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Charles Mierzwa,
Clearance Officer.

[FR Doc. E7-16843 Filed 8-23-07; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-27931; 812-13259]

American International Group, Inc., et al.; Temporary Order and Notice of Application

August 20, 2007.

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: Applicants have received a
temporary order exempting them from
section 9(a) of the Act, with respect to
an injunction entered against American
International Group, Inc. ("AIG") on
February 17, 2006 by the United States
District Court for the Southern District
of New York ("Injunction"), from
August 20, 2007, until the Commission
takes final action on an application for
a permanent order. Applicants also have
applied for a permanent order.

Applicants: AIG, AIG Annuity Life
Insurance Corporation ("AIG Annuity"),
AIG Annuity Insurance Company ("AIG
Annuity"), AIG Equity Sales Corp.
("AIG Equity"), AIG Global Investment
Corp. ("AIGGIC"), AIG Life Insurance
Company ("AIG Life"), AIG
SunAmerica Asset Management Corp.
("SunAmerica Asset Management"),
AIG SunAmerica Capital Services, Inc.
("SunAmerica Capital"), AIG
SunAmerica Life Assurance Company
("ASLAC"), American General
Distributors, Inc. ("AM Distributors"),
American General Equity Services Corp.
("AM Equity"), American General Life
Insurance Company ("AM Life"),
American International Life Assurance
Company of New York ("AILAC"),
Brazos Capital Management, L.P.
("Brazos"), First SunAmerica Life
Insurance Company ("First
SunAmerica"), The United States Life
Insurance Company in the City of New
York ("US Life"), and The Variable
Annuity Life Insurance Company
("VALIC") (collectively, "Applicants").¹

¹ Applicants request that any relief granted pursuant to the application also apply to any other company of which AIG is or may become an affiliated person (included in the defined term "Applicants").

FILING DATES: The application was filed
on February 10, 2006, and amended on
August 16, 2007.

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 September 14, 2007,
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, U.S. Securities
and Exchange Commission, 100 F
Street, NE., Washington, DC 20549-
1090; Applicants c/o Anastasia Kelly,
American International Group, Inc., 70
Pine Street, New York, New York 10270.

FOR FURTHER INFORMATION CONTACT: Julia
Kim Gilmer, Branch Chief, at 202-551-
6871 or Nadya B. Roytblat, Assistant
Director, at 202-551-6821 (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,
100 F. Street, NE., Washington, DC
20549 (tel.202-551-5850).

Applicants' Representations

1. AIG, through its subsidiaries, offers
property and casualty and life insurance
products to commercial, institutional and
individual customers worldwide. AIG's
global businesses also include
financial services and asset
management. The other Applicants are
wholly owned subsidiaries of AIG.
AIGGIC, SunAmerica Asset
Management, Brazos, and VALIC are
investment advisers registered under the
Investment Advisers Act of 1940
("Advisers Act") and serve as
investment adviser or subadviser
("Adviser Applicants") to certain
registered investment companies
("Funds"). AIG Equity, SunAmerica
Capital, AM Distributors, and AM
Equity are broker-dealers registered
under the Securities Exchange Act of
1934 ("Exchange Act") and serve as a
principal underwriter to open-end
Funds and Funds that are unit
investment trusts ("UITs"). AIG

Annuity, AIG Life, ASLAC, AM Life,
AILAC, First SunAmerica and U.S. Life
serve as depositors to various Funds.

2. On February 17, 2006, the United
States District Court for the Southern
District of New York entered the
Injunction against AIG in a matter
brought by the Commission.² The
Commission alleged in the complaint
("Complaint") that AIG violated
sections 10(b), 13(a), 13(b)(2) and
13(b)(5) of the Exchange Act and rules
10b-5, 12b-20, 13a-1, 13a-13 and
13b2-1 thereunder, and section 17(a) of
the Securities Act of 1933, by making
intentionally misleading statements in
its financial statements ("Conduct").
Without admitting or denying any of the
allegations in the Complaint, except as
to jurisdiction, AIG consented to the
entry of the Injunction and to pay
penalties and disgorgement of \$800
million.³

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 unit investment
trust, 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 AIG is an affiliated
person of each of the other Applicants
within the meaning of section 2(a)(3).
Applicants state that, as a result of the
Injunction, they would be subject to the
prohibitions of section 9(a).

2. Section 9(c) of the Act provides that
the Commission shall grant an
application for an exemption from the
disqualification provisions of section
9(a) of the Act if it is established that

² *Securities and Exchange Commission v. American International Group, Inc.*, 06 Civ. 1000 (LAP) (S.D.N.Y., filed Feb. 17, 2006).

³ AIG also agreed to comply with certain undertakings relating to its internal controls over financial reporting; the organization and reporting structure of AIG's internal audit department and disclosure committee; the policies, procedures and effectiveness of AIG's regulatory, compliance and legal functions; AIG's records management and retention policies and procedures; and AIG's whistleblower procedures.

these provisions, as applied to Applicants, are unduly or disproportionately severe or that the conduct of the Applicants has been such as not to make it against the public interest or the protection of investors to grant the exemption. 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).⁴

3. Applicants believe that they meet the standards 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 it would not be against the public interest or the protection of investors to grant the requested exemption from section 9(a). The Conduct did not involve any of the Applicants acting in the capacity of investment adviser, subadviser, depositor or principal underwriter for any Fund. Applicants state that with the exception of index Funds, none of the Funds advised by the Adviser Applicants holds any securities issued by AIG.

4. Applicants state that their inability to continue to provide advisory and underwriting services to the Funds and to serve as depositor to Funds would result in potentially severe hardships for the Funds and their shareholders.

Applicants also state that they have distributed written materials, including an offer to meet in person to discuss the materials, to the boards of directors of the Funds (the "Boards"), including the directors who are not "interested persons," as defined in section 2(a)(19) of the Act, of such Funds, and their independent legal counsel as defined in rule 0-1(a)(6) under the Act, if any, regarding the Injunction, any impact on the Funds, and the application. Applicants state that they have provided the Boards with all information concerning the Injunction and the application that is necessary for the Funds to fulfill their disclosure and other obligations under the federal securities laws.

5. Applicants also state that, if they were barred from providing services to the Funds, the effect on their businesses and employees would be severe. Applicants state that they have

committed substantial resources to establish an expertise in advising, subadvising, and distributing the Funds, and acting as a depositor to Funds. Applicants further state that prohibiting them from providing advisory and distribution services to the Funds would adversely affect not only the viability of their businesses, but also the livelihoods of their employees. Applicants state that they have previously received one order under section 9(c) of the Act.⁵

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, the 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 Applicants are granted a temporary exemption from the provisions of section 9(a), solely with respect to the Injunction, subject to the condition in the application, from August 20, 2007, until the Commission takes final action on their application for a permanent order.

By the Commission.

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E7-16763 Filed 8-23-07; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 27930]

Investment Company Act of 1940; In the Matter of Healthshares, Inc., Xshares Advisors LLC (Formerly, X-Shares Advisors, LLC), XShares Group LLC (Formerly, Ferghana-Wellspring, LLC) and TDAX Funds, Inc.; 420 Lexington Avenue, Suite 2550, New York, NY 10170 (812-13358)

August 20, 2007.

Order Under Sections 6(C) and 17(B) of the Investment Company Act of 1940

HealthShares, Inc., XShares Advisors LLC (formerly, X-Shares Advisors, LLC), XShares Group LLC (formerly, Ferghana-Wellspring LLC) and TDAX Funds, Inc., filed an application on January 19, 2007 and amendments to the application on June 4, 2007, July 20, 2007 and August 3, 2007, requesting an order to amend a prior order under section 6(c) of the Investment Company Act of 1940 ("Act") for an exemption from sections 2(a)(32), 5(a)(1), 22(d), and 24(d) of the Act and rule 22c-1 under the Act, and under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and (a)(2) of the Act ("Prior Order").¹

The Prior Order permits: (a) Open-end management investment companies, whose series are based on certain equity securities indices created by an affiliate of the investment adviser, to issue shares redeemable only in large aggregations; (b) secondary market transactions in the shares of the series to occur at negotiated prices; (c) dealers to sell shares to purchasers in the secondary market unaccompanied by a prospectus when prospectus delivery is not required by the Securities Act of 1933 ("Securities Act"); and (d) certain affiliated persons of the series to deposit securities into, and receive securities from, the series in connection with the purchase and redemption of aggregations of the series' shares. The amended order permits the applicants to offer additional series that would hold equity and fixed income securities and provides that certain representations and undertakings contained in the Prior Order shall not apply to a series where an entity that creates, compiles, sponsors, or maintains an underlying index is not an affiliated person, or an affiliated person of an affiliated person, of the series, its investment adviser, distributor, promoter, or any sub-adviser

⁴ Applicants have received orders granting a temporary exemption from section 9(a) of the Act with respect to the Injunction until August 21, 2007. Investment Company Act Release Nos. 27227 (Feb. 21, 2006) (granting a temporary exemption until August 21, 2006); 27446 (Aug. 18, 2006) (extending the temporary exemption to February 16, 2007); 27700 (Feb. 16, 2007) (extending the temporary exemption to August 21, 2007).

⁵ AIG Annuity Life Insurance Company, *et al.*, Investment Company Act Release Nos. 26690 (Dec. 8, 2004) (notice) and 26718 (Jan. 4, 2005) (order).

¹ HealthShares, Inc., *et al.*, Investment Company Act Release Nos. 27553 (November 16, 2006) (notice) and 27594 (December 7, 2006) (order).