts, which would constitute any of the offenses listed under

paragraph (a) of this section. Where adverse action is initiated by the port director pursuant to paragraph (a) of this section and continued under this paragraph, the suspension of CES activities remains in effect through the appeal procedures provided under § 118.23.

(c) *Circumstance of change in employment not a bar to adverse action.* Any change in the employment status of a corporate officer (for example, discharge, resignation, demotion, or promotion) prior to indictment or conviction or after committing any acts which would constitute the culpable behavior described under paragraph (a) of this section, will not preclude application of this section, but may be taken into account by the port director in exercising discretion to take adverse action. If the person whose employment status changed remains in a substantial ownership, control, or beneficial relationship with the CES operator, this factor will also be considered in exercising discretion under this section.

4. Section 118.22 is revised to read as follows:

§ 118.22 Notice of immediate suspension or proposed revocation and cancellation action.

Adverse action pursuant to the provisions of § 118.21(a) or (b) is initiated when the port director serves written notice on the operator or entity selected to operate the CES. The notice shall be in the form of a statement specifically setting forth the grounds for the adverse action and shall inform the operator of the appeal procedures under § 118.23 of this part.

5. Section 118.23 is revised to read as follows:

§ 118.23 Appeal to the Assistant Commissioner; procedure; status of CES operations.

(a) *Appeal to the Assistant Commissioner.* Appeal of a port director's decision under § 118.21(a) or (b) must be filed with the Assistant Commissioner, Office of Field Operations, within 10 calendar days of receipt of the written notice of the adverse action. The appeal shall be filed in duplicate and shall set forth the CES operator's or entity's responses to the grounds specified by the port director in his written notice letter for the adverse action initiated. The Assistant Commissioner, Office of Field Operations, or his designee, shall render a written decision to the CES operator or entity, stating the reasons for the decision, by letter mailed within 30 working days following receipt of the appeal, unless the period for decision is

extended with due notification to the CES operator or entity.

(b) *Status of CES operations during appeal.* During this appeal period, an immediate suspension of a CES operator's or entity's selection and written agreement pursuant to § 118.21(a) of this part shall remain in effect. A proposed revocation of a CES operator's or entity's selection and cancellation of the written agreement pursuant to § 118.21(b)(1) through (5) of this part shall not take effect unless the appeal process under this paragraph has been concluded with a decision adverse to the operator.

(c) *Effect of suspension or revocation.* Once a suspension or revocation action takes effect, the CES operator must cease CES operations. However, when CES operations are suspended or revoked and cancelled by Customs, it is the CES operator's responsibility to ensure that merchandise already at the CES is properly consigned to another location for inspection, as directed by the importer and approved by the port director.

George J. Weise,

Commissioner of Customs.

Approved: June 8, 1996.

John P. Simpson,

Deputy Assistant Secretary of the Treasury.

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Internal Revenue Service

26 CFR Part 1

[TD 8669]

RIN 1545-AR18

Computation of Combined Taxable Income Under the Profit Split Method When the Possession Product Is a Component Product or an End-Product Form for Purposes of the Possessions Credit Under Section 936; Correction

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains corrections to final regulations [TD 8669] which were published in the Federal Register on Friday, May 10, 1996 (61 FR 21366). The final regulations relate to the computation of combined taxable income under the profit split method.

EFFECTIVE DATE: May 10, 1996.

FOR FURTHER INFORMATION CONTACT: Jacob Feldman (202) 622-3870 (not a toll-free number).

SUPPLEMENTARY INFORMATION:**Background**

The final regulations that are subject to these corrections are under section 936 of the Internal Revenue Code.

Need for Correction

As published, the final regulations [TD 8669] contain errors which may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations (TD 8669) which is the subject of FR Doc. 96-11639, is corrected as follows:

1. On page 21366, column 3, in the preamble, following the paragraph heading "Discussion", the first full paragraph in the column, line 4, the language "forms under the profit-split method" is corrected to read "forms under the profit split method".

2. On page 21367, column 1, in the preamble, following the paragraph heading "Discussion", the second full paragraph in the column, lines 12 and 13, the language "regulation is effective for taxable years ending 30 days after May 10, 1996. If" is corrected to read "regulations apply to taxable years ending after June 9, 1996. If".

§ 1.936-6 [Corrected]

3. On page 21368, § 1.936-6, in paragraph (b)(1), in the table in A.12(iv), under the heading "Production costs (excluding costs of materials):", item 3, the language "3. P's costs for the CPU's (the possession product)" is corrected to read "3. P's costs for the CPUs (the possession product)".

4. On page 21369, column 3, § 1.936-6, in paragraph (b)(1), under A.12(vii), line 3, the language "ending 30 days after May 10, 1996. If" is corrected to read "ending after June 9, 1996. If".

Cynthia E. Grigsby,
Chief, Regulations Unit, Assistant Chief Counsel (Corporate).
[FR Doc. 96-19005 Filed 7-25-96; 8:45 am]
BILLING CODE 4830-01-U

26 CFR Part 1**[TD 8662]****RIN 1545-AQ64****Diversification of Common Trust Funds; Correction**

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains a correction to final regulations [TD 8662]

which were published in the Federal Register on Thursday, May 2, 1996 (61 FR 19546). The final regulations relate to the diversification of common trust funds at the time of a combination or division.

EFFECTIVE DATE: May 2, 1996.

FOR FURTHER INFORMATION CONTACT: Steven Schneider, (202) 622-3060 (not a toll-free number).

SUPPLEMENTARY INFORMATION:**Background**

The final regulations that are the subject of this correction are under section 584 of the Internal Revenue Code.

Need for Correction

As published, TD 8662 contains an error that is in need of correction.

Correction of Publication

Accordingly, the publication of final regulations which are the subject of FR Doc. 96-10393 is corrected as follows.

§ 1.584-4 [Corrected]

On page 19547, column 1, § 1.584-4(a), the fifteenth line from the bottom of the paragraph, the language "participant in substantially the same as" is corrected to read "participant is substantially the same as".

Cynthia E. Grigsby,
Chief, Regulations Unit, Assistant Chief Counsel (Corporate).
[FR Doc. 96-19004 Filed 7-25-96; 8:45 am]
BILLING CODE 4830-01-U

26 CFR Part 1**[TD 8663]****RIN 1545-AT43****Transfers to Investment Companies; Correction**

AGENCY: Internal Revenue Service, Treasury.

ACTION: Correction to final regulations.

SUMMARY: This document contains a correction to final regulations [TD 8663] which were published in the Federal Register on Thursday, May 2, 1996 (61 FR 19544). The final regulations concern the treatment of certain transfers to a controlled corporation.

EFFECTIVE DATE: May 2, 1996.

FOR FURTHER INFORMATION CONTACT: Andrew M. Eisenberg, (202) 622-7790 (not a toll-free number).

SUPPLEMENTARY INFORMATION:**Background**

The final regulations that are the subject of this correction are under

section 351 of the Internal Revenue Code.

Need for Correction

As published, TD 8663 contains an error that is in need of correction.

Correction of Publication

Accordingly, the publication of the final regulations which are the subject of FR Doc. 96-10394 is corrected as follows:

PART 1—[CORRECTED]

On page 19545, column 3, in amendatory instruction "Paragraph 1.", lines 1 and 2, the language "Paragraph 1. The authority citation for part 1 continues to read as follows:" is corrected to read "Paragraph 1. The authority citation for part 1 is amended by adding an entry in numerical order to read as follows:".

Cynthia E. Grigsby,
Chief, Regulations Unit, Assistant Chief Counsel (Corporate).
[FR Doc. 96-19003 Filed 7-25-96; 8:45 am]
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DEPARTMENT OF DEFENSE**Department of the Army****32 CFR Part 630****Absentee Deserter Apprehension Program and Surrender of Military Personnel to Civilian Law Enforcement Agencies**

AGENCY: Office of the Army Staff Judge Advocate, DOD.

ACTION: Final rule.

SUMMARY: The Department of the Army announces a complete revision of its Military Absentee and Deserter Apprehension regulations to bring them in line with changes to Army Regulation 190-9, with the same title. This revision revises provost marshal procedures and responsibilities for military personnel who are in an absentee or deserter status and procedures and responsibilities for surrender of military personnel to civilian law enforcement authorities. These regulations support the approved parts of the Joint Service Plan for Deserter Apprehension Program July 1978 and Department of Defense Directive 1325.2.

DATE: Effective July 26, 1996.

FOR FURTHER INFORMATION CONTACT: Mr. Jeffrey Porter at 681-5078.

SUPPLEMENTARY INFORMATION:

a. This part applies to the Active Army and the U.S. Army Reserve and