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

DIVISION OF
INVESTMENT MANAGEMENT

April 3, 2015

Frank Zarb, Esq.
Proskauer Rose LLP
1001 Pennsylvania Avenue, N.W., Suite 600 South
Washington, DC 20004-2533

Re: Harris & Harris Group, Inc. (the "Company")

Dear Mr. Zarb:

In a letter dated January 28, 2014, you requested confirmation that we would not recommend enforcement action to the Commission if the Company omits, in reliance on Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the shareholder proposal and supporting statement (the "Proposal") submitted by Messrs. Ronald Lazar and Anthony Polak, Managing Directors Wealth Management, Aegis Capital Corp. (the "Proponents") from the Company's proxy materials for the Company's 2015 Annual Meeting of Shareholders (the "Proxy Materials").

You state that the Company received a letter dated November 17, 2014, from the Proponents requesting that the following Proposal be included in the Proxy Materials:

"Our proposal is for the company to buy back stock on a quarterly basis utilizing 5% of its existing cash when the stock is selling for more than a 10% discount to book value.

We feel that rather than spending cash on new investments that may or may not prove successful and take a long time to achieve liquidity, that buying back stock will increase the book value of the existing shares immediately."

In support of your request, you assert that the Proposal and Supporting Statement may be omitted in reliance on subparagraphs (i)(1) and (i)(7) of Rule 14a-8, respectively, on the grounds that the Proposal (1) is not a proper subject for action by shareholders under the laws of the jurisdiction of the Company's organization; and (2) deals with a matter relating to the Company's ordinary business operations.

There appears to be some basis for your view that the Company may exclude the proposal under Rule 14a-8(i)(7), as relating to the Company's ordinary business operations. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the proposal from its proxy materials in reliance on Rule 14a-8(i)(7). In reaching this position, we have not found it necessary to address the alternative basis for omission upon which the Company relies.

Attached is a description of the informal procedures the Division follows in responding to shareholder proposals. If you have any questions or comments concerning this matter, please call me at (202) 551-6964.

Sincerely,

/s/ Dominic Minore

Dominic Minore
Senior Counsel
Division of Investment Management

Attachment

cc: Messrs. Ronald Lazar & Anthony Polak
Managing Directors Wealth Management
Aegis Capital Corp.

DIVISION OF INVESTMENT MANAGEMENT

INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Investment Management believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by an investment company in support of its intention to exclude the proposals from the investment company's proxy material, as well as any information furnished by the proponent's representative.

The staff will always consider information concerning alleged violations of the statutes administered by the Commission, including argument as to whether or not activities proposed to be taken would be violative of the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversary procedure.

The determination reached by the staff in connection with a shareholder proposal submitted to the Division under Rule 14a-8 does not and cannot purport to “adjudicate” the merits of an investment company's position with respect to the proposal. Only a court, such as a U.S. District Court, can decide whether an investment company is obligated to include shareholder proposals in its proxy material. Accordingly, a discretionary determination not to recommend or take Commission enforcement actions, does not preclude a proponent, or any shareholder of an investment company, from pursuing any rights he or she may have against the investment company in court, should the management omit the proposal from the investment company's proxy material.

January 28, 2015

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Via Email
imshareholderproposals@sec.gov
U.S. Securities and Exchange Commission
Division of Investment Management
Office of Chief Counsel
100 F Street, N.E. Washington, D.C. 20549

Re: Harris & Harris Group, Inc. – Shareholder Proposal Submitted by Messrs. Lazar and Polak

Ladies and Gentlemen:

This letter is submitted on behalf of Harris & Harris Group, Inc. (the "Company") pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Pursuant to Staff Legal Bulletin No. 14 ("SLB 14"), the Company, which has elected to be regulated as a business development company ("BDC") under the Investment Company Act of 1940 (the "40 Act"), is submitting this letter to the Division of Investment Management. The Company requests that the staff of the Division of Investment Management (the "Staff") of the Securities and Exchange Commission (the "Commission") not recommend enforcement action if the Company omits from its proxy materials for the Company's 2015 Annual Meeting of Shareholders (the "2015 Annual Meeting") the proposal described below for the reasons set forth herein.

General

The Company received a proposal and supporting statement (the "Proposal") in a letter dated November 17, 2014 from Messrs. Ronald Lazar and Anthony Polak (the "Proponents"). A copy of the Proposal and letter is attached as Exhibit A. As required by Rule 14a-8(j), a copy of this letter is simultaneously being sent to the Proponents. Pursuant to Rule 14a-8(j), the Company will file its definitive proxy statement and form of proxy for the 2015 Annual Meeting no earlier than 80 calendar days following the date of this letter.

The Proposal

The Proposal reads as follows:

> Our proposal is for the company to buy back stock on a quarterly basis utilizing 5% of its existing cash when the stock is selling for more than a 10% discount to book value.

> We feel that rather than spending cash on new investments that may or may not prove successful and take a long time to achieve liquidity, that buying back stock will increase the book value of the existing shares immediately.

Bases for Exclusion

For the reasons set forth below, we request that the Staff concur that the Proposal may be excluded under Rule 14a-8(i)(7) as an ordinary business matter, or Rule 14a-8(i)(1) as improper under state law.

I. The Proposal is Excludable under Rule 14a-8(i)(7)

Rule 14a-8(i)(7) under the Exchange Act permits a company to exclude a shareholder proposal if the "proposal deals with a matter relating to the company's ordinary business operations." Because the Proposal does not implicate a fundamental policy of the Company, but is more analogous to a proposal that the Company establish a standard corporate repurchase plan, we believe it is excludable under this provision. We could not locate any letters submitted by BDCs or closed-end investment companies regarding proposals to implement a share repurchase program that did not involve an interval fund structure. We located two letters involving proposals to implement an interval fund structure, but believe that these should not control the Staff's evaluation of the instant request. These letters are *The Swiss Helvetia Fund, Inc.* (May 5, 2010) and *The Growth Fund of Spain, Inc.* (March 15, 1996). In both of these letters, the Staff denied no-action relief under Rule 14a-8(i)(7) and its predecessor for share repurchase proposals that sought to implement an interval fund structure pursuant to Rule 23c-3 for traditional closed-end funds. In denying the request in *The Growth Fund of Spain, Inc.*, for instance, the Staff explained that "the . . . proposal does not deal with the ordinary operations of an investment company, such as the buying and selling of securities. . . . [it] deals with the capital structure of a company which is subject to regulation under Sections 18 and 23 of the 1940 Act." For these reasons, the Staff concluded that the proposal went beyond ordinary business operations because it had "major implications."

The instant Proposal, by contrast, does address the buying and selling of securities, ordinary operations of an investment fund. It does not implicate a fundamental policy, and it does not seek to create an interval fund structure in accordance with Rule 23c-3 under the 40 Act. First, the Proposal does not request such an interval fund structure, or refer to Rule 23c-3.[1] In addition, it asks the Company to make repurchases only if the Company's common stock "is selling for more than a 10% discount to book value." A policy established under Rule 23c-3 would require the Company to make repurchases at the designated intervals regardless of the trading price for its common stock. Second, the Proposal asks the Company to make repurchases

[1] Pursuant to Rule 23c-3, a BDC could establish a policy pursuant to which it would be required to make repurchase offers to all holders of its common stock at periodic intervals, subject to certain conditions. The establishment of an interval fund structure is a fundamental policy of a fund, and could only be reversed by a vote of a majority of outstanding shares.

"utilizing 5% of its existing cash." A policy established under Rule 23c-3 would require the Company to utilize as much cash as necessary, which may be more or less than 5% of its cash, to make repurchases at the designated intervals. While Rule 23c-3(b)(3) contains conditions permitting a company to suspend its repurchase program, none of the conditions relate to using 5% of existing cash.

The fact that the proposal could be implemented by the Company's Board of Directors further highlights that it is an ordinary business matter entrusted to the Company and its Board. Indeed, the Proposal implicates a key operating matter for the Company's management. Congress enacted the BDC provisions of the 40 Act in order to encourage the flow of capital into small private companies,[2] which are highly illiquid. Therefore, in fulfilling its purpose as a BDC, the Company's mandate is to use its limited cash to make investments in portfolio companies. The Company makes venture capital investments primarily in private companies. The Company rarely commits the total amount of cumulative capital intended for investment in any portfolio company at one point in time. Instead, the Company's investments consist of multiple rounds of financing of a given portfolio company, in which it typically participates if it believes that the merits of such an investment outweigh the risks. As is common with venture capital financings, the Company also commonly has preemptive rights to invest additional capital in its privately held portfolio companies. These rights are useful to protect and potentially increase the value of its positions in its portfolio companies as they mature. Commonly, the terms of such financings in privately held companies also include penalties for those investors that do not invest in these subsequent rounds of financing. Without available capital at the time of investment, the ownership in the portfolio company would be subject to these penalties, which could lead to a partial or complete loss of the capital invested prior to that round of financing. Accordingly, it is important the Board of Directors and management of the Company have the discretion to manage the use of the Company's cash in order to best increase shareholder value by having cash available for follow on investments.

As you are aware, the staff of the Division of Corporation Finance (the "CorpFin Staff") has consistently considered and granted relief under Rule 14a-8(i)(7) for proposals seeking to implement share repurchase programs for operating companies. As further discussed above, we believe that the Proposal does not implicate a fundamental policy, and that the Proposal is more analogous to the proposals addressed by the CorpFin Staff.

The CorpFin Staff has previously permitted a company to exclude a share repurchase proposal under Rule 14a-8(i)(7) when the proponent disagreed with the company's use of cash on hand. In *Concurrent Computer Corporation* (July 13, 2011), the proponent believed that the company's cash on hand was better used if returned to shareholders via a Dutch auction tender offer than being "stockpile[d]…for undefined uses." The CorpFin Staff permitted the company to exclude the proposal under Rule 14a-8(i)(7) and noted that the proposal related to "the implementation and particular terms of a share repurchase program." The CorpFin Staff has also

[2] 126 Cong. Rec. H9333 (daily ed. Sept. 22, 1980).

granted relief under Rule 14a-8(i)(7) for share repurchase proposals that were submitted for other reasons.[3]

We believe that the Staff should consider as more analogous to these facts the letters relating to operating companies that are discussed above in analyzing whether exclusion pursuant to Rule 14a-8(i)(7) is appropriate for the instant proposal.

II. The Proposal is Excludable under Rule 14a-8(i)(1)

Rule 14a-8(i)(1) permits a company to exclude a shareholder proposal if the proposal is "not a proper subject for action by shareholders under the laws of the jurisdiction of the company's organization." A note to Rule 14a-8(i)(1) states that, "[d]epending on the subject matter, some proposals are not considered proper under state law if they would be binding on the company if approved by shareholders."

Section G of SLB 14 provides that, "[w]hen drafting a proposal, shareholders should consider whether the proposal, if approved by shareholders, would be binding on the company. In our experience, we have found that proposals that are binding on the company face a much greater likelihood of being improper under state law and, therefore, excludable under rule 14a-8(i)(1)." Similarly, the Commission has explained that typical state statutes provide for management of the business and affairs of a corporation by the board of directors. As a result, "[u]nder such statute, a board may be considered to have exclusive discretion in corporate matters, absent a specific provision to the contrary in the statute itself, or the corporation's charter or by-laws. Accordingly, proposals by security holders that mandate or direct the board to take certain action may constitute an unlawful intrusion on the board's discretionary authority under the typical statute."[4]

The Company is incorporated under New York law. Section 701 of the New York Business Corporation Law provides that "the business of a corporation shall be managed under the direction of its board of directors" subject to the specified powers in the certificate of incorporation. No provision in the Company's Certificate of Incorporation or Bylaws confers such management power on the shareholders. Consequently, because the Proposal does not allow the Company's Board of Directors to exercise its judgment in managing the Company, it is not a proper subject for action by shareholders under the laws of New York.

[3] *See Citigroup Inc.* (Jan. 24, 2014) (proposal to repurchase underwater employee equity awards for certain types of employees), *Inland American Real Estate Trust, Inc.* (Sept. 3, 2013) (proposal to repurchase stock for certain shareholders so as to permit such shareholders to avoid a required minimum withdrawal from their IRA), *Fauquier Bankshares, Inc.* (Feb. 21, 2012) (proposal to repurchase stock to offset dilution caused by equity grants to directors and officers).

[4] *See* Release No. 34-12999 (Nov. 22, 1976).

The Staff has consistently concurred with the view that a shareholder proposal mandating or directing a company's board of directors to take certain action is inconsistent with the discretionary authority provided to a board of directors under state law. For example, in *Tri-Continental Corp.* (March 25, 2003) the Staff concurred that a shareholder proposal requiring the company to cease repurchasing its shares on the open market could be omitted from the company's proxy materials under Rule 14a-8(i)(1) as improper under Maryland law unless the proponent recast the proposal as a recommendation or request. Similarly, in *The Growth Fund of Spain*, the Staff noted that the mandatory proposal to adopt interval fund status could be excluded under Rule 14a-8(i)(1)'s predecessor as improper under state law. The CorpFin Staff has also consistently found mandatory proposals to be similarly excludable under 14a-8(i)(1).[5]

The Proposal is not a precatory proposal; rather, if passed, it would *require* "the company to buy back stock on a quarterly basis utilizing 5% of its existing cash when the stock is selling for more than a 10% discount to book value." If approved by shareholders, the Proposal would impose an obligation on the Board to repurchase shares in accordance with the specified limits, regardless of whether, in the Board's good faith judgment, repurchasing shares at that time and in those amounts is in the best interest of the Company and all of its shareholders.

This letter also serves as confirmation for purposes of Rule 14a-8(i)(1) that, as a member in good standing admitted to practice before courts in the State of New York, I am of the opinion that the subject matter of the Proposal is not a proper subject for action by the Company's shareholders under the laws of the State of New York. Therefore, we believe that the Proposal may be omitted from the Company's proxy statement for its 2015 Annual Meeting pursuant to Rule 14a-8(i)(1).

Conclusion

On the basis of the forgoing, the Company requests the concurrence of the Staff that the Proposal may be excluded from the Company's proxy materials for the 2015 Annual Meeting, or, if the Staff does not concur that the Proposal may be excluded, that it be revised to make it precatory rather than mandatory. If you have any questions or would like any additional information regarding the foregoing, please do not hesitate to contact me at (202) 416-5870.

Regards,

/s/ Frank Zarb

Frank Zarb

[5] *See, e.g.*, *General Electric Co.* (Jan. 31, 2007), *Enzo Biochem Inc.* (Oct. 27, 2006), *International Paper Co.* (Mar. 1, 2004).

Enclosures

cc: Douglas W. Jamison, Harris & Harris Group, Inc.
Ronald Lazar
Anthony Polak

Exhibit A

(see attached)

AEGIS CAPITAL CORP.

November 17, 2014

HARRIS & HARRIS GROUP
Attention: Patricia Egan
Chief Financial Officer and Chief Compliance Officer
1450 Broadway / 24th floor
New York, NY 10018

Dear Ms. Egan,

We the undersigned, Anthony Polak and Ronald Lazar who collectively have discretionary authority on 835,009 shares of Harris & Harris Group hereby submit a proposal to be included in the next proxy statement. This proposal should be put to a vote by the shareholders.

Warren Buffet has always been a proponent of stock buy backs, his quotation follows:
"There is only one combination of facts that makes it advisable for a company to repurchase its shares: First, the company has available funds –cash plus sensible borrowing capacity—beyond the near-term needs of the business and, second, finds its stock selling in the market below its intrinsic value, conservatively calculated".
--Warren Buffet, 2000

Our proposal is for the company to buy back stock on a quarterly basis utilizing 5% of its existing cash when the stock is selling for more than a 10% discount to book value.

We feel that rather than spending cash on new investments that may or may not prove successful and take a long time to achieve liquidity, that buying back stock will increase the book value of the existing shares immediately.

Ronald Lazar
Managing Director Wealth Management

Anthony Polak
Managing Director Wealth Management