GATOR
CAPITAL MANAGEMENT

June 6, 2012

Dear Investors:

This is Gator Financial Partners, LLC's (the "Fund") 1st Quarter 2012 investor letter. The Fund had solid performance in the strong market environment of the 1st Quarter. In this letter, I will review the Fund's investment performance during the quarter, disclose a new holding, and update the Fund's current net exposure and positioning by sub-sector.

Review of First Quarter Performance

Gator Financial Partners had solid investment performance in the 1st Quarter with a gain of 14.26%. The overall market and the Financial sector especially had strong performance during the quarter. The Fund trailed the Financial sector during the quarter because I continued to maintain a low net exposure in the Fund of approximately 20% throughout the quarter. As you know, our Fund documents state that the Fund will maintain its net exposure + or – 25%. The main reason for this constraint on net exposure is I want to focus on returns from superior stock selection rather than trying to predict the market's direction in the short term. In light of the Fund's low net exposure, I'm pleased with the Fund's performance for the quarter. There were two main drivers of the Fund's performance during the quarter: 1) The Fund's position in BankAtlantic trust preferred securities increased more than 50% in March after BankAtlantic renegotiated the sale of its bank subsidiary with BB&T so that BankAtlantic's trust preferred securities would become obligations of BB&T and 2) after hurting performance the previous two quarters, several of the Fund's positions in microcap banks had positive moves that more than made-up for hurting The Fund's returns in previous periods.

	2012 Q1	Total Return Since Inception	Annualized Return Since Inception
Gator Financial Partners	14.26%	259.66%	40.68%
S&P 500 Total Return[1]	12.59%	19.65%	4.90%
SPDR Financial Select Sector ETF	21.92%	-13.27%	-3.73%

The Fund's inception date was June 30, 2008. Past performance is not indicative of future results. Performance is presented net of fees and expenses. Please see Appendix A for additional disclaimers.

[1] The market indices shown have been selected for purposes of comparing the performance of an investment in the Gator Financial Partners, LLC with certain well-known equity benchmarks. The statistical data regarding the indices has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The indices are not subject to any of the fees or expenses to which the funds are subject and may involve significantly less risk than Gator Capital Strategies. The funds are not restricted to investing in those securities which comprise any of these indices, their performance may or may not correlate to any of these indices and it should not be considered a proxy for any of these indices. The S&P 500 Total Return Index is a market cap weighted index of 500 widely held stocks often used as a proxy for the overall U.S. equity market. An investment cannot be made directly in an index. The S&P Financials Sector Index is a market cap weighted index of financial companies within the S&P 500 Index. An investment cannot be made directly in an index. Gator Financial Partners, LLC consists of securities which vary significantly from those in the benchmark indexes listed above. Accordingly, comparing results shown to those of such indexes may be of limited use.

New Position in the 4th Quarter

I started a new position in shares of Rouse Properties in the Fund during the quarter that I would like to review.

Rouse Properties

I purchased shares of Rouse Properties (NYSE: RSE) during the quarter for the Fund. Rouse was a spin-off from General Growth Properties (NYSE: GGP) in January 2012. General Growth had acquired the old Rouse in 2006. Many of the old Rouse properties were spun-off earlier from General Growth in another spin-off into a company named Howard Hughes Corp (NYSE: HHC). The current version of Rouse contains 31 Class B malls in secondary and tertiary markets throughout the U.S.

Here's my investment thesis on Rouse:

1) Rouse has many of the characteristics of a classic spin-off situation –
    a. Low share ratio makes it an orphan position in most institutional portfolios – Holder of General Growth Properties received 0.0375 shares of Rouse for each General growth share they held. If an institutional holder had a very large 3% position in GGP in their portfolio, there new shares in Rouse would amount to just an 8 bps position. This small position would be an annoyance for the typical institutional portfolio manager.
    b. Small capitalization – At the time of its spin-off, Rouse has a market capitalization below $500 million. This puts it at the low-end of the range for small cap stocks. If an institutional holder of General Growth has a large cap mandate, then they were forced sellers of the Rouse at the spin-off.
    c. Assets probably suffered from underinvestment by former parent – Rouse's properties were the 31 lowest quality malls in the General Growth portfolio, so they most likely suffered from underinvestment.
    d. New Management has incentive to create value – The new management team at Rouse has incentives to focus on the performance of the 31 Rouse properties. At General growth, these properties were a small percentage of the overall portfolio and may not have influenced the management team decision making much.
    e. Lack of sell-side research coverage makes misvaluation more likely – None of the major Wall Street firms are publishing research reports on Rouse, so there is a greater chance that the company is misvalued because fewer investors are hearing updates about the company.
2) Largest holder recently invested significant capital in recent rights offering at a higher price than the current market price – Brookfield Asset Management received a 38% stake in Rouse at the time of the spin-off due to its 38% ownership stake in General Growth. Prior to the spin-off, Rouse announced that it would raise fresh capital through a rights offering after the spin-off. Brookfield agreed to backstop the rights offering at $15 per share. At the expiration of the rights offering, Rouse's shares traded below the $15 per share subscription price, so no other shareholders participated in the rights offering. Brookfield fulfilled it commitment to back-stop the rights offering and purchased $192 million of stock at $15 per share. This raised Brookfield's

stake to 54%. I believe this is an important indicator of value when the most knowledgeable investor commits additional cash at a higher stock price than the current market price.

3) Fresh capital will drive growth – The Rouse management team should use the $192 million capital raised in the rights offering to make incremental investments in the malls to drive growth. Examples of capital projects are redevelopment of vacant anchor locations or developing vacant land adjacent to the malls.
4) Lack of ownership by REIT dedicated investors – Looking through the portfolios of major REIT dedicated investors such as Cohen & Steers and CGM, they do not own positions in Rouse. I believe that if Rouse initiates a dividend over the next few year, then REIT dedicated investors will begin purchasing positions in Rouse's stock.
5) Financial flexibility – Rouse has some financial flexibility from the $192 million of new capital and its lower than peer leverage ratio.
6) Low valuation – Rouse trades at a 10.5% implied cap rate which is higher than its B-class mall competitors of 7.5% to 8.0%.

Risks

There are risks to the Rouse story:

1) Retail real estate is pressured by growing online sales – Retail stores continue to lose marketshare to online retailers. This will be an ongoing headwind for companies that lease real estate to retailers.
2) Secondary nature of assets may cause Rouse trade at a discount to the Mall REIT sector – Other Class B mall companies such as Pennsylvania Real Estate Investment Trust and CBL & Associates trade at discounts to the rest of the Mall REIT sector. I expect Rouse to trade at a similar discount.
3) High in-place rents will be a headwind – Rouse seems to have in-place rents that are higher than the rents they are getting on renewals. The turnover of its leases will be another ongoing headwind for the company.
4) Retail real estate is a competitive sector – Rouse's malls are subject to competition from new entrants.

Portfolio Analysis

Below are the Fund's largest common equity long and short positions. All data is as of March 31, 2012.

Largest Common Equity Positions

Long	Short
Virtus Investment	Old National Bancorp
KKR & Co.	Commerce Bancshares
Primerica	Blackrock
Capital One	Bancorp South
Comerica	Astoria Financial

From this list, I exclude ETFs and fixed income instruments such as preferred stock.

Sub-sector Weightings

Below is a table showing the Fund's positioning within the financial sector as of March 31st:

	Long	**Short**	**Net**
Alt Asset Mgrs	8.5%	0.0%	8.5%
Asset Mgrs	5.8%	2.0%	3.8%
Broker-Dealers	8.5%	2.1%	6.4%
Large Banks	24.0%	9.1%	14.9%
Small Banks	24.9%	7.9%	17.0%
Non-Bank Lenders	2.4%	3.0%	-0.6%
P&C Insurance	0.0%	0.0%	0.0%
Life Insurance	7.5%	0.0%	7.5%
Real Estate	2.9%	1.8%	1.1%
Processors	0.0%	3.7%	-3.7%
Exchanges	0.0%	0.0%	0.0%
Index Hedges	0.0%	39.9%	-39.9%
Total	**84.5%**	**69.5%**	**15.0%**

The Fund's gross common exposure is 154% and its net exposure is 15%. Ninety-seven percent of the Fund's positions are in financial-related companies. From this table, I exclude fixed income instruments such as preferred stock. Preferred stock positions accounts 18.6% of the portfolio.

Organizational Changes

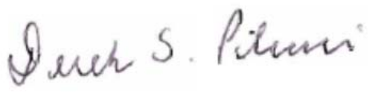
Starting July 1, 2012, Gator Financial Partners, LLC will lower its management fee from 2% annually to 1% annually. I am making this change to improve investor returns. The Fund will still have a 20% incentive fee.

Conclusion

In the 1st quarter, the Fund delivered solid performance. I am looking forward to the rest of 2012. Thank you for entrusting me with a portion of your wealth. I remain the Fund's largest investor with significantly more than 50% of my liquid net worth invested in the Fund.

As always, I am available by phone whenever you want to discuss the Fund or investing in general.

Sincerely,



Derek S. Pilecki
Managing Member of Gator Capital Management, LLC, which is the
Managing Member of Gator Financial Partners, LLC

Appendix A
Additional Disclaimers and Notes to Performance Results
The performance results shown on the first page of this letter are presented on a net-of-fees basis and reflect the deduction of, among other things: management fees, brokerage commissions, administrative expenses, and accrued performance allocation, if any. Net performance includes the reinvestment of all dividends, interest, and capital gains; it assumes an investor that has been in the fund since their respective inception dates and participated in any "new issues". Depending on the timing of a specific investment and participation in "new issues," net performance for an individual investor may vary from the net performance as stated herein. Performance data for 2011 is estimated and unaudited.

The inception date for Gator Financial Partners, LLC was June 30, 2008. The performance data presented on the first page of this letter for the market indices under "since inception" is calculated from June 30, 2008.

The market indices shown on the first page of this letter have been selected for purposes of comparing the performance of an investment in the Gator Financial Partners with certain well-known equity benchmarks. The statistical data regarding the indices has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The indices are not subject to any of the fees or expenses to which the funds are subject. The funds are not restricted to investing in those securities which comprise any of these indices, their performance may or may not correlate to any of these indices and it should not be considered a proxy for any of these indices.

Past performance is not necessarily indicative of future results. All investments involve risk including the loss of principal. This letter is confidential and may not be distributed without the express written consent of Gator Capital Management, LLC and does not constitute a recommendation, an offer to sell or a solicitation of an offer to purchase any security or investment product. Any such offer or solicitation may only be made by means of delivery of an approved confidential private offering memorandum.

This letter contains information and analyses relating to some of the Gator Financial Partners' positions during the period reflected on the first page. Gator Capital may currently or in the future buy, sell, cover or otherwise change the form of its investment in the companies discussed in this letter for any reason. Gator Capital hereby disclaims any duty to provide any updates or changes to the information contained here including, without limitation, the manner or type of any Gator Capital investment.

Gator Financial Partners, LLC

GATOR CAPITAL MANAGEMENT

Derek Pilecki, CFA
Portfolio Manager

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	4.55%	1.65%	7.51%	-	-	-	-	-	-	-	-	-	14.26%
2011	14.03%	9.26%	(4.00%)	1.20%	6.43%	1.32%	0.36%	(5.00%)	(5.34%)	2.76%	(0.41%)	(4.34%)	15.34%
2010	(2.97%)	6.01%	4.55%	5.77%	(3.00%)	(17.98%)	3.93%	(6.65%)	7.03%	7.73%	5.61%	5.13%	12.39%
2009	22.60%	7.00%	19.23%	11.00%	17.19%	20.93%	7.9%	15.28%	(0.50%)	(12.63%)	(0.87%)	8.65%	186.31%
2008	-	-	-	-	-	-	(1.89%)	(7.24%)	(21.90%)	16.63%	(7.93%)	11.02%	(15.26%)

Net of fees. Past Performance is not indicative of future results.

Fund Overview

Gator Financial Partners, LLC is a long/short equity hedge fund focused on the Financial sector. The Fund is run with +/-25% net exposure to produce investment returns that are independent of the market direction of the Financial sector.

The Fund's portfolio is built by performing intensive bottoms-up fundamental research on both long and short positions. The Fund's portfolio is concentrated on the portfolio manager's highest conviction ideas. The Fund never sells options but will purchase warrants and LEAPs as stock replacements.

The Fund favors small companies and companies with less research coverage from the sell-side. There are 2,000-plus publicly traded companies in the Financial sector. In addition, the sector requires specialized knowledge to correctly analyze the companies. Therefore, the portfolio manager believes there are regular opportunities for specialized investors doing fundamental research in the sector.

The Fund's goal is to maximize total return without using leverage while accepting short-term periods of volatility due to the portfolio's concentration.

Performance Statistics

	GFP	S&P	S&P Finl
Avg. Monthly Return	3.33%	0.57%	0.11%
Highest Monthly Return	22.60%	10.93%	21.8%
Lowest Monthly Return	(21.90%)	(16.80%)	(26.17%)
Monthly Comp. Return	2.89%	0.40%	(0.40%)
Ann. Comp. Return	40.68%	4.90%	(4.56%)
Cumulative Return	259.66%	19.65%	(16.04%)
Profitable Percentage	64.4%	62.2%	51.1%
Max Drawdown	(28.92%)	(42.62%)	(63.98%)

Quantitative Statistics

	GFP	S&P	S&P Finl
Annualized Return	40.68%	4.90%	(4.56%)
Standard Deviation	32.93%	20.39%	34.23%
Sharpe Ratio	1.05	0.24	(0.14)
Sortino Ratio	1.91	0.32	(0.19)
Downside Deviation	18.13%	14.78%	25.12%

Fund Structure

Fund Description	Long/Short Equity Financials
Date Launched	July 1, 2008
Contributions	Monthly
Organization	Delaware LLC
Management Fee	2%
Incentive Allocation	20%
High Water Mark	Yes
Fund AUM	$5.9 million
Strategy AUM	$6.2 million
Firm AUM	$14.0 million
Redemptions	Monthly, no lock-up
Minimum Investment	$100,000

Service Providers

CFO/Compliance/Ops	Blue River Partners
Fund Administrator	Cortland Fund Services
Prime Broker	Interactive Brokers
Legal Counsel	Shumaker Loop
Auditor	Kaufman Rossin

Correlation to Benchmark

	S&P 500	S&P Finl
Alpha (annualized)	42.58%	46.55%
Beta	0.45	0.22
R^2	0.08	0.05

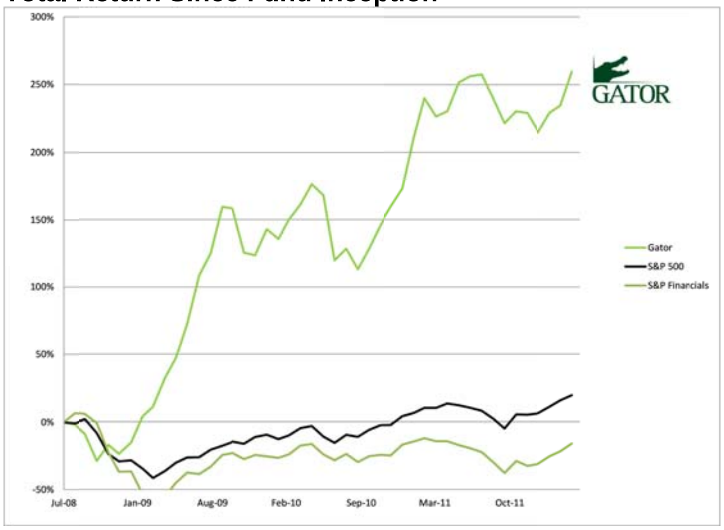
Disclaimer

Gator Capital Management
100 S. Ashley Drive, Suite 895 | Tampa, FL 33602
Phone: (813) 282-7870 | Fax: (813) 425-9168
derek.pilecki@gatorcapital.com
www.gatorcapital.com

GATOR
CAPITAL MANAGEMENT

Gator Financial Partners, LLC

Total Return Since Fund Inception[1]



Fund's Top Common Equity Holdings

As of March 31, 2011

Long	Short
1. Virtus Investment	1. Blackrock
2. KKR & Co.	2. Walter Investment
3. Primerica	3. Boston Properties
4. Cowen	4. Prosperity Bancshares
5. Xenith Bankshares	5. Commerce Bancshares

Portfolio Manager Biography

Derek Pilecki, CFA

In 2008, Derek Pilecki founded Gator Capital Management. At Gator, Pilecki has the ultimate responsibility for all investment decisions. He manages a long/short equity hedge fund focused on the Financials sector.

From 2002 through 2008, Pilecki was a member of the Goldman Sachs Asset Management (GSAM) Growth Equity Team, which had AUM of $28 billion. While at GSAM, Pilecki was the co-Chair of the Investment Committee for the Growth Team and was a Portfolio Manager. He was also a member of the portfolio management team responsible for the Goldman Sachs Capital Growth Fund, and provided primary analyst coverage of the Financial sector for the Growth Team.

Prior to GSAM, Pilecki was an Analyst at Clover Capital Management in Rochester, NY and Burridge Growth Partners in Chicago, IL and covered the Financial sector at both firms. Before entering graduate school, Pilecki worked at Fannie Mae providing interest rate risk analysis for the company's mortgage investment portfolio.

Pilecki holds an MBA with honors in Finance and Accounting from the University of Chicago and a BA in Economics from Duke University.

Risk Management

Initial Position Size – L/S	2-4% / 1-2%
Maximum Position Size	10% at cost
Gross Exposure Target	Less than 200%
Net Exposure Target	+/- 25%
# of Positions – L/S	30-50 / 30-50

The Fund's advisor is registered with the State of Florida as a Registered Investment Advisor.[2]

Pilecki's largest personal asset is his investment in the Fund and comprises 50% of his net worth.

[1] The market indices shown have been selected for purposes of comparing the performance of an investment in the Gator Financial Partners, LLC with certain well-known equity benchmarks. The statistical data regarding the indices has been obtained from Bloomberg and the returns are calculated assuming all dividends are reinvested. The indices are not subject to any of the fees or expenses to which the funds are subject and may involve significantly less risk than Gator Capital Strategies. The funds are not restricted to investing in those securities which comprise any of these indices, their performance may or may not correlate to any of these indices and it should not be considered a proxy for any of these indices. The S&P 500 Total Return Index is a market cap weighted index of 500 widely held stocks often used as a proxy for the overall U.S. equity market. An investment cannot be made directly in an index. The S&P Financials Sector Index is a market cap weighted index of financial companies within the S&P 500 Index. An investment cannot be made directly in an index. Gator Financial Partners, LLC consists of securities which vary significantly from those in the benchmark indexes listed above. Accordingly, comparing results shown to those of such indexes may be of limited use.

[2] This does not denote any special skill by the advisor nor any status conferred by the registering entity.

Gator Capital Management
100 S. Ashley Drive, Suite 895 | Tampa, FL 33602
Phone: (813) 282-7870 | Fax: (813) 425-9168
derek.pilecki@gatorcapital.com
www.gatorcapital.com

Appendix C
Review of the Gator Financial Partners Strategy and Goals

The Fund is a long/short equity fund focused on the Financials sector. I use bottoms-up fundamental analysis to make investments and build the portfolio, one stock at a time. I attempt to own (or go long) undervalued securities and sell short securities that are overvalued. I generally keep the Fund close to market neutral (+/- 25% net exposure) because I believe returns from stock selection may be more consistent than returns from over-weighting or under-weighting the sector at the appropriate time.

One competitive advantage of the Fund is the deep focus on the Financials sector. The Financials sector has many sub-industries: money center banks, regional banks, trust banks, community banks, thrifts, broker-dealers, non-bank financials, REITs (commercial, apartment, industrial, retail, mortgage, etc.), P&C insurance, life insurance, insurance brokers, asset managers, exchanges and financial technology companies. While many of the major hedge funds are positive on Financials, they generally express their view in the liquid, large-cap banks. While these may be fine positions over time and we own some of these same banks, we add most of our value by going several layers deeper to find attractive values among the less popular or well-known companies in the sector.

Seventy-five percent of the Fund's positions must be in companies in the Financials sector or companies with significant (33% of revenues, profits or allocated capital) in financial services operations. Examples of companies with significant financial services operations are General Electric with GE Capital and eBay with PayPal. Historically, 90 to 95% of the fund's positions have qualified as Financials or financial services related. The non-financial services positions tend to be special situations such as spin-offs, initial public offerings or short positions in former fad or concept stocks.

There are two other distinguishing characteristics of the Fund: a concentrated portfolio and a focus on opportunities with asymmetrical risk/reward (this is code for: "I swing for the fences when I believe the odds are in my favor.") I run the Fund with a concentrated portfolio for several reasons. I believe a concentrated portfolio creates discipline in weeding out bad ideas. Another benefit of a concentrated portfolio is a focus on best ideas. One of my mentors from GSAM taught me that any stock worth buying is worth buying in size. Positions with asymmetrical risk/reward are important because markets often price in average moves and do not anticipate how frequently extreme price moves can occur. We find these asymmetrical opportunities in beaten down stocks, long-term warrants and/or LEAPs, and companies with significant operating leverage. One day when the Fund is of appropriate size, we may also find opportunities in purchasing credit default swaps on companies we want to short. In the brief history of the Fund, these characteristics (a concentrated portfolio and positions with asymmetrical risk/reward) explain the large volatility in the Fund's monthly returns. Most of this volatility has been to the positive, but there have been and will be times when I will be out of sync with the market. Please do not expect the Fund to produce steady returns; instead, I hope the Fund will produce a superior total return over the long-run.

Appendix D
Gator Financial Partners Operational Characteristics

Given the events of 2008 and the common criticisms of hedge funds (limited liquidity, opaque portfolios and self-administration); I have structured the Fund to be more investor friendly than a typical hedge fund. The Fund does not employ lock-ups. There is monthly liquidity and only 10 business days notice is required to redeem investments at month-end. I disclose the entire portfolio to current investors upon request and to prospective investors prior to investment. The Fund has hired independent auditors, Kaufman Rossin based in Miami, who specialize in hedge funds for the Fund's annual audit. The Fund has also hired an independent third-party administrator, Cortland Fund Services based in Chicago, for fund accounting. As an additional financial control, I cannot authorize a release of money from the Fund's checking account at JP Morgan unless Cortland also approves the withdrawal. I want to continue to improve the Fund's structure and terms to remain investor friendly. If you have suggestions, please contact me.

I do offer separate accounts with a $5 million minimum. While I prefer investors to invest directly in the Fund, I will invest separate accounts *pari passu* with the Fund. The trade-off is that a separate account imposes a greater accounting and tax reporting burden on the client. Whether my investors come through the Fund or through a separate account, I feel strongly that the money is the investor's money, the investor has given me the privilege of managing their money, the investor has the right to know how their money is invested, and they have the right to access their money.