

SPECIAL OPPORTUNITIES FUND, INC.
Form PRE 14A
October 12, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a party other than the Registrant o

Check the appropriate box:

- x Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- o Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Under §240.14a-12

Special Opportunities Fund, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the
Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Special Opportunities Fund, Inc.
615 East Michigan Street
Milwaukee, WI 53202
(New York Stock Exchange Trading Symbol: SPE)

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD DECEMBER 7, 2011

Important Notice regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to Be Held on December 7, 2011: The Notice of Annual Meeting of Stockholders and Proxy Statement are available on the Internet at http://specialopportunitiesfundinc.com/investor_reports.html.

To the stockholders:

Notice is hereby given that an annual meeting (the "Meeting") of stockholders (herein referred to as "stockholders") of Special Opportunities Fund, Inc., a Maryland corporation (the "Fund"), will be held on December 7, 2011 at 2:00 PM, Eastern time, at the offices of Blank Rome LLP, 405 Lexington Avenue, New York, NY 10174, for the following purposes:

- (1) To elect six directors to serve until the annual meeting of stockholders in 2012 and until their successors are elected and qualify or until they resign or are otherwise removed;
- (2) To authorize the Adviser, in its sole discretion, to vote proxies received by the Fund from any closed-end investment company in the Fund's portfolio on any proposal (including the election of directors) which the Adviser reasonably determines is likely to impact the discount of such investment company's market price as compared to its net asset value; and
- (3) To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

You are entitled to vote at the Meeting and any adjournment or postponement thereof if you owned shares of the Fund's common stock at the close of business on October 21, 2011. If you attend the Meeting, you may vote your shares in person. Whether or not you expect to attend the Meeting, please complete, date, sign and return the enclosed proxy card in the enclosed postage paid envelope so that a quorum will be present and a maximum number of shares may be voted. You may change your vote at any time by submitting a later-dated proxy or by voting at the Meeting. You may obtain directions to the offices of Blank Rome LLP by contacting Blank Rome LLP directly at 212-885-5000 or accessing the firm's Web site at <http://www.blankrome.com/index.cfm?contentID=50&itemID=5>.

By order of the Board of Directors,

Phillip Goldstein
Chairman of the Board

October __, 2011

Your vote is important no matter how many shares you own

Please indicate your voting instructions on the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided. If you sign, date and return the proxy card but give no voting instructions, your shares will be voted "FOR" the nominees for director named in the attached Proxy Statement (i.e., Proposal 1), "FOR" the authorization of the Adviser to vote proxies on behalf of the Fund in favor of discount control mechanisms (i.e., Proposal 2) and, in the proxies' discretion, either "FOR" or "AGAINST" any other business that may properly arise at the Meeting. In order to avoid the additional expense to the Fund of further solicitation, we ask your cooperation in mailing in your enclosed proxy card promptly.

Instructions for signing proxy cards

The following general guidelines for signing proxy cards may be of assistance to you and avoid the time and expense to the Fund in validating your vote if you fail to sign your proxy card properly.

1. Individual accounts: Sign your name exactly as it appears in the registration on the proxy card.
2. Joint accounts: Either party may sign, but the name of the party signing should conform exactly to the name shown in the registration on the proxy card.
3. All other accounts: The capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example:

Registration	Valid signature
Corporate accounts	
(1) ABC Corp.	ABC Corp. John Doe, Treasurer
(2) ABC Corp.	John Doe, Treasurer
(3) ABC Corp. c/o John Doe, treasurer	John Doe
(4) ABC Corp. profit sharing plan	John Doe, Trustee
Partnership accounts	
(1) The XYZ partnership	Jane B. Smith, Partner
(2) Smith and Jones, limited partnership	Jane B. Smith, General Partner
Trust accounts	
(1) ABC trust account	Jane B. Doe, Trustee
(2) Jane B. Doe, trustee u/t/d 12/18/78	Jane B. Doe
Custodial or estate accounts	
(1) John B. Smith, Cust. f/b/o John B. Smith, Jr. UGMA/UTMA	John B. Smith
(2) Estate of John B. Smith	John B. Smith, Jr., Executor

Special Opportunities Fund, Inc.
615 East Michigan Street
Milwaukee, WI 53202

PROXY STATEMENT

Introduction

Annual Meeting of Stockholders to be Held on December 7, 2011

This proxy statement (the "Proxy Statement") is furnished to the stockholders (herein referred to as "stockholders") of Special Opportunities Fund, Inc. (the "Fund") in connection with the solicitation by the Fund's Board of Directors (the "Board") of proxies to be used at the annual meeting (the "Meeting") of the stockholders of the Fund to be held on December 7, 2011, at 2:00 PM, Eastern time, at the offices of Blank Rome LLP, 405 Lexington Avenue, New York, NY 10174, or any adjournment or postponement thereof. This Proxy Statement and the related proxy card will first be mailed to stockholders on or about November 1, 2011.

Quorum. The presence, in person or by proxy, of stockholders entitled to cast a majority of the votes entitled to be cast at the Meeting (i.e., the presence of a majority of the shares outstanding on October 21, 2011) is necessary to constitute a quorum for the transaction of business. In the event that a quorum is not present at the Meeting, or if a quorum is present at the Meeting but sufficient votes to approve any of the proposals are not received, the chairman of the Meeting may adjourn the Meeting, or the persons named as proxies may propose one or more adjournments of the Meeting to permit further solicitation of proxies. If submitted to stockholders, any such adjournment will require the affirmative vote of holders of a majority of those shares represented at the Meeting in person or by proxy (or a majority of votes cast if a quorum is present). A stockholder vote may be taken on one or more of the proposals in this Proxy Statement prior to any such adjournment if sufficient votes have been received and it is otherwise appropriate.

Required Vote for Adoption of Proposals. Proposal 1 (to elect six directors) requires the affirmative vote of a plurality of the votes cast at the Meeting in person or by proxy on such Proposal, provided a quorum is present. All of the outstanding shares of the Fund's common stock will vote together as a single class. Each full share is entitled to one vote and each fractional share is entitled to a proportionate share of one vote.

Proposal 2 (to authorize the Adviser, in its sole discretion, to vote proxies received by the Fund from any closed-end investment company in the Fund's portfolio on any proposal, including the election of directors, which the Adviser reasonably determines is likely to impact the discount of such investment company's market price as compared to its net asset value) requires the affirmative vote of a majority of the votes validly cast.

A broker non-vote occurs when the broker returns a properly executed proxy for shares held by the broker for a customer but does not vote on a matter because the broker does not have discretionary voting authority and has not received instructions from the beneficial owner. Abstentions and broker non-votes, if any, will be counted as shares present for purposes of determining whether a quorum is present at the Meeting. They will be treated as votes present at the Meeting, but will not be treated as votes cast for or against any proposal. Therefore, abstentions and broker non-votes will have no effect on a proposal which requires a plurality of votes cast for approval (i.e., Proposal 1) or on

a proposal which requires a majority of votes validly cast (i.e., Proposal 2).

The individuals named as proxies on the enclosed proxy card will vote in accordance with your direction as indicated thereon if your proxy card is received properly executed by you or by your duly appointed agent or attorney-in-fact. If you give no voting instructions, your shares will be voted FOR Proposal 1 and, in the proxies' discretion, either FOR or AGAINST any other business that may properly be presented at the Meeting (e.g., adjourning the Meeting if a stockholder vote is called).

You may revoke any proxy card by giving another proxy or by submitting a written notice of revocation to the Secretary of the Fund, care of U.S. Bancorp Fund Services, LLC, 615 East Michigan Street, Milwaukee, WI 53202. To be effective, your revocation must be received by the Fund prior to the Meeting and must indicate your name and account number. In addition, if you attend the Meeting in person you may, if you wish, vote in person at the Meeting, thereby cancelling any proxy previously given.

As of the record date, October 21, 2011, the Fund had 6,676,450 shares of common stock outstanding.

Stockholders may request, without charge, copies of the Fund's annual report and semi-annual report by writing the Fund, c/o the Administrator, 615 East Michigan Street, Milwaukee, WI 53202 or by contacting the Administrator at 1-877-607-0414. These reports are also available on the U.S. Securities and Exchange Commission's (the "SEC") website, www.sec.gov.

Proposal 1.

To elect six directors to serve until the annual meeting of stockholders in 2012 and until their successors are elected and qualify or until they resign or are otherwise removed

Proposal 1 relates to the election of six directors of the Fund. The stockholders are being asked to elect Messrs. Chadwick, Dakos, Goldstein, Harris, Hellerman and Walden to the Board, each to serve until the annual meeting of stockholders in 2012 and until his successor is elected and qualifies or until he resigns or is otherwise removed. Each nominee for director was based upon the recommendation of the Fund's Nominating and Corporate Governance Committee.

If you properly execute and return the enclosed proxy card, unless you give contrary instructions on the enclosed proxy card, your shares will be voted FOR the election of all nominees. If any of the nominees should withdraw or otherwise become unavailable for election, your shares will be voted FOR such other nominee or nominees as the present Board may recommend. Each nominee has indicated his willingness to serve if elected. If elected, each nominee will hold office until the annual meeting of stockholders in 2012 and until his successor is elected and qualifies.

The following table sets forth each nominee as well as the current officers of the Fund, his name, address, age, position with the Fund, term of office and length of service with the Fund, principal occupation or employment during the past five years and other directorships held at September 30, 2011. Messrs. Chadwick, Harris and Walden are each not considered an "interested person" of the Fund within the meaning of the Investment Company Act of 1940 (the "1940 Act") (each an "Independent Director"). Mr. Hellerman is considered an "interested person" of the Fund within the meaning of the 1940 Act because he serves as the Fund's Chief Compliance Officer and Chief Financial Officer. Messrs. Dakos and Goldstein are each considered an "interested person" of the Fund within the meaning of the 1940 Act because of their affiliation with Brooklyn Capital Management, LLC (the "Adviser") and their positions as officers of the Fund.

Name, Address and Age*	Position(s) Held with the Fund	Term of Office and Length of Time Served	Principal Occupation During the Past Five Years	Number of Portfolios in Fund Complex Overseen by Director**	Other Directorships held by Director or Nominee for Director
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INTERESTED DIRECTOR NOMINEES

Andrew Dakos**** (45)	President as of October 2009.	1 year; Since 2009	Principal and Chief Compliance Officer of the Adviser, since 2009; Principal of the general partner of several private investment partnerships in the Bulldog Investors group of funds, since 2005.	1	Director, Mexico Equity and Income Fund, Inc.; Director, Brantley Capital Corporation.
Phillip Goldstein*** (66)	Chairman and Secretary as of October 2009.	1 year; Since 2009	Principal of the Adviser, since 2009; Principal of the general partner of several private investment partnerships in the Bulldog Investors group of funds, since 1992.	1	Chairman, Mexico Equity and Income Fund, Inc.; Chairman, Brantley Capital Corporation; Director, ASA Ltd.; Director, Korea Equity and Income Fund, Inc.
Gerald Hellerman***** (73)	Chief Compliance Officer and Chief Financial	1 year; Since 2009	Managing Director of Hellerman Associates (a financial and	1	Director, Mexico Equity and Income Fund, Inc.; Director,

Officer as of
January 2010.

corporate
consulting
firm), since
2005.

Brantley Capital
Corporation;
Director, MVC
Capital, Inc.

INDEPENDENT DIRECTOR NOMINEES

Name, Address and Age*	Position(s) Held with the Fund	Term of Office and Length of Time	Principal Occupation During the Past Five Years	Number of Portfolios in Fund Complex Overseen by Director**	Other Directorships held by Director or Nominee for Director
James Chadwick (38)	-	1 year; Since 2009	Managing Director of Main Street Investment Partners, LLC (private equity firm), since April 2011; Managing Director of Opus Partners, LLC (private equity firm), June 2010 – April 2011; Managing Director of Harlingwood Equity Partners LP, March 2009 – June 2010; Managing Partner of Chadwick Capital Management, January 2006 – December 2008.	1	None
Ben Hormel Harris (43)	-	1 year; Since 2009	Chief Financial Officer and General Counsel of NHI II, LLC and NBC Bancshares, LLC, October 2007 - present; Investment Professional of MVC Capital, Inc. and The Tokarz Group Advisers, LLC, April 2005 – October 2007.	1	None
Charles C. Walden (67)	-	1 year; Since 2009	Chief Investment Officer of Knights of Columbus	1	Lead Trustee, Third Avenue Funds (fund

(fraternal benefit
society selling life
insurance and
annuities), July
1973 – April 2007.

complex
consisting of five
funds and one
variable series
trust).

OFFICERS

Name, Address and Age*	Position(s) Held with the Fund	Term of Office and Length of Time	Principal Occupation During the Past Five Years	Number of Portfolios in Fund Complex Overseen by Director**	Other Directorships held by Director or Nominee for Director
Andrew Dakos*** (45)	President as of October 2009	1 year; Since 2009	Principal and Chief Compliance Officer of the Adviser; Principal of the general partner of several private investment partnerships in the Bulldog Investors group of funds.	n/a	n/a
Rajeev Das (42)	Vice-President and Treasurer as of October 2009	1 year; Since 2009	Managing Member of the general partner of several private investment partnerships in the Bulldog Investors group of funds.	n/a	n/a
Phillip Goldstein*** (66)	Chairman and Secretary as of October 2009	1 year; Since 2009	Principal of the Adviser; Principal of the general partner of several private investment partnerships in the Bulldog Investors group of funds.	n/a	n/a
Gerald Hellerman**** (73)	Chief Compliance Officer and Chief Financial Officer as of January 2010.	1 year; Since 2009	Managing Director of Hellerman Associates (a financial and corporate consulting firm), since 2005.	n/a	n/a