KARPUS MANAGEMENT INC
Form SC 13D
February 17, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
Under the Securities and Exchange Act of 1934

The Zweig Total Return Fund, Inc.
(ZTR)
(Name of Issuer)

Common Stock
(Title of Class of Securities)

989837109
(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)

February 17, 2004
(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 7 pages)
There is 1 exhibit.

ITEM 1 Security and Issuer
Common Stock
The Zweig Total Return Fund, Inc.
Zweig Funds
c/o Phoenix/Zweig Advisers LLC
900 Third Avenue
New York, New York 10022

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 Van Degriff, 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 ZTR 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 ZTR fit the investment guidelines for various Accounts. Shares have been acquired since September 4, 2003.
b) Although originally purchased for investment purposes only, the Fund?s February 9, 2004 press release and their subsequent preliminary proxy filing on February 11 prompted us to write to each Board member. (Exhibit One)

ITEM 5 Interest in Securities of the Issuer

a) As of the date of this Report, KIM owns 390,765 shares, which represents .42 % of the outstanding Shares. George W. Karpus presently owns 5000 shares purchased on December 22, 2003 at $4.95 (4000 shares) and January 8, 2004 at $5.09 (1000 shares). Dana R. Consler presently owns 600 shares purchased on September 30, 2003 at $4.89 per share. None of the other Principals presently owns shares.
b) KIM has the sole power to dispose of and to vote all of such Shares under limited powers of attorney.
c) The first open market purchase occurred on September 4, 2003 as previously reported. 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, during such period.

DATE
SHARES
PRICE PER

DATE
SHARES
PRICE PER

SHARE

SHARE
12/15/2003

300
4.94

1/20/2004
10910
5.10
12/16/2003
420
4.94

1/22/2004
4500
5.09
12/18/2003
780
4.95

1/23/2004
4000
5.09
12/22/2003
5520
4.95

1/27/2004
4500
5.09
12/23/2003
3560
4.96

1/30/2004
4500
5.05
12/24/2003
500
4.96

2/3/2004
-300
5.13
12/26/2003
620
4.97

2/10/2004
10000
5.20
12/29/2003
970
4.97

2/11/2004
20000
5.17
12/30/2003
2970
4.98

2/12/2004
20450
5.17

12/31/2003
3960
4.99

1/6/2004
20
5.07

1/8/2004
1300
5.09

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 ZTR 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.

February 17, 2004 By:_________________________

Date Signature

Jo Ann Van Degriff, Senior Vice President

Name/Title

EXHIBIT ONE
(Letter Sent to Each of the Directors on February 13, 2004)

February 13, 2004

The Articles of Incorporation for the Zweig Total Return Fund, Inc.

(NYSE: ZTR) provides shareholders with an extremely important ?lifeboat provision?. The provision requires the Fund to submit a proposal to shareholders to convert the Fund to an open-end format should the Fund trade at greater than a 10 percent discount for a full fiscal quarter. On December 31, 2003, this condition was experienced by the Fund and the Board has announced that they will honor the lifeboat provision and submit such a proposal at the Fund?s May 12, 2004 annual meeting.

This provision as stipulated in the Fund?s Articles of Incorporation provides shareholders with a safeguard against Fund management that may be unconcerned or unmotivated to address the Fund?s wide discount to net asset value. Karpus Investment Management (KIM) purchased shares for our clients with the reassurance that should the discount stay wide for an extended period of time it would be addressed by this provision in the Articles of Incorporation.

I was very disappointed to be informed in a recent press release by the Fund that the Board ?has voted unanimously to recommend against conversion to an open-end fund?. After all, it was the action taken by the Board in July of last year that caused the Fund to trade at a discount. On July 28, 2003, the Fund announced that they would change their distribution policy from 10 percent fixed distribution based on net asset value to a variable distribution policy based on earnings and distribution requirements. This is the exact opposite action taken by a few closed-end funds recently to remedy their wide discount. On this announcement, the Fund?s one-month average premium to net asset value of 7.9 percent immediately eroded to a one-month post announcement discount to net asset value of 9.5%!

In other words, the actions taken by the Fund?s Board caused shareholders to lose 16.1 percent in market value given a stable net asset value. In addition, investors that relied on the income stream provided by the Fund will have to sell shares to make up the difference. These actions were devastating for such individuals. It is intolerable that a Board that caused so much economic loss (particularly for low income shareholders) would have the arrogance to try to stand in the way of the lifeboat provision provided by the Fund?s Articles of Incorporation.

The Board has attempted to justify their recommendation in the preliminary proxy materials filed on February 11. Most of the terms of their justification relate to the negative effects of the redemption of an open-end fund and the reduced size of the Fund after these redemptions. These conditions existed when the Fund put this provision in the Articles of Incorporation and are therefore moot. Furthermore, shareholders wishing to redeem their shares immediately following the conversion will not have to worry about the disadvantages of the open-end format.

They do raise a few valid disadvantages of the conversion, but these costs would only slightly mitigate the value that shareholders will realize if they vote in favor of conversion and redeem their shares afterwards. The conversion costs will amount to .07 percent of the Fund?s NAV; however, shareholders will realize roughly a 10 percent increase in Fund value after the conversion.

Another cost involved in the conversion would be a redemption fee imposed by the Fund to cover the cost of the conversion. This fee would only be approximately 1-2 percent of the value of Fund shares. These two costs in aggregate would at most reduce the value added for the shareholder by 2.07 percent, which leaves the investor with roughly a 7.93 percent net gain. Taxes may further reduce the investor?s return but not all shareholders in the Fund are subject to taxation and the investors that needed the income being paid by the Fund are most likely in a low tax bracket.

The Board goes on to threaten to consider redeeming securities in lieu of cash. Given the highly liquid nature of the Fund?s portfolio, it makes no sense that the Board would consider this option unless it is simply out of spite.

The management of this Fund has performed poorly over just about any time period. The following chart details both the NAV and market price performance of the fund over various holding periods in comparison with the Morningstar average balanced mutual fund:

	ZTR Performance		Morningstar's Average
Holding Period	Price	NAV	Balanced Mutual Fund
1-Year	-0.47%	6.69%	19.10%
2-Years	-7.51%	1.69%	3.95%
3-Years	0.41%	0.49%	1.06%
5-Years	-1.50%	2.16%	3.12%
10-Years	2.13%	5.29%	7.47%

* All holding periods end 12-31-2003

** ZTR performance calculated on Bloomberg

As can be concluded from the above, Fund management has not served shareholders well over the years. At least prior to July 28, shareholders could count on a healthy distribution from the Fund. This distribution was in excess of what the Fund was earning and hence the Fund was returning capital (or net asset value) to the Shareholder. In switching to the variable distribution policy, the Board essentially cut off the Shareholders access to their own capital! The only means currently available for shareholders to access their own capital (net asset value) is by the Fund converting to an open-end format.

Fund management, as well as the Board, has a vested interest in not open-ending the Fund, as such an event will likely result in mass redemptions and a loss of Fund management and Board director fees. If the Board was truly independent, they would not have a significant financial interest in the fees paid out by the Fund. Their primary concern would be to extract shareholder value. The Board?s recommendation puts in question their independence. We read in the paper everyday about such conflicts of interest relating to mutual fund management.

In my opinion, it is a breach of the Board?s fiduciary duty to recommend against this proposal. I strongly urge each and every shareholder to vote their shares for this proposal and against the Board?s recommendation and I further urge the Board to reconsider their recommendation with regard to this proposal.

Sincerely,

Cody B. Bartlett Jr., CFA
Portfolio Manager
Karpus Investment Management