

Prospect Acquisition Corp
 Form 3
 November 09, 2009

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

| | | | | | |
|---|---------|----------|--------------------------------------|---|--|
| 1. Name and Address of Reporting Person * | | | 2. Date of Event Requiring Statement | 3. Issuer Name and Ticker or Trading Symbol | |
| Â ARROWGRASS CAPITAL PARTNERS (US) LP | | | (Month/Day/Year) | Prospect Acquisition Corp [PAX] | |
| (Last) | (First) | (Middle) | | 4. Relationship of Reporting Person(s) to Issuer | 5. If Amendment, Date Original Filed(Month/Day/Year) |
| 245 PARK AVENUE, 39TH FLOOR | | | | (Check all applicable) | |
| (Street) | | | | <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner | 6. Individual or Joint/Group Filing(Check Applicable Line) |
| NEW YORK,Â NYÂ 10167 | | | | <input type="checkbox"/> Officer <input checked="" type="checkbox"/> Other (give title below) (specify below) | <input type="checkbox"/> Form filed by One Reporting Person |
| (City) | (State) | (Zip) | | See Remarks | <input checked="" type="checkbox"/> Form filed by More than One Reporting Person |

Table I - Non-Derivative Securities Beneficially Owned

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---|---|--|---|
| Common stock, par value \$0.0001 (the "Common Stock") | 1,386,338 | I <u>(1)</u> | See footnote <u>(1)</u> |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security | 4. Conversion or Exercise | 5. Ownership Form of | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|--|--|--|---------------------------|----------------------|---|
|--|--|--|---------------------------|----------------------|---|

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| Date Exercisable | Expiration Date | (Instr. 4) | Amount or Number of Shares | Price of Derivative Security | Derivative Security: Direct (D) or Indirect (I) |
|------------------|-----------------|------------|----------------------------|------------------------------|---|
| | | Title | | | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------------|
| | Director | 10% Owner | Officer | Other |
| ARROWGRASS CAPITAL PARTNERS (US) LP 245 PARK AVENUE, 39TH FLOOR NEW YORK, NY 10167 | ^ | ^ | ^ | See Remarks |
| Arrowgrass Capital Services (US) Inc. 245 PARK AVENUE, 39TH FLOOR NEW YORK, NY 10167 | ^ | ^ | ^ | See Remarks |

Signatures

ARROWGRASS CAPITAL PARTNERS (US) LP, By: Arrowgrass Capital Services (US) Inc.,
its General Partner, By: /s/ Sean Flynn, Director 11/09/2009

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 5(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- Arrowgrass Capital Partners (US) LP, a Delaware limited partnership ("ACP"), acts as the investment manager for Arrowgrass Master Fund Ltd., a Cayman Islands exempted company ("AMF"), which holds the shares of Common Stock. ACP acts as the investment manager of AMF and may be deemed, as of the date hereof, to be the beneficial owner of the Issuer's securities held by AMF.
- (1) Arrowgrass Capital Services (US) Inc., a Delaware corporation, is the general partner of ACP. ACP and ACS do not hold directly any of the Issuer's securities or derivative securities with respect thereto, and disclaim any beneficial ownership of any of the Issuer's securities reported or excluded herein for purposes of Rule 16a-1(a) under the Securities Exchange Act of 1934, as amended, except for their pecuniary interest therein.

^

Remarks:
ACP and ACS may be deemed to be members of a 10% group with The Malibu Companies, LLC ("Malibu") and certain of its affiliates (the "Malibu Reporting Persons") by virtue of the fact that Option Agreement with Malibu, as more fully described in the Schedule 13D filed by the Report. Although the Reporting Persons and the Malibu Reporting Persons may be deemed to be a "group" meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended, the Reporting Persons are part of a group with the Malibu Reporting Persons and expressly disclaim membership in any Reporting Persons expressly disclaim beneficial ownership of any shares of Common Stock that may be beneficially owned by the Malibu Reporting Persons.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, See Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.