

LUIKART JAMES L  
Form 4  
October 11, 2011

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN 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 \*  
Jefferies Capital Partners LLC

2. Issuer Name and Ticker or Trading Symbol  
NOVASTAR FINANCIAL INC  
[NOVS]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
520 MADISON AVENUE, 10TH FLOOR,  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
10/06/2011

\_\_\_ Director \_\_\_X\_\_\_ 10% Owner  
\_\_\_ Officer (give title below) \_\_\_ Other (specify below)

NEW YORK, NY 10022

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_\_\_ Form filed by One Reporting Person  
\_X\_ Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock <sup>(1)</sup>	10/06/2011		J <sup>(2)</sup>	16,132,891 D	\$ 0 0 <sup>(2)</sup>	I	See footnote (1)
Common Stock <sup>(1)</sup>	10/06/2011		J <sup>(2)</sup>	589,978 D	\$ 0 0 <sup>(2)</sup>	I	See footnote (1)
Common Stock <sup>(1)</sup>	10/06/2011		J <sup>(2)</sup>	622,433 A	\$ 0 2,480,564 <sup>(2)</sup> <sup>(5)</sup>	I	See footnotes (1), (2) and (5)

Common Stock <sup>(1)</sup>	10/06/2011	J <sup>(2)</sup>	622,433	D	\$ 0	1,858,131 <sup>(2)</sup> <u>(5)</u>	I	See footnotes (1), (2) and (5)
Common Stock <sup>(1)</sup>	10/06/2011	J <sup>(3)</sup>	192,874	A	\$ 0	2,329,145 <sup>(3)</sup> <u>(5)</u>	I	See footnotes (1), (3) and (5)
Common Stock <sup>(1)</sup>	10/06/2011	J <sup>(4)</sup>	64,859	A	\$ 0	1,992,990 <sup>(4)</sup> <u>(5)</u>	I	See footnote (1), (4) and (5)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Jefferies Capital Partners LLC 520 MADISON AVENUE, 10TH FLOOR NEW YORK, NY 10022		X		
JEFFERIES CAPITAL PARTNERS IV LP 520 MADISON AVENUE 12TH FLOOR		X		

NEW YORK, NY 10022

Jefferies Employee Partners IV LLC  
520 MADISON AVENUE  
12TH FLOOR X  
NEW YORK, NY 10022

JCP PARTNERS IV LLC  
520 MADISON AVE 12TH FL X  
NEW YORK, NY 10022

LUIKART JAMES L  
520 MADISON AVENUE, 12TH FLOOR X  
NEW YORK, NY 10022

FRIEDMAN BRIAN P  
520 MADISON AVE X  
12TH FLOOR  
NEW YORK, NY 10022

JCP IV LLC  
520 MADISON AVENUE X  
NEW YORK, NY 10022

## Signatures

/s/ James L.  
Luikart 10/10/2011

\*\*Signature of  
Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(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).
- (1) (1) See Exhibit 99.1 - Footnote (1)
- (2) (2) See Exhibit 99.1 - Footnote (2)
- (3) (3) See Exhibit 99.1 - Footnote (3)
- (4) (4) See Exhibit 99.1 - Footnote (4)
- (5) (5) See Exhibit 99.1 - Footnote (5)

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.