costs, was \$77,500. Subsequently, the Plan expended approximately \$47,500 for improvements associated with the subdivision of Property 2. These improvements were done by entities that have no relationship to the Plan and the Employer. It is represented that Property 2 was purchased from Tom and Beth Nojunas, who also have no relationship to the Plan and the Employer. It is represented that neither Property is adjacent to any other properties owned by disqualified persons, and that neither Property has ever been used by a disqualified person. Furthermore, neither of the Properties are encumbered by any debt.

3. It is represented that Mr. Civera, in his trustee capacity, made the original decision to acquire the Properties. The Properties were originally acquired as long-term Plan investments and were to be developed and sold. However, the real estate market did not perform well and the Properties did not generate any income for the Plan. In this regard, it is represented that Property 1 has been vacant since it was originally acquired by the Plan.

4. The Properties were appraised on May 23, 1994 (collectively; the Appraisals) by Thomas M. Descano, ASA, an independent real estate appraiser certified in the State of Pennsylvania (Mr. Descano). In appraising Property 1, Mr. Descano relied primarily on the market comparison approach as well as the cost approach, and determined that the fair market value of Property 1 was \$200,000. In appraising Property 2, Mr. Descano determined that the fair market value was \$205,200. In the Appraisal of Property 2, Mr. Descano stated that the local market did not provide any comparable sales of vacant land, and as such he had to abstract land value from recent improved property sales. Mr. Descano represented that this is done by estimating the depreciated value of the improvements and then deducting that value from the sale price, thereby arriving at the approximate value of the land. On June 22, 1994, in a supplemental statement to the Appraisals, Mr. Descano stated that the adjacency of Property 1 and Property 2 does not merit a premium above the fair market value to Mr. Civera, the purchaser of both Properties.

5. Mr. Civera proposes to purchase the Properties from the Plan in a one-time cash transaction. The applicant states that the proposed exemption would be in the best interest and protective of the Plan because the transaction will divest the Plan of non-income producing assets, provide the Plan with liquidity, and enable the Plan to diversify its

assets.³ The applicant also notes that the transaction is protective of the Plan because as a result of the sale the Plan will receive the current fair market value for each Property established at the time of the sale by an independent qualified appraiser.

- 6. In summary, the applicant represents that the transaction satisfies the statutory criteria of section 4975(c)(2) of the Code because:
- (a) the proposed sale will be a onetime cash transaction;
- (b) the Plan will receive the current fair market value for each Property established at the time of the sale by an independent qualified appraiser;
- (c) the Plan will pay no expenses associated with the sale;
- (d) the sale will provide the Plan with liquidity; and
- (e) Mr. Civera as the sole participant of the Plan will be the only individual affected by the transaction.

Notice to Interested Persons

Because Mr. Civera is the sole participant of the Plan, it has been determined that there is no need to distribute the notice of proposed exemption to interested persons. Comments and requests for a hearing are due 30 days from the date of publication of this notice in the **Federal Register**.

FOR FURTHER INFORMATION CONTACT: Ekaterina A. Uzlyan of the Department at (202) 219–8883. (This is not a toll-free number.)

Jerome Companies Profit Sharing Plan and Trust (the Plan) Located in Barron, Wisconsin; Proposed Exemption

[Application No. D-09829]

The Department is considering granting an exemption under the authority of section 408(a) of the Act and section 4975(c)(2) of the Code and in accordance with the procedures set forth in 29 CFR Part 2570, Subpart B (55 FR 32836, 32847, August 10, 1990). If the exemption is granted the restrictions of sections 406(a) and 406(b)(1) and (b)(2) of the Act and the sanctions resulting from the application of section 4975 of the Code, by reason of section 4975(c)(1) (A) through (E) of the Code shall not apply to the proposed cash sale (the Sale) of the Guaranteed Investment Contract #62043 (the GIC) issued by Confederation Life Insurance Company (Confederation), a Canadian

insurance corporation, by the Plan to Jerome Food, Inc. (the Employer), a Wisconsin corporation, the sponsoring employer and a party in interest with respect to the Plan; provided that (1) the Sale is a one-time transaction for cash; (2) the Plan experiences no loss nor incurs any expense from the Sale; and (3) the Plan receives as consideration from the Sale the greater of either the fair market value of the GIC as determined on the date of the Sale, or the principal amount of \$500,000 plus simple interest accrued at the rate of 9.03 percent per annum on the principal amount of the GIC for the period from January 25, 1994, to the date of the Sale.

Summary of Facts and Representations

1. The Employer, located in Barron, Wisconsin, is an integrated turkey distributor, which raises and slaughters turkeys, packages and distributes whole turkeys, and processes and distributes specialty turkey products, such as ground turkey and GobbleStix (a registered trademark of the Employer). It is a closely held company which employs approximately 2,400 employees.

2. The Plan is a defined contribution plan with individual accounts for its participants that is intended to meet the qualification requirements of sections 401(a) and 401(k) of the Code. The Plan intends also to comply with the provisions of section 404(c) of the Act whereby participants self-direct the investments of assets in their respective individual accounts. As of December 31, 1993, the Plan had approximately 1,466 participants and total assets of \$17,822,946.

In 1990 when the Plan invested in the GIC, the Vice President of Finance for the Employer selected various investment vehicles for the participants of the Plan, subject to the approval of the trustee for the Plan, Marquette Bank Minneapolis, N.A. (subsequently acquired by First Trust, N.A.) ⁴ All such investment decisions are now made by a subcommittee composed of officers/employees of the Employer and are subject to review and approval by the Corporate Executive Committee, which consists of the President and 6 Vice Presidents of the Employer.

The independent trustee for the Plan is First Trust, N.A. (the Trustee), a national banking association chartered by the Comptroller of the Currency. The

³This exemption,if granted, extends relief from section 4975(c)(1)(D) and (E) of the Code, for the sale of the Properties by the Plan to a disqualified person. However, no relief is provided herein for any prohibited transaction which may have arisen as a result of the Plan's acquisition and holding of the Properties.

⁴The Department notes that decisions to acquire and hold the GIC are governed by the fiduciary responsibility provisions of Part 4 of Title I of the Act. In this regard the Department is not proposing relief for any violations of Part 4 which may have arisen as a result of the acquisition and holding of the GIC.