

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 November 6, 1995 and should be accompanied by proof of service on 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 5th Street, N.W., Washington, D.C. 20549. Applicant, c/o Gregory K. Todd, Mitchell Hutchins Asset Management Inc., 1285 Avenue of the Americas, 14th Floor, New York, New York, 10019.

FOR FURTHER INFORMATION CONTACT: Barbara J. Klapp, Paralegal Specialist, at (202) 942-0575, or Robert A. Robertson, 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 at the SEC's Public Reference Branch.

APPLICANT'S REPRESENTATIONS

1. Applicant is a closed-end management investment company organized as a Maryland corporation. On May 25, 1993, applicant registered under section 8(a) of the Act and filed a Form N-2 under the Securities Act of 1933 to register 4,600,000 shares of common stock. The registration statement became effective on August 19, 1993 and the initial public offering of common stock commenced thereafter.

2. On September 9, 1993, applicant filed a Form N-2 under the Securities Act of 1933, covering 600 auction preferred shares. On October 12, 1993, the registration statement became effective and the initial public offering of auction preferred shares commenced thereafter.

3. On July 12, 1994, applicant's board of directors (the "Board") approved an agreement and plan of reorganization and liquidation whereby PainWebber Premier Insured Municipal Income Fund ("Insured Fund") would acquire all of the applicant's assets and assume all of the applicant's liabilities in exchange for shares of common stock and a new series (Series D) of auction

preferred shares of Insured Fund. On November 11, 1994, the Board adopted resolutions to effect the payment of certain dividends and distributions in connection with the reorganization, to take action to delist applicant's shares on the American Stock Exchange and to take such other actions to effect the reorganization.

4. Prospectus/proxy materials were filed with the SEC and were distributed, on or about October 7, 1994, to applicant's securityholders. The reorganization was approved by applicant's shareholders on November 10, 1994.

5. As of November 28, 1994 (the "Closing Date"), applicant had outstanding 4,496,667 shares of common stock, having an aggregate net asset value of \$82,811,775 and a per share net asset value of \$11.74, and 600 auction preferred shares, having an aggregate net asset value of \$30,000,000 and a per share net asset value of \$50,000. There were no other classes of securities of applicant outstanding.

6. On November 28, 1994, applicant declared and paid to its shareholders of common stock a cash distribution, in order to distribute substantially all of its investment company taxable income and realized net capital gain for the 1994 taxable year through the Closing Date. On the Closing Date, Insured Fund acquired all the assets of applicant in exchange solely for shares of Insured Fund common stock and Insured Fund auction preferred shares. The number of shares of Insured Fund common stock issued to applicant had an aggregate net asset value equal to the aggregate value of applicant's assets transferred to Insured Fund as of the Closing Date. The Insured Fund auction preferred shares (Series D) were issued to applicant on the basis of one insured Fund auction preferred share for each of applicant's auction preferred share outstanding as of the Closing Date. On the same date, applicant liquidated and distributed *pro rata* to its shareholders of record the shares of Insured Fund received by applicant in the reorganization.

7. The expenses incurred in connection with the reorganization consisted primarily of legal expenses, printing and mailing expenses, registration fees, and miscellaneous accounting and administrative expenses. These expenses totalled approximately \$286,400 and were borne by applicant and Insured Fund in proportion to their respective net assets.

8. As of the date of the application, applicant had no assets, liabilities or shareholders. Applicant is not a party to any litigation or administrative

proceeding. Applicant is neither engaged in, nor does it propose to engage in, any business activities other than those necessary for the winding up of its affairs.

9. On April 5, 1995, applicant and Insured Fund filed Articles of Transfer with the Department of Assessments and Taxation of Maryland. Applicant intends to file Articles of Dissolution with such office as soon as practicable following its deregistration.

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

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-25818 Filed 10-17-95; 8:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-21416; 812-9766]

United Financial Group, Inc.; Notice of Application

October 12, 1995.

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 SECTIONS: 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, 1996. 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, and December 30, 1995.

FILING DATES: The application was filed on September 15, 1995.

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 November 6, 1995, and should be accompanied by proof of service on 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 who wish to be notified of a

hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicant, 5847 San Felipe, Suite 2600, Houston, Texas 77057.

FOR FURTHER INFORMATION CONTACT: Marc Duffy, Senior Attorney, at (202) 942-0565, or Robert A. Robertson, 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 at 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 Savings and Loan Insurance Corporation (the "FSLIC") and its successor, the Federal Deposit Insurance Corporation (the "FDIC"), which term as used herein includes the FSLIC. 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. The FDIC 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 Company's attempt to reorganize and seek to acquire an operating business has further been hampered by the existence of certain claims asserted by the Office of Thrift Supervision ("OTS"), whose jurisdiction covers areas 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 again began negotiations and in August 1991, the Company offered a proposed settlement. Although the FDIC staff has not responded to the Company's settlement proposal, in December 1991 the FDIC requested, and the Company provided, an agreement to toll the statute of limitations for the period expiring July 31, 1992. This would give the FDIC adequate time to review any possible claims against the Company that might reflect on a global settlement. This tolling agreement was subsequently extended fourteen times, initially through September 30, 1992, then eventually through December 31, 1995.

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. The OTS tolling agreement has been extended to December 31, 1995, subject to the right of the OTS to terminate the tolling agreement upon ten days' notice. During these tolling periods, the Company has engaged in continuous discussions with the OTS and FDIC staffs and as part of that process has furnished the OTS and FDIC staff members with documents and financial records for their review.

6. On June 30, 1995, the Company held assets of approximately \$11.52 million, comprised of approximately \$.33 million in cash and cash equivalents, \$9.54 million in short-term investments, \$1.11 million in loans and notes receivable, and \$.54 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.

7. 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 exportation 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 five subsequent orders, most recently until December 30, 1995.¹

8. 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 once the FDIC and the OTS approve a settlement of the FDIC Claims and the OTS Claims. 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 section 17(d) with respect to transactions approved by the bankruptcy court.

¹ 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); and Investment Company Act Release Nos. 20545 (Sept. 12, 1994) (notice) and 20608 (Oct. 7, 1994) (order) (the "Prior Orders").

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, 1996. 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 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, 1995 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. Although the Company's executive officers reviewed numerous possible asset or business acquisitions, the magnitude of the FDIC Claims and the OTS Claims and the potential threat that the FDIC and the OTS would seek to enjoin any utilization of the company's assets has 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. Although the Company has made substantial efforts to formulate alternative methods by which it can acquire an operating business and utilize its tax loss, the pending settlement negotiations of the FDIC Claims and the OTS Claims make it necessary for the Company to seek relief extending the relief granted by the Prior Orders. This would allow the Company to seek an FDIC and OTS settlement and, if successful, to formulate and implement new plans for becoming an operating business and utilizing the tax loss.

7. The Company believes that the issuance of an order exempting it from all provisions of the Act, subject to certain exceptions, until December 30, 1996 would be in the public interest and consistent with the protection of investors and the purposes of the Act.

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 become subject to the jurisdiction of the bankruptcy court, the Company needed not comply with section 17(a) or section 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 section 17(a) or section 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 section 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. 95-25819 Filed 10-17-95; 8:45 am]

BILLING CODE 8010-01-M

SMALL BUSINESS ADMINISTRATION

Data Collection Available for Public Comments and Recommendations

ACTION: Notice and request for comments.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995, this notice announces the Small Business Administration's intentions to request approval on a new information collection.

DATES: Comments should be submitted on or before December 18, 1995.

FOR FURTHER INFORMATION CONTACT: Jacqueline White, Management Analyst, Small Business Administration, 409 3rd Street, S.W., Suite 5000, Washington, D.C. 20416. Phone Number: 202-205-6629. Copies of this collection can also be obtained.

SUPPLEMENTARY INFORMATION:

Title: Characteristics of High-Technology Firms Study.

Type of Request: New Information Collection.

Description of Respondents: Small and large high-technology businesses.

Burden Per Response: 30 minutes.

Annual Responses: 960.

Annual Burden: 500.

Comments: Send all comments regarding this information collection to Edward Starr, Small Business Administration, Office of Advocacy, 409 3rd Street, S.W., Suite 5800, Washington, D.C. 20416. Phone Number: 202-205-6530. Send comments regarding whether this information collection is necessary for the proper performance of the function of the agency, accuracy of burden estimate, in addition to ways to minimize this estimate, and ways to enhance the quality.

Georgia Greene,

Chief, Administrative Information Branch.

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