

KINGSWAY FINANCIAL SERVICES INC  
Form SC 13D/A  
October 07, 2016

CUSIP No. 496904202 SCHEDULE 13D Page 1 of 31

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934  
(Amendment No. 24)

**KINGSWAY FINANCIAL SERVICES Inc.**

(Name of Issuer)

Common Shares, no par value

(Title of Class of Securities)

496904202

(CUSIP Number)

Mr. Joseph Stilwell

111 Broadway, 12th Floor

New York, New York 10006

Telephone: (212) 269-1551

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

September 30, 2016

(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. "

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

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

Stilwell Value Partners III, L.P.

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

(a)  x

(b)

3. SEC Use Only  
.....

4. Source of Funds (See Instructions) WC, OO

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

Citizenship or Place of Organization:

6. Delaware

Number of 7. Sole Voting Power: 0  
Shares 8. Shared Voting Power: 4,491,741  
9. Sole Dispositive Power: 0

Beneficially

Owned by

Each 10. Shared Dispositive Power: 4,491,741

Reporting

Person  
With

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 4,491,741

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ``

13. Percent of Class Represented by Amount in Row (11): 19.95%

14. Type of Reporting Person (See Instructions)

PN

CUSIP No. 496904202 SCHEDULE 13D Page 3 of 31

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

Stilwell Value Partners IV, L.P.

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

(a)  x

(b)

3. SEC Use Only  
.....

4. Source of Funds (See Instructions) WC, OO

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

Citizenship or Place of Organization:

6.

Delaware

Number of 7. Sole Voting Power: 0

8. Shared Voting Power: 0

Shares 9. Sole Dispositive Power: 0

Beneficially

Owned by

Each 10. Shared Dispositive Power: 0

Reporting

Person

With

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 0

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ..

13. Percent of Class Represented by Amount in Row (11): 0.0%

14. Type of Reporting Person (See Instructions)

PN

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

Stilwell Activist Fund, L.P.

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

(a)  x

(b)

3. SEC Use Only  
.....

4. Source of Funds (See Instructions) WC, OO

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

Citizenship or Place of Organization:

6. Delaware

Number of 7. Sole Voting Power: 0  
Shares 8. Shared Voting Power: 4,491,741  
9. Sole Dispositive Power: 0

Beneficially

Owned by

Each 10. Shared Dispositive Power: 4,491,741

Reporting

Person  
With

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 4,491,741

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11): 19.95%

14. Type of Reporting Person (See Instructions)

PN



CUSIP No. 496904202 SCHEDULE 13D Page 5 of 31

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

Stilwell Activist Investments, L.P.

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

(a)  x

(b)

3. SEC Use Only  
.....

4. Source of Funds (See Instructions) WC, OO

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

Citizenship or Place of Organization:

6. Delaware

Number of 7. Sole Voting Power: 0  
Shares 8. Shared Voting Power: 4,491,741  
9. Sole Dispositive Power: 0

Beneficially

Owned by

Each 10. Shared Dispositive Power: 4,491,741

Reporting

Person  
With

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 4,491,741

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) "

13. Percent of Class Represented by Amount in Row (11): 19.95%

14. Type of Reporting Person (See Instructions)

PN

CUSIP No. 496904202 SCHEDULE 13D Page 6 of 31

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

Stilwell Associates, L.P.

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

(a)  x

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) WC, OO

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

Citizenship or Place of Organization:

6.

Delaware

Number of 7. Sole Voting Power: 0

8. Shared Voting Power: 4,491,741

Shares 9. Sole Dispositive Power: 0

Beneficially

Owned by

Each 10. Shared Dispositive Power: 4,491,741

Reporting

Person

With

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 4,491,741

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) "

13. Percent of Class Represented by Amount in Row (11): 19.95%

14. Type of Reporting Person (See Instructions)

PN

CUSIP No. 496904202 SCHEDULE 13D Page 7 of 31

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

Stilwell Value LLC

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

(a)  x

(b)

3. SEC Use Only  
.....

4. Source of Funds (See Instructions) N/A

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

Citizenship or Place of Organization:

6. Delaware

Number of 7. Sole Voting Power: 0  
Shares 8. Shared Voting Power: 4,491,741  
9. Sole Dispositive Power: 0

Beneficially

Owned by

Each 10. Shared Dispositive Power: 4,491,741

Reporting

Person  
With

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 4,491,741

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ``

13. Percent of Class Represented by Amount in Row (11): 19.95%

14. Type of Reporting Person (See Instructions)

OO

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

Joseph Stilwell

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

(a)  x

(b)

3. SEC Use Only  
.....

4. Source of Funds (See Instructions) PF,OO

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

Citizenship or Place of Organization:

6. United States

Number of 7. Sole Voting Power: 0  
Shares 8. Shared Voting Power: 4,491,741  
9. Sole Dispositive Power: 0

Beneficially

Owned by

Each 10. Shared Dispositive Power: 4,491,741

Reporting

Person  
With

11. Aggregate Amount Beneficially Owned by Each Reporting Person: 4,491,741

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) ..

13. Percent of Class Represented by Amount in Row (11): 19.95%

14. Type of Reporting Person (See Instructions)

IN



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## Item 1. Security and Issuer

This is the twenty-fourth amendment (this "Twenty-Fourth Amendment") to the original Schedule 13D, which was filed on November 7, 2008 (the "Original Schedule 13D"), and amended on November 14, 2008 (the "First Amendment"), on November 17, 2008 (the "Second Amendment"), on November 24, 2008 (the "Third Amendment"), on December 29, 2008 (the "Fourth Amendment"), on January 12, 2009 (the "Fifth Amendment"), on February 2, 2009 (the "Sixth Amendment"), on February 17, 2009 (the "Seventh Amendment"), on February 18, 2009 (the "Eighth Amendment"), on April 9, 2009 (the "Ninth Amendment"), on April 28, 2009 (the "Tenth Amendment"), on August 4, 2009 (the "Eleventh Amendment"), on November 16, 2009 (the "Twelfth Amendment"), on April 8, 2010 (the "Thirteenth Amendment"), on April 20, 2010 (the "Fourteenth Amendment"), on June 7, 2010 (the "Fifteenth Amendment"), on June 29, 2010 (the "Sixteenth Amendment"), on September 24, 2012 (the "Seventeenth Amendment"), on November 30, 2012 (the "Eighteenth Amendment"), on June 11, 2013 (the "Nineteenth Amendment"), on September 20, 2013 (the "Twentieth Amendment"), on December 27, 2013 (the "Twenty-First Amendment"), on February 12, 2014 (the "Twenty-Second Amendment"), and on September 22, 2014 (the "Twenty-Third Amendment"). This Twenty-Fourth Amendment is being filed jointly by Stilwell Value Partners III, L.P., a Delaware limited partnership ("Stilwell Value Partners III"); Stilwell Value Partners IV, L.P., a Delaware limited partnership ("Stilwell Value Partners IV"); Stilwell Activist Fund, L.P., a Delaware limited partnership ("Stilwell Activist Fund"); Stilwell Activist Investments, L.P., a Delaware limited partnership ("Stilwell Activist Investments"); Stilwell Associates, L.P., a Delaware limited partnership ("Stilwell Associates"); Stilwell Value LLC, a Delaware limited liability company ("Stilwell Value LLC") and the general partner of Stilwell Value Partners III, Stilwell Value Partners IV, Stilwell Activist Fund, Stilwell Activist Investments, and Stilwell Associates, and Joseph Stilwell, the managing member and owner of Stilwell Value LLC. All the filers of this statement are collectively referred to herein as the "Group." The amended joint filing agreement of the members of the Group is attached as Exhibit 27 to this Twenty-Fourth Amendment.

This statement relates to the common shares, no par value ("Common Stock"), of Kingsway Financial Services Inc. ("KFS" or the "Issuer"). The address of the principal executive offices of the Issuer is 45 St. Clair Avenue West, Suite 400, Toronto, Ontario, Canada M4V 1K9.

## Item 2. Identity and Background

(a)-(c) This statement is filed by Joseph Stilwell with respect to the shares of Common Stock beneficially owned by Joseph Stilwell, including shares of Common Stock held in the names of Stilwell Value Partners III, Stilwell Value Partners IV, Stilwell Activist Fund, Stilwell Activist Investments, and Stilwell Associates, in Joseph Stilwell's capacities as the managing member and owner of Stilwell Value LLC, which is the general partner of Stilwell Value Partners III, Stilwell Value Partners IV, Stilwell Activist Fund, Stilwell Activist Investments, and Stilwell Associates.

The business address of Stilwell Value Partners III, Stilwell Value Partners IV, Stilwell Activist Fund, Stilwell Activist Investments, Stilwell Associates, Stilwell Value LLC, and Joseph Stilwell is 111 Broadway, 12th Floor, New York, New York 10006.

The principal employment of Joseph Stilwell is investment management. Stilwell Value Partners III, Stilwell Value Partners IV, Stilwell Activist Fund, Stilwell Activist Investments, and Stilwell Associates are private investment partnerships engaged in the purchase and sale of securities for their own accounts. Stilwell Value LLC is in the business of serving as the general partner of Stilwell Value Partners III, Stilwell Value Partners IV, Stilwell Activist Fund, Stilwell Activist Investments, Stilwell Associates, and related partnerships.

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(d) During the past five years, no member of the Group has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the past five years, no member of the Group has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and, as a result of such proceeding, was or is subject to a 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, except as indicated in Schedule A attached hereto.

(f) Joseph Stilwell is a citizen of the United States.

### Item 3. Source and Amount of Funds or Other Consideration

Since we last reported purchases and sales of Common Stock (see the Twenty-Third Amendment), Stilwell Activist Fund has expended a total of \$470,599 to acquire 75,441 shares of Common Stock and Series B Warrants of the Issuer (“Series B Warrants”) to purchase 18,784 shares of Common Stock. Such funds were provided from Stilwell Activist Fund’s working capital and, from time to time, may be provided in part by margin account loans from subsidiaries of Morgan Stanley extended in the ordinary course of business.

Since we last reported purchases and sales of Common Stock (see the Twenty-Third Amendment), Stilwell Activist Investments has expended a total of \$7,947,984 to acquire 1,301,451 shares of Common Stock and Series B Warrants to purchase 292,317 shares of Common Stock. Such funds were provided from Stilwell Activist Investments’ working capital and, from time to time, may be provided in part by margin account loans from subsidiaries of Morgan Stanley extended in the ordinary course of business.

All purchases of shares of Common Stock or warrants to purchase shares of Common Stock made by the Group using funds borrowed from subsidiaries of Fidelity Brokerage Services LLC, JP Morgan Chase & Co. or Morgan Stanley, if any, were made in margin transactions on their usual terms and conditions. All or part of the shares of Common Stock or warrants to purchase shares of Common Stock owned by members of the Group may from time to time be pledged with one or more banking institutions or brokerage firms as collateral for loans made by such entities to members of the Group. Such loans generally bear interest at a rate based on the broker’s call rate from time to time in effect. Such indebtedness, if any, may be refinanced with other banks or broker-dealers.

**Item 4. Purpose of Transaction**

We are filing this Twenty-Fourth Amendment to report that Stilwell Value Partners IV is no longer a member of the Group.

Our purpose in acquiring shares of Common Stock of the Issuer is to profit from the appreciation in the market price of the shares of Common Stock through asserting shareholder rights. During the time the Group has had Board representation, the Issuer has strengthened previously inadequate reserves and has restructured to maximize shareholder value after the aforesaid reserve additions.

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Since 2000, affiliates of the Group have filed Schedule 13Ds to report greater than 5% positions in 59 other publicly traded companies. For simplicity, these affiliates are referred to as the “Group”, “we”, “us”, or “our.” In each instance, our purpose has been to profit from the appreciation in the market price of the shares we held by asserting shareholder rights. In each situation, we believed that the values of the companies’ assets were not adequately reflected in the market prices of their shares. Our actions are described below. We have categorized the descriptions of our actions with regard to the issuers based upon certain outcomes (whether or not, directly or indirectly, such outcomes resulted from the actions of the Group). Within each category the descriptions are listed in chronological order based upon the respective filing dates of the originally-filed Schedule 13Ds.

**I. After we asserted shareholder rights, the following issuers were sold or merged:**

Security of Pennsylvania Financial Corp. (“SPN”) - We filed our original Schedule 13D to report our position on May 1, 2000. We scheduled a meeting with senior management to discuss ways to maximize the value of SPN’s assets. On June 2, 2000, prior to the scheduled meeting, SPN and Northeast Pennsylvania Financial Corp. announced SPN’s acquisition.

Cameron Financial Corporation (“Cameron”) - We filed our original Schedule 13D to report our position on July 7, 2000. We exercised our shareholder rights by, among other things, requesting that Cameron management hire an investment banker, demanding Cameron’s list of shareholders, meeting with Cameron’s management, demanding that Cameron invite our representatives to join the board, writing to other shareholders to express our dismay with management’s inability to maximize shareholder value and publishing that letter in the local press. On October 6, 2000, Cameron announced its sale to Dickinson Financial Corp.

Community Financial Corp. (“CFIC”) - We filed our original Schedule 13D to report our position on January 4, 2001, following CFIC’s announcement of the sale of two of its four subsidiary banks and its intention to sell one or more of its remaining subsidiaries. We reported that we acquired CFIC stock for investment purposes. On January 25, 2001, CFIC announced the sale of one of its remaining subsidiaries. We then announced our intention to run an alternate slate of directors at the 2001 annual meeting if CFIC did not sell the remaining subsidiary by then. On March 27, 2001, we wrote to CFIC confirming that CFIC’s management had agreed to meet with one of our proposed nominees to the board. On March 30, 2001, before our meeting took place, CFIC announced its merger with First Financial Corporation.

Montgomery Financial Corporation (“Montgomery”) - We filed our original Schedule 13D to report our position on February 23, 2001. On April 20, 2001, we met with Montgomery’s management and suggested that they maximize

shareholder value by selling the institution. We also informed management that we would run an alternate slate of directors at the 2001 annual meeting unless Montgomery was sold. Eleven days after we filed our Schedule 13D, however, Montgomery's board amended its bylaws to limit the pool of potential nominees to local persons with a banking relation and to shorten the deadline to nominate an alternate slate. We located qualified nominees under the restrictive bylaw provisions and noticed our slate within the deadline. On June 5, 2001, Montgomery announced that it had hired an investment banker to explore a sale. On July 24, 2001, Montgomery announced its merger with Union Community Bancorp.

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Community Bancshares, Inc. (“COMB”) - We filed our original Schedule 13D reporting our position on March 29, 2004. We disclosed that we intended to meet with COMB’s management and evaluate management’s progress in resolving its regulatory issues, lawsuits, problem loans, and non-performing assets, and that we would likely support management if it effectively addressed COMB’s challenges. On November 21, 2005, we amended our Schedule 13D and stated that although we believed that COMB’s management had made progress, COMB’s return on equity would likely remain below average for the foreseeable future, and it should therefore be sold. We also stated that if COMB did not announce a sale before our deadline to solicit proxies for the next annual meeting, we would solicit proxies to elect our own slate. On January 6, 2006, we disclosed the names of our three board nominees. On May 1, 2006, COMB announced its sale to The Banc Corporation.

FedFirst Financial Corporation (“FFCO”) - We filed our original Schedule 13D reporting our position on September 24, 2010. After several meetings with management, FFCO completed a meaningful number of share repurchases, and on April 14, 2014, FFCO announced its sale to CB Financial Services, Inc.

SP Bancorp, Inc. (“SPBC”) - We filed our original Schedule 13D reporting our position on February 28, 2011. On August 9, 2013, we met with management and the chairman to assess the best way to maximize shareholder value. SPBC completed a meaningful number of share repurchases, and on May 5, 2014, SPBC announced its sale to Green Bancorp Inc.

TF Financial Corporation (“THRD”) - We filed our original Schedule 13D reporting our position on November 29, 2012. We met with the CEO and the chairman, encouraging them to focus only on accretive acquisitions and to repurchase shares up to book value. They subsequently did both. On June 4, 2014, THRD announced its sale to National Penn Bancshares, Inc.

Jefferson Bancshares, Inc. (“JFBI”) - We filed our original Schedule 13D reporting our position on April 8, 2013. Our shareholder proposal requesting the board seek outside assistance to maximize shareholder value through actions such as a sale or merger was defeated at JFBI’s 2013 annual meeting. We met with management and the board of directors and told them that we would seek board representation at JFBI’s 2014 annual meeting if JFBI did not announce its sale. JFBI announced its sale on January 23, 2014.

Fairmount Bancorp, Inc. (“FMTB”) - We filed our original Schedule 13D reporting our position on September 21, 2012. On February 25, 2014, we reported our intention to seek board representation at FMTB’s 2015 annual meeting if FMTB did not announce its sale. However, due to the appointment of our representative to another board in the local area, we were unable to nominate our representative at the 2015 election of FMTB directors. We reiterated our intent

to seek board representation at the earliest possible time if FMTB was not sold. FMTB's sale was announced on April 16, 2015.

Harvard Illinois Bancorp, Inc. ("HARI") - We filed our original Schedule 13D reporting our position on April 1, 2011. In 2012, we nominated a director for election at HARI's 2012 annual meeting and communicated our belief that HARI should merge with a stronger community bank. Our nominee was not elected, so we nominated a director at HARI's 2013 annual meeting and stated our position that HARI should be sold. We communicated to stockholders our intent to run a nominee every year until elected, and we nominated a director at HARI's 2014 annual meeting. Our nominee was not elected, so in April 2015, we began soliciting stockholder votes for our nominee for HARI's 2015 annual meeting. On May 21, 2015, HARI announced the sale of its subsidiary bank to State Bank in Wonder Lake, IL. We subsequently withdrew our solicitation of proxies for the election of our nominee at HARI's 2015 annual meeting. The sale of HARI's subsidiary bank was completed on August 1, 2016. On August 10, 2016, we entered into a settlement agreement with HARI whereby two legacy board members stepped down, and we agreed not to seek board representation through 2017. HARI is implementing a plan of voluntary dissolution.



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Eureka Financial Corp. (“EKFC”) - We filed our original Schedule 13D reporting our position on March 28, 2011. We encouraged EKFC to pay special dividends to shareholders and repurchase shares. Management and the board did both, and on September 3, 2015, EKFC announced its sale to NexTier, Inc.

United-American Savings Bank (“UASB”) - We filed our original Schedule 13D with the Federal Deposit Insurance Corporation reporting our position on May 20, 2013. We believe management and the board acted in good faith to position UASB to maximize shareholder value. After we encouraged them to sell, UASB announced its sale to Emclair Financial Corp on December 30, 2015.

Polonia Bancorp, Inc. (“PBCP”) - We filed our original Schedule 13D reporting our position on November 23, 2012. After several conversations with the Chairman and CEO, we publicly called for PBCP's sale. On June 2, 2016, PBCP's sale to Prudential Bancorp, Inc. was announced.

Georgetown Bancorp, Inc. (“GTWN”) - We filed our original Schedule 13D reporting our position on July 23, 2012. We encouraged GTWN to maximize shareholder value through share repurchases, and we supported management and the board's consistent efforts to do so. On October 6, 2016, GTWN announced its sale to Salem Five Bancorp.

**II. After we seated directors on the boards of the following issuers, the issuers were sold or merged:**

HC Bancshares, Inc. (“HCBS”)