

objectives, the Employer and the Committee determined that the most expeditious means would be the Employer's cash purchase of the Plan's remaining interest in the GIC. The Employer requests an exemption for this transaction under the terms and conditions described herein.

5. The Employer proposes that the Plan transfer to the Employer the Plan's entire remaining interest in the GIC in exchange for a cash purchase price in the amount of the Plan's GIC Interest principal investment attributable to the Surviving Claim plus interest at the Contract Rate effective August 8, 1986 through the date of the purchase. The Plan will incur no expenses with respect to the proposed transaction. Subsequent to the purchase, the Employer, as owner of the GIC Interest, will receive the Rehab Payments with respect to the Surviving Claim, which includes interest at four percent. In the event the Employer receives funds from any source with respect to the Surviving Claim in excess of the purchase price paid to the Plan by the Employer, such excess will be paid to the Plan.

6. The Employer is requesting that the exemption, if granted, be effective as of June 17, 1996. The Employer explains that its reorganizational activities commencing with its acquisition by TWI subsidiaries in January 1996 have led to a greater number of Plan participant terminations than usual. Whereas the Plan has permitted distributions only annually, the New Plan enables distributions on a monthly basis. Because distributions to many former participants of the Plan are pending, the Employer desires to enable distributions to be processed in the June 1996 processing cycle of the New Plan. This will require the completed liquidation of the GIC Interest by June 17, 1996. Accordingly, the Employer intends to consummate the proposed purchase transaction on that date under the terms and conditions described above.

7. In summary, the applicant represents that the proposed transactions satisfy the criteria of section 408(a) of the Act for the following reasons: (1) The transaction will provide the Plan with an immediate return on its investment in the Surviving Claim at a rate of interest, the Contract Rate, which is higher than the Rehab Rates; (2) The proposed transfer of the GIC Interest to the Employer for a cash purchase price will be a one-time transaction in which the Plan receives no less than the greater of the fair market value of the GIC Interest or the Plan's principal investment attributable to the Surviving Claim plus

interest through the purchase date at the Contract Rate; (3) The Plan will incur no expenses with respect to the proposed transaction; and (4) In the event the Employer receives payments with respect to the GIC Interest in excess of the purchase price paid the Plan, such excess will be paid to the Plan.

**FOR FURTHER INFORMATION CONTACT:**

Ronald Willett of the Department, telephone (202) 219-8881. (This is not a toll-free number.)

**General Information**

The attention of interested persons is directed to the following:

(1) The fact that a transaction is the subject of an exemption under section 408(a) of the Act and/or section 4975(c)(2) of the Code does not relieve a fiduciary or other party in interest of disqualified person from certain other provisions of the Act and/or the Code, including any prohibited transaction provisions to which the exemption does not apply and the general fiduciary responsibility provisions of section 404 of the Act, which among other things require a fiduciary to discharge his duties respecting the plan solely in the interest of the participants and beneficiaries of the plan and in a prudent fashion in accordance with section 404(a)(1)(b) of the act; nor does it affect the requirement of section 401(a) of the Code that the plan must operate for the exclusive benefit of the employees of the employer maintaining the plan and their beneficiaries;

(2) Before an exemption may be granted under section 408(a) of the Act and/or section 4975(c)(2) of the Code, the Department must find that the exemption is administratively feasible, in the interests of the plan and of its participants and beneficiaries and protective of the rights of participants and beneficiaries of the plan;

(3) The proposed exemptions, if granted, will be supplemental to, and not in derogation of, any other provisions of the Act and/or the Code, including statutory or administrative exemptions and transitional rules. Furthermore, the fact that a transaction is subject to an administrative or statutory exemption is not dispositive of whether the transaction is in fact a prohibited transaction; and

(4) The proposed exemptions, if granted, will be subject to the express condition that the material facts and representations contained in each application are true and complete, and that each application accurately describes all material terms of the transaction which is the subject of the exemption.

Signed at Washington, DC, this 30th day of May, 1996.

Ivan Strasfeld,

*Director of Exemption Determinations,  
Pension and Welfare Benefits Administration,  
U.S. Department of Labor.*

[FR Doc. 96-13916 Filed 6-3-96; 8:45 am]

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**[Prohibited Transaction Exemption 96-14;  
Exemption Application No. D-09940]**

**Morgan Stanley & Co. Incorporated  
(MS&Co) and Morgan Stanley Trust  
Company (MSTC)**

**AGENCY:** Pension and Welfare Benefits Administration, Labor (the Department).

**ACTION:** Notice of technical correction.

On March 12, 1996, the Department published in the Federal Register (61 FR 10032) a notice granting an individual exemption (the Exemption) on behalf of MS&Co and MSTC (collectively, the Applicants). The first paragraph of the Exemption states, in pertinent part, that "the restrictions of sections 406(a)(1)(A) through (D) and 406(b)(1) and (b)(2) of the Act and the sanctions resulting from the application of section 4975 of the Code, by reason of section 4975(c)(1)(A) through (E) of the Code, shall not apply to the lending of securities to Morgan Stanley & Co., Incorporated (MS&Co) and to any other U.S. registered broker-dealers affiliated with Morgan Stanley Trust Company (the Affiliated Broker-Dealer, collectively, the MS Broker-Dealers) by employee benefit plans with respect to which MS&Co is a party in interest \* \* \*"

The Applicants believe that the aforementioned language should have referred to an MS Broker-Dealer, as a party in interest rather than to MS&Co because the exemption application contemplated that an MS Broker-Dealer, other than MS&Co, might be borrowing securities from a plan with respect to which such MS Broker-Dealer, but not necessarily MS&Co, is a party in interest. Therefore, the Department has amended the first paragraph of the Exemption to read as follows:

"The restrictions of sections 406(a)(1)(A) through (D) and 406(b)(1) and (b)(2) of the Act and the sanctions resulting from the application of section 4975 of the Code, by reason of section 4975(c)(1)(A) through (E) of the Code, shall not apply to the lending of securities to Morgan Stanley & Co. Incorporated (MS&Co) and to any other U.S. registered broker-dealers affiliated with Morgan Stanley Trust Company (the Affiliated Broker-Dealer; collectively, the MS Broker-Dealers) by employee benefit plans with respect to which the MS Broker-Dealer who is borrowing such securities is a party

in interest or for which Morgan Stanley Trust Company (MSTC) acts as directed trustee or custodian and securities lending agent and to the receipt of compensation by MSTC in connection with these transactions, provided that the following conditions are met:"

In addition, the Department has revised the reference to MS&Co in the fourth line of the fourth paragraph of Section 2 of the Written Comments of the Exemption (published at page 10033) to MS Broker-Dealer.

**FOR FURTHER INFORMATION CONTACT:** Ms. Jan D. Broady of the Department, telephone (202) 219-8881. (This is not a toll-free number.)

Signed at Washington, DC, this 30th day of May 1996.

Ivan L. Strasfeld,

*Director of Exemption Determinations,  
Pension and Welfare Benefits Administration,  
U.S. Department of Labor.*

[FR Doc. 96-13914 Filed 6-3-96; 8:45 am]

BILLING CODE 4510-29-P

**[Prohibited Transaction Exemption 96-44;  
Exemption Application No. D-10049, et al.]**

### **Grant of Individual Exemptions; Sprague Electric Company**

**AGENCY:** Pension and Welfare Benefits Administration, Labor.

**ACTION:** Grant of individual exemptions.

**SUMMARY:** This document contains exemptions issued by the Department of Labor (the Department) from certain of the prohibited transaction restrictions of the Employee Retirement Income Security Act of 1974 (the Act) and/or the Internal Revenue Code of 1986 (the Code).

Notices were published in the Federal Register of the pendency before the Department of proposals to grant such exemptions. The notices set forth a summary of facts and representations contained in each application for exemption and referred interested persons to the respective applications for a complete statement of the facts and representations. The applications have been available for public inspection at the Department in Washington, D.C. The notices also invited interested persons to submit comments on the requested exemptions to the Department. In addition the notices stated that any interested person might submit a written request that a public hearing be held (where appropriate). The applicants have represented that they have complied with the requirements of the notification to interested persons. No public comments and no requests for a hearing, unless otherwise stated, were received by the Department.

The notices of proposed exemption were issued and the exemptions are being granted solely by the Department because, effective December 31, 1978, section 102 of Reorganization Plan No. 4 of 1978 (43 FR 47713, October 17, 1978) transferred the authority of the Secretary of the Treasury to issue exemptions of the type proposed to the Secretary of Labor.

### **Statutory Findings**

In accordance with section 408(a) of the Act and/or section 4975(c)(2) of the Code and the procedures set forth in 29 CFR Part 2570, Subpart B (55 FR 32836, 32847, August 10, 1990) and based upon the entire record, the Department makes the following findings:

- (a) The exemptions are administratively feasible;
- (b) They are in the interests of the plans and their participants and beneficiaries; and
- (c) They are protective of the rights of the participants and beneficiaries of the plans.

Sprague Electric Company Retirement and Savings Plan (the Plan) Located in Cincinnati, Ohio

[Prohibited Transaction Exemption 96-44; Exemption Application No. D-10049]

### **Exemption**

The restrictions of sections 406(a) and 406(b)(1) and (b)(2) of the Act and the sanctions resulting from the application of section 4975 of the Code, by reason of section 4975(c)(1)(A) through (E) of the Code, shall not apply to the cash sale (the Sale) by the Plan of its 34.2 percent interest in both the Group Annuity Contract No. CG 0128203A (ELIC Contract) issued by Executive Life Insurance Company and the Group Annuity Contract No. GA-4724 (MBL Contract) issued by Mutual Benefit Life Insurance Company to American Annuity Group, Inc., a party in interest with respect to the Plan; provided that the following conditions are met: (1) the Sale is a one-time transaction for cash; (2) the Plan experiences no loss and incurs no expense from the Sale; (3) the Plan receives as consideration for the Sale the greater of either (a) 34.2 percent of the fair market value of the ELIC Contract and the MBL Contract, respectively, as determined on the date of the Sale, or (b) 34.2 percent of the accumulated book value of the ELIC Contract and the MBL Contract, respectively, as set forth in paragraph 4 of the notice of the proposed exemption, with such determinations as to the consideration for the Sale made by the State Street Bank and Trust Company, the Plan fiduciary.

For a more complete statement of the facts and representations supporting the Department's decision to grant this exemption refer to the notice of proposed exemption published on April 4, 1996, at 61 FR 15140.

### **Comments**

The Department received three written comments from retired participants of the Plan with respect to the notice of the proposed exemption. These comments did not relate to the subject Sale transaction. Accordingly, after giving full consideration to the entire record, the Department has determined to grant the exemption.

**FOR FURTHER INFORMATION CONTACT:** Mr. C. E. Beaver of the Department, telephone (202) 219-8881. (This is not a toll-free number.)

Dauphin Deposit Bank and Trust Company Located in Harrisburg, Pennsylvania

[Prohibited Transaction Exemption 96-45; Application No. D-10187]

### **Section I—Exemption for In-Kind Transfer of CIF Assets**

The restrictions of sections 406(a) and 406(b) of the Act and the sanctions resulting from the application of section 4975 of the Code, by reason of section 4975(c)(1)(A) through (F) of the Code, shall not apply, as of May 31, 1996 to the proposed in-kind transfer of assets of plans for which Dauphin Deposit Bank and Trust Company (Dauphin) acts as a fiduciary (the Client Plans), other than plans established and maintained by Dauphin (the Bank Plans), that are held in certain collective investment funds maintained by Dauphin (CIFs) in exchange for shares of the Marketvest Funds (the Funds), open-end investment companies registered under the Investment Company Act of 1940 (the 1940 Act), in situations where Dauphin acts as investment advisor for the Fund and may provide some other "Secondary Service" to the Fund as defined in Section V(h), in connection with the termination of such CIFs, provided that the following conditions and the general conditions of Section III are met:

(a) No sales commissions or other fees are paid by the Client Plans in connection with the purchase of Fund shares through the in-kind transfer of CIF assets, and no redemption fees are payable in connection with the sale of such shares by the Client Plans to the Funds.

(b) Each Client Plan receives shares of a Fund which have a total net asset value that is equal to the value of the Plan's pro rata share of the assets of the