

case of Millstone, the restart action plan will include those issues which the Petitioner has raised; specifically, procedure compliance, work control, and tagging control. Therefore, the NRC staff will thoroughly review these areas prior to the restart of each unit.

Following a determination that the relevant issues have been identified and corrected by the licensee, the NRC staff will make its recommendation for restart approval to the Commission regarding restart for each Millstone unit. Upon receipt of the staff's recommendation, the Commission will meet to assess the recommendation and vote on whether to approve the restart of the unit.

In addition, during eight NRC inspections conducted between October 1995 and August 1996, more than 60 apparent violations of NRC requirements were identified at Millstone, some of which were similar to the examples the Petitioner raised. These apparent violations were discussed with the licensee at a public pre-decisional enforcement conference held at the Millstone site on December 5, 1996. During the meeting, the licensee stated that management failed to provide clear direction and oversight, performance standards were low, management expectations were weak, and station priorities were inappropriate. Following its evaluation of the information presented at the enforcement conference, the NRC will determine whether further enforcement action is warranted for these apparent violations.

In sum, the issues raised by the Petitioner are indicative of a more fundamental problem of inadequate management oversight at the Millstone facility. The NRC has been aware of this programmatic problem and weaknesses in numerous areas of the licensee's program, including the areas of procedural compliance, work control, and tagging control, and has taken extensive regulatory action. In particular, as a result of action taken by the NRC, all three units at Millstone will remain shut down until the Commission approves restart of operations. Prior to such approval, the licensee is required to submit a response to the NRC's 10 CFR 50.54(f) letter dated April 16, 1997, identifying what actions the licensee has taken to ensure that in the future it would operate that facility according to the terms and conditions of the plant's operating license, the Commission's regulations, and the plant's UFSAR. This response will encompass the areas identified by the Petitioner and will be thoroughly reviewed by the NRC. In addition, the NRC is currently reviewing

the apparent violations which have been identified as a result of inspections conducted at the facility between October 1995 and August 1996, and, following its review, will take such enforcement action as it deems is warranted.

These actions go beyond those requested by the Petitioner. Therefore, to the extent that the Petitioner has requested that the NRC take action against the licensee for violations at Millstone involving procedural compliance, work control, and tagging control, the Petition has been granted. Given the action already taken by the NRC, the NRC has determined that the additional enforcement action requested by the Petitioner is not warranted at this time.

### III. Conclusion

The staff has completed its review of the information submitted by the Petitioner in his Petition and its supplements. The staff has concluded that the actions taken by the NRC against NU are appropriate and encompass the Petitioner's examples of violations in the areas of procedure compliance, work control, and tagging control. To this extent, the Petitioner's requests for enforcement action against NU is granted, in part. In other respects, the Petition is denied. As provided for in 10 CFR 2.206(c), a copy of this Decision will be filed with the Secretary of the Commission for the Commission's review. This Decision will constitute the final action of the Commission 25 days after issuance unless the Commission, on its own motion, institutes review of the Decision in that time.

Dated at Rockville, Maryland, this 29th day of April 1997.

For the Nuclear Regulatory Commission.

**Samuel J. Collins,**

*Director, Office of Nuclear Reactor Regulation.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-22646; 812-10594]

### Core Trust (Delaware), et al.; Notice of Application

April 30, 1997.

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

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

**APPLICANTS:** Core Trust (Delaware) ("Core Trust"), Norwest Advantage Funds (the "Trust"), and Norwest Bank Minnesota, N.A. ("Norwest").

**RELEVANT 1940 ACT SECTIONS:** Exemption requested under section 17(b) of the Act granting an exemption from section 17(a).

**SUMMARY OF APPLICATION:** Applicants seek an order under section 17(b) granting an exemption from section 17(a) of the Act to permit: (a) A series of Core Trust to acquire all of the assets and assume all of the liabilities of another series of Core Trust; and (b) a series of the Trust to transfer all of its assets to a series of Core Trust in exchange for an interest in that series of Core Trust.

**FILING DATE:** The application was filed on March 26, 1997.

**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 applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on May 27, 1997, 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 SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 5th Street, NW., Washington, DC 20549. Applicants: Core Trust (Delaware) and Norwest Advantage Funds, Two Portland Square, Portland, Maine 04101, and Norwest Bank Minnesota, N.A., Norwest Center, Sixth and Marquette, Minneapolis, Minnesota 55479-1026.

**FOR FURTHER INFORMATION CONTACT:** Joseph B. McDonald, Jr., Senior Counsel, at (202) 942-0533, or Mary Kay Frech, 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.

### Applicants' Representations

1. Core Trust, organized as a Delaware business trust, is registered under the Act as an open-end management investment company. Core Trust does not offer the securities of its various

series to the public; its securities are offered only in private placement transactions to institutional investors. Five series of Core Trust, including International Portfolio (the "Target Portfolio"), operate as master funds pursuant to master-feeder arrangements under section 12(d)(1)(E) of the Act. Three other series of Core Trust, including International Portfolio II (the "Acquiror Portfolio") and Index Portfolio, are portfolios in which two or more investment companies invest in a fund-of-funds structure established pursuant to an exemptive order issued by the SEC.<sup>1</sup> Schroder Capital Management International Inc. ("Schroder") serves as investment adviser to both Target Portfolio and Acquiror Portfolio. Norwest, a subsidiary of Norwest Corporation, serves as investment adviser to Index Portfolio. Target Portfolio and Acquiror Portfolio have the same investment objectives and policies.

2. The Trust, organized as a Delaware business trust, is registered under the Act as an open-end management investment company. The Trust offers securities to the public in various series, including Conservative Balanced Fund, Moderate Balanced Fund, Growth Balanced Fund, Diversified Equity Fund and Growth Equity Fund (the "Blended Funds"), Index Fund, and International fund. In accordance with the 1996 Order, each Blended Fund operates in a fund-of-funds structure and invests that portion of its assets that are allocated to an international style in Acquiror Portfolio and invests that portion of its assets that are allocated to an index style in Index Portfolio. The Blended funds are the only interestholders of Acquiror Portfolio and Index Portfolio.

3. International Fund operates in a master-feeder structure and invests all its investable assets in Target Portfolio. Other than a nominal interest held by Forum Financial Services, Inc., the administrator and placement agent of Core Trust and manager and distributor of the Trust, all of the outstanding interests in Target Portfolio are owned by International Fund.

4. Norwest serves as investment adviser to each series of the Trust. Schroder serves as subadviser to each Blended Fund with respect to that portion of a Blended Fund's assets, if any, that are allocated to an international style but are not invested

in Acquiror Portfolio. Schroder also serves as subadviser to International Fund. Norwest and Schroder will provide their services to International Fund only in the event that the Fund's assets are withdrawn from Target Portfolio and invested directly in portfolio securities.

5. Norwest holds approximately 23 percent of the outstanding shares of Growth Equity Fund on behalf of the Norwest Corporation Savings Investment Plan, a defined contribution plan (the "Norwest Defined Contribution Plan"), which represents an indirect interest in approximately 11 percent of the outstanding voting securities of Acquiror Portfolio and more than 10 percent of the outstanding voting securities of Index Portfolio. Norwest votes those shares of Growth Equity Fund held on behalf of the Norwest Defined Contribution Plan in proportion to the votes cast by other shareholders of the Growth Equity Fund.

6. Norwest owns approximately 68 percent of the total outstanding shares of the International Fund and more than 25 percent of the total outstanding shares of Index Fund on behalf of the Norwest Corporation Pension Plan, the Retirement Income Plan of the United Banks of Colorado, Inc. and the First Minnesota Employer's Pension Plan (collectively, the "Norwest Pension Plans"). The Norwest Pension Plans are defined benefit plans sponsored by Norwest. Norwest also holds more than 10 percent of the outstanding voting securities of Index Fund on behalf of the Norwest Defined Contribution Plan. Norwest votes those shares of Index Fund held on behalf of the Norwest Defined Contribution Plan in proportion to the votes cast by other shareholders of the Index Fund.

7. As a result of its interests in Growth Equity Fund and International Fund, Norwest indirectly holds with power to vote more than 5 percent of the outstanding voting securities of Acquiror Portfolio in a fiduciary or representative capacity and owns more than 25 percent of the outstanding voting securities of Target Portfolio. In addition, Norwest indirectly holds with power to vote more than 5 percent of the outstanding voting securities of Index Portfolio and owns more than 25 percent of the outstanding voting securities of Index Fund.

8. On March 13, 1997, the Board of Trustees of Core Trust ("Core Board") unanimously approved the combination of Target Portfolio and Acquiror Portfolio (the "Reorganization") to eliminate the duplicative functions and costs associated with operating two

separate series of Core Trust that conduct business in substantially the same manner.<sup>2</sup>

9. The Core Board concluded that the Reorganization is in the best interests of the interestholders of Target Portfolio and Acquiror Portfolio and will not result in the dilution of the interests of any of the existing interestholders of Target Portfolio and Acquiror Portfolio. In approving the Reorganization, the Core Board noted that Target Portfolio and Acquiror Portfolio have the same investment objective, investment policies, associated risk profiles, service providers, advisory fees and expense ratios. The Core Board reviewed the annualized expense ratios of Target Portfolio and Acquiror Portfolio and noted that the expense ratio of the pro forma combined portfolio following the Reorganization would be likely to be less than the expense ratio of Target Portfolio prior to the Reorganization. In addition, The Core Board noted Norwest's interests in Target Portfolio and Acquiror Portfolio described above. The Core Board approved the Reorganization based on: (a) The similarities of Target Portfolio and Acquiror Portfolio; (b) the benefits that would accrue to the shareholders of Target Portfolio and Acquiror Portfolio after the Reorganization; (c) the tax-free nature of the Reorganization; (d) the terms and conditions of the Reorganization and the nondilutive effect of the Reorganization; and (e) the costs of the Reorganization.

10. The Plan of Reorganization and Liquidation (the "Reorganization Agreement") provides that Target Portfolio will transfer all of its assets and liabilities to Acquiror Portfolio in exchange for an interest in Acquiror Portfolio (the "Interest"). The Interest will be equal in value to the net value of Target Portfolio's assets computed as of 4:00 p.m. on the date of the closing (as defined in the Reorganization Agreement). Target Portfolio will constructively distribute the Interest to its interestholders of record *pro rata* in exchange for their interests in Target Portfolio. The distribution will be accomplished by opening a capital account on Acquiror Portfolio's books in each interestholder's name, crediting thereto the interestholder's proportionate share of the Interest, and thereafter treating the interestholders for

<sup>1</sup> See *Norwest Bank Minnesota, N.A., et al.*, Investment Company Act Release Nos. 20640 (Oct. 19, 1994) (notice) and 20697 (Nov. 10, 1994) (order) ("Original Order"), superseded by *Norwest Bank Minnesota, N.A., et al.*, Investment Company Act Release Nos. 22056 (July 9, 1996) (notice) and 22120 (Aug. 6, 1996) (order) (the "1996 Order").

<sup>2</sup> Prior to being superseded by the 1996 Order, the Original Order prohibited a fund operating as a feeder fund in a master-feeder structure (such as International Fund) from investing its assets in a series of Core Trust in which any assets of a Blended Fund were invested. The 1996 Order now permits the combination of those assets.

all purposes as interestholders of record in Acquiror Portfolio.

11. The Board of Trustees of the Trust ("Trust Board") and the Core Board unanimously approved, on January 25, 1997 and March 13, 1997, respectively, the investment of all of the investable assets of Index Fund in Index Portfolio (the "Transfer") in order to obtain economies of scale and eliminate duplicative functions and costs associated with operating two separate funds that conduct business in the same manner.

12. Each Board concluded that the Transfer is in the best interests of the shareholders of Index Portfolio and Index Fund and will not result in the dilution of the interests of any of the existing shareholders of Index Portfolio or Index Fund. Portfolio and Index Fund have the same investment objective, investment policies, associated risk profiles, service procedures, advisory fees and expense ratios. Each Board reviewed the annualized expense ratios of Index Portfolio and Index fund and the estimated expense ratios of each of Index Portfolio and Index Fund following the Transfer and noted that the estimated expense ratios would be the same as the expense ratios of each of Index Portfolio and Index Fund prior to the Transfer. In addition, each Board noted Norwest's interests in Index Fund and Index Portfolio. Each Board approved the Transfer based on: (a) The similarities of Index Portfolio and Index Fund; (b) the benefits that would accrue to the interestholders of Index Portfolio and Index Fund after the Transfer; (c) the tax-free nature of the Transfer; (d) the terms and conditions of the Transfer and the nondilutive effect of the Transfer; and (e) the costs of the Transfer.

13. The Plan of Division and Liquidation (the "Transfer Agreement") provides that Index Fund will transfer all of its assets to Index Portfolio in exchange for an interest in Index Portfolio (the "Transfer Interest"). The Transfer Interest will be equal in value to the net value of Index Fund's assets computed as of 4:00 p.m. on May 30, 1997. The value of the assets transferred will be determined in accordance with the standard valuation procedures of Index Portfolio.

14. The expenses of the Reorganization, including all expenses related to obtaining exemptive relief from the SEC, will be borne *pro rata* by Target Portfolio and Acquiror Portfolio on the basis of their respective net assets. The expenses of the Transfer, including all expenses related to obtaining exemptive relief from the SEC,

will be borne *pro rata* by Index Portfolio and Index Fund on the basis of their respective net assets.

15. Applicants state that no material change that would affect the application will be made to either the Reorganization Agreement or the Transfer Agreement without prior SEC approval.

#### Applicants' Legal Analysis

1. Section 17(a) of the Act, in relevant part, prohibits an affiliated person of a registered investment company, or any affiliated person of such a person, acting as principal, from selling to or purchasing from such registered company, or any company controlled by such registered company, any security or other property.

2. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include any person directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of such other person, and any person directly or indirectly controlling, controlled by, or under common control with such other person, and if such other person is an investment company, any investment adviser thereof. Section 2(a)(9) of the Act defines "control" to mean the power to exercise a controlling influence over the management or policies of a company, unless such power is solely the result of an official position with such company. Under section 2(a)(9), a person who owns 25% or more of the voting securities of a company is presumed to control such company.

3. Rule 17a-8 under the Act exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions set forth in the rule are satisfied.

4. Applicants may not rely on rule 17a-8 in connection with the Reorganization because Target Portfolio and Acquiror Portfolio may be deemed to be affiliated in ways other than as permitted in the rule. Norwest controls or holds with power to vote more than 5% of the outstanding shares of Acquiror Portfolio and more than 25% of the outstanding voting securities of Target Portfolio.

5. Applicants may not rely on rule 17a-8 in connection with the Transfer because Index Fund and Index Portfolio may be deemed to be affiliated in ways other than as permitted in the rule.

Norwest controls or holds with power to vote more than 25% of the outstanding voting securities of Index Fund and more than 5% of the outstanding shares of Index Portfolio.

6. Section 17(b) of the Act provides that the SEC may exempt a transaction from section 17(a) if evidence establishes that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of the registered investment company concerned and with the general purposes of the Act.

7. Applicants submit that the terms of the Reorganization satisfy the standards set forth in section 17(b) of the Act in that they are fair and reasonable and do not involve overreaching on the part of any party concerned, and that the Reorganization is consistent with both the policies of Target Portfolio and Acquiring Portfolio. In addition, applicants submit that the terms of the Transfer satisfy the standards set forth in section 17(b) in that they are fair and reasonable and do not involve overreaching on the part of any party concerned, and that the Transfer is consistent with both the policies of Index Fund and Index Portfolio.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 22648; 812-10548]

#### Enterprise Group of Funds, Inc., et al.; Notice of Application

April 30, 1997.

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

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

**APPLICANTS:** Enterprise Group of Funds, Inc., ("Enterprise Funds"), on behalf of its series, Enterprise Government Securities Portfolio ("Enterprise Government"), Enterprise Money Market Portfolio ("Enterprise Money"), Enterprise Growth and Income Portfolio ("Enterprise Growth and Income"), and Enterprise Small Company Growth