

and Penelec would not pay Dividends if the payment would cause either its common equity ratio or GPU's consolidated common equity ratio as of the end of the fiscal quarter during which the Dividend is made is expected to be less than 30%, without further Commission authorization.

The Subsidiaries note that under existing first mortgage bond indentures ("Indentures"), Met-Ed and Penelec are required to maintain retained earnings of not less than \$3.4 million and \$10.1 million. The Subsidiaries state that Met-Ed and Penelec would not make the proposed dividends out of unearned or capital surplus until they had first paid dividends out of retained earnings down to the amounts permitted by the Indentures.

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

**Jonathan G. Katz,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 24317, 812-11984]

### Safeguard Scientifics, Inc.; Notice of Application

February 25, 2000.

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

**ACTION:** Notice of an application pursuant to section 2(a)(9) of the Investment Company Act of 1940 (the "Act").

**APPLICANT:** Safeguard Scientifics, Inc. ("Safeguard").

**SUMMARY OF APPLICATION:** Applicant requests an order declaring that it controls Internet Capital Group, Inc. ("ICG") within the meaning of the Act notwithstanding that it owns less than 25% of the voting securities of ICG.

**FILING DATE:** The application was filed on February 25, 2000.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on March 21, 2000 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 Commission's Secretary.

**ADDRESSES:** Secretary, Commission, 450 5th Street, NW, Washington, DC 20549-0609. Safeguard, 435 Devon Park Drive, Building 800, Wayne, Pennsylvania 19087.

**FOR FURTHER INFORMATION CONTACT:** Ann Dubey, Senior Counsel, at (202) 942-0687, or Nadya 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 Commission's Public Reference Branch, 450 5th Street, NW, Washington, DC 20549-0102 (tel. 202-942-8090).

#### Applicant's Representations

1. Safeguard, a Pennsylvania corporation, states that it is actively engaged in the internet infrastructure business through a core group of companies. Safeguard was relying on rule 3a-1 under the Act. Rule 3a-1 provides an exemption from the definition of investment company if, among other things, no more than 45% of a company's total assets consist of, and no more than 45% of its net income over the last four quarters is derived from, securities other than shares of majority-owned subsidiaries and companies primarily controlled by it. Since August, 1999, Safeguard has been relying on rule 3a-2 under the Act, which provides a one-year exemption from the definition of investment company for certain transient investment companies.

2. Safeguard previously owned more than 25% of the voting securities of ICG. Safeguard states that ICG is an internet company actively engaged in business-to-business electronic commerce through a network of partner companies. ICG and Safeguard have had a historic relationship. ICG was formed by two Safeguard executives in 1996. Safeguard originally owned 33% of ICG's voting securities, an ownership position that began to decline as ICG needed additional financing. Safeguard states that its interest in ICG has been diluted since August, 1999 due to the exercise of options, and ICG's additional private and public offerings. Safeguard also sold approximately 4.8% of its shares in ICG to Safeguard's shareholders through a subscription program. Safeguard states that currently

it owns approximately 14% of ICG's common stock. Safeguard states that its interest in ICG constitutes a substantial portion of Safeguard's total assets.

#### Applicant's Legal Analysis

1. Safeguard requests an order under section 2(a)(9) of the Act declaring that it controls ICG.<sup>1</sup> Section 2(a)(9) defines "control" as the power to exercise a controlling influence over the management or policies of a company. Section 2(a)(9) also provides that a person who does not own more than 25% of a company's voting securities is presumed not to control the company. Section 2(a)(9) further provides that this presumption may be rebutted by evidence but continues until a determination to the contrary is made by the Commission.

2. Safeguard states that currently it owns 13.93% of ICG's outstanding voting securities. Safeguard has been since ICG's inception, and continues to be, ICG's largest single shareholder.<sup>2</sup> Safeguard also states that its officers are directors occupy three out of eight seats on ICG's board of directors. These directors include a Vice President of Safeguard and the Vice Chairman of the Board of Safeguard (who serves as the Chairman of ICG's board of directors). The Safeguard director on the ICG Board serves as President and Chief Executive Officer of ICG.

3. Safeguard also states that it has a team of its employees assigned to actively assist ICG in its management, operations and finances. Safeguard states that it also assists ICG, among other things, in structuring and negotiating business alliances, forming general corporate and marketing strategies, conducting financial accounting, locating and evaluating financing vehicles, recruiting board members and structuring employee option plans.

4. Safeguard asserts that, as a result of its status as the largest single shareholder of ICG and its significant representation on ICG's board of directors, Safeguard is able to exercise, and exercises, a controlling influence over the management and operations of ICG within the meaning of section 2(a)(9) of the Act. Thus, Safeguard states that it has made a showing sufficient for

<sup>1</sup> Safeguard states that it does not seek an order or request the Commission to determine whether Safeguard primarily controls ICG for purposes of section 3(a) of the Act or rule 3a-1 under the Act, or otherwise determine whether Safeguard is an investment company under the Act.

<sup>2</sup> Safeguard states that the only other known shareholder owning more than 5% of ICG's voting stock is Comcast ICG, Inc., which owns approximately 9.3%.

a finding under section 2(a)(9) of the Act that it controls ICG.

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

**Jonathan G. Katz,**  
Secretary.

[FR Doc. 00-5181 Filed 3-2-00; 8:45 am]  
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## SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-24318]

### Notice of Applications for Deregistration Under Section 8(f) of the Investment Company Act of 1940

February 25, 2000.

The following is a notice of applications for deregistration under section 8(f) of the Investment Company Act of 1940 for the month of February 2000. A copy of each application may be obtained for a fee at the SEC's Public Reference Branch, 450 Fifth St., NW, Washington, DC 20549-0102 (tel. 202-942-8090). An order granting each application will be issued unless the SEC orders a hearing. Interested persons may request a hearing on any application by writing to the SEC's Secretary at the address below and serving the relevant 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 March 21, 2000, and should be accompanied by proof of service on the 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 who wish to be notified of a hearing may request notification by writing to the Secretary, SEC, 450 Fifth Street, NW, Washington, DC 20549-0609. For Further Information Contact: Diane L. Titus, at (202) 942-0564, SEC, Division of Investment Management, Office of Investment Company Regulation, 450 Fifth Street, NW, Washington, DC 20549-0506.

#### Putnam High Quality Bond Fund [File No. 811-4617]

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On July 12, 1999, applicant transferred its assets to Putnam American Government Income Fund based on net asset value. Legal and accounting expenses of \$70,000 incurred in connection with the reorganization were paid by applicant and the acquiring fund in proportion to

their net assets. In addition, proxy expenses of \$145,000 were paid by applicant.

*Filing Date:* The application was filed on January 19, 2000.

*Applicant's Address:* One Post Office Square, Boston, Massachusetts 02109.

#### Kemper Europe Fund [File No. 811-7479]

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On September 3, 1999, applicant transferred its assets to Kemper New Europe Fund, Inc., based on net asset value. Expenses of \$815,000 were incurred in connection with the reorganization, of which applicant paid \$138,398 and the acquiring fund paid \$676,602.

*Filing Dates:* The application was filed on January 12, 2000, and amended on January 28, 2000.

*Applicant's Address:* 222 South Riverside Plaza, Chicago, Illinois 60606.

#### Bay Funds [File No. 811-6296]

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. By December 9, 1996, Applicant had transferred its assets to 1784 Funds, based on net asset value. Expenses incurred in connection with the reorganization were paid by BayBank, N.A. and BayBank Investment Management, Inc. (now known as The First National Bank of Boston), applicant's investment adviser and its affiliates.

*Filing Dates:* The application was filed on June 5, 1997, and amended on January 26, 2000.

*Applicant's Address:* 1001 Liberty Avenue, Pittsburgh, Pennsylvania 15222-3779.

#### Dreyfus Premier Insured Municipal Bond Fund [File No. 811-7682]

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On November 16, 1998, applicant made a final liquidating distribution to its shareholders based on net asset value. Expenses of approximately \$1,362 incurred in connection with the liquidation were paid by The Dreyfus Corporation applicant's investment adviser.

*Filing Date:* The application was filed on February 2, 2000.

*Applicant's Address:* 200 Park Avenue, New York, New York 10166.

#### Carillon Investment Trust [File No. 811-5293]

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On October 29, 1999, applicant made a liquidating

distribution to its shareholders based on net asset value. Applicant states that any expenses incurred in connection with the liquidation would be paid by applicants's investment adviser.

*Filing Date:* The application was filed on February 11, 2000.

*Applicant's Address:* 1876 Waycross Road, Cincinnati, Ohio 45240.

#### The Griffin Funds, Inc. [File No. 811-7948]

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On March 5, 1999, applicant transferred its assets to corresponding series of WM Trust I and WM Trust II based on net asset value. Expenses of approximately \$1,760,000 incurred in connection with the reorganization were paid by WM Advisors, Inc., investment adviser to WM Trust I and WM Trust II.

*Filing Dates:* The application was filed on December 10, 1999 and amended on February 11, 2000.

*Applicant's Address:* c/o John T. West, WM Advisors Inc., 1201 Third Avenue, 22nd Floor, Seattle, Washington 98101.

#### Colorado Double Tax-Exempt Bond Fund, Inc. [File No. 811-8023]

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. All shareholders of applicant have redeemed their shares at net asset value. Expenses of approximately \$1,410 incurred in connection with the liquidation were paid by Isaak Bond Investments, Inc., applicant's principal underwriter.

*Filing Dates:* The application was filed on November 12, 1999, and amended on January 18, 2000.

*Applicant's Address:* 600 Seventeenth Street, Suite 2610, South Tower, Denver, Colorado 80202.

#### Pegasus Funds [File No. 811-5148]

*Summary:* Applicant seeks an order declaring that it has ceased to be an investment company. On March 29, 1999, applicant completed the transfer of its assets to The One Group®, based on net asset value. Expenses of approximately \$1,862,760 were incurred in connection with the reorganization. Applicant and The One Group® were each responsible for their own expenses in connection with the reorganization. Banc One Investment Advisors Corporation, investment adviser to The One Group®, assumed the costs of proxy solicitations.

*Filing Date:* The application was filed on November 10, 1999, and amended on February 11, 2000.