

Edgar Filing: Flagstone Reinsurance Holdings Ltd - Form SC 13D/A

Flagstone Reinsurance Holdings Ltd  
Form SC 13D/A  
November 06, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 13D  
Under the Securities Exchange Act of 1934

(Amendment No. 3)\*

Flagstone Reinsurance Holdings Limited

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(Name of Issuer)

Common Shares, \$0.01 par value per share

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(Title of Class of Securities)

G3529T105

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(CUSIP Number)

Gregory L. Florio, Esq.  
Marathon Asset Management, LP  
One Bryant Park, 38th Floor  
New York, New York 10036  
212.381.0159

with a copy to:  
Robert G. Minion, Esq.  
Lowenstein Sandler PC  
1251 Avenue of the Americas  
New York, New York 10020  
973.597.2424

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(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

August 19, 2009

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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 Sections 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. [ ]

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Section 240.13d-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).

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Cusip No. G3529T105

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

Marathon Asset Management, LP

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

(a) Not  
(b) Applicable

3. SEC Use Only

4. Source of Funds (See Instructions): AF, WC

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

Not Applicable

6. Citizenship or Place of Organization: Delaware

Number of	7. Sole Voting Power:	2,275,127*
Shares Beneficially	8. Shared Voting Power:	0*
Owned by Each Reporting	9. Sole Dispositive Power:	2,275,127*
Person With	10. Shared Dispositive Power:	0*

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 2,275,127\*

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions): Not Applicable

13. Percent of Class Represented by Amount in Row (11): 2.7%\*

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

\* As of November 6, 2009, Marathon Special Opportunity Master Fund, Ltd. (the "Master Fund") and Marathon Special Opportunity Liquidating Fund, Ltd. (the "Liquidating Fund" and together with the Master Fund, the "Funds") held in the aggregate 2,275,127 shares of common shares, par value \$0.01 per share (the "Shares"), of Flagstone Reinsurance Holdings Limited, a Bermuda exempted company (the "Company"). Marathon Asset Management, LP, a Delaware limited partnership (the "Investment Manager"), serves as the investment manager of the Funds pursuant to one or more Investment Management Agreements between the Investment Manager and the Funds. As a result, the Investment Manager possesses the sole power to vote and the sole power to direct the disposition of all securities of the Company held by the Funds. Accordingly, as of November 6, 2009, for the purposes of Rule 13d-3 under the Securities Exchange Act of 1934, as amended,

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the Investment Manager is deemed to beneficially own 2,275,127 Shares, or 2.7% of the Shares deemed issued and outstanding as of that date.

THIS SCHEDULE 13D AMENDMENT NO. 3 CORRECTS INFORMATION SET FORTH IN SCHEDULE 13D AMENDMENT NOS. 1 AND 2 FILED BY THE INVESTMENT MANAGER WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION ON SEPTEMBER 9, 2009 AND SEPTEMBER 10, 2009, RESPECTIVELY.

THIS SCHEDULE 13D AMENDMENT NO. 3 CORRECTS INFORMATION SET FORTH IN SCHEDULE 13D AMENDMENT NOS. 1 AND 2 FILED BY THE INVESTMENT MANAGER WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION ON SEPTEMBER 9, 2009 AND SEPTEMBER 10, 2009, RESPECTIVELY.

Item 5. Interest in Securities of the Issuer.  
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Item 5 is hereby amended and restated in its entirety as follows:

According to the Form 10-Q for the quarterly period ended September 30, 2009, and filed with the Securities and Exchange Commission on November 3, 2009, there were 82,864,844 shares of common shares, par value \$0.01 per share (the "Shares"), of Flagstone Reinsurance Holdings Limited, a Bermuda exempted company (the "Company"), issued and outstanding as of November 2, 2009. As of November 6, 2009, Marathon Special Opportunity Master Fund, Ltd. (the "Master Fund") and Marathon Special Opportunity Liquidating Fund, Ltd. (the "Liquidating Fund" and together with the Master Fund, the "Funds") held in the aggregate 2,275,127 Shares.

Marathon Asset Management, LP, a Delaware limited partnership (the "Investment Manager"), serves as the investment manager of the Funds pursuant to one or more Investment Management Agreements between the Investment Manager and the Funds. As a result, the Investment Manager possesses the sole power to vote and the sole power to direct the disposition of all securities of the Company held by the Funds. Accordingly, as of November 6, 2009, for the purposes of Rule 13d-3 under the Securities Exchange Act of 1934, as amended, the Investment Manager is deemed to beneficially own 2,275,127 Shares, or 2.7% of the Shares deemed issued and outstanding as of that date.

The following table details (i) the transactions during the sixty days on or prior to November 6, 2009 and (ii) the transactions on or before November 6, 2009 that were not disclosed in Schedule 13D Amendment Nos. 1 and 2, in Shares, or securities convertible into, exercisable for or exchangeable for Shares, by the Investment Manager or any other person or entity controlled by the Investment Manager or any person or entity for which the Investment Manager possesses voting or investment control over the securities thereof (each of which was effected in an ordinary brokerage transaction).

### Sales

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Date	Security	Amount	Price
08/12/2009	Shares	51,647	\$11.2262
08/14/2009	Shares	4,838	\$9.58
09/09/2009	Shares	38,314	\$10.5437

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09/10/2009	Shares	91,301	\$10.5432
09/11/2009	Shares	10,133	\$10.5115
09/14/2009	Shares	180,779	\$10.4738
09/15/2009	Shares	92,900	\$10.4603
09/22/2009	Shares	281,989	\$10.9657
09/23/2009	Shares	778,100	\$10.7078
09/25/2009	Shares	38,301	\$10.6275

No other person is known by the Investment Manager to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Shares beneficially owned by the Investment Manager.

As of August 26, 2009, the Investment Manager ceased to beneficially own more than 5% of the outstanding Shares.

Signature  
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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.

November 6, 2009

MARATHON ASSET MANAGEMENT, LP

By: Marathon Asset Management GP, LLC,  
its general partner

By: /s/ Andrew Rabinowitz

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Name: Andrew Rabinowitz  
Title: Chief Operating Officer/Partner

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (See 18 U.S.C. 1001).