

documents related to their participation in the Lost and Stolen Securities Program ("Program") under Rule 17f-1. The following documents must be kept in an easily accessible place for three years, according to paragraph (g): (1) Copies or all reports of theft or loss (Form X-17F-1A) filed with the Commission's designee; (2) all agreements between reporting institutions regarding registration in the Program or other aspects of Rule 17f-1; and (3) all confirmations or other information received from the Commission or its designee as a result of inquiry.

Reporting institutions utilize these records and reports (a) to report missing, lost, stolen or counterfeit securities to the database, (b) to confirm inquiry of the database, and (c) to demonstrate compliance with Rule 17f-1. The Commission and the reporting institutions' examining authorities utilize these records to monitor the incidence of thefts and losses incurred by reporting institutions and to determine compliance with Rule 17f-1. If such records were not retained by reporting institutions, compliance with Rule 17f-1 could not be monitored effectively.

The Commission estimates that there are 25,714 reporting institutions (respondents) and, on average, each respondent would need to retain 33 records annually, with each retention requiring approximately 1 minute (33 minutes or .55 hours). The total estimated annual burden is 14,142.7 hours (25,714 × .55 hours = 14,142.7). Assuming an average hourly cost for clerical work of \$20.00, the average total yearly record retention cost for each respondent would be \$11.00. Based on these estimates, the total annual cost for the estimated 25,714 reporting institutions would be approximately \$282,854.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: September 23, 2004.

Margaret H. McFarland,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-26620; 812-13124]

Deutsche Investment Management Americas, Inc., et al.; Notice of Application and Temporary Order

September 24, 2004.

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

ACTION: Temporary order and notice of application for a permanent order under section 9(c) of the Investment Company Act of 1940 ("Act").

SUMMARY OF APPLICATION: Applicants have received a temporary order exempting them from section 9(a) of the Act, with respect to an injunction entered against Deutsche Bank Securities, Inc. ("DBSI") on September 24, 2004 by the U.S. District Court for the Southern District of New York (the "Federal Injunction"), until the earlier of the date the Commission takes action on an application for a permanent order, or two years from the date of the Federal Injunction. Applicants have requested a permanent order.

APPLICANTS: DBSI, Deutsche Investment Management Americas, Inc., Deutsche Asset Management, Inc., Deutsche Asset Management International GMBH, Deutsche Asset Management Investment Services, Ltd., Investment Company Capital Corp., DB Investment Managers, Inc., Deutsche Investments Australia Limited, RREEF America, L.L.C., Deutsche Asset Management (Japan) Limited, Deutsche Asset Management (Asia) Limited, Deutsche Investment Trust Management Company Limited (collectively, the "Advisers"), and Scudder Distributors, Inc. ("Scudder") (together with the Advisers, the "Applicants").¹

FILING DATES: The application was filed on September 3, 2004. Applicants have agreed to file an amendment to the

¹ Applicants request that any relief granted pursuant to the application also apply to any other company of which DBSI is or hereafter becomes an affiliated person (included in the term Applicants).

application during the notice period, the substance of which is reflected in this notice. Applicants also have agreed to file additional amendments to the application reflecting the issuance of each State Injunction (as defined below).

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 Commission's Secretary 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 19, 2004, 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 who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Applicants: c/o Daniel O. Hirsch, Esq., Deutsche Asset Management/Scudder Investments, 1 South Street, Baltimore, MD 21202.

FOR FURTHER INFORMATION, CONTACT: Courtney S. Thornton, Senior Counsel, at (202) 942-0699, or Annette M. Capretta, Branch Chief, at 202-942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a temporary order and a summary of the application. The complete application may be obtained for a fee at the Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (telephone 202-942-8090).

Applicants' Representations

1. Each of the Applicants is an indirect, wholly owned subsidiary of Deutsche Bank AG, a global financial services company that provides investment management, mutual fund, retail, private and commercial banking, investment banking, and insurance services. Collectively, the Advisers serve as investment advisers or subadvisers to approximately 200 registered investment companies or series thereof ("Funds"). Scudder acts as the principal underwriter for all of the Funds.

2. On September 24, 2004, the U.S. District Court for the Southern District of New York entered the Federal Injunction against DBSI in a matter

brought by the Commission.² The Commission alleged in the complaint (“Complaint”) that DBSI violated section 17(b) of the Securities Act of 1933 (“Securities Act”) and certain Conduct Rules of the National Association of Securities Dealers (“NASD”) and Rules of the New York Stock Exchange (“NYSE”) (the NASD Conduct Rules and NYSE Rules together, the “Exchange Rules”) by engaging in acts and practices that created or maintained inappropriate influence by DBSI’s investment banking business (the “Investment Banking Department”) over the research analysts in DBSI’s research department (the “Research Division”). The Commission also alleged in the Complaint that DBSI violated section 17(b) of the Securities Exchange Act of 1934 (“Exchange Act”) by failing to timely produce e-mail that the Commission had sought to examine during its investigation of DBSI’s research and investment banking practices. The Federal Injunction enjoined DBSI directly or through its officers, directors, agents and employees, from violating section 17(b) of the Securities Act, the Exchange Rules cited in the Complaint, and section 17(b) of the Exchange Act. Without admitting or denying the allegations in the Complaint, DBSI consented to the entry of the Federal Injunction as well as the payment of disgorgement and penalties and other equitable relief, including undertakings by DBSI to adopt and implement policies and procedures relating to certain research activities. Applicants state that DBSI expects to enter into settlement agreements relating to the activities referred to in the Complaint with certain state and territorial agencies, which may result in an injunction by a court of competent jurisdiction that is based on the same conduct and the same facts as the Complaint (each, a “State Injunction,” and, together with the Federal Injunction, the “Injunctions”). Applicants request that this application cover any disqualifications of the Applicants under Section 9(a) of the Act resulting from the Injunctions.

Applicants’ Legal Analysis

1. Section 9(a)(2) of the Act, in relevant part, prohibits a person who has been enjoined from engaging in or continuing any conduct or practice in connection with the purchase or sale of a security from acting, among other things, as an investment adviser or

depositor of any registered investment company or a principal underwriter for any registered open-end investment company, registered UIT or registered face-amount certificate company. Section 9(a)(3) of the Act makes the prohibition in section 9(a)(2) applicable to a company, any affiliated person of which has been disqualified under the provisions of section 9(a)(2). Section 2(a)(3) of the Act defines “affiliated person” to include any person directly or indirectly controlling, controlled by, or under common control with, the other person. Applicants state that DBSI is an affiliated person of each of the other Applicants within the meaning of section 2(a)(3) of the Act. Applicants further state that the entry of the Injunctions would result in Applicants being subject to the disqualification provisions of section 9(a) of the Act.

2. Section 9(c) of the Act provides that the Commission shall grant an application for exemption from the disqualification provisions of section 9(a) if it is established that these provisions, as applied to Applicants, are unduly or disproportionately severe or that the Applicants’ conduct has been such as not to make it against the public interest or the protection of investors to grant the application. Applicants have filed an application pursuant to section 9(c) seeking a temporary and permanent order exempting them from the disqualification provisions of section 9(a) of the Act.

3. Applicants believe they meet the standard for exemption specified in section 9(c). Applicants state that the prohibitions of section 9(a) as applied to them would be unduly and disproportionately severe and that the conduct of Applicants has been such as not to make it against the public interest or the protection of investors to grant the exemption from section 9(a).

4. Applicants state that the conduct giving rise to the Injunctions did not involve any of the Applicants acting in the capacity of investment adviser, subadviser, depositor, or principal underwriter for a Fund. Applicants state that the Complaint did not expressly reference the conduct of any current or former employee of any of the Applicants who is or was involved in providing advisory, subadvisory or underwriting services to the Funds advised or underwritten by Applicants.³

³ The Complaint also refers to general practices regarding the relationship between the Investment Banking Department and Research Division of DBSI. It is possible that one or more current or former personnel of the Applicants who is or was involved in providing advisory, subadvisory or underwriting services to the Funds was at some

While the Advisers’ portfolio managers had access to research reports issued by the Research Division, there is no indication that the portfolio managers relied on these research reports more than any other data that would have been considered by the portfolio managers in making investment decisions for the Funds. Although some of the Funds held securities in their portfolios at the time that DBSI issued research reports concerning the issuers of such securities, as far as the Advisers are aware, none of the officers, portfolio managers, or any other investment personnel employed by the Advisers had any knowledge of any non-public information relating to, or had any involvement in, the conduct underlying the Final Judgment. In addition, each of the Applicants that serve as an investment adviser or subadviser to Funds has adopted policies regarding information barriers (the “Policies”) designed to protect the Funds from certain conflicts of interest that may arise between portfolio managers and other employees of DBSI. The Policies, which were in effect at the time of the conduct described in the Complaint, restrict communications between portfolio managers and certain other employees of DBSI.

5. The Applicants will distribute written materials, including an offer to meet in person to discuss the materials, to the board of directors or trustees of each Fund (each, a “Board”), including the directors who are not “interested persons,” as defined in section 2(a)(19) of the Act, of the Fund, and their independent legal counsel, if any, regarding the Federal Injunction, any impact on the Funds, and this application.⁴ The Applicants will provide the Boards with all information concerning the Injunctions and this application that is necessary for the Funds to fulfill their disclosure and other obligations under the federal securities laws.

6. Applicants state that the inability to continue providing advisory services to the Funds and the inability to continue serving as principal underwriter to the Funds would result in potentially severe hardships for the Funds and their shareholders. Applicants also assert that, if they were barred from providing services to the Funds, the effect on their businesses and employees would be severe. The Applicants state that they have committed substantial resources to establish an expertise in advising and

time involved in investment banking or research activities.

⁴ Applicants state that they will advise the Boards of any State Injunctions that are issued.

² *Securities and Exchange Commission v. Deutsche Bank Securities, Inc.*, 04 CV 06909 (WHP) (S.D.N.Y., filed Aug. 26, 2004).

distributing the Funds. Bankers Trust Company and its affiliates previously received an exemption under section 9(c) as the result of conduct that triggered section 9(a), as described in greater detail in the application.

Applicants' Condition

Applicants agree that any order granting the requested relief will be subject to the following condition:

Any temporary exemption granted pursuant to the application shall be without prejudice to, and shall not limit the Commission's rights in any manner with respect to, any Commission investigation of, or administrative proceedings involving or against, Applicants, including without limitation, the consideration by the Commission of a permanent exemption from section 9(a) of the Act requested pursuant to the application or the revocation or removal of any temporary exemptions granted under the Act in connection with the application.

Temporary Order

The Commission has considered the matter and finds that Applicants have made the necessary showing to justify granting a temporary exemption.

Accordingly,

It is hereby ordered, pursuant to section 9(c) of the Act, that the Applicants are granted a temporary exemption from the provisions of section 9(a), effective forthwith, solely with respect to the Injunctions, subject to the condition in the application, until the date the Commission takes final action on their application for a permanent order or, if earlier, September 24, 2006.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-26619]

Notice of Applications for Deregistration Under Section 8(f) of the Investment Company Act of 1940

September 24, 2004.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company Act of 1940 for the month of September, 2004. A copy of each application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifth St., NW., Washington, DC 20549-0102 (tel. 202-942-8090). An order granting each application will be issued unless the SEC orders a hearing. Interested persons

may request a hearing on any application by writing to the SEC's Secretary at the address below and serving the relevant 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 October 19, 2004, 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 who wish to be notified of a hearing may request notification by writing to the Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549-0609.

For Further Information Contact: Diane L. Titus at (202) 942-0564, SEC, Division of Investment Management, Office of Investment Company Regulation, 450 Fifth Street, NW., Washington, DC 20549-0504.

AXP Progressive Series, Inc.

[File No. 811-1714]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On June 25, 2004, applicant transferred its assets to a corresponding series of AXP Partners Series, Inc., based on net asset value. Expenses of \$38,308 incurred in connection with the reorganization were paid by American Express Financial Corporation, applicant's investment adviser.

Filing Date: The application was filed on September 2, 2004.

Applicant's Address: 901 Marquette Ave. S, Suite 2810, Minneapolis, MN 55402-3268.

Merrill Lynch International Equity Fund

[File No. 811-6521]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On August 23, 2004, applicant transferred its assets to Merrill Lynch International Value Fund, a series of Mercury Funds II, based on net asset value. Expenses of \$214,168 incurred in connection with the reorganization were paid by the acquiring fund.

Filing Date: The application was filed on September 10, 2004.

Applicant's Address: Merrill Lynch Investment Managers, L.P., 800 Scudders Mill Rd., Plainsboro, NJ 08536.

Merrill Lynch Dragon Fund, Inc.

[File No. 811-6581]

Summary: Applicant seeks an order declaring that it has ceased to be an

investment company. On June 21, 2004, applicant transferred its assets to Merrill Lynch Developing Capital Markets Fund, Inc., based on net asset value. Expenses of \$208,317 incurred in connection with the reorganization were paid by the acquiring fund.

Filing Dates: The application was filed on August 2, 2004, and amended on September 10, 2004.

Applicant's Address: Merrill Lynch Investment Managers, L.P., 800 Scudders Mill Rd., Plainsboro, NJ 08536.

Eaton Vance Municipal Income Trust II (Formerly Eaton Vance Municipal Income Fund)

[File No. 811-21234]

Summary: Applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. Applicant has never made a public offering of its securities and does not propose to make a public offering or engage in business of any kind.

Filing Dates: The application was filed on August 10, 2004, and amended on September 8, 2004.

Applicant's Address: The Eaton Vance Building, 255 State St., Boston, MA 02109.

Investors First Fund, Inc.

[File No. 811-4981]

Progressive Return Fund, Inc.

[File No. 811-5891]

Summary: Each applicant, a closed-end investment company, seeks an order declaring that it has ceased to be an investment company. On June 25, 2004, each applicant transferred its assets to Cornerstone Strategic Value Fund, Inc., based on net asset value. Expenses of \$297,037 and \$158,896, respectively, incurred in connection with the reorganizations were paid by each applicant and the acquiring fund.

Filing Dates: The applications were filed on July 27, 2004, and amended on September 10, 2004.

Applicants' Address: 383 Madison Ave., New York, NY 10179.

Mutual Fund Variable Annuity Trust

[File No. 811-8630]

Summary: Applicant seeks an order declaring that it has ceased to be an investment company. On December 5, 2003, each portfolio of the Applicant transferred its assets to the corresponding portfolio of SunAmerica Series Trust, based on net asset value. Aggregate expenses of approximately \$356,608 incurred in connection with the reorganization and merger will be