



State of Utah

DEPARTMENT OF COMMERCE
DIVISION OF SECURITIES

Michael O. Leavitt
Governor
Constance B. White
Executive Director
Mark J. Griffin
Director

160 East 300 South
P.O. Box 45808
Salt Lake City, Utah 84145-0808
(801) 530-6600 • FAX (801) 530-6980

February 7, 1995

Mr. Timothy M. Dozois
Davis Wright Tremaine
2300 First Interstate Tower
1300 SW Fifth Avenue
Portland, OR 97201-5682

Re: Crabbe Huson Family of Mutual Funds
File #002-7119-06/A40620-35
Request for No-Action Letter

Dear Mr. Dozois:

The Division of Securities ("Division") has reviewed your letters dated November 15, 1994 and January 30, 1995 in which you requested the Division issue an interpretive opinion or no-action Letter pursuant to § 61-1-25(5) of the Utah Uniform Securities Act, ("Act"), and Division Rule 164-25-5 on behalf of the Crabbe Huson family of mutual funds ("Applicant"). So as to avoid unnecessary restatement or summarization of the facts set forth in your letters, a copy of said letters are attached herewith.

Based on the facts presented in your letters, and in reliance upon your opinion as counsel, the Division will not challenge your conclusion that the Applicant will continue to qualify for the "blue chip" exemption pursuant to § 61-1-14(1)(k) of the Act.

This response does not purport to express any legal conclusions regarding the applicability of statutory or regulatory provisions of federal or state securities laws to the question presented. It merely expresses the Division's position on whether the Applicant's proposed claim of exemption will be challenged.

Inasmuch as this assertion is based upon the representations made to the Division, it should be noted that any different facts or conditions of a material nature might require a different conclusion. Furthermore, this no-action letter relates only to the applicant and their securities and shall have no value for future similar events and does not absolve any party involved from complying with the anti-fraud provisions contained in § 61-1-1 of the Act.



Mr. Timothy M. Dozois

February 7, 1995

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Very truly yours,

**MARK J. GRIFFIN, DIRECTOR
DIVISION OF SECURITIES**

A handwritten signature in black ink, appearing to read 'S. Anthony Paggart', written over the typed name.

S. Anthony Paggart
Director of Corporate Finance

JRN

Attachment

DAVIS WRIGHT TREMAINE

LAW OFFICES

2300 FIRST INTERSTATE TOWER · 1300 SW FIFTH AVENUE · PORTLAND, OR 97201-5682
(503) 241-2300 · FAX: (503) 778-5299

TIMOTHY M. DOZOIS
Direct Line: (503) 778-5422
Home: (503) 697-4898

November 15, 1994

Securities Administrator
Department of Commerce
Utah Securities Division
160 East 300 South
P.O. Box 45808
Salt Lake City, UT 84145-0808

Re: Change in Investment Advisor for the Crabbe Huson
Family of Mutual Funds; Your File Nos. A17844-06
and A22203-06

Dear Administrator:

Currently, The Crabbe Huson Asset Allocation Fund, Inc., The Crabbe Huson Equity Fund, Inc., The Crabbe Huson Special Fund, Inc., The Crabbe Huson Income Fund, Inc., The Crabbe Huson U.S. Government Income Fund, Inc., The Crabbe Huson U.S. Government Money Market Fund, Inc., and The Crabbe Huson Real Estate Investment Fund, Inc. (collectively, the "Funds") sell securities in the State of Utah under a "blue chip exemption." The Funds qualify for the blue chip exemption because they are advised by the Crabbe Huson Group, Inc. ("CH Group"), which is an investment adviser that has been continuously registered as an investment adviser under the Investment Advisers Act of 1940 for over three years.

Prudential Direct Advisers, L.P. (the "Manager"), a New Jersey limited partnership, the sole general partner of which is Prudential Direct Advisers, Inc. and the sole limited partner of which is The Prudential Insurance Company of America was registered as an investment adviser with the Securities and Exchange Commission on November 1, 1994. The Manager has entered into an agreement with CH Group under the terms of which the Manager will acquire certain assets of CH Group and, subject to approval by the shareholders of the Funds, enter into a new agreement with the Fund to provide investment management services. As a newly-registered investment adviser, the Manager does not meet the three-year threshold. However, subject to approval by the shareholders of the Funds, the Fund and the Manager will enter into a new subadvisory agreement with the Funds' present Adviser, CH Group. Under such agreement and subject to the supervision of the Funds and the

November 15, 1994
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Manager, CH Group will continuously furnish an investment program for each of the Funds and will determine from time to time which securities will be purchased, sold or exchanged and what portion of the assets of each Fund will be held in the various securities (or cash) in which each Fund invests. The current drafts of the management agreement and the subadvisory agreement, in the forms proposed to the shareholders of the Funds, are attached to this letter.

In light of the continuing relationship with the Subadvisor, it is our opinion that the Funds will continue to be "advised by or affiliated with" a qualified investment adviser and that the Funds will, therefore, continue to qualify for the blue chip exemption.

I am enclosing a "no action" form that I ask you to return to confirm that the State of Utah will permit the Funds to continue to rely on the blue chip exemption after the closing of the transaction. The Funds will file post-effective amendments to reflect the new arrangements. Please return the form in the enclosed self-addressed stamped envelope. If you have any questions or concerns regarding our analysis, please call me at your earliest convenience.

Very truly yours,

DAVIS WRIGHT TREMAINE

Timothy M. Dozois

TMD:tld

Enclosures

cc: John Wheeler
Toby D'oench
David Baca
Mark Wentzien

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"NO ACTION" CONFIRMATION

Dated: _____

Mr. Timothy M. Dozois
Davis Wright Tremaine
1300 S.W. Fifth Avenue, Ste. 2300
Portland, Oregon 97201

Re: Blue Chip Exemption

Dear Mr. Dozois:

This department has reviewed your letter dated November 11, 1994, regarding the process by which Prudential Direct Advisors, L.P. (the "Manager") will become the new investment adviser for the Crabbe Huson family of mutual funds (the "Funds"). This department has also reviewed a form of Subadvisory Agreement to be entered into between the Manager and the Crabbe Huson Group, Inc. (the "Subadvisor"), under which the Subadvisor will provide certain investment advisory services to the Manager with respect to the Funds.

Based on the information set forth in your letter and the Subadvisory Agreement, and assuming that the anticipated transaction proceeds as outlined in your letter, the State of Utah will not challenge your conclusion that the Funds will continue to qualify for Utah's "blue chip exemption."

Very truly yours,

Title: _____
for the State of Utah

DAVIS WRIGHT TREMAINE

LAW OFFICES

2300 FIRST INTERSTATE TOWER · 1300 SW FIFTH AVENUE · PORTLAND, OR 97201-5682
(503) 241-2300 · FAX: (503) 778-5299

TIMOTHY M. DOZOIS
Direct Line: (503) 778-5422
Home: (503) 697-4898

January 30, 1995

Mr. Tony Taggart
Department of Commerce
Utah Securities Division
160 East 300 South, P.O. Box 45808
Salt Lake City, UT 84145-0808

Re: Change in Investment Advisor for the Crabbe Huson
Family of Mutual Funds;
Your File Nos. A17844-06 and A22203-06
Our File No. 773126\40

Dear Tony:

We represent the Crabbe Huson family of mutual funds (the "Funds"). As we have discussed, we are seeking a "no action" position from the State of Utah with respect to the Funds' continued reliance on Utah's "blue chip" exemption following the proposed transaction between the Funds' current advisor, the Crabbe Huson Group, Inc., and the Funds' new advisor, Prudential Direct Advisors, L.P. Therefore, we represent that (1) no legal action is pending or threatened with respect to the proposed transaction with the Manager; and (2) the transaction has not yet occurred, and will not occur, until after the shareholders of the Funds have approved the transaction. This approval is scheduled to occur at a shareholders' meeting being held on February 3, 1995.

Pursuant to Rule R164-25-5 of the Utah Administrative Code, we hereby request a no action letter from your office in substantially the form provided under my letter of November 15, 1994. Enclosed is a filing fee of \$120.00 to cover the processing of this request. If you have any questions regarding this request or if you need additional information, please call.

Very truly yours,

DAVIS WRIGHT TREMAINE



Timothy M. Dozois

TMD:tld
cc: Toby D'Oench
Dave Baca
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