any investment adviser of such other person if such other person is an investment company. Under section 2(a)(9), it is presumed that an entity that owns 25% or more of the outstanding voting securities of another entity controls such other entity.

3. Rule 17a–8 exempt from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all of the assets of registered investment companies that are affiliated persons solely by reason of having a common investment adviser, common directors, and/or common officers, provided that certain conditions set forth in the rule are satisfied.

4. Contrary to the requirements of rule 17a–8, each Acquired Account may be deemed ''an affiliated person of an affiliated person'' of its corresponding Acquiring Fund for a reason other than the fact that it has a common adviser, common directors, and/or common officers. Thus, the Reorganizations may not meet the ''solely by reason of'' requirement of rule 17a–8.

5. Massachusetts Mutual holds of record more than 25% of CM Liquid Account. Massachusetts Mutual also holds of record more than 25% of the voting securities of Oppenheimer. Therefore, Massachusetts Mutual may be deemed to control both CM Liquid Account and Oppenheimer under section 2(a)(9) of the Act. CM Liquid Account and Oppenheimer may be considered affiliated persons of each other because they are under the common control of Massachusetts Mutual under section 2(a)(3) in addition to their investment advisory relationship. Oppenheimer, in turn, is an affiliated person of Oppenheimer Money Fund. Massachusetts Mutual also holds of record more than 5% of the outstanding voting securities of CM Government Account. Because of this 5% ownership, CM Government Account might be deemed an affiliated person of Massachusetts Mutual under section 2(a)(3). Massachusetts Mutual, in turn, is an affiliated person of Oppenheimer under section 2(a)(3) by virtue of their common ownership and control. Oppenheimer, in turn, is an affiliated person of CM Government Account under section 2(a)(3) by virtue of its investment advisory relationship with CM Government Account. Therefore, each Acquired Account may be deemed ''an affiliated person of an affiliated person'' of its corresponding Acquiring Fund for a reason other than having common advisers, common directors, and/or common officers.

6. Section 17(b) provides that the SEC may exempt a transaction from the provisions of section 17(a) if evidence establishes that the terms of the proposed transaction, including the consideration to be paid, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of the registered investment company concerned and with the general purposes of the Act.

7. Applicants believe, consistent with the standards set forth in section 17(b), that the terms of the Reorganizations, including the consideration to be paid or received, are fair and reasonable and do not involve overreaching on the part of any person concerned. The Boards have reviewed the terms of each Reorganization, including the consideration to be paid or received, and have found that participation in the Reorganizations is in the best interest of each Acquired Account and its corresponding Acquiring Fund and that the interests of existing shareholders of such funds will not be diluted as a result of any Reorganization. Applicants further believe that the Reorganizations are consistent with the policies of the Acquired Accounts and the Acquiring Funds and that the Reorganizations, if undertaken in the manner described in the application, are consistent with the purposes of the Act.

8. Applicants believe that the terms and conditions of the Reorganizations are consistent with the provisions, policies, and purposes of the Act in that they are reasonable and fair to all parties, do not involve overreaching, and are consistent with the investment policies of each of the Acquiring Funds and Acquired Accounts.

For the Commission, by the Division of Investment Management, under delegated authority.

Jonathan G. Katz,

Secretary.

[FR Doc. 96–7542 Filed 3–27–96; 8:45 am]

BILLING CODE 8010–01–M

[Rel. No. IC–21839/812–9886]

Dreyfus Massachusetts Municipal Money Market Fund, et al.; Notice of Application

March 21, 1996.

AGENCY: Securities and Exchange Commission (''SEC'').

ACTION: Notice of Application for Exemption under the Investment Company Act of 1940 (the ''Act'').

APPLICANTS: Dreyfus Massachusetts Municipal Money Market Fund (the ''Acquiring Fund'') and The Dreyfus/Laurel Tax-Free Municipal Fund (the ''Trust'').

RELEVANT ACT SECTIONS: Order requested under section 6(c) of the Act that would exempt applicants from section 12(d)(1) of the Act, under section 17(b) of the Act for an exemption from section 17(a) of the Act, and under section 17(d) of the Act and rule 17d–1 thereunder permitting certain joint transactions.

SUMMARY OF APPLICATION: Applicants request an order to permit the combination of one class (the ''Investor shares'') of the Dreyfus/Laurel Massachusetts Tax-Free Money Fund (the ''Transferring Fund''), a series of the Trust, and the existing single class of the Acquiring Fund. The Transferring Fund thereafter would operate as a single class fund offering its other existing class of shares (the ''Class R shares'').

FILING DATE: The application was filed on November 30, 1995 and amended on March 5, 1996.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicant with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on April 15, 1996, and should be accompanied by proof of service on applicant, in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the SEC's Secretary.

ADDRESSES: Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549. Applicants, 200 Park Avenue, New York, New York 10166.

FOR FURTHER INFORMATION CONTACT: David W. Grim, Staff Attorney, at (202) 942–0571, or Robert A. Robertson, Branch Chief, at (202) 942–0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the SEC's Public Reference Branch.

Applicants' Representations

1. The Acquiring Fund is a business trust organized under the laws of the Commonwealth of Massachusetts. The Acquiring Fund is registered under the Act as an open-end management

investment company and offers a single class of its shares. The Acquiring Fund operates as a money market fund complying with rule 2a–7 under the Act, and seeks to provide a high level of current income exempt from federal and Massachusetts income taxes to the extent consistent with the preservation of capital and the maintenance of liquidity.

2. The Transferring Fund is one of seven series of the Trust, a business trust organized under the laws of Massachusetts and registered under the Act as an open-end management investment company. The Transferring Fund operates as a money market fund complying with rule 2a–7 under the Act, and seeks to provide a high level of current income exempt from federal income taxes and Massachusetts personal income taxes for resident shareholders of Massachusetts. The Transferring Fund issues two classes of shares, Investor shares and Class R shares, and operates as a multiple class fund under a plan adopted pursuant to rule 18f–3 under the Act. Investor shares and Class R shares are identical, except as to the services offered and the expenses borne by each class. Investor shares are sold primarily to retail investors, while Class R shares are sold primarily to bank trust departments and other financial service providers.

3. The Dreyfus Corporation (''Dreyfus'') serves as the investment adviser to the Acquiring Fund and the Transferring Fund. Dreyfus is a wholly-owned subsidiary of Mellon Bank, N.A. (''Mellon Bank''), which in turn is a wholly-owned subsidiary of Mellon Bank Corporation (''Mellon'').

4. The Acquiring Fund and the Trust, on behalf of the Transferring Fund, have entered into an Agreement and Plan of Reorganization dated as of November 1, 1995 (the ''Plan''), to effectuate a proposed reorganization (the ''Reorganization''). Under the Plan, the Acquiring Fund will acquire a portion of the Transferring Fund's assets having a value equal to the aggregate net asset value of the Investor shares of the Transferring Fund at noon on the closing date, presently expected to occur on or about May 8, 1996 (the ''Closing Date''). The assets will be transferred at 4 p.m. on the Closing Date and will consist of as nearly a *pro rata* portion of each asset of the Transferring Fund as is reasonably practicable. In exchange for such assets, the Transferring Fund will receive shares of the Acquiring Fund having an aggregate value at noon on the Closing Date equal to the value of the assets transferred. As soon after the closing as is conveniently possible, the Transferring Fund will redeem the Investor shares held of a record as of noon on the Closing Date by distributing in kind *pro rata* to holders of such Investor shares the shares of the Acquiring Fund received by the Transferring Fund in the Reorganization.

5. Prior to the Closing Date, the Transferring Fund will endeavor to discharge all of its known liabilities and obligations attributable to Investor shares. In addition, at the closing the Acquiring Fund and the Transferring Fund will enter into an agreement whereby the Acquiring Fund will same that portion of unknown or contingent liabilities, and acquire that portion of unknown or contingent assets, of the Transferring Fund proportionate to the aggregate net asset value of all Investor shares compared to the aggregate net asset value of all shares of the Transferring Fund (the ''Supplemental Agreement''). The Supplemental Agreement will cover unknown or contingent assets or liabilities at noon on the Closing Date that are identified within one year of the Closing Date.

6. the Plan was unanimously approved by the Board of trustees of the Acquiring Fund, including the non-interested trustees, on November 1, 1995, and by the board of trustees of the Trust, including the independent trustees, on October 25, 1995.

7. In assessing the Reorganization and the terms of the Plan, the factors considered by the board of the Acquiring Fund included: (a) the future prospects of the Fund, both under circumstances where it does not acquire assets of the Transferring Fund and where it does acquire such assets; (b) the compatibility of the investment objectives, policies and restrictions of the Acquiring Fund and the Transferring Fund; (c) the expected favorable impact of the Reorganization on the expense ratios of the Acquiring Fund, potential future cost savings and economies of sale, and the commitment by Dreyfus to limit total expenses of the Acquiring Fund, for a period of one year following the Reorganization, to .60% of average daily net assets; (d) the fact that, although the Reorganization will constitute a taxable transaction, it will have no adverse tax impact on the Acquiring Fund; and (e) the fact that the expenses associated with the Reorganization would be borne by Dreyfus.

8. In making such an assessment with respect to the Transferring Fund, the board of the Trust considered a number of factors, including the anticipated impact of the Reorganization on both Investor and Class R shareholders of the Transferring Fund. The factors included: (a) the future prospects of both Funds, both under circumstances where the Reorganization occurred and where it did not; (b) the compatibility of the investment objectives, policies and restrictions of the Acquiring Fund and the Transferring Fund; (c) the effect of the Reorganization on the expense ratios borne by holders of Investor shares; (d) the relative performance of the Funds; (e) whether any future efficiencies in operations could be achieved by the Reorganization; (f) the fact that, although the Reorganization will constitute a taxable transaction, it will have no adverse tax impact on the Acquiring Fund; (g) the fact that the expenses associated with the Reorganization would be borne by Dreyfus; and (h) alternatives to the Reorganization.

9. Consummation of the Reorganization is contingent upon receipt of the affirmative vote of the holders of at least a majority of the outstanding shares of the Transferring Fund and of each class of the Transferring Fund. This vote will take place at a meeting of the shareholders of the Transferring Fund, expected to be held on April 16, 1996. In addition to shareholder approval, the consummation of the reorganization is conditioned upon receipt from the SEC of the order requested herein.

Applicants' Legal Analysis

1. Section 12(d)(1)(A) of the Act places limitations on the ability of a registered investment company to acquire the securities of any other investment company and on the ability of any investment company to acquire the securities of a registered investment company. Section 12(d)(1)(B) of the Act similarly limits the ability of a registered open-end investment company or certain other persons to sell its securities to another investment company. The proposed Reorganization may be viewed as technically violating section 12(d)(1) even though the Transferring Fund will own the securities of the Acquiring Fund for only a momentary period of time. At the moment that the Transferring Fund transfers to the Acquiring Fund the portion of the assets of the Transferring Fund having a value equal to the aggregate net asset value of the Investor shares, the Transferring Fund will hold shares of the Acquiring Fund in excess of the limitations of section 12(d)(1).

2. Section 12(d)(1)(D) of the Act excepts from the restrictions otherwise imposed by section 12(d)(1) any securities received as a result of a plan of reorganization of a company. Although the transaction is the type

contemplated by section 12(d)(1)(D), it technically does not qualify as a ''reorganization,'' as that term is defined in section 2(a)(33) of the Act, thereby rendering section 12(d)(1)(D) unavailable.

3. Section 6(c) provides that the SEC may exempt any person or transaction from any provision of the Act or any rule thereunder to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

4. Applicants submit that the requested exemption from section 12(d)(1) meets the section 6(c) standards. Section 12(d)(1) was intended to mitigate or eliminate actual or potential abuses which might arise when one investment company acquires shares of another investment company. These abuses include the acquiring fund imposing undue influence over the management of the acquired funds through the threat of large-scale redemptions, the acquisition by the acquiring company of voting control of the acquired company, the layering of sales charges, advisory fees, and administrative costs, and the creation of a complex pyramidal structure which may be confusing to investors. The Reorganization implicates none of these concerns. The Transferring Fund's ownership of the Acquiring Fund's shares will exist for only an instant, as the Transferring Fund will only hold such shares in order to use those shares to redeem in kind the Investor shares of the Transferring Fund. The Transferring Fund will not have the opportunity to redeem, to vote, or to take other action with respect to the Acquiring Fund's shares, and will hold the shares for only a brief period during which neither their value nor the layering of fees could be an issue. Furthermore, the Reorganization is similar to the types of transactions that Congress specifically exempted from section 12(d)(1) through the enactment of subsection (D) thereof.

5. Section 17(a) of the Act, in pertinent part, prohibits an affiliated person of a registered investment company, acting as principal, from selling to or purchasing from such registered company, any security or other property. Section 17(b) provides that the SEC may exempt a transaction from section 17(a) if evidence establishes that the terms of the proposed transaction, including the consideration to be paid or received, are reasonable and fair and do not involve overreaching on the part of any person concerned, and that the proposed transaction is consistent with the policy of the registered investment company concerned and with the general purposes of the Act.

6. Rule 17a–8 under the Act exempts from the prohibitions of section 17(a) mergers, consolidations, or purchases or sales of substantially all the assets involving registered investment companies that may be affiliated persons solely by reason of having a common investment adviser, common directors/trustees and/or common officers provided that certain conditions are satisfied.

7. The proposed reorganization may not be exempt from the prohibitions of section 17(a) by reason of rule 17a–8. Under the proposed Reorganization, the Transferring Fund will transfer to the Acquiring Fund all of that portion of the assets of the Transferring Fund having a value equal to the aggregate net asset value of the Investor shares, but will not transfer that portion of the assets of the Transferring Fund representing the aggregate net asset value of the Class R shares. Therefore, the proposed Reorganization technically may not be a merger, consolidation, or purchase or sale of substantially all of the assets involving registered investment companies under rule 17a–8. In addition, Mellon, directly or through subsidiaries, holds with power to vote approximately 63% of the Class R shares of the Transferring Fund. As a result, the Transferring Fund would be deemed to be an affiliated person of Mellon and, arguably, of Dreyfus as its wholly-owned subsidiary. Therefore, the Transferring Fund may be deemed an affiliated person of an affiliated person of the Acquiring Fund for reasons not based solely on their common adviser.

8. Applicants believe that the terms of the reorganization satisfy the standards of section 17(b). Each Fund's board, including the non-interested trustees, has reviewed the terms of the Reorganization and have found that participation in the Reorganization as contemplated by the Plan is in the best interests of the respective Fund, and that the interests of existing shareholders of each Fund will not be diluted as a result of the Reorganization. Each Fund's board, including its non-interested trustees, also has concluded that any potential benefits to Dreyfus, Mellon, and their affiliates as a result of the Reorganization are on balance not inappropriate in light of the commitments of Dreyfus to bear the expenses of the Reorganization and to limit total fees of the Acquiring fund to .60 of 1% of average daily net assets for a period of one year following the Reorganization,the potential benefits of the Reorganization to each Fund and its shareholders, and all applicable factors. The investment objectives of the Acquiring Fund, moreover, are consistent with those of the Transferring Fund. Accordingly, the Reorganization will be consistent with the policies of each Fund.

9. Section 17(d) prohibits any affiliated person of a registered investment company, acting as principal, from effecting any transaction in which such registered investment company is a joint participant with such person in contravention of SEC rules and regulations. Rule 17d–1 provides that no joint transaction may be consummated unless the SEC approves the transaction after considering whether the participation of the investment company is consistent with the provisions, policies, and purposes of the Act and the extent to which the participation is on a basis different from or less advantageous than that of other participants.

10. The Supplemental Agreement between the Acquiring Fund and the Transferring Fund could be characterized as a joint enterprise or transaction within the meaning of section 17(d) and rule 17d–1 thereunder. The Supplemental Agreement provides that the holders of the respective Class R shares and the Investor shares of the Transferring Fund, and of shares of the Acquiring Fund, are treated equitable by allocating the unknown or contingent assets and liabilities of the Transferring Fund between the parties of the Reorganization. Applicants submit that the Supplemental Agreement thus meets the standards of rule 17d–1.

For the Commission, by the Division of Investment Management, under delegated authority.

Jonathan G. Katz,

Secretary.

[FR Doc. 96–7502 Filed 3–27–96; 8:45 am]

BILLING CODE, 8010–01–M

[Rel. No. IC–21840; File No. 812–9942]

GNA Variable Investment Account, et al.

March 22, 1996.

AGENCY: Securities and Exchange Commission (the ''SEC'' or the ''Commission'').

ACTION: Notice of Application for an order under the Investment Company Act of 1940 (the ''1940 Act'').

APPLICANTS: GNA Variable Investment Account (the ''Account''), and Great