

NIERENBERG INVESTMENT MANAGEMENT CO
Form SC 13D/A
October 16, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 1)

REDWOOD TRUST, INC. (RWT)

(Name of Issuer)

Common Stock

(Title of Class of Securities)

758075402

(CUSIP Number)

David Nierenberg

The D3 Family Funds

19605 NE 8th Street

Camas, WA 98607

(360) 604-8600

With a copy to:

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Henry Lesser, Esq.

DLA Piper US LLP

2000 University Avenue

East Palo Alto, CA 94303

(650) 833-2000

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

October 14, 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 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 o.

1

CUSIP No. 758075402

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

2 The D3 Family Fund, L.P.
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) X

(b) o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

5 WC
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington
NUMBER OF SHARES **7** SOLE VOTING POWER

BENEFICIALLY OWNED BY **8** 0
SHARED VOTING POWER

EACH 235,090 Common shares (0.7%)

REPORTING PERSON **9** SOLE DISPOSITIVE POWER

WITH **10** 0
SHARED DISPOSITIVE POWER

235,090
11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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12 For the reporting person listed on this page, 235,090; for all reporting persons as a group, 1,318,933 shares (3.9%)
CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See
Instructions)

13 0
PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14 3.9%
TYPE OF REPORTING PERSON (See Instructions)

PN

2

CUSIP No. 758075402

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

2 The D3 Family Bulldog Fund, L.P.
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) X

(b) o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

5 WC
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington		
NUMBER OF SHARES	7	SOLE VOTING POWER
BENEFICIALLY OWNED BY EACH REPORTING PERSON	8	0
		SHARED VOTING POWER
		987,064 common shares (2.9%)
REPORTING PERSON WITH	9	SOLE DISPOSITIVE POWER
	10	0
		SHARED DISPOSITIVE POWER

11 987,064
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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12 For the reporting person listed on this page, 987,064; for all reporting persons as a group, 1,318,933 shares (3.9%)
CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See
Instructions)

13 0
PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14 3.9%
TYPE OF REPORTING PERSON

PN

3

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CUSIP No. 758075402

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

2 The D3 Family Canadian Fund, L.P.
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(c) X

(d) o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

NUMBER OF SHARES **7** SOLE VOTING POWER

BENEFICIALLY OWNED BY **8** 0 SHARED VOTING POWER

EACH 96,777 common shares (0.3%)

REPORTING PERSON **9** SOLE DISPOSITIVE POWER

WITH **10** 0 SHARED DISPOSITIVE POWER

96,777

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 96,777 shares; for all reporting persons as a group, 1,318,933 shares (3.9%)

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12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

13 0
PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14 3.9%
TYPE OF REPORTING PERSON

PN

4

CUSIP No. 758075402

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

2 The DIII Offshore Fund, L.P.
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) X

(b) o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

5 WC
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Bahamas		
NUMBER OF SHARES	7	SOLE VOTING POWER
BENEFICIALLY OWNED BY EACH	8	0 SHARED VOTING POWER
REPORTING PERSON	9	0 common shares (0.0%) SOLE DISPOSITIVE POWER
WITH	10	0 SHARED DISPOSITIVE POWER

11 0
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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12 For the reporting person listed on this page, 0; for all reporting persons as a group, 1,318,933 shares (3.9%)
CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See
Instructions)

13 0
PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14 3.9%
TYPE OF REPORTING PERSON

PN

5

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CUSIP No. 758075402

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

2 Nierenberg Investment Management Company, Inc.
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) X

(b) o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

NUMBER OF SHARES **7** SOLE VOTING POWER

BENEFICIALLY OWNED BY **8** 0 SHARED VOTING POWER

EACH 1,318,933 shares (3.9%)

REPORTING PERSON **9** SOLE DISPOSITIVE POWER

WITH **10** 0 SHARED DISPOSITIVE POWER

1,318,933 shares

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 1,318,933; for all reporting persons as a group, 1,318,933 shares (3.9%)

12

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CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

13 0
PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14 3.9%
TYPE OF REPORTING PERSON

CO

6

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CUSIP No. 758075402

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

2 Nierenberg Investment Management Offshore, Inc.
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) X

(b) o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Bahamas

NUMBER OF SHARES **7** SOLE VOTING POWER

BENEFICIALLY OWNED BY **8** 0 SHARED VOTING POWER

EACH 0 common shares (0.0%)

REPORTING PERSON **9** SOLE DISPOSITIVE POWER

WITH **10** 0 SHARED DISPOSITIVE POWER

0 common shares

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 0; for all reporting persons as a group, 1,318,933 shares (3.9%)

12

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CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

13 0
PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14 3.9%
TYPE OF REPORTING PERSON

CO

7

CUSIP No. 758075402

1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only)

2 David Nierenberg
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) X

(b) o

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

5 AF
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) o

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

NUMBER OF SHARES **7** SOLE VOTING POWER

BENEFICIALLY OWNED BY **8** 0
SHARED VOTING POWER

EACH 1,318,933 shares (3.9%)

REPORTING PERSON **9** SOLE DISPOSITIVE POWER

WITH **10** 0
SHARED DISPOSITIVE POWER

11 1,318,933 shares
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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12 For the reporting person listed on this page, 1,318,933; for all reporting persons as a group, 1,318,933 shares (3.9%)
CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See
Instructions)

13 0
PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

14 3.9%
TYPE OF REPORTING PERSON

IN

8

This Amendment No. 1 to Schedule 13D (this "Amendment") amends the below-indicated items from the Schedule 13D previously filed by or on behalf of the undersigned parties (the "Reporting Persons") (the "Schedule 13D"), by supplementing such Items with the information below:

Item 2. Identity and Background.

David Nierenberg is hereby added as a Reporting Person; his business address is 19605 NE 8th Street, Camas WA 98607; his principal occupation is President of Nierenberg Investment Management Company, Inc. and Nierenberg Investment Management Offshore, Inc, two of the other Reporting Persons; during the past five years he has not been convicted in a criminal proceeding required to be reported in response to Item 2(d), or a party to a civil proceeding required to be reported in response to Item 2(e), of Schedule 13D; and he is a citizen of the United States of America.

Item 5. Interest in Securities of the Issuer.

(a, b) The Reporting Persons, in the aggregate, beneficially own 1,318,933 Shares, constituting approximately 3.9% of the outstanding Shares.

At the Reporting Persons' current aggregate beneficial ownership level of less than 5% of the outstanding Shares, they have no continuing obligation to report on Schedule 13D with respect to their investment in the Shares.

(c) During the past sixty (60) days, the following sales of Shares were made by the Reporting Persons named below in open market transactions:

<u>Fund</u>	<u>Trade Date</u>	<u>Shares Sold</u>	<u>Price</u>
D3 Family Fund, LP	09/19/2008	44,760	27.23
D3 Family Bulldog Fund, LP	09/19/2008	297,770	27.23
D3 Family Canadian Fund, LP	09/19/2008	32,720	27.23
DIII Offshore Fund, LP	09/19/2008	42,169	27.23
D3 Family Fund, LP	10/06/2008	9,180	17.73
D3 Family Bulldog Fund, LP	10/06/2008	19,200	17.73
D3 Family Canadian Fund	10/06/2008	230	17.73
DIII Offshore Fund, LP	10/06/2008	15,390	17.73
DIII Offshore Fund, LP	10/08/2008	50,000	16.51
DIII Offshore Fund, LP	10/09/2008	6,550	15.99
DIII Offshore Fund, LP	10/10/2008	43,450	15.69
DIII Offshore Fund, LP	10/13/2008	50,000	15.52
D3 Family Fund, LP	10/14/2008	6,654	16.01
DIII Offshore Fund, LP	10/14/2008	118,395	16.01

Item 7. Material to be filed as Exhibits

Exhibit 1 to this Schedule 13D is the Joint Filing Agreement among the Reporting Persons dated March 5, 2008 pursuant to which all of the Reporting Persons have authorized the filing of Schedule 13D's and amendments thereto as a group.

10

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, each of the undersigned certifies that the information set forth in the Statement is true, complete and correct.

D3 Family Fund, L.P., D3 Family Bulldog
Fund, L.P., and D3 Family Canadian Fund, L.P.

By: Nierenberg Investment Management
Company, Inc.

Its: General Partner

October 16, 2008
David Nierenberg, President

By: /s/ David Nierenberg

DIII Offshore Fund, L.P.

By: Nierenberg Investment Management
Offshore, Inc.

Its: General Partner

October 16, 2008
David Nierenberg, President

By: /s/ David Nierenberg

Nierenberg Investment Management

Company, Inc.

October 16, 2008

David Nierenberg, President

By: /s/ David Nierenberg

Nierenberg Investment Management

Offshore, Inc.

October 16, 2008

David Nierenberg, President

By: /s/ David Nierenberg

October 16, 2008

David Nierenberg

/s/ David Nierenberg