

SPECIAL OPPORTUNITIES FUND, INC.
Form N-2
January 09, 2012

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-2
(Check appropriate box or boxes)

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
 Pre-Effective Amendment No. ____
 Post-Effective Amendment No. ____

and

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY
ACT OF 1940
 Amendment No. 12

Special Opportunities Fund, Inc.

Exact Name of Registrant as Specified in Charter

615 East Michigan Street, Milwaukee, WI 53202

Address of Principal Executive Offices (Number, Street, City, State, Zip Code)

Registrant's Telephone Number, including Area Code 1-877-607-0414

Andrew Dakos, Brooklyn Capital Management, LLC, Park 80 West, 250 Pehle Avenue, Suite 708, Saddle Brook, NJ
10570

Name and Address (Number, Street, City, State, Zip Code) of Agent for Service

Copies of Communications to:
Thomas R. Westle, Esquire, Blank Rome LLP, 405 Lexington Avenue, New York, New York 10174

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Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box []

It is proposed that this filing will become effective (check appropriate box)

[X] when declared effective pursuant to section 8(c)

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock		\$	\$	\$
Convertible Preferred Stock		\$	\$	\$
Total			\$1,000,000	\$114.60

(1) Estimated solely for the purpose of calculating fee as required by Rule 457(o) under the Securities Act of 1933.

Pursuant to Rule 473 under the Securities Act of 1933, as amended, the Registrant hereby amends the Registration Statement to delay its effective date until the Registrant shall file a further amendment that specifically states that the Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

PROSPECTUS – SUBJECT TO COMPLETION

Rights to Purchase up to 667,645 Shares of
Convertible Preferred Stock at \$50.00 per Share

Special Opportunities Fund, Inc.

We are distributing at no charge to holders of our common stock as of _____ (the “Record Date”) transferable rights to purchase up to an aggregate of 667,645 shares of 3.00% Convertible Preferred Stock, Series A, par value \$0.001 per share. The shares of convertible preferred stock will be convertible into shares of our common stock at a conversion rate of three shares of common stock for each share of convertible preferred stock, which is equivalent to a conversion price of approximately \$33.33 per share, subject to adjustment upon the occurrence of certain events.

You will receive one transferable right (each whole right, a “Subscription Right”) for each ten shares of our common stock you own on the Record Date (the “Basic Subscription Right”). The number of Subscription Rights issued to each Record Date stockholder will be rounded down to the nearest whole number. Each Subscription Right will entitle holders to purchase one share of convertible preferred stock (“Convertible Preferred Stock”) at a subscription price of \$50.00 per share. We will not issue fractional shares upon the exercise of your Basic Subscription Right or Over-Subscription Privilege (as defined below). The offer to purchase Convertible Preferred Stock will expire at 5:00 p.m., New York City time, on _____, 2012, unless we decide to extend it to some later date (the “Expiration Date”). You should carefully consider whether to exercise your Subscription Rights. Unless our Board of Directors cancels or terminates the offering, all exercises of Subscription Rights are irrevocable.

If you elect to purchase the maximum amount of our Convertible Preferred Stock that you are entitled to pursuant to your Basic Subscription Right, you will also be entitled to subscribe, subject to allotment, to purchase additional shares of our Convertible Preferred Stock, if any, that are not purchased by our other stockholders pursuant to their Basic Subscription Right as of the Expiration Date (the “Over-Subscription Privilege”). If you do not fully subscribe for your Basic Subscription Right, your ownership may be diluted. See “Risk Factors – Dilution of Ownership.” We expect the total purchase price of Convertible Preferred Stock in this rights offering to be \$33,382,250, assuming full participation.

The Rights are transferable and will be admitted for trading on the New York Stock Exchange (“NYSE”) under the symbol “[SPE RT].” We intend to file an application to list our Convertible Preferred Stock on the New York Stock Exchange under the symbol “[SPE Pr],” but we cannot assure you that the Convertible Preferred Stock will be listed for trading or that a liquid market for our Convertible Preferred Stock will develop. Shares of our common stock have traded on the NYSE under the symbol “SPE” since April 21, 2010 and before that under the symbol “PIF.” New shares of common stock issued upon conversion of the Convertible Preferred Stock will also be listed under the symbol “SPE.”

Special Opportunities Fund, Inc. is registered under the Investment Company Act of 1940, as amended, as a closed-end, diversified management investment company. Our investment objective is total return.

An investment in the Fund involves risks. See “Risk Factors” beginning on page ____.

For more information, please call _____ (the “Subscribing Agent”) toll free at _____.

(continued on following page)

Subscription Price Sales Load Proceeds to the

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			Fund(1)
Per Share	\$50.00	None	\$50.00
Total	\$33,382,250	None	\$33,382,250

(1) Proceeds to the Fund are before deduction of expenses incurred by the Fund in connection with the Offering, estimated to be approximately \$_____. Funds received prior to the final due date of this Offering will be deposited in a segregated account pending allocation and distribution of Shares. Interest, if any, on subscription monies will be paid to the Fund regardless of whether Shares are issued by the Fund; interest will not be used as credit toward the purchase of Shares.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is _____.

Investment Adviser. Brooklyn Capital Management (the “Adviser”) acts as the Fund's investment adviser. See “Management of the Fund.” As of the date of this Prospectus, the Adviser does not manage any assets other than the Fund’s. The Adviser's address is Park 80 West, 250 Pehl Avenue, Suite 708, Saddle Brook, New Jersey 10570.

This prospectus sets forth concisely the information about the Fund that you should know before deciding whether to invest in the Fund. The Fund files annual and semi-annual stockholder reports, proxy statements and other information with the SEC. You can obtain this information or any information regarding the Fund filed with the SEC from the SEC’s web site (<http://www.sec.gov>) or by calling 1-877-607-0414 or by writing to the Fund c/o U.S. Bancorp 615 East Michigan Street, Milwaukee, WI 53202. Our website address is www.specialopportunitiesfundinc.com.

The Fund’s shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any governmental agency.

You should rely only on the information contained in this Prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This Prospectus is not an offer to sell or issue, or a solicitation of an offer to buy or accept, any securities in any jurisdiction where it is unlawful to make such an offer or solicitation.

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Prospectus Summary

This summary highlights some of the information in this Prospectus. It may not contain all of the information that you may want to consider. You should read carefully the more detailed information set forth under “Risk Factors” and the other information included in this Prospectus. The terms “we,” “us,” the “Fund” and “our” refer to Special Opportunities Fund, Inc. “BCM,” the “adviser” or the “investment adviser” refers to Brooklyn Capital Management.

General

The Fund was incorporated in Maryland on February 13, 1993 and commenced investment operations on June 7, 1993. We are registered under the Investment Company Act of 1940, as amended (together with the rules promulgated thereunder, the “1940 Act”), as a closed-end, diversified management investment company. Our common stock is listed and trades on the NYSE under the trading symbol “SPE.” On April 21, 2010 the Fund’s symbol changed from “PIF” to “SPE.”

Our Investment Objective and Strategy

Our investment objective is total return through capital appreciation and current income. We seek to achieve our investment objective by investing in other closed-end investment companies and other private and publicly-issued U.S. and foreign securities that our Adviser believes have opportunities for appreciation. The Fund may employ strategies designed to capture price movements generated by anticipated corporate events such as investing in companies involved in special situations, including, but not limited to, mergers, acquisitions, asset sales, spin-offs, balance sheet restructuring, bankruptcy, liquidations, self-tender offers, converting from a closed-end to open-end management investment company and other situations.

Our Adviser

Our investment adviser is Brooklyn Capital Management LLC, a limited liability company organized under the laws of Delaware. BCM is an investment adviser registered under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Under our Investment Advisory Agreement, we pay BCM a monthly fee at an annual rate of 1.00% of the value of our average weekly assets. See “Investment Advisory Agreement.”

Rights Offering of Convertible Preferred Stock

Each of our stockholders as of the Record Date shall receive, at no cost, one transferable right (each whole right, a “Subscription Right”) to purchase one share of Convertible Preferred Stock for each ten shares of our common stock such stockholder owns as of the Record Date (the “Basic Subscription Right”). We will not issue fractional shares of our Convertible Preferred Stock upon the exercise of any Rights (as defined below). The number of Rights issued to Record Date stockholders will be rounded down to the nearest whole number of Rights. We intend to offer shares of Convertible Preferred Stock to these stockholders for \$50.00 per share (the “Subscription Price”). The offer to purchase Convertible Preferred Stock will expire at 5:00 p.m., New York City time, on _____, unless we decide to extend it to some later date (the “Expiration Date”).

If you elect to purchase the maximum amount of our Convertible Preferred Stock that you are entitled to purchase pursuant to your Basic Subscription Right, you will also be entitled to subscribe, subject to allotment, to purchase additional shares of our Convertible Preferred Stock, if any, that are not purchased by our other stockholders pursuant to their Basic Subscription Right as of the Expiration Date (the “Over-Subscription Privilege”). Additionally, if there are not enough unsubscribed shares to honor all over-subscription requests, the Fund may, in its sole discretion, issue additional shares, up to 10% of the shares available in the Offering, to honor over-subscription requests. See

“Convertible Preferred Stock Rights Offering – Over-Subscription Privilege.” If you do not fully subscribe for your Basic Subscription Right, your ownership is likely to be diluted. See “Risk Factors – Dilution of Ownership.” The Basic Subscription Right and the Over-Subscription Privilege shall be collectively referred to herein as the “Rights.”

The dividend rate of our Convertible Preferred Stock will be 3.00% of the Subscription Price per share of Convertible Preferred Stock. Dividends on our Convertible Preferred Stock will be fully cumulative, will accumulate without interest from the date of original issuance of the Convertible Preferred Stock and will be payable quarterly in arrears on the last calendar day of March, June, September and December, commencing on the last calendar day of the first March, June, September or December following the date of Expiration Date.

Sale of Rights

The Rights are transferable until the Expiration Date and have been admitted for trading on the NYSE. Although no assurance can be given that a market for the Rights will develop, trading in the Rights on the NYSE will begin three Business Days prior to the Record Date and may be conducted until the close of trading on the last NYSE trading day prior to the Expiration Date, such period to be no less than 20 days. The value of the Rights, if any, will be reflected by the market price. Rights may be sold by individual holders [or may be submitted to the Subscription Agent for sale. Any Rights submitted to the Subscription Agent for sale must be received by the Subscription Agent on or before _____, one Business Day prior to the Expiration Date, due to normal settlement procedures.

Trading of the Rights on the NYSE will be conducted on a when-issued basis until and including the date on which the Subscription Certificates are mailed to Record Date stockholders and thereafter will be conducted on a regular-way basis until and including the last NYSE trading day prior to the Expiration Date. The shares will begin trading ex-Rights two Business Days prior to the Record Date. [If the Subscription Agent receives Rights for sale in a timely manner, it will use its best efforts to sell the Rights on the NYSE. The Subscription Agent will also attempt to sell any Rights (i) a Rights holder is unable to exercise because the Rights represent the right to subscribe for less than one new Common Share (defined herein) or (ii) attributable to stockholders whose record addresses are outside the United States and Canada or who have an APO or FPO address as described below under “Restrictions on Foreign Stockholders” and under “The Offer — Foreign Restrictions” in the prospectus.] Any commissions will be paid by the selling Rights holders. The Fund will not be responsible if Rights cannot be sold and it has guaranteed any minimum sales price for the Rights. If the Rights can be sold, sales of these Rights will be deemed to have been effected at the weighted average price received by the [Subscription Agent] on the day such Rights are sold, less any applicable brokerage commissions, taxes and other expenses. For purposes of this Prospectus, a “Business Day” shall mean any day on which trading is conducted on the NYSE. Stockholders are urged to obtain a recent trading price for the Rights on the NYSE from their broker, bank, financial advisor or the financial press.

How to Subscribe

- Ø Deliver a completed Subscription Certificate (enclosed) and payment to the Subscribing Agent at the address below (Attn: Reorg Dept.) so that it is received by the Expiration Date (we recommend using an insured courier), or
- Ø If your shares are held in an account with your broker-dealer, trust company, bank or other nominee, have your broker-dealer, trust company, bank or other nominee deliver a Notice of Guaranteed Delivery to the Subscribing Agent by the Expiration Date.

Subscribing Agent

[INSERT NAME OF SUBSCRIBING AGENT AND ADDRESS] (the “Subscribing Agent”).

Important Dates to Remember

Record Date	
Subscription Period	*
Expiration Date/ Deadline to Purchase Convertible Preferred Stock†	*
Deadline for Notice of Guaranteed Delivery†	*
Deadline for Payment to Notice of Guaranteed Delivery	*
Confirmation Mailed to Participating Holders	*

* Unless the offer is extended.

† A person purchasing Convertible Preferred Stock pursuant to his or her Rights must deliver either (i) Subscription Certificate and payment for the Convertible Preferred Stock or (ii) a Notice of Guaranteed Delivery by the Expiration Date, unless the offer is extended.

The Offering

Rights to be Issued by Us 667,645 transferable rights exercisable for shares of Convertible Preferred Stock.

Description of Convertible Preferred Stock Shares of the Convertible Preferred Stock will have identical rights, voting powers, restrictions, and qualifications of the common stock of the Fund except for the liquidation and conversion features described in “Liquidation Preference” and “Automatic Conversion” below.

Purpose of the Offering/Use of Proceeds The Board of Directors of the Fund has determined that it would be in the best interests of the Fund and our stockholders to increase the assets of the Fund so that we may be in a better position to take advantage of investment opportunities that exist or may arise. The Offering seeks to reward existing stockholders by giving them the opportunity to purchase additional securities of the Fund without incurring any commission or charge. The distribution of the Rights, which themselves may have intrinsic value, will also give non-participating stockholders the potential of receiving a cash payment upon the sale for their Rights, which may be viewed as partial compensation for the possible dilution of their interests in the Fund as a result of the Offer. Proceeds will be invested in accordance with the Fund’s investment objectives and policies as stated herein. See “Business of the Fund.”

Basic Subscription Right Each of our stockholders as of the Record Date shall receive, at no cost, one transferable right (each whole right, a “Subscription Right”) to purchase one share of Convertible Preferred Stock for each ten shares of our common stock such stockholder owns as of the Record Date (the “Basic Subscription Right”). We will not issue fractional shares of our Convertible Preferred Stock upon the exercise of Rights. The number of Rights issued to Record Date stockholders will be rounded down to the nearest whole number of Rights. We intend to offer shares of Convertible Preferred Stock to these stockholders for \$50.00 per share.

Over-Subscription Privilege If you elect to purchase the maximum amount of our Convertible Preferred Stock that you are entitled to purchase pursuant to your Basic Subscription Right, you will also be entitled to subscribe, subject to allotment, to purchase additional shares of our Convertible Preferred Stock, if any, that are not purchased by our other stockholders pursuant to their Basic Subscription Right as of the Expiration Date (the “Over-Subscription Privilege”). See “Convertible Preferred Stock Rights Offering – Over-Subscription Privilege.” If you do not fully subscribe for your Basic Subscription Right, your ownership is likely to be diluted. See “Risk Factors – Dilution of Ownership.”

Expiration Date 5:00 p.m., New York City time, on _____, unless we decide to extend it to some later date.

Issuance of Convertible Preferred Stock If you purchase shares of Convertible Preferred Stock through the offering, we will issue a Direct Registration System book-entry statement representing the shares of Convertible Preferred Stock to you or DTC on your behalf promptly after completion of the Rights Offering and after pro rata allocations and adjustments have been completed.

Liquidation Preference	<p>In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Fund, the holders of Convertible Preferred Stock will be entitled to receive preferential liquidating distribution at face value (i.e., \$50.00 per share), before any distribution of assets is made to the holders of our common stock. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of shares of Convertible Preferred Stock will not be entitled to any further participation in any distribution of assets by the Fund. See “Convertible Preferred Stock Rights Offering – Description of Convertible Preferred Stock.”</p>
Voting Rights	<p>So long as the Fund is subject to the 1940 Act, the holders of any Convertible Preferred Stock, voting separately as a single class, shall have the right to elect at least two Directors at all times. The remaining Directors shall be elected by holders of common stock. So long as the Fund is subject to the 1940 Act, in addition to any approval by stockholders that might otherwise be required, the approval of the holders of a majority of any outstanding Convertible Preferred Stock voting separately as a class, would be required to (1) adopt any plan of reorganization that would adversely affect the Convertible Preferred Stock, and (2) take any action requiring a vote of security holders under Section 13(a) of the 1940 Act, including, among other things, changes in the Fund’s subclassification as a closed-end investment company or changes in its fundamental investment restrictions. As a result of these voting rights, the Fund’s ability to take any such actions may be impeded to the extent that there is any Convertible Preferred Stock outstanding. The Board of Directors presently intends that, except as otherwise indicated in this prospectus and except as otherwise required by applicable law or the Fund’s Articles of Incorporation, Articles Supplementary or bylaws, holders of Convertible Preferred Stock will have equal voting rights with holders of our common stock (one vote per share, unless otherwise required by the 1940 Act) and shall vote together with such holders of common stock as a single class. See “Convertible Preferred Stock Rights Offering – Description of Convertible Preferred Stock.”</p>
Risk Factors	<p>See “Risk Factors” beginning on page __ and the other information included in this Prospectus for a discussion of risks that you should carefully consider about us and about this offering.</p>
Transferability of the Rights	<p>Your Rights are transferable until the Expiration Date and have been admitted for trading on the NYSE. Although no assurance can be given that a market for the Rights will develop, trading in the Rights on the NYSE will begin three Business Days prior to the Record Date and may be conducted until the close of trading on the last NYSE trading day prior to the Expiration Date. The value of the Rights, if any, will be reflected by the market price. [Rights may be sold by individual holders or may be submitted to the Subscription Agent for sale.]</p>
Termination of the Offering	<p>The Board of Directors may decide to terminate this offering at any time, on or before the Expiration Date. If we terminate the offering, our only obligation to you will be to return any payment, without interest.</p>
Distribution Arrangements	<p>We do not intend to engage a dealer manager for the offer. Our officers and Directors may solicit the exercise of Rights by our stockholders. The offer is not contingent on any number of Rights being exercised. We will pay all expenses incurred in connection with the offer.</p>

Listing	It is the Fund’s intention to list the Convertible Preferred Stock for trading on the NYSE under the symbol “SPE Pr” prior to the issuance of the Convertible Preferred Stock.
Trading	We cannot assure you that the Convertible Preferred Stock will develop any liquidity in the secondary market. In addition, we cannot predict how the issuance of the Convertible Preferred Stock will affect the market value of our common stock.
Material United States Federal Income Tax Consequences	The receipt and election to purchase Convertible Preferred Stock are intended to be nontaxable events. If you sell the Convertible Preferred Stock after purchasing them, you will recognize gain or loss. You should obtain specific tax advice from your personal tax advisor. See “Material United States Federal Income Tax Consequences —Taxation of Stockholders” below.
Management Arrangements	Brooklyn Capital Management (“BCM”) serves as our investment adviser. U.S. Bancorp Fund Services, LLC (“Administrator”) serves as our administrator. For a description of BCM or the Administrator and our contractual arrangements with these companies, see “Investment Advisory Agreement” and “Administration Agreement.”
Subscribing Agent	[TBD]
Dilution	As a result of the terms of this offer, stockholders who do not fully exercise their Rights will own, upon completion of this offer, a smaller proportional interest in us than they owned prior to the offer. It is possible that the Subscription Price of \$50.00 will be less than the NAV per three shares of Common Stock into which it is convertible. If the Subscription Price is less than the current NAV per three shares of Common Stock, the offer would result in an immediate dilution of NAV and the Board may, in its sole discretion, determine to adjust the Subscription price or terminate the Offer. See “Risk Factors – Dilution of Ownership.”
Shares issued and outstanding before the Offering	6,676,450 shares of common stock as of _____.
Shares outstanding after completion of the Offering	Assuming that all 667,645 shares of Convertible Preferred Stock in the Offering are subscribed for, we will have 667,645 shares of Convertible Preferred Stock outstanding, which will be convertible into 225,483 shares of our common stock immediately after the rights offering. Assuming the full conversion of the convertible preferred stock, 6,901,933 shares of our common stock will be issued and outstanding immediately following the rights offering.

Fees and Expenses

The following table shows Fund expenses as a percentage of net assets attributable to common shares.

Stockholder Transaction Expenses	
Sales load	None
Annual Expenses (as a percentage of net assets attributable to common shares)	
Management fees	1.00%
Other expenses (1)	%
Acquired Fund fees and expenses (2)	%
Total Annual Expenses	%

Example (3)

The following example illustrates the hypothetical expenses that you would pay on a \$1,000 investment in common shares, assuming (i) annual expenses of _____% of net assets attributable to common shares and (ii) a 5% annual return:

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$	\$	\$	\$

- (1) "Other Expenses" include, among other expenses, administration and fund accounting fees.
- (2) The Fund invests in other closed-end investment companies and ETFs (collectively, the "Acquired Funds"). The Fund's stockholders indirectly bear a pro rata portion of the fees and expenses of the Acquired Funds in which the Fund invests.
- (3) The example assumes that the estimated "Other Expenses" set forth in the Annual Expenses table remain the same each year and that all dividends and distributions are reinvested at net asset value. Actual expenses may be greater or less than those assumed. The example further assumes that the Fund uses no leverage, as currently intended. Moreover, the Fund's actual rate of return will vary and may be greater or less than the hypothetical 5% annual return.

The purpose of the above table is to help a holder of common shares understand the fees and expenses that such holder would bear directly or indirectly. The example should not be considered a representation of actual future expenses. Actual expenses may be higher or lower than those shown.

We will not pay any broker or dealer, commercial bank, trust company or other person any solicitation fee for any Convertible Preferred Stock purchased pursuant to this offering. No such broker, dealer, commercial bank, trust company or other person has been authorized to act as our agent for purposes of this offering.