in the exchange. Merrill Lynch also will prepare and mail appropriate confirmations or statements related to the share exchange transactions.

8. The exchange arrangements for MMF and each Participating Fund will be described in general terms in MMF's prospectus, including the existence of any administrative or redemption fees charged (without necessarily identifying the specific Funds available for exchange). Each Participating Fund's prospectus will be required to disclose the amount of any administrative or redemption fees that will be imposed in connection with an exchange to or from MMF.

Applicants' Legal Analysis

1. Section 11(a) of the Act prohibits any offer by a registered open-end management investment company or its principal underwriter involving the exchange of the company's shares on any basis other than the relative net asset value of the securities to be exchanged, unless the terms of the offer have been approved in advance by the SEC or meet the requirements of any rules adopted to regulate exchange offers.

2. Rule 11a–3 allows an investment company or its principal underwriter to make exchange offers to its shareholders or to shareholders in another company in the same group of investment companies, and to charge a sales load, redemption fee, administrative fee or any combination thereof in connection with the exchange, subject to compliance with certain requirements. Among other requirements, paragraph (b)(6)(i) of the rule requires that the prospectus of the offering company disclose the amount of any administrative or redemption fee charged in connection with an exchange.

3. Applicants request an order under section 11(a) to permit the exchange of shares of MMF for shares of Participating Funds, and shares of Participating Funds for shares of MMF, at other than their respective net asset values at the time of exchange. Applicants state that these exchanges would include, for example, (i) exchanges of MMF shares for shares of a Participating Fund sold with an FESL or a CDSC (''CDSC Shares''), (ii) exchanges of CDSC Shares of a Participating Fund for MMF shares, and (iii) the imposition of an ''administrative'' and/or ''redemption'' fee (as defined in rule 11a–3) in connection with the exchanges.

4. Applicants state that each exchange will comply with all the requirements of rule 11a–3, except (a) the requirement that the Participating Funds and MMF be part of the same ''group of investment companies,'' as that term is defined in paragraph (a)(5) of the rule, and (b) the requirement of paragraph (b)(6)(i) that MMF's prospectus disclose the amount of any administrative or redemption fee imposed on an exchange transaction for its securities, provided that MMF's prospectus will disclose the existence of these fees.

5. Applicants submit that the Exchange Program would not create any opportunity for improper gain by the underwriters of the Participating Funds, by MLFD, or by Merrill Lynch, and would not raise the possibility of inducing exchanges for the purpose of exacting additional sales charges, the abuse against which section 11(a) was directed. Furthermore, if the exchanges were always made at relative net asset values, applicants believe that the distribution systems of the Participating Funds could be disrupted because an investor could easily avoid applicable FESLs by acquiring shares of MMF and immediately exchanging those shares for Participating Fund shares, or avoid applicable CDSCs by exchanging CDSC Shares for MMF shares and then redeeming such shares without payment of any otherwise applicable CDSC. Applicants contend that the Exchange Program would avoid these problems.

6. Applicants also contend that the Exchange Program would benefit exchanging shareholders by crediting them for FESLs already paid, or, in the case of CDSC Shares, for the time the MMF shares are held or for distribution fees paid with respect to MMF shares under rule 12b–1 under the Act, consistent with the requirements of rule 11a–3. Finally, applicants contend Merrill Lynch is logically positioned to implement the Exchange Program even though members of different ''groups of investment companies'' are involved because it is the single entity with the information needed to execute both the redemption and purchase orders involved in a share exchange.

7. Applicants believe there will be such a wide variety of potential exchange arrangements offered by different families of Participating Funds that it would be impractical for MMF's prospectus to state the amounts of administrative or redemption fees imposed on an exchange transaction. Applicants also submit that shareholders will be fully informed of the fees and charges applicable to any exchange, because each Participating Fund's prospectus will include the information required by rule 11a–3.

Finally, applicants note that MMF's prospectus will include general information about the Exchange Program and refer shareholders to their financial consultants for more detailed information.

Applicants' Conditions

Applicants agree that any order granting the requested relief will be subject to the following conditions:

1. Merrill Lynch will be responsible for tracking the payment of sales loads, administrative fees and redemption fees by shareholders of investment companies or portfolios covered by the application, and otherwise will conduct share exchanges in accordance with the applicants' representations.

2. Offers of exchange pursuant to the applicants' Exchange Program will be conducted in accordance with rule 11a–3 under the Act, except that:

(a) An offering company will not be limited to making an exchange offer only to the holder of a security of the offering company, or of another open-end investment company within the same group of investment companies as the offering company;

(b) MMF's prospectus will describe the existence (but not the amount) of any administrative or redemption fees imposed on an exchange pursuant to the Exchange Program.

3. Merrill Lynch will maintain and enforce internal control procedures that are designed to assure the Exchange Program's compliance with all applicable provisions of rule 11a–3 under the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–32749 Filed 12–15–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Rel. No. IC–22937; 811–5517]

Heartland Technology, Inc. (Formerly Milwaukee Land Company); Notice of Application

December 10, 1997.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of application for deregistration under section 8(f) of the Investment Company Act of 1940 (the ''Act'').

SUMMARY OF APPLICATION: Applicant seeks an order declaring that it has ceased to be an investment company.

Filing Dates: The application was filed on June 20, 1997, and amended on

December 2, 1997. Applicant has agreed to file an amendment during the notice period, the substance of which is included in this notice.

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 applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on December 30, 1997, and should be accompanied by proof of service on applicant, 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 may request notification of a hearing by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 5th Street, N.W., Washington, DC 20549. Applicant, 547 West Jackson Blvd., Chicago, IL 60661.

FOR FURTHER INFORMATION CONTACT: Lisa McCrea, Attorney Adviser, at (202) 942–0562, or Nadya B. Roytblat, Assistant Director, 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, 450 5th Street, N.W., Washington, DC 20549 (tel. 202–942–8090).

Applicant's Representations

1. Milwaukee Land Company is a registered closed-end management investment company organized as a Delaware corporation. On October 31, 1997, Milwaukee Land Company amended its charter to change its name to Heartland Technology, Inc. (the ''Company''). That charter amendment was approved by shareholders on September 17, 1997.

2. From its date of incorporation in 1881 until 1989, the Company was a subsidiary of the Chicago, Milwaukee, St. Paul and Pacific Railroad (the ''Railroad''). The Company was formed for the purpose, among other things, of acquiring and managing land used in the Railroad's operations. Immediately prior to November 30, 1989, the Company was a wholly-owned subsidiary of CMC Real Estate Corporation (''CMC Real Estate''), the successor to the Railroad, which was in turn a wholly-owned subsidiary of Chicago Milwaukee Corporation (''CMC''). CMC filed a notification of registration under the Act in March, 1988, and as a result, the Company and CMC Real Estate each registered under the Act in March, 1988. CMC Real Estate was liquidated on November 30, 1989, and the Company became a wholly-owned subsidiary of CMC.

3. In 1991, the real estate assets held by the Company and certain other assets and liabilities were contributed by the Company and CMC to two newly-organized partnerships, Heartland Partners, L.P. (''Heartland'') and CMC Heartland Partners (''CMC Heartland''). Heartland is a publicly traded limited partnership in which the Company is the general partner and holds a class B limited partner interest. CMC Heartland is a general partnership in which the Company and Heartland are the general partners and the Company is the managing general partner. Through Heartland and CMC Heartland, the Company is engaged in the business of developing real estate, including the properties formerly owned by the Company. In 1993, CMC distributed the Company's common stock to CMC's shareholders, spinning off the Company as a separate publicly-held company. The Company's stock has not otherwise been offered to the public, and the Company has never filed a registration statement under the Securities Act of 1933.

4. Since its spin-off from CMC in 1993, the Company has represented to its stockholders that it has been engaged in a search for one or more acquisitions of operating businesses. The Company disclosed to its stockholders and to the investing public that such an acquisition would likely result in the Company ceasing to be an investment company and would therefore require stockholder approval. The Company disclosed in its proxy statement to shareholders that deregistration would result in shareholders no longer having the benefit of the regulatory protections afforded by the Act. The Company states that it communicated to its shareholders, in the Company's semiannual report for the period ending June 30, 1997, that it no longer holds itself out as being engaged in the business of investing, reinvesting, or trading in securities within the meaning of section 3(a)(1)(A) of the Act. Applicant states that it communicated to shareholders that the Company's assets would be better used to acquire an operating business that would be managed by the Company.

5. On April 4, 1997, the board of directors of the Company (the ''Board''), including those directors who are not ''interested persons'' of the Company under the Act, considered and approved for submission to the Company's shareholders a proposal for the Company and a new wholly-owned subsidiary of the Company called PG Newco Corp. (''PG Newco'') to purchase substantially all the assets and assume certain liabilities of PG Design Electronics, Inc. (''PG Design''). PG Design is a company engaged in the business of contract design and manufacture of printed circuit boards for computer products. Proxy materials that were sent to shareholders were filed with the SEC on April 28, 1997. On May 27, 1997, the shareholders of the Company approved the acquisition of PG Design, certain changes in the Company's investment policies necessary to permit the acquisition, and the deregistration of the Company under the Act.

6. In determining that it was in the best interests of the Company and its shareholders that the Company cease to be an investment company, the Board considered the following factors: (a) The difficulty of managing operating businesses under the Act; (b) the limits on the Company's capital structure imposed by section 18 of the Act, which constrain the Company's ability to borrow and otherwise manage its capital structure in ways the Board believes prudent for an operating company, but prohibited for a registered investment company; and (c) the prohibitions on transactions with affiliates under section 17 of the Act, which prohibit many types of incentive-based compensation the Board considers reasonable and necessary to attract and retain the best-qualified persons to manage the Company's businesses. The Company believes that ceasing to be registered under the Act would result in the potential for greater long-term capital appreciation through its investment in PG Newco and potential further expansion into other operating businesses.

7. The acquisition of PG Design was completed on May 30, 1997, and PG Newco's name has since been changed to P.G. Design Electronics, Inc. (''PG Design Electronics''). The Company intends to continue investment in and expansion of the business of PG Design Electronics, specifically, the contract design and manufacture of printed circuit boards and other components for computer products, and, if and when feasible, entry into other operating businesses. The Company intends to maintain its interest in Heartland and CMC Heartland and through those entities continue to engage in the business of real estate development. However, the Company expects that it will focus its efforts and resources in the

business of PG Design Electronics and other potential operations.

8. On September 30, 1997, the Company entered into a letter of intent to acquire all of the outstanding common stock of Solder Station One, Inc. (''Solder Station One''), a service provider to the circuit board industry. Subject to certain adjustments, the purchase price is expected to be $7,250,000. The Company expects to form a new wholly-owned subsidiary which will serve as the acquisition vehicle. The Company expects to invest $1,500,000 in cash in that subsidiary, all of which the Company expects to obtain from repayment of debt owned to the Company by PG Design Electronics. The new subsidiary then expects to borrow against the receivables and equipment of Solder Station One to raise additional cash, and to pay the shareholders of Solder Station One: (i) $5,250,000 in cash at closing, and (ii) notes to be issued by the new subsidiary in the aggregate amount of $2,000,000, bearing interest at 8% annually. The close of the Solder Station One acquisition is currently scheduled for January 2, 1998.

9. A predecessor of the Company was petitioner in a suit in the U.S. Court of Federal Claims for refund of claimed overpaid railroad retirement taxes. That claim was transferred to the Company as part of the Company's spin-off from its former parent corporation, CMC. A judgment adverse to the Company was entered in the trial court on April 26, 1996. The Company appealed to the U.S. Court of Appeals for the Federal Circuit, and is awaiting decision. The Company is not a party to any other litigation or administrative proceeding.

10. The Company states that it is not now operating and will not in the future operate its business so as to be an investment company required to be registered under the Act. The Company states that it does not now and will not in the future hold itself out as being engaged primarily in the business of investing, reinvesting or trading in securities.

Applicant's Legal Analysis

1. The Company asserts that it no longer holds itself out as being engaged in the business of investing, reinvesting, or trading in securities within the meaning of section 3(a)(1)(A) of the Act. For example, in the Company's semiannual report to shareholders for the period ended June 30, 1997, the Company stated: ''During the second quarter of 1997, the Company liquidated its entire non-affiliated investment portfolio. Most of the resulting cash was used on May 30, 1997 to acquire the assets, subject to certain liabilities, of PG Design. Shortly after the successful acquisition of PG Design, the Company applied for deregistration under the Act.''

2. Section 3(a)(1)(C) of the Act defines an investment company as any issuer which ''is engaged in the business of investing, reinvesting, owning, holding, or trading in securities, and owns or proposes to acquire investment securities having a value exceeding forty percent of the value of such issuer's total assets (exclusive of Government securities and cash items) on an unconsolidated basis.'' [1] The Company asserts that it no longer meets the definition of an investment company under section 3(a)(1)(C) because it does not own, and does not propose to acquire ''investment securities'' having a value exceeding 40% of the value of its total assets.

3. The Company asserts that because PG Design Electronics is a wholly-owned subsidiary of the Company, its common stock owned by the Company is not an ''investment security'' within the meaning of section 3(a)(2) of the Act. The Company states that, at September 30, 1997, its ''investment securities'' for purposes of section 3(a)(1)(C), represented 32.6% of its total assets, excluding cash and Government securities.

4. The Company's total assets at September 30, 1997, totaled $24,087,022. The Company's interests in Heartland and CMC Heartland were valued at $7,589,129 and the Company's investment in PG Design Electronics was valued at $15,085,543. The Company's accounts payable and accrued liabilities at September 30, 1997 consisted of liabilities of a predecessor corporation, accrued federal income taxes, and other liabilities.

5. The Company states that its income from the date of the close of the acquisition of PG Design has consisted primarily of income generated by PG Design Electronics, and less than 5% of the Company's income during the period June 1, 1997 through September 30, 1997 was derived from ''investment securities.'' The Company states that it anticipates receiving income from PG Design Electronics, the amount of which will be within the Company's control but limited by PG Design Electronics' net income. PG Design's 1996 revenues totaled $25,022,000, resulting in net income of $1,255,000. For the period June 1, 1997 through September 30, 1997, PG Design Electronics had net income of approximately $1,727,974. The Company anticipates similar revenues and income for PG Design Electronics for the coming year although there can be no assurance that such levels will be achieved.

6. If the planned acquisition of Solder Station One is consummated, the Company anticipates that it will receive income from that company. The amount will be within the Company's control, but limited by Solder Station One's net income. Solder Station One's revenues for the nine months ended September 30, 1997 were approximately $5,941,000 and net income before taxes was about $1,399,000. The Company anticipates similar revenues and net income for Solder Station One after consummation of the acquisition although there can be no assurance that such levels will be achieved.

7. The Company states that it receives an annual management fee of $425,000 from CMC Heartland, and that it does not anticipate receiving any significant income other than the management fee from Heartland or CMC Heartland.

8. The Company states that it currently intends to continue to develop and expand its operating business. The Company believes that the percentage of its total assets represented by its interests in Heartland and CMC Heartland will decline. Giving effect to the planned Solder Station One acquisition, the Company's investment securities would be 32.6% of the Company's total assets. The Company states that it has no intention to increase the number of investment securities it holds. The Company does not expect to invest its net income in investment securities within the meaning of section 3(a)(2) of the Act, except as discussed below. The Company expects that it may invest in short-term securities as a cash management tool when accumulation of cash is necessary or appropriate to meet the Company's requirements, including pending payment of dividends, to make additional investments in the Company's subsidiaries or to acquire other companies or businesses, or to repay borrowings. In addition, the Company expects that it may invest in longer-term debt securities to offset particular Company liabilities. The Company intends to manage its cash and its investments in such a way as to avoid again coming within the definition of investment company under the Act.

[1] Investment securities are defined in section 3(a)(2) of the Act to include all securities except (A) Government securities, (B) securities issued by employees' securities companies, and (C) securities issued by majority owned subsidiaries of the owner which are not investment companies, and are not relying on the exception from the definition of investment company in sections 3(c)(1) or 3(c)(7) of the Act.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 97–32775 Filed 12–15–97; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 22936; 812–10882]

Mentor Funds, et al.; Notice of Application

December 10, 1997.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of application for exemption under section 6(c) of the Investment Company Act of 1940 (the ''Act'') from section 15(a) of the Act.

SUMMARY OF APPLICATION: Applicants seek an order to permit the implementation, without shareholder approval, of new investment advisory agreements (''New Agreements'') between Mentor Funds, Mentor Institutional Trust, Cash Resource Trust (collectively, the ''Trusts''), America's Utility Fund, Inc., and Mentor Income Fund, Inc. (collectively with the Trusts, the ''Funds''); and one or more of Mentor Investment Advisors, LLC (''Mentor Advisors''), Mentor Perpetual Advisors, LLC (''Mentor Perpetual'') (each, an ''Advisor''); Van Kampen American Capital Management, Inc. (''Van Kampen''), and Wellington, Management Company, LLP (''Wellington'') (each, a ''Sub-advisor''), for a period of up to 60 days following the date of consummation of a merger (but in no event later than March 31, 1998) (the ''Interim Period''). The order also would permit the Advisors and Sub-advisors to receive all fees earned under the New Agreements following shareholder approval.

Applicants: Funds, Advisors, and Sub-advisors.

FILING DATES: The application was filed on November 20, 1997. Applicants have agreed to file an amendment during the notice period, the substance of which is included in this notice.

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 December 30, 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 Fifth Street, N.W., Washington, D.C. 20549. Applicants: Mentor Funds, Mentor Institutional Trust, Cash Resource Trust, America's Utility Fund, Inc., Mentor Income Fund, Inc., Mentor Advisors, and Mentor Perpetual, 901 East Byrd Street, Richmond, VA 23219; Van Kampen, One Parkview Plaza, Oakbrook Terrace, IL 60181; Wellington, 75 State Street, Boston, MA 02109.

FOR FURTHER INFORMATION CONTACT: John K. Forst, Attorney Advisor, at (202) 942–0569, or Christine Y. Greenlees, Branch Chief, at (202) 942–0564 (Office of Investment Company Regulation, Division of Investment Management).

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, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. 202–942–8090).

Applicants' Representations

1. The Trusts, each a Massachusetts business trust, are registered under the Act as open-end management investment companies. America's Utility Fund, Inc., a Maryland corporation, is registered under the Act as an open-end management investment company. Mentor Income Fund, Inc., a Virginia corporation, is registered under the Act as a closed-end management investment company. The Funds currently offer twenty-three portfolios.[1]

2. The Advisors, investment advisers registered under the Investment Advisers Act of 1940 (the ''Advisers Act''), serve as investment adviser for the Funds pursuant to existing investment advisory agreements that comply with section 15 of the Act (with existing sub-advisory agreements, the ''Existing Agreements''). Mentor Perpetual serves as investment adviser to Mentor Perpetual Global Portfolio and Mentor Perpetual International Portfolio. Mentor Advisors serves as investment adviser to each of the other Funds. The Sub-advisors, investment advisers registered under the Advisers Act, serve as sub-advisers for certain of the Funds pursuant to the Existing Agreements. Van Kampen serves as Sub-advisor to the Mentor Municipal Income Portfolio. Wellington serves as Sub-advisor to the Mentor Income and Growth Portfolio.[2]

3. On August 20, 1997, Wheat First Butcher Singer, Inc. (''Wheat First''), the Advisors' parent, entered into an agreement and plan of merger with First Union Corporation (''First Union''), under which Wheat First will be merged into First Union (the ''Merger''). Upon consummation of the Merger (expected to occur on December 31, 1997), First Union will become the owner of a majority of the beneficial interest in Mentor Advisors and of one-half of the beneficial interest in Mentor Perpetual.

4. Applicants believe that the Merger will result in an assignment of the Existing Agreements. Applicants request an exemption to permit: (a) The implementation during the Interim Period, prior to obtaining shareholder approval, of the New Agreements; and (b) the Advisors and Sub-advisors to receive from each Fund, upon approval of that Fund's shareholders of the relevant New Agreement, any and all fees earned under the New Agreement during the applicable Interim Period. Applicants state that the New Agreements will have substantially the same terms and conditions as the respective Existing Agreements, except in each case for the effective date, termination date, and escrow provisions.

5. The boards of trustees of the Trusts and the boards of directors of Mentor Income Fund, Inc. and America's Utility Fund, Inc. (collectively, the ''Boards''), met on October 14, 1997, September 10, 1997, and November 19, 1997, respectively, to discuss the Merger and its implications for the Funds. At the meetings, the Boards, including a majority of the members who are not ''interested persons'' of any Fund, as

[1] Mentor Funds is comprised of eleven portfolios: Mentor Growth Portfolio, Mentor Capital Growth Portfolio, Mentor Strategy Portfolio, Mentor Income and Growth Portfolio, Mentor Perpetual Global Portfolio, Mentor Quality Income Portfolio, Mentor Municipal Income Portfolio, Mentor Short-Duration Income Portfolio, Mentor Balanced Portfolio, Mentor Institutional Money Market Portfolio, and Mentor Institutional U.S. Government Money Market Portfolio. Mentor Institutional Trust is comprised of five portfolios: Mentor U.S. Government Cash Management Portfolio, Mentor Intermediate Duration Portfolio, Mentor Fixed-Income Portfolio, Mentor Perpetual International Portfolio, and SNAP Fund. Cash Resource Trust is comprised of five funds: Cash Resource Money Market Fund, Cash Resource U.S. Government Money Market Fund, Cash Resource Tax-Exempt Money Market Fund, Cash Resource California Tax-Exempt Money Market Fund, and Cash Resource New York Tax-Exempt Money Market Fund. Each of America's Utility Fund, Inc. and Mentor Income Fund, Inc. constitutes a single portfolio.

[2] In each of the foregoing cases, whether acting as investment adviser or subadviser, each Advisor and Sub-Advisor is acting as an investment adviser within the meaning of section 2(a)(20) of the Act.