

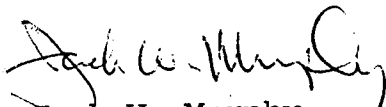
**PUBLIC**

FEB 10 1995

RESPONSE OF THE OFFICE OF  
CHIEF COUNSEL  
DIVISION OF INVESTMENT MANAGEMENT

Our Ref. No. 95-82-CC  
M.S.B. Fund, Inc.;  
Institutional Investors  
Capital Appreciation Fund,  
Inc.; Institutional Investors  
Tax-Advantaged Income Fund,  
Inc. (File Nos. 811-1273, 811-  
620, and 811-5374)

Without necessarily agreeing with the factual and legal conclusions expressed in your letter of February 9, 1995 and based on our telephone conversation of the same day, we would not recommend that the Commission take any enforcement action under Section 22(e) of the Investment Company Act of 1940 (the "1940 Act") against M.S.B. Fund, Inc., Institutional Investors Capital Appreciation Fund, Inc., and Institutional Investors Tax-Advantaged Income Fund, Inc. (the "Funds") if, during the period from February 10, 1995 to February 13, 1995, the Funds do not mail redemption checks to shareholders who have tendered requests to redeem shares of the Funds on or after February 3, 1995. This relief extends only to the mailing of redemption proceeds, and does not in any way affect the obligation of each Fund to compute its net asset value and process redemption requests pursuant to rule 22c-1 under the 1940 Act.

  
Jack W. Murphy  
Associate Director  
(Chief Counsel)

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Investment Company Act of 1940, §22(e).

February 9, 1995

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549  
Attention: Office of the Chief Counsel  
Division of Investment Management

Act	<i>ICA - 40</i>
Section	<i>22(e)</i>
File	
Public Availability	<i>2/10/95</i>

Re: M.S.B. Fund, Inc., Institutional Investors Capital Appreciation Fund, Inc.  
and Institutional Investors Tax-Advantaged Income Fund, Inc.

Ladies and Gentlemen:

On behalf of our clients, M.S.B. Fund, Inc., Institutional Investors Capital Appreciation Fund, Inc. and Institutional Investors Tax-Advantaged Income Fund, Inc. (collectively, the "Funds"), we respectfully request confirmation, based on the facts set forth below, from the Division of Investment Management that it will not recommend enforcement action to the Securities and Exchange Commission (the "Commission") if, during the period from the date of this letter to February 15, 1995, the Funds do not mail redemption checks to shareholders who have tendered requests to redeem shares of the Funds on or after February 3, 1995.

Background

Each of the Funds is an investment company registered with the Commission under the Investment Company Act of 1940. Each of the Funds heretofore has engaged Nationar, a New York chartered trust company, as its investment adviser, administrator, transfer agent and custodian. On February 6, 1995, the Banking Department of the State of New York (the

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"Banking Department") took possession of the business and properties of Nationar as the result of deteriorating financial condition and a sudden loss of liquidity which in the opinion of the Banking Department left Nationar in an unsound and unsafe condition to transact its business. In order to attempt to preserve the value of Nationar's assets, the Banking Department froze Nationar's assets but, in connection therewith, also froze assets held by Nationar in fiduciary and custodial capacities, including the securities and other assets of the Funds that Nationar held as custodian.

The Funds have requested that the Banking Department release the Funds' assets so that the Funds may satisfy requests to redeem shares and continue to manage their respective portfolios. We have been informed that the Banking Department has entered into a memorandum of understanding for the transfer of Nationar's custody business to the Federal Home Loan Bank of New York and that the transfer is expected to be effective on February 10 or February 13, 1995. The Banking Department has informed us that in connection with the transfer of the custody business, custodial assets (including the securities, other investments and demand accounts of the Funds at Nationar) will be released, permitting the Funds to prepare and mail valid checks for the proceeds of the redemption of shares of the Funds tendered on or after February 3. We also have been informed that an additional 48 hours may be required before the new custodial arrangements are fully operational. Accordingly, there is no assurance that the Funds will in fact have access to their funds on deposit within the time frame specified in Section 22(e) of the Investment Company Act for satisfying redemption requests.

#### Conclusion and No Action Request

Because of the circumstances existing at Nationar and the actions taken by the Banking Department, we believe that the Funds are eligible for the exception set forth in clause (A) of Section 22(e)(2) of the Investment Company Act. Accordingly, we request on behalf of each of the Funds confirmation that, under the circumstances set forth above, the Funds are eligible for the exception set forth in Section 22(e)(2) and that the staff will not recommend enforcement action to the Commission if, during the period from the date of this letter to February 15, 1995, the Funds do not mail redemption checks to shareholders who have tendered requests to redeem shares of the Funds on or after February 3, 1995.

Any questions or comments should be directed to James H. Bluck at 212-837-6875.

Very truly yours,

*Hughes Hubbard & Reed*  
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