

SP Bancorp, Inc.  
Form SC 13D/A  
December 16, 2013

CUSIP No. 78468K106 SCHEDULE 13D Page 1 of 28

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934  
(Amendment No. 2)

**SP BANCORP, INC.**

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

78468K106

(CUSIP Number)

Mr. Joseph Stilwell

111 Broadway, 12th Floor

New York, New York 10006

Telephone: (212) 269-1551

Edgar Filing: SP Bancorp, Inc. - Form SC 13D/A

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

December 12, 2013

(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. "

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. 78468K106 SCHEDULE 13D Page 2 of 28

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).  
  
Stilwell Value Partners I, L.P.
2. Check the Appropriate Box if a Member of a Group (See Instructions)  
  
(a)  x  
  
(b)
3. SEC Use Only
4. Source of Funds (See Instructions) WC, OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) ""  
  
Citizenship or Place of Organization:
6. Delaware  
  
Number of  
Shares Beneficially Owned by Each Reporting Person With  
7. Sole Voting Power: 0  
8. Shared Voting Power: 148,390  
9. Sole Dispositive Power: 0  
10. Shared Dispositive Power: 148,390
11. Aggregate Amount Beneficially Owned by Each Reporting Person: 148,390
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ""
13. Percent of Class Represented by Amount in Row (11): 9.5%  
  
Type of Reporting Person (See Instructions)
14. PN

CUSIP No. 78468K106 SCHEDULE 13D Page 3 of 28

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).  
  
Stilwell Value Partners II, L.P.
2. Check the Appropriate Box if a Member of a Group (See Instructions)  
  
(a)  x  
  
(b)
3. SEC Use Only
4. Source of Funds (See Instructions) WC, OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) ""  
  
Citizenship or Place of Organization:
6. Delaware  
  
Number of  
Shares Beneficially  
Owned by Each  
Reporting  
Person With  
7. Sole Voting Power: 0  
8. Shared Voting Power: 148,390  
9. Sole Dispositive Power: 0  
10. Shared Dispositive Power: 148,390
11. Aggregate Amount Beneficially Owned by Each Reporting Person: 148,390
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ""
13. Percent of Class Represented by Amount in Row (11): 9.5%  
  
Type of Reporting Person (See Instructions)
14. PN

CUSIP No. 78468K106 SCHEDULE 13D Page 4 of 28

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).  
  
Stilwell Activist Fund, L.P.
2. Check the Appropriate Box if a Member of a Group (See Instructions)  
  
(a)  x  
  
(b)
3. SEC Use Only
4. Source of Funds (See Instructions) WC, OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) ""  
  
Citizenship or Place of Organization:
6. Delaware
- Number of  
Shares Beneficially  
Owned by Each  
Reporting  
Person With
7. Sole Voting Power: 0
8. Shared Voting Power: 148,390
9. Sole Dispositive Power: 0
10. Shared Dispositive Power: 148,390
11. Aggregate Amount Beneficially Owned by Each Reporting Person: 148,390
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ""
13. Percent of Class Represented by Amount in Row (11): 9.5%  
  
Type of Reporting Person (See Instructions)
14. PN

CUSIP No. 78468K106 SCHEDULE 13D Page 5 of 28

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Stilwell Activist Investments, L.P.

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

(a)  x

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) WC, OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) "

Citizenship or Place of Organization:

6. Delaware

Number of

Shares

Beneficially

Owned by

Each

Reporting

Person With

7. Sole Voting Power: 0

8. Shared Voting Power: 148,390

9. Sole Dispositive Power: 0

10. Shared Dispositive Power: 148,390

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 148,390

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) "

13. Percent of Class Represented by Amount in Row (11): 9.5%

Type of Reporting Person (See Instructions)

14. PN

CUSIP No. 78468K106 SCHEDULE 13D Page 6 of 28

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).  
Stilwell Partners, L.P.
2. Check the Appropriate Box if a Member of a Group (See Instructions)  
(a)  x  
(b)
3. SEC Use Only
4. Source of Funds (See Instructions) WC, OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) ""  
Citizenship or Place of Organization:
6. Delaware  
Number of  
Shares Beneficially Owned by Each Reporting Person With  
7. Sole Voting Power: 0  
8. Shared Voting Power: 148,390  
9. Sole Dispositive Power: 0  
10. Shared Dispositive Power: 148,390
11. Aggregate Amount Beneficially Owned by Each Reporting Person: 148,390
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ""
13. Percent of Class Represented by Amount in Row (11): 9.5%  
Type of Reporting Person (See Instructions)
14. PN

CUSIP No. 78468K106 SCHEDULE 13D Page 7 of 28

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).  
Stilwell Associates Insurance Fund of The SALI Multi-Series Fund L.P.
2. Check the Appropriate Box if a Member of a Group (See Instructions)  
(a)  x  
(b)
3. SEC Use Only
4. Source of Funds (See Instructions) WC, OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) ""  
Citizenship or Place of Organization:
6. Delaware  
Number of  
Shares Beneficially Owned by Each Reporting Person With  
7. Sole Voting Power: 0  
8. Shared Voting Power: 0  
9. Sole Dispositive Power: 0  
10. Shared Dispositive Power: 0
11. Aggregate Amount Beneficially Owned by Each Reporting Person: 0
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ""
13. Percent of Class Represented by Amount in Row (11): 0%  
Type of Reporting Person (See Instructions)
14. PN



CUSIP No. 78468K106 SCHEDULE 13D Page 8 of 28

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).  
Stilwell Value LLC
  2. Check the Appropriate Box if a Member of a Group (See Instructions)
    - (a)  x
    - (b)
  3. SEC Use Only
  4. Source of Funds (See Instructions) n/a
  5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) ""  
Citizenship or Place of Organization:
  6. Delaware
- |              |                                       |
|--------------|---------------------------------------|
| Number of    | 7. Sole Voting Power: 0               |
| Shares       | 8. Shared Voting Power: 148,390       |
| Beneficially | 9. Sole Dispositive Power: 0          |
| Owned by     | 10. Shared Dispositive Power: 148,390 |
| Each         |                                       |
| Reporting    |                                       |
| Person With  |                                       |
11. Aggregate Amount Beneficially Owned by Each Reporting Person: 148,390
  12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ""
  13. Percent of Class Represented by Amount in Row (11): 9.5%  
Type of Reporting Person (See Instructions)
  14. OO

CUSIP No. 78468K106 SCHEDULE 13D Page 9 of 28

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).  
Stilwell Advisers LLC
2. Check the Appropriate Box if a Member of a Group (See Instructions)  
(a)  x  
(b)
3. SEC Use Only
4. Source of Funds (See Instructions) n/a
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) ""  
Citizenship or Place of Organization:
6. Delaware  
Number of  
Shares Beneficially  
Owned by Each  
Reporting Person With  
7. Sole Voting Power: 0  
8. Shared Voting Power: 0  
9. Sole Dispositive Power: 0  
10. Shared Dispositive Power: 0
11. Aggregate Amount Beneficially Owned by Each Reporting Person: 0
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ""
13. Percent of Class Represented by Amount in Row (11): 0%  
Type of Reporting Person (See Instructions)
14. OO

CUSIP No. 78468K106 SCHEDULE 13D Page 10 of 28

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Joseph Stilwell

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

(a)  x

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) n/a

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) "

Citizenship or Place of Organization:

6. United States

Number of

Shares 7. Sole Voting Power: 0

Beneficially 8. Shared Voting Power: 148,390

Owned by 9. Sole Dispositive Power: 0

Each

Reporting 10. Shared Dispositive Power: 148,390

Person With

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 148,390

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) "

13. Percent of Class Represented by Amount in Row (11): 9.5%

Type of Reporting Person (See Instructions)

14. IN

CUSIP No. 78468K106 SCHEDULE 13D Page 11 of 28

## Item 1. Security and Issuer

This is the second amendment (this "Second Amendment") to the original Schedule 13D, which was filed on February 28, 2011 (the "Original Schedule 13D"), and amended on May 3, 2013 (the "First Amendment"). This Second Amendment is being filed jointly by Stilwell Value Partners I, L.P., a Delaware limited partnership ("Stilwell Value Partners I"); Stilwell Value Partners II, L.P., a Delaware limited partnership ("Stilwell Value Partners II"); Stilwell Activist Fund, L.P., a Delaware limited partnership ("Stilwell Activist Fund"); Stilwell Activist Investments, L.P., a Delaware limited partnership ("Stilwell Activist Investments"); Stilwell Partners, L.P., a Delaware limited partnership ("Stilwell Partners"); Stilwell Associates Insurance Fund of the SALI Multi-Series Fund L.P., a Delaware limited partnership ("Stilwell SALI Fund"); Stilwell Value LLC, a Delaware limited liability company ("Stilwell Value LLC"), and the general partner of Stilwell Value Partners I, Stilwell Value Partners II, Stilwell Activist Fund and Stilwell Activist Investments; Stilwell Advisers LLC, a Delaware limited liability company ("Stilwell Advisers"); and Joseph Stilwell, the managing member of and owner of more than 99% of the equity in Stilwell Value LLC, the managing and sole member of Stilwell Advisers, and the general partner of Stilwell Partners. All the filers of this statement are collectively referred to herein as the "Group."

This statement relates to the common stock, par value \$0.01 per share ("Common Stock"), of SP Bancorp, Inc. (the "Issuer"). The address of the principal executive offices of the Issuer is 5224 W. Plano Parkway, Plano, Texas 75093. The amended joint filing agreement of the members of the Group is attached as Exhibit 2 to the First Amendment.

## Item 2. Identity and Background

(a)-(c) This statement is filed by Joseph Stilwell with respect to the shares of Common Stock beneficially owned by Joseph Stilwell, including shares of Common Stock held in the names of Stilwell Value Partners I, Stilwell Value Partners II, Stilwell Activist Fund, Stilwell Activist Investments, and Stilwell Partners in Joseph Stilwell's capacities as the general partner of Stilwell Partners and the managing member and 99% owner of Stilwell Value LLC, which is the general partner of Stilwell Value Partners I, Stilwell Value Partners II, Stilwell Activist Fund and Stilwell Activist Investments.

The business address of Stilwell Value Partners I, Stilwell Value Partners II, Stilwell Activist Fund, Stilwell Activist Investments, Stilwell Partners, Stilwell SALI Fund, Stilwell Value LLC, Stilwell Advisers, and Joseph Stilwell is 111 Broadway, 12th Floor, New York, New York 10006.

The principal employment of Joseph Stilwell is investment management. Stilwell Value Partners I, Stilwell Value Partners II, Stilwell Activist Fund, Stilwell Activist Investments, Stilwell Partners, and Stilwell SALI Fund are private investment partnerships engaged in the purchase and sale of securities for their own accounts. Stilwell Value LLC is in the business of serving as the general partner of Stilwell Value Partners I, Stilwell Value Partners II, Stilwell Activist Fund, Stilwell Activist Investments, and related partnerships. Stilwell Advisers is in the business of serving as the investment subadviser to Stilwell SALI Fund.

CUSIP No. 78468K106 SCHEDULE 13D Page 12 of 28

(d) During the past five years, no member of the Group has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the past five years, no member of the Group has 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.

(f) Joseph Stilwell is a citizen of the United States.

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

Since the filing of the First Amendment, Stilwell Activist Fund has expended a total of \$170,904 to acquire 8,974 shares of Common Stock. Such funds were provided from Stilwell Activist Fund's working capital and may, from time to time, be provided in part by margin account loans from subsidiaries of Fidelity Brokerage Services LLC extended in the ordinary course of business.

Since the filing of the First Amendment, Stilwell Activist Investments has expended a total of \$737,872 to acquire 39,526 shares of Common Stock. Such funds were provided from Stilwell Activist Investments' working capital and may, from time to time, be provided in part by margin account loans from subsidiaries of Morgan Stanley extended in the ordinary course of business.

All purchases of shares of Common Stock made by the Group using funds borrowed from Fidelity Brokerage Services LLC or Morgan Stanley, if any, were made in margin transactions on their usual terms and conditions. All or part of the shares of Common Stock owned by members of the Group may from time to time be pledged with one or more banking institutions or brokerage firms as collateral for loans made by such entities to members of the Group. Such loans generally bear interest at a rate based on the broker's call rate from time to time in effect. Such indebtedness, if any, may be refinanced with other banks or broker-dealers.

Item 4. Purpose of Transaction

We are filing this Second Amendment to report that Stilwell SALI Fund and Stilwell Advisers are no longer members of the Group.

Our purpose in acquiring shares of Common Stock of the Issuer is to profit from the appreciation in the market price of the shares of Common Stock through asserting shareholder rights. We do not believe the value of the Issuer's assets is adequately reflected in the current market price of the Issuer's Common Stock.

We hope to work with existing management and the board of directors to maximize shareholder value. We have encouraged management and the board to pay dividends to shareholders and repurchase shares of outstanding Common Stock with excess capital while the stock trades below book value, and will support them if they continue to do so. We will support gradual, prudent growth within the state of Texas as well as prudent increases in the loan portfolio. We oppose using excess capital to "bulk up" on securities.

CUSIP No. 78468K106 SCHEDULE 13D Page 13 of 28

Since 2000, affiliates of the Group have filed Schedule 13Ds to report greater than five percent positions in 49 other publicly traded companies. For simplicity, these affiliates are referred to as the "Group", "we", "us", or "our." In each instance, our purpose has been to profit from the appreciation in the market price of the shares we held by asserting shareholder rights. In each situation, we believed that the values of the companies' assets were not adequately reflected in the market prices of their shares. The filings are described below.

On May 1, 2000, we filed a Schedule 13D to report a position in Security of Pennsylvania Financial Corp. ("SPN"). We scheduled a meeting with senior management to discuss ways to maximize the value of SPN's assets. On June 2, 2000, prior to the scheduled meeting, SPN and Northeast Pennsylvania Financial Corp. announced SPN's acquisition. We then sold our shares on the open market.

On July 7, 2000, we filed a Schedule 13D to report a position in Cameron Financial Corporation ("Cameron"). We exercised our shareholder rights by, among other things, requesting that Cameron management hire an investment banker, demanding Cameron's list of shareholders, meeting with Cameron's management, demanding that Cameron invite our representatives to join the board, writing to other Cameron shareholders to express our dismay with management's inability to maximize shareholder value and publishing that letter in the local press. On October 6, 2000, Cameron announced its sale to Dickinson Financial Corp., and we sold our shares on the open market.

On January 4, 2001, following the announcement by Community Financial Corp. ("CFIC") of the sale of two of its four subsidiary banks and its intention to sell one or more of its remaining subsidiaries, we filed a Schedule 13D to report our position. We reported that we acquired CFIC stock for investment purposes. On January 25, 2001, CFIC announced the sale of one of its remaining subsidiaries. We then announced our intention to run an alternate slate of directors at the 2001 annual meeting if CFIC did not sell the remaining subsidiary by then. On March 27, 2001, we wrote to CFIC confirming that CFIC had agreed to meet with one of our proposed nominees to the board. On March 30, 2001, before our meeting took place, CFIC announced its merger with First Financial Corporation, and we sold our shares on the open market.

On February 23, 2001, we filed a Schedule 13D to report a position in Montgomery Financial Corporation ("Montgomery"). On April 20, 2001, we met with Montgomery's management, and suggested that they maximize shareholder value by selling the institution. We also informed management that we would run an alternate slate of directors at the 2001 annual meeting unless Montgomery were sold. Eleven days after we filed our Schedule 13D, however, Montgomery's board amended its bylaws to make it more difficult for us to run an alternate slate by limiting the pool of potential nominees to local persons with a banking relation and shortening the deadline to nominate an alternate slate. We located qualified nominees under the restrictive bylaw provisions and noticed our slate within the deadline. On June 5, 2001, Montgomery announced that it had hired a banker to explore a sale. On July 24, 2001,



Montgomery announced its merger with Union Community Bancorp.

On June 14, 2001, we filed a Schedule 13D reporting a position in HCB Bancshares, Inc. ("HCBB"). On September 4, 2001, we reported that we had entered into a standstill agreement with HCBB, under which HCBB agreed to: (a) add a director selected by us, (b) consider conducting a Dutch tender auction, (c) institute annual financial targets, and (d) retain an investment banker to explore alternatives if it did not achieve the financial targets. On October 22, 2001, our nominee, John G. Rich, Esq., was named to the board. On January 31, 2002, HCBB announced a modified Dutch tender auction to repurchase 20% of its shares. Although HCBB's outstanding share count decreased by 33% between the filing of our original Schedule 13D and August 2003, HCBB did not achieve the financial target. On August 12, 2003, HCBB announced it had hired a banker to assist in exploring alternatives for maximizing shareholder value, including a sale. On January 14, 2004, HCBB announced its sale to Rock Bancshares Inc. and we sold our shares on the open market.

CUSIP No. 78468K106 SCHEDULE 13D Page 14 of 28

On December 15, 2000, we filed a Schedule 13D reporting a position in Oregon Trail Financial Corp. ("OTFC"). In January 2001, we met with the management of OTFC to discuss our concerns that management was not maximizing shareholder value, and we proposed that OTFC voluntarily place our nominees on the board. OTFC rejected our proposal, and we announced our intention to solicit proxies to elect a board nominee. We demanded OTFC's shareholder list, but it refused. We sued OTFC in Baker County, Oregon, and the court ruled in our favor and sanctioned it. We also sued two OTFC directors alleging that one had violated OTFC's residency requirement and that the other had committed perjury. Both suits were dismissed pre-trial but we filed an appeal in one suit and were permitted to re-file the other suit in state court. On August 16, 2001, we started soliciting proxies to elect Kevin D. Padrick, Esq. to the board. We argued in our proxy materials that OTFC should have repurchased its shares at prices below book value. OTFC announced the hiring of an investment banker. Then, the day after the 9/11 attacks, OTFC sued us in Portland, Oregon and moved to invalidate our proxies; the court denied the motion and the election proceeded.

On October 12, 2001, OTFC's shareholders elected our candidate by a 2-1 margin. In the five months after the filing of our first proxy statement (i.e., from August 1, 2001 through December 31, 2001), OTFC repurchased approximately 15% of its shares. On March 12, 2002, we entered into a standstill agreement with OTFC. OTFC agreed to: (a) achieve annual targets for return on equity, (b) reduce their current capital ratio, (c) obtain advice from an investment banker regarding annual 10% stock repurchases, (d) re-elect our director to the board, (e) reimburse a portion of our expenses, and (f) withdraw their lawsuit. On February 24, 2003, OTFC and FirstBank NW Corp. announced their merger, and we sold substantially all of our shares on the open market.

On November 25, 2002, we filed a Schedule 13D reporting a position in American Physicians Capital, Inc. ("ACAP"). The Schedule 13D disclosed that on January 18, 2002, Michigan's insurance department had approved our request to solicit proxies to elect two directors to ACAP's board. On January 29, 2002, we noticed our intention to nominate two directors at the 2002 annual meeting. On February 20, 2002, we entered into a three-year standstill agreement with ACAP, providing for ACAP to add our nominee to its board. ACAP also agreed to consider using a portion of its excess capital to repurchase ACAP's shares in each of the fiscal years 2002 and 2003 so that its outstanding share count would decrease by 15% for each of those years. In its 2002 fiscal year, ACAP repurchased 15% of its outstanding shares; these repurchases were highly accretive to per-share book value. On November 6, 2003, ACAP announced a reserve charge and that it would explore options to maximize shareholder value. It also announced that it would exit the healthcare and workers' compensation insurance businesses. ACAP then announced that it had retained Sandler O'Neill & Partners, L.P., to assist the board. On December 2, 2003, ACAP announced the early retirement of its President and CEO. On December 23, 2003, ACAP named R. Kevin Clinton its new President and CEO. On June 24, 2004, ACAP announced that it had decided that the best means to maximize shareholder value would be to shed non-core businesses and focus on its core business line in its core markets. We increased our holdings in ACAP, and we announced that we intended to seek additional board representation. On November 10, 2004, ACAP invited Mr. Stilwell to sit on the board, and we entered into a new standstill agreement. This agreement was terminated in November 2007, with our nominees remaining on ACAP's board. On May 8, 2008, our nominees were re-elected to three-year terms expiring in 2011. On passage of federal healthcare legislation in 2010, ACAP became concerned

about the fundamentals of its business and promptly acted to assess its strategic alternatives. On October 22, 2010, ACAP was acquired by The Doctors Company.

CUSIP No. 78468K106 SCHEDULE 13D Page 15 of 28

On June 30, 2003, we filed a Schedule 13D reporting a position in FPIC Insurance Group, Inc. ("FPIC"). On August 12, 2003, Florida's insurance department approved our request to hold more than 5% of FPIC's shares, to solicit proxies to hold board seats, and to exercise shareholder rights. On November 10, 2003, FPIC invited our nominee, John G. Rich, Esq., to join the board and we signed a confidentiality agreement. On June 7, 2004, we disclosed that because FPIC's management had taken steps to increase shareholder value and because its market price increased and reflected fair value in our estimation, we sold our shares on the open market, decreasing our holdings below five percent. Our nominee was invited to remain on the board after we sold our stake.

On March 29, 2004, we filed a Schedule 13D reporting a position in Community Bancshares, Inc. ("COMB"). We disclosed our intention to meet with COMB's management and evaluate management's progress in resolving its regulatory issues, lawsuits, problem loans, and non-performing assets, and that we would likely support management if it effectively addressed COMB's challenges. On November 21, 2005, we amended our Schedule 13D and stated that although we believed that COMB's management had made good progress, COMB's return on equity would likely remain below average for the foreseeable future, and it should therefore be sold. On November 21, 2005, we also stated that if COMB did not announce a sale before our deadline to solicit proxies for the next annual meeting, we would solicit proxies to elect our own slate. On January 6, 2006, we disclosed the names of our three board nominees. On May 1, 2006, COMB announced its sale to The Banc Corporation, and we sold our shares on the open market.

On June 20, 2005, we filed a Schedule 13D reporting a position in Prudential Bancorp, Inc. of Pennsylvania ("PBIP"). Most of PBIP's shares are held by the Prudential Mutual Holding Company (the "MHC"), which is controlled by PBIP's board. The MHC controls most corporate decisions coming up for a shareholder vote, such as the election of directors. But regulations promulgated by the FDIC previously barred the MHC from voting on PBIP's management stock benefit plans, and PBIP's IPO prospectus indicated that the MHC would not vote on the plans. We announced in August 2005 that we would solicit proxies to oppose adoption of the plans as a referendum to place Mr. Stilwell on the board. PBIP decided not to put the plans up for a vote at the 2006 annual meeting.