

First Financial Northwest, Inc.
Form SC 13D/A
February 06, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 2)*

FIRST FINANCIAL NORTHWEST, INC.
(Name of Issuer)

Common Stock, par value \$0.01 per share
(Title of Class of Securities)

32022K102
(CUSIP Number)

Mr. Lloyd Jagai
O-CAP Management, L.P.,
600 Madison Avenue, 14th Floor
New York, New York 10022
212-554-4622

with a copy to:
Michael F. Mavrides
Bingham McCutchen LLP
399 Park Avenue
New York, New York 10022
(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

February 5, 2013
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

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* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1 NAMES OF REPORTING PERSONS

O-CAP Management, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

- (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS) IA

OO

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF
SHARES

0

BENEFICIALLY OWNED BY
EACH

709,269 (See Items 5 and 6)

REPORTING PERSON
WITH

0

10 SHARED DISPOSITIVE POWER

709,269 (See Items 5 and 6)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

709,269 (See Items 5 and 6)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.77%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IA

1 NAMES OF REPORTING PERSONS

O-CAP Partners, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

OO

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF
SHARES

0

BENEFICIALLY OWNED BY

8 SHARED VOTING POWER

EACH 433,906 (See Items 5 and 6)

REPORTING PERSON 9 SOLE DISPOSITIVE POWER

WITH 0

10 SHARED DISPOSITIVE POWER

433,906 (See Items 5 and 6)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

433,906 (See Items 5 and 6)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.31%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

1 NAMES OF REPORTING PERSONS

O-CAP Offshore Master Fund, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

OO

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

7 SOLE VOTING POWER

NUMBER OF

SHARES

0

BENEFICIALLY

8 SHARED VOTING POWER

OWNED BY

EACH

275,363 (See Items 5 and 6)

REPORTING

9 SOLE DISPOSITIVE POWER

PERSON

WITH

0

10 SHARED DISPOSITIVE POWER

275,363 (See Items 5 and 6)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

275,363 (See Items 5 and 6)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.46%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

1 NAMES OF REPORTING PERSONS

O-CAP Offshore Fund, Ltd.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

OO

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

7 SOLE VOTING POWER

NUMBER OF

SHARES

0

BENEFICIALLY

8 SHARED VOTING POWER

OWNED BY

EACH

275,363 (See Items 5 and 6)

REPORTING

9 SOLE DISPOSITIVE POWER

PERSON

WITH

0

10 SHARED DISPOSITIVE POWER

275,363 (See Items 5 and 6)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

275,363 (See Items 5 and 6)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.46%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

CO

1 NAMES OF REPORTING PERSONS

O-CAP Advisers, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS) IA

OO

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF
SHARES

0

BENEFICIALLY OWNED BY

8 SHARED VOTING POWER

EACH 709,269 (See Items 5 and 6)

REPORTING PERSON 9 SOLE DISPOSITIVE POWER

WITH

0

10 SHARED DISPOSITIVE POWER

709,269 (See Items 5 and 6)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

709,269 (See Items 5 and 6)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.77%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

1 NAMES OF REPORTING PERSONS

O-CAP GP, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS) IA

OO

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF
SHARES

0

BENEFICIALLY OWNED BY
EACH

709,269 (See Items 5 and 6)

REPORTING PERSON
WITH

0

8 SHARED VOTING POWER

709,269 (See Items 5 and 6)

9 SOLE DISPOSITIVE POWER

10 SHARED DISPOSITIVE POWER

709,269 (See Items 5 and 6)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

3.77%

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

OO

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

1 NAMES OF REPORTING PERSONS

Michael E. Olshan

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS) IA

OO

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

7 SOLE VOTING POWER

NUMBER OF

SHARES

0

BENEFICIALLY OWNED BY EACH REPORTING PERSON

OWNED BY

EACH

709,269 (See Items 5 and 6)

9 SOLE DISPOSITIVE POWER

PERSON

WITH

0

10 SHARED DISPOSITIVE POWER

709,269 (See Items 5 and 6)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

709,269 (See Items 5 and 6)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.77%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

1 NAMES OF REPORTING PERSONS

Jared S. Sturdivant

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS) IA

OO

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF
SHARES

0

BENEFICIALLY OWNED BY

8 SHARED VOTING POWER

EACH 709,269 (See Items 5 and 6)

REPORTING PERSON 9 SOLE DISPOSITIVE POWER

WITH

0

10 SHARED DISPOSITIVE POWER

709,269 (See Items 5 and 6)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

709,269 (See Items 5 and 6)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.77%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

Item 1. Security and Issuer

This statement on Schedule 13D relates to the Common Stock, par value \$0.01 per share (“Common Stock”), of First Financial Northwest, Inc. (the “Issuer”). The address of the principal executive offices of the Issuer is 201 Wells Avenue South, Renton, Washington 98057.

Item 2. Identity and Background

- (a) This statement is being filed jointly by the following entities (collectively, the “Reporting Persons”)
- (i) O-CAP Partners, L.P., a Delaware limited partnership (“O-CAPLP”);
 - (ii) O-CAP Offshore Fund, Ltd., a Cayman Islands exempted company (“O-CAPOFF”);
 - (iii) O-CAP Offshore Master Fund, L.P., a Cayman Island exempted limited partnership (“O-CAPMF”);
 - (iv) O-CAP Management, L.P., a Delaware limited partnership (“O-CAPMGT”);
 - (v) O-CAP GP, LLC, a Delaware limited liability company (“O-CAPGP”);
 - (vi) O-CAP Advisors, LLC, a Delaware limited liability company (“O-CAPADV”);
 - (vii) Michael E. Olshan, Portfolio Manager and the Managing Partner of O-CAPMGT and the Managing Member of O-CAPGP and O-CAPADV
 - (viii) Jared S. Sturdivant, Portfolio Manager and the Managing Partner of O-CAPMGT and the Managing Member of O-CAPGP and O-CAPADV

The principal business of O-CAPMGT is to provide investment advice and management services to institutional and individual investors. O-CAPMGT is the investment manager of O-CAPLP, O-CAPOFF and O-CAPMF. O-CAPLP and O-CAPMF are each private investment funds whose principal business is investing in securities. O-CAPOFF was formed to pool investment funds of certain qualified investors and invests all or substantially all of its assets in O-CAPMF. O-CAPADV was formed for the principal purpose of acting as the general partner of O-CAPLP and O-CAPMF. O-CAPGP was formed for the principal purpose of acting as the general partner of O-CAPMGT and O-CAPADV. Michael Olshan and Jared Sturdivant are both citizens of the United States of America.

- (a) The address of the principal business and principal office of each of the O-CAP Entities is c/o O-CAP Management, LP, 600 Madison Avenue, 14th Floor, New York, New York 10022.
- (b) During the past five years, the Reporting Persons have not, and, to the best of their knowledge, no other person identified in response to this Item 2 has, been (a) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) a party to any civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of which such person was or is subject to judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws, or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

All of the Shares to which this Statement relates were purchased by the Reporting Persons and were purchased with working capital in open market purchases. The aggregate purchase cost of the 709,269 Shares as of February 6, 2013 reported hereunder was \$3,519,393 (including brokerage commissions).

In the event that the Reporting Persons purchase additional shares of the Issuer Common Stock, it is currently contemplated that it will use its working capital for such purchases. As of the date of this Statement, no other arrangements with third parties have been made with respect to financing the acquisition of additional shares of Issuer Common Stock.

Item 4. Purpose of Transaction

The Reporting Persons believe that the Issuer's Common Stock is significantly undervalued and is an attractive investment. In addition, the Reporting Persons believe that the Issuer should actively pursue strategic alternatives to maximize shareholder value, including a sale of the entire company, or other value-maximizing alternatives.

The Reporting Persons expect to engage in discussions with management, the Board, other stockholders of the Issuer and other relevant parties concerning the business, assets, capitalization, financial condition, operations, governance, management, strategy and future plans of the Issuer, which discussions may include proposing or considering one or more of the actions described in subsections (a) through (j) of Item 4 of Schedule 13D.

The Reporting Persons intend to review their investments in the Issuer on a continuing basis. Depending on various factors, including, without limitation, the Issuer's financial position and strategic direction, actions taken by the board, price levels of shares of the Common Stock, other investment opportunities available to the Reporting Persons, concentration of positions in the portfolios managed by the Reporting Persons, market conditions and general economic and industry conditions, the Reporting Persons may take such actions with respect to their investments in the Issuer as they deem appropriate, including, without limitation, purchasing additional shares of the Common Stock or other financial instruments related to the Issuer or selling some or all of their beneficial or economic holdings, engaging in hedging or similar transactions with respect to the securities relating to the Issuer and/or otherwise changing their intention with respect to any and all matters referred to in Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer

(a) – (b) As of the close of business on the filing date, the Reporting Persons beneficially own, in the aggregate, a total of 709,269 shares of Common Stock, which represent approximately 3.77% of the Issuer's outstanding Common Stock.

As of the close of business on the filing date, O-CAPLP beneficially owns 433,906 shares of Common Stock, representing approximately 2.31% of the total number of Common Stock outstanding and has the shared power to vote or direct the vote, and the shared power to dispose or direct the disposition of, all such 433,906 shares of common stock.

As of the close of business on the filing date O-CAPMF beneficially owns 275,363 shares of Common Stock, representing approximately 1.46% of the total number of Common Stock outstanding and has the shared power to vote or direct the vote, and the shared power to dispose or direct the disposition of, all such 275,363 shares of common stock.

As of the filing date, the shares of Common Stock beneficially owned by O-CAPLP and O-CAPMF, when aggregated together totaled 709,269 shares of Common Stock, approximately 3.77% of the total number of shares of Common Stock outstanding.

Because Michael E. Olshan, Jared S. Sturdivant, O-CAPMGT, O-CAPADV and O-CAPGP may be deemed to control O-CAPLP and O-CAPMF, they may each be deemed to beneficially own, and to have the shared power to vote or direct the vote of, or dispose or direct the disposition of, the 709,269 shares of Common Stock that are beneficially owned by O-CAPLP and O-CAPMF.

As of the close of business on the filing date hereof, the number of shares of Common Stock as to which each of the Reporting Persons has or shares voting or dispositive authority is set forth in rows 7 through 10 of each of the inside cover pages to this Schedule 13D relating to each such Reporting Person (which are incorporated by reference into this Item 5 by reference). All percentages set forth in this paragraph are based on 18,805,168 shares of Common Stock outstanding as of the filing date.

(c) No Reporting Persons has effected any transaction in shares of Common Stock during the 60 days preceding the date of this Schedule 13D except as set forth below. The following chart represents the transactions directed and/or effected by Michael E. Olshan, Jared Sturdivant, O-CAPMGT, O-CAPADV and O-CAPGP.

Date of Purchase/ Sale	No. Shares Purchased/ Sold	Price Per Share
6-Dec-12	7,350	7.47
7-Dec-12	500	7.45
10-Dec-12	950	7.40
11-Dec-12	4,250	7.32
12-Dec-12	20,000	7.21
13-Dec-12	8,500	7.16
17-Dec-12	4,000	7.11
18-Dec-12	11,900	7.14
19-Dec-12	3,450	7.15
20-Dec-12	400	7.17
26-Dec-12	1,300	7.46
27-Dec-12	12,100	7.42
28-Dec-12	5,300	7.42
31-Dec-12	22,500	7.46
11-Jan-13	(25,000)	8.18
25-Jan-13	300	7.89
31-Jan-13	(28,838)	8.10
1-Feb-13	(20,149)	8.10
5-Feb-13	(183,552)	8.07

(d) No person other than the Reporting Persons is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, any securities owned by the Reporting Persons.

(e) As of the date hereof, the Reporting Persons ceased to be the beneficial owner of more than five percent of the class of securities.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

O-CAPMGT, as the investment manager of O-CAPLP and O-CAPMF, receives a management fee for managing the assets of O-CAPLP and O-CAPMF. O-CAPGP has a carried interest in O-CAPLP and O-CAPMF and may receive a performance fee from O-CAPLP and O-CAPMF.

Item 7. Material to Be Filed as Exhibits

Exhibit 7.1 Agreement, dated as of February 6, 2013 by and among the Reporting Persons.

SIGNATURES

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: February 6, 2013

O-CAP PARTNERS, L.P.

By: O-CAP Advisors, GP, its General Partner

By: /s/ Michael E. Olshan

Michael E. Olshan

By: /s/ Jared S. Sturdivant

Jared S. Sturdivant

O-CAP OFFSHORE FUND, LTD

By: /s/ Michael E. Olshan

Michael E. Olshan

By: /s/ Jared S. Sturdivant

Jared S. Sturdivant

O-CAP OFFSHORE MASTER FUND, L.P.

By: O-CAP Advisors, LLC, its General Partner

By: /s/ Michael E. Olshan

Michael E. Olshan

By: /s/ Jared S. Sturdivant

Jared S. Sturdivant

O-CAP MANAGEMENT, L.P.

By: O-CAP GP, LLC, its General Partner

By: /s/ Michael E. Olshan

Michael E. Olshan

By: /s/ Jared S. Sturdivant

Jared S. Sturdivant

O-CAP ADVISORS, LLC

By: /s/ Michael E. Olshan

Michael E. Olshan

By: /s/ Jared S. Sturdivant
Jared S. Sturdivant

O-CAP GP, LLC

By: /s/ Michael E. Olshan
Michael E. Olshan

By: /s/ Jared S. Sturdivant
Jared S. Sturdivant

By: /s/ Michael E. Olshan
Michael E. Olshan, Individually

By: /s/ Jared S. Sturdivant
Jared S. Sturdivant, Individually