

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

NewStar Financial, Inc.
Form SC 13D
December 07, 2007

=====

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

SCHEDULE 13D
Under the Securities Exchange Act of 1934

NEWSTAR FINANCIAL, INC.
(Name of Issuer)

COMMON STOCK (PAR VALUE \$.01 PER SHARE)	65251F05
(Title of class of securities)	(CUSIP number)

CAPITAL Z PARTNERS, LTD.
UNION SQUARE PARTNERS GP, LTD.
230 PARK AVENUE SOUTH, 11TH FLOOR
NEW YORK, NY 10003
ATTENTION: MR. CRAIG FISHER
TEL NO. (212) 965-0800

(Name, address and telephone number of person authorized to receive notices
and communications)

NOVEMBER 29, 2007
(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 ss.ss. 240-13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box [X].

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See ss. 240.13d-7 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 that 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 (the "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).

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

1	NAME OF REPORTING PERSON:	Capital Z Financial Services Fund II, L.P.
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3	SEC USE ONLY	
4	SOURCE OF FUNDS:	PF, AF, OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):	<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION:	Bermuda
NUMBER OF SHARES	7 SOLE VOTING POWER:	0
BENEFICIALLY OWNED BY	8 SHARED VOTING POWER:	5,714,972
EACH REPORTING	9 SOLE DISPOSITIVE POWER:	0
PERSON WITH	10 SHARED DISPOSITIVE POWER:	5,714,972
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:	5,714,972
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:	<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):	13.1% (1)
14	TYPE OF REPORTING PERSON:	PN

1. This percentage is calculated based on 43,706,785 shares of the Issuer's common stock, which includes (i) 36,258,531 shares of the Issuer's common stock outstanding as of November 9, 2007 as reported in the Issuer's quarterly report on Form 10-Q dated as of November 13, 2007, (ii) 7,248,080 shares of the Issuer's common stock sold by the Issuer in the event which requires the filing of this statement and (iii) 200,174 shares of the Issuer's common stock which may be acquired by Capital Z and Capital Z Private Fund by exercise at any time at the option of Capital Z and Capital Z Private Fund of one warrant.

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

1	NAME OF REPORTING PERSON:	Capital Z Financial Services Private Fund II, L.P.
	S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3	SEC USE ONLY	
4	SOURCE OF FUNDS:	PF, AF, OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):	<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION:	Bermuda
NUMBER OF SHARES	7	SOLE VOTING POWER: <input type="checkbox"/>
BENEFICIALLY OWNED BY	8	SHARED VOTING POWER: 5,714,972
EACH REPORTING	9	SOLE DISPOSITIVE POWER: <input type="checkbox"/>
PERSON WITH	10	SHARED DISPOSITIVE POWER: 5,714,972
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:	5,714,972
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:	<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): <input type="text"/> %	13.1% (1)
14	TYPE OF REPORTING PERSON:	PN

1. This percentage is calculated based on 43,706,785 shares of the Issuer's common stock, which includes (i) 36,258,531 shares of the Issuer's common stock outstanding as of November 9, 2007 as reported in the Issuer's quarterly report on Form 10-Q dated as of November 13, 2007, (ii) 7,248,080 shares of the Issuer's common stock sold by the Issuer in the event which requires the filing of this statement and (iii) 200,174 shares of the Issuer's common stock which may be acquired by Capital Z and Capital Z Private Fund by exercise at any time at the option of Capital Z and Capital Z Private Fund of one warrant.

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

3

1	NAME OF REPORTING PERSON:	Capital Z Partners, L.P.
	S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3	SEC USE ONLY	
4	SOURCE OF FUNDS:	AF, PF, OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):	<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION:	Bermuda
NUMBER OF SHARES	7 SOLE VOTING POWER:	0
BENEFICIALLY OWNED BY	8 SHARED VOTING POWER:	5,714,972
EACH REPORTING	9 SOLE DISPOSITIVE POWER:	0
PERSON WITH	10 SHARED DISPOSITIVE POWER:	5,714,972
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:	5,714,972
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:	<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):	13.1% (1)
14	TYPE OF REPORTING PERSON:	PN

1. This percentage is calculated based on 43,706,785 shares of the Issuer's common stock, which includes (i) 36,258,531 shares of the Issuer's common stock outstanding as of November 9, 2007 as reported in the Issuer's quarterly report on Form 10-Q dated as of November 13, 2007, (ii) 7,248,080 shares of the Issuer's common stock sold by the Issuer in the event which requires the filing of this statement and (iii) 200,174 shares of the Issuer's common stock which may be acquired by Capital Z and Capital Z Private Fund by exercise at any time at the option of Capital Z

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

and Capital Z Private Fund of one warrant.

*This page reflects beneficial ownership by Capital Z Partners, L.P. solely in its capacity as the general partner of Capital Financial Services Fund II, L.P. and Capital Z Financial Services Private Fund II, L.P.

4

1	NAME OF REPORTING PERSON:	Capital Z Partners, Ltd.
	S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3	SEC USE ONLY	
4	SOURCE OF FUNDS:	AF, PF, OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):	<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION:	Bermuda
NUMBER OF SHARES	7 SOLE VOTING POWER:	0
BENEFICIALLY OWNED BY	8 SHARED VOTING POWER:	5,714,972
EACH REPORTING	9 SOLE DISPOSITIVE POWER:	0
PERSON WITH	10 SHARED DISPOSITIVE POWER:	5,714,972
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:	5,714,972
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:	<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):	13.1% (1)
14	TYPE OF REPORTING PERSON:	CO

1. This percentage is calculated based on 43,706,785 shares of the Issuer's

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

common stock, which includes (i) 36,258,531 shares of the Issuer's common stock outstanding as of November 9, 2007 as reported in the Issuer's quarterly report on Form 10-Q dated as of November 13, 2007, (ii) 7,248,080 shares of the Issuer's common stock sold by the Issuer in the event which requires the filing of this statement and (iii) 200,174 shares of the Issuer's common stock which may be acquired by Capital Z and Capital Z Private Fund by exercise at any time at the option of Capital Z and Capital Z Private Fund of one warrant.

*This page reflects beneficial ownership by Capital Z Partners, Ltd. solely in its capacity as the general partner of Capital Z Partners, L.P., which is the general partner of Capital Z Financial Services Fund II, L.P. and Capital Z Financial Services Private Fund II, L.P.

5

1	NAME OF REPORTING PERSON:	Capital Z Management, LLC
	S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3	SEC USE ONLY	
4	SOURCE OF FUNDS:	AF, PF, OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):	<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION:	Bermuda
NUMBER OF SHARES	7 SOLE VOTING POWER:	0
BENEFICIALLY OWNED BY	8 SHARED VOTING POWER:	5,714,972
EACH REPORTING	9 SOLE DISPOSITIVE POWER:	0
PERSON WITH	10 SHARED DISPOSITIVE POWER:	5,714,972
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:	5,714,972
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:	<input type="checkbox"/>

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 13.1% (1)

14 TYPE OF REPORTING PERSON: CO

1. This percentage is calculated based on 43,706,785 shares of the Issuer's common stock, which includes (i) 36,258,531 shares of the Issuer's common stock outstanding as of November 9, 2007 as reported in the Issuer's quarterly report on Form 10-Q dated as of November 13, 2007, (ii) 7,248,080 shares of the Issuer's common stock sold by the Issuer in the event which requires the filing of this statement and (iii) 200,174 shares of the Issuer's common stock which may be acquired by Capital Z and Capital Z Private Fund by exercise at any time at the option of Capital Z and Capital Z Private Fund of one warrant.

*This page reflects beneficial ownership by Capital Z Management, LLC, the principal business of which is performing investment management services for Capital Z Financial Services Fund II, L.P. and Capital Z Financial Services Private Fund II, L.P.

6

1 NAME OF REPORTING PERSON: Union Square Partners, L.P.

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: (a) ☐ (b) ☒

3 SEC USE ONLY

4 SOURCE OF FUNDS: PF, AF, OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e): ☐

6 CITIZENSHIP OR PLACE OF ORGANIZATION: Cayman Islands

NUMBER OF SHARES	7	SOLE VOTING POWER:	0
BENEFICIALLY OWNED BY	8	SHARED VOTING POWER:	2,319,386
EACH REPORTING	9	SOLE DISPOSITIVE POWER:	0
PERSON WITH	10	SHARED DISPOSITIVE POWER:	2,319,386

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:	2,319,386
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:	<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):	5.3% (1)
14	TYPE OF REPORTING PERSON:	PN

1. This percentage is calculated based on 43,706,785 shares of the Issuer's common stock, which includes (i) 36,258,531 shares of the Issuer's common stock outstanding as of November 9, 2007 as reported in the Issuer's quarterly report on Form 10-Q dated as of November 13, 2007, (ii) 7,248,080 shares of the Issuer's common stock sold by the Issuer in the event which requires the filing of this statement and (iii) 200,174 shares of the Issuer's common stock which may be acquired by Capital Z and Capital Z Private Fund by exercise at any time at the option of Capital Z and Capital Z Private Fund of one warrant.

7

1	NAME OF REPORTING PERSON:	Union Square Partners GP, L.P.
	S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3	SEC USE ONLY	
4	SOURCE OF FUNDS:	PF, AF, OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):	<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION:	Cayman Islands
NUMBER OF SHARES	7	SOLE VOTING POWER: 0
BENEFICIALLY OWNED BY	8	SHARED VOTING POWER: 2,319,386
EACH REPORTING	9	SOLE DISPOSITIVE POWER: 0

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

PERSON WITH	10	SHARED DISPOSITIVE POWER:	2,319,386
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:		2,319,386
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:		<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):		5.3% (1)
14	TYPE OF REPORTING PERSON:		PN
<p>1. This percentage is calculated based on 43,706,785 shares of the Issuer's common stock, which includes (i) 36,258,531 shares of the Issuer's common stock outstanding as of November 9, 2007 as reported in the Issuer's quarterly report on Form 10-Q dated as of November 13, 2007, (ii) 7,248,080 shares of the Issuer's common stock sold by the Issuer in the event which requires the filing of this statement and (iii) 200,174 shares of the Issuer's common stock which may be acquired by Capital Z and Capital Z Private Fund by exercise at any time at the option of Capital Z and Capital Z Private Fund of one warrant.</p> <p>*This page reflects beneficial ownership by Union Square Partners GP, L.P. solely in its capacity as the general partner of Union Square Partners, L.P.</p>			
8			
1	NAME OF REPORTING PERSON:		Union Square Partners GP, Ltd.
	S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3	SEC USE ONLY		
4	SOURCE OF FUNDS:		PF, AF, OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e):		<input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION:		Cayman Islands
NUMBER OF SHARES	7	SOLE VOTING POWER:	0
BENEFICIALLY	8	SHARED VOTING POWER:	2,319,386

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

OWNED BY		
EACH	9	SOLE DISPOSITIVE POWER:
REPORTING		0
PERSON WITH	10	SHARED DISPOSITIVE POWER:
		2,319,386
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON:	
		2,319,386
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES:	
		<input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):	
		5.3% (1)
14	TYPE OF REPORTING PERSON: PN	

1. This percentage is calculated based on 43,706,785 shares of the Issuer's common stock, which includes (i) 36,258,531 shares of the Issuer's common stock outstanding as of November 9, 2007 as reported in the Issuer's quarterly report on Form 10-Q dated as of November 13, 2007, (ii) 7,248,080 shares of the Issuer's common stock sold by the Issuer in the event which requires the filing of this statement and (iii) 200,174 shares of the Issuer's common stock which may be acquired by Capital Z and Capital Z Private Fund by exercise at any time at the option of Capital Z and Capital Z Private Fund of one warrant.

*This page reflects beneficial ownership by Union Square Partners GP, Ltd. solely in its capacity as the general partner of Union Square Partners GP, L.P., which is the general partner of Union Square Partners, L.P.

9

SCHEDULE 13D

ITEM 1. SECURITY AND ISSUER

The title of the class of equity security to which this Statement on Schedule 13D relates is the common stock, par value \$.01 per share (the "Common Stock"), of NewStar Financial, Inc., a Delaware corporation (the "Company"). The address of the Company's principal executive offices is

500 Boylston Street
Suite 1600
Boston, MA 02116

ITEM 2. IDENTITY AND BACKGROUND

This Statement is filed by Capital Z Financial Services Fund II, L.P. ("Cap Z Fund II"), Capital Z Financial Services Private Fund II, L.P. ("Cap Z Private Fund II"), Capital Z Partners, L.P. ("Cap Z L.P."), Capital Z Partners,

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

Ltd. ("Cap Z Ltd."), Capital Z Management, LLC ("Cap Z Management"), Union Square Partners, L.P. ("Union Square"), Union Square GP, L.P. ("Union Square LP") and Union Square Partners GP, Ltd., ("Union Square GP"). Each of the foregoing entities is sometimes referred to herein as a "Reporting Person" and they are sometimes referred to herein collectively as the "Reporting Persons."

Each of Cap Z Fund II and Cap Z Private Fund II is a Bermuda limited partnership formed to invest in securities of insurance, financial services and healthcare service companies and other related businesses. Cap Z Fund II historically invests in parallel with Cap Z Private Fund II.

Cap Z L.P. is a Bermuda limited partnership, the principal business of which is serving as the sole general partner of each of Capital Z Fund II and Cap Z Private Fund II.

Cap Z Ltd. is a Bermuda exempt company, the principal business of which is serving as the sole general partner of Cap Z L.P. and is the ultimate general partner of Cap Z Fund II and Cap Z Private Fund II.

Cap Z Management is a Delaware limited liability company, the principal business of which is performing investment management services for Cap Z Fund II and Cap Z Private Fund II.

Union Square is a Cayman Islands limited partnership formed to invest in securities of insurance, financial services and healthcare service companies and other related businesses.

Union Square LP is a Cayman Islands limited partnership formed to invest in securities of insurance, financial services and healthcare service companies and other related businesses.

Union Square GP is a Cayman Islands exempt company, the principal business of which is serving as the sole general partner of Union Square LP and the ultimate general partner of Union Square.

10

The principal business address of each of the Reporting Persons is 230 Park Avenue South, 11th Floor, New York, New York 10003.

The name and present principal occupation or employment of each director and executive officer of Cap Z Ltd., Cap Z Management and Union Square GP are as follows:

Name ----	Principal Occupation or Employment -----
Robert A. Spass	Chairman of the Board of Directors
Bradley E. Cooper	Senior Vice President and Director
Roland V. Bernardon	Chief Financial Officer and Treasurer
Craig Fisher	General Counsel

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

Each of the above-listed individuals is a citizen of the United States of America. The business address of each of the above-listed individuals is at Cap Z Ltd. and Cap Z Management's and Union Square GP's offices, 230 Park Avenue South, 11th Floor, New York, New York 10003.

During the last five years, none of the Reporting Persons nor, to the best of their knowledge, any of their officers and directors, has (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) 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.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

Cap Z Fund II, Cap Z Private Fund II and Union Square used contributions from their respective partners to fund such their respective purchases of Common Stock which are more fully described in Item 5 below.

ITEM 4. PURPOSE OF TRANSACTION

On November 12, 2007, Union Square into a Securities Purchase Agreement (the "Purchase Agreement") with the Company and certain other investors. Pursuant to the Purchase Agreement, Union Square purchased 2,319,386 shares of the Company's common stock, \$0.01 par value per share, at a price of \$10.00 per share, in a private placement sale, representing 5.3% of the equity securities of the Company. The percentage in the immediately foregoing sentence is calculated based on 43,706,785 shares of the Company's common stock, which includes (i) 36,258,531 shares of the Company's common stock outstanding as of November 9, 2007 as reported in the Company's quarterly report, on Form 10-Q dated as of November 13, 2007, filed pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, (ii) 7,248,080 shares of the Company's common stock sold by the Company in the event which requires the filing of this statement and (iii) 200,174 shares of the Company's common stock which may be acquired by Capital Z and Capital Z Private Fund by exercise at any time at the option of Capital Z and Capital Z Private Fund of one warrant. Under the terms of the Purchase Agreement, the Shares will be issued and sold in two installments or tranches. The first tranche for the sale of 7,248,080 shares of common stock is scheduled to close on November 29, 2007. The second tranche for

11

the sale of the remaining 5,251,920 shares of common stock (the "Second Tranche Shares") is subject to the approval of the Company's stockholders and is scheduled to close (assuming such approval is obtained) three business days after a special stockholders' meeting, which is expected to be held no later than January 2008, at which the Company will request such approval.

On November 12, 2007, each of Capital Z Financial Services Fund II, L.P., Capital Z Financial Services Private Fund II, L.P., and certain other existing shareholders entered into separate voting agreements with the Company, in which each such holders committed to vote the shares each such holder owns in favor of the issuance of the Second Tranche Shares. The shares of the Company's common stock subject to such separate voting agreements represent, in the aggregate, over 50% of the outstanding voting power of the Company.

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

Union Square also executed a Registration Rights Agreement with the Company and certain other investors, (the "Registration Rights Agreement") on November 12, 2007. Under the terms of the Registration Rights Agreement, the Company agreed to file a registration statement for purposes of registering the shares for resale. The Company has agreed to pay the investors 1% of the aggregate purchase price in cash liquidated damages if the registration statement is not filed by the earlier of May 1, 2008 or the first date when the Company becomes S-3 eligible (the "Filing Date"), the registration statement is not declared effective by 45 days after the Filing Date, the Company fails to file an acceleration request within five trading days of receipt of notice from the SEC that the registration statement is no longer subject to review, or the Company fails to keep the registration statement continuously effective. The Registration Rights Agreement also grants the investors the right to request up to three underwritten offerings of the shares under certain circumstances.

In addition, in connection with its agreement to purchase shares in the private placement, Union Square entered into two letter agreements with the Company related to board nomination and management rights. Pursuant to these agreements, Union Square has the right to nominate one director to be included on the slate of directors to be voted on at the Company's annual stockholders' meeting. This right will terminate when Union Square's stockholdings decline to below 51% of the percentage of the board represented by one nomination. Union Square was also granted certain management rights that allow Union Square to consult with and advise Company management on significant business issues and examine the books and records of the Company. These management rights terminate, with respect to Union Square, when Union Square holds less than 50% of the shares purchased by it in the private placement. These rights are intended to satisfy the requirement of contractual management rights for purposes of qualifying Union Square's interests in the Company as venture capital investments for purposes of the Department of Labor's "plan assets" regulations. Union Square has agreed to hold in confidence and trust and not use or disclose any confidential information provided to or learned by them in connection with the exercise of management rights under this agreement.

Except as otherwise contemplated herein, the Reporting Persons currently have no plans or proposals which relate to or would result in any of the actions enumerated in paragraphs (a) through (j) of Item 4 of the form of Schedule 13D promulgated under the Act. However, each of the Reporting Persons reserves the right to change its plans at any time, as it deems appropriate, in light of its

ongoing evaluation of (i) its business and liquidity objectives, (ii) the Company's financial condition, business, operations, competitive position, prospects and/or share price, (iii) industry, economic and/or securities markets conditions, (iv) alternative investment opportunities, and (v) other relevant factors. Without limiting the generality of the preceding sentence, each of the Reporting Persons reserves the right (in each case, subject to any applicable restrictions under law or contract) to at any time or from time to time (A) purchase or otherwise acquire additional shares of Common Stock or other securities of the Company, or instruments convertible into or exercisable for any such securities (collectively, "Company Securities"), in the open market, in privately negotiated transactions or otherwise, (B) sell, transfer or otherwise dispose of Company Securities in public or private transactions, (C) cause Company Securities to be distributed in kind to its investors, (D) acquire or write options contracts, or enter into derivatives or hedging transactions,

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

relating to Company Securities, and/or (E) encourage (including, without limitation, through their designees on the Company's board of directors and/or communications with directors, management, and existing or prospective security holders, investors or lenders, of the Company, existing or potential strategic partners, industry analysts and other investment and financing professionals) the Company to consider or explore (i) sales or acquisitions of assets or businesses, or extraordinary corporate transactions, such as a merger (including transactions in which affiliates of Reporting Persons may be proposed as acquirers or as a source of financing), (ii) changes to the Company's capitalization or dividend policy, or (iii) other changes to the Company's business or structure.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

(a)-(b) The responses set forth on rows 7 through 13 of the cover pages of this Statement are incorporated herein by reference.

The aggregate number of shares of Common Stock that the Reporting Persons, in the aggregate, beneficially own is 8,034,358 shares of Common Stock, which constitutes approximately 18.4% of the Company's outstanding shares of Common Stock.

The percentage in the immediately foregoing sentence is calculated based on 43,706,785 shares of the Company's common stock, which includes (i) 36,258,531 shares of the Company's common stock outstanding as of November 9, 2007 as reported in the Company's quarterly report, on Form 10-Q dated as of November 13, 2007, filed pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, (ii) 7,248,080 shares of the Company's common stock sold by the Company in the event which requires the filing of this statement and (iii) 200,174 shares of the Company's common stock which may be acquired by Capital Z and Capital Z Private Fund by exercise at any time at the option of Capital Z and Capital Z Private Fund of one warrant.

As a result of the matters referred to in Item 2 the Reporting Persons may be deemed to constitute a "group" (within the meaning of Rule 13d-5(b) under the Act). As a result, and on that basis, the Reporting Persons may be deemed to beneficially own shares of Common Stock that may be beneficially owned by such persons. Each of the Reporting Persons disclaims beneficial ownership of shares that may be beneficially owned by any of the persons referred to in Item 2 above and any of their respective affiliates, and neither the filing of this Statement nor its contents shall be deemed to constitute an admission to the contrary.

13

(c) See Item 4 above which is incorporated herein by reference.

(d)-(e) Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

See Item 4 above and the Exhibits, which are incorporated herein by reference.

ITEM 7. MATERIALS TO BE FILED AS EXHIBITS

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

Exhibit No. -----	Description -----
7.1	Joint Filing Agreement
7.2	Securities Purchase Agreement, by and among Union Square Partners, L.P., Corsair Capital, Swiss Re, Och-Ziff, SAB Capital Partners, L.P., SAB Capital Partners II, L.P., OZ Master Fund, Ltd., GPC LV II LLC, Fleet Maritime, Inc., OZ Global Special Investments Master Fund, L.P., Corsair III Financial Services Capital Partners, L.P., Corsair III Financial Services Offshore 892 Partners, L.P. and Swiss Reinsurance Company (the "Investors") and NewStar Financial, Inc., dated November 12, 2007
7.3	Registration Rights Agreement, between the Investors and NewStar Financial, Inc., dated November 12, 2007.
7.4	Form of Voting Agreement between each of Capital Z Financial Services Fund II, L.P., Capital Z Financial Services Private Fund II, L.P. and certain other existing shareholders and the Company, each dated November 12, 2007.
7.5	Management Rights Letter between Union Square and the Company, dated November 12, 2007.
7.6	Nomination Rights Letter between Union Square and the Company, dated November 12, 2007.

Signatures

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

Dated: December 7, 2007

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

CAPITAL Z FINANCIAL SERVICES FUND II, L.P.

By: Capital Z Partners,
L.P., its General
Partner

By: Capital Z Partners,
Ltd., its General
Partner

By: /s/ Craig Fisher

Name: Craig Fisher

Title: General Counsel - Authorized Signatory

CAPITAL Z FINANCIAL SERVICES PRIVATE FUND II, L.P.

By: Capital Z Partners,
L.P., its General
Partner

By: Capital Z Partners,
Ltd., its General
Partner

By: /s/ Craig Fisher

Name: Craig Fisher

Title: General Counsel - Authorized Signatory

CAPITAL Z PARTNERS, L.P.

By: Capital Z Partners,
Ltd., its General
Partner

By: /s/ Craig Fisher

Name: Craig Fisher

Title: General Counsel - Authorized Signatory

CAPITAL Z PARTNERS, LTD.

By: /s/ Craig Fisher

Name: Craig Fisher

Title: General Counsel - Authorized Signatory

Edgar Filing: NewStar Financial, Inc. - Form SC 13D

CAPITAL Z MANAGEMENT, LLC

By: /s/ Craig Fisher

Name: Craig Fisher

Title: General Counsel - Authorized Signatory

15

UNION SQUARE PARTNERS, L.P.

By: UNION SQUARE PARTNERS GP, L.P., its General Partner

By: /s/ Craig Fisher

Name: Craig Fisher

Title: General Counsel - Authorized Signatory

UNION SQUARE PARTNERS GP, L.P.

By: /s/ Craig Fisher

Name: Craig Fisher

Title: General Counsel - Authorized Signatory

UNION SQUARE PARTNERS GP, LTD.

By: /s/ Craig Fisher

Name: Craig Fisher

Title: General Counsel - Authorized Signatory
