

attract outstanding men and women at the undergraduate and graduate educational levels for the purpose of increasing the level of knowledge and awareness of and employment with the Foreign Service, consistent with 22 U.S.C. 3905. The Program develops a source of trained men and women, from academic disciplines representing the skill needs of the Department, who are dedicated to representing the United States' interests abroad.

#### **§ 196.2 How is the Fellowship Program administered?**

(a) *Eligibility.* Eligibility will be determined annually by the Department of State and publicized nationwide. Fellows must be United States citizens.

(b) *Provisions.* The grant awarded to each individual student shall not exceed \$250,000 for the total amount of time the student is in the program. Fellows are prohibited from receiving grants from one or more Federal programs, which in the aggregate would exceed the cost of his or her educational expenses. Continued eligibility for participation is contingent upon the Fellow's ability to meet the educational requirements set forth below.

(c) *Program requirements.* Eligibility for participation in the program is conditional upon successful completion of pre-employment processing specified by the Department of State, including background investigation, medical examination, and drug testing. As a condition of eligibility for continued receipt of grant funds, fellows are required to complete prescribed coursework and maintain a satisfactory grade point average as determined by the Department of State. Fellows are also required to accept employment with the Department of State's Foreign Service upon successful completion of the program, and Foreign Service entry requirements. Fellows must continue employment for a period of one and one-half years for each year of education funded by the Department of State.

#### **§ 196.3 Grants to post-secondary education institutions.**

The Department of State may make a grant to a post-secondary education institution for the purpose of increasing the level of knowledge and awareness of and interest in employment with the Foreign Service, consistent with 22 U.S.C. 3905, not to exceed \$1,000,000, unless otherwise authorized by law.

#### **§ 196.4 Administering Office.**

The Department of State's Bureau of Human Resources, Office of Recruitment is responsible for administering the Thomas R. Pickering

Foreign Affairs/Graduate Foreign Affairs Fellowship Program and grants to post-secondary institutions and may be contacted for more detailed information.

Dated: January 4, 2002.

**Ruben Torres,**

*Executive Director, Bureau of Human Resources, Department of State.*

[FR Doc. 02-711 Filed 1-10-02; 8:45 am]

**BILLING CODE 4710-15-P**

## **DEPARTMENT OF THE TREASURY**

### **Internal Revenue Service**

#### **26 CFR Part 301 and 602**

**[REG-105344-01]**

**RIN 1545-AY77**

#### **Disclosure of Returns and Return Information by Other Agencies; Correction**

**AGENCY:** Internal Revenue Service (IRS), Treasury.

**ACTION:** Notice of proposed rulemaking by cross-reference to temporary regulations.

**SUMMARY:** This document contains corrections to proposed regulations (REG-105344-01) which were published in the **Federal Register** on Thursday, December 13, 2001 (66 FR 64386). These regulations relate to the disclosure of returns and return information by other agencies.

**DATES:** These corrections are effective December 13, 2001.

**FOR FURTHER INFORMATION CONTACT:** Julie C. Schwartz, (202) 622-4570 (not a toll-free number).

#### **SUPPLEMENTARY INFORMATION:**

##### **Background**

The proposed rulemaking by cross-reference to temporary regulations that are the subject of this correction is under section 6103 of the Internal Revenue Code.

##### **Need for Correction**

As published, proposed rulemaking by cross-reference to temporary regulations (REG-105344-01) contain errors which may prove to be misleading and are in need of clarification.

##### **Correction of Publication**

Accordingly, the publication of notice of proposed rulemaking by cross-reference to temporary regulations (REG-105344-01), which are the subject of FR Doc. 01-30620, is corrected as follows:

1. On page 64386, column 2, in the preamble, under the paragraph heading "Paperwork Reduction Act," paragraph 3, line 4, the language "Internal revenue Service, including" is corrected to read "Internal Revenue Service, including".

2. On page 64386, column 3, in the preamble, under the paragraph heading "Paperwork Reduction Act," line 11, the language "recordkeepers are federal agencies and" is corrected to read "recordkeepers are Federal agencies and".

**LaNita VanDyke,**

*Acting Chief, Regulations Unit, Associate Chief Counsel (Income Tax and Accounting).*

[FR Doc. 02-660 Filed 1-10-02; 8:45 am]

**BILLING CODE 4830-01-P**

## **DEPARTMENT OF DEFENSE**

### **Department of the Army**

#### **32 CFR Part 505**

**[Army Reg. 340-21]**

#### **Privacy Act; Implementation**

**AGENCY:** Department of the Army, DOD.

**ACTION:** Proposed rule.

**SUMMARY:** The Department of the Army is proposing to exempt one Privacy Act system of records. The system of records is A0020-1 SAIG, entitled 'Inspector General Records'. The exemptions are intended to increase the value of the system of records for law enforcement purposes and to protect the privacy of individuals identified in the system of records.

**DATES:** Comments must be received on or before March 12, 2002 to be considered by this agency.

**ADDRESSES:** Records Management Division, U.S. Army Records Management and Declassification Agency, ATTN: TAPC-PDD-RP, Stop 5603, 6000 6th Street, Ft. Belvoir, VA 22060-5603.

**FOR FURTHER INFORMATION CONTACT:** Ms. Janice Thornton at (703) 806-4390 or DSN 656-4390 or Ms. Christie King at (703) 806-3711 or DSN 656-3711.

#### **SUPPLEMENTARY INFORMATION:**

##### **Executive Order 12866, "Regulatory Planning and Review"**

The Director of Administration and Management, Office of the Secretary of Defense, hereby determines that Privacy Act rules for the Department of Defense are not significant rules. The rules do not (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the

economy; a sector of the economy; productivity; competition; jobs; the environment; public health or safety; or State, local, or tribal governments or communities; (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another Agency; (3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs, or the rights and obligations of recipients thereof; or (4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive order.

**Public Law 96-354, "Regulatory Flexibility Act" (5 U.S.C. Chapter 6)**

The Director of Administration and Management, Office of the Secretary of Defense, hereby certifies that Privacy Act rules for the Department of Defense do not have significant economic impact on a substantial number of small entities because they are concerned only with the administration of Privacy Act systems of records within the Department of Defense.

**Public Law 96-511, "Paperwork Reduction Act" (44 U.S.C. Chapter 35)**

The Director of Administration and Management, Office of the Secretary of Defense, hereby certifies that Privacy Act rules for the Department of Defense impose no information requirements beyond the Department of Defense and that the information collected within the Department of Defense is necessary and consistent with 5 U.S.C. 552a, known as the Privacy Act of 1974.

**Section 202, Public Law 104-4, "Unfunded Mandates Reform Act"**

The Director of Administration and Management, Office of the Secretary of Defense, hereby certifies that the Privacy Act rulemaking for the Department of Defense does not involve a Federal mandate that may result in the expenditure by State, local and tribal governments, in the aggregate, or by the private sector, of \$100 million or more and that such rulemaking will not significantly or uniquely affect small governments.

**Executive Order 13132, "Federalism"**

The Director of Administration and Management, Office of the Secretary of Defense, hereby certifies that the Privacy Act rules for the Department of Defense do not have federalism implications. The rules do not have substantial direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and

responsibilities among the various levels of government.

**List of Subjects in 32 CFR Part 505**

Privacy.

Accordingly, it is proposed that 32 CFR part 505 be amended as follows:

1. The authority citation for 32 CFR part 505 continues to read as follows:

**Authority:** Pub. L. 93-579, 88 Stat. 1896 (5 U.S.C. 552a).

2. Section 505.5 is proposed to be amended by revising paragraph (e)(1)(i) through (iv), and removing paragraphs (e)(2)(i) through (iv), and reserving paragraph (e)(2) as follows:

**§ 505.5 Exemptions.**

\* \* \* \* \*

(e) Exempt Army records. \* \* \*

(1) A0020-1 SAIG

(i) *System name:* Inspector General Records.

(ii) *Exemptions:* (A) Investigatory material compiled for law enforcement purposes may be exempt pursuant to 5 U.S.C. 552a(k)(2). However, if an individual is denied any right, privilege, or benefit for which he would otherwise be entitled by Federal law or for which he would otherwise be eligible, as a result of the maintenance of such information, the individual will be provided access to such information except to the extent that disclosure would reveal the identity of a confidential source.

(B) Investigatory material compiled solely for the purpose of determining suitability, eligibility, or qualifications for federal civilian employment, military service, federal contracts, or access to classified information may be exempt pursuant to 5 U.S.C. 552a(k)(5), but only to the extent that such material would reveal the identity of a confidential source. Therefore, portions of the system of records may be exempt pursuant to 5 U.S.C. 552a(c)(3), (d), (e)(1), (e)(4)(G), (e)(4)(H), and (e)(4)(I), and (f).

(iii) *Authority:* 5 U.S.C. 552a(k)(2) and (k)(5).

(iv) *Reason:* (A) From subsection (c)(3) because the release of the disclosure accounting, for disclosures pursuant to the routine uses published for this system, would permit the subject of a criminal investigation or matter under investigation to obtain valuable information concerning the nature of that investigation which will present a serious impediment to law enforcement.

(B) From subsection (d) because access to the records contained in this system would inform the subject of a criminal investigation of the existence

of that investigation, provide the subject of the investigation with information that might enable him to avoid detection or apprehension, and would present a serious impediment to law enforcement.

(C) From subsection (e)(1) because in the course of criminal investigations information is often obtained concerning the violations of laws or civil obligations of others not relating to an active case or matter. In the interests of effective law enforcement, it is necessary that this valuable information is retained since it can aid in establishing patterns of activity and provide valuable leads for other agencies and future cases that may be brought.

(D) From subsections (e)(4)(G) and (e)(4)(H) because this system of records is exempt from individual access pursuant to subsection (k)(2) of the Privacy Act of 1974.

(E) From subsection (e)(4)(I) because of the identity of specific sources must be withheld in order to protect the confidentiality of the sources of criminal and other law enforcement information. This exemption is further necessary to protect the privacy and physical safety of witnesses and informants.

(F) From subsection (f) because this system of records has been exempted from the access provisions of subsection (d).

(G) Consistent with the legislative purpose of the Privacy Act of 1974, the Department of the Army will grant access to nonexempt material in the records being maintained. Disclosure will be governed by the Department of the Army's Privacy Regulation, but will be limited to the extent that the identity of confidential sources will not be compromised; subjects of an investigation of an actual or potential criminal violation will not be alerted to the investigation; the physical safety of witnesses, informants and law enforcement personnel will not be endangered, the privacy of third parties will not be violated; and that the disclosure would not otherwise impede effective law enforcement. Whenever possible, information of this nature will be deleted from the requested documents and the balance made available. The controlling principle behind this limited access is to allow disclosures except those indicated in this paragraph. The decisions to release information from these systems will be made on a case-by-case basis.

(2) [Reserved]

\* \* \* \* \*

Dated: January 4, 2002.

L.M. Bynum,

Alternate OSD Federal Register Liaison  
Officer, Department of Defense.

[FR Doc. 02-680 Filed 1-10-02; 8:45 am]

BILLING CODE 5001-08-P

## DEPARTMENT OF DEFENSE

### Department of the Air Force

#### 32 CFR Part 806b

##### [Air Force Instruction 37-132]

#### Privacy Act; Implementation

**AGENCY:** Department of the Air Force, DOD.

**ACTION:** Proposed rule.

**SUMMARY:** The Department of the Air Force is proposing to add a (j)(2) exemption to an already existing exemption rule for the Privacy Act system of records notice F090 AF IG B, Inspector General Records. The (j)(2) exemption will increase the value of the system of records for law enforcement purposes.

**DATES:** Comments must be received on or before March 12, 2002 to be considered by this agency.

**ADDRESSES:** Send comments to the Air Force Privacy Act Manager, CIO-BIM/P, 1155 Air Force Pentagon, Washington, DC 20330-1155.

**FOR FURTHER INFORMATION CONTACT:** Mrs. Anne Rollins at (703) 601-4043 or DSN 329-4043.

#### SUPPLEMENTARY INFORMATION:

##### Executive Order 12866, "Regulatory Planning and Review"

The Director of Administration and Management, Office of the Secretary of Defense, hereby determines that Privacy Act rules for the Department of Defense are not significant rules. The rules do not (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy; a sector of the economy; productivity; competition; jobs; the environment; public health or safety; or State, local, or tribal governments or communities; (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another Agency; (3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs, or the rights and obligations of recipients thereof; or (4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive order.

#### Public Law 96-354, "Regulatory Flexibility Act" (5 U.S.C. Chapter 6)

The Director of Administration and Management, Office of the Secretary of Defense, hereby certifies that Privacy Act rules for the Department of Defense do not have significant economic impact on a substantial number of small entities because they are concerned only with the administration of Privacy Act systems of records within the Department of Defense.

#### Public Law 96-511, "Paperwork Reduction Act" (44 U.S.C. Chapter 35)

The Director of Administration and Management, Office of the Secretary of Defense, hereby certifies that Privacy Act rules for the Department of Defense impose no information requirements beyond the Department of Defense and that the information collected within the Department of Defense is necessary and consistent with 5 U.S.C. 552a, known as the Privacy Act of 1974.

#### Section 202, Public Law 104-4, "Unfunded Mandates Reform Act"

The Director of Administration and Management, Office of the Secretary of Defense, hereby certifies that the Privacy Act rulemaking for the Department of Defense does not involve a Federal mandate that may result in the expenditure by State, local and tribal governments, in the aggregate, or by the private sector, of \$100 million or more and that such rulemaking will not significantly or uniquely affect small governments.

#### Executive Order 13132, "Federalism"

The Director of Administration and Management, Office of the Secretary of Defense, hereby certifies that the Privacy Act rules for the Department of Defense do not have federalism implications. The rules do not have substantial direct effects on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government.

#### List of Subjects in 32 CFR Part 806b

Privacy.

#### PART 806b—AIR FORCE PRIVACY ACT PROGRAM

1. The authority citation for 32 CFR part 806b continues to read as follows:

**Authority:** Pub. L. 93-579, 88 Stat. 1896 (5 U.S.C. 552a).

2. In Appendix C to Part 806b, add paragraph (a)(6) to read as follows:

#### Appendix C to Part 806b—General and Specific Exemptions. \* \* \*

(a) *General exemptions.* \* \* \*

(6) *System identifier and name:* F090 AF IG B, Inspector General Records.

(i) *Exemption:* (A) Parts of this system of records may be exempt pursuant to 5 U.S.C. 552a(j)(2) if the information is compiled and maintained by a component of the agency which performs as its principle function any activity pertaining to the enforcement of criminal laws.

(B) Any portion of this system of records which falls within the provisions of 5 U.S.C. 552a(j)(2) may be exempt from the following subsections of 5 U.S.C. 552a(c)(3), (c)(4), (d), (e)(1), (e)(2), (e)(3), (e)(4)(G), (H), and (I), (e)(5), (e)(8), (f), and (g).

(ii) *Authority:* 5 U.S.C. 552a(j)(2).

(iii) *Reasons:* (A) From subsection (c)(3) because the release of accounting of disclosure would inform a subject that he or she is under investigation. This information would provide considerable advantage to the subject in providing him or her with knowledge concerning the nature of the investigation and the coordinated investigative efforts and techniques employed by the cooperating agencies. This would greatly impede the Air Force IG's criminal law enforcement.

(B) From subsection (c)(4) and (d), because notification would alert a subject to the fact that an open investigation on that individual is taking place, and might weaken the ongoing investigation, reveal investigative techniques, and place confidential informants in jeopardy.

(C) From subsection (e)(1) because the nature of the criminal and/or civil investigative function creates unique problems in prescribing a specific parameter in a particular case with respect to what information is relevant or necessary. Also, information may be received which may relate to a case under the investigative jurisdiction of another agency. The maintenance of this information may be necessary to provide leads for appropriate law enforcement purposes and to establish patterns of activity which may relate to the jurisdiction of other cooperating agencies.

(D) From subsection (e)(2) because collecting information to the fullest extent possible directly from the subject individual may or may not be practical in a criminal and/or civil investigation.

(E) From subsection (e)(3) because supplying an individual with a form containing a Privacy Act Statement would tend to inhibit cooperation by many individuals involved in a criminal and/or civil investigation. The effect would be somewhat adverse to established investigative methods and techniques.

(F) From subsections (e)(4)(G), (H), and (I) because this system of records is exempt from the access provisions of subsection (d).

(G) From subsection (e)(5) because the requirement that records be maintained with attention to accuracy, relevance, timeliness, and completeness would unfairly hamper the investigative process. It is the nature of law enforcement for investigations to uncover the commission of illegal acts at diverse stages.