

company, RGC Resources, Inc. ("Resources") (together, "Applicants"), both located at 519 Kimball Avenue, N.E., Roanoke, Virginia 24016, have filed an application under sections 9(a)(2) and 10 of the Act.

Roanoke Gas, itself a gas public utility company, is engaged in the retail distribution and sale of natural gas serving approximately 53,625 customers in the State of Virginia. It has one direct utility subsidiary, Bluefield Gas Company ("Bluefield"), which provides natural gas service to approximately 4,100 customers located in and around Bluefield, West Virginia. Bluefield has one gas utility subsidiary, Commonwealth Public Service Corporation ("Commonwealth"), which serves approximately 925 customers in and around Bluefield, Virginia.<sup>2</sup>

Resources proposes to acquire all of the outstanding shares of common stock of Roanoke Gas, Bluefield and Commonwealth. Following the consummation of the proposed transactions, Resources states that it will file under rule 2 of the Act for an exemption under section 3(a)(1) of the Act from regulation under all of the Act's provisions, except section 9(a)(2).

Under an agreement and plan of merger and reorganization to be entered into between Roanoke Gas and Resources ("Plan"), Roanoke Gas would become a subsidiary of Resources by merging with an acquisition subsidiary of Resources ("Acquisition") and converting Acquisition's common stock into Roanoke Gas common stock. The outstanding shares of Roanoke Gas common stock would then be converted, on a share-for-share basis, into the right to receive shares of Resources common stock, \$5.00 par value, on the effective date of the merger. Bluefield would transfer all of the common stock of Commonwealth to Roanoke Gas in the form of a noncash dividend. Commonwealth then will be merged into Roanoke Gas. Finally, Roanoke Gas would transfer all of the common stock of Bluefield to Resources in the form of a noncash dividend.

In addition to its utility subsidiaries, Roanoke Gas also owns Diversified Energy Company ("Diversified"), a nonutility subsidiary company that distributes propane gas and related products and markets natural gas to large industrial customers. Under the Plan, Roanoke Gas would transfer all of the common stock of Diversified to Resources in the form of a noncash dividend. After the merger and

reorganization are consummated, Resources will directly own Roanoke Gas, Bluefield and Diversified.

The Plan requires the approval of the Roanoke Gas shareholders at the annual meeting of shareholders on February 8, 1999. In addition, the plan is subject to the approval of the Virginia State Corporation Commission and the Public Service Commission of West Virginia.

Applicants assert that once the Plan is implemented, Resources will be a public utility holding company entitled to an exemption under section 3(a)(1) of the Act, because Roanoke Gas will be predominantly intrastate in character and will carry on its business substantially in the state of Virginia. The Applicants claim that Roanoke Gas will be the only utility subsidiary from which Resources derives a material part of its income. In this regard, the Applicants state that for the annual period ended September 30, 1998 Bluefield provided 8.4% of Roanoke Gas' operating revenues and 4.3% of its net income.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 23683; 812-11432]

### Salomon Smith Barney Inc.; Notice of Application

February 5, 1999.

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

**ACTION:** Notice of application for an order under section 12(d)(1)(J) of the Investment Company Act of 1940 (the "Act") for an exemption from section 12(d)(1) of the Act, under section 6(c) of the Act for an exemption from section 14(a) of the Act, and under section 17(b) of the Act for an exemption from section 17(a) of the Act.

**SUMMARY OF APPLICATION:** Applicant, Salomon Smith Barney Inc. ("Salomon Smith Barney"), requests an order to amend a prior order that exempts all existing DECS Trusts and future trusts that are substantially similar and for which Salomon Smith Barney Inc. ("Salomon Brothers") serves as principal underwriter ("Salomon-Sponsored Trusts") from certain provisions of sections 12(d)(1), 14(a)

and 17(a) of the Act ("Prior Order"),<sup>1</sup> which is limited by its terms to Salomon Brothers and to Salomon-Sponsored Trusts. Applicant requests an amendment to extend the relief granted in the Prior Order to Salomon Smith Barney, a successor entity resulting from the merger of Smith Barney Inc. ("Smith Barney") and Salomon Brothers, and any DECS Trust or other substantially similar trust for which Smith Barney ("Smith Barney-Sponsored Trusts") or Salomon Smith Barney ("SSB-Sponsored Trusts") has served or will serve as principal underwriter.<sup>2</sup>

**FILING DATE:** The application was filed on January 28, 1998. Applicant has agreed to file an amendment during the notice period, the substance of which is reflected in the 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 March 1, 1999, 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 Fifth Street, N.W., Washington, D.C. 20549. Applicant, 388 Greenwich Street, New York, New York 10013.

**FOR FURTHER INFORMATION CONTACT:** Bruce R. MacNeil, Staff Attorney, at (202) 942-0634, or Mary Kay Frech, Branch Chief, at (202) 942-0546 (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, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. (202) 942-8090).

### Applicant's Representations

1. Salomon Smith Barney is a securities broker-dealer registered under

<sup>1</sup> *Salomon Brothers Inc.*, Investment Company Act Release Nos. 22837 (Sep. 30, 1997) (notice) and 22862 (Oct. 21, 1997) (order).

<sup>2</sup> Smith Barney, Salomon Smith Barney, Smith Barney-Sponsored Trusts and SSB-Sponsored Trusts have relied on the Prior Order since March 3, 1998. See *Salomon Brothers Inc. and Smith Barney Inc.* (pub. avail. Mar. 3, 1998).

<sup>2</sup> Bluefield claims exemption from regulation under section 3(a) in accordance with rule 2 under the Act.

the Securities Exchange Act of 1934. Prior to November 28, 1997, Salomon Brothers was wholly owned by Salomon Inc and Smith Barney was wholly owned by Travelers Group Inc. ("Travelers Group"), which were unaffiliated holding companies. On that date, pursuant to an agreement and plan of merger, a newly formed, wholly-owned subsidiary of Travelers Group merged with and into Salomon Inc (which owned 100% of Salomon Brothers) which became a wholly-owned subsidiary of Travelers Group and was renamed Salomon Smith Barney Holdings Inc. ("SSB Holdings"). Immediately thereafter, Smith Barney Holdings Inc., another wholly-owned subsidiary of Travelers Group and the 100% owner of Smith Barney, was merged into SSB Holdings. As a result, Salomon Brothers and Smith Barney became both wholly-owned subsidiaries of Travelers Group. Following that merger, SSB Holdings conducted the underwriting of DECS Trusts and similar trusts through Smith Barney rather than through Salomon Brothers.<sup>3</sup>

2. On September 1, 1998, Salomon Brothers was merged into Smith Barney, creating Salomon Smith Barney to conduct the combined operations of the previously separate entities. Salomon Smith Barney is the legal successor by merger to Salomon Brothers.

3. On October 21, 1997, the Commission issued the Prior Order, which is limited by its terms to Salomon Brothers and any Salomon-Sponsored Trusts. The Prior Order exempts (a) all Salomon-Sponsored Trusts from section 12(d)(1) of the Act to the extent necessary to permit other registered investment companies to own more than 3% of the total outstanding voting stock of any Salomon-Sponsored Trust and other investment companies having the same investment adviser, and companies controlled by such investment companies, to own more than 10% of the securities of any Salomon-Sponsored Trust, (b) all Salomon-Sponsored Trusts from section 14(a) of the Act to the extent necessary to permit the Trusts to be organized without \$100,000 in net worth, and (c) all Salomon-Sponsored Trusts and Salomon Brothers from section 17(a) of the Act to the extent necessary to permit Salomon-Sponsored Trusts to purchase U.S. Government securities from Salomon Brothers at the time of a Salomon-Sponsored Trust's initial issuance of securities.

4. The request order would extend the relief granted in the Prior Order to Salomon Smith Barney and any Smith

Barney-Sponsored Trusts and SSB-Sponsored Trusts.

#### **Applicant's Condition**

Salomon Smith Barney will be bound by all of the conditions of the Prior Order and Smith Barney-Sponsored Trusts and SSB-Sponsored Trusts seeking to rely on the amended order will be substantially as described in the Prior Order and will comply with all conditions therein.

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

**Margaret H. McFarland,**

*Deputy Secretary.*

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### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. IC-23682; 812-11498]

#### **Stephens Group, Inc. et al.; Temporary Order and Notice of Application**

February 5, 1999.

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

**ACTION:** Temporary order and notice of application for permanent order under section 9(c) of the Investment Company Act of 1940 (the "Act").

**SUMMARY:** Applicants have received a temporary order exempting them from section 9(a) of the Act, with respect to a securities-related injunction entered in 1978, until the Commission takes final action on the application for a permanent order or, if earlier, April 5, 1999. Applicants also have requested a permanent order.

**APPLICANTS:** Stephens Group, Inc. ("Stephens"), Stephens Inc. ("SI"), and Jackson T. Stephens ("Mr. Stephens").

**FILING DATE:** The application was filed on February 5, 1999.

**HEARING OR NOTIFICATION OF 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 March 1, 1999 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. An order granting the application will

be issued unless the Commission orders a hearing or extends the temporary exemption.

**ADDRESSES:** Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549; Applicants, 111 Center Street, Little Rock, AR 72201.

**FOR FURTHER INFORMATION CONTACT:** Kathleen L. Knisely, Staff Attorney, at (202) 942-0517, or Mary Kay Frech, Branch Chief, at (202) 942-0564, Division of Investment Management, Office of Investment Company Regulation.

**SUPPLEMENTARY INFORMATION:** The following is a temporary order and a summary of the application. The complete application is available for a fee from the Commission's Public Reference Branch, 450 Fifth Street, N.W., Washington, D.C. 20549 (tel. 202-942-8090).

#### **Applicants' Representations**

1. Stephens is a Arkansas corporation formed in 1933. Stephens, directly and through its subsidiaries, engages in a broad-based merchant and investment banking business. Stephens Holding Company ("Stephens Holding"), a wholly owned subsidiary of Stephens, owns SI, a broker-dealer registered under the Securities Exchange Act of 1934 ("Exchange Act") and an investment adviser registered under the Investment Advisers Act of 1940 ("Advisers Act").

2. Mr. Stephens served as Stephens' chief executive officer and chairman of the board of directors from 1956 until 1986. Mr. Stephens currently serves as chairman of the board of directors of Stephens and Stephens Holding. Mr. Stephens is not an officer or director of SI.<sup>1</sup>

3. SI has served as principal underwriter and administrator for registered investment companies ("funds") since 1988. SI currently serves in those capacities for three sets of bank proprietary funds: Stagecoach Funds advised by Wells Fargo Bank, Masterworks Funds advised by Barclays Global Investors, and Nations Funds advised by NationsBanc Advisors, Inc., a wholly-owned subsidiary of Bank of America (collectively, "Bank Funds"). The Bank Funds include 119 individual funds with total assets in excess of \$71 billion.

4. It is anticipated that, in connection with a recent merger between Wells Fargo & Company and Norwest Corporation, certain Stagecoach Funds

<sup>1</sup> Mr. Stephens is a registered representative with SI and would be considered an employee and associated person of SI.

<sup>3</sup> See note 2, *supra*.