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KARPUS MANAGEMENT INC

Form SC 13D/A

October 18, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D/A
(Amendment No. 1)
Under the Securities and Exchange Act of 1934

THE FIRST AUSTRALIA PRIME INCOME FUND, INC.
(FAX)
(Name of Issuer)

Common Stock
(Title of Class of Securities)

318653102
(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)

October 17, 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 6 pages)
There is 1 exhibit.

ITEM 1 Security and Issuer
Common Stock
First Australian Prime Income Fund, Inc.
Gateway Center 3
100 Mulberry Street
Newark, New Jersey 07102

ITEM 2 Identity and Background
a) Karpus Management, Inc. d/b/a Karpus Investment Management

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(?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 FAX 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 FAX fit the investment guidelines for various Accounts. Shares have been acquired since October 12, 1998.

b) Although originally purchased for investment purposes only, upon reviewing the Fund?s proposed rights offering, we believe that it is not in the best interests of the Shareholders.

ITEM 5 Interest in Securities of the Issuer

a) As of the date of this Report, KIM owns 1,634,607 shares, which represents .62% of the outstanding Shares. Karpus Investment Management Profit Sharing Plan presently owns 1100 shares purchased May 1, 2001 at \$3.84 per share (1400 shares) and July 23, 2002 at \$4.25 (100 shares) and sold on May 29, 2002 at \$4.72 (100 shares), May 30 at \$4.79 (200 shares), May 31 at \$4.84 (50 shares), and June 3 at \$4.86 (50 shares). Sophie P. Karpus currently owns 500 shares purchased on May 1, 2001 at \$3.84 (400 shares) and July 23, 2002 at \$4.40 (200 shares) and sold on May 30, 2002 at \$4.82 (50 shares) and June 3 at \$4.86 (50 shares). Dana R. Consler presently owns 1150 shares purchased on May 1, 2001 at \$3.84 (1000 shares), July 23, 2002 at \$4.25 (100 shares), and July 24 at \$4.35 (250 shares) and sold on May 30, 2002 at \$4.76 (100 shares), May 31 at \$4.84 (50 shares), and June 3 at \$4.86 (50 shares). 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 February 18, 1994. 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 unless indicated.

Date
Shares
Price Per

Date
Shares
Price Per

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Share

Share

8/5/2002

5500

4.4

10/2/2002

5700

4.46

8/6/2002

2300

4.4

10/3/2002

700

4.55

9/16/2002

-250

4.7

10/4/2002

300

4.52

9/16/2002

3100

4.73

10/7/2002

40600

4.46

9/26/2002

11500

4.61

10/8/2002

196400

4.45

9/27/2002

5300

4.61

10/9/2002

108200

4.36

10/9/2002

-400

4.34

10/10/2002

160000

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4.15

10/11/2002
1200
4.09

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 FAX securities.

ITEM 7 Materials to be Filed as Exhibits
One exhibit attached.

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.

October 17, 2002
Date

Name/Title

By: _____

Signature

George W. Karpus, President

EXHIBIT 1

*** On October 16, 2002, This letter was sent to the directors of the Fund.

Karpus Investment Management (KIM) held 1,365,607 shares of the Aberdeen Asia-Pacific Income Fund (FAX) as of October 8, 2002.

On October 9, 2002, Aberdeen filed a registration statement with the SEC for a proposed transferable rights offering. The material details of this offering, the subscription price and the amount of shares to be offered, were left blank. This has caused great uncertainty with respect to the potential future dilution of the Fund's net asset value. As a result, the fund's market price has dropped dramatically and the discount has widened to levels not seen since December of 2000.

At the close of trading on October 8, FAX was trading at \$4.45 per share (an 11.70% discount to NAV). As of yesterday's close, FAX is trading at \$4.08 per share (a 19.0% discount to NAV), a 7.3 percent widening of the fund's discount. There have been no dividends paid during this period and no other significant news was released. This drop in fund share market

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value and widening discount can be attributed solely to the Board decision to propose a rights offering. This decision by the board has cost our clients \$505,274.59 so far.

As you are aware when a rights offering is conducted with a subscription price below the fund's net asset value (as is almost certain to be the case) it causes the fund's NAV to be diluted. The board's decision not to disclose the subscription price or amount of shares to be offered only exacerbated the damage. Shareholders have no way to analyze how this rights offering will affect their investment. The two most critical pieces of information concerning this offering were left to the shareholder's imagination.

We believe that the Board of Directors is representing the interests of the management group and not the shareholders of the fund. This action creates more management fees at the cost of shareholder value. The loss of market value suffered by shareholders is 100 times the cost savings to shareholders brought about by the economies of scale of a bigger fund.

If the Board of Directors continues its reckless pursuit to increase management fees and dilute the value of fund shares then we will consider running candidates for future Board seats.

How will our clients be compensated for the over half a million dollars worth of damages that the Board has caused? KIM strongly feels that the Board considers canceling the proposed rights offering. We look forward to your response to our concerns.

We encourage other shareholders who are concerned about this rights offering to contact us via e-mail at karpus@frontiernet.net or call us at (585) 586-4680 (ext. 235).

Sincerely,

George W. Karpus