

CROSSTEX ENERGY INC
Form SC 13D
September 16, 2011

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

SCHEDULE 13D
(Amendment No. __)*

Under the Securities Exchange Act of 1934

CROSSTEX ENERGY, INC.
(Name of Issuer)

Common Stock, par value \$.01 per share
(Title of Class of Securities)

22765Y104
(CUSIP Number)

Philip A. Falcone
Chief Executive Officer
450 Park Avenue, 27th Floor
New York, New York 10022
(212) 906-8555
(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

September 6, 2011
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).



CUSIP No.
22765Y104

Page 1 of 6

1 NAME OF REPORTING PERSON

Harbinger Group Inc.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF
SHARES
BENEFICIALLY

0

8 SHARED VOTING POWER

OWNED BY
EACH
REPORTING
PERSON
WITH

7,000,000

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

7,000,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,000,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14.84%

14 TYPE OF REPORTING PERSON

CO

CUSIP No.
22765Y104

Page 2 of 6

1 NAME OF REPORTING PERSON

Philip Falcone

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

7 SOLE VOTING POWER

NUMBER OF
SHARES
BENEFICIALLY

0

8 SHARED VOTING POWER

OWNED BY
EACH

7,000,000

9 SOLE DISPOSITIVE POWER

PERSON
WITH

0

10 SHARED DISPOSITIVE POWER

7,000,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

7,000,000

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14.84%

14 TYPE OF REPORTING PERSON

IN

CUSIP No.
22765Y104

Page 3 of 6

Item 1. Security and Issuer.

This Schedule 13D is being filed by the undersigned with respect to the shares of Common Stock, par value \$0.01 per share (the "Shares"), of Crosstex Energy, Inc. (the "Issuer"). The principal executive offices of the Issuer are located at 2501 Cedar Springs, Dallas, TX 75201.

Item 2. Identity and Background.

(a-c, f) This Schedule 13D is being filed by Harbinger Group Inc., a Delaware corporation ("HGI") and Mr. Philip Falcone (together with HGI, the "Reporting Persons"), with respect to the 7,000,000 Shares that may be deemed to be beneficially owned by the Reporting Persons. The Shares reported in this Schedule 13D are held in the name of HGI Funding, LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of HGI ("HGI Funding"). The information required by General Instruction C to Schedule 13D with respect to (i) the executive officers and directors of HGI (except for Mr. Falcone who is a Reporting Person) is listed on Schedule A hereto and (ii) each person controlling HGI is listed on Schedule B hereto (the persons identified in clause (i) and (ii), the "Instruction C Persons", and together with the Reporting Persons, the "Harbinger Persons"). HGI is a holding company and its principal business address is 450 Park Avenue, 27th Floor, New York, NY 10022. Mr. Falcone is the Chief Executive Officer and Chairman of the Board of Directors of HGI. Mr. Falcone's relationship with the Instruction C Persons is described in Schedule B hereto.

(d) None of the Harbinger Persons have, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the Harbinger Persons have, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

The funds used for the purchase of the Shares were derived from general working capital, which may have included margin account borrowings made in the ordinary course of business. In such instances, the positions held in the margin accounts are pledged as collateral security for the repayment of debit balances in the account, which may exist from time to time. Because other securities are held in the margin accounts, it is not possible to determine the amounts, if any, of margin used to purchase the Shares reported herein. A total of approximately \$90,090,064 was paid to acquire the Shares.

CUSIP No.
22765Y104

Page 4 of 6

Item 4. Purpose of Transaction.

The Reporting Persons expect to review on an ongoing basis the Issuer's financial condition and prospects and their interest in, and intentions with respect to, the Issuer and their investment in the securities of the Issuer. This review may be based on various factors and could result in, among other things, one or more actions or matters identified in Item 4(a)-(j) of Schedule 13D. In particular, each Harbinger Person may from time to time, depending on the market and other considerations: (i) purchase additional Shares, or acquire options or related derivatives in the open market, in privately negotiated transactions or otherwise; and (ii) sell all or a portion of the Shares, options or related derivatives now beneficially owned or hereafter acquired by them.

Also, the Reporting Persons have engaged, and may further engage in communications with, or may develop intentions, plans or proposals with respect to, or enter into arrangements or agreements with, without limitation, one or more holders of the Issuer's securities, one or more officers of the Issuer, one or more members of the board of directors of the Issuer and/or other persons (including affiliates of the Reporting Persons) regarding the Issuer or its subsidiaries, including, but not limited to their business, capitalization, indebtedness, operations, corporate structure, governance, directors and officers, control or hedging activities, and/or, acquisitions or dispositions involving the Issuer or its subsidiaries or their assets.

Except as set forth above, none of the Reporting Persons has any plans or proposals which relate to, or could result in, any of the matters referred to in paragraphs (a) through (j), inclusive, of the instructions to Item 4 of Schedule 13D. The Reporting Persons may, at any time and from time to time, review or reconsider their position and/or change their purpose and/or formulate plans or proposals with respect thereto.

Item 5. Interest in Securities of the Issuer.

References to percentage ownerships of Shares in this Schedule 13D are based upon the 47,181,084 Shares stated to be outstanding as of July 22, 2011 by the Issuer in its Amendment No. 1 to the Issuer's Quarterly Report on Form 10-Q for the fiscal period ended June 30, 2011, filed with the SEC on August 5, 2011. The Shares reported in this Schedule 13D are held in the name of HGI Funding. Other than any beneficial ownership which may be deemed to exist as a result of the relationships around the Harbinger Persons discussed herein (which beneficial ownership is disclaimed), the Instruction C Persons do not beneficially own any Shares.

(a, b) As of the date hereof, HGI may be deemed to be the beneficial owner of 7,000,000 Shares, constituting 14.84% of the outstanding Shares.

HGI has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 7,000,000 Shares; has sole power to dispose or direct the disposition of 0 Shares; and has shared power to dispose or direct the disposition of 7,000,000 Shares.

CUSIP No.
22765Y104

Page 5 of 6

(a, b) As of the date hereof, Philip Falcone may be deemed to be the beneficial owner of 7,000,000 Shares, constituting 14.84% of the outstanding Shares.

Mr. Falcone has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 7,000,000 Shares; has sole power to dispose or direct the disposition of 0 Shares; and has shared power to dispose or direct the disposition of 7,000,000 Shares.

(c) The trading dates, number of Shares purchased and sold and price per Share for all transactions in the Shares that were effected by the Reporting Persons in the past sixty days are set forth in Exhibit A hereto.

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

None.

Item 7. Material to be Filed as Exhibits.

Exhibit A: Transactions in the Shares.

Exhibit B: Joint Filing Agreement.

CUSIP No.
22765Y104

Page 6 of 6

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

HARBINGER GROUP INC.

By: /s/ Philip A. Falcone
Name: Philip A. Falcone
Title: Chief Executive Officer

/s/ Philip A. Falcone
Philip A. Falcone

September 16, 2011

Attention: Intentional misstatements or omissions of fact constitute federal violations (see 18 U.S.C. 1001).

Executive Officers and Directors of HGI

Name	Business Address	Citizenship	Principal Occupation
Omar Asali	450 Park Avenue, 27th Floor, New York, NY 10022	U.S.	Acting President, Director
Francis McCarron	450 Park Avenue, 27th Floor, New York, NY 10022	U.S.	Executive Vice President, Chief Financial Officer
Richard H. Hagerup	450 Park Avenue, 27th Floor, New York, NY 10022	U.S.	Interim Chief Accounting Officer
Lap Wai Chan	450 Park Avenue, 27th Floor, New York, NY 10022	U.S.	Director
Thomas Hudgins	450 Park Avenue, 27th Floor, New York, NY 10022	U.S.	Director
Robert Leffler, Jr.	450 Park Avenue, 27th Floor, New York, NY 10022	U.S.	Director
Keith Hladek	450 Park Avenue, 27th Floor, New York, NY 10022	U.S.	Director
Robin Roger	450 Park Avenue, 27th Floor, New York, NY 10022	U.S.	Director
David Maura	450 Park Avenue, 27th Floor, New York, NY 10022	U.S.	Director

HGI Controlling Persons

Name	Business Address	Citizenship	Principal Occupation
Harbinger Capital Partners Master Fund I, Ltd. (the "Master Fund")	c/o International Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland	Cayman Islands	Investment Vehicle
Harbinger Capital Partners LLC ("Harbinger LLC")	450 Park Avenue, 30th Floor, New York, NY 10022	Delaware	Investment Manager of the Master Fund
Harbinger Holdings, LLC ("Harbinger Holdings")	450 Park Avenue, 30th Floor, New York, NY 10022	Delaware	Manager of Harbinger LLC, Managing Member of HCPSS (as defined below)
Harbinger Capital Partners Special Situations Fund, L.P. (the "Special Fund")	450 Park Avenue, 30th Floor, New York, NY 10022	Delaware	Investment Vehicle
Harbinger Capital Partners Special Situations GP, LLC ("HCPSS")	450 Park Avenue, 30th Floor, New York, NY 10022	Delaware	General Partner of the Special Fund
Global Opportunities Breakaway Ltd. (the "Global Fund")	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, Cayman Islands KY1-1104	Cayman Islands	Investment Vehicle
Harbinger Capital Partners II LP	450 Park Avenue, 30th Floor, New York, NY 10022	Delaware	Investment Manager of the Global Fund
Philip Falcone	450 Park Avenue, 30th Floor, New York, NY 10022	U.S.	Managing Member of Harbinger Holdings, Portfolio Manager of the Master Fund, Portfolio Manager of the Special Fund

Transactions in the Shares

Transaction Date	Quantity	Price
August 24, 2011	60,100	\$ 9.17
August 24, 2011	40,100	\$ 9.16
August 25, 2011	57,800	\$ 9.61
August 25, 2011	222,650	\$ 9.58
August 26, 2011	93,017	\$ 9.73
August 26, 2011	23,400	\$ 9.65
August 29, 2011	75,000	\$ 10.07
August 29, 2011	1,600	\$ 10.00
August 30, 2011	13,800	\$ 10.31
August 30, 2011	106,300	\$ 10.61
August 30, 2011	50,000	\$ 10.88
August 31, 2011	40,000	\$ 11.40
August 31, 2011	954,100	\$ 11.61
September 1, 2011	560,000	\$ 11.96
September 1, 2011	40,000	\$ 12.21
September 6, 2011	110,000	\$ 10.94
September 6, 2011	120,400	\$ 10.88
September 7, 2011	150,000	\$ 12.50
September 7, 2011	280,900	\$ 12.51
September 8, 2011	100,000	\$ 12.96
September 8, 2011	78,596	\$ 13.01
September 8, 2011	184,600	\$ 13.00
September 9, 2011	100,000	\$ 12.78
September 9, 2011	314,400	\$ 12.86
September 9, 2011	50,000	\$ 12.66
September 12, 2011	105,000	\$ 12.56
September 12, 2011	175,000	\$ 12.64
September 13, 2011	100,000	\$ 13.00
September 13, 2011	250,000	\$ 12.98
September 14, 2011	40,300	\$ 13.13
September 14, 2011	43,237	\$ 13.08
September 15, 2011	59,700	\$ 13.74
September 15, 2011	489,965	\$ 14.14
September 15, 2011	140,000	\$ 14.44
September 16, 2011	1,770,035	\$ 14.89

JOINT FILING AGREEMENT

The undersigned hereby agree that the statement on Schedule 13D with respect to the Common Stock, par value \$.01 per share, of Crosstex Energy, Inc., dated as of September 16, 2011 is, and any amendments thereto signed by each of the undersigned shall be, filed on behalf of each of us pursuant to and in accordance with the provisions of Rule 13d-1(k) under the Securities Exchange Act of 1934.

HARBINGER GROUP INC.

By: /s/ Philip A. Falcone
Name: Philip A. Falcone
Title: Chief Executive Officer

/s/ Philip A. Falcone
Philip A. Falcone

September 16, 2011
