

PROSPECTUS



1,200,000 Shares of Common Stock and
1,830,000 Redeemable Common Stock Purchase Warrants
HARVEY ELECTRONICS, INC.

This prospectus (the "Prospectus") relates to an offering (the "Offering") by Harvey Electronics, Inc., a New York corporation (the "Company"), of 1,025,000 shares of common stock, par value \$0.01 per share ("Common Stock") and 1,830,000 redeemable common stock purchase warrants ("Warrants"), through The Thornwater Company, L.P. ("Representative"), as representative of the several underwriters ("Underwriters") named elsewhere in this Prospectus. This Prospectus also relates to the offering through the Underwriters of 175,000 shares of Common Stock by Harvey Acquisition Company, LLC ("HAC"), a principal shareholder of the Company. The Company will not receive any of the proceeds from the offering of the shares by HAC, but HAC will pay \$70,000 of the expenses of this Offering in addition to its share of the underwriting discounts and commissions and non-accountable expense allowance. The shares of Common Stock offered hereby and Warrants (collectively, the "Securities") are being offered and sold separately and will be separately transferable immediately upon issuance.

Each Warrant entitles the holder thereof to purchase one share of Common Stock at an exercise price equal to 110% of the per share offering price of the Shares, subject to adjustment in certain events, during the three-year period commencing two years from the Effective Date as defined below, or earlier with the consent of the Representative. The Warrants are subject to redemption by the Company at \$.10 per Warrant, at any time commencing two years (or earlier with the consent of the Representative) from the date that the Securities and Exchange Commission ("SEC") declares the registration statement ("Registration Statement"), of which this Prospectus forms a part, effective (the "Effective Date"), and prior to their expiration, provided the closing bid price of the Common Stock if traded on the NASDAQ SmallCap Market ("NASDAQ SmallCap") or the OTC Electronic Bulletin Board, or the last sales price per share if listed on the NASDAQ National Market or a national exchange, exceeds 150% of the per share public offering price (\$7.50 per share) for 20 consecutive trading days during such three-year period. If redeemed the Warrants will be exercisable until the close of the trading day preceding the date fixed for redemption. See "Description of Securities — Warrants."

There is currently no active trading market for the Common Stock or Warrants, and there can be no assurance that an active trading market will develop for the Securities in the future or that if developed, it will be sustained. The Common Stock and the Warrants have been approved for quotation on the NASDAQ SmallCap.

The per share public offering price of the Shares and the exercise price and other terms of the Warrants were determined by negotiation between the Company and the Representative and do not necessarily bear any relationship to the Company's assets, earnings, book value, net worth, or other generally accepted criteria of value. See "Underwriting."

INVESTMENT IN THE SECURITIES OFFERED HEREBY INVOLVES A HIGH DEGREE OF RISK AND IMMEDIATE SUBSTANTIAL DILUTION.

SEE "RISK FACTORS" BEGINNING ON PAGE 8 AND "DILUTION" ON PAGE 16.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discounts and Commissions(1)	Proceeds to Company(2)	Proceeds to Selling Securityholder(3)
Per Share	\$ 5.00	\$ 0.50	\$ 4.50	\$ 4.50
Per Warrant	\$ 0.10	\$ 0.01	\$ 0.09	—
Total (4)	\$6,183,000.00	\$ 618,300.00	\$4,777,200.00	\$787,500

(1) Does not include additional compensation to the Representative consisting of (i) a non-accountable expense allowance equal to 3% of the aggregate purchase price of the Securities sold by the Company, or \$159,240 (\$160,063.50 if the Representative's over-allotment option is exercised in full); (ii) a warrant to purchase 120,000 shares of Common Stock at \$8.00 per share and/or 83,000 Warrants at \$.16 per Warrant (the "Representative's Warrant") exercisable during the four year period commencing one year from the Effective Date. Each warrant is identical to the Warrants except the price to purchase one share is \$8.80; and (iii) a three-year consulting agreement providing for fees totaling \$123,660, which is payable to the Representative in full on the closing of this Offering. For additional information concerning additional terms of the Representative's Warrant and further agreements between the Company and the Underwriters, including an agreement to indemnify the Underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended ("Securities Act"), and to pay the Underwriters under certain circumstances a warrant solicitation fee of 5% of the exercise price of each Warrant exercised, see "Underwriting."

(2) Before deducting the non-accountable expense allowance, consulting fee or other compensation payable to the Representative, and other estimated expenses of the Offering approximating \$405,000 payable by the Company net of \$70,000 of such expenses being paid by HAC.

(3) Before deducting the non-accountable expense allowance being paid by HAC to the Representative of \$26,250 (\$53,250 if the Over-Allotment Option is exercised in full) and \$70,000 of expenses of the Offering to be paid by HAC.

(4) The Company and HAC, the selling securityholder, have granted the Underwriters an option, exercisable for 45 days after the Effective Date to purchase up to an additional 180,000 shares of Common Stock and/or 274,500 Warrants (the "Over-Allotment Option"). All shares of Common Stock subject to the Over-Allotment Option will be sold by HAC. All Warrants subject to the Over-Allotment Option will be sold by the Company. Securities sold under the Over-Allotment Option will be sold upon the same terms and conditions set forth above. If the Over-Allotment Option is exercised in full, the total Price to Public, Underwriting Discounts and Commissions, Proceeds to Company and Proceeds to Selling Securityholder will be \$7,110,450, \$711,045, \$4,801,905 and \$1,597,500, respectively. See "Underwriting."

The Securities are being offered by the Underwriters, when, as and if delivered to and accepted by them subject to certain conditions. It is expected that certificates for the shares of Common Stock and the Warrants offered hereby will be available for delivery on or about April 6, 1998, at the office of The Thornwater Company, L.P., 107 A East 37th Street, New York, New York.

THE THORNWATER COMPANY, L.P.

March 31, 1998

HARVEY

February 26, 2001

To Whom It May Concern:

I am writing as Chairman of the Board of Harvey Electronics, to recommend Mr. Thomas D. O'Rourke to your organization.

I first met Mr. O'Rourke in August 1997 when I was searching for an investment firm to raise equity capital for Harvey. This process involved interviewing many firms, and the individuals who ran them. At the time, Mr. O'Rourke was a principal of The Thornwater Companies.

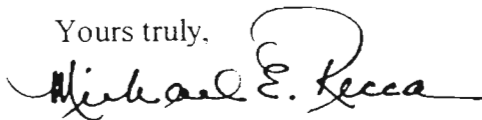
Harvey selected Thornwater, and both they and us survived our individual due diligence. We asked our accounting and legal firms to perform background searches on Thornwater, and Mr. O'Rourke. We also discussed the firm and its principals with their clearing agent - Lewco Securities, a division of IBJ Schroeders. The results of all of these searches were positive, and in stark contrast to the results of our checking on other firms.

The results of our due diligence presaged the experience we had preparing for and selling the offering. The preparation for the offering, and the road trip prior to the effective date went extraordinarily smoothly. My attorneys and accountants cautioned me to expect some last minute, *market conditions*, negotiation on the pricing of the shares. Thankfully, this did not occur.

Tom O'Rourke delivered everything he promised, on time, and on budget. There is little else we could demand or expect. I recommend him to your organization without reservation.

If I can be of further service, please feel free to contact me by phone at 914.712.0620 or by mail at the address shown below.

Yours truly,



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