



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
INVESTMENT MANAGEMENT

July 11, 1995

Section	1940 Act
Section	17(a)
Public Availability	7-11-95

Mr. Stephen A. Keen
Corporate Counsel
Federated Research Corp.
Federated Investors Tower
Pittsburgh, PA 15222-3779

Re: California Municipal Cash Trust

Dear Mr. Keen:

Your letter of July 7, 1995 requests our assurance that we would not recommend that the Commission take any enforcement action under section 17(a) of the Investment Company Act of 1940 ("1940 Act") and the rules thereunder if California Municipal Cash Trust ("Fund"), and its investment adviser, Federated Management ("Federated") effect the transaction summarized below and more fully described in the letter.

The Fund is a money market fund that seeks to maintain a stable net asset value per share of \$1.00, and uses the amortized cost method of valuation as permitted by rule 2a-7 under the 1940 Act. The Fund holds tax and revenue anticipation notes issued by Orange County, California in the principal amount of \$4 million (approximately 4.2% of net assets) that mature on August 10, 1995 ("Securities"). The Securities pay interest at a rate equal to 70% of one-month LIBOR. As a result of the Orange County bankruptcy filing on December 6, 1994, the Fund was unable to obtain reliable market quotes for these Securities, and it determined the fair values of the Securities to be less than their amortized cost values.

In December 1994, PNC Bank, N.A., upon application of Federated Investors (the parent of Federated), issued an irrevocable standby letter of credit ("LOC") on behalf of the Fund in the amount of \$4 million to guarantee the payment of principal when due on the Securities. Under terms authorized by the Fund's board of trustees, the Fund could draw on the LOC upon certification that it has not received full payment of principal on the Securities on their final maturity date (August 10, 1995). The LOC, by its terms, expires on August 31, 1995. The Fund continues to hold the Securities, and values them based on the LOC.

The Fund has been informed that Orange County, in all likelihood, will not make the scheduled principal payment due on the Securities on August 10, 1995. Rather, Orange County has proposed, the Bankruptcy Court has approved, and holders of certain short-term notes issued by Orange County have agreed to, a mandatory amendment, substitution or extension of the Securities ("Amendment") that will, among other things, extend the maturity date of the Securities to June 30, 1996 and contain certain other terms ("Amended Securities"). The interest rate on the Amended Securities will be equal to 70% of one-month LIBOR, plus 0.95%. A portion of the interest on the Amended Securities will be payable monthly, and a portion of the interest will be accrued and paid to the Fund at a later

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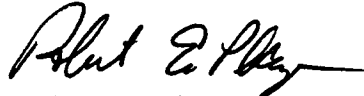
date. You state in your letter of July 7 that Orange County will not make any representations or warranties as to the tax-exempt status of interest payable on the Amended Securities.

As a result of these developments, you state that Federated has offered to purchase the Securities from the Fund (together with all claims or causes of action that the Fund may have in respect of the Securities) at their amortized cost values (the principal amounts of the Securities plus accrued interest) to protect the Fund against the risk that interest and other payments on the Amended Securities may become subject to federal and California income taxes as a result of the Amendment ("Purchase Offer").

You represent that the executive committee of the board of trustees of the Fund unanimously determined that it is in the best interests of the Fund to accept the Purchase Offer. This determination was based, in part, on an evaluation of the advantages and disadvantages associated with holding the Amended Securities.

On the basis of the facts and representations in your letter, we will not recommend enforcement action under section 17(a) of the 1940 Act and the rules thereunder if the Purchase Offer is effected. You should note that any different facts or representations might require a different conclusion. Moreover, this response expresses the Division's position on enforcement action only and does not express any legal conclusions on the issues presented.

Sincerely,



Robert E. Plaze
Assistant Director

July 7, 1995

Mr. Robert E. Plaze
Assistant Director
Office of Disclosure and Investment
Adviser Regulation
Division of Investment Management
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Mail Stop 10-6
Washington, D.C. 20549

Re: California Municipal Cash Trust

Dear Mr. Plaze:

We are writing on behalf of Federated Management ("Federated"), the investment adviser to California Municipal Cash Trust (the "Fund"). We seek assurance from the staff of the Division of Investment Management ("Division") that it will not recommend enforcement action to the Commission under Section 17(a) of the Investment Company Act of 1940 ("1940 Act"), or the rules thereunder, if the Fund and Federated enter into the transaction described below.

The Fund is a portfolio of Federated Municipal Trust ("Trust"), which is registered with the Commission under the 1940 Act as an open-end management investment company. The Fund, a money market fund, seeks to maintain a stable net asset value per share of \$1.00, and uses the amortized cost method of valuation in valuing its portfolio securities. The Fund's investment objective is to provide current income which is exempt from federal income tax and California personal income taxes. As of July 6, 1995, approximately 4.2% of the Fund's net assets consisted of certain debt securities ("Securities") fully described below. The current market value of the Securities is less than their amortized cost value (*i.e.*, par value plus accrued interest). The Securities are Orange County, California 1994-95 Tax and Revenue Anticipation Notes Series B, CUSIP No. 684201EN2, due August 10, 1995, in the principal amount of \$4 million. The principal amount of the Securities is secured by an irrevocable letter of credit from PNC Bank, N.A.

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In an Offering Circular dated June 27, 1995, Orange County made an offer to extend the maturity of its short-term debt obligations (including the Securities) to June 30, 1996. In consideration of this extension, Orange County has offered various concessions, including the continued accrual of interest on the Securities augmented by an additional payment equal to 0.95% of the principal amount of the Securities. However, Orange County will make no representations or warranties (or provide any legal opinions) as to the tax-exempt status of such interest or payment.

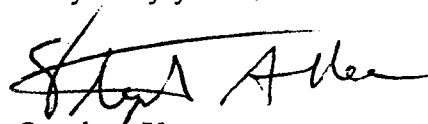
On July 7, 1995, Federated offered to purchase the Securities from the Fund (together with all claims or causes of action that the Fund may have in respect of the Securities) at their amortized cost value (the principal amounts of the securities plus accrued interest) to protect the Fund against the risk that interest and other payments on the Securities may become subject to federal and California income taxes as a result of the extension of their maturity. The Executive Committee of the Board of Trustees of the Fund met on July 7, 1995 and consider the advantages and disadvantages of continuing to hold the Securities, as well as Federated's offer, and unanimously determined to accept the offer.

Federated is an "affiliated person" of the Fund under Section 2(a)(3) of the 1940 Act because it is the Fund's investment adviser. The proposed transaction falls within Section 17(a)(2) of the 1940 Act, which makes it unlawful for any affiliated person of a registered investment company acting as principal to knowingly purchase any security or other property from the investment company.

The Fund and Federated believe that it would be in the best interests of the Fund's shareholders if Federated purchases the Securities from the Fund at their amortized cost value. On behalf of the Fund and Federated, we hereby request that the Division staff give its assurance that it will not recommend that the Commission take enforcement action against the Fund or Federated under Section 17(a) if Federated purchases the Securities from the Fund as described above.

If you have any questions or other communications concerning this matter, please call the undersigned at (412) 288-7496. Our telecopier number is (412) 288-8141.

Very truly yours,



Stephen Keen
Corporate Counsel

cc: J. Christopher Donahue
William D. Dawson
John W. McGonigle