

GUTFLEISH RONALD E  
 Form 3  
 February 16, 2007

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL  
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**INITIAL STATEMENT OF 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 * |         | 2. Date of Event Requiring Statement | 3. Issuer Name <b>and</b> Ticker or Trading Symbol  |  |
| Â ELM RIDGE CAPITAL MANAGEMENT LLC        |         | (Month/Day/Year)                     | KAPSTONE PAPER & PACKAGING CORP [SCDE]  |  |
| (Last)                                    | (First) | (Middle)                             | 4. Relationship of Reporting Person(s) to Issuer  |  |
| 3 WEST MAIN STREET,Â 3RD FLOOR            |         |                                      | (Check all applicable)  |  |
| (Street)                                  |         |                                      | <input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner<br><input type="checkbox"/> Officer <input type="checkbox"/> Other<br>(give title below)    (specify below)                   |  |
| IRVINGTON,Â NYÂ 10533                     |         |                                      | 5. If Amendment, Date Original Filed(Month/Day/Year)  |  |
| (City)                                    | (State) | (Zip)                                | 6. Individual or Joint/Group Filing(Check Applicable Line)<br><input type="checkbox"/> Form filed by One Reporting Person<br><input checked="" type="checkbox"/> Form filed by More than One Reporting Person |  |

**Table I - Non-Derivative Securities Beneficially Owned**

| 1. Title of Security<br>(Instr. 4) | 2. Amount of Securities Beneficially Owned<br>(Instr. 4) | 3. Ownership Form:<br>Direct (D)<br>or Indirect (I)<br>(Instr. 5) | 4. Nature of Indirect Beneficial Ownership<br>(Instr. 5) |
|------------------------------------|--|---|--|
| Common Stock                       | 1,891,634  | I   | Footnote 1 <sup>(1)</sup>                                |

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

SEC 1473 (7-02)

**Persons who 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.**

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

| 1. Title of Derivative Security<br>(Instr. 4) | 2. Date Exercisable and Expiration Date<br>(Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security<br>(Instr. 4) | 4. Conversion or Exercise Price of Derivative | 5. Ownership Form of Derivative Security: | 6. Nature of Indirect Beneficial Ownership<br>(Instr. 5) |
|---|---|--|---|---|--|
|---|---|--|---|---|--|

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|          | Date Exercisable | Expiration Date | Title                          | Amount or Number of Shares | Security | Direct (D) or Indirect (I) (Instr. 5) |                       |
|----------|------------------|-----------------|--------------------------------|----------------------------|----------|---------------------------------------|-----------------------|
| Warrants | 01/01/2007       | 08/15/2009      | Common Stock Purchase Warrants | 3,828,580                  | \$ 5     | I                                     | Footnote 1 <u>(1)</u> |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| ELM RIDGE CAPITAL MANAGEMENT LLC<br>3 WEST MAIN STREET<br>3RD FLOOR<br>IRVINGTON, NY 10533                          | Â             | Â X       | Â       | Â     |
| GUTFLEISH RONALD E<br>C/O ELM RIDGE CAPITAL MANAGEMENT, LLC<br>3 WEST MAIN STREET, 3RD FLOOR<br>IRVINGTON, NY 10533 | Â             | Â X       | Â       | Â     |

## Signatures

Elm Ridge Capital Management, LLC, By: /s/ Ronald E. Gutfleish, Managing Member 02/16/2007

\_\_Signature of Reporting Person Date

/s/ Ronald E. Gutfleish 02/16/2007

\_\_Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 5(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) Ronald Gutfleish is the managing member of two limited liability companies, which each manage one or more private investment funds that hold the Issuer's shares. The Reporting Persons disclaim beneficial ownership of these shares except to the extent of their pecuniary interest therein. This report shall not be deemed an admission that the Reporting Person is the beneficial owner of the reported securities for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, or for any other purpose.

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.