

that the proposed action will not have a significant effect on the quality of the human environment. Accordingly, the Commission has determined not to prepare an environmental impact statement for the proposed action.

For further details with respect to the proposed action, see the licensee's letter dated December 18, 1995, as supplemented on May 3, June 11, July 1, July 3, and August 22, 1996, which are available for public inspection at the Commission's Public Document Room, The Gelman Building, 2120 L Street, NW., Washington, DC, and at the local public document room located at the Florida International University, University Park, Miami, Florida 33199.

Dated at Rockville, Maryland, this 12th day of September 1996.

For the Nuclear Regulatory Commission.
Frederick J. Hebdon,

Director, Project Directorate II-3, Division of Reactor Projects—I/II, Office of Nuclear Reactor Regulation.

[FR Doc. 96-23906 Filed 9-17-96; 8:45 am]

BILLING CODE 7590-01-P

OFFICE OF PERSONNEL MANAGEMENT

Agriculture Department; Alternative Personnel Management System; Demonstration Project

AGENCY: Office of Personnel Management.

ACTION: Notice of amendment of the Department of Agriculture demonstration project plan.

SUMMARY: This action provides for changes in the final project plan published March 9, 1990, to modify the demonstration project coverage to include term appointments. The project was originally conceived to test an alternative to the traditional recruiting and hiring system in an anticipated tight labor market as described in Workforce 2000 and Civil Service 2000. On March 8, 1996, a Federal Register notice was published to modify the list of experiment sites to include comparison sites. This change provided the opportunity to test these flexibilities in a downsizing environment with a more than adequate high-quality labor market even though there are occasional shortages of qualified candidates. By amending the project plan to include term appointments, a need to operate a parallel examining system for permanent and term positions will be eliminated thus avoiding administrative inefficiencies and ineffectiveness.

EFFECTIVE DATE: September 18, 1996.

FOR FURTHER INFORMATION CONTACT:

Mary Ann Jenkins, (202) 720-0515, at the Department of Agriculture; Joan Jorgenson, (202) 606-1315, at the Office of Personnel Management.

SUPPLEMENTARY INFORMATION: On March 9, 1990, OPM published a notice to demonstrate an alternative personnel management system at the U.S. Department of Agriculture. One of the project innovations is to test a candidate assessment method which uses categorical groupings instead of numeric score. The demonstration authority replaces the traditional system of examining applicants and ranking candidates, instead the candidates will be assigned to one of two groups—quality or eligible—based on job related evaluation criteria. To be placed in the quality group, a candidate's background must show: above average educational achievement; or, quality experience which is defined as experience clearly above and beyond (Operating Manual: Qualification Standards for General Schedule Positions) basic qualification requirements, and which is directly related to the work of the position to be filled; or, evidence of high ability to do the work of the position. Candidates who do not meet the quality group criteria but who meet basic qualification requirements will be assigned to the eligible group. Within each group, preference eligibles will be listed ahead of nonpreference eligibles. In addition, for positions other than scientific and professional at GS-9 and above, preference eligibles with a compensable service-connected disability of 10 percent or more who meet basic eligibility requirements will be listed at the top of the quality group.

Selection will be made from among candidates in the quality group. When an inadequate number of candidates is in the quality group, all qualified candidates will be listed as a single group.

With the addition of term appointments, project participation will still not exceed the statutory limit of 5000 at any given time.

Dated: September 11, 1996.
Office of Personnel Management.
James B. King,
Director.

Project Plan Modification

The project plan which appeared in the Federal Register on March 9, 1990 (55 FR 9062) is hereby modified to include using the candidate assessment method for term appointments for the

Agricultural Research Service and Forest Service.

[FR Doc. 96-23781 Filed 9-17-96; 8:45 am]

BILLING CODE 6325-01-M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC-22217; File No. 812-10110]

Allianz Life Insurance Company of North America, et al.

September 11, 1996.

AGENCY: Securities and Exchange Commission ("SEC" or "Commission").

ACTION: Notice of application for exemption under the Investment Company Act of 1940 (the "1940 Act").

APPLICANTS: Allianz Life Insurance Company of North America ("Allianz"), Allianz Life Variable Account A ("Account A"), Allianz Life Variable Account B ("Account B"), Preferred Life Insurance Company of New York ("Preferred") and Preferred Life Variable Account C ("Account C," together with Account A and Account B, the "Accounts").

RELEVANT 1940 ACT SECTIONS: Order requested pursuant to Section 26(b) of the 1940 Act, approving the proposed substitution of securities, and pursuant to Section 17(b) or, in the alternative, Section 6(c) of the 1940 Act, exempting the proposed transactions from the provisions of Section 17(a) of the 1940 Act.

SUMMARY OF THE APPLICATION: Applicants request an order of the Commission pursuant to Section 26(b) of the 1940 Act approving the substitution of shares of the U.S. Government Securities Fund ("Government Fund") of the Franklin Valuemark Funds (the "Trust") for shares of the Adjustable U.S. Government Fund ("Adjustable Fund") and the investment Grade Intermediate Bond Fund ("Bond Fund") of the Trust held by the Accounts. Applicants also request an order pursuant to Section 17(b) or, in the alternative, pursuant to Section 6(c) of the 1940 Act, granting exemptions from the provisions of Section 17(a) of the 1940 Act to the extent necessary to permit certain purchase and sale transactions between affiliates in connection with the substitution.

FILING DATE: The application was filed on April 26, 1996.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request

a hearing by writing to the Secretary of the Commission and serving Applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on October 7, 1996, 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 requester's interest, the reason for the request and the issues contested. Persons may request notification of a hearing by writing to the Secretary of the Commission.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants, c/o Joan E. Boros, Esq., Katten Muchin & Zavis, 1025 Thomas Jefferson Street, N.W., Suite 700, East Lobby, Washington, D.C. 20007.

FOR FURTHER INFORMATION CONTACT: Mark C. Amorosi, Attorney, or Patrice M. Pitts, Special Counsel, Office of Insurance Products, Division of Investment Management, at (202) 942-0670.

SUPPLEMENTARY INFORMATION: Following is a summary of the application; the complete application is available for a fee from the Public Reference Branch of the Commission.

Applicants' Representations

1. Allianz, a stock life insurance company formerly known as North American Life and Casualty Company, is a wholly-owned subsidiary of Allianz of America, Inc., a majority-owned subsidiary of Allianz Versicherungs-AG Holding, which is headquartered in Munich, Germany. Allianz writes individual and group fixed and variable immediate and deferred annuity contracts on a non-participating basis, and single premium and flexible premium variable life insurance policies. Allianz is the sponsor and depositor of Account A and Account B.

2. Preferred, a stock life insurance company incorporated in New York in 1982, is a wholly-owned subsidiary of Allianz. Preferred offers group life, group accident, and health insurance, and variable annuity contracts. Preferred is the sponsor and depositor of Account C.

3. Each of the Accounts is registered under the 1940 Act as a unit investment trust. The assets of each Account support either variable annuity contracts or variable life insurance policies (together, the "Contracts"). Interests in each of the Accounts offered through such Contracts have been registered under the Securities Act of 1933 on either Form S-6 or Form N-4. Each Account is divided into sub-

accounts ("Subaccounts") that correspond to the portfolios of the Trust, including the Adjustable Fund the Bond Fund and the Government Fund.

4. The Trust was organized as a Massachusetts Business Trust on April 26, 1988, and is registered under the 1940 Act as an open-end management investment company. The Trust is a series investment company that currently has twenty-one investment portfolios ("Funds," and individually, "Fund"). Shares of the Funds currently are sold only to separate accounts of Allianz and its affiliates to fund variable life insurance policies or variable annuity contracts. Franklin Advisers, Inc. ("Adviser") is the investment adviser to the Funds that are the subject of this application.

5. The investment objective of the Adjustable Fund is to seek a high level of current income, consistent with lower volatility of principal, by investing primarily in adjustable rate securities which are issued or guaranteed by the U.S. government, its agencies or instrumentalities. The investment objective of the Bond Fund is to seek current income, consistent with preservation of capital, primarily through investment in intermediate-term, investment grade corporate obligations and in U.S. government securities. The investment objective of the Government Fund is to seek current income and safety of capital by investing exclusively in obligations issued or guaranteed by the U.S. government or its agencies or instrumentalities.

6. The Adjustable Fund and the Bond Fund as individual investment alternatives have not generated substantial interest of Contract owners (the "Owners") in recent years. Overall variable product sales by Allianz and Preferred are made primarily to person interested in retirement-planning and increasingly preferring long-term, growth oriented investments. On December 31, 1995, the adjustable Fund had \$190 million in assets, compared to \$303.4 million at the end of 1993, a decrease of 37.37%. Bond Fund assets increase 34.52% from 1993 to 1995 (from \$123.4 million to \$166 million), but increased only 7.17% from 1994 to 1995 (from \$154.9 million to \$166 million).

7. The Government Fund, with assets of \$643.3 million on December 31, 1995, offers Owners a larger fund with similar investment policies, providing a potential for economies of scale. In addition, the elimination of two funding options under the Contracts will facilitate the Trust's organization of two new portfolios currently in registration

which invest primarily in equity securities and are more responsive to demonstrated preferences of Contract purchasers. The substitution of Government Fund shares for all Adjustable Fund and Bond Fund share attributable to the Contracts will avoid increasing the total number of portfolios to be administered under the Contracts. If Applicants can better serve the interests of Owners by using the Government Fund and adding new investment alternatives that they believe may be better suited to the needs and interests of Owners, it is not in the public interest to continue to use the Adjustable Fund and the Bond Fund as funding vehicles for the Contracts.

The Proposed Transactions

1. Allianz and Preferred propose to effect a substitution (the "Substitution") of shares of the Government Fund for all shares of the Adjustable Fund and all shares of the Bond Fund attributable to the Contracts. Applicants represent that Allianz and Preferred will pay all expenses and transaction costs associated with the Substitution, including any applicable brokerage commissions. Applicants have filed with the Commission amended prospectuses for the Accounts which will provide Owners with information concerning the proposed Substitution.

2. Within five days after the Substitution, Allianz and Preferred will send to Owners written notice ("Notice") of the Substitution that identifies the shares of the Adjustable Fund and the Bond Fund that have been eliminated and the shares of the Government Fund that have been substituted. Owners will be advised in the Notice that for a period of thirty days from the mailing of the Notice, Owners may transfer all assets, as substituted, to any other available Subaccount, without limitation and without charge. Moreover, any Owner-initiated transfers of all available assets from the Subaccount investing in the Government Fund to a Subaccount investing in any other Fund of the Trust from the date of the Notice to thirty days thereafter (the "Free Transfer Period") will not be counted as transfer requests under any contractual provisions of the Contracts that limit the number of allowable transfers.

3. At the close of business on the effective date of the Substitution, Allianz and Preferred each will redeem all shares of the Adjustable Fund and the Bond Fund currently held on behalf of the Accounts. Simultaneously with the redemption request, Allianz and Preferred will place a purchase order with the Government Fund so that

purchases will be for the exact amount of the redemption proceeds. As a result, at all times, monies attributable to Owners currently invested in the Adjustable Fund and the Bond Fund will remain fully invested.

4. The Adjustable Fund and the Bond Fund are likely to incur brokerage fees and expenses in connection with the redemption of all shares of those Funds by Allianz and Preferred. To alleviate the potential impact of such fees and expenses on the Adjustable Fund and the Bond Fund, the redemption of shares of the Adjustable Fund and the Bond Fund will be effected partly for cash and partly for portfolio securities redeemed in-kind. By this procedure, at the effective date of the Substitution, the Adjustable Fund and the Bond Fund will transfer to the Government Fund cash proceeds and/or portfolio securities held by the Adjustable Fund and the Bond Fund. Allianz and Preferred will use such cash proceeds and/or portfolio securities to purchase shares of the Government Fund.

5. The Trust will effect the redemptions-in-kind and the transfers of portfolio securities in a manner that is consistent with the investment objectives and policies and diversification requirements applicable to the Government Fund. Allianz and Preferred each will take steps to assure that the portfolio securities selected by the Adviser for redemptions-in-kind are suitable investments for the Government Fund.

6. Partially effecting the redemption of shares of the Adjustable Fund and the Bond Fund in-kind is appropriate, based on the current similarity of certain of the portfolio investments of the Adjustable Fund and the Bond Fund to those of the Government Fund. The valuation of any in-kind redemptions will be made on a basis consistent with the normal valuation procedures of the Adjustable Fund and the Bond Fund and the normal valuation procedures of the Government Fund.

7. The full net asset value of the redeemed shares held by the Accounts will be reflected in the Owners' unit values following the Substitution. Allianz and Preferred have undertaken to assume all transaction costs and expenses relating to the Substitution, including any direct or indirect costs of liquidating the assets of the Adjustable Fund and the Bond Fund, so that the full net asset value of redeemed shares of the Adjustable Fund and the Bond Fund held by the Accounts will be reflected in the Owners' unit values.

8. The Adviser has been fully apprised of the terms of the Substitution. Allianz and Preferred

anticipate that the Adviser, to the extent appropriate, will conduct the trading of portfolio securities in a manner that provides for the anticipated redemptions of shares held by the Accounts.

9. Immediately following the Substitution, Allianz and Preferred, as appropriate, will combine the Subaccount invested in the Adjustable Fund and the Subaccount invested in the Bond Fund with the continuing Subaccount invested in the Government Fund. Allianz and Preferred each will reflect this treatment in disclosure documents for their respective Accounts, the financial statements of their respective Accounts and the Form N-SAR annual reports filed by their respective Accounts.

10. Following the Substitution, Owners will be afforded the same contract rights as they currently have, including surrender and other transfer rights with regard to amounts invested under the Contracts.

Applicants' Legal Analysis

Request for an Order Pursuant to Section 26(b)

1. Section 26(b) of the 1940 Act provides, in pertinent part, that "[i]t shall be unlawful for any depositor or trustee of a registered unit investment trust holding the security of a single issuer to substitute another security for such security unless the Commission shall have approved such substitution." The purpose of Section 26(b) is to protect the expectation of investors in a unit investment trust that the unit investment trust will accumulate the shares of a particular issuer, and to prevent unscrutinized substitutions which might, in effect, force shareholders dissatisfied with the substituted security to redeem their shares, thereby possibly incurring either a loss of the sales load deducted from initial proceeds, an additional sales load upon reinvestment of the redemption proceeds, or both. Section 26(b) affords this protection to investors by preventing a depositor or trustee of a unit investment trust holding shares of one issuer from substituting for those shares the shares of another issuer, unless the Commission approves that substitution.

2. Applicants maintain that the purposes, terms and conditions of the Substitution are consistent with the principles and purposes of Section 26(b). Applicants assert that the Substitution will not result in the type of costly forced redemptions that Section 26(b) was intended to guard against and is consistent with the

protection of investors and the purposes fairly intended by the 1940 Act for the following reasons:

(a) The Substitution is of shares of a substitute fund whose objectives, policies and restrictions are sufficiently similar to the objectives of the Funds to be eliminated so as to continue fulfilling the Owners' objectives and risk expectations.

(b) The Substitution, in all cases, will be at the net asset value of the respective shares, without the imposition of any transfer or similar charge.

(c) Allianz and Preferred have undertaken to assume the expenses and transaction costs, including among others, legal and accounting fees and any brokerage commissions, relating to the Substitution. The partial redemptions-in-kind contemplated for appropriate portfolio securities of the Adjustable Fund and the Bond Fund are expected to contribute to the reduction of such costs.

(d) Within five (5) days after the Substitution, Allianz and Preferred will send to Owners written notice of the Substitution that identifies the shares of the Adjustable Fund and the Bond Fund that have been eliminated and the shares of the Government Fund that have been substituted.

(e) If an Owner so requests, during the Free Transfer Period, assets will be reallocated for investment in an Owner-selected Subaccount and related Fund. The Free Transfer Period is sufficient time for Owners to reconsider the Substitution.

(f) The Substitution will not be counted as a transfer under any contractual provisions of the Policies or Contracts that limit the number of allowable free transfers.

(g) The Substitution in no way will alter the insurance benefits to Owners or the contractual obligations of Allianz and Preferred.

(h) The Substitution in no way will alter the tax benefits to Owners.

(i) Owners may choose simply to withdraw amounts credited to them following the Substitution, under the conditions that currently exist, subject to any applicable declining sales load.

(j) The Substitution is expected to confer certain modest economic benefits to Owners by virtue of the enhanced asset size of the Government Fund.

Request for an Order Pursuant to Section 17(b)

1. Section 17(a)(1) of the 1940 Act prohibits any affiliated person of a registered investment company, or an affiliated person of an affiliated person, acting as principal, from selling any security or other property to such registered investment company. Section 17(a)(2) of the 1940 Act prohibits any of such affiliated persons, acting as principal, from purchasing any security or other property from such registered investment company.

2. Applicants state that, immediately following the Substitution, Allianz and Preferred, as appropriate, will combine:

(i) The Subaccounts in the Adjustable

Fund with a continuing Subaccount invested in the Government Fund; and (ii) the Subaccounts invested in the Bond Fund with the continuing Subaccount invested in the Government Fund. Applicants state that Allianz and Preferred could be said to be transferring unit values between their Subaccounts. The transfer of unit values may involve purchase and sale transactions between Subaccounts that are affiliated persons. Such transactions between Subaccounts may come within the scope of Sections 17(a)(1) and 17(a)(2) of the 1940 Act. Therefore, Applicants seek an exemption from Section 17(a) of the 1940 Act, pursuant to Section 17(b) of the 1940 Act, or, in the alternative, pursuant to Section 6(c) of the 1940 Act.

3. Section 17(b) of the 1940 Act provides that the Commission may grant an order exempting the transactions prohibited by Section 17(a) upon application if evidence establishes that: (a) The terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the investment policy of each register investment company concerned, as recited in its registration statement and reports filed under 1940 Act; and (c) the proposed transaction is consistent with the general purposes of the 1940 Act.

4. Section 6(c) of the 1940 Act authorizes the Commission, by order upon application, to conditionally or unconditionally grant an exemption from any provision, rule or regulation of the 1940 Act to the extent that the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

5. Applicants represent that the terms of the proposed transactions are: (a) Reasonable and fair, including the consideration to be paid and received, and do not involve overreaching; (b) are consistent with the policies of the Funds of the Trust; and (c) are consistent with the general purposes of the 1940 Act. Applicants state that the transactions effecting the Substitution, including the redemption of the shares of the Adjustable Fund and the Bond Fund and the purchase of shares of the Government Fund, will be effected in conformity with Section 22(c) of the 1940 Act and Rule 22c-1 thereunder. Moreover, the partial redemptions-in-kind of portfolio securities of the Funds will be effected in conformity with Rule 18f-1 under the 1940 Act, the majority

of the conditions of Rule 17a-7 under the 1940 Act, and the procedures of the Trust established pursuant to Rule 17a-7. In practical economic terms, Owner interests after the Substitution will not differ in any measurable way such interests immediately prior to the Substitution. In addition, Allianz and Preferred each maintain, based on their review of existing federal income tax laws and regulations and advice of counsel, that the Substitution will not give rise to any taxable income for Owners.

6. Applicants also assert that the proposed transactions are consistent with the investment policy of each investment company concerned in that the investment objectives of the Government Fund are sufficiently similar to the investment objectives of the Adjustable Fund and the Bond Fund.

7. Applicants maintain that the proposed transactions are consistent with the general purposes of the 1940 Act. Applicants state that the proposed transactions do not present any of the issues or abuses that the 1940 Act was designed to prevent. Moreover, Applicants assert that the requested exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act, as required by Section 6(c) of the 1940 Act. Owners will be fully informed of the terms of the Substitution through the amended prospectuses and the Notice, and will have an opportunity to reallocate investments prior to and following the Substitution.

Conclusion

For the reasons discussed above, Applicants assert that the requested order approving the Substitution pursuant to Section 26(b) of the 1940 Act is consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act. Applicant further assert that the requested exemptions from Sections 17(a)(1) and 17(a)(2) of the 1940 Act in connection with the proposed Substitution meet the standards of Section 17(b) of the 1940 Act and are necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the 1940 Act.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96-23836 Filed 9-17-96; 8:45 am]

BILLING CODE 8010-01-M

Issuer Delisting; Notice of Application to Withdraw From Listing and Registration (Fountain Powerboat Industries, Inc., Common Stock, \$0.01 Par Value); File No. 1-10316

September 12, 1996.

Fountain Powerboat Industries, Inc. ("Company") has filed an application with the Securities and Exchange Commission ("Commission"), pursuant to Section 12(d) of the Securities Exchange Act of 1934 ("Act") and Rule 12d2-2(d) promulgated thereunder, to withdraw the above specified security ("Security") from listing and registration on the American Stock Exchange, Inc. ("Amex").

The reasons alleged in the application for withdrawing the Security from listing and registration include the following:

According to the Company, its Board of Directors unanimously approved resolutions on May 22, 1996 to withdraw the Security from listing on the Amex and instead, to list the Security on the National Association of Securities Dealers Automated Quotations National Market System ("Nasdaq NMS").

The decision of the Board followed a lengthy study of the matter and was based upon the belief that listing the Security on the Nasdaq NMS will be more beneficial to its stockholders than the present listing on the Amex because of the perceived greater liquidity of the Nasdaq NMS.

Any interested person may, on or before October 3, 1996 submit by letter to the Secretary of the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, facts bearing upon whether the application has been made in accordance with the rules of the exchanges and what terms, if any, should be imposed by the Commission for the protection of investors. The Commission, based on the information submitted to it, will issue an order granting the application after the date mentioned above, unless the Commission determines to order a hearing on the matter.