Prospect Acquisition Corp
Form S-1/A
October 26, 2007

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As filed with the Securities and Exchange Commission on October 26, 2007

Registration No. 333-145110

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 3
TO

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Prospect Acquisition Corp.

(Exact name of registrant as specified in its charter)

Delaware	**6770**	**26-0508760**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

695 East Main Street
Stamford, CT 06901
(203) 363-0885

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

David A. Minella
Chief Executive Officer
Prospect Acquisition Corp.
695 East Main Street
Stamford, CT 06901
(203) 363-0885

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of each Class of Security being registered	Amount being Registered	Proposed Maximum Offering Price Per Security[(1)]	Proposed Maximum Aggregate Offering Price[(1)]	Amount of Registration Fee
Units, each consisting of one share of Common Stock, $.0001 par value, and one Warrant[(2)]	28,750,000 Units	$10.00	$287,500,000	$8,827[(3)]
Shares of Common Stock included as part of the Units[(2)]	28,750,000 Shares			[(4)]
Warrants included as part of the Units[(2)]	28,750,000 Warrants			[(4)]
Shares of Common Stock underlying the warrants included in the Units[(5)]	28,750,000 Shares	$7.50	$215,625,000	$6,620[(3)]
Total			$503,125,000	$15,447

(1) Estimated solely for the purpose of calculating the registration fee.

(2) Includes 3,750,000 Units, consisting of 3,750,000 shares of Common Stock and 3,750,000 Warrants, which may be issued on exercise of a 30-day option granted to the underwriters to cover over-allotments, if any.

(3) Previously paid.

(4) No fee pursuant to Rule 457(g).

(5) Pursuant to Rule 416, there are also being registered such additional securities as may be issued to prevent dilution resulting from stock splits, stock dividends or similar transactions as a result of the anti-dilution provisions contained in the Warrants.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED , 2007

PROSPECTUS

$250,000,000
Prospect Acquisition Corp.
25,000,000 Units

Prospect Acquisition Corp. is a newly organized blank check company formed for the purpose of acquiring control of, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination, one or more businesses or assets, which we refer to as our initial business combination, in the financial services industry. If we are unable to consummate a business combination within 24 months from the date of this prospectus, we will liquidate and distribute to our public stockholders the proceeds held in the trust account established in connection with this offering to hold certain proceeds from the offering. To date, our efforts have been limited to organizational activities as well as activities related to this offering. We do not have any specific initial business combination under consideration. We have not, nor has anyone on our behalf, contacted any prospective target business or had any substantive discussions, formal or otherwise, with respect to such a transaction.

This is an initial public offering of our securities. Each unit consists of one share of our common stock and one warrant. We are offering 25,000,000 units. The public offering price will be $10.00 per unit. Each warrant entitles the holder to purchase one share of our common stock at a price of $7.50. The warrants will become exercisable on the later of the completion of our initial business combination and fifteen months from the date of this prospectus, provided in each case that we have an effective registration statement covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available. The warrants will expire five years from the date of this prospectus, unless earlier redeemed.

We have also granted the underwriters a 30-day option to purchase up to an additional 3,750,000 units to cover over-allotments, if any.

Flat Ridge Investments LLC, an entity affiliated with David A. Minella, our chairman and chief executive officer, LLM Structured Equity Fund L.P. and LLM Investors L.P., entities affiliated with Patrick J. Landers, our president and a director, and Capital Management Systems, Inc., a corporation affiliated with William Landman, one of our directors, have agreed to purchase an aggregate of 5,250,000 warrants at a price of $1.00 per warrant ($5.25 million in the aggregate) in a private placement that will occur simultaneously with the consummation of this offering. We refer to the purchasers of these securities as the sponsors, and we refer to these warrants as the sponsors' warrants, throughout this prospectus. The proceeds from the sale of the sponsors' warrants in the private placement will be deposited into a trust account and subject to a trust agreement, described below, and will be part of the funds distributed to our public stockholders in the event we are unable to complete an initial business combination. The sponsors' warrants are identical to the warrants included in the units being sold in this offering, except that the sponsors' warrants (i) are non-redeemable so long as they are held by any of the sponsors or their permitted transferees, (ii) are subject to certain transfer restrictions and will not be exercisable while they are subject to these transfer restrictions and (iii) may be exercised for cash or on a cashless basis, as described in this prospectus.

Currently, there is no public market for our units, common stock or warrants. We have applied to have the units listed on the American Stock Exchange. Assuming that the units are listed on the American Stock Exchange, the units will be listed under the symbol "PAX.U" on or promptly after the date of this prospectus. The common stock and warrants comprising the units will begin separate trading on the 45th day following the date of this prospectus unless Citigroup Global Markets Inc. informs us of its decision to allow earlier separate trading, provided that in no event may the common stock and warrants be traded separately until we have (i) filed a Current Report on Form 8-K with the Securities and Exchange Commission containing an audited balance sheet reflecting our receipt of the gross proceeds of this offering and (ii) issued a press release announcing when such separate trading will begin. Once the securities comprising the units begin separate trading, the common stock and warrants will be traded on the American Stock Exchange under the symbols "PAX" and "PAX.WS," respectively. We cannot assure you, however, that our securities will continue to be listed on the American Stock Exchange.

Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page 27 for a discussion of information that should be considered in connection with an investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Unit	Total Proceeds
Public offering price	$ 10.00	$ 250,000,000
Underwriting discounts and commissions[1]	$ 0.70	$ 17,500,000
Proceeds to us (before expenses)	$ 9.30	$ 232,500,000

(1) Includes $0.33 per unit or $8.3 million in the aggregate (approximately $9.5 million if the underwriters' over-allotment option is exercised in full), payable to the underwriters for deferred underwriting discounts and commissions to be placed in the trust account described below. Such funds will be released to the underwriters only on completion of an initial business combination, as described in this prospectus.

The underwriters are offering the units on a firm commitment basis. The underwriters expect to deliver the units to purchasers on or about _____, 2007. Of the proceeds we receive from this offering and the sale of the sponsors' warrants described in this prospectus, approximately $9.81 per unit, or approximately $245.3 million in the aggregate (approximately $9.79 per unit, or approximately $281.4 million in the aggregate if the underwriters' over-allotment option is exercised in full), will be deposited into a trust account, at JPMorgan Chase, N.A., with Continental Stock Transfer & Trust Company as trustee. These funds will not be released to us until the earlier of the completion of our initial business combination or our liquidation (which may not occur until 24 months after the date of this prospectus).

Citi

Ladenburg Thalmann & Co. Inc. **I-Bankers Securities, Inc.**

, 2007

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not, and the underwriters are not, making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

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SUMMARY

This summary only highlights the more detailed information appearing elsewhere in this prospectus. As this is a summary, it does not contain all of the information that you should consider in making an investment decision. You should read this entire prospectus carefully, including the information under "Risk Factors" and our financial statements and the related notes included elsewhere in this prospectus, before investing. References in this prospectus to "we", "us" or "our company" refer to Prospect Acquisition Corp. References in this prospectus to "public stockholders" refers to those persons that purchase the securities offered by this prospectus or afterwards and any of our initial stockholders (as defined below) who purchase these securities either in this offering or afterwards, provided that our initial stockholders' status as "public stockholders" shall only exist with respect to those securities so purchased. References in this prospectus to our "management team" refer to our officers and directors. Unless we tell you otherwise, the information in this prospectus assumes that the underwriters will not exercise their over-allotment option. Except as otherwise specified, all information in this prospectus and all per share information has been adjusted to reflect a 5-for-3 stock split declared by our board of directors in October 2007.

We are a blank check company formed under the laws of the State of Delaware on July 9, 2007. We were formed to acquire control of, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination, one or more businesses or assets, which we refer to throughout this prospectus as our initial business combination, in the financial services industry. To date, our efforts have been limited to organizational activities as well as activities related to this offering. No evaluations of, or discussions with, any potential acquisition candidates occurred prior to our formation, nor did any of our principals have any direct or indirect contact with any potential acquisition candidate prior to our formation. We do not have any specific initial business combination under consideration, nor have we or anyone on our behalf, contacted or been contacted by any prospective target business or had any substantive discussions, formal or otherwise, with respect to such a transaction. Additionally, we have not engaged or retained any agent or other representative to identify or locate any suitable acquisition candidate, to conduct any research or take any measures, directly or indirectly, to locate or contact a target business. Accordingly, we cannot assure you that we will be able to locate or enter into a business combination with a target business on favorable terms or at all.

We are seeking to raise $250 million in connection with this offering of our units and to deposit approximately $245.3 million in the aggregate (or approximately $281.4 million in the aggregate if the underwriters' over-allotment option is exercised in full) into a trust account until we effect our initial business combination. The size of this offering was determined after taking into account previous transactional experience of our sponsors, as well as the underwriters' evaluation of the overall market conditions for transactions similar in structure and scope to our offering. We believe that the amount to be held in trust after the consummation of this offering, when taken together with the interest income earned on the trust account which we may withdraw and any financing arrangements that we may enter into, will provide us with the flexibility to effect our initial business combination at a number of different price levels at or in excess of the value of the trust account.

Financial services refers to services provided by the finance industry. The financial services industry includes entities of various types that deal with the management of money and provide a broad array of financial services to their customers, including among others, private equity firms, hedge fund advisers, investment management firms, money management firms, funds of funds firms, brokerage firms, investment banks, commercial banks, registered investment advisers, investment management consulting companies, insurance companies, specialty finance companies, business development companies, commercial credit companies, mortgage brokers and mortgage lending companies, consumer finance companies, financial service subsidiaries of consumer retail companies, non-bank lending companies, reinsurance companies, venture capital companies, small business investment companies and businesses

which provide support services for financial service companies. We may consummate our initial business combination with any of these types of entities.

We will seek to acquire a business or businesses whose operations can be improved and enhanced with our capital resources and where there are substantial opportunities for both organic growth and growth through acquisitions. We intend to initially focus our search on businesses in the United States, but will also explore opportunities internationally.

We will seek to capitalize on the significant financial services and private equity investing experience and contacts of David A. Minella, our chairman and chief executive officer, and LLM Capital Partners LLC. Mr. Minella is the managing member of Flat Ridge Investments LLC, one of our sponsors, and LLM Capital Partners LLC is the manager of each of LLM Structured Equity Fund L.P. and LLM Investors L.P., two of our other sponsors, and is affiliated with Patrick J. Landers, our president and a director.

Mr. Minella has 32 years of experience in the financial services industry. He is the former CEO and director of Value Asset Management LLC, or VAM, a strategic investment management holding company. At VAM he was responsible for its overall business strategy, acquisitions and financial results. Under Mr. Minella's leadership, VAM acquired a controlling interest in five separate investment management firms: Dalton Hartman Greiner and Maher, New York, NY; Harris Bretall Sullivan and Smith, San Francisco, CA; Hillview Capital Advisors, LLC, New York, NY; Grosvenor Capital Management LP, Chicago, IL; and MDT Advisers LLC, Cambridge, MA. All of the original acquisitions have been sold.

Previously, Mr. Minella was the president and CEO of the asset management division of Liechtenstein Global Trust, or LGT, a wealth and asset management firm, where he was responsible for the overall business strategy and financial results. During Mr. Minella's tenure as LGT's CEO, he also led LGT's acquisition of Chancellor Capital Management, a large U.S. equity investment firm. Mr. Minella originally joined the LGT Group as head of its U.S. subsidiaries, GT Capital Management and GT Global. He established its U.S. mutual fund business through the broker-dealer community, reestablished LGT's institutional separate account capabilities, and developed the firm's global equity sector expertise.

LLM Capital Partners LLC, or LLM, is a private equity firm that manages limited partnerships that make growth equity investments in middle market companies. LLM manages the LLM Structured Equity Fund L.P. and LLM Investors L.P., two committed funds, which are also two of our initial stockholders. LLM's professionals have worked together since 1991 and have significant experience in the investment management and investment banking businesses, including having made a $45 million investment in VAM in 1998.

LLM's investment professionals have for the past 25 years sourced and made investments both as principals and as investment bankers. We believe that we will benefit from the extensive deal sourcing contacts as well as the specific company and industry investment experience of each of the LLM investment professionals.

While we may seek to acquire more than one business or asset, which we refer to as our target business or target businesses, our initial business combination must involve one or more target businesses having a fair market value, individually or collectively, equal to at least 80% of the balance in the trust account (excluding deferred underwriting discounts and commissions of $8.3 million, or approximately $9.5 million if the underwriters' over-allotment option is exercised in full). The future role of members of our management team, if any, in the target business or businesses cannot presently be stated with any certainty. We will only consummate a business combination in which we become the controlling shareholder of the target. The key factor that we will rely on in determining controlling shareholder status would be our acquisition of at least 50.1% of the voting equity interests of the target company. We will not consider any transaction that does not meet such criterion.

While it is possible that one or more of our officers or directors will remain associated in some capacity with us following our initial business combination, it is unlikely that any of them will devote their full efforts to our affairs subsequent to our initial business combination. Moreover, we cannot assure you that members of our management team will have significant experience or knowledge relating to the operations of the particular target business or businesses.

We have entered into a business opportunity right of first review agreement with David A. Minella, our chairman and chief executive officer, who is affiliated with Flat Ridge Investments LLC, one of our sponsors, and Patrick J. Landers, our president and a director, who is affiliated with LLM Structured Equity Fund L.P. and LLM Investors L.P., two of our sponsors, James J. Cahill, our chief financial officer and secretary, William Landman, one of our directors, who is affiliated with Capital Management Systems, Inc., one of our sponsors, and Michael P. Castine, William Cvengros, Michael Downey, Daniel Gressel and John Merchant, each of whom is a director, and each of our sponsors, that provides that from the date of this prospectus until the earlier of the consummation of our initial business combination or our liquidation in the event we do not consummate an initial business combination, we will have a right of first review with respect to business combination opportunities of Messrs. Minella, Landers, Cahill, Landman, Castine, Cvengros, Downey, Gressel, Merchant and each of our sponsors, and companies or other entities which they manage or control, in the financial services industry with an enterprise value of $195 million or more. Messrs. Minella, Landers, Cahill, Landman, Castine, Cvengros, Downey, Gressel, Merchant and each of our sponsors will, and will cause such companies or entities under their management or control to, first offer any such business opportunity to us and they will not, and will cause each other company or entity under their management or control not to, pursue such business opportunity unless and until our board of directors has determined for any reason that we will not pursue such opportunity. Decisions by us to release Messrs. Minella, Landers, Cahill, Landman, Castine, Cvengros, Downey, Gressel, Merchant and each of our sponsors to pursue any specific business opportunity will be made solely by a majority of our disinterested directors.

If we are unable to consummate an initial business combination within 24 months after the date of this prospectus, we will liquidate and distribute to our public stockholders the proceeds held in the trust account in an amount we expect to be approximately $9.81 per share of common stock held by them (or approximately $9.79 per share if the underwriters exercise their over-allotment option in full), without taking into account any interest earned on such funds.

Private Placements and Future Purchases of Common Stock

On July 18, 2007, we issued an aggregate 4,312,500 shares of our common stock to Flat Ridge Investments LLC, LLM Structured Equity Fund L.P. and LLM Investors L.P. (which includes 562,500 shares of common stock which are subject to repurchase to the extent the underwriters do not exercise their over-allotment option), for $25,000 in cash, at a purchase price of approximately $0.006 per share. Subsequent to the purchase of these shares, (i) Flat Ridge Investments LLC transferred at cost an aggregate of 431,252 of these shares to SJC Capital LLC, an entity affiliated with William Cvengros, one of our directors, and Michael P. Castine, Michael Downey and Daniel Gressel, each of whom is a director, (ii) LLM Structured Equity Fund L.P. and LLM Investors L.P. transferred at cost an aggregate of 345,000 of these shares to Capital Management Systems, Inc., (iii) LLM Structured Equity Fund L.P., LLM Investors L.P. and Capital Management Systems, Inc. transferred at cost an aggregate of 215,625 of these shares to James J. Cahill, our chief financial officer and secretary, (iv) LLM Structured Equity Fund L.P. transferred at cost an aggregate of 64,688 of these shares to James J. Cahill and (v) SJC Capital LLC, LLM Structured Equity Fund L.P., LLM Investors L.P., Michael P. Castine, Michael Downey, Daniel Gressel and Capital Management Systems, Inc. transferred at cost an aggregate of 161,721 of these shares to Flat Ridge Investments LLC. In October, 2007, the aggregate outstanding 4,312,500 shares of common stock were increased to 7,187,500 shares of common stock (which includes 937,500 shares of common stock which are subject to repurchase to the extent the underwriters do not exercise their over-allotment option) as a result of a 5-for-3 stock split declared by our board of

directors. Subsequent to the stock split, Flat Ridge Investments LLC, LLM Structured Equity Fund L.P., LLM Investors L.P and Capital Management Systems, Inc. transferred at cost an aggregate of 158,724 of the shares to John Merchant, one of our directors. We refer to the current holders of these outstanding shares of our common stock as our initial stockholders, and we refer to these outstanding shares of common stock as the founders' common stock throughout this prospectus. Each of the initial stockholders has agreed to (i) waive any right to receive a liquidation distribution with respect to the founders' common stock in the event we fail to consummate an initial business combination and (ii) vote the founders' common stock in accordance with the majority of the shares of common stock voted by our public stockholders in connection with the vote on any initial business combination. The founders' common stock is subject to certain transfer restrictions described in more detail below.

The initial stockholders have agreed not to transfer, assign or sell any of the founders' common stock until one year after the date of the completion of an initial business combination or earlier if, subsequent to our initial business combination, (i) the closing price of our common stock equals or exceeds $14.50 per share for any 20 trading days within any 30-trading day period or (ii) we consummate a subsequent liquidation, merger, stock exchange or other similar transaction which results in all of our stockholders having the right to exchange their shares of common stock for cash, securities or other property; provided however that transfers can be made to permitted transferees who agree in writing to be bound to the transfer restrictions, agree to vote in the same manner as a majority of the public stockholders in connection with the vote required to approve our initial business combination and in favor of the amendment to our amended and restated certificate of incorporation to provide for our perpetual existence and waive any rights to participate in any liquidation distribution if we fail to consummate an initial business combination. For so long as the founders' common stock is subject to such transfer restrictions they will be held in an escrow account maintained by Continental Stock Transfer & Trust Company.

Flat Ridge Investments LLC, LLM Structured Equity Fund L.P., LLM Investors L.P. and Capital Management Systems, Inc. have agreed to purchase an aggregate of 5,250,000 warrants at a price of $1.00 per warrant ($5.25 million in the aggregate) in a private placement that will occur simultaneously with the consummation of this offering. The $5.25 million of proceeds from this investment will be added to the proceeds of this offering and will be held in the trust account pending our completion of an initial business combination on the terms described in this prospectus. If we do not complete such an initial business combination, then the $5.25 million will be part of the liquidating distribution to our public stockholders, and the sponsors' warrants will expire worthless.

The sponsors' warrants are identical to the warrants included in the units being sold in this offering, except that the sponsors' warrants are (i) non-redeemable so long as they are held by any of the sponsors or their permitted transferees, (ii) are subject to certain transfer restrictions as described in more detail in this prospectus and will not be exercisable while they are subject to these transfer restrictions and (iii) may be exercised for cash or on a cashless basis, as described in this prospectus. The sponsors have agreed not to sell or otherwise transfer any of the sponsors' warrants until the date that is 30 days after the date we complete our initial business combination; provided however that transfers can be made to permitted transferees who agree in writing to be bound by such transfer restrictions. For so long as the sponsors' warrants are subject to such transfer restrictions they will be held in an escrow account maintained by Continental Stock Transfer & Trust Company.

If the underwriters determine that the size of this offering should be increased it could result in a proportionate increase in the amount of interest we may withdraw from the trust account. Assuming a 20% increase in the size of this offering, the per-share conversion or liquidation rate could decrease by as much as approximately $0.03 (or $0.03 if the underwriters' over-allotment option is exercised in full).

Our executive offices are located at 695 East Main Street, Stamford, Connecticut 06901, and our telephone number is (203) 363-0885.

THE OFFERING

In making your decision whether to invest in our securities, you should take into account not only the backgrounds of the members of our management team, but also the special risks we face as a blank check company and that this offering is not being conducted in compliance with Rule 419 promulgated under the Securities Act of 1933, as amended (the "Securities Act"). You will not be entitled to protections normally afforded to investors in Rule 419 blank check offerings. You should carefully consider these and the other risks set forth in the section below entitled "Risk Factors" beginning on page 26 of this prospectus.

Securities offered:	25,000,000 units, each unit consisting of: one share of common stock, par value $0.0001 per share; and one warrant.
Trading commencement and separation of common stock and warrants:	The units will begin trading on or promptly after the date of this prospectus. The common stock and warrants comprising the units will begin separate trading on the 45th day following the date of this prospectus unless Citigroup Global Markets Inc. informs us of its decision to allow earlier separate trading, subject to our (i) having filed the Current Report on Form 8-K described below and (ii) having issued a press release announcing when such separate trading will begin.
Separate trading of the common stock and warrants is initially prohibited:	In no event will the common stock and warrants be traded separately until we have filed a Current Report on Form 8-K with the SEC containing an audited balance sheet reflecting our receipt of the gross proceeds of this offering. We will file the Current Report on Form 8-K upon the consummation of this offering, which is anticipated to take place four business days from the date of this prospectus. If the over-allotment option is exercised following the initial filing of such Current Report on Form 8-K, a second or amended Current Report on Form 8-K will be filed to provide updated financial information to reflect the exercise and consummation of the over-allotment option.
Units:	
Number outstanding before this offering:	0
Number outstanding after this offering:	25,000,000 units
Common stock:	
Number of outstanding shares before this offering:	7,187,500 shares (includes 937,500 shares sold to our initial stockholders that are subject to repurchase to the extent the underwriters do not exercise their over-allotment option).

Number of shares to be outstanding after this offering:	31,250,000 shares (assumes no exercise of the underwriters' over-allotment option and our repurchase of 937,500 shares of founders' common stock from the initial stockholders).
Warrants:	
Number outstanding before this offering:	0
Number of sponsors' warrants to be sold privately simultaneously with consummation of this offering:	5,250,000 warrants
Number to be outstanding after this offering and the private placement of the sponsors' warrants:	30,250,000 warrants
Exercisability:	Each warrant is exercisable to purchase one share of our common stock.
Exercise price:	$7.50 per share
Exercise period:	The warrants will become exercisable on the later of: the completion of our initial business combination, and fifteen months from the date of this prospectus, *provided* in each case that we have an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants. We have agreed to use our best efforts to have an effective registration statement covering shares of common stock issuable upon exercise of the warrants from the date the warrants become exercisable and to maintain a current prospectus relating to that common stock until the warrants expire or are redeemed. The warrants will expire at 5:00 p.m., New York time, five years from the date of this prospectus or earlier upon redemption. Upon the exercise of any warrant, the warrant exercise price will be paid directly to us and not placed in the trust account, except that the sponsors' warrants may be exercised for cash or on a cashless basis as described in this prospectus.

Redemption:

Once the warrants become exercisable and there is an effective registration statement covering the shares of common stock issuable upon exercise of the warrants available and current throughout the 30-day redemption period defined below, we may redeem the outstanding warrants (except as described below with respect to the sponsors' warrants):

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon a minimum of 30 days' prior written notice of redemption (the "30-day redemption period"); and
- if, and only if, the last sale price of our common stock equals or exceeds $14.50 per share for any 20 trading days within a 30-trading day period ending three business days before we send the notice of redemption.

We will not redeem the warrants unless an effective registration statement covering the shares of common stock issuable upon exercise of the warrants is current and available throughout the 30-day redemption period. If we call the warrants for redemption as described above, our management will have the option to require all holders that wish to exercise warrants to do so on a "cashless basis." In such event, each holder would pay the exercise price by surrendering the warrants for that number of shares of common stock equal to the quotient obtained by dividing (x) the product of the number of shares of common stock underlying the warrants, multiplied by the difference between the exercise price of the warrants and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the common stock for the ten trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants.

We may not redeem the sponsors' warrants so long as they are held by the sponsors or their permitted transferees.

Reasons for redemption limitations:

We have established the above conditions to our exercise of redemption rights to:

- provide warrant holders with adequate notice of redemption;

permit redemption only after the then-prevailing common stock price is substantially above the warrant exercise price; and

ensure a sufficient differential between the then-prevailing common stock price and the warrant exercise price exists so there is a buffer to absorb the market reaction, if any, to our redemption of the warrants.

If the foregoing conditions are satisfied and we issue a notice of redemption, each warrant holder can exercise his, her or its warrant prior to the scheduled redemption date. However, there can be no assurance that the price of the common stock will not fall below the $14.50 trigger price or the $7.50 warrant exercise price after the redemption notice is issued. In no event will we be required to settle the exercise of these warrants or the sponsors' warrants discussed below, whether by net cash settlement or otherwise, unless we have a registration statement under the Securities Act in effect covering the shares of common stock issuable upon the exercise of the warrants and sponsors' warrants, as applicable, and a current prospectus relating to these shares of common stock.

Founders' common stock:

In a transaction occurring in July, 2007, Flat Ridge Investments LLC, LLM Structured Equity Fund L.P. and LLM Investors L.P. purchased an aggregate of 4,312,500 shares of our common stock for an aggregate purchase price of $25,000. Subsequent to the purchase of these shares, (i) Flat Ridge Investments LLC transferred at cost an aggregate of 431,252 of these shares to SJC Capital LLC, an entity affiliated with William Cvengros, one of our directors, and Michael P. Castine, Michael Downey and Daniel Gressel, each of whom is a director, (ii) LLM Structured Equity Fund L.P. and LLM Investors L.P. transferred at cost an aggregate of 345,000 of these shares to Capital Management Systems, Inc., (iii) LLM Structured Equity Fund L.P., LLM Investors L.P. and Capital Management Systems, Inc. transferred at cost an aggregate of 215,625 of these shares to James J. Cahill, our chief financial officer and secretary, (iv) LLM Structured Equity Fund L.P. transferred at cost an aggregate of 64,688 of these shares to James J. Cahill and (v) SJC Capital LLC, LLM Structured Equity Fund L.P., LLM Investors L.P., Michael P. Castine, Michael Downey, Daniel Gressel and Capital Management Systems, Inc. transferred

at cost an aggregate of 161,721 of these shares to Flat Ridge Investments LLC. In October, 2007, the aggregate outstanding 4,312,500 shares of common stock were increased to 7,187,500 shares of common stock (which includes 937,500 shares of common stock which are subject to repurchase to the extent the underwriters do not exercise their over-allotment option) as a result of a 5-for-3 stock split declared by our board of directors. Subsequent to the stock split, Flat Ridge Investments LLC, LLM Structured Equity Fund L.P., LLM Investors L.P. and Capital Management Systems, Inc. transferred at cost an aggregate of 158,724 of these shares to John Merchant, one of our directors. To the extent the underwriters do not exercise the over-allotment option, we will repurchase up to 937,500 shares from our initial stockholders so that the number of shares of common stock owned by our initial stockholders after this offering will be equal to 20% of the total number of shares outstanding after this offering (assuming none of them purchase units in the offering). The founders' common stock is identical to the shares included in the units being sold in this offering, except that:

- the founders' common stock is subject to the transfer restrictions described below;
- the initial stockholders have agreed to vote the founders' common stock in the same manner as a majority of the public stockholders in connection with the vote required to approve our initial business combination and as a result, will not be able to exercise conversion rights (as described below) with respect to the founders' common stock;
- the initial stockholders have agreed to vote the founders' common stock in favor of the amendment to our amended and restated certificate of incorporation to provide for our perpetual existence; and
- the initial stockholders have agreed to waive their rights to participate in any liquidation distribution with respect to the founders' common stock if we fail to consummate an initial business combination.

The initial stockholders have agreed not to transfer, assign or sell any of the founders' common stock (as described under "Principal Stockholders Transfers by Our Initial Stockholders and Our Sponsors")

	until one year after the date of the completion of an initial business combination or earlier if, subsequent to our initial business combination, (i) the closing price of our common stock equals or exceeds $14.50 per share for any 20 trading days within any 30-trading day period or (ii) we consummate a subsequent liquidation, merger, stock exchange or other similar transaction which results in all of our stockholders having the right to exchange their shares of common stock for cash, securities or other property; provided however that transfers can be made to permitted transferees (as described under "Principal Stockholders Transfers by Our Initial Stockholders and Our Sponsors") who agree in writing to be bound to the transfer restrictions, agree to vote in the same manner as a majority of the public stockholders who vote at the special meeting or annual called for the purpose of approving our initial business combination and to vote in favor of the amendment to our amended and restated certificate of incorporation providing for our perpetual existence and waive any rights to participate in any liquidation distribution if we fail to consummate an initial business combination. For so long as the sponsors' warrants are subject to such transfer restrictions they will be held in an escrow account maintained by Continental Stock Transfer & Trust Company. In addition, the initial stockholders are entitled to registration rights with respect to the founders' common stock under an agreement to be signed on or before the date of this prospectus. The holders of a majority of these shares may elect to exercise these registration rights at any time commencing on the earlier of (i) nine months after the consummation of our initial business combination or (ii) the date the shares are released from escrow.
Sponsors' warrants purchased through private placement:	Flat Ridge Investments LLC, LLM Structured Equity Fund L.P., LLM Investors L.P. and Capital Management Systems, Inc. have entered into agreements with us to invest an aggregate of $5.25 million in us in the form of sponsors' warrants to purchase 5,250,000 shares of our common stock at a price of $1.00 per warrant. The sponsors are obligated to purchase the sponsors' warrants from us upon the consummation of this offering. The sponsors' warrants will be purchased separately and not in combination with common stock or in the form of units. The purchase price of the sponsors' warrants will be added to the proceeds from this

offering to be held in the trust account pending the completion of our initial business combination. If we do not complete an initial business combination that meets the criteria described in this prospectus, then the $5.25 million purchase price of the sponsors' warrants will become part of the liquidating distribution to our public stockholders and the sponsors' warrants will expire worthless.

The sponsors' warrants are identical to the warrants included in the units being sold in this offering, except that the sponsors' warrants:

- are non-redeemable so long as they are held by any of the sponsors or their permitted transferees;
- are subject to the transfer restrictions described below;
- will not be exercisable while they are subject to the transfer restrictions described below; and
- may be exercised by the holders on a cashless basis.

The holders of the warrants included in the units purchased in this offering will not be able to exercise those warrants unless we have an effective registration statement covering the shares issuable upon their exercise and a related current prospectus available. Although the shares of common stock issuable pursuant to the sponsors' warrants will not be issued pursuant to a registration statement so long as they are held by our sponsors and their permitted transferees, the warrant agreement provides that the sponsors' warrants may not be exercised unless a registration statement relating to the common stock issuable upon exercise of the warrants purchased in this offering is effective and a related current prospectus is available.

The sponsors have agreed not to transfer, assign or sell any of the sponsors' warrants until the date that is 30 days after the date we complete our initial business combination; provided, however that the transfers can be made to permitted transferees (as described under "Principal Stockholders Transfers by Our Initial Stockholders and Our Sponsors") who agree in writing to be bound by such transfer restrictions. For so long as the sponsors' warrants are subject to such transfer restrictions they will be held in an escrow account maintained by Continental Stock Transfer & Trust Company.

	We will not be required to settle any such warrant exercise, whether by net cash settlement or otherwise, unless we have a registration statement under the Securities Act in effect covering the shares of common stock issuable upon the exercise of the warrants and sponsors' warrants, as applicable, and a current prospectus relating to these shares of common stock. In addition, the sponsors are entitled to registration rights with respect to the sponsors' warrants under an agreement to be signed on or before the date of this prospectus, which allows the holders of a majority of the sponsors' warrants (or underlying securities) to elect to exercise these registration rights at any time after the consumption of our initial business combination. With the exception of the terms noted above, the sponsors' warrants will have terms and provisions that are identical to those of the warrants included in the units being sold in this offering.
Right of first review:	We have entered into a business opportunity right of first review agreement with David A. Minella, our chairman and chief executive officer, who is affiliated with Flat Ridge Investment LLC, one of our sponsors, and Patrick J. Landers, our president and a director, who is affiliated with LLM Structured Equity Fund L.P. and LLM Investors L.P., two of our sponsors, James J. Cahill, our chief financial officer and secretary, William Landman, one of our directors, who is affiliated with Capital Management Systems, Inc., one of our sponsors, and Michael P. Castine, William Cvengros, Michael Downey, Daniel Gressel and John Merchant, each of whom is a director, and each of our sponsors, that provides that from the date of this prospectus until the earlier of the consummation of our initial business combination or our liquidation in the event we do not consummate an initial business combination, we will have a right of first review with respect to business combination opportunities of Messrs. Minella, Landers, Cahill, Landman, Castine, Cvengros, Downey, Gressel, Merchant and each of our sponsors, and companies or other entities which they manage or control, in the financial services industry with an enterprise value of $195 million or more. Messrs. Minella, Landers, Cahill, Landman, Castine, Cvengros, Downey, Gressel, Merchant and each of our sponsors will, and will cause such companies or entities under their management or control to, first offer any such business opportunity to us and they will not, and will cause each other

	company or entity under their management or control not to, pursue such business opportunity unless and until our board of directors has determined for any reason that we will not pursue such opportunity. Decisions by us to release Messrs. Minella, Landers, Cahill, Landman, Castine, Cvengros, Downey, Gressel, Merchant and each of our sponsors to pursue any specific business opportunity will be made solely by a majority of our disinterested directors.
Conflicts of Interest:	For a description of potential conflicts of interest see "Risk Factors" and "Management Conflicts of Interest."
Proposed American Stock Exchange symbols for our:	
Units:	"PAX.U"
Common stock:	"PAX"
Warrants:	"PAX.WS"
Proceeds of offering and private placement of sponsors' warrants to be held in trust account and amounts payable prior to trust account distribution or liquidation:	Approximately $245.3 million, or approximately $9.81 per unit (approximately $281.4 million, or approximately $9.79 per unit, if the underwriters' over-allotment option is exercised in full) of the proceeds of this offering and the private placement of the sponsors' warrants will be placed in a trust account at JPMorgan Chase, N.A., with Continental Stock Transfer & Trust Company as trustee, pursuant to an agreement to be signed on the date of this prospectus. These proceeds include $8.3 million in deferred underwriting discounts and commissions (or approximately $9.5 million if the over-allotment option is exercised in full). We believe that the inclusion in the trust account of the purchase price of the sponsors' warrants and the deferred underwriting discounts and commissions is a benefit to our stockholders because additional proceeds will be available for distribution to investors if a liquidation of our company occurs prior to our completing an initial business combination. Except as described below, proceeds in the trust account will not be released until the earlier of completion of our initial business combination or our liquidation. Unless and until an initial business combination is consummated, proceeds held in the trust account will not be available for our use for any purpose, including the payment of expenses related to this offering, and the investigation,

	selection and negotiation of an agreement with one or more target businesses, except there can be released to us from the trust account (i) interest income earned on the trust account balance to pay any income taxes on such interest and (ii) interest income earned of up to $3.25 million on the trust account balance to fund our working capital requirements, provided that after such release there remains in the trust account a sufficient amount of interest income previously earned on the trust account balance to pay any due and unpaid income taxes on such $3.25 million of interest income (which provision we refer to as the "tax holdback"). With these exceptions, expenses incurred by us while seeking an initial business combination may be paid prior to our initial business combination only from the net proceeds of this offering not held in the trust account (initially, approximately $50,000).
Limited payments to insiders:	There will be no fees, reimbursements or other cash payments paid to awarded to or earned by our initial stockholders, sponsors, officers, directors or their affiliates prior to, or for any services they render in order to effectuate, the consummation of an initial business combination (regardless of the type of transaction that it is) other than: repayment of $200,000 in non-interest bearing loans made to us by Flat Ridge Investments LLC, LLM Structured Equity Fund L.P. and LLM Investors L.P. to cover offering expenses; a payment of an aggregate of $4,500 per month to Teleos Management, L.L.C., an entity affiliated with Daniel Gressel, one of our directors, and $3,000 per month to LLM Capital Partners LLC, an entity affiliated with Patrick J. Landers, our president and a director, LLM Structured Equity Fund L.P. and LLM Investors L.P., for office space, secretarial and administrative services; and reimbursement for any expenses incident to this offering and expenses incident to identifying, investigating and consummating an initial business combination with one or more target businesses, none of which have been incurred to date. There is no limit on the amount of out-of-pocket expenses that could be incurred; provided, however, that to the extent such out-of-pocket expenses exceed the available proceeds not deposited in the trust account and interest income of up to $3.25 million on the

	balance in the trust account (subject to the tax holdback described above), such out-of-pocket expenses would not be reimbursed by us unless we consummate an initial business combination. Our audit committee will review and approve all reimbursements made to our initial stockholders, sponsors, officers, directors or their affiliates, and any reimbursements made to members of our audit committee will be reviewed and approved by our board of directors, with any interested director abstaining from such review and approval.
All amounts held in the trust account that are not converted to cash, released to us in the form of interest income or payable to the underwriters for deferred discounts and commissions will be released to us on closing of our initial business combination:	All amounts held in the trust account that are not converted to cash (as described below) or previously released to us as interest income to pay taxes on interest or to fund working capital will be released to us upon closing of our initial business combination with one or more target businesses, subject to compliance with the conditions to consummating an initial business combination described below. We will use these funds to pay amounts due to any public stockholders who exercise their conversion rights and to pay the underwriters their deferred underwriting discounts and commissions that are equal to 3.3% of the gross proceeds of this offering, or $8.3 million (or approximately $9.5 million if the underwriters' over-allotment option is exercised in full). Funds released from the trust account to us can be used to pay all or a portion of the purchase price of the target business or businesses. If the initial business combination is paid for using stock or debt securities, we may use the cash released to us from the trust account for general corporate purposes, including but not limited to maintenance or expansion of operations of acquired businesses, the payment of principal or interest due on indebtedness incurred in consummating our initial business combination, to fund the purchase of other companies or for working capital.
Amended and Restated Certificate of Incorporation:	Prior to our consummation of an initial business combination, there will be specific provisions in our amended and restated certificate of incorporation that may not be amended without the unanimous consent of our stockholders, including requirements to seek stockholder approval of an initial business combination and to allow our stockholders to seek conversion of their shares if they do not approve an initial business combination. While we have been advised that the validity of unanimous consent

provisions under Delaware law has not been settled, we view these provisions as obligations to our stockholders and will not take any action to amend or waive these provisions. Our amended and restated certificate of incorporation will provide that we will continue in existence only until 24 months after the date of this prospectus. If we have not completed an initial business combination by such date, our corporate existence will cease except for the purposes of winding up our affairs and liquidating, pursuant to Section 278 of the Delaware General Corporation Law. This has the same effect as if our board of directors and stockholders had formally voted to approve our dissolution pursuant to Section 275 of the Delaware General Corporation Law. Accordingly, limiting our corporate existence to a specified date as permitted by Section 102(b)(5) of the Delaware General Corporation Law removes the necessity to comply with the formal procedures set forth in Section 275 (which would have required our board of directors and stockholders to formally vote to approve our dissolution and liquidation and to have filed a certificate of dissolution with the Delaware Secretary of State). In connection with any proposed initial business combination we submit to our stockholders for approval, we will also submit to stockholders a proposal to amend our amended and restated certificate of incorporation to provide for our perpetual existence, thereby removing this limitation on our corporate life. Our initial business combination will be approved only if (i) a majority of the shares of common stock voted by the public stockholders present in person or by proxy at a duly held stockholders meeting are voted in favor of our initial business combination, (ii) a majority of the outstanding shares of our common stock are voted in favor of the amendment to our amended and restated certificate of incorporation to provide for our perpetual existence and (iii) public stockholders owning not more than 30% of the shares (minus one share) sold in this offering both vote against our initial business combination and exercise their conversion rights. The approval of the proposal to amend our amended and restated certificate of incorporation to provide for our perpetual existence would require the affirmative vote of a majority of our outstanding shares of common stock. We view this provision terminating our corporate life 24 months after the date of this prospectus as an obligation to our stockholders and will not take any action to amend or waive this provision to allow us

to survive for a longer period of time except in connection with the consummation of an initial business combination.

Stockholders must approve initial business combination:

We will seek stockholder approval before effecting our initial business combination, even if the initial business combination would not ordinarily require stockholder approval under applicable state law. We will consummate our initial business combination only if (i) a majority of the shares of common stock voted by the public stockholders present in person or by proxy at a duly held stockholders meeting are voted in favor of our initial business combination, (ii) a majority of the outstanding shares of our common stock are voted in favor of the amendment to our amended and restated certificate of incorporation to provide for our perpetual existence and (iii) not more than 30% of the shares (minus one share) sold in this offering are voted against the initial business combination and exercise their conversion rights described below. It is important to note that voting against our initial business combination alone will not result in a conversion of your shares into a pro rata share of the trust account, which will only occur when you exercise your conversion rights as described in this prospectus.

In connection with the stockholder vote required to approve our initial business combination, the initial stockholders have agreed to vote the founders' common stock (i) in the same manner as a majority of the public stockholders who vote at the special or annual meeting called for the purpose of approving our initial business combination and (ii) in favor of our amendment to our amended and restated certificate of incorporation to provide for our perpetual existence. This voting arrangement does not apply to shares included in units purchased in this offering or shares purchased following this offering in the open market by any of our initial stockholders, sponsors, officers or directors. Accordingly, they may vote these shares in connection with a shareholder vote on a proposed initial business combination any way they choose. As discussed below, however, they have waived any conversion rights in the event they vote against an initial business combination and the initial business combination is approved.

Conditions to consummating our initial business combination:	We will not enter into our initial business combination with an entity which is affiliated with any of our officers, directors, initial stockholders or sponsors, including any businesses that are portfolio companies of our initial stockholders or sponsors or any entity affiliated with our officers, directors, initial stockholders or sponsors. Our initial business combination must occur with one or more target businesses that collectively have a fair market value of at least 80% of the balance in the trust account (excluding deferred underwriting discounts and commissions of $8.3 million, or approximately $9.5 million if the underwriters' over-allotment option is exercised in full) at the time of such initial business combination. We may seek to consummate our initial business combination with a target business or businesses with a collective fair market value in excess of 80% of the balance in the trust account. However, we would likely need to obtain additional financing to consummate such an initial business combination, and there is no assurance we would be able to obtain such financing. If we acquire less than 100% of a target business in our initial business combination, the aggregate fair market value of the portion we acquire must equal at least 80% of the balance in the trust account (excluding deferred underwriting discounts and commissions as described above) at the time of such initial business combination. The fair market value of a portion of a target business will be calculated by multiplying the fair market value of the entire business by the percentage of the target we acquire. We will only consummate a business combination in which we become the controlling shareholder of the target. The key factor that we will rely on in determining controlling shareholder status would be our acquisition of at least 50.1% of the voting equity interests of the target company. We will not consider any transaction that does not meet such criteria.
Conversion rights for stockholders voting to reject our initial business combination:	If our initial business combination is approved and completed, public stockholders voting against it will be entitled to convert their shares of common stock into a pro rata share of the aggregate amount then on deposit in the trust account, before payment of deferred underwriting discounts and commissions and including interest earned on their pro rata portion of the trust account, net of income taxes payable on such interest and net of interest income of up to $3.25 million on the trust account balance

previously released to us to fund our working capital requirements (subject to the tax holdback described in this prospectus). If the initial business combination is not approved or completed for any reason, then public stockholders voting against our initial business combination will not be entitled to convert their shares of common stock into a pro rata share of the aggregate amount then on deposit in the trust account. Such public stockholders would only be entitled to convert their shares of common stock into a pro rata share of the aggregate amount on deposit in the trust account in the event that such stockholders elect to vote against a subsequent business combination which is approved by stockholders and completed, or in connection with our dissolution and liquidation. The initial stockholders, sponsors and our officers and directors will not be able to exercise conversion rights with respect to any of our shares that they may acquire prior to, in or after this offering.

Public stockholders who convert their common stock into a pro rata share of the trust account will be paid their conversion price promptly following the consummation of our initial business combination and will continue to have the right to exercise any warrants they own. The initial per share conversion price is approximately $9.81 per share (or approximately $9.79 per share if the underwriters' over-allotment option is exercised in full), without taking into account any interest earned on such funds. Since this amount may be less than the $10.00 per unit price in this offering and may be lower than the market price of the common stock on the date of conversion, there may be a disincentive on the part of public stockholders to exercise their conversion rights. Because converting stockholders will receive their proportionate share of deferred underwriting compensation and the underwriters will be paid the full amount of the deferred underwriting compensation promptly after completion of our initial business combination, the non-converting stockholders will bear the financial effect of such payments to both the converting stockholders and the underwriters.

An eligible stockholder may request conversion at any time after the mailing to our stockholders of the proxy statement and prior to the vote being taken with respect to a proposed initial business combination at a meeting held for that purpose, but

the request will not be granted unless the stockholder votes against the initial business combination and the initial business combination is approved and consummated, as discussed above. In addition, no later than the business day immediately preceding the vote on the initial business combination, the stockholder must present written instructions to our transfer agent stating that the stockholder wishes to convert its shares into a pro rata share of the trust account and confirming that the stockholder has held the shares since the record date and will continue to hold them through the stockholder meeting and the closing of our initial business combination. We may also require public stockholders to tender their certificates to our transfer agent or to deliver their shares to our transfer agent electronically using The Depository Trust Company's DWAC (Deposit/Withdrawal At Custodian) System no later than the business day immediately preceding the vote on the initial business combination. There is a nominal cost associated with the above-referenced tendering process and the act of certificating the shares or delivering them through the DWAC system. The transfer agent will typically charge the tendering broker approximately $35 and it would be up to the broker to decide whether to pass this cost on to the converting stockholder.

The proxy solicitation materials that we will furnish to stockholders in connection with the vote for any proposed initial business combination will indicate whether we are requiring stockholders to satisfy such certification and delivery requirements. As discussed above, a stockholder would have from the time we send out our proxy statement up until the business day immediately preceding the vote on the initial business combination to deliver his shares if he wishes to seek to exercise his conversion rights. The delivery process is within the stockholder's control and, whether he is a record holder or his shares are held in "street name," should be able to be accomplished by the stockholder in a matter of hours simply by contacting the transfer agent or his broker and requesting delivery of his shares through the DWAC system. However, because we do not have control over this process or over the brokers or DTC, it may take significantly longer than anticipated to obtain a physical stock certificate. Accordingly, we will only require stockholders to deliver their certificates prior to a vote if, in

	accordance with AMEX's proxy notification recommendations, the stockholders receive the proxy solicitation materials at least twenty days prior to the meeting.
Liquidation if no initial business combination:	If we are unable to complete an initial business combination within 24 months after the date of this prospectus, our corporate existence will cease except for the purposes of winding up our affairs and liquidating pursuant to Section 278 of the Delaware General Corporation Law, in which case we will as promptly as practicable thereafter adopt a plan of distribution in accordance with Section 281(b) of the Delaware General Corporation Law. Section 278 provides that our existence will continue for at least three years after its expiration for the purpose of prosecuting and defending suits, whether civil, criminal or administrative, by or against us, and of enabling us gradually to settle and close our business, to dispose of and convey our property, to discharge our liabilities and to distribute to our stockholders any remaining assets, but not for the purpose of continuing the business for which we were organized. Our existence will continue automatically even beyond the three-year period for the purpose of completing the prosecution or defense of suits begun prior to the expiration of the three-year period, until such time as any judgments, orders or decrees resulting from such suits are fully executed. Section 281(b) will require us to pay or make reasonable provision for all then-existing claims and obligations, including all contingent, conditional, or unmatured contractual claims known to us, and to make such provision as will be reasonably likely to be sufficient to provide compensation for any then-pending claims and for claims that have not been made known to us or that have not arisen but that, based on facts known to us at the time, are likely to arise or to become known to us within ten years after the date of dissolution. Under Section 281(b), the plan of distribution must provide for all of such claims to be paid in full or make provision for payments to be made in full, as applicable, if there are sufficient assets. If there are insufficient assets to provide for all such claims, the plan must provide that such claims and obligations be paid or provided for according to their priority and, among claims of equal priority, ratably to the extent of legally available assets. These claims must be paid or provided for before we make any distribution of our remaining assets to our

stockholders. While we intend to pay such claims, if any, from the $50,000 of proceeds held outside the trust account and from the $3.25 million of interest income earned on the trust account available to us for working capital (subject to the tax holdback described in this prospectus) we cannot assure you those funds will be sufficient to pay or provide for all creditors' claims. Although we will seek to have all third parties (including any vendors (which means entities that provide goods or services to us) or other entities we engage after this offering) and any prospective target businesses enter into agreements with us waiving any right, title, interest or claim of any kind in or to any monies held in the trust account, there is no guarantee that they will execute such agreements. We have not engaged any such third parties or asked for or obtained any such waiver agreements at this time. There is no guarantee that the third parties would not challenge the enforceability of these waivers and bring claims against the trust account for monies owed them. In addition, there is no guarantee that such entities will agree to waive any claims they may have in the future as a result of, or arising out of, any negotiations, contracts or agreements with us and will not seek recourse against the trust account for any reason. David A. Minella, LLM Structured Equity Fund L.P. and LLM Investors L.P. have agreed that they will be liable to ensure that the proceeds in the trust account are not reduced by the claims of target businesses or claims of vendors or other entities that are owed money by us for services rendered or contracted for or products sold to us.

However, the agreement entered into by Mr. Minella, LLM Structured Equity Fund L.P. and LLM Investors L.P. specifically provides for two exceptions to this indemnity; there will be no liability (1) as to any claimed amounts owed to a third party who executed a waiver (even if such waiver is subsequently found to be invalid and unenforceable) or (2) as to any claims under our indemnity of the underwriters of this offering against certain liabilities, including liabilities under the Securities Act. Based upon representations from Mr. Minella, LLM Structured Equity Fund L.P. and LLM Investors L.P. as to their accredited investor status (as such term is defined in Regulation D under the Securities Act) and that they have sufficient funds available to them to satisfy their indemnification obligations, we believe they will be

able to satisfy any indemnification obligations that may arise given the limited nature of the obligations and we will enforce our rights under these indemnification arrangements against each of Mr. Minella, LLM Structured Equity Fund L.P. and LLM Investors L.P. However, in the event Mr. Minella, LLM Structured Equity Fund L.P. and LLM Investors L.P. have liability to us under these indemnification arrangements, we cannot assure you that they will have the assets necessary to satisfy those obligations.

We expect that all costs and expenses associated with implementing our plan of distribution will be funded from amounts remaining out of the $50,000 of proceeds held outside the trust account and from the $3.25 million in interest income on the balance of the trust account that will be released to us to fund our working capital requirements (subject to the tax holdback described in this prospectus). However, if those funds are not sufficient to cover the costs and expenses associated with implementing our plan of distribution, David A. Minella, LLM Structured Equity Fund L.P. and LLM Investors L.P. have agreed to advance us the funds necessary to complete such liquidation (currently anticipated to be no more than $15,000) and have agreed not to seek repayment for such expenses.

Our initial stockholders have waived their rights to participate in any liquidation distribution of the funds held in the trust account if we fail to consummate a business combination within 24 months after the date of this prosp