Harbinger fiscal 2Q loss widens

The Associated Press

Harbinger Group Inc., the holding company run by hedge fund manager Philip Falcone, said Thursday its fiscal second-quarter loss widened, pulled down by losses related to its preferred stock.

The company also said in a regulatory filing that it reached a settlement with the Securities and Exchange Commission that bars Falcone from being associated with investment deals for two years. He will also pay an $18 million fine, without admitting or denying fraud allegations.

In June the SEC filed fraud charges against Falcone and Harbinger Capital Partners LLC for misappropriating client assets, market manipulation and betraying clients. Former COO Peter Jensen was charged with aiding and abetting misappropriations.

For the quarter ended March 31, Harbinger posted a loss attributable to common and participating preferred stockholders of $45.5 million, or 33 cents per share, compared with a loss of $3.9 million, or 3 cents per share, in the year-ago quarter.

The recent quarter included a $39.6 million loss stemming from the change in the fair value of the equity conversion feature of preferred stock.

Revenue jumped 28 percent to $1.41 billion, largely as a result of the company's recent acquisition of Stanley Black & Decker's hardware and home improvement business.

Sales at the company's consumer products unit, which includes Spectrum Brands — the company behind products ranging from Rayovac Batteries to George Foreman grills — jumped 32 percent to $987.8 million, helped by the Stanley acquisition.

The company also closed on its joint venture with EXCO Resources Inc. during the recent quarter, creating a new energy business that contributed $16.7 million in second-quarter revenue.

Harbinger shares fell 10 cents to $9.23 in midday trading.