

Edgar Filing: PREFERRED INCOME FUND INC - Form SC 13D

PREFERRED INCOME FUND INC
Form SC 13D
August 13, 2002

United States
Securities and Exchange Commission
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 1)

Preferred Income Fund, Inc.
(Name of Issuer)

Common Stock
(Title of Class of Securities)

74037G-10-6
(CUSIP Number)

The Commerce Group, Inc.
211 Main Street
Webster, MA 01570
(508) 943-9000
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

August 5, 2002
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box:

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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THE COMMERCE GROUP, INC.
SCHEDULE 13D
AMENDMENT No. 1
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1. NAME OF REPORTING PERSON
S.S. OR I.R.S. ID NO. OF ABOVE PERSON

The Commerce Group Inc.
ID# 04-2599931

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) []
(b) []

3. SEC USE ONLY

4. SOURCE OF FUNDS

[WC]

5. CHECK BOX IF DISCLOSURE OF LEGAL
PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

[]

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Massachusetts

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

SOLE VOTING POWER	2,860,600
SHARED VOTING POWER	0
SOLE DISPOSITIVE POWER	2,860,600
SHARED DISPOSITIVE POWER	0

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,860,600

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES []

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
28.7%

14. TYPE OF REPORTING PERSON
[HC]

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THE COMMERCE GROUP, INC.
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ITEM 1. SECURITY AND ISSUER

This Schedule 13D relates to the shares of beneficial interest (the "Shares"), of Preferred Income Fund, Inc. (the "Fund"), a Maryland business trust registered as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The principal executive offices of the Fund are located at 301 E. Colorado Blvd., Ste 720, Pasadena, California, 91101.

ITEM 2. IDENTITY AND BACKGROUND

(a) - (c) This Schedule 13D is being filed by The Commerce Group Inc. (the "Reporting Person"), a corporation formed under the laws of Massachusetts. The Reporting Person is a corporation whose principal offices are located at 211 Main Street Webster, MA 01570. The name, business address and principal occupation of each director and officer of the Reporting Person are set forth on Annex A hereto, which is incorporated by reference. All information in this Schedule 13D with respect to the persons listed on Annex A is given to the knowledge of the Reporting Person.

(d) During the past five years, neither the Reporting Person nor any of the persons listed on Annex A has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the past five years, neither the Reporting Person nor any of the persons listed on Annex A has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) All of the individuals listed in Annex A are citizens of the United States.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

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The source of the funds used by the Reporting Person to purchase Shares listed in Item 5(a) was working capital. The remaining cost of shares held aggregates approximately \$42,862,016.

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ITEM 4. PURPOSE OF TRANSACTION

The shares of beneficial interest of the Fund ("Shares") held by the Reporting Person were acquired and are being held in the ordinary course of business by the Reporting Person for the purpose of investment and capital appreciation. In pursuing this investment philosophy, the Reporting Person routinely monitors the performance, trading prices, investment strategy and portfolio securities of the Fund, and of other investment funds in which it invests, and may discuss such matters with fund management, shareholders, or others.

From time to time, the Reporting Person may sell Shares or purchase additional Shares, depending on various factors, including the Fund's business and prospects, the level of discount in Share market prices from net asset value ("NAV"), the performance of the Funds' investments, the availability of funds to the Reporting Person, alternative uses of funds, stock and money market conditions, and general economic conditions. The Reporting Person does not have a specific plan or proposal that relates to or would result in any of the actions described in items (b) through (j) of Item 4 of General Reporting Rules, though the Reporting Person reserves the right to take or not take any action it deems to be in its best interest or to change its intention as set forth in this Item 4.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

(a) The Fund's reports with the Securities and Exchange Commission report that 9,964,988 Shares are outstanding. Based upon such number, the Reporting Person beneficially owns 28.7% of the Fund's outstanding Shares.

(b) The Reporting Person is the beneficial owner (through its

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insurance subsidiaries as listed below) of 2,860,600 Shares, over which it has sole power of disposition and voting. Such number of Shares represents approximately 28.7% of the outstanding Shares.

	Shares	Cost
The Commerce Insurance Company	2,619,900	\$39,547,332
American Commerce Insurance Company	220,700	3,035,453
Commerce West Insurance Company	20,000	279,231
Totals	2,860,600	\$42,862,016

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(c) During the period from December 2, 2000 through August 5, 2002 the Reporting Person has effected the following purchases and sales in the shares of Common Stock, all of which were made on the New York Stock Exchange (see attached Annex B). All purchases prior to December 2, 2000 were reported on previous Schedule 13D filings.

(d) No person other than the Reporting Person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the shares of Common Stock owned by the Reporting Person.

(e) It is inapplicable to state the date on which the Reporting Person ceased to be the beneficial owner of more than five percent of the Common Stock.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS
WITH RESPECT TO SECURITIES OF THE ISSUER

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The Reporting Person does not have any contract, arrangement, understanding or relationship (legal or otherwise) with any person with respect to any securities of the Fund, including, but not limited to, the transfer or voting of any such securities, finders' fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

- Annex A Officers and Directors of Reporting Person and Insurance Subsidiaries
- Annex B Item 5(c) Information

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THE COMMERCE GROUP, INC.
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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

August 13, 2002

THE COMMERCE GROUP INC.

/s/ Gerald Fels
Gerald Fels
Executive Vice President &
Chief Financial Officer

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ANNEX A

THE COMMERCE GROUP, INC.
211 Main Street, Webster, MA 01570

DIRECTORS

Herman F. Becker.....	President and owner, Sterling Realty and Huguenot Development Corporation
Joseph A. Borski, Jr.....	Self-employed Certified Public Accountant
Eric G. Butler.....	Retired Vice President and General Claims Manager of Commerce and Citation

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Henry J. Camosse.....	Retired President, Henry Camosse & Sons Co., Inc., a building and masonry supplies company
Gerald Fels.....	Executive Vice President and Chief Financial Officer of the Company; President and Chief Operating Officer of Commerce and Citation
David R. Grenon.....	Retired CEO, President and Chairman Emeritus of The Protector Group Insurance Agency, Inc.; President E-C Realty Corporation
Robert W. Harris.....	Retired Treasurer, H.C. Bartlett Insurance Agency, Inc.
Robert S. Howland.....	Retired Clerk, H.C. Bartlett Insurance Agency, Inc.
John J. Kunkel.....	President and Treasurer, Kunkel Buick and GMC Truck; Treasurer, Kunkel Bus Company
Raymond J. Lauring.....	Retired President, Lauring Construction Company
Normand R. Marois.....	Retired Chairman of the Board, Marois Bros., Inc., a contracting firm
Suryakant M. Patel.....	Retired physician who specialized in internal medicine
Arthur J. Remillard, Jr.....	President, Chief Executive Officer and Chairman of the Board of the Company
Arthur J. Remillard, III.....	Senior Vice President and Assistant Clerk of the Company; Senior Vice President of Commerce and Citation in charge of Policyholder Benefits
Regan P. Remillard.....	Senior Vice President of the Company; President and Secretary of Commerce West Insurance Company; President of ACIC Holding Co., Inc.; President, Vice Chairman of the Board and Chief Executive Officer of American Commerce Insurance Company
Gurbachan Singh.....	Retired physician who specialized in general surgery
John W. Spillane.....	Clerk of the Company and practicing attorney

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ANNEX A

DIRECTORS OF
COMMERCE HOLDINGS, INC.
The Commerce Insurance Company
Commerce West Insurance Company
Citation Insurance Company
211 Main Street, Webster, MA 01570

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Arthur J. Remillard, Jr.....	President and Chairman of the Board of Commerce Holdings, Inc.; Chief Executive Officer and Chairman of the Board of The Commerce Insurance Company, Inc.; Chairman of the Board Commerce West Insurance Company
Gerald Fels.....	President, Chief Operating Officer and Chief Financial Officer of The Commerce Insurance Company and Citation Insurance Company; Treasurer, Commerce Holdings, Inc.; Investment Officer of Commerce West Insurance Company
Arthur J. Remillard, III.....	Senior Vice President and Clerk
Regan P. Remillard.....	Senior Vice President; President and Secretary of Commerce West Insurance Company
James A. Ermilio.....	Senior Vice President and General Counsel
David R. Grenon.....	Retired CEO, President and Chairman Emeritus of The Protector Group Insurance Agency, Inc.; President E-C Realty Corporation
John M. Nelson.....	Chairman of Commonwealth National Bank
Suryakant M. Patel.....	Retired physician who specialized in internal medicine
William G. Pike.....	Executive Vice President and Chief Financial Officer of Granite State Bankshares, Inc.
H. Thomas Rowles.....	Chairman of the Board of ACIC Holding Co., Inc.; Chairman of the Board of American Commerce Insurance Company; Director of AAA Southern New England
Mark A. Shaw	Treasurer of ACIC Holding Co., Inc.; President, Chief Executive Officer and Director of AAA Southern New England

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ANNEX A

DIRECTORS OF
American Commerce Insurance Company
3590 Twin Creeks Drive, Columbus, OH 43204

H. Thomas Rowles.....	Chairman of the Board of ACIC Holding Co., Inc.; Chairman of the Board of American Commerce Insurance Company; Director of AAA Southern New England
Regan P. Remillard.....	President of ACIC Holding Co., Inc.; President, Vice Chairman of the Board and Chief Executive Officer of American Commerce Insurance Company; Senior Vice President of The Commerce Group, Inc.; President and Secretary of Commerce West Insurance Company
Mark A. Shaw.....	Treasurer of ACIC Holding Co., Inc.; President, Chief Executive Officer and Director of AAA Southern New England
Gerald Fels.....	Executive Vice President and Chief Financial Officer of The Commerce Group, Inc.
Patrick W. Doherty.....	President and Chief Executive Officer of AAA Oklahoma
Terry R. Farias.....	President and Chief Executive Officer of AAA Hoosier Motor Club
Richard S. Hamilton.....	President of AAA West Pennsylvania/West Virginia/South Central Ohio
Charles B. Liekweg.....	President and Chief Executive Officer of AAA Washington
D. James McDowell.....	President and Chief Executive Officer of AAA Arizona
Peter C. Ohlheiser.....	President of Ohio Motorists Association
John D. Porter.....	President and Chief Executive Officer of AAA Oregon/Idaho
Otto T. Wright.....	President and Chief Executive Officer of East Tennessee Automobile Club, Inc.

ANNEX A

THE COMMERCE GROUP, INC.
211 Main Street, Webster, MA 01570

OFFICERS OF THE COMMERCE GROUP, INC.

President, Chief Executive Officer and Chairman of the Board.....	Arthur J. Remillard, Jr.
Executive Vice President and Chief Financial Officer.....	Gerald Fels
Senior Vice President and Assistant Clerk.....	Arthur J. Remillard, III
Senior Vice President.....	Regan P. Remillard
Senior Vice President and General Counsel.....	James A. Ermilio
Vice President.....	Joseph J. Staffieri
Clerk.....	John W. Spillane
Treasurer and Chief Accounting Officer.....	Randall V. Becker
Vice President and Corporate Compliance Officer.....	Robert E. McKenna
Assistant Vice President and Assistant General Counsel.....	Thomas D. Jungeberg
Assistant Treasurer.....	Thomas A. Gaylord

Officers of Massachusetts INSURANCE Subsidiaries

Chief Executive Officer and Chairman of the Board.....	Arthur J. Remillard, Jr.
President, Chief Operating Officer and Chief Financial Officer...	Gerald Fels
Senior Vice President and Secretary.....	Arthur J. Remillard, III
Senior Vice President and General Counsel.....	James A. Ermilio
Senior Vice Presidents.....	David H. Cochrane Peter J. Dignan Regan P. Remillard
Vice Presidents.....	Karen A. Lussier Robert E. McKenna Michael J. Richards Angelos Spetseris Joseph J. Staffieri Henry R. Whittier, Jr.
Assistant Vice President and Assistant General Counsel.....	Thomas D. Jungeberg
Assistant Vice Presidents.....	David P. Antocci Robert M. Blackmer Stephen R. Clark Raymond J. DeSantis Warren S. Ehrlich Richard W. Goodus James E. Gow Susan A. Horan John V. Kelly Donald G. MacLean Patrick J. McDonald Robert L. Mooney Emile E. Riendeau

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Treasurer and Chief Accounting Officer.....	Randall V. Becker
Assistant Treasurer.....	Thomas A. Gaylord

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ANNEX A

Officers of American Commerce Insurance Company
211 Main Street, Webster, MA 01570

Chairman of the Board.....	H. Thomas Rowles
President, Vice Chairman of the Board and Chief Executive Officer..	Regan P. Remillard
Senior Vice President and Chief Financial Officer.....	Michael V. Vrban
General Counsel and Secretary.....	James A. Ermilio
Treasurer.....	Richard B. O'Hara
Vice President.....	Gregory S. Clark
Vice President.....	Joseph B. Phillips, Jr.
Assistant Vice President.....	William J. Hafer
Assistant Vice President.....	Jeffrey B. Alexander
Assistant General Counsel and Assistant Secretary.....	Thomas D. Jungeberg

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ANNEX B
Item 5 (c) - Information

As of August 5, 2002

SALES from 03/04/02 - 08/05/02
PFD 74037G-10-6

PREFERRED INCOME FUND

TRADE DATE	SETTLEMENT DATE	SHARES SOLD	SALE PRICE PER SHARE	CONSIDERATION
03/04/02	03/07/02	(3,300)	\$15.60	(\$51,347.22)
03/04/02	03/07/02	(500)	15.85	(7,904.88)
03/05/02	03/08/02	(2,200)	15.60	(34,231.48)
03/06/02	03/11/02	(5,400)	15.40	(82,942.75)
03/08/02	03/13/02	(1,300)	15.05	(19,512.70)
03/08/02	03/13/02	(300)	15.00	(4,487.93)
03/08/02	03/13/02	(1,500)	15.02	(22,466.24)
03/08/02	03/13/02	(200)	15.15	(3,021.96)
04/24/02	04/29/02	(1,700)	14.71	(24,938.25)
04/24/02	04/29/02	(2,500)	14.65	(36,523.89)
04/25/02	04/30/02	(4,200)	14.60	(61,150.15)
04/25/02	04/30/02	(800)	14.61	(11,655.65)
04/26/02	05/01/02	(5,600)	14.60	(81,533.53)
05/06/02	05/09/02	(6,500)	14.62	(94,767.13)
05/15/02	05/20/02	(1,500)	14.65	(21,914.33)
05/29/02	06/03/02	(5,000)	14.60	(72,797.80)
06/05/02	06/10/02	(5,000)	14.86	(74,097.76)
06/06/02	06/11/02	(300)	14.86	(4,445.86)
06/12/02	06/17/02	(13,900)	14.95	(207,242.74)
06/18/02	06/21/02	(200)	15.30	(3,051.91)
06/18/02	06/21/02	(3,500)	15.25	(53,233.39)
06/20/02	06/25/02	(1,000)	15.02	(14,979.55)

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06/20/02	06/25/02	(1,400)	15.10	(21,083.36)
06/21/02	06/26/02	(100)	14.95	(1,490.95)

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SALES from 03/04/02 - 08/05/02 (CONTINUED)
 PFD 74037G-10-6 PREFERRED INCOME FUND

TRADE DATE	SETTLEMENT DATE	SHARES SOLD	SALE PRICE PER SHARE	CONSIDERATION
06/24/02	06/27/02	(100)	14.90	(1,485.95)
06/25/02	06/28/02	(6,700)	14.90	(99,558.99)
07/08/02	07/11/02	(4,300)	15.00	(64,326.05)
07/09/02	07/12/02	(10,800)	15.30	(164,803.02)
07/11/02	07/16/02	(1,200)	15.25	(18,251.44)
07/12/02	07/17/02	(9,500)	15.10	(143,065.68)
07/16/02	07/19/02	(5,800)	15.30	(88,505.32)
07/16/02	07/19/02	(200)	15.32	(3,055.91)
07/22/02	07/25/02	(500)	15.90	(7,929.76)
07/22/02	07/25/02	(4,800)	15.75	(75,405.72)
07/24/02	07/29/02	(200)	14.98	(2,987.90)
08/01/02	08/06/02	(3,100)	15.40	(47,614.56)
08/05/02	08/08/02	(5,800)	15.35	(88,795.32)
TOTAL SALES		(120,900)		(\$1,816,607.03)

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PURCHASES from 12/15/00 - 12/28/00
 PFD 74037G-10-6 PREFERRED INCOME FUND

TRADE DATE	SETTLEMENT DATE	PURCHASED SHARES	PURCHASE PRICE PER SHARE	ACQUISITION COST
12/15/00	12/20/00	3,800	\$11.8125	\$ 45,039.50
12/18/00	12/21/00	1,800	11.9375	21,559.50
12/19/00	12/22/00	100	11.8750	1,191.50
12/20/00	12/26/00	3,900	11.9375	46,712.25

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12/21/00	12/27/00	3,300	12.1250	40,144.50
12/26/00	12/29/00	2,500	12.1250	30,412.50
12/28/00	01/03/01	4,400	12.2500	54,076.00
TOTAL PURCHASES		19,800		\$239,135.75
NET SALES/PURCHASES		(101,100)		(\$1,577,471.28)