

Arlington Asset Investment Corp.
Form SC 13D/A
July 15, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

SCHEDULE 13D
(Rule 13d-101)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)
(Amendment No. 1)***

Arlington Asset Investment Corp.
(Name of Issuer)

Class A Common Stock (\$0.01 par value per share)
(Title of Class of Securities)

041356106
(CUSIP Number)

**John Burbank
30 Hotaling Place Suite 300
San Francisco, California 94111**

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

July 10, 2009
(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 Rule 13d-1(e), 13d-1(f) or 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.

(1) 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 which 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 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).

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- 1** NAME OF REPORTING PERSONS
 I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
 Passport Global Master Fund SPC Ltd for and on behalf of Portfolio A - Global Strategy
- 2** CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
- (a)
- (b)
- 3** SEC USE ONLY
- 4** SOURCE OF FUNDS* WC
- 5** CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)
-
- 6** CITIZENSHIP OR PLACE OF ORGANIZATION
 British Virgin Islands
- | | | | |
|--------------|-----------|--------------------------|------------|
| | 7 | SOLE VOTING POWER | 0 |
| NUMBER OF | | | |
| SHARES | 8 | SHARED VOTING POWER | 15,199,800 |
| BENEFICIALLY | | | |
| OWNED BY | | | |
| EACH | 9 | SOLE DISPOSITIVE POWER | 0 |
| REPORTING | | | |
| PERSON | | | |
| | 10 | SHARED DISPOSITIVE POWER | 15,199,800 |
- 11** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
 15,199,800
- 12** CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*
-
- 13** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
 10.30%
- 14** TYPE OF REPORTING PERSON*
 CO

CUSIP No. 041356106

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SCHEDULE 13D

- 1** NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
Passport Holdings, LLC.

- 2** CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
 - (a)
 - (b)

- 3** SEC USE ONLY

- 4** SOURCE OF FUNDS* AF

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

- 6** CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

| | | | | |
|--|-----------|--------------------------|------------|--|
| | 7 | SOLE VOTING POWER | | |
| | | | 0 | |
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON | 8 | SHARED VOTING POWER | | |
| | | | 15,199,800 | |
| | 9 | SOLE DISPOSITIVE POWER | | |
| | | | 0 | |
| | 10 | SHARED DISPOSITIVE POWER | | |
| | | | 15,199,800 | |

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- 14** TYPE OF REPORTING PERSON*
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SCHEDULE 13D

- 1** NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
Passport Management, LLC

- 2** CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
 - (a)
 - (b)

- 3** SEC USE ONLY

- 4** SOURCE OF FUNDS* AF

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

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Delaware

| | | | | |
|--|-----------|--------------------------|------------|--|
| | 7 | SOLE VOTING POWER | | |
| | | | 0 | |
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON | 8 | SHARED VOTING POWER | | |
| | | | 15,199,800 | |
| | 9 | SOLE DISPOSITIVE POWER | | |
| | | | 0 | |
| | 10 | SHARED DISPOSITIVE POWER | | |
| | | | 15,199,800 | |

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- 14** TYPE OF REPORTING PERSON*
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SCHEDULE 13D

- 1** NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
Passport Capital, LLC.

- 2** CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
 - (a)
 - (b)

- 3** SEC USE ONLY

- 4** SOURCE OF FUNDS* AF

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

- 6** CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

| | | | | |
|--|-----------|--------------------------|------------|------------|
| | 7 | SOLE VOTING POWER | | |
| | | | 0 | |
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON | 8 | SHARED VOTING POWER | | 15,199,800 |
| | 9 | SOLE DISPOSITIVE POWER | 0 | |
| | 10 | SHARED DISPOSITIVE POWER | 15,199,800 | |

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SCHEDULE 13D

- 1** NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)
John Burbank
- 2** CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
- (a)
- (b)
- 3** SEC USE ONLY
- 4** SOURCE OF FUNDS* AF
- 5** CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)
-
- 6** CITIZENSHIP OR PLACE OF ORGANIZATION
US
- | | | |
|---------------------|-----------|--------------------------|
| | 7 | SOLE VOTING POWER |
| | | 0 |
| NUMBER OF SHARES | 8 | SHARED VOTING POWER |
| BENEFICIALLY | | 15,199,800 |
| OWNED BY | 9 | SOLE DISPOSITIVE POWER |
| EACH | | 0 |
| REPORTING | 10 | SHARED DISPOSITIVE POWER |
| PERSON | | 15,199,800 |
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10.30%
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IN

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Item 1. Security and Issuer.

Arlington Asset Investment Corp. (the Issuer), Class A Common Stock, \$0.01 par value per share, (the Shares)

The address of the issuer is 1001 Nineteenth Street North, Arlington, VA 22209

Item 2. Identity and Background.

(a-c,f) This Schedule 13D is being filed by Passport Global Master Fund SPC Ltd for and on behalf of Portfolio A Global Strategy (Fund I), Passport Holdings, LLC, the special member of Fund I (Passport Holdings), Passport Management, LLC, the investment manager to Fund I (Passport Management), Passport Capital, LLC, the managing member of Passport Holdings and Passport Management (Passport Capital) and John Burbank, the sole managing member of Passport Capital (each of Fund I, Passport Holdings, Passport Management, Passport Capital and John Burbank may be referred to herein as a Reporting Person and collectively may be referred to as Reporting Persons).

Fund I is a British Virgin Islands segregated portfolio company. Each of Passport Holdings, Passport Management and Passport Capital is a Delaware limited liability company. John Burbank is a United States citizen. The principal business address for each of the Reporting Persons is c/o Passport Management, LLC, 30 Hotaling Place, Suite 300, San Francisco, California 94111.

(d) John Burbank has not, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the Reporting Persons have, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding were or are 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.

As of the date hereof Fund I may be deemed to beneficially own 15,199,800 Shares.

As of the date hereof Passport Holdings may be deemed to beneficially own 15,199,800 Shares.

As of the date hereof Passport Management may be deemed to beneficially own 15,199,800 Shares.

As of the date hereof Passport Capital may be deemed to beneficially own 15,199,800 Shares.

As of the date hereof John Burbank may be deemed to beneficially own 15,199,800 Shares.

No borrowed funds were used to purchase the Shares, other than any borrowed funds used for working capital purposes in the ordinary course of business.

Item 4. Purpose of Transaction.

The Reporting Persons initially acquired the Shares reported herein because they believe that the Shares represent an attractive investment. The Reporting Persons initially reported their investment

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on a Schedule 13G under the issuer's previous name, Friedman Billings Ramsey Group Inc. on December 12, 2007. On April 30, 2008, John Woodberry, a portfolio manager of Passport Capital, met with management of the Issuer to discuss the Issuer and its business and, during that meeting, requested that an individual designated by the Reporting Persons be appointed to the board of directors of the Issuer. Management of the Issuer indicated that the Issuer will consider the request and respond in due course. Subsequently due to current investment strategy the Reporting Persons have opted to sell a portion of the owned shares.

Each Reporting Person expects to consider and evaluate on an ongoing basis all of its alternatives with respect to its investment in, and intentions with respect to, the Issuer. Accordingly, each Reporting Person reserves the right to change its plans and intentions at any time, as it deems appropriate. Among other options, each Reporting Person may engage in discussions with management, the board of directors and/or other shareholders of the Issuer regarding the Issuer's strategic direction and opportunities to enhance shareholder value. In addition, each Reporting Person may at any time and from time to time, in privately negotiated transactions or otherwise, acquire additional securities of the Issuer, including additional shares of Class A Common Stock; dispose of all or a portion of the securities of the Issuer, including the shares of Class A Common Stock, that such Reporting Person now own or may hereafter acquire; and/or enter into derivative transactions with institutional counterparties with respect to the Issuer's securities.

Except as described in this Item 4 and in Item 6 herein, which are incorporated herein by reference, the Reporting Persons have no present plans or proposals that relate to or would result in any of the actions required to be reported herein.

Item 5. Interest in Securities of the Issuer.

(a, b) As of the date hereof, Fund I may be deemed to be the beneficial owner of 15,199,800 Shares, constituting 10.30% of the Shares of the Issuer, based upon 147,635,100 Shares outstanding as of July 10, 2009.

Fund I has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 15,199,800 Shares; has sole power to dispose or direct the disposition of 0 Shares; and has shared power to dispose or direct the disposition of 15,199,800 Shares.

(a, b) As of the date hereof, Passport Holdings may be deemed to be the beneficial owner of 15,199,800 Shares, constituting 10.30% of the Shares of the Issuer, based upon 147,635,100 Shares outstanding as of July 10, 2009.

Passport Holdings has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 15,199,800 Shares; has sole power to dispose or direct the disposition of 0 Shares; and has shared power to dispose or direct the disposition of 15,199,800 Shares.

Passport Holdings specifically disclaims beneficial ownership in the Shares reported herein except to the extent of its pecuniary interest therein.

(a, b) As of the date hereof, Passport Management may be deemed to be the beneficial owner of 15,199,800 Shares, constituting 10.30% of the Shares of the Issuer, based upon 147,635,100 Shares outstanding as of July 10, 2009.

Passport Management has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 15,199,800 Shares; has sole power to dispose or direct the disposition of 0 Shares; and has shared power to dispose or direct the disposition of 15,199,800 Shares.

Passport Management specifically disclaims beneficial ownership in the Shares reported herein except to the extent of its pecuniary interest therein.

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(a, b) As of the date hereof, Passport Capital may be deemed to be the beneficial owner of 15,199,800 Shares, constituting 10.30% of the Shares of the Issuer, based upon 147,635,100 Shares outstanding as of July 10, 2009.

Passport Capital has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 15,199,800 Shares; has sole power to dispose or direct the disposition of 0 Shares; and has shared power to dispose or direct the disposition of 15,199,800 Shares.

Passport Capital specifically disclaims beneficial ownership in the Shares reported herein except to the extent of its pecuniary interest therein.

(a, b) As of the date hereof, John Burbank may be deemed to be the beneficial owner of 15,199,800 Shares, constituting 10.30% of the Shares of the Issuer, based upon 147,635,100 Shares outstanding as of July 10, 2009.

Mr. Burbank has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 15,199,800 Shares; has sole power to dispose or direct the disposition of 0 Shares; and has shared power to dispose or direct the disposition of 15,199,800 Shares.

Mr. Burbank specifically disclaims beneficial ownership in the Shares reported herein except to the extent of his pecuniary interest therein.

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

Item 6. Material to be Filed as Exhibits.

Exhibit A: Agreement between the Reporting Persons to file jointly

Exhibit B: Schedule of Transactions in the Shares of the Issuer during the past sixty days

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SIGNATURE

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

**PASSPORT GLOBAL MASTER FUND SPC LTD FOR
AND ON BEHALF OF PORTFOLIO A GLOBAL
STRATEGY**

By: /s/ John Burbank
John Burbank
Director

PASSPORT HOLDINGS, LLC*

By: Passport Capital, LLC
as Managing Member

By: /s/ John Burbank
John Burbank
Managing Member

PASSPORT MANAGEMENT, LLC*

By: Passport Capital, LLC
as Managing Member

By: /s/ John Burbank
John Burbank
Managing Member

PASSPORT CAPITAL, LLC*

By: /s/ John Burbank
John Burbank
Managing Member

By: /s/ John Burbank
John Burbank*

CUSIP No. 358434108

July 14, 2009

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*The Reporting Persons disclaim beneficial ownership in the shares reported herein except to the extent of their pecuniary interest therein.

Attention. Intentional misstatements or omissions of fact constitute federal criminal violations (see 18 U.S.C. 1001).

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EXHIBIT A

AGREEMENT

The undersigned agree that this Schedule 13D dated July 14, 2009 relating to the Class A Common Stock (\$0.01 par value per share) of Arlington Asset Investment Corp.. shall be filed on behalf of the undersigned.

**PASSPORT GLOBAL MASTER FUND SPC LTD FOR
AND ON BEHALF OF PORTFOLIO A GLOBAL
STRATEGY**

By: /s/ John Burbank
John Burbank

PASSPORT HOLDINGS, LLC*

By: Passport Capital, LLC
as Managing Member

By: /s/ John Burbank
John Burbank
Managing Member

PASSPORT MANAGEMENT, LLC*

By: Passport Capital, LLC
as Managing Member

By: /s/ John Burbank
John Burbank
Managing Member

PASSPORT CAPITAL, LLC*

By: /s/ John Burbank
John Burbank
Managing Member

By:

/s/ John Burbank
John Burbank*

CUSIP No. 358434108

July 14, 2009

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*The Reporting Persons disclaim beneficial ownership in the shares reported herein except to the extent of their pecuniary interest therein.

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EXHIBIT B

Transactions in the Class A Common Stock (\$0.01 par value per share)**TRANSACTIONS BY PASSPORT GLOBAL MASTER FUND SPC LTD FOR AND ON BEHALF OF
PORTFOLIO A GLOBAL STRATEGY**

| Date of Transaction | Number of Shares Purchase (Sold) | Price per Shares |
|------------------------|-------------------------------------|------------------|
| 06/26/2009 | 385,132 | 0.42 |
| 06/30/2009 | 200 | 0.40 |
| 07/01/2009 | 109,064 | 0.40 |
| 07/09/2009 | 912,945 | 0.3514 |
| 07/10/2009 | 676,400 | 0.35 |
