DYNEX CAPITAL INC
Form SC 13D/A
June 04, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 13D/A
UNDER THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. 7)*

DYNEX CAPITAL INC
(Name of Issuer)
COMMON STOCK, $0.01 PAR VALUE PER SHARE
(Title of Class of Securities)
26817Q506
(CUSIP number)
Thomas B. Akin
Talkot Capital, LLC
2400 Bridgeway, Suite 300
Sausalito, CA 94965
(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

May 28, 2004
(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 which 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(b) for other parties to whom copies are to be sent.

*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 ("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). 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 control number.

1	NAME OF REPORTING PERSON IRS IDENTIFICATION NO. OF ABOVE PERSON Thomas Bruce Akin		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) (b)	/ / /x/
3	SEC USE ONLY		
4	SOURCE OF FUNDS* PF		

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)		/ /
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States of America		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER 632,319		
	8 SHARED VOTING POWER 1,178,157		
	9 SOLE DISPOSITIVE POWER 632,319		
	10 SHARED DISPOSITIVE POWER 1,178,157		
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 632,319		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*		/ /
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 5.20%		
14	TYPE OF REPORTING PERSON* IN		

1	NAME OF REPORTING PERSON IRS IDENTIFICATION NO. OF ABOVE PERSON Talkot Crossover Fund, L.P.		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) (b)	/ / /x/
3	SEC USE ONLY		
4	SOURCE OF FUNDS* GF		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)		/ /
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States of America		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH	7 SOLE VOTING POWER -0-		
	8 SHARED VOTING POWER -0-		

REPORTING PERSON WITH	9	SOLE DISPOSITIVE POWER -0-
	10	SHARED DISPOSITIVE POWER -0-
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 545,838	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	/ /
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 4.49%	
14	TYPE OF REPORTING PERSON* GR	

This amendment amends and supplements Schedule 13D, of Thomas B. Akin and Talkot Crossover Fund, L.P. dated March 27, 2003 and filed on March 27, 2003 with the Securities and Exchange Commission ("SEC"), Amendment No. 6 to Schedule 13D dated December 6, 2002, and filed on December 9, 2002 with the SEC, Amendment No. 5 to Schedule 13D dated January 16, 2002, and filed on January 16, 2002 with the SEC, Amendment No. 4 to Schedule 13D dated July 23, 2001, and filed on July 23, 2001 with the SEC, Amendment No. 3 to Schedule 13D dated March 12, 2001, and filed on March 12, 2001 with the SEC, Amendment No. 2 to Schedule 13D. dated January 11, 2001 with the SEC, and Amendment No. 1 to Schedule 13D, dated August 29, 2000 with the SEC (together, the "Schudule 13D"). Except as amended by this amendment, there has been no change in the information previously reported on the Schedule 13D.

ITEM 1. SECURITY AND ISSUER.

This statement relates to shares of Common Stock (the "Stock") of Dynex Capital Inc. ("DX"). The principal executive office of DX is located at 4551 Cox Road, Suite 300, Glen Allen, Virginia 23060.

ITEM 2. IDENTITY AND BACKGROUND.

The persons filing this statement and the persons enumerated in Instruction C of Schedule 13D and, where applicable, their respective places of organization, general partners, directors, executive officers and controlling persons, and the information regarding them, are as follows:

The names of the persons filing this statement are Thomas Bruce Akin (Thomas Akin), and the Talkot Crossover Fund (the Fund).

(a) The names of the persons filing this statement are Thomas Bruce Akin ("Thomas Akin"), Talkot Crossover Fund, L.P. ("the Fund"), (collectively, the "Filers").

(b) The address of the filers is 10 Via El Verano, Tiburon, CA 94920. The Talkot Crossover Fund, L.P. is located at 2400 Bridgeway, Suite 300, Sausalito, CA 94965.

(c) Thomas Akin is the Managing General Partner of the Talkot Crossover Fund, L.P. which is located at 2400 Bridgeway, Suite 300, Sausalito, CA 94965.

(d) During the last five years, none of the Filers has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, none of the Filers was 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) All of the Filers who are natural persons are citizens of the United States of America.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

The source and amount of funds used in purchasing the Stock were as follows:

Purchaser	Source of Funds	Amount
Thomas Akin	PF	$2,036,304
The Fund	GF	$1,063,131

ITEM 4. PURPOSE OF TRANSACTION.

The Filers have acquired the Stock primarily for investment. The Filers feel DX to be a significantly undervalued asset with increasing earning capability given recent events in both interest rate reductions and paydown of outstanding debt. The Filers intend to review continuously their options with respect to their investment in the Stock and expressly reserve their right to (a) purchase additional shares of the Stock; (b) dispose of all or part of their holdings of the Stock by public or private sales or otherwise, at such prices and on such terms as they may deem advisable; or (c) take such other action with respect to their investment in the Stock as they may deem appropriate, including meeting or consulting with the management or the Board of Directors of DX to discuss DX's assets, corporate structure, dividend policies, capital operations, properties management and personnel or potential extraordinary transactions such as a merger, reorganization or liquidation of DX or any of its assets or subsidiaries, and contacting other stockholders of DX to discuss corporate strategy on any of the foregoing matters.

Except as set forth above, the Filers have no present plans or proposals that would result in or relate to any of the transactions described in Item 4 of Schedule 13D.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

(a) Aggregate number and percentage of securities beneficially owned:

Thomas Akin is the direct beneficial owner of 632,319 shares of Common Stock, representing approximately 5.20% of Dynex's Common Stock based upon 12,162,457 shares outstanding per Dynex's SC TO-I/A Tender Offer dated May 19, 2004. If only Mr. Akin converted his Convertible Preferred D Shares into common shares, then the shares outstanding would increase to 12,482,979.

Talkot Crossover Fund, L.P. is the direct beneficial owner of 545,838 shares of Common Stock, representing approximately 4.49% of Dynex's Common Stock based upon 12,162,457 shares outstanding per Dynex's SC TO-I/A Tender Offer dated May 19, 2004. If only The Fund converted their Convertible Preferred D Shares into common shares, then the shares outstanding would increase to 12,624,794. If only Mr. Akin and The Fund converted their Convertible Preferred D Shares into common shares, then the shares outstanding would increase to 12,945,316.

By virtue of the relationship between Mr. Akin and the Fund described in Item 2, Mr. Akin may be deemed to possess indirect beneficial ownership of the shares of Common Stock beneficially owned by the Fund. The Board of Directors of Dynex have pre-authorized Mr. Akin and the Fund to increase their holdings to 15% of fully diluted shares outstanding (17,791,251 shares). On a fully diluted basis, Mr. Akin and The Fund own collectively 1,961,016 shares representing approximately 11.02% of fully diluted shares outstanding.

(b) The beneficial ownership of the Stock of the persons named in Item 2 of this statement is as follows at the date hereof:

	Aggregate Beneficially Owned		Voting Power		Dispositive Power	
Name	Number	Percent	Sole	Shared	Sole	Shared
Thomas Akin	632,319	5.20%	632,319	1,178,157	632,319	1,178,157
The Fund	545,838	4.49%	-0-	-0-	-0-	-0-

(c) Transactions effected during the past 60 days or since the most recent filing on Schedule 13D, whichever is less:

None.

ITEM. 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Thomas Akin is the Managing General Partner of the Fund. As such, he has the power to vote the Stock held by such persons and to direct the receipt of dividends from, or the proceeds from the sale of, the Stock held by such persons.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Not applicable.

SIGNATURES

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

DATED: May 28, 2004

/s/ Thomas Bruce Akin
Thomas Bruce Akin

TALKOT CROSSOVER FUND, L.P.

By: /s/ Thomas Bruce Akin
Thomas Bruce Akin, Managing General Partner