



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

DIVISION OF
CORPORATION FINANCE

July 3, 2012

Douglas B. Paul, Esq.
Hogan Lovells US LLP
Columbia Square
555 Thirteenth Street, NW
Washington, D.C. 20004

**Re: SEC v. Harbert Management Corporation, HMC-New York Inc.,
and HMC Investors, LLC
Civil Action No. 12-05029 (S.D.N.Y.)
Waiver Request under Regulation A and Rule 505 of Regulation D**

Dear Mr. Paul:

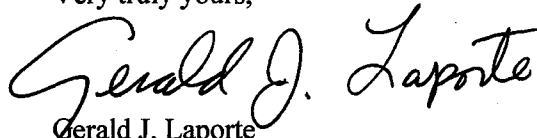
This responds to your letter dated July 3, 2012 written on behalf of your clients, Harbert Management Corporation ("HMC"), HMC-New York Inc. ("HMC-NY"), and HMC Investors LLC ("HMC Investors"), and constituting an application for relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D under the Securities Act of 1933 (the "Securities Act").

You requested waiver relief from disqualifications from exemptions available under Regulation A and Rule 505 that arose as a result of entry of the Final Judgment against HMC, HMC-NY, and HMC Investors (the "Defendants") on July 3, 2012 by the United States District Court for the Southern District of New York in Civil Action No. 12-05029 (the "Final Judgment"). The Final Judgment, among other things, permanently restrains and enjoins the Defendants from violating Section 10(b) of the Securities Exchange Act of 1934 ("the Exchange Act") and Rule 10b-5 thereunder in connection with the purchase or sale of any security.

For purposes of this letter, we have assumed as facts the representations set forth in your letter and the findings supporting entry of the Final Judgment. We also have assumed that the Defendants will comply with the Final Judgment.

On the basis of your letter, I have determined that you have made showings of good cause under Rule 262 and Rule 505 that it is not necessary under the circumstances to deny the exemptions available under Regulation A and Rule 505 as a result of entry of the Final Judgment. Accordingly, pursuant to delegated authority, on behalf of the Division of Corporation Finance, I hereby grant relief from any disqualifications from exemptions otherwise available under Regulation A and Rule 505 that arose as a result of entry of the Final Judgment.

Very truly yours,


Gerald J. Laporte
Chief, Office of Small Business Policy

July 3, 2012

Via Electronic Mail and
First Class Mail

Gerald J. Laporte, Esq.
Chief Office of Small Business Policy
U.S. Securities and Exchange Commission
100 F. Street, N.E., 3rd Floor
Washington, D.C. 20549-3628

**Re: Securities and Exchange Commission v. Harbert Management Corporation et al,
Case No. 12-CV-505Q(UA)**

Dear Mr. Laporte:

This letter is submitted on behalf of our clients, Harbert Management Corporation ("HMC"), HMC-New York, Inc. ("HMC-NY"), and HMC Investors, LLC. ("HMCI"). HMC, HMC-NY, and HMCI request a waiver of any disqualifications from exemptions under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D promulgated under the Securities Act of 1933 (the "Securities Act") that may be applicable to HMC, HMC-NY, HMCI, their affiliates, and any other company that may become a subsidiary or affiliate of HMC, HMC-NY, or HMCI in the future or any other person as a result of the entry of the consented-to final judgment against it in a civil action filed by the Securities and Exchange Commission (the "Commission"), which final judgment enjoins HMC and its affiliates from violating Section 10(b) of the Securities Exchange Act and Rule 10b-5. For the good cause shown below, HMC requests a waiver of the applicability of the provisions of Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D promulgated under the Securities Act of 1933 (the "Securities Act") that may otherwise disqualify HMC and its affiliates from relying on available exemptions from registration of offerings of securities as a result of the entry of the injunction. For clarity, HMC, HMC-NY, HMCI and their affiliates are in the business of sponsoring private investment funds that may rely on these exemptions. It is our understanding that the Enforcement Staff of the Commission does not object to the grant of the requested waivers.

Background

HMC is an Alabama corporation that since 1994 has offered securities pursuant to Regulation D on numerous occasions. Affiliate HMCI, registered with the Commission as a broker-dealer, acted as a placement agent for the offerings and will do so for any future offerings.

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The civil action involved two private investment funds known as Harbinger Capital Partners Master Fund I, Ltd. ("Master Fund") and Harbinger Capital Partners Special Situations Fund L.P. (Special Situations Fund"). In March 2009 HMC ended its relationship with the Master Fund and the Special Situations Fund and agreed to provide back office services for the two funds through 2009.

Following an investigation by the Commission's Division of Enforcement into the purchases and sales of bonds of MAAX Corporation by the two funds from 2006 through 2008, Harbert, HMC-New York and a third affiliate (HMC Investors, LLC) agreed to consent to entry of a final judgment enjoining them from violating Section 10(b) and Rule 10b-5 because of their being control persons with respect to others who are alleged to have violated this statutory provision and rule. The final judgment also orders that Harbert, HMC-New York and HMC Investors pay a civil penalty in the amount of \$1 million.

Discussion

HMC, HMC-NY, HMCI and their affiliates understand that the entry of the consented-to Final Judgment may disqualify them and their affiliates described above from relying on the exemptions from registration provided by Regulation A and Rule 505 of Regulation D promulgated under the Securities Act. The Commission is authorized to waive the Regulations A and D exemption disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances. See Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D.

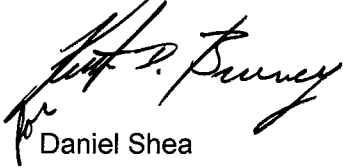
HMC, HMC-NY, HMCI and their affiliates request that the Commission waive any disqualifying effects that the Final Judgment may have under Regulation A and Rule 505 of Regulation D with respect to HMC and its affiliates described above on the following grounds:

1. The Commission's Complaint does not allege that HMC, HMC-NY, HMCI or any affiliate violated Regulations A or D, and the Final Judgment will not enjoin Harbert or any affiliate from violating either regulation.
2. During the approximately 18 years that they have been involved in offering securities neither HMC, HMC-NY, HMCI nor any of their affiliates have ever been charged by any securities regulatory agency, state or federal, with violating Regulations A or D or any other statutes or regulations relating to the offering of securities.
3. The Commission's Complaint in the above-referenced civil action does not allege that any investors in the Master Fund or Special Situations Fund were harmed by the conduct alleged therein.
4. The disqualification of HMC, HMC-NY, HMCI and their affiliated entities as described above from relying on exemptions under Regulation A and Rule 505 of Regulation D would be unduly and disproportionately severe, given HMC, HMC-NY, and HMCI's long history of compliance with Regulations A and D and the fact that the consented-to Final Judgment's injunctive provision will adequately protect investors in any future Regulation A and D offerings conducted by HMC, HMC-NY, HMCI and their affiliates.

In view of the foregoing, we believe that disqualification is not necessary for the protection of investors or otherwise in the public interest, and HMC, HMC-NY, and HMCI have shown good cause for granting of the requested waiver for itself and its current and future affiliates. Accordingly, we

respectfully request that the Commission waive the disqualification provisions discussed herein as they might otherwise apply to HMC, HMC-NY, HMCI, and their affiliates as described above and any future affiliates, to the extent that they may be applicable as a result of the entry of the consented-to Final Judgment.¹

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel Shea". The signature is written in a cursive style and is positioned above the printed name "Daniel Shea".

Partner
Daniel.Shea@hoganlovells.com
D 303-454-2475

¹ We note in support of this request that the Commission has in other instances granted relief under Rule 262 of Regulation A and Rule 505(b)(2)(iii)(C) of Regulation D for similar reasons. See, e.g., SEC Letter from Gerald Laporte, Chief, Office of Small Business Policy, to Ellen R. Patterson, Counsel for Investools, Inc. (Dec. 16, 2009); SEC Letter from Gerald Laporte, Chief, Office of Small Business Policy, to John Freedman, Counsel for GE Funding Capital Market Services, Inc. (Jan. 23, 2012); SEC Letter from Gerald Laporte, Chief, Office of Small Business Policy, to Kevin McEnergy, Counsel to Gabelli Funds LLC. (Apr. 24, 2008).