the Reorganization would deprive Stagecoach and its shareholders of the services of skilled individuals possessing considerable experience and financial and business acumen at a time when their experience may be most needed. Adding a substantial number of disinterested directors to the Board would require a lengthy interview and selection process, which could delay and increase the cost of the Reorganization, and could make the Board unwieldy. Further, applicants state that the three interested directors remaining after the Reorganization will continue to be treated as interested persons of Stagecoach and of Wells Fargo Bank for all purposes other than section 15(f)(1)(A).

8. Applicants also believe that the requested exemption is consistent with the purposes fairly intended by the policies and provisions of the Act. Applicants submit that section 15(f) is intended to permit the SEC to deal flexibly with situations where the imposition of the 75% requirement might pose an unnecessary obstacle or burden on a fund. Further, applicants state that section 15(f) was intended to ensure that, where there is a change in control of an investment adviser, the interests of the investment company shareholders will be protected and they will not be subject to any unfair burden as a result of such transaction. Applicants argue that the proposed Reorganization is structured to protect the interests of the shareholders of the Pacifica Funds Trust and Stagecoach and that shareholders will benefit from the requested exemption.

Applicants' Condition

Applicants agree as conditions to the issuance of the requested exemptive order that:

If within three years of the consummation of the Holding Company Merger (assuming the Reorganization is also consummated), it becomes necessary to replace any director, that director will be replaced by a director who is not an ''interested person'' of Wells Fargo Bank or FICM within the meaning of section 2(a)(19)(B) of the Act, unless at least 75% of the directors at that time are not interested persons of Wells Fargo Bank or FICM.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–13545 Filed 5–29–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21980; 812–10104]

THC Partners; Notice of Application

May 23, 1996.

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

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

APPLICANT: THC Partners.

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act for an exemption from all provisions of the Act.

SUMMARY OF APPLICATION: Applicant requests an exemption from all provisions of the Act. Applicant is a private family-controlled special purpose investment vehicle whose interests are owned by the family and certain other persons.

FILING DATES: The application was filed on April 23, 1996 and amended on May 23, 1996.

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 June 17, 1996, 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. Applicant: 4200 Texas Commerce Tower, 600 Travis, Houston, Texas 77002.

FOR FURTHER INFORMATION CONTACT: Marianne H. Khawly, Staff Attorney, at (202) 942–0562, or Alison E. Baur, 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.

Applicant's Representations

1. Applicant is a Texas general partnership organized in 1977. Applicant's partners consist of the maternal heirs of Howard R. Hughes, Jr. (''Howard Hughes''), including trusts established for family members of maternal heirs and estates of deceased maternal heirs (collectively, the ''Hughes Maternal Heirs'') and partners and former partners of Andrews & Kurth, L.L.P. (''Andrews & Kurth''), a Houston law firm, including trusts established for Andrews & Kurth family members and heirs of deceased Andrews & Kurth partners (collectively, ''A&K''). Applicant's assets presently consist of common stock of The Hughes Corporation (''THC'') and limited partnership interests in Howard Hughes Properties, L.P. (''HHPLP'') (collectively, ''Hughes''). Hughes was formed to hold, manage, and develop the assets of the estate of Howard Hughes (the ''Hughes Estate'') including casinos, a large military aircraft manufacturer, and widespread real estate holdings.

2. Howard Hughes dies in April 1976 unmarried and childless. A complex estate battle began when 32 wills were offered for probate, and California, Nevada, and Texas each claimed domicile for purposes of subjecting Howard Hughes' assets to death taxes. Andrews & Kurth represented Howard Hughes and various of his companies for over 50 years. William R. Lummis, son of Annette Gano Lummis, Howard Hughes' aunt, and a senior partner at Andrews & Kurth, left the firm shortly after Howard Hughes' death to undertake management of the Hughes Estate and serve as executive officer of Hughes.

3. The Hughes Maternal Heirs, claiming through Annette Gano Lummis, the beneficiary holding the largest single interest in the Hughes Estate, did not possess the resources to finance the long, complicated, multi-jurisdictional legal defense of their claim. The Hughes Maternal Heirs and A&K formed applicant to prosecute and defend the claims of the Hughes Maternal Heirs. In return for the contribution of their interests in the Hughes Estate, the Hughes Maternal Heirs collectively received 66⅔% of the interests in applicant. In return for undertaking to defend, or cause to be defended, and otherwise to provide the financial resources to further applicant's purposes, A&K received a 33⅓% interest in applicant. In 1983, the last of the final, non-appealable orders establishing ownership of the Hughes Estate was issued that decreed that applicant was the beneficiary of approximately 71% of the Hughes Estate's assets. Other than through gifts and testamentary dispositions, applicant has not changed composition since its inception. As of the date of the filing of this application, the Hughes Maternal Heirs owned 67.279% of the interests in

applicant and A&K owned 32.721%. Currently, there are 86 Maternal Heirs and 124 members of A&K.[1]

4. Applicant is internally managed by three of the general partners (the ''Managing Partners'') who receive no compensation. The current Managing Partners are Platt W. Davis, III (''Davis''), Frederick R. Lummis, Jr. (''Frederick Lummis''), and Milton H. West, Jr. (''West''). Davis holds interests in applicant both as a donee of his mother, an original Hughes Maternal Heir, and as a legatee under the will of Annette Gano Lummis. Frederick Lummis is William Lummis' brother. West has been a partner of Andrews & Kurth for over 50 years and was the partner in charge of the firm's representation of Howard Hughes. The Managing Partners originally were selected through informal discussions among the Hughes Maternal Heirs and A&K. The Managing Partners are elected at large from among applicant's partners every three years and were most recently elected in 1995. A committee nominates proposed Managing Partners for election but partners holding interests aggregating 10% or more may propose competing slates. Election is by secret written ballot. Currently, the Managing Partners receive no compensation for their services.

5. Hughes has entered into a merger agreement with The Rouse Company (''Rouse'') that will result in Rouse acquiring all of Hughes (the ''Rouse Transaction''). After consummation of the Rouse Transaction, applicant's assets will consist of: (a) Cash consideration of approximately $85 million; (b) approximately 9 million shares of Rouse (approximately 20% of the outstanding Rouse shares); and (c) contingent rights to receive additional Rouse shares based on the future cash flow generated from, and appraised value of, certain properties acquired by Rouse in the mergers (the ''Earn-Out Rights''). The properties subject to the Earn-Out Rights consist of undeveloped land, rental properties, and interests therein held in four discrete business units in Las Vegas and Los Angeles. The earn-out periods range from 5 to 14 years.

6. Applicant proposes to incur administrative expenses in an amount not to exceed ¼ of 1% of assets following consummation of the Rouse Transaction (the ''Administrative Expense Cap''). Any compensation paid to the Managing Partners will be within the Administrative Expense Cap.

7. Applicant contemplates continuing its existence after the consummation of the Rouse Transaction for several reasons. First, applicant believes that it can coordinate sales of Rouse shares in the future by arranging block trades and thereby avoid the disruptive effect of the uncoordinated sale of a large amount of stock by various partners acting independently.[2] Second, applicant believes that significant cost savings can be achieved through the joint investment of the cash received in the Rouse Transaction which would be invested by the Managing Partners in shares of a number of registered open-end investment companies. Third, applicant believes that issues involved in the determination of the amount of the Earn-Out Rights can be more effectively managed by applicant than by its partners individually. Fourth, applicant, on behalf of its partners, is presently involved in a controversy with the Internal Revenue Service and anticipates that litigation of the matter will ensue (the ''Federal Tax Proceedings''). The Internal Revenue Service (''IRS'') has questioned applicant's partners' reporting of their income relative to applicant's formation and operation for its tax year 1987 and subsequent years. Administrative proceedings with respect to these allegations recently have been concluded without resolution of the matter. The IRS may issue a notice of final partnership administrative adjustments which would be a predicate to institution of litigation by applicant.

Applicant's Legal Analysis

1. Section 3(a)(3) of the Act defines investment company to include any issuer that 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 40% of the value of such issuer's total unconsolidated assets. Applicant submits that it has been exempt from registration under the Act because its business has primarily consisted of its interests in THC and HHPLP, both majority-owned operating companies engaged in real estate development. Upon the consummation of the Rouse Transaction, however, applicant will become an ''investment company'' as that term is defined in section 3(a)(3) of the Act.

2. Applicant was established as a joint venture between the Hughes Maternal Heirs and A&K to pursue the Hughes Maternal Heirs' interest in the Hughes Estate. Applicant contends that since establishing a 70% interest in the Hughes Estate, applicant has operated as a privately owned and family-controlled special purpose entity to which the Act was not intended to apply. Applicant represents that it has not sought, and will not seek, new public or private investors. In addition, each of the partners is related to either the Hughes Maternal Heirs or A&K.

3. Section 3(c)(1) of the Act excepts from the definition of investment company any issuer whose outstanding securities are beneficially owned by not more than 100 persons and which is not making, and does not presently propose to make, a public offering of its securities. Applicant asserts that the SEC may exempt private investment companies that have more than 100 beneficial owners under section 6(c) of the Act.[3] Applicant contends that its request for a conditional order under section 6(c) of the Act is consistent with relief granted to other private investment companies substantially owned and controlled by a single family.[4] Applicant asserts that it will continue to operate as a private investment vehicle not intended to be within the scope of the Act.

4. Section 6(c) of the Act provides that the SEC may exempt any person, security, or transaction from any provision of the Act, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicant believes that the requested exemption meets these standards.

Applicant's Conditions

Applicant agrees that the order granting the requested relief shall be subject to the following conditions:

1. Applicant will provide each partner annual financial statements audited by an accounting firm of recognized national standing.

2. The Partnership shall not issue interests to a new investor who is not

[1] The method chosen by Andrews & Kurth to determine the relative interests of each of its partners in the firm's interest in the Partnership resulted in an allocation to every person who was a partner of the firm from 1976 to 1983.

[2] The Partnership is contractually restricted from selling more than 50% of such shares for a period of one year after consummation of the Rouse Transaction.

[3] See *Maritime Corporation*, 9 SEC 906, 909 (1941).

[4] See, e.g., *Pitcairn Group L.P*, Investment Company Act Release Nos. 21525 (Nov. 20, 1995) (notice) and 21616 (Dec. 20, 1995) (order); *Heber J. Grant & Company*, Investment Company Act Release Nos. 20040 (Jan. 27, 1994) (notice) and 20091 (Feb. 23, 1994) (order); and *Bessemer Securities Corporation*, Investment Company Act Release Nos. 18529 (Feb. 5, 1992) (notice) and 18594 (Mar. 3, 1992) (order).

a member of the Hughes' Maternal Heirs or A&K and will not permit the assignment or transfer of any interest therein except by bequest, gift, or operation of law, and in the case of gifts, only to persons who are members of the donor's family.

3. Applicant will have a ten-year duration from the date of the granting of the order unless earlier terminated pursuant to the terms of the restated partnership agreement or unless it: (a) ceases to be an investment company as such term is defined in the Act; (b) qualifies for a statutory exception from such definition under the Act; (c) obtains an amended exemptive order permitting it to continue as an exempt entity; or (d) registers as an investment company under the Act.

4. Applicant shall not have elected any new Managing Partner without the approval of a majority in interest of the partners, and such new Managing Partner must be a partner of applicant.

5. Applicant shall not knowingly make available to any broker or dealer registered under the Securities Exchange Act of 1934, any financial information concerning applicant for the purpose of knowingly enabling such broker or dealer to initiate any regular trading market in any units of partnership interest.

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

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 96–13547 Filed 5–29–96; 8:45 am]

BILLING CODE 8010–01–M

[Investment Company Act Rel. No. 21977; 812–10042]

Van Kampen American Capital Comstock Fund, et al.; Notice of Application

May 23, 1996.

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

ACTION: Notice of application for exemption under the Investment Company Act of 1940 (''Act'').

APPLICANTS: Van Kampen American Capital Comstock Fund (''Comstock Fund''); Van Kampen American Capital Enterprise Fund (''Enterprise Fund''); Van Kampen Capital Equity Income Fund (''Equity Income Fund''); Van Kampen American Capital Growth and Income Fund (''Growth and Income Fund''); Van Kampen American Capital Life Investment Trust (''Life Investment Trust''); Van Kampen American Capital Pace Fund (''Pace Fund''); Van Kampen American Capital Equity Trust (''Equity Trust''); Common Sense Trust (collectively, the ''Van Kampen Funds''); Smith Barney/Travelers Series Fund Inc. (''Smith Barney Fund'') (collectively, with the Van Kampen Funds, the ''Public Funds''); Van Kampen American Capital Foreign Securities Fund (''Foreign Securities Fund''); Van Kampen American Capital Investment Advisory Corp. (''Advisory Corp.''); and Van Kampen American Capital Asset Management, Inc. (''VKACAM'') (collectively with Advisory Corp., the ''Advisers''), on behalf of themselves and any future registered open-end management investment companies for which either of the Advisers serves as investment adviser or subadviser.[1]

RELEVANT ACT SECTIONS: Order requested under section 6(c) for an exemption from section 12(d)(1), and under sections (c) and 17(b) for an exemption from section 17(a).

SUMMARY OF APPLICATION: Applicants seek an order to permit the Foreign Securities Fund to serve as an investment vehicle through which the Public Funds would invest portions of their assets in a portfolio of foreign equity securities.

FILING DATES: The application was filed on March 12, 1996, and amended on May 10, 1996. Applicants have agreed to file an additional amendment during the notice period, the substance of which is reflected 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 June 17, 1996, 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 such notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. Applicants: Van Kampen Funds, Foreign Securities Fund, and the Advisers, One Parkview Plaza, Oakbrook Terrace, Illinois 60181; Smith Barney Fund, 388 Greenwich Street, New York, New York 10013.

FOR FURTHER INFORMATION CONTACT: Courtney S. Thornton, Senior Counsel, at (202) 942–0583, or Alison E. Baur, 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 Public Funds are registered open-end management investment companies. Each of the Public Funds invests part or all of its assets in equity securities as provided in its investment policies and restrictions. A common characteristic of the Public Funds is that limited investment in foreign securities is an appropriate part of their investment strategies. While the Public Funds differ with respect to the portions of their respective total assets they might invest in foreign securities, their investment objectives with respect to such investments, and their strategies for making them, are identical.

2. The Foreign Securities Fund is a newly formed open-end investment company that will invest primarily in equity securities of foreign issuers. The Foreign Securities Fund will invest in securities of issuers traded on markets of at least three of the world's largest countries by market capitalization, but securities of issuers traded on quoted markets of other countries also will be considered for investment. Although the Foreign Securities Fund is registered under the Act, it does not intend to make a public offering of its shares, and has not registered under the Securities Act of 1933. The only investors in the Foreign Securities Fund will be some or all of the Public Funds. There will be no sales load or other charges associated with distribution of the Foreign Securities Fund's shares. Other expenses incurred by the Foreign Securities Fund will be borne by it, and thus indirectly by the Public Funds that invest in it.

3. The Advisers are wholly owned subsidiaries of Van Kampen American Capital, Inc., and are registered as investment advisers under the Investment Advisers Act of 1940. The Advisers serve as investment adviser or subadviser to each of the Public Funds, and have investment discretion over the

[1] Other existing open-end management investment companies for which Advisory Corp. or VKACAM serves as investment adviser or subadviser do not currently intend to rely on the requested relief and therefore are not named as applicants. These investment companies may rely on the requested relief in the future under the terms and conditions set forth in the application.