

Cape Fear Bank CORP
Form SC 13D/A
June 03, 2008

OMB APPROVAL
OMB Number: 3235-0145
Expires: October 31, 1997
Estimated average burden
Hours per response 14.90

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

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934

(Amendment No. 1)*

Cape Fear Bank Corporation

(Name of Issuer)

Common Stock, par value \$3.50 per share

(Title of Class of Securities)

139380109

(CUSIP Number)

Mr. Terry Maltese, Sandler O'Neill Asset Management LLC,

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780 Third Avenue, 5th Floor, New York, NY 10017 (212) 486-7300

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

May 5, 2008

(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 which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box " ".

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

* 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).

Page 1 of 16 pages.

Exhibit Index located on Page 16

SEC 1746 (12-91)

SCHEDULE 13D

CUSIP No. 139380109

Page 2 of 16 Pages

1. Name of Reporting Person

S.S. or I.R.S. Identification No. of above person

Sandler O Neill Asset Management, LLC

2. Check the Appropriate Box if a Member of a Group*

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds*

00

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

6. Citizen or Place of Organization

New York

NUMBER OF 7. Sole Voting Power

SHARES 8. Shared Voting Power

BENEFICIALLY

OWNED BY 276,000

EACH 9. Sole Dispositive Power

REPORTING 10. Shared Dispositive Power

PERSON

WITH 276,000

11. Aggregate Amount Beneficially Owned by Each Reporting Person

276,000

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares*

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

7.18%

14. Type of Reporting Person*

00

***SEE INSTRUCTIONS BEFORE FILLING OUT!**

**INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.**

SCHEDULE 13D

CUSIP No. 139380109

Page 3 of 16 Pages

1. Name of Reporting Person

S.S. or I.R.S. Identification No. of above person

SOAM Holdings, LLC

2. Check the Appropriate Box if a Member of a Group*

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds*

00

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

6. Citizen or Place of Organization

Delaware

NUMBER OF 7. Sole Voting Power

SHARES 8. Shared Voting Power

BENEFICIALLY

OWNED BY 181,600

EACH 9. Sole Dispositive Power

REPORTING 10. Shared Dispositive Power

PERSON

WITH 181,600

11. Aggregate Amount Beneficially Owned by Each Reporting Person

181,600

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares*

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

4.73%

14. Type of Reporting Person*

00

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SCHEDULE 13D

CUSIP No. 139380109

Page 4 of 16 Pages

1. Name of Reporting Person

S.S. or I.R.S. Identification No. of above person

Malta Partners, L.P.

2. Check the Appropriate Box if a Member of a Group*

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds*

WC

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

6. Citizen or Place of Organization

Delaware

NUMBER OF 7. Sole Voting Power

SHARES 8. Shared Voting Power

BENEFICIALLY

OWNED BY 16,600
EACH 9. Sole Dispositive Power

REPORTING 10. Shared Dispositive Power

PERSON

WITH 16,600

11. Aggregate Amount Beneficially Owned by Each Reporting Person

16,600

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares*

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

0.43%

14. Type of Reporting Person*

PN

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SCHEDULE 13D

CUSIP No. 139380109

Page 5 of 16 Pages

1. Name of Reporting Person

S.S. or I.R.S. Identification No. of above person

Malta Hedge Fund, L.P.

2. Check the Appropriate Box if a Member of a Group*

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds*

WC

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

6. Citizen or Place of Organization

Delaware

NUMBER OF 7. Sole Voting Power

SHARES 8. Shared Voting Power

BENEFICIALLY

OWNED BY 25,600
EACH 9. Sole Dispositive Power

REPORTING 10. Shared Dispositive Power

PERSON

WITH 25,600

11. Aggregate Amount Beneficially Owned by Each Reporting Person

25,600

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares*

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

0.67%

14. Type of Reporting Person*

PN

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SCHEDULE 13D

CUSIP No. 139380109

Page 6 of 16 Pages

1. Name of Reporting Person

S.S. or I.R.S. Identification No. of above person

Malta Hedge Fund II, L.P.

2. Check the Appropriate Box if a Member of a Group*

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds*

WC

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

6. Citizen or Place of Organization

Delaware

NUMBER OF 7. Sole Voting Power

SHARES 8. Shared Voting Power

BENEFICIALLY

OWNED BY 139,400
EACH 9. Sole Dispositive Power

REPORTING 10. Shared Dispositive Power
PERSON

WITH 139,400

11. Aggregate Amount Beneficially Owned by Each Reporting Person

139,400

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares*

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

3.63%

14. Type of Reporting Person*

PN

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SCHEDULE 13D

CUSIP No. 139380109

Page 7 of 16 Pages

1. Name of Reporting Person

S.S. or I.R.S. Identification No. of above person

Malta Offshore, Ltd

2. Check the Appropriate Box if a Member of a Group*

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds*

WC

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

6. Citizen or Place of Organization

Cayman Islands

NUMBER OF 7. Sole Voting Power

SHARES 8. Shared Voting Power

BENEFICIALLY

OWNED BY 43,400

EACH 9. Sole Dispositive Power

REPORTING 10. Shared Dispositive Power

PERSON

WITH 43,400

11. Aggregate Amount Beneficially Owned by Each Reporting Person

43,400

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares*

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

1.13%

14. Type of Reporting Person*

CO

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SCHEDULE 13D

CUSIP No. 139380109

Page 8 of 16 Pages

1. Name of Reporting Person

S.S. or I.R.S. Identification No. of above person

SOAM Capital Partners, L.P.

2. Check the Appropriate Box if a Member of a Group*

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds*

WC

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

6. Citizen or Place of Organization

Delaware

NUMBER OF 7. Sole Voting Power

SHARES 8. Shared Voting Power

BENEFICIALLY

OWNED BY 51,000
EACH 9. Sole Dispositive Power

REPORTING 10. Shared Dispositive Power

PERSON

WITH 51,000

11. Aggregate Amount Beneficially Owned by Each Reporting Person

51,000

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares*

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

1.33%

14. Type of Reporting Person*

CO

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SCHEDULE 13D

CUSIP No. 139380109

Page 9 of 16 Pages

1. Name of Reporting Person

S.S. or I.R.S. Identification No. of above person

Terry Maltese

2. Check the Appropriate Box if a Member of a Group*

(a) ..

(b) ..

3. SEC Use Only

4. Source of Funds*

00

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

6. Citizen or Place of Organization

USA

NUMBER OF 7. Sole Voting Power

SHARES 8. Shared Voting Power

BENEFICIALLY

OWNED BY 276,000

EACH 9. Sole Dispositive Power

REPORTING 10. Shared Dispositive Power

PERSON

WITH 276,000

11. Aggregate Amount Beneficially Owned by Each Reporting Person

276,000

12. Check Box if the Aggregate Amount in Row (11) Excludes Certain Shares*

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

7.18%

14. Type of Reporting Person*

IN

***SEE INSTRUCTIONS BEFORE FILLING OUT!**

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7

(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

Item 1. Security and Issuer.

The class of equity securities to which this statement relates is the common stock, par value \$3.50 per share (Common Stock), of Cape Fear Bank Corporation. (the Issuer), a company incorporated in North Carolina, with its principal office at 1117 Military Cutoff Road, Wilmington, NC, 28405.

Item 2. Identity and Background.

(a) This statement is being filed by (i) Sandler O'Neill Asset Management LLC, a New York limited liability company (SOAM), with respect to shares of Common Stock beneficially owned by Malta Partners, L.P., a Delaware limited partnership (MP), Malta Hedge Fund, L.P., a Delaware limited partnership (MHF), Malta Hedge Fund II, L.P., a Delaware limited partnership (MHFII) and Malta Offshore, Ltd., a Cayman Islands company (MO), (ii) SOAM Holdings, LLC, a Delaware limited liability company (Holdings), with respect to shares of Common Stock beneficially owned by MP, MHF and MHFII, (iii) MP, with respect to shares of Common Stock beneficially owned by it, (iv) MHF, with respect to shares of Common Stock beneficially owned by it, (v) MHFII, with respect to shares of Common Stock beneficially owned by it, (vi) MO, with respect to shares of Common Stock beneficially owned by it, and (vii) Terry Maltese, with respect to shares of Common Stock beneficially owned by MP, MHF, MHFII and MO; and as managing member of SOAM Ventures, LLC (Ventures), a Delaware limited liability company, with respect to shares of Common Stock beneficially owned by SOAM Capital Partners, L.P. (SCP), a Delaware limited partnership of which Ventures is the management company. The foregoing persons are hereinafter sometimes referred to collectively as the Reporting Persons and MP, MHF and MHFII are sometimes collectively referred to herein as the Partnerships. Any disclosures herein with respect to persons other than the Reporting Persons are made on information and belief after making inquiry to the appropriate party.

The sole general partner of each of the Partnerships is Holdings, and administrative and management services for the Partnerships are provided by SOAM. SOAM also provides management services to MO. The managing member and President of Holdings and SOAM is Mr. Maltese. In his capacity as President and managing member of Holdings, Ventures, and SOAM, Mr. Maltese exercises voting and dispositive power over all shares of Common Stock beneficially owned by MP, MHF, MHFII, SCP, MO, SOAM and Holdings. The non-managing member of Holdings and SOAM is Sandler O'Neill Holdings, LLC, a New York limited liability company (S.O. Holdings).

(b) The address of the principal offices of each of MP, MHF, MHFII, SCP, Holdings and SOAM and the business address of Mr. Maltese is Sandler O'Neill Asset Management LLC, 780 Third Avenue, 5 Floor, New York, New York 10017. The address of the principal office of MO is c/o BYSIS Hedge Fund Services (Cayman) Limited, P.O. Box 30362 SMB, Harbour Centre, Third Floor, George Town, Grand Cayman, Cayman Islands, British West Indies. The address of the principal office of S.O. Holdings is c/o Sandler O'Neill & Partners, L.P., 919 Third Avenue, 6th Floor, New York, New York 10022.

(c) The principal business of MP, MHF, MHFII, and SCP is that of private partnerships engaged in investment in securities for its own account. The principal business of MO is that of investment in securities for its own account. The principal business of Holdings is that of acting as general partner for the Partnerships. The principal business of SOAM is that of providing administrative and management services to the Partnerships and management services to MO. The present principal occupation or employment of Mr. Maltese is President of SOAM and Holdings. The principal business of S.O. Holdings is investing in Holdings and SOAM.

(d) During the last five years, none of MP, MHF, MHFII, SCP MO, Holdings, SOAM, S.O. Holdings or Mr. Maltese has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, none of MP, MHF, MHFII, MO, SCP, Holdings, SOAM, S.O. Holdings or Mr. Maltese has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person 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.

(f) Mr. Maltese is a U.S. citizen.

Item 3. Source and Amount of Funds.

The net investment cost (including commissions, if any) of the shares of Common Stock held by MP, MHF, MHFII, MO, and SCP is \$165,860, \$253,088, \$1,379,449, \$428,298, and \$497,248 respectively. Such shares were purchased with the investment capital of the respective entities.

Item 4. Purpose of Transaction.

The purpose for which the Common Stock was acquired by the Reporting Persons is for investment. As such, in the ordinary course of their business, the Reporting Persons intend to review their investment in the Company on a continuing basis and may engage in discussions with management, the board of directors, other shareholders of the Company and other relevant parties concerning the business, operations, management, governance, strategy and future plans of the Company. Depending on various factors including, without limitation, the Company's financial position and strategic direction, the outcome of the discussions and actions referenced above, actions taken by the board of directors, price levels of the Common Stock, other investment opportunities available to the Reporting Persons, conditions in the securities market and general economic and industry conditions, the Reporting Persons may in the future take such actions with respect to their investment in the Company as they deem appropriate including, without limitation, purchasing additional shares of Common Stock or selling some or all of their shares of Common Stock, engaging in short selling of or any hedging or similar transactions with respect to the shares of Common Stock, voting for or against and expressing support for or against the proposals of the board of directors of the Company or other shareholders of the Company 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) Based upon an aggregate of 3,841,785 shares of Common Stock outstanding, as determined by the Issuer's most recently available public information, as of the close of business on May 2, 2008:

- (i) MP beneficially owned 16,600 shares of Common Stock, constituting 0.43% of the shares outstanding.