

First Financial Northwest, Inc.
Form SC 13G
September 14, 2011

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

FIRST FINANCIAL NORTHWEST, INC.
(Name of Issuer)

Common Stock, par value \$0.01 per share
(Title of class of securities)

32022K102
(CUSIP number)

August 8, 2011
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

*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 the disclosures provided in a prior cover page.

The information required in 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).

Continued on Following Pages
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1 NAME OF REPORTING PERSONS: SC FUNDAMENTAL VALUE FUND,
L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION: Delaware

| | | | |
|---|---|------------------------------|---------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 5 | SOLE VOTING POWER: | 435,440 |
| | 6 | SHARED VOTING POWER: | 0 |
| | 7 | SOLE DISPOSITIVE POWER: | 435,440 |
| | 8 | SHARED DISPOSITIVE POWER: | 0 |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 435,440

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9): 2.32%

12 TYPE OF REPORTING PERSON: PN

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1 NAME OF REPORTING PERSONS: SC FUNDAMENTAL LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION: New York

5 SOLE VOTING POWER: 0

6 SHARED VOTING POWER: 435,440

7 SOLE DISPOSITIVE POWER: 0

8 SHARED DISPOSITIVE POWER: 435,440

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON WITH

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 435,440

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9): 2.32%

12 TYPE OF REPORTING PERSON: OO

CUSIP No.

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1 NAME OF REPORTING PERSONS: SC FUNDAMENTAL VALUE BVI, LTD.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION: British Virgin Islands

| | | | |
|---|---|------------------------------|---------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 5 | SOLE VOTING POWER: | 486,400 |
| | 6 | SHARED VOTING POWER: | 0 |
| | 7 | SOLE DISPOSITIVE POWER: | 486,400 |
| | 8 | SHARED DISPOSITIVE POWER: | 0 |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 486,400

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9): 2.59%

12 TYPE OF REPORTING PERSON: CO

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| | | | |
|--------------|---|-------------------------|---|
| 1 | NAME OF REPORTING PERSONS: | SC-BVI PARTNERS | |
| 2 | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP: | | (a) <input checked="" type="checkbox"/> |
| | | | (b) <input type="checkbox"/> |
| 3 | SEC USE ONLY | | |
| 4 | CITIZENSHIP OR PLACE OF ORGANIZATION: | Delaware | |
| | 5 | SOLE VOTING POWER: | 0 |
| NUMBER OF | 6 | SHARED VOTING POWER: | 486,400 |
| SHARES | 7 | SOLE DISPOSITIVE POWER: | 0 |
| BENEFICIALLY | 8 | SHARED DISPOSITIVE | 486,400 |
| OWNED BY | | POWER: | |
| EACH | | | |
| REPORTING | | | |
| PERSON WITH | | | |
| 9 | AGGREGATE AMOUNT BENEFICIALLY OWNED | 486,400 | |
| | BY EACH REPORTING PERSON: | | |
| 10 | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES | | |
| | CERTAIN SHARES: | | <input type="checkbox"/> |
| 11 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9): | 2.59% | |
| 12 | TYPE OF REPORTING PERSON: | PN | |

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1 NAME OF REPORTING PERSONS: PMC-BVI, INC.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION: Delaware

| | | | |
|---|---|------------------------------|---------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 5 | SOLE VOTING POWER: | 0 |
| | 6 | SHARED VOTING POWER: | 486,400 |
| | 7 | SOLE DISPOSITIVE POWER: | 0 |
| | 8 | SHARED DISPOSITIVE POWER: | 486,400 |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 486,400

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9): 2.59%

12 TYPE OF REPORTING PERSON: CO

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1 NAME OF REPORTING PERSONS: SC FUNDAMENTAL BVI, INC.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION: Delaware

| | | | |
|---|---|------------------------------|---------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 5 | SOLE VOTING POWER: | 0 |
| | 6 | SHARED VOTING POWER: | 486,400 |
| | 7 | SOLE DISPOSITIVE POWER: | 0 |
| | 8 | SHARED DISPOSITIVE POWER: | 486,400 |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 486,400

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9): 2.59%

12 TYPE OF REPORTING PERSON: CO

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1 NAME OF REPORTING PERSONS: PETER M. COLLERY

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION: United States

| | | | |
|---|---|------------------------------|---------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 5 | SOLE VOTING POWER: | 81,808 |
| | 6 | SHARED VOTING POWER: | 921,840 |
| | 7 | SOLE DISPOSITIVE POWER: | 81,808 |
| | 8 | SHARED DISPOSITIVE POWER: | 921,840 |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY 1,003,648
EACH REPORTING PERSON:

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN SHARES:

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9): 5.34%

12 TYPE OF REPORTING PERSON: IN

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1 NAME OF REPORTING PERSONS: NEIL H. KOFFLER

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION: United States

| | | | |
|---|---|------------------------------|---------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 5 | SOLE VOTING POWER: | 0 |
| | 6 | SHARED VOTING POWER: | 921,840 |
| | 7 | SOLE DISPOSITIVE POWER: | 0 |
| | 8 | SHARED DISPOSITIVE POWER: | 921,840 |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 921,840

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9): 4.90%

12 TYPE OF REPORTING PERSON: IN

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1 NAME OF REPORTING PERSONS: JOHN T. BIRD

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION: United States

| | | | |
|---|---|------------------------------|---------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 5 | SOLE VOTING POWER: | 0 |
| | 6 | SHARED VOTING POWER: | 921,840 |
| | 7 | SOLE DISPOSITIVE POWER: | 0 |
| | 8 | SHARED DISPOSITIVE POWER: | 921,840 |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 921,840

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9): 4.90%

12 TYPE OF REPORTING PERSON: IN

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1 NAME OF REPORTING PERSONS: DAVID A. HURWITZ

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION: United States

| | | | |
|---|---|------------------------------|---------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 5 | SOLE VOTING POWER: | 0 |
| | 6 | SHARED VOTING POWER: | 921,840 |
| | 7 | SOLE DISPOSITIVE POWER: | 0 |
| | 8 | SHARED DISPOSITIVE POWER: | 921,840 |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 921,840

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9): 4.90%

12 TYPE OF REPORTING PERSON: IN

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1 NAME OF REPORTING PERSONS: SC FUNDAMENTAL LLC
EMPLOYEE SAVINGS & PROFIT
SHARING PLAN

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS
(ENTITIES ONLY):

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION: United States

| | | | |
|---|---|------------------------------|--------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 5 | SOLE VOTING POWER: | 81,808 |
| | 6 | SHARED VOTING POWER: | 0 |
| | 7 | SOLE DISPOSITIVE POWER: | 81,808 |
| | 8 | SHARED DISPOSITIVE POWER: | 0 |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON: 81,808

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9): 0.44%

12 TYPE OF REPORTING PERSON: EP

Item 1(a) Name of Issuer:

First Financial Northwest, Inc. (the "Issuer").

Item 1(b) Address of Issuer's Principal Executive Offices:

The address of the principal executive offices of the Issuer is 201 Wells Avenue South, Renton, Washington 98057.

Item 2(a) Name of Persons Filing:

- (i) SC Fundamental Value Fund, L.P.
- (ii) SC Fundamental LLC
- (iii) SC Fundamental Value BVI, Ltd.
- (iv) SC-BVI Partners
- (v) PMC-BVI, Inc.
- (vi) SC Fundamental BVI, Inc.
- (vii) Peter M. Collery
- (viii) Neil H. Koffler
- (ix) John T. Bird
- (x) David A. Hurwitz
- (xi) SC Fundamental LLC Employee Savings & Profit Sharing Plan (collectively, the "Reporting Persons")

Item 2(b) Address of Principal Business Office or, if None, Residence:

The principal business office of each of SC Fundamental Value Fund, L.P., SC Fundamental LLC, SC-BVI Partners, PMC-BVI, Inc., SC Fundamental BVI, Inc., Peter M. Collery, Neil H. Koffler, John T. Bird, David A. Hurwitz and SC Fundamental LLC Employee Savings & Profit Sharing Plan is 747 Third Avenue, 27th Floor, New York, New York 10017.

The principal business office of SC Fundamental Value BVI, Ltd. is c/o MadisonGrey Fund Services (Cayman) Ltd., P.O. Box 10290, Grand Cayman KY1-1003, Cayman Islands.

Item 2(c) Citizenship:

Information regarding the citizenship or place of organization of the Reporting Persons is incorporated herein by reference from Row (4) of their respective cover page to this Schedule 13G.

Item 2(d) Title of class of securities:

Common Stock, par value \$0.01 per share.

Item 2(e) CUSIP No.:

32022K102

Item 3 If This Statement Is Filed Pursuant To Rule 13d-1(b), Or 13d-2(b) Or (c), Check Whether The Person Filing Is:

- (a) Broker or dealer registered under Section 15 of the Exchange Act;
- (b) Bank as defined in Section 3(a)(6) of the Exchange Act;
- (c) Insurance company as defined in Section 3(a)(19) of the Exchange Act;
- (d) Investment company registered under Section 8 of the Investment Company Act;
- (e) An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
- (f) An Employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);
- (h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act;
- (i) A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act;
- (j) A non-U.S. institution in accordance with Rule 13d-1(b)(1)(ii)(J);
- (k) Group, in accordance with Rule 13d-1(b)(1)(ii)(K).

If filing as a non-U.S. institution in accordance with Rule 13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4 Ownership

(a) Amount beneficially owned:

The responses of the Reporting Persons to Row (9) of the cover pages of this Schedule 13G are incorporated herein by reference.

(b) Percent of class:

The responses of the Reporting Persons to Row (11) of the cover pages of this Schedule 13G are incorporated herein by reference. The percentage ownership of each of the Reporting Persons is based on 18,805,168 shares of Common Stock outstanding as of August 5, 2011, as reported by the Issuer in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011 filed with the Securities and Exchange Commission on August 8, 2011

(c) The responses of the Reporting Persons to Rows (5) through (8) of the cover pages of this Schedule 13G are incorporated herein by reference

Item 5 Ownership Of Five Percent Or Less Of A Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of Securities, check the following .

Item 6 Ownership Of More Than Five Percent On Behalf Of Another Person

Not applicable.

Item 7 Identification And Classification Of The Subsidiary Which Acquired The Security Being Reported On By The Parent Holding Company Or Control Person

Not applicable.

Item 8 Identification And Classification Of Members Of The Group

See Exhibit No. 2 hereto.

Item 9 Notice Of Dissolution Of Group

Not applicable.

Item 10 Certification

(a) Not applicable.

(b) By signing below, each of the undersigned certifies that, to the best of his or its knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

[The remainder of this page intentionally left blank.]

SIGNATURE

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.

Date: September 14, 2011

SC FUNDAMENTAL VALUE FUND, L.P.

By: SC Fundamental LLC, as General Partner

By: /s/ Neil H. Koffler
Neil H. Koffler, Member

SC FUNDAMENTAL LLC

By: /s/ Neil H. Koffler
Neil H. Koffler, Member

SC FUNDAMENTAL VALUE BVI, LTD.

By: SC Fundamental BVI, Inc., as managing
general partner of investment manager

By: /s/ Neil H. Koffler
Neil H. Koffler, Vice President

SC-BVI PARTNERS

By: SC Fundamental BVI, Inc., as managing
general partner

By: /s/ Neil H. Koffler
Neil H. Koffler, Vice President

PMC-BVI, INC.

By: /s/ Neil H. Koffler
Neil H. Koffler, Secretary

SC FUNDAMENTAL BVI, INC.

By: /s/ Neil H. Koffler
Neil H. Koffler, Vice President

/s/ Neil H. Koffler
Neil H. Koffler as Attorney-in-Fact for
Peter M. Collery (1)

/s/ Neil H. Koffler
Neil H. Koffler

/s/ Neil H. Koffler
Neil H. Koffler as Attorney-in-Fact for John T. Bird (2)

/s/ Neil H. Koffler
Neil H. Koffler as Attorney-in-Fact for David A. Hurwitz (3)

SC FUNDAMENTAL LLC EMPLOYEE SAVINGS AND
PROFIT SHARING PLAN

By: /s/ Peter M. Collery
Peter M. Collery, Trustee

- (1) Executed by Neil H. Koffler as Attorney-in-Fact for Peter M. Collery. The Power of Attorney for Mr. Collery is attached as Exhibit 3 to the Amendment No. 3 to the Statement on Schedule 13G with respect to the Common Stock of BFC Financial Corporation, filed on February 4, 2010, and is incorporated herein by reference.
- (2) Executed by Neil H. Koffler as Attorney-in-Fact for John T. Bird. The Power of Attorney for Mr. Bird is attached hereto as Exhibit 3 to the Statement on Schedule 13G with respect to the Common Stock of First Financial Northwest Inc., filed on September 14, 2011.
- (3) Executed by Neil H. Koffler as Attorney-in-Fact for David A. Hurwitz. The Power of Attorney for Mr. Hurwitz is attached hereto as Exhibit 4 to the Statement on Schedule 13G with respect to the Common Stock of First Financial Northwest Inc., filed on September 14, 2011.

EXHIBIT INDEX

| Exhibit No. | Document |
|-------------|---|
| 1 | Joint Filing Agreement, dated September 14, 2011, among SC Fundamental Value Fund, L.P., SC Fundamental LLC, SC Fundamental Value BVI, Ltd., SC-BVI Partners, PMC-BVI, Inc., SC Fundamental BVI, Inc., Peter M. Collery, Neil H. Koffler, John T. Bird, David A. Hurwitz, and SC Fundamental LLC Employee Savings & Profit Sharing Plan to file this joint statement on Schedule 13G. |
| 2 | Identity of Members of Group |
| 3 | Power of Attorney for John T. Bird with Neil H. Koffler as Attorney-in-Fact |
| 4 | Power of Attorney for David A. Hurwitz with Neil H. Koffler as Attorney-in-Fact |