

as a clearing agency is consistent with the Act and in particular with Section 17A of the Act.

It is Therefore Ordered, that Delta's temporary registration as a clearing agency (File No. 600-24) be, and hereby is, extended through January 31, 1997.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>10</sup>

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-913 Filed 1-12-95; 9:45 am]

BILLING CODE 8010-01-M

[Rel. No. IC-20823; 812-9322]

### **Croft-Leominster Income Fund, et al.; Notice of Application**

January 9, 1995.

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

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

**APPLICANTS:** Croft-Leominster Income Fund (the "Fund"), Leominster Income, L.P. (the "Partnership"), and Croft Leominster, Inc. (the "Adviser").

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

**SUMMARY OF APPLICATION:** Applicants request an order that would permit the exchange of shares of the Fund for portfolio securities of the Partnership. Thereafter, the Partnership will dissolve and distribute the shares it received in the exchange *pro rata* to its partners.

**FILING DATES:** The application was filed on November 14, 1994. Applicants agree to file an additional amendment, the substance of which is incorporated herein, during the notice period.

**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 February 3, 1995 and should be accompanied by proof of service on the 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 Fifth Street, N.W., Washington, D.C. 20549. Applicants, 207 East Redwood Drive, Suite 802, Baltimore, Maryland 21202.

**FOR FURTHER INFORMATION CONTACT:** Sarah A. Buescher, Staff Attorney, at (202) 942-0573, or Robert A. Robertson, 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 from the SEC's Public Reference Branch.

### **Applicants' Representations**

1. The Partnership was organized in 1991 as a limited partnership under Maryland law. It has not been registered under the Act in reliance upon section 3(c)(1) of the Act, and the Partnership interests have not been registered under the Securities Act of 1933 (the "Securities Act") in reliance upon section 4(2) thereof. The Adviser is the sole general partner of the Partnership and has exclusive control over the management of its business. The Adviser has maintained an investment in the Partnership not less than 1% of the net assets of the Partnership, and is allocated net income, gains, and losses of the Partnership in proportion with its investment.

2. The Fund is one of two initial series of the Croft Funds Corporation, an open-end investment company organized under Maryland law (the "Corporation"). The Fund filed a notification of registration under the Act on Form N-8A and a registration statement under the Act and the Securities Act on Form N-1A on July 22, 1994. The N-1A registration statement has not yet been declared effective, and no offering of shares has commenced. The Adviser will act as investment adviser to the Fund.

3. Applicants propose that the Partnership exchange its assets, less funds required to pay the liabilities of the Partnership, for shares of the Fund. Thereafter, the Partnership will dissolve and distribute the shares of the Fund it receives to its partners *pro rata*. The exchange was proposed to permit the limited partners of the Partnership to invest in a larger fund, and to eliminate administrative burdens, filing requirements, and complicated allocation calculations currently faced by the Partnership. The Fund was designed as a successor investment vehicle to the Partnership, with investment objectives and policies substantially the same as those of the

Partnership. The same persons who selected the investments for the Partnership will select them for the Fund.

4. The Fund will be sold without any load or sales charge, and will adopt a plan of distribution pursuant to rule 12b-1 under the Act. Under the rule 12b-1 plan, the Fund will pay a rule 12b-1 distribution fee of up to 0.25% of its average daily net assets. Applicants anticipate that shares of the Fund will be marketed to essentially the same classes of persons and in the same manner as the interests in the Partnership have been marketed.

5. The proposed exchange will be effected pursuant to an agreement and plan of reorganization (the "Plan") to be approved by the limited partners of the Partnership. Under the Plan, the portfolio securities of the Partnership will be acquired at their independent "current market price," as defined in rule 17a-7 under the Act. The Fund will not acquire securities that, in the opinion of the Adviser, would result in a violation of the Fund's investment objectives, policies, or restrictions. Any remaining securities will be liquidated by the Partnership for cash and these proceeds distributed *pro rata* to the partners of the Partnership.

6. The general partner of the Partnership will consider the desirability of the exchange from the point of view of the Partnership and must conclude that (a) the exchange is in the best interests of the Partnership and its partners and (b) upon the exchange, the interests of the partners of the Partnership will not be diluted as a result of the exchange.

7. The board of directors of the Fund will consider the desirability of the exchange from the point of view of the Fund, and a majority of the directors, including a majority of the non-interested directors, must conclude that (a) the exchange is desirable as a business matter from the point of view of the Fund, (b) the exchange is in the best interest of the Fund, (c) upon the exchange, the interests of existing shareholders of the Fund will not be diluted as a result of the exchange, and (d) the terms of the exchange as reflected in the Plan have been designed to meet the criteria contained in section 17(b) of the Act.

8. The exchange will not be effected unless: (a) the registration statements of the Fund have been declared effective; (b) the limited partners of the Partnership have approved the Plan and an amendment to the partnership agreement authorizing the general partner to take such actions as it deems necessary or appropriate to effect the

<sup>10</sup> 17 CFR 200.30-3(a)(50)(i) (1994).

exchange; (c) the requested order has been granted; and (d) the limited partners have received an opinion of counsel that: (i) The distribution of Fund shares from the Partnership to its limited partners, which will be in liquidation of the Partnership, will not cause taxable gain or loss to be recognized by the limited partners, which will be in liquidation of the Partnership, will not cause taxable gain or loss to be recognized by the limited partners; (ii) the basis to the limited partners for the Fund shares will be equal to the adjusted basis of the limited partners' interests in the Partnership; and (iii) the limited partners' holding periods with respect to the Fund shares will include their holding periods for their Partnership interests.

9. If the Plan is approved and consummated, the Partnership, the Fund, and the Adviser will each pay their respective costs in connection with the forming of the Fund and completing the exchange. No brokerage commission, fee, or other remuneration will be paid in connection with the exchange.

10. After the exchange is accomplished, the Adviser intends for the foreseeable future to manage the assets of the Fund in substantially the same manner as it did for the Partnership, except as may be necessary or desirable to qualify the Fund as a regulated investment company under the Internal Revenue Code of 1986, as amended, to comply with the investment restrictions adopted by the Fund in accordance with the requirements of the Act or securities laws of states where the Fund shares will be offered, or in light of changed market conditions.

#### Applicants' Legal Analysis

1. Section 17(a) of the Act generally prohibits an affiliated person of a registered investment company from selling to or purchasing from such investment company any security or other property. The Fund and the Partnership may be deemed to be affiliated persons of each other because they are under the common control of the Adviser. Thus, the proposed exchange may be prohibited by section 17(a). Section 17(b) authorizes the SEC to exempt a proposed transaction from section 17(a) if evidence establishes that the terms of the transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, the transaction is consistent with the policies of the registered investment company, and the

transaction is consistent with the general purposes of the Act.

2. Applicants believe that the proposed transaction satisfies the criteria of section 17(b). They contend that, because the Fund and the Partnership have similar investment objectives and policies, the Fund will attempt to assemble a portfolio of securities substantially similar to that held by the Partnership. The Fund will acquire the Partnership's portfolio securities at their independent "current market price." In addition, by acquiring suitable securities from the Partnership, the Fund will avoid incurring brokerage and other transactions costs. Applicants believe that neither the limited partners nor the Adviser will be in a position to influence the valuation of the securities acquired by the Fund. Applicants believe that the exchange can be viewed as a change in the form in which the assets are held, rather than as a disposition giving rise to section 17(a) concerns.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 95-914 Filed 1-12-95; 8:45 am]

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#### SMALL BUSINESS ADMINISTRATION

##### [Declaration of Economic Injury Disaster Loan Area #8423]

##### Pennsylvania; Declaration of Disaster Loan Area

Blair County and the contiguous counties of Bedford, Cambria, Centre, Clearfield, and Huntingdon in the State of Pennsylvania constitute an economic injury disaster area as a result of damages caused by a fire which occurred on December 16, 1994 in Logan Township. Eligible small businesses without credit available elsewhere and small agricultural cooperatives without credit available elsewhere may file applications for economic injury assistance until the close of business on October 10, 1995 at the address listed below: U.S. Small Business Administration, Disaster Area 1 Office, 360 Rainbow Blvd. South, 3rd Floor, Niagara Falls, NY 14303, or other locally announced locations. The interest rate for eligible small businesses and small agricultural cooperatives is 4 percent.

(Catalog of Federal Domestic Assistance Program No. 59002.)

Dated: January 9, 1995.

**Philip Lader,**

*Administrator.*

[FR Doc. 95-891 Filed 1-12-95; 8:45 am]

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#### Hartford District Advisory Council Meeting; Public Meeting

The U.S. Small Business Administration Hartford District Advisory Council will hold a public meeting at 8:30 a.m. on Monday, January 23, 1995, at 2 Science Park, New Haven, Connecticut 06511, to discuss such matters as may be presented by members, staff of the U.S. Small Business Administration, or other present.

For further information, write or call Ms. Jo-Ann Van Vechten, District Director, U.S. Small Business Administration, 330 Main Street, Hartford, Connecticut 06106, (203) 240-4670.

Dated: January 9, 1995.

**Dorothy A. Overal,**

*Director, Office of Advisory Council.*

[FR Doc. 95-892 Filed 1-12-95; 8:45 am]

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#### Vermont District Advisory Council Meeting

The U.S. Small Business Administration Vermont District Advisory Council will hold a public meeting at 2 p.m. on Monday, January 30, 1995, at the Vermont Chamber of Commerce, Granger Road, Berlin, Vermont, to discuss such matters as may be presented by members, staff of the U.S. Small Business Administration, or other present.

For further information, write or call Mr. Kenneth A. Silvia, District Director, U.S. Small Business Administration, Federal Building, 87 State Street, P.O. Box 605, Montpelier, Vermont 05601, (802) 828-4422.

Dated: January 4, 1995.

**Dorothy A. Overal,**

*Director, Office of Advisory Council.*

[FR Doc. 95-840 Filed 1-12-95; 8:45 am]

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#### DEPARTMENT OF TRANSPORTATION

##### Coast Guard

[CGD 95-003]

##### Prevention Through People

AGENCY: Coast Guard, DOT.

ACTION: Notice; request for comments.

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