

Fund must make additional long-term capital gains distributions to comply with Revenue Ruling 89-81 that conflict with rule 19b-1. Applicants note that while rule 19b-1 does give a Fund some flexibility with respect to capital gains distributions, a Fund could have used all of the exceptions provided by rule 19b-1 and, in need of making further distributions to its preferred stockholders, be unable to comply with Revenue Ruling 89-81, section 19(b) and rule 19b-1.

4. Applicants submit that one of the concerns leading to the enactment of section 19(b) and the adoption of rule 19b-1 was that investors might be unable to distinguish between regular distributions of capital gains and distributions of investment income. In the case of preferred stock, applicants state there is little chance for investor confusion since all an investor expects to receive is the cash amount representing the specified dividend distribution for any particular dividend period and no more. Applicants state that in accordance with rule 19a-1 under the Act, a separate statement showing the net investment income component of the distribution will accompany each Fund's preferred stock dividend, with a statement being provided near the end of the last dividend period in a year indicating the source or sources of each distribution (*i.e.*, net investment income (including short-term capital gains), net long-term capital gains and/or returns of capital) that was made on preferred stock during the year. Applicants also state that in each Fund's annual reports and other communications with stockholders, the Fund will regularly inform its stockholders that the Fund's dividends and distributions may not be tied to its investment income and capital gains and could represent a return of the Fund's capital, and that any return of the Fund's capital would not represent yield or investment on the Fund's investment portfolio. In addition, applicants state that, for its preferred stock, each Fund will include the amount and sources of distributions received during the year on the Fund's IRS Form 1099-DIV report of distributions and send that report to each stockholder who received distributions during the year (including stockholders who sold shares during the year). Applicants state that this information on an aggregate basis also will be included in each Fund's annual report to stockholders.

5. Another concern underlying section 19(b) and rule 19b-1 is that frequent long-term capital gains distributions could facilitate improper

distribution practices, including, in particular, the practice of urging an investor to purchase fund shares on the basis of an upcoming dividend ("selling the dividend") where the dividend results in an immediate corresponding reduction in net asset value and would be, in effect, a return of the investor's capital. Applicants submit that this concern does not apply to closed-end investment companies, such as the Funds, which do not continuously distribute their shares. Applicants also state that the "selling the dividend" concern is not applicable to preferred stock, which entitles a holder to a specified periodic dividend and no more, and like a debt security, is initially sold at a price based on its liquidation preference, credit quality, dividend rate and frequency of payment.

6. Applicants state that another concern leading to the adoption of section 19 and rule 19b-1, increase in administrative costs, is not present because the Funds will make periodic distributions with respect to their preferred stock regardless of what portion is composed of long-term capital gains.

7. Section 6(c) of the Act provides that the Commission may exempt any person, security or transaction or class or classes of any persons, securities, or transactions from any provision of the Act, or from any rule thereunder, if such 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 Act. For the reasons stated above, applicants believe that the requested exemption meets the standards set forth in section 6(c).

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-31932 Filed 12-18-02; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 25846; 812-12870]

The Hartford Series Fund Inc.; Notice of Application

December 12, 2002.

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

ACTION: Notice of an application for an order under section 6(c) of the Investment Company Act of 1940 (the

"Act") for an exemption from section 15(f)(1)(A) of the Act.

SUMMARY OF THE APPLICATION:

Applicants request an order to permit a registered open-end investment company advised by HL Investment Advisors, LLC (the "Adviser") not to reconstitute its board of directors to meet the 75 percent non-interested director requirement of section 15(f)(1)(A) of the Act, following the acquisition of the assets of certain other registered open-end investment companies.

APPLICANTS: The Hartford Series Fund, Inc. ("Hartford Series Fund"), and the Adviser.

FILING DATES: The application was filed on August 21, 2002, and amended on December 9, 2002.

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 January 6, 2003, 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, 55 Farmington Ave, Hartford, CT 06105.

FOR FURTHER INFORMATION CONTACT:

Deepak T. Pai, Senior Counsel, at (202) 942-0574 or Janet M. Grossnickle, 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 Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (telephone (202) 942-8090).

Applicants' Representations

1. The Hartford Series Fund is an open-end management investment company registered under the Act and is a Maryland corporation, consisting of 26 series. The Adviser, an indirect subsidiary of the Hartford Life and

Accident Insurance Company ("Hartford Life") serves as investment adviser to the Hartford Series Fund. The Adviser is registered under the Investment Advisers Act of 1940 (the "Advisers Act").

2. Hartford HLS Series Fund II, ("HLS Series Fund II"), a Maryland corporation, offers 16 separate series. At the time of the Acquisition (as defined below), Fortis Advisers Inc. (now known as Hartford Administrative Services Company) ("Fortis") served as investment adviser to the HLS Series Fund II, formerly known as Fortis Series Fund, Inc. Fortis was registered under the Advisers Act.

3. Hartford Life purchased all of the outstanding stock of Fortis on April 2, 2001, (the "Acquisition"), and shareholders of each of the Fortis Funds (as defined below) approved an investment management agreement with the Adviser at a shareholder meeting held on May 31, 2001. It is now proposed that certain series of the Hartford Series Funds ("Hartford Funds") would acquire the assets of certain series of the HLS Series Fund II (the "Reorganization").¹ The series of the HLS Series Fund II proposed to be acquired by the Hartford Funds are referred to herein as the ("Fortis Funds").

4. Applicants state that the Acquisition resulted in a change of control of Fortis and an assignment under the Act of the investment advisory agreements between the Fortis Funds and Fortis, resulting in their automatic termination in accordance with their terms, as required by section 15(a)(4) of the Act. The boards of directors ("Boards") of the Fortis Funds, at a meeting held on March 23, 2001, approved interim advisory agreements which remained in effect from the date of the Acquisition, April 2, 2001, until definitive investment advisory agreements for each of the Fortis Funds were approved by their shareholders on May 31, 2001 in reliance on rule 15a-4 under the Act.

5. On August 1, 2002, the Hartford Funds' Board (including all of the directors who are not "interested persons" of the Adviser) and the Fortis Funds' Board (75% of whom are not

"interested persons" of the Adviser or the Hartford Series Fund), respectively, unanimously approved the proposed Reorganization. Participation in the Reorganization will require approval by a majority of the outstanding shares of each of the Fortis Funds. The Fortis Funds' Board has called a special meeting of the Fortis Fund's shareholders to be held on January 15, 2003, for the purpose of considering the Reorganization. If approved by shareholders, the Reorganization is scheduled to be effective on or about January 24, 2003.

6. In connection with the Acquisition and the Reorganization, Applicants have determined to seek to comply with the "safe harbor" provisions of section 15(f) of the Act. Applicants state that following consummation of the Reorganization, more than twenty-five percent of the Board of the Hartford Series Funds would be "interested persons" for purposes of section 15(f)(1)(A) of the Act.

Applicants' Legal Analysis

1. Section 15(f) of the Act is a safe harbor that permits an investment adviser to a registered investment company (or an affiliated person of the investment adviser) to realize a profit on the sale of its business if certain conditions are met. One of these conditions, set forth in section 15(f)(1)(A), provides that, for a period of three years after the sale, at least seventy-five percent of the board of directors of the investment company may not be "interested persons" with respect to either the predecessor or successor adviser of the investment company. Applicants state that, without the requested exemption, following the Reorganization, Hartford Funds would have to reconstitute their Boards to meet the seventy-five percent non-interested director requirement of section 15(f)(1)(A).

2. Section 15(f)(3)(B) of the Act provides that if the assignment of an investment advisory contract results from the merger of, or sale of substantially all of the assets by a registered company with or to another registered investment company with assets substantially greater in amount, such discrepancy in size shall be considered by the Commission in determining whether, or to what extent, to grant exemptive relief under section 6(c) from section 15(f)(1)(A).

3. Section 6(c) of the Act permits the Commission to exempt any person or transaction from any provision of the Act, or any rule or regulation under the Act, if 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 Act.

4. Applicants request an exemption under section 6(c) of the Act from section 15(f)(1)(A) of the Act. Applicants state that, as of November 30, 2002, Fortis Funds had approximately \$84,215,775 in aggregate net assets. Applicants also state that, as of November 30, 2002, the aggregate net assets of the Hartford Series Funds were approximately \$39,739,679,245. Applicants thus assert that the Fortis Funds' assets would represent approximately 0.21% of the aggregate net assets of the Hartford Series Funds.²

5. Applicants state that three of the nine directors who serve on the Board of Hartford Series Fund are "interested persons," within the meaning of section 2(a)(19) of the Act, of the Adviser. Applicants also state that prior to the Acquisition none of the directors owned any interest in or was otherwise an "interested person" of Fortis or the Fortis Funds.

6. Applicants state that to comply with section 15(f)(1)(A) of the Act, Hartford Series Funds would have to alter the composition of its Board, either by asking an experienced director to resign or by adding three new disinterested directors. Applicants state that adding three additional directors would also add unnecessarily to the expenses of the Reorganization and the ongoing expenses of Hartford Series Funds. Applicants also assert that removing an interested director would deny shareholders the valued services, insight and experience such a director contributes and that it would be unfair to require the twenty-two series of Hartford Series Fund which are not involved in the Reorganization to reconstitute its Board to effect the acquisition of the relatively few Fortis Funds.

7. For the reasons stated above, applicants submit that the requested relief is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

¹ Applicants were party to a similar application for an order of exemption from section 15(f)(1)(A) of the Act. *The Hartford Mutual Funds, Inc. et al.*, Investment Company Act Rel. No. 25372 (January 18, 2002) (notice) and 25419 (February 13, 2002) (order) ("Previous Application"). Applicants do not anticipate that any of the remaining series of the HLS Series Fund II or Hartford-Fortis Series Fund, Inc. not party to the Reorganization will be reorganized into the Hartford Funds (as defined in the Previous Application) within the three years following the Acquisition.

² Applicants also state that the combined aggregate net assets of the Fortis Funds referred to in this application and the Fortis Funds referred to in the Previous Application would have represented approximately 7.40% of the aggregate net assets of the Hartford Funds referred to in the Previous Application as of December 31, 2001.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-31933 Filed 12-18-02; 8:45 am]

BILLING CODE 8010-01-P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [67 FR 77104, December 16, 2002].

STATUS: Closed Meeting.

PLACE: 450 Fifth Street, NW., Washington, DC.

ANNOUNCEMENT OF CLOSED MEETING: Additional Meeting.

The Securities and Exchange Commission will hold an additional Closed Meeting during the week of December 16, 2002:

An additional Closed Meeting will be held on Wednesday, December 18, 2002 at 11:30 a.m.

Commissioner Campos, as duty officer, determined that no earlier notice thereof was possible.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(5), (7), and (10) and 17 CFR 200.402(a)(5), (7), and (10), permit consideration of the scheduled matters at the Closed Meeting.

The subject matter of the Closed Meeting scheduled for Wednesday, December 18, 2002 will be:

Formal order of investigation;
Institution of administrative proceedings of an enforcement nature; and

Institution of injunctive actions;

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.

Dated: December 17, 2002.

Jonathan G. Katz,
Secretary.

[FR Doc. 02-32071 Filed 12-17-02; 11:29 am]

BILLING CODE 8010-01-P

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

Environmental Impact Statement: Suffolk County, NY

AGENCY: Federal Highway Administration, NYSDOT.

ACTION: Notice of intent.

SUMMARY: The FHWA is issuing this notice to advise the public that an environmental impact statement will be prepared for proposed highway project PIN 0016.20, Reconstruction of NY Route 112, I-495 to Skips Road (Mill Road Connector), Suffolk County, New York.

FOR FURTHER INFORMATION CONTACT:

Thomas Oelerich, P.E., Acting Regional Director, New York State Department of Transportation, 250 Veterans Memorial Highway, Hauppauge, New York 11788, Telephone: (631) 952-6632, or

Robert Arnold, Division Administrator, Federal Highway Administration, New York Division, Leo W. O'Brien Federal Building, 7th Floor, Room 719, Clinton Avenue and North Pearl Street, Albany, New York 12207, Telephone: (518) 431-4127.

SUPPLEMENTARY INFORMATION: The FHWA, in cooperation with New York State Department of Transportation (NYSDOT) will prepare an environmental impact statement (EIS) on the proposal to improve NY Route 112, I-495 to Skips Road (Mill Road Connector), Suffolk County, New York. The proposed improvement would involve the reconstruction of the existing route in the hamlets of Coram and Medford, Town of Brookhaven for a distance of 4.6 km (3 miles). The objectives of the project are:

- Provide cost effective improvements so that the existing facility will provide adequate capacity and operational characteristics, which are compatible with planned current and long-range transportation improvements to address project area development and growth.

- Improve highway conditions to provide satisfactory access to abutting land uses.

- Provide cost effective improvements to the existing transportation facility which will mitigate adverse social, economic and environmental consequences; minimize adverse effects on culturally significant sites; and which are acceptable to the community.

- Improve intersection capacity and operation to eliminate recurring daily delay.

- Provide transportation improvements that reduce or eliminate the potential of vehicular conflict/accident.

- Correct identified pavement deficiencies in order to attain a structurally sound highway.

- Provide an adequate closed drainage system to convey roadway storm water runoff and eliminate existing roadway flooding conditions.

Alternatives under consideration include one no-build and one build alternatives as follows:

- Alternative I—no build.
- Alternative II—build; involving reconstruction and realigning of NY Route 112 into a four-lane highway with two-way continuous left turn land or raised median.

Letters describing the proposed action and soliciting comments will be sent to appropriate Federal, State, and local agencies, and to private organizations and citizens who have previously expressed interest in this proposal. In addition, a public information center/scoping meeting will be held in Brookhaven Town Hall in Medford on January 14, 2002. Public notice will be given of the time and place of the meeting. A formal NEPA scoping meeting will not be held.

To ensure that the full range of issues related to this proposed action are addressed and all substantial issues and alternatives identified, comments and suggestions are invited from all interested parties. Comments or questions concerning this proposed action should be directed to the NYSDOT and FHWA at the addresses provided above.

(Catalog of Federal Domestic Assistance Program Number 20.205, Highway Research, Planning and Construction. The regulation implementing Executive Order 12372 regarding intergovernmental consultation on Federal programs and activities apply to this program)

Authority: 23 U.S.C. 315; 23 CFR 771.123.

Issued on: December 10, 2002.

Douglas P. Conlan,

District Engineer, Federal Highway Administration, New York Division, Albany, New York.

[FR Doc. 02-32001 Filed 12-18-02; 8:45 am]

BILLING CODE 4910-22-M

DEPARTMENT OF VETERANS AFFAIRS

Privacy Act of 1974; System of Records

AGENCY: Department of Veterans Affairs (VA).