

LIBERTY ALL STAR EQUITY FUND  
Form SC 13D/A  
September 15, 2011

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549 SCHEDULE 13D/A

(Amendment No. 1)

Under the Securities Exchange Act of 1934 Liberty All-Star Equity Fund (USA)

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**(Name of Issuer)** Common Shares

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**(Title of Class of Securities)** 530158104

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**(CUSIP Number)** George W. Karpus, President  
Karpus Management, Inc.,  
d/b/a Karpus Investment Management  
183 Sully's Trail  
Pittsford, New York 14534  
(585) 586-4680

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**(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)** September 14, 2011

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**(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.  127

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CUSIP No. 530158104

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**1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).** Karpus Management, Inc., d/b/a Karpus Investment Management I.D. #16-1290558

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**2. Check the Appropriate Box if a Member of a Group (See Instructions)**

- (a)  127  
(b)  32X
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**3. SEC Use Only**

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**4. Source of Funds (See Instructions)** AF

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**5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)** N/A

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**6. Citizenship or Place of Organization** New York

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**Number of Shares Beneficially Owned by Each reporting Person With:**

**7. Sole Voting Power** 5,984,139 **8. Shared Voting Power** N/A **9. Sole Dispositive Power** 5,984,139 **10. Shared Dispositive Power** N/A

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**11. Aggregate Amount Beneficially Owned by Each Reporting Person** 5,984,139

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**12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)** N/A

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**13. Percent of Class Represented by Amount in Row (11)** 3.28%

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**14. Type of Reporting Person (See Instructions)** IA

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The following constitutes Amendment No. 1 ("Amendment No. 1") to the Schedule 13D filed by the undersigned. This Amendment amends the original Schedule 13D as specifically set forth.

**Item 3. Source and Amount of Funds or Other Considerations.** KIM, an independent investment advisor, has accumulated 5,984,139 shares of the Liberty All-Star Equity Fund on behalf of accounts that are managed by KIM (the Accounts) under limited powers of attorney, which represents 3.28% of the outstanding shares. All funds that have been utilized in making such purchases are from such Accounts. **Item 4. Purpose of Transaction.** KIM has purchased Shares for the Accounts for investment purposes. However, KIM reserves the right to contact management with regard to concerns that they have with respect to the Fund. This may include letters to the Board and/or other communications with Fund management. Being an independent registered investment advisor, with a specialty focus in closed end funds, the profile of the Liberty All-Star Equity Fund fits the investment guidelines for various Accounts. Shares have been acquired since December 3, 2007. **Item 5. Interest in Securities of the Issuer.** (a) As of the date of this Report, KIM represents beneficial ownership of 5,984,139 shares or 3.28% of the outstanding shares. George W. Karpus presently owns 86,345 shares. Mr. Karpus purchased shares on December 3, 2007 at \$7.08 (900 shares), December 4, 2007 at \$6.97 (125 shares), December 5, 2007 at \$7.1 (675 shares), December 6, 2007 at \$7.17 (100 shares), December 7, 2007 at \$7.27 (650 shares), December 10, 2007 at \$7.31 (175 shares), December 11, 2007 at \$7.22 (550 shares), December 12, 2007 at \$7.19 (250 shares), December 18, 2007 at \$6.99 (750 shares), December 20, 2007 at \$6.91 (6050 shares), January 30, 2008 at \$6.79 (3000 shares), June 26, 2008 at \$6.02 (2000 shares), July 15, 2008 at \$5.23 (1800 shares), July 16, 2008 at \$5.3 (1100 shares), July 17, 2008 at \$5.44 (200 shares), July 22, 2008 at \$5.6 (100 shares), September 16, 2008 at \$4.79 (25 shares), September 17, 2008 at \$4.81 (250 shares), September 18, 2008 at \$4.63 (795 shares), September 22, 2008 at \$4.97 (185 shares), September 23, 2008 at \$4.75 (65 shares), September 24, 2008 at \$4.79 (130 shares), September 29, 2008 at \$4.63 (1905 shares), October 1, 2008 at \$4.47 (180 shares), October 2, 2008 at \$4.46 (3800 shares), October 6, 2008 at \$4.01 (2925 shares), October 7, 2008 at \$3.9 (295 shares), October 8, 2008 at \$3.59 (1445 shares), November 20, 2008 at \$2.76 (655 shares), November 24, 2008 at \$2.9 (225 shares), November 25, 2008 at \$2.92 (155 shares), November 26, 2008 at \$ (470 shares), November 28, 2008 at \$2.98 (35 shares), December 1, 2008 at \$2.86 (90 shares), December 5, 2008 at \$2.94 (840 shares), December 10, 2008 at \$2.93 (20 shares), December 11, 2008 at \$3.05 (230 shares), December 12, 2008 at \$2.95 (90 shares), December 15, 2008 at \$2.98 at \$3 (435 shares), December 29, 2008 at \$3.21 (130 shares), December 30, 2008 at \$3.26 (35 shares), March 6, 2009 at \$2.31 (395 shares), December 1, 2010 at \$4.72 (1000 shares), December 2, 2010 at \$4.78 (500 shares), December 3, 2010 at \$4.76 (800 shares), December 7, 2010 at \$4.82 (5000 shares), December 8, 2010 at \$4.83 (5000 shares), December 9, 2010 at \$4.86 (10000 shares), December 9, 2010 at \$4.86 (1500 shares), December 10, 2010 at \$4.9 (10000 shares), December 22, 2010 at \$4.87 (1000 shares), January 11, 2011 at \$5 (5000 shares), January 12, 2011 at \$5.06 (3000 shares), January 31, 2011 at \$5.02 (5000 shares), July 25, 2011 at \$5.25 (650 shares), July 26, 2011 at \$5.23 (975 shares), July 27, 2011 at \$5.14 (1625 shares), July 28, 2011 at \$5.1 (650 shares), July 29, 2011 at \$5.02 (325 shares), August 1, 2011 at \$5.08 (325 shares), August 2, 2011 at \$5 (275 shares), August 4, 2011 at \$4.89 (200 shares), August 8, 2011 at \$4.37 (1400 shares), and on November 19, 2010 at \$4.66 (1020 shares). Mr. Karpus sold shares on March 18, 2008 at \$6.33 (800 shares), March 23, 2009 at \$2.9 (830 shares), and on April 2, 2009 at \$3.09 (1500 shares). Jo Ann Van Degrieff presently owns 10,145 shares. Ms. Van Degrieff bought shares on December 3, 2007 at \$7.08 (125 shares), December 4, 2007 at \$6.94 (25 shares), December 5, 2007 at \$7.09 (75 shares), December 7, 2007 at \$7.26 (75 shares), December 10, 2007 at \$7.28 (25 shares), December 11, 2007 at \$7.2 (75 shares), December 12, 2007 at \$7.16 (25 shares), December 18, 2007 at \$6.98 (100 shares), December 20, 2007 at \$6.91 (975 shares), September 17, 2008 at \$4.81 (135 shares), September 18, 2008 at \$4.62 (85 shares), September 22, 2008 at \$4.94 (20 shares), September 23, 2008 at \$4.69 (10 shares), September 24, 2008 at \$4.78 (30 shares), September 29, 2008 at \$4.63 (390 shares), October 1, 2008 at \$4.44 (20 shares), October 2, 2008 at \$4.46 (105 shares), October 6, 2008 at \$4.01 (340 shares), October 7, 2008 at \$3.89 (55 shares), October 8, 2008 at \$3.59 (265 shares), October 10, 2008 at \$2.87 (395 shares), October 14, 2008 at \$3.87 (85 shares), October 16, 2008 at \$3.43 (220 shares), November 20, 2008 at \$2.75 (110 shares), November 24, 2008 at \$2.89 (40 shares), November 25, 2008 at \$2.9 (25 shares), November 28, 2008 at \$2.84 (5 shares), December 1, 2008 at \$2.82 (15 shares), February 20, 2009 at \$2.72 (5430 shares), February 23, 2009 at \$2.63 (200 shares), February 26, 2009 at \$2.73 (100 shares), March 2, 2009 at \$2.47 (5300 shares), March 3, 2009 at \$2.43 (3515 shares), July 25, 2011 at \$5.25 (325 shares), July 28, 2011 at \$5.1 (325 shares), and on August 8, 2011 at \$4.36 (200 shares). Ms. Van Degrieff sold shares on March 18, 2008 at \$6.34 (100 shares), September 17, 2009 at \$4.31 (9000 shares). Dana R. Consler presently owns 3,715 shares. Mr. Consler bought shares on December 20, 2007 at \$6.91 (500 shares), September 16, 2008 at \$4.67 (5 shares), September 18, 2008 at \$4.59 (25 shares), September 22, 2008 at \$4.79 (5 shares), September 23, 2008 at \$4.59 (5 shares), September 24, 2008 at \$4.71 (10 shares), September 29, 2008 at \$4.62 (155 shares), October 1, 2008 at \$4.39 (10 shares), October 2, 2008 at \$4.47 (640 shares), October 6, 2008 at \$4 (125 shares), October 7, 2008 at \$3.83 (25 shares), October 8, 2008 at \$3.58 (155 shares), October 10, 2008 at \$2.87 (1050 shares), October 14, 2008 at \$3.79 (10 shares), November 20, 2008 at \$2.75 (145 shares), November 24, 2008 at \$2.87 (50 shares), November 25, 2008 at \$2.87 (30 shares), November 28, 2008 at \$2.84 (5 shares), December 12, 2008 at \$2.84 (15 shares), December 15, 2008 at \$2.99 (55 shares), December 29, 2008 at \$3.2 (160 shares), December 30, 2008 at \$3.24 (40 shares), February 23, 2009 at \$2.63 (600 shares), February 24, 2009 at \$2.63 (100 shares), February 25, 2009 at \$2.65 (100 shares), February 26, 2009 at \$2.73 (100 shares), May 5, 2009 at \$3.52 (500 shares), August 8, 2011 at \$4.31 (500 shares), and on September 17, 2008 at \$4.81 (2480 shares). Mr. Consler sold shares on February 26, 2010 at \$4.42 (1145 shares) and on June 29, 2010 at \$4.04 (500 shares). Kathy F. Crane presently owns 1,010 shares. Ms. Crane bought shares on December 20, 2007 at \$6.91 (500 shares), August 21, 2008 at \$5.65 (50 shares), August 26, 2008 at \$5.63 (50 shares), August 27, 2008 at \$5.5 (25 shares), August 28, 2008 at \$5.56 (25 shares), September 18, 2008 at \$4.57 (15 shares), September 22, 2008 at \$4.79 (5 shares), September 23, 2008 at \$4.59 (5 shares), September 24, 2008 at \$4.61 (5 shares), September 29, 2008 at \$4.61 (60 shares), October 2, 2008 at \$4.4 (15 shares), October 6, 2008 at \$4 (60 shares), October 7, 2008 at \$3.84 (15 shares), October 8, 2008 at \$3.55 (25 shares), October 14, 2008 at \$3.82 (15 shares), November 20, 2008 at \$2.75 (70 shares), November 24, 2008 at \$2.87 (25 shares), November 25, 2008 at \$2.87 (15 shares), November 28, 2008 at \$2.84 (5 shares), December 29, 2008 at \$3.06 (20 shares), and on December 30, 2008 at \$3.09 (5 shares). Karpus Investment Management Defined Benefit Plan presently owns 8,920 shares. The Plan bought shares on July 15, 2008 at \$5.22 (100 shares), July 16, 2008 at \$5.29 (100 shares), August 19, 2008 at \$5.66 (800 shares), September 16, 2008 at \$4.67 (5 shares), September 17, 2008 at \$4.8 (45 shares), September 18, 2008 at \$4.59 (25 shares), September 22, 2008 at \$4.79 (5 shares), September 23, 2008 at \$4.59 (5 shares), September 24, 2008 at \$4.71 (10 shares), September 29, 2008 at \$4.62 (115 shares), October 1, 2008 at \$4.39 (10 shares), October 2, 2008 at \$4.44 (35 shares), October 6, 2008 at \$4 (100 shares), October 7, 2008 at \$3.87 (25 shares), October 8, 2008 at \$3.59 (130 shares), October 10, 2008 at \$2.86 (90 shares), October 14, 2008 at \$3.84 (20 shares), November 20, 2008 at \$2.74 (55 shares), November 24, 2008 at \$2.86 (20 shares), November 25, 2008 at \$2.84 (10 shares), December 1, 2008 at \$2.69 (5 shares), December 11, 2008 at \$2.99 (15 shares), December 12, 2008 at \$2.78 (5 shares), December 15, 2008 at \$2.97 (30 shares), December 29, 2008 at \$3.2 (110 shares), December 30, 2008 at \$3.25 (25 shares), February 23, 2009 at \$2.63 (700 shares), February 24, 2009 at \$2.63 (100 shares), February 25, 2009 at \$2.65 (100 shares), February 26, 2009 at \$2.65 (100 shares), February 26, 2009 at \$2.73 (100 shares), December 1, 2010 at \$4.71 (2500 shares), December 8, 2010 at \$4.83 (3000 shares), July 27, 2011 at \$5.14 (325 shares), and on August 8, 2011 at \$4.36 (200 shares). Karpus Investment Management Profit Sharing Plan presently owns 40,749 shares. The Plan bought shares on December 3, 2007 at \$7.08 (675 shares), December 4, 2007 at \$6.97 (100 shares), December 5, 2007 at \$7.1 (500 shares), December 6, 2007 at \$7.16 (75 shares), December 7, 2007 at \$7.27 (500 shares), December 10, 2007 at \$7.31 (125 shares), December 11, 2007 at \$7.22 (400 shares), December 12, 2007 at \$7.19 (175 shares), December 18, 2007 at \$6.99 (675 shares), December 20, 2007 at \$6.91 (3875 shares), December 31, 2007 at \$7.01 (500 shares), January 22, 2008 at \$6.1 (75 shares), August 21, 2008 at \$5.65 (50 shares), September 11, 2008 at \$5.36 (600 shares), September 15, 2008 at \$5.1 (3205 shares), September 16, 2008 at \$4.86 (505 shares), September 17, 2008 at \$4.82 (300 shares), September 18, 2008 at \$4.63 (410 shares), September 22, 2008 at \$4.97 (85 shares), September 23, 2008 at \$4.77 (50 shares), September 24, 2008 at \$4.8 (110 shares), September 29, 2008 at \$4.63 (1565 shares), October 1, 2008 at \$4.47 (85 shares), October 2, 2008 at \$4.46 (1000 shares), October 6, 2008 at \$4.01 (1410 shares), October 7, 2008 at \$3.91 (295 shares), October 8, 2008 at \$3.59 (1160

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shares), October 10, 2008 at \$2.87 (420 shares), November 20, 2008 at \$2.76 (510 shares), November 24, 2008 at \$2.91 (175 shares), November 25, 2008 at \$2.93 (120 shares), November 28, 2008 at \$3 (25 shares), December 1, 2008 at \$2.87 (70 shares), December 12, 2008 at \$2.96 (70 shares), December 29, 2008 at \$3.25 (1205 shares), December 30, 2008 at \$3.28 (300 shares), March 3, 2009 at \$2.42 (145 shares), June 10, 2009 at \$3.64 (5000 shares), August 5, 2009 at \$3.96 (2000 shares), December 27, 2010 at \$4.92 (100 shares), January 10, 2011 at \$4.97 (5000 shares), January 11, 2011 at \$5 (4800 shares), July 25, 2011 at \$5.25 (325 shares), July 26, 2011 at \$5.23 (650 shares), July 27, 2011 at \$5.14 (325 shares), July 28, 2011 at \$5.1 (325 shares), August 2, 2011 at \$5 (300 shares), and on, August 3, 2011 at \$4.92 (879 shares). Karpus Investment Management Profit Sharing Plan sold shares on March 18, 2008 at \$6.33 (500 shares). None of the other principals of KIM presently own shares of Liberty All-Star Equity Fund. (b) KIM has the sole power to dispose of and to vote all of such Shares under limited powers of attorney. (c) Open market purchases for the last 60 days for the Accounts. There have been no dispositions and no acquisitions, other than by such open market purchases:

### Date Shares Price Per Share

7/13/2011	(4840)	\$5.13
7/14/2011	(5000)	\$5.06
7/15/2011	(3570)	\$5.07
7/20/2011	47800	\$5.16
7/21/2011	11725	\$5.25
7/22/2011	(8525)	\$5.27
7/25/2011	36131	\$5.25
7/25/2011	(325)	\$5.23
7/26/2011	45400	\$5.24
7/26/2011	(395)	\$5.24
7/27/2011	72320	\$5.14
7/27/2011	(9150)	\$5.12
7/28/2011	34600	\$5.11
7/28/2011	(2235)	\$5.10
7/29/2011	17300	\$5.03
8/1/2011	22000	\$5.09
8/2/2011	16420	\$5.01
8/3/2011	31599	\$4.93
8/4/2011	5500	\$4.91
8/5/2011	8100	\$4.61
8/8/2011	87500	\$4.39
8/8/2011	(300)	\$4.32
8/9/2011	400	\$4.36
9/1/2011	(1190)*	\$4.59
9/9/2011	(5479)*	\$4.38
9/12/2011	(6621)*	\$4.37

\*- shares sold due to account liquidation

The Accounts have the right to receive all dividends from, and any proceeds from the sale of the Shares. None of the Accounts has an interest in Shares constituting more than 5% of the Shares outstanding. **Item 6. Contracts, Arrangements, Understandings, or Relationships with Respect to Securities of the Issuer.** On September 14, 2011, Karpus Management, Inc. (d/b/a Karpus Investment Management), for and on behalf of itself and entities and accounts that it controls, or with respect to which it exercises voting discretion ("Karpus") entered into a Standstill Agreement with DST Systems, Inc. ("DST"). Karpus and DST have agreed that, within 30 days after the closing of DST's purchase of ALPS Holdings Inc., the parent company of ALPS Advisors Inc. (the "Closing"), DST will pay Karpus \$10.91 million for shares of Liberty All-Star Growth Fund, Inc. (ASG) and \$2.67 million for shares of Liberty All-Star Equity Fund (USA). The parties may agree to a different allocation between the two funds, so long as the total purchases do not exceed \$13.58 million. The price per share will be 98% of the net asset value per share on the second business day before the date of purchase. The number of shares of each fund to be purchased will be the fixed dollar amount, divided by the appropriate price per share. In the Standstill Agreement, Karpus agreed, with respect to both Funds, to withdraw its preliminary proxy statements and to vote in favor of new advisory agreements for the Funds that would become effective upon the Closing. Karpus also agreed that, for a period of five years from September 14, 2011, Karpus will not take certain actions with respect to shares of the Funds or with respect to the management of the Funds. The summary of the Standstill Agreement is qualified in its entirety by reference to the full text of the Standstill Agreement filed as an Exhibit to this Statement on Schedule 13D. **Item 7. Materials to be Filed as Exhibits.** As referenced in Item 6, above, Karpus entered a Standstill Agreement with DST Systems, Inc.. A copy of the Agreement is attached as Exhibit 1.

### 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.

**Karpus Management, Inc.**

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By: /s/

Name: Sharon Thornton

Title: Senior Director of Investments

Date: September 15, 2011