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KARPUS MANAGEMENT INC

Form SC 13D/A

December 12, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
(Amendment #7)
Under the Securities and Exchange Act of 1934

MVC Capital
(Name of Issuer)

Common Stock
(Title of Class of Securities)

553829102
(CUSIP Number)

George W. Karpus, President
Karpus Management, Inc. d/b/a
Karpus Investment Management
183 Sullys Trail
Pittsford, New York 14534
(585) 586-4680

(Name, Address, and Telephone Number of Person Authorized to Receive
Notices and Communications)

December 12, 2002
(Date of Event which Requires Filing of this Statement)

If the 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 (b) (3) or (4), check
the following box. []

(Page 1 of 11 pages)
Three Exhibits Attached.

ITEM 1 Security and Issuer
Common Stock
MVC Capital
meVC Advisors, Inc.
3000 Sand Hill Road, Building One-Suite 155
Menlo Park, CA 94025

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ITEM 2 Identity and Background

a) Karpus Management, Inc. d/b/a Karpus Investment Management (?KIM?)

George W. Karpus, President, Director and Controlling Stockholder

JoAnn VanDegriff, Vice President and Director

Sophie Karpus, Director

b) 183 Sullys Trail

Pittsford, New York 14534

c) Principal business and occupation - Investment Management for individuals, pension and profit sharing plans, corporations, endowments, trust and others, specializing in conservative asset management (i.e. fixed income investments).

d) None of George W. Karpus, JoAnn VanDegriff, or Sophie Karpus (?the Principals?) or KIM has been convicted in the past five years of any criminal proceeding (excluding traffic violations).

e) During the last five years none of the principals or KIM has been a party to a civil proceeding as a result of which any of them 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) Each of the Principals is a United States citizen. KIM is a New York corporation.

ITEM 3 Source and Amount of Funds or Other Considerations
KIM, an independent investment advisor, has accumulated shares of MVC on behalf of accounts that are managed by KIM (?the Accounts?) under limited powers of attorney. All funds that have been utilized in making such purchases are from such Accounts.

ITEM 4 Purpose of Transaction

a) KIM has purchased Shares for investment purposes. Being primarily a fixed income manager, with a specialty focus in the closed end fund sector, the profile of MVC fit the investment guidelines for various Accounts. Shares have been acquired since October 31, 2000.

b) Although originally purchased for investment purposes only, concerns regarding the fund's large fee compensation, large cash holdings and the market price's wide discount to net asset value prompted KIM to approach management. During April of 2002 KIM conversed with management several times, via phone and e-mail, regarding our concerns. On June 21, the Fund contacted KIM to inform us of a press release from June 20 regarding the resignation of meVC Advisors. On September 20, 2002, KIM submitted a proposal to be presented to shareholders at the next shareholder meeting for the fund to conduct a tender offer of 25 percent of outstanding shares at 95 percent of the fund's net asset value. (See Exhibit 1) On October 2 we sent a letter to the acting Chief Operating Officer of the fund to express our discontent with the actions taken by the board and management. (See Exhibit 2) Our original proposal was rejected for technical reasons, on October fourth we resubmitted the proposal after the appropriate changes were made. Again on December 10, the proposal was resubmitted to the Fund. (See Exhibit 3)

ITEM 5 Interest in Securities of the Issuer

A) As of the date of this Report, KIM owns 615,441 shares, which represents 3.73% of the outstanding Shares. Karpus Investment Management Profit Sharing Plan presently owns 3450 shares purchased on December 20, 2000 at \$9.94 (500 shares), January 17, 2001 at \$11.69 (100 shares), February 7 and 8 at \$11.68 (900 shares), March 16 at \$10.80 (200 shares), March 22 at \$9.97 (100 shares), March 23 at \$10.63 (50 shares), March 27 at \$10.46 (300 shares), March 28 at \$10.20 (100

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shares), April 30 at \$11.30 (200 shares), May 2 at \$11.05 (50 shares), September 21 at \$9.60, January 9 and 10, 2002 at \$9.94 (100 shares), January 11 at \$9.82 (100 shares), January 14 at \$9.80 (50 shares), January 15 at \$9.76 (50 shares), January 16 at \$9.56 (50 shares), January 17 at \$9.61 (100 shares), January 18 at \$9.60 (200 shares), January 29 at \$9.47 (50 shares), May 5 at \$8.85 (50 shares), and August 29 at \$7.86 (100 shares). George W. Karpus presently owns 6000 shares purchased on December 28, 2001 at \$9.88 (1000 shares), January 10, 2002 at \$9.93 (50 shares), January 15 at \$9.76 (50 shares), January 18 at \$9.61 (100 shares), January 29 at \$9.47 (50 shares), February 20 and 21 at \$8.83 (1000 shares), March 21 at \$8.94 (25 shares), July 5 at \$8.32 (725 shares), August 12 at \$7.44 (1000 shares), August 26 at \$7.93 (50 shares), August 29 at \$7.86 (100 shares), September 11, 12, & 16 at \$7.75 (250 shares), September 24 at \$7.74 (200 shares), September 25 at \$7.76 (100 shares) and at \$7.74 (100 shares), October 7 at \$7.62 (200 shares), October 8 at \$7.57 (200 shares), October 11 at \$7.65 (150 shares), October 28 at \$7.92 (300 shares), and November 22 at \$8.16 (350 shares). Dana R. Consler currently owns 600 shares purchased on March 23, 2001 at \$10.63 (50 shares), March 28 at \$10.20 (100 shares), April 30 at \$11.29 (25 shares) and at \$11.30 (200 shares), May 2 at \$11.05 (25 shares), August 13 at \$10.90 (100 shares), January 29, 2002 at \$9.47 (50 shares) and March 5 at \$8.85 (50 shares). Jo Ann Van Degriff presently owns 500 shares purchased November 6, 2002 at \$8.00 per share. None of the other Principals of KIM presently owns shares of MVC.

b) KIM has the sole power to dispose of and to vote all of such Shares under limited powers of attorney.

c) Open market purchases for the last 60 days for the Accounts. There have been no dispositions and no acquisitions, other than by such open market purchases,

DATE
SHARES
PRICE PER

DATE
SHARES
PRICE PER

SHARE

SHARE
10/1/2002
-300
8

11/1/2002
275
7.91

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10/2/2002
2025
7.96

11/5/2002
375
7.95
10/4/2002
4250
7.88

11/6/2002
500
8
10/7/2002
14200
7.64

11/8/2002
500
8.01
10/7/2002
175
7.84

11/12/2002
1500
8.02
10/8/2002
5000
7.57

11/14/2002
75
7.99
10/10/2002
8550
7.61

11/15/2002
-750
8.02
10/10/2002
-9500
7.61

11/18/2002
-1900
8.18
10/11/2002
3300
7.65

11/18/2002
500
8.06
10/14/2002
-3050
7.67

11/19/2002
2475

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8.1
10/16/2002
650
7.65

11/20/2002
1050
8.06
10/17/2002
300
7.7

11/22/2002
9575
8.16
10/18/2002
100
7.86

11/25/2002
3750
8.14
10/18/2002
175
7.87

11/26/2002
2825
8.14
10/28/2002
10250
7.92

11/27/2002
750
8.11
10/29/2002
600
7.86

10/30/2002
275
7.91

10/31/2002
3450
7.91

10/31/2002
-500
7.9

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* The 175 shares from 10/07 and the 175 shares from 10/18 were transferred into our firm.

The Accounts have the right to receive all dividends from, any proceeds from the sale of the Shares. KIM reserves the right to further accumulate or sell shares. None of the Accounts has an interest in shares constituting more than 5% of the Shares outstanding.

ITEM 6 Contracts, Arrangements, Understandings, or Relationships with Respect to Securities of the Issuer.

Except as described above, there are no contracts, arrangements, understandings or relationships of any kind among the Principals and KIM and between any of them and any other person with respect to any of MVC Securities.

ITEM 7 Materials to be Filed as Exhibits
Not applicable.

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.

Karpus Management, Inc.

December 12, 2002

Date

Name/Title

By: _____

Signature

Scott D. Nasca, Corporate Vice President

Exhibit 1

Proposal Submitted to the Fund on October 4, 2002

OCTOBER 4, 2002

MR. JOHN M. GRILLOS, CHAIRMAN
MEVC DRAPER FISHER JURVETSON FUND I
991 FOLSOM STREET
SAN FRANCISCO, CA 94107

DEAR MR. GRILLOS,

Karpus Management, Inc. d/b/a Karpus Investment Management (KIM), is the beneficial owner as of August 31, 2002, of 497,266 shares of the common stock of meVC Draper Fisher Jurvetson Fund I (MVC) (the Fund). KIM has beneficially owned in excess of one percent of the outstanding shares of the Fund for at least one year or more as attested by Schedule 13D filings with the Securities and Exchange Commission. KIM's first purchase of shares began on October 31, 2000. All such purchases have been made in the open market.

Pursuant to Rule 14-28(b)(2)(ii) of the Securities Exchange Act of 1934, we

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(KIM) are hereby submitting the following proposal and supporting statement for inclusion in any and all proxy materials at the next meeting of shareholders. Attached is our Schedule 13D as electronically filed with the Securities and Exchange Commission.

PROPOSAL

Karpus Investment Management proposes: In each year where the fund discount averages over ten percent, meVC Draper Fisher Jurvetson Fund I (MVC) will conduct a tender offer for 25 percent of the outstanding shares at an amount equal to 95 percent of the NAV.

SUPPORTING STATEMENT

KIM believes current Fund Management of MVC is not making significant efforts to close the wide discount at which the fund trades. From May 26, 2000 through August 30, 2002, the Fund traded at an average discount of 34.95%.

KIM believes a reasonable way for shareholders to recognize their investment value is through a tender offer of 25% of the outstanding shares. If this occurred, shareholders would increase the value of tendered shares by 49.47% (based on the August 30, 2002 NAV).

It is KIM's opinion the Fund failed to address the persistently wide discount. As of September 17, 2002, the Fund held 72.6% of its assets in cash, charging an exorbitant 2.5% fee. Current low short-term rates are causing a negative return on almost 73% of the portfolio. If cash remains in the Fund, it will dwindle away as it performs at rates below fees.

The Fund began trading on 5/26/00 at a market price of \$18.99. On 9/17/02 the Fund closed at \$7.76, a 59% LOSS. This abysmal performance occurred despite the 70% cash position. While shareholders were economically harmed, Management collected over \$7,000,000 in fees on cash balances (since inception).

Management consoles shareholders by incorrectly comparing performances of MVC and the Nasdaq Index (CCMP) using uneven time periods. Management compares the performance of CCMP from March 31, 2000 to July 31, 2002 (-70.76%) to the performance of MVC from May 26, 2000 to July 31, 2002 (-60.48%). When comparing CCMP performance from May 26, 2000 to July 31, 2002, the disparity narrows significantly.

It is questionable that the Fund compares the 35%-invested MVC to the fully-invested CCMP. Assuming cash earned 0%, a fund that was 35% invested in CCMP and 65% invested in cash during the time period from May 26, 2000 to July 31, 2002 would have lost only 21.1% while MVC lost 60.48%.

KIM believes conducting tender offers is a proven method for shareholders to recognize their investment value. Considering the Fund currently trades at a price lower than cash per share, a tender offer is a reasonable method to return value to shareholders. With a 25% tender of MVC at 95% of NAV, shareholders would recognize an immediate return of approximately 49.47% on tendered shares (based on price of \$7.85 and NAV of \$12.35 as of 8/30/02). If these tender offers are conducted yearly, shareholders will continue to increase their investment value.

Sincerely,

Scott D. Nasca

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Corporate VP & Director of Equity Investments

SDN/rl

EXHIBIT 2

LETTER SENT TO THE CHIEF OPERATING OFFICIER ON OCTOBER 2, 2002

October 2, 2002

Ms. Ann E. Oglanian
Acting Chief Operating Officer
meVC Draper Fisher Jurvetson Fund
991 Folsom Street
San Francisco, California 94107

Dear Ms. Oglanian:

I am writing to express my disappointment with the recent actions taken by the directors of the Fund. In the October 1, 2002, press release you outline plans "designed to enhance shareholder value". I believe these plans are a weak attempt to pacify the many disgruntled MVC shareholders. A buyback of up to \$20 million of shares is less than 10% of the net assets of the Fund while approximately 72.5% of the fund's assets are in cash on which shareholders are paying exorbitant fees (as of 10/1/02, according to your website). I believe that over the long-term, share buyback programs do not have a significant impact in reducing the discount and MVC's wide discount will fail to narrow significantly. Additionally, there is no guarantee that the buyback of \$20 million of shares will even occur. Management's conditions for buying back shares only when the market price is below the cash amount per share alleviate them from fulfilling this goal if they choose to invest more of the funds. Based on management's poor company selection thus far, I believe shareholders deserve a guaranteed return on their investment rather than continued depletion of the net assets of the fund. Tender offers are a proven method for shareholders to recognize some of their investment value. Considering the Fund trades at a price lower than the cash amount per share, a tender offer is a reasonable method to return value to the shareholders. With a 25% tender of the outstanding shares at 95% of NAV, shareholders would recognize an immediate return of approximately 45.7% on tendered shares (based on price of \$8.04 and NAV of \$12.33 as of 10/1/02). I am also disappointed in your plan to keep MVC's portfolio 100% invested in technology-related companies. I believe this limited exposure has contributed to the fund's poor performance. In the press release, you state that "valuations appear to be at a cyclical bottom". In my telephone

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conversation with management nine months ago, I was told the exact same thing. Will I hear this again next year?

Finally, I believe the appointment of John Grillos as Chief Investment Officer, while retaining his position as Chief Executive Officer and Chairman of the Board is questionable and has contributed to my loss of confidence in the Fund. I sincerely hope that the board is not undermining shareholder rights to Approve managers through the appointment of Grillos. I encourage you to contact me at (585)586-4680 to discuss this matter further.

Sincerely,

Scott D. Nasca
Corporate Vice President

EXHIBIT 3
PROPOSAL RESUBMITTED ON DECEMBER 10, 2002

DECEMBER 10, 2002

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MR. JOHN M. GRILLOS, CHAIRMAN
MEVC DRAPER FISHER JURVETSON FUND I
991 FOLSOM STREET
SAN FRANCISCO, CA 94107

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Pursuant to Rule 14-28(b)(2)(ii) of the Securities Exchange Act of 1934, we (KIM) are hereby submitting the following proposal and supporting statement for inclusion in any and all proxy materials at the next meeting of shareholders. Attached is our Schedule 13D as electronically filed with the Securities and Exchange Commission.

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Sincerely,

Scott D. Nasca
Corporate VP & Director of Equity Investments

SDN/rl