

Atlas Financial Holdings, Inc.

Form SC 13D

December 10, 2012

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CUSIP No. G06207107

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934

Atlas Financial Holdings, Inc.  
(Name of Issuer)

Common Stock  
(Title of Class of Securities)

G06207107  
(CUSIP Number)

Frederic Dorwart  
Frederic Dorwart, Lawyers  
124 East Fourth Street  
Tulsa, Oklahoma 74103  
(918) 583-9922  
(Name, Address and Telephone Number of Person Authorized to  
Receive Notices and Communications)

November 28, 2012  
(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. [ ]

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

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).

1 NAMES OF REPORTING PERSONS

Magnolia Capital Partners, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

WC

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

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Oklahoma

	7	SOLE VOTING POWER
NUMBER OF		1,621,721
SHARES	8	SHARED VOTING POWER
BENEFICIALLY		0
OWNED BY	9	SOLE DISPOSITIVE POWER
EACH		1,621,721
REPORTING	10	SHARED DISPOSITIVE POWER
PERSON		0
WITH		

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,621,721

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE  
INSTRUCTIONS)

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

24.0%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO (limited liability company)

1 NAMES OF REPORTING PERSONS

Stephen J. Heyman

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(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)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

7

SOLE VOTING POWER

NUMBER OF  
SHARES

8

1,621,721

SHARED VOTING POWER

BENEFICIALLY  
OWNED BY

9

0

SOLE DISPOSITIVE POWER

EACH  
REPORTING

PERSON

10

1,621,721

SHARED DISPOSITIVE POWER

WITH

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

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

24.0%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

1 NAMES OF REPORTING PERSONS

James F. Adelson

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(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)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

7

SOLE VOTING POWER

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

8

1,621,721

SHARED VOTING POWER

9

0

SOLE DISPOSITIVE POWER

10

1,621,721

SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

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

24.0%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

Item 1. Security and Issuer

This statement on Schedule 13D is filed with the Securities and Exchange Commission on December 10, 2012 by the Reporting Persons (defined below) with respect to the ordinary voting common shares, \$0.001 par value per share (the “Ordinary Shares”), and the restricted voting common shares, \$0.001 par value per share (the “Restricted Shares”) (collectively, the “Common Stock”), of Atlas Financial Holdings, Inc. (the “Issuer” or the “Company”). The principal executive office address of the Issuer is 150 Northwest Point Boulevard, Elk Grove Village, Illinois 60007.

Item 2. Identity and Background

(a) This Schedule 13D is jointly filed by (each a “Reporting Person” and collectively, the “Reporting Persons”):

- Magnolia Capital Partners, LLC (“MCP”),
- Stephen J. Heyman (“Mr. Heyman”), and
- James F. Adelson (“Mr. Adelson”)

(b), (c) The principal business address for MCP and Messrs. Heyman and Adelson is 15 East 5th Street, Suite 3200, Tulsa, Oklahoma 74103. The principal business of MCP is investing in securities. Messrs. Heyman and Adelson are the joint managers of MCP and may each exercise voting and dispositive power over the shares of Common Stock held by MCP. As a result, Messrs. Heyman and Adelson may be deemed to be indirect beneficial owners of shares of Common Stock held by MCP. The principal occupation of Messrs. Heyman and Adelson is independent oil and gas exploration and development.

(d), (e) During the last five years, none of the Reporting Persons have been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) 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.

(f) Messrs. Heyman and Adelson are United States citizens. MCP is an Oklahoma limited liability company.

Item 3. Source and Amount of Funds or Other Consideration

As of the date hereof, MCP has invested \$3,044,984 in the Ordinary Shares of Issuer. The source of funds for these investments was the working capital of MCP.

Item 4. Purpose of Transaction

On November 28, 2012, MCP completed the purchase (the “Share Purchase”) of 1,621,621 Restricted Shares of the Issuer in a private transaction pursuant to a Share Purchase Agreement by and among Kingsway America, Inc. (“Kingsway”) and MCP, dated September 28, 2012, for the total purchase price of for \$2,999,999 Canadian Dollars. Immediately following the Share Purchase, each such Restricted Share was converted (the “Share Conversion”) into one Ordinary Share of the Issuer.

The purpose of the acquisition of the Common Stock is for investment, and the acquisitions of the Common Stock were made in the ordinary course of business and were not made for the purpose of acquiring control of the Issuer.

Although no Reporting Person has any specific plan or proposal to acquire or dispose of the Common Stock, consistent with its investment purpose, each Reporting Person at any time and from time to time may acquire

additional Common Stock or dispose of any or all of its Common Stock depending upon an ongoing evaluation of the investment in the Common Stock, prevailing market conditions, other investment opportunities, liquidity requirements of the Reporting Persons, and/or other investment considerations.

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Also, consistent with the investment purpose, the Reporting Persons may engage in communications with one or more shareholders of the Issuer, one or more officers of the Issuer and/or one or more members of the board of directors of the Issuer and/or one or more representatives of the Issuer regarding the Issuer, including but not limited to its operations. The Reporting Persons may discuss ideas that, if effected may result in any of the following: the acquisition by persons of additional Common Stock of the Issuer, an extraordinary corporate transaction involving the Issuer, and/or changes in the board of directors or management of the Issuer.

Except to the extent the foregoing may be deemed a plan or proposal, none of the Reporting Persons has any plans or proposals which relate to, or could result in, any of the matters referred to in paragraphs (a) through (j), inclusive, of the instructions to Item 4 of Schedule 13D. The Reporting Persons may, at any time and from time to time, review or reconsider their position and/or change their purpose and/or formulate plans or proposals with respect thereto.

Item 5. Interest in Securities of the Issuer

(a), (b) As of November 1, 2012, the Issuer had 18,433,153 shares of Common Stock outstanding, based on the information contained in the Issuer's Form 10-Q for the quarter ended September 30, 2012, filed on November 13, 2012.

As of November 29, 2012, the Issuer had 6,770,746 Ordinary Shares outstanding (calculated based on 5,149,125 Ordinary Shares issued and outstanding as of October 31, 2012, as per the Issuer's Schedule 14A filed on November 13, 2012, and the issuance of 1,621,621 Ordinary Shares upon completion of the Share Conversion).

As of the date hereof, MCP directly owns 1,621,721 Ordinary Shares (approximately 23.95%) of the issued and outstanding Ordinary Shares (the "MCP Shares").

Neither of Messrs. Heyman or Adelson directly owns any shares of Common Stock. As discussed in Item 2, Messrs. Heyman and Adelson are in possession of sole voting and investment power for the MCP Shares and may also be deemed to indirectly beneficially own the MCP Shares. Each of Mr. Heyman and Mr. Adelson disclaims beneficial ownership of the MCP Shares.

The filing of this Schedule shall not be construed as an admission that any of the Reporting Persons is, for any purpose, the beneficial owner of the Common Stock held by any other Reporting Person, and each disclaims beneficial ownership of the shares held by the others.

(c) During the last 60 days, the Reporting Persons have purchased (or sold) the following shares of Common Stock of the Issuer:

Magnolia Capital Partners, LLC			
Purchase Date	Quantity	Price per Share	Total Cost
11/28/2012	1,621,621 Restricted Shares	\$1.85 Canadian Dollars	\$2,999,999 Canadian Dollars
			Form of Transaction
			Private Transaction

(d) Not Applicable.

(e) Not Applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer



Under the Share Purchase Agreement, Kingsway has agreed to provide purchase price anti-dilution protection to MCP if, on or before January 1, 2014, Kingsway sells any Restricted Shares at a price less than \$1.85 Canadian Dollars per Restricted Share. In such event, Kingsway shall assign to MCP that number of Restricted Shares, for no additional consideration, necessary so that, after the assignment of such additional Restricted Shares, MCP's average cost per share shall equal the lowest price at which Kingsway shall have sold such Restricted Shares. In

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addition, pursuant to an assignment agreement made as of November 28, 2012 between Kingsway and MCP, the entering into of which was a condition of closing to the Share Purchase, and with the prior consent of Issuer, Kingsway assigned to MCP its rights and obligations with respect to the 1,621,621 Restricted Shares under a registration rights agreement made between the Issuer and Kingsway as of December 31, 2010, as amended and restated November 28, 2012, pursuant to which Kingsway has certain demand registration rights with respect to its Restricted Shares under the United States Securities Act of 1933.

Item 7. Material to be Filed as Exhibits

Exhibit 99.1 Joint Filing Agreement

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SIGNATURES

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

Dated: December 10, 2012

MAGNOLIA CAPITAL PARTNERS, LLC

By: /s/ Stephen J. Heyman  
Title: Stephen J. Heyman, Manager

/s/ Stephen J. Heyman  
Stephen J. Heyman

/s/ James F. Adelson  
James F. Adelson

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