

DOWNEY FINANCIAL CORP
Form SC 13G/A
February 17, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

**SCHEDULE 13G
Under the Securities Exchange Act of 1934
(Amendment No. 1)**

DOWNEY FINANCIAL CORP.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

261018105

(CUSIP Number)

December 31, 2008

(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 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).

CUSIP No. 261018105

Page 2 of 9 Pages

1 NAMES OF REPORTING PERSONS
Serengeti Asset Management LP

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2
(a)
(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

5 SOLE VOTING POWER
NUMBER OF 2,226,400

6 SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 0

7 SOLE DISPOSITIVE POWER
EACH REPORTING PERSON 2,226,400

8 SHARED DISPOSITIVE POWER
WITH: 0

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,226,400

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

7.7%

TYPE OF REPORTING PERSON

12

PN

CUSIP No. 261018105

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1 NAMES OF REPORTING PERSONS
J.L. Serengeti Management LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2
(a)
(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

5 SOLE VOTING POWER
NUMBER OF 2,226,400

6 SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 0

7 SOLE DISPOSITIVE POWER
EACH REPORTING PERSON 2,226,400

8 SHARED DISPOSITIVE POWER
WITH: 0

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,226,400

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

7.7%

TYPE OF REPORTING PERSON

12

OO

CUSIP No. 261018105

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1 NAMES OF REPORTING PERSONS
Joseph A. LaNasa III

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2
(a)
(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
United States

5 SOLE VOTING POWER
NUMBER OF 2,226,400

6 SHARED VOTING POWER
SHARES BENEFICIALLY OWNED BY 0

7 SOLE DISPOSITIVE POWER
EACH REPORTING PERSON 2,226,400

8 SHARED DISPOSITIVE POWER
WITH: 0

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,226,400

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

7.7%

TYPE OF REPORTING PERSON

12

IN

CUSIP No. 261018105

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Item 1.

(a) Name of Issuer

Downey Financial Corp.

(b) Address of Issuer s Principal Executive Offices

3501 Jamboree Road, Newport Beach, CA 92660

Item 2.

(a) Name of Person Filing

This statement is jointly filed by and on behalf of each of Serengeti Asset Management LP, J.L. Serengeti Management LLC and Joseph A. LaNasa III with respect to the ownership of shares of common stock of Downey Financial Corp. by Serengeti Overseas Ltd. and Serengeti Rapax Fund Ltd. Serengeti Asset Management LP acts as an investment adviser to, and manages investment and trading accounts of, other persons, including Serengeti Overseas Ltd. and Serengeti Rapax Fund Ltd. Serengeti Asset Management LP may be deemed, through investment advisory contracts or otherwise, to beneficially own securities owned by other persons, including Serengeti Overseas Ltd. and Serengeti Rapax Fund Ltd. J.L. Serengeti Management LLC is the general partner of Serengeti Asset Management LP and may be deemed to control Serengeti Asset Management LP and beneficially own securities owned by Serengeti Asset Management LP. Mr. LaNasa III is the sole member of J.L. Serengeti Management LLC and may be deemed to control J.L. Serengeti Management LLC and beneficially own securities owned by J.L. Serengeti Management LLC.

Each reporting person declares that neither the filing of this statement nor anything herein shall be construed as an admission that such person is, for the purposes of Section 13(d) or 13(g) of the Act or any other purpose, the beneficial owner of any securities covered by this statement.

Each reporting person may be deemed to be a member of a group with respect to the issuer or securities of the issuer for the purposes of Section 13(d) or 13(g) of the Act. Each reporting person declares that neither the filing of this statement nor anything herein shall be construed as an admission that such person is, for the purposes of Section 13(d) or 13(g) of the Act or any other purpose, (i) acting (or has agreed or is agreeing to act) with any other person as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of the issuer or otherwise with respect to the issuer or any securities of the issuer or (ii) a member of any syndicate or group with respect to the issuer or any securities of the issuer.

(b) Address of Principal Business Office or, if none, Residence

The address of the principal business office of each reporting person is 632 Broadway, 12th Floor, New York, NY 10012.

(c) Citizenship

See Item 4 on the cover pages hereto.

(d) Title of Class of Securities

Common Stock

(e) CUSIP Number

261018105

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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) Broker or dealer registered under Section 15 of the Act (15 U.S.C. 78o);
- (b) Bank as defined in Section 3(a)(6) of the Act (15 U.S.C. 78c);
- (c) Insurance company as defined in Section 3(a)(19) of the Act (15 U.S.C. 78c);
- (d) An investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8);
- (e) An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with §240.13d-1(b)(1)(ii)(G);
- (h) A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) A non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J);
- (k) A group, in accordance with §240.13d-1(b)(1)(ii)(J).

If filing as a non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4. Ownership.

(a) Amount beneficially owned:

See Item 9 on the cover pages hereto.

(b) Percent of class:

See Item 11 on the cover pages hereto.

(c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote:

See Item 5 on the cover pages hereto.

(ii) Shared power to vote or to direct the vote:

See Item 6 on the cover pages hereto.

(iii) Sole power to dispose or to direct the disposition of:

See Item 7 on the cover pages hereto.

(iv) Shared power to dispose or to direct the disposition of:

See Item 8 on the cover pages hereto.

Item 5. Ownership of 5% or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following .

Item 6. Ownership of More than 5 Percent on Behalf of Another Person

See response to Item 4.

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

Not Applicable.

Item 8. Identification and Classification of Members of the Group

Each reporting person may be deemed to be a member of a group with respect to the issuer or securities of the issuer for the purposes of Section 13(d) or 13(g) of the Act. Each reporting person declares that neither the filing of this statement nor anything herein shall be construed as an admission that such person is, for the purposes of Section 13(d) or 13(g) of the Act or any other purpose, (i) acting (or has agreed or is agreeing to act) with any other person as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of the issuer or otherwise with respect to the issuer or any securities of the issuer or (ii) a member of any syndicate or group with respect to the issuer or any securities of the issuer.

Item 9. Notice of Dissolution of Group

Each reporting person may be deemed to be a member of a group with respect to the issuer or securities of the issuer for the purposes of Section 13(d) or 13(g) of the Act. Each reporting person declares that neither the filing of this statement nor anything herein shall be construed as an admission that such person is, for the purposes of Section 13(d) or 13(g) of the Act or any other purpose, (i) acting (or has agreed or is agreeing to act) with any other person as a partnership, limited partnership, syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of the issuer or otherwise with respect to the issuer or any securities of the issuer or (ii) a member of any syndicate or group with respect to the issuer or any securities of the issuer.

Item 10. Certifications

By signing below I 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.

SIGNATURES

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

February 17, 2009

Serengeti Asset Management LP

By: /s/ Brandon W. Gardner
Brandon W. Gardner
Authorized Person

J.L. Serengeti Management LLC

By: /s/ Joseph A. LaNasa III
Joseph A. LaNasa III
Authorized Person

Joseph A. LaNasa III

/s/ Joseph A. LaNasa III
Joseph A. LaNasa III

EXHIBIT INDEX

| Exhibit Number | Description |
|-------------------|--|
| 99.1 | Joint Filing Agreement dated February 17, 2009 among Serengeti Asset Management LP, J.L. Serengeti Management LLC and Joseph A. LaNasa III |