

TALK AMERICA HOLDINGS INC  
Form SC 13G  
May 12, 2006

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

**SCHEDULE 13G**

**Under the Securities Exchange Act of 1934**

**(Amendment No. \_\_)\***

Talk America Holdings, Inc.

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(Name of Issuer)

Common Stock, \$0.01 par value

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(Title of Class of Securities)

87426R202

(CUSIP Number)

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May 4, 2006

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**(Date of Event Which Requires Filing of this Statement)**

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

\* 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 the disclosures provided in a prior cover page. The information required in 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).

1. Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

**Jonathan Starr**

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

(a) ..

(b) ..

3. SEC Use Only

4. Citizenship or Place of Organization

USA

5. Sole Voting Power

Number of

1,543,887

Shares

6. Shared Voting Power

Beneficially

Owned by

0

Each

7. Sole Dispositive Power

Reporting

Person

1,543,887

8. Shared Dispositive Power

With

0

9. Aggregate Amount Beneficially Owned by Each Reporting Person

1,543,887

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)

*5.07%*

12. Type of Reporting Person (See Instructions)

IN

1. Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

Flagg Street Capital LLC

I.R.S. Identification No. 74-3123494

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

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Delaware

5. Sole Voting Power

Number of

Shares 1,543,887  
6. Shared Voting Power

Beneficially

Owned by 0  
Each 7. Sole Dispositive Power

Reporting

Person 1,543,887  
8. Shared Dispositive Power

With

0

9. Aggregate Amount Beneficially Owned by Each Reporting Person

1,543,887

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)

*5.07%*

12. Type of Reporting Person (See Instructions)

IA

1. Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

Flagg Street Partners LP

I.R.S. Identification No. 16-1702721

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

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization

Delaware

5. Sole Voting Power

Number of

Shares 224,055  
6. Shared Voting Power

Beneficially

Owned by 0  
Each 7. Sole Dispositive Power

Reporting

Person 224,055  
8. Shared Dispositive Power

With

0

9. Aggregate Amount Beneficially Owned by Each Reporting Person

224,055

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)

0.74%

12. Type of Reporting Person (See Instructions)

PN



1. Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

Flagg Street Partners Qualified LP

I.R.S. Identification No. 16-1702722

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

(a) ..

(b) ..

3. SEC Use Only

4. Citizenship or Place of Organization

Delaware

5. Sole Voting Power

Number of

404,400

Shares

6. Shared Voting Power

Beneficially

Owned by

0

Each

7. Sole Dispositive Power

Reporting

Person

404,400

8. Shared Dispositive Power

With

0

9. Aggregate Amount Beneficially Owned by Each Reporting Person

404,400

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)

1.33%

12. Type of Reporting Person (See Instructions)

PN

1. Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

Flagg Street Offshore LP

I.R.S. Identification No. 16-1702723

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

(a) ..

(b) ..

3. SEC Use Only

4. Citizenship or Place of Organization

Delaware

5. Sole Voting Power

Number of

Shares 915,432  
6. Shared Voting Power

Beneficially

Owned by 0  
Each 7. Sole Dispositive Power

Reporting

Person 915,432  
8. Shared Dispositive Power

With

0

9. Aggregate Amount Beneficially Owned by Each Reporting Person

915,432

10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)

11. Percent of Class Represented by Amount in Row (9)

3.01%

12. Type of Reporting Person (See Instructions)

PN

**Item 1. (a) Name of Issuer:**

Talk America Holdings, Inc. (the Issuer ).

**(b) Address of Issuer s Principal Executive Offices:**

6805 Route 202, New Hope, Pennsylvania.

**Item 2.** This joint statement on Schedule 13G is being filed by Jonathan Starr, Flagg Street Capital LLC, Flagg Street Partners LP, Flagg Street Partners Qualified LP and Flagg Street Offshore LP, who are collectively referred to as the Reporting Persons. Mr. Starr is the controlling managing member of Flagg Street Capital LLC ( Capital ). Capital is an investment adviser registered under Section 203 of the Investment Advisers Act, and is the sole general partner of each of Flagg Street Partners LP ( Partners ), Flagg Street Partners Qualified LP ( Qualified ), and Flagg Street Offshore LP ( Offshore and together with Partners and Qualified, the Funds ). Information with respect to each of the Reporting Persons is as follows:

**(a) Names of Persons Filing:**

The names of the Reporting Persons are Jonathan Starr, Flagg Street Capital LLC, Flagg Street Partners LP, Flagg Street Partners Qualified LP and Flagg Street Offshore LP.

**(b) Address of Principal Business Office:**

The principal business office of the Reporting Persons with respect to the shares reported hereunder is 44 Brattle Street, Cambridge, MA 02138.

**(c) Citizenship:**

Mr. Starr is a U.S. citizen. Capital is a Delaware limited liability company. Each of the Funds is a Delaware limited partnership.

**(d) Title of Class of Securities:**

Common stock, par value \$0.01 per share ( Common Stock )

**(e) CUSIP Number:**

87426R202

**Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:**

N/A

**Item 4. Ownership**

In the aggregate, the Reporting Persons beneficially own 1,543,887 shares of the Common Stock of the Issuer, representing approximately 5.07% of the outstanding shares of such class of securities. The beneficial ownership of each Reporting Person is as follows: Each of Capital, as the sole general partner of each of the Funds, and Mr. Starr, as the manager of Capital, beneficially owns 1,543,887 shares of the Common Stock of the Issuer, representing approximately 5.07% of the outstanding shares of such class of securities. Partners beneficially owns 224,055 shares of the Common Stock of the Issuer, representing

approximately 0.74% of the outstanding shares of such class of securities. Qualified beneficially owns 404,400 shares of the Common Stock of the Issuer, representing approximately 1.33% of the outstanding shares of such class of securities. Offshore beneficially owns 915,432 shares of the Common Stock of the Issuer, representing approximately 3.01% of the outstanding shares of such class of securities. The percentage of the Common Stock beneficially owned by each Reporting Person is based on a total of 30,427,368 shares of the Common Stock of the Issuer outstanding as of May 9, 2006, as reported in the most recent quarterly report of the Issuer on Form 10-Q for the quarterly period ended March 31, 2006.

Each Fund has the sole power to vote and dispose of the shares of Common Stock beneficially owned by such Fund. Each of Capital, as the sole general partner of each of the Funds, and Starr, as the manager of Capital, has the sole power to vote and dispose of all of the shares of Common Stock reported in this joint statement Schedule 13G.

**Item 5. Ownership of Five Percent or Less of a Class**

N/A

**Item 6. Ownership of More than Five Percent on Behalf of Another Person**

N/A

**Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person**

N/A

**Item 8. Identification and Classification of Members of the Group**

N/A

**Item 9. Notice of Dissolution of Group**

N/A

**Item 10. Certification**

By signing below I hereby certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

*Signature*

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DATE: May 12, 2006

FLAGG STREET PARTNERS LP

By: Flagg Street Capital LLC  
General Partner

By: /s/ Jonathan Starr  
Jonathan Starr  
Managing Member

FLAGG STREET PARTNERS QUALIFIED LP

By: Flagg Street Capital LLC  
General Partner

By: /s/ Jonathan Starr  
Jonathan Starr  
Managing Member

FLAGG STREET OFFSHORE LP

By: Flagg Street Capital LLC  
General Partner

By: /s/ Jonathan Starr  
Jonathan Starr  
Managing Member



FLAGG STREET CAPITAL LLC

By: /s/ Jonathan Starr  
Jonathan Starr  
Managing Member

JONATHAN STARR

By: /s/ Jonathan Starr  
Jonathan Starr

Exhibit 1

JOINT FILING AGREEMENT

Pursuant to Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree, as of May 12, 2006, that only one statement containing the information required by Schedule 13G, and each amendment thereto, need be filed with respect to the ownership by each of the undersigned of shares of common stock of Talk America Holdings, Inc. and such statement to which this Joint Filing Agreement is attached as Exhibit 1 is filed on behalf of each of the undersigned.

DATE: May 12, 2006

FLAGG STREET PARTNERS LP

By: Flagg Street Capital LLC  
General Partner

By: /s/ Jonathan Starr  
Jonathan Starr  
Managing Member

FLAGG STREET PARTNERS QUALIFIED LP

By: Flagg Street Capital LLC  
General Partner

By: /s/ Jonathan Starr  
Jonathan Starr  
Managing Member

FLAGG STREET OFFSHORE LP

By: Flagg Street Capital LLC  
General Partner

By: /s/ Jonathan Starr  
Jonathan Starr  
Managing Member

FLAGG STREET CAPITAL LLC

By: /s/ Jonathan Starr  
Jonathan Starr  
Managing Member

JONATHAN STARR

By: /s/ Jonathan Starr  
Jonathan Starr