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ITLA CAPITAL CORP  
Form SC 13G/A  
February 14, 2006

SECURITIES & EXCHANGE COMMISSION  
Washington, D.C. 20549  
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SCHEDULE 13G\*  
(Rule 13d-102)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO RULES 13d-1(b), (c) AND (d) AND AMENDMENTS THERETO FILED  
PURSUANT TO 13d-2(b)  
(Amendment No. 2)\*

ITLA Capital Corp.  
(Name of Issuer)

Common Stock  
(Title of Class of Securities)

450565106  
(CUSIP Number)

DECEMBER 31, 2005  
(Date of event which requires filing of this statement)

Check the appropriate box to designate the rule pursuant to which this  
Schedule 13G is filed:

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

(Page 1 of 15 Pages)

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\*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 purposes 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).

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-----  
(1) NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)  
Granite Capital, L.P.  
-----

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP \*\*

(a)   
(b)

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(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

NUMBER OF (5) SOLE VOTING POWER  
-0-  
SHARES

BENEFICIALLY (6) SHARED VOTING POWER  
266,754  
OWNED BY

EACH (7) SOLE DISPOSITIVE POWER  
-0-  
REPORTING

PERSON WITH (8) SHARED DISPOSITIVE POWER  
266,754

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED  
BY EACH REPORTING PERSON  
266,754

(10) CHECK BOX IF THE AGGREGATE AMOUNT  
IN ROW (9) EXCLUDES CERTAIN SHARES \*\* [ ]

(11) PERCENT OF CLASS REPRESENTED  
BY AMOUNT IN ROW (9)  
4.7%

(12) TYPE OF REPORTING PERSON \*\*  
PN

\*\* SEE INSTRUCTIONS BEFORE FILLING OUT!

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(1) NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)  
Granite Capital II, L.P.

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP \*\*  
(a) [X]  
(b) [ ]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

NUMBER OF (5) SOLE VOTING POWER  
-0-  
SHARES

BENEFICIALLY (6) SHARED VOTING POWER  
17,446  
OWNED BY

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EACH (7) SOLE DISPOSITIVE POWER  
-0-

REPORTING

PERSON WITH (8) SHARED DISPOSITIVE POWER  
17,446

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED  
BY EACH REPORTING PERSON  
17,446

(10) CHECK BOX IF THE AGGREGATE AMOUNT  
IN ROW (9) EXCLUDES CERTAIN SHARES \*\* [ ]

(11) PERCENT OF CLASS REPRESENTED  
BY AMOUNT IN ROW (9)  
0.3%

(12) TYPE OF REPORTING PERSON \*\*  
PN

\*\* SEE INSTRUCTIONS BEFORE FILLING OUT!

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(1) NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)  
GRANUM VALUE FUND

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP \*\*  
(a) [X]  
(b) [ ]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

NUMBER OF (5) SOLE VOTING POWER  
SHARES -0-

BENEFICIALLY (6) SHARED VOTING POWER  
OWNED BY 29,400

EACH (7) SOLE DISPOSITIVE POWER  
-0-

REPORTING

PERSON WITH (8) SHARED DISPOSITIVE POWER  
29,400

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED  
BY EACH REPORTING PERSON  
29,400

(10) CHECK BOX IF THE AGGREGATE AMOUNT

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IN ROW (9) EXCLUDES CERTAIN SHARES \*\*

[ ]

(11) PERCENT OF CLASS REPRESENTED  
BY AMOUNT IN ROW (9)  
0.5%

(12) TYPE OF REPORTING PERSON \*\*  
IV

\*\* SEE INSTRUCTIONS BEFORE FILLING OUT!

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(1) NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)  
GRANITE CAPITAL L.L.C.

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP \*\*

(a) [X]

(b) [ ]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

NUMBER OF (5) SOLE VOTING POWER  
SHARES -0-

BENEFICIALLY (6) SHARED VOTING POWER  
OWNED BY 289,700

EACH (7) SOLE DISPOSITIVE POWER  
REPORTING -0-

PERSON WITH (8) SHARED DISPOSITIVE POWER  
289,700

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED  
BY EACH REPORTING PERSON  
289,700

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

[ ]

(11) PERCENT OF CLASS REPRESENTED  
BY AMOUNT IN ROW (9)  
5.1%

(12) TYPE OF REPORTING PERSON \*\*  
IA,00

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(1) NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)  
GRANUM CAPITAL MANAGEMENT, L.L.C.

-----

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP \*\*

(a)  [X]  
(b)  [ ]

-----

(3) SEC USE ONLY

-----

(4) CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

-----

NUMBER OF (5) SOLE VOTING POWER  
-0-  
SHARES

-----

BENEFICIALLY (6) SHARED VOTING POWER  
29,400  
OWNED BY

-----

EACH (7) SOLE DISPOSITIVE POWER  
-0-  
REPORTING

-----

PERSON WITH (8) SHARED DISPOSITIVE POWER  
29,400

-----

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED  
BY EACH REPORTING PERSON  
29,400

-----

(10) CHECK BOX IF THE AGGREGATE AMOUNT  
IN ROW (9) EXCLUDES CERTAIN SHARES \*\*  [ ]

-----

(11) PERCENT OF CLASS REPRESENTED  
BY AMOUNT IN ROW (9)  
0.5%

-----

(12) TYPE OF REPORTING PERSON \*\*  
IA,00

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(1) NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)  
Lewis M. Eisenberg

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(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP \*\*

(a)  [X]

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(b) [ ]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION  
United States

NUMBER OF (5) SOLE VOTING POWER  
SHARES -0-

BENEFICIALLY (6) SHARED VOTING POWER  
OWNED BY 319,100

EACH (7) SOLE DISPOSITIVE POWER  
REPORTING -0-

PERSON WITH (8) SHARED DISPOSITIVE POWER  
319,100

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED  
BY EACH REPORTING PERSON  
319,100

(10) CHECK BOX IF THE AGGREGATE AMOUNT  
IN ROW (9) EXCLUDES CERTAIN SHARES \*\* [ ]

(11) PERCENT OF CLASS REPRESENTED  
BY AMOUNT IN ROW (9)  
5.6%

(12) TYPE OF REPORTING PERSON \*\*  
IN

\*\* SEE INSTRUCTIONS BEFORE FILLING OUT!

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(1) NAMES OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)  
Walter F. Harrison, III

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP \*\*  
(a) [X]  
(b) [ ]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION  
United States

NUMBER OF (5) SOLE VOTING POWER  
SHARES -0-

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BENEFICIALLY (6) SHARED VOTING POWER  
319,100

OWNED BY

EACH (7) SOLE DISPOSITIVE POWER  
-0-

REPORTING

PERSON WITH (8) SHARED DISPOSITIVE POWER  
319,100

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED  
BY EACH REPORTING PERSON  
319,100

(10) CHECK BOX IF THE AGGREGATE AMOUNT  
IN ROW (9) EXCLUDES CERTAIN SHARES \*\* [ ]

(11) PERCENT OF CLASS REPRESENTED  
BY AMOUNT IN ROW (9)  
5.6%

(12) TYPE OF REPORTING PERSON \*\*  
IN

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The Schedule 13G of (i) Granite Capital, L.P., (ii) Granite Capital II, L.P., (iii) Granite Capital, L.L.C., (iv) Granum Value Fund, (v) Granum Capital Management, L.L.C., (vi) Lewis M. Eisenberg and (vii) Walter F. Harrison, III, relating to the Common Stock (par value \$0.01) issued by ITLA Capital Corp. (the "Company"), initially filed as of September 5, 2001 is hereby further amended to read as follows:

Item 1(a). Name of Issuer:

The name of the issuer is ITLA Capital Corp.

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

The Company's principal executive offices are located at 888 Prospect Street, Suite 110, La Jolla, CA 92037

Item 2(a). Name of Person Filing:

This statement is filed by:

- (i) Granite Capital, L.P., a Delaware limited partnership ("Granite"), with respect to the shares of Common Stock (defined in Item 2(d) below) directly owned by it;
- (ii) Granite Capital II, L.P., a Delaware limited partnership ("Granite II"), with respect to the shares of Common Stock directly owned by it;
- (iii) Granum Value Fund, a publicly registered mutual fund organized as a trust under the laws of the state of Delaware ("Granum

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Value"), with respect to the shares of Common Stock directly owned by it;

- (iv) Granite Capital, L.L.C., a Delaware limited liability company ("Granite L.L.C."), which serves as the general partner of Granite and Granite II, and as investment manager to Granite Capital Overseas Hedged Equity Fund Limited, a Cayman Islands exempted company ("Granite Hedged Equity"), with respect to the shares of Common Stock directly owned by each of Granite, Granite II and Granite Hedged Equity;
- (v) Granum Capital Management, L.L.C., a Delaware limited liability company ("Granum Management") which serves as investment adviser to Granum Value, with respect to the shares of Common Stock directly owned by Granum Value;

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- (vi) Lewis M. Eisenberg, a United States citizen ("Mr. Eisenberg"), who serves as a managing member of Granite L.L.C. and as a managing member of Granum Management with respect to the shares of Common Stock directly owned by each of Granite, Granite II, Granite Hedged Equity and Granum Value; and
- (vii) Walter F. Harrison, III, a United States citizen ("Mr. Harrison"), who serves as a managing member of Granite L.L.C. and as a managing member of Granum Management with respect to the shares of Common Stock directly owned by each of Granite, Granite II, Granite Hedged Equity and Granum Value.

The foregoing persons are hereinafter collectively referred to as the "Reporting Persons." Any disclosures herein with respect to persons other than the Reporting Persons are made on information and belief after making inquiry to the appropriate party.

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

The address of the business office of each of the Reporting Persons is 126 East 56th Street, 25th Floor, New York, New York 10022.

Item 2(c). Citizenship:

Mr. Eisenberg and Mr. Harrison are citizens of the United States. Each of Granite, Granite II and Granum Value is organized under the laws of the state of Delaware. Granite Hedged Equity is organized under the laws of the Cayman Islands.

Item 2(d). Title of Class of Securities:

Common Stock, \$0.01 par value (the "Common Stock").

Item 2(e). CUSIP Number: 450565106

Item 3. If this statement is filed pursuant to Rules 13d-1(b) or 13d-2(b) or (c), check whether the person filing is a:

- (a)  Broker or dealer registered under Section 15 of the Act,
- (b)  Bank as defined in Section 3(a)(6) of the Act,



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- (c)  Insurance Company as defined in Section 3(a)(19) of the Act,
- (d)  Investment Company registered under Section 8 of the Investment Company Act of 1940,

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- (e)  Investment Adviser in accordance with Rule 13d-1 (b)(1)(ii)(E),
- (f)  Employee Benefit Plan or Endowment Fund in accordance with 13d-1 (b)(1)(ii)(F),
- (g)  Parent Holding Company or control person in accordance with Rule 13d-1 (b)(1)(ii)(G),
- (h)  Savings Association as defined in Section 3(b) of the Federal Deposit Insurance Act,
- (i)  Church Plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940,
- (j)  Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

Not applicable.

Item 4. Ownership.

The percentages used in this Item 4 are calculated based upon 5,715,088 shares of Common Stock issued and outstanding as of November 3, 2005 as reported in the Company's Form 10-Q for the period ending September 30, 2005.

- A. Granite Capital, L.P.
  - (a) Amount beneficially owned: 266,754
  - (b) Percent of class: 4.7%
  - (c) (i) Sole power to vote or direct the vote: -0-
  - (ii) Shared power to vote or direct the vote: 266,754
  - (iii) Sole power to dispose or direct the disposition: -0-
  - (iv) Shared power to dispose or direct the disposition: 266,754
- B. Granite Capital II, L.P.
  - (a) Amount beneficially owned: 17,446
  - (b) Percent of class: 0.3%
  - (c) (i) Sole power to vote or direct the vote: -0-
  - (ii) Shared power to vote or direct the vote: 17,446
  - (iii) Sole power to dispose or direct the disposition: -0-
  - (iv) Shared power to dispose or direct the disposition: 17,446

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- C. Granum Value Fund
  - (a) Amount beneficially owned: 29,400
  - (b) Percent of class: 0.5%
  - (c) (i) Sole power to vote or direct the vote: -0-

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- (ii) Shared power to vote or direct the vote: 29,400
- (iii) Sole power to dispose or direct the disposition: -0-
- (iv) Shared power to dispose or direct the disposition: 29,400

D. Granite Capital, L.L.C.

- (a) Amount beneficially owned: 289,700
- (b) Percent of class: 5.1%
- (c) (i) Sole power to vote or direct the vote: -0-
- (ii) Shared power to vote or direct the vote: 289,700
- (iii) Sole power to dispose or direct the disposition: -0-
- (iv) Shared power to dispose or direct the disposition: 289,700

E. Granum Capital Management, L.L.C.

- (a) Amount beneficially owned: 29,400
- (b) Percent of class: 0.5%
- (c) (i) Sole power to vote or direct the vote: -0-
- (ii) Shared power to vote or direct the vote: 29,400
- (iii) Sole power to dispose or direct the disposition: -0-
- (iv) Shared power to dispose or direct the disposition: 29,400

F. Lewis M. Eisenberg

- (a) Amount beneficially owned: 319,100
- (b) Percent of class: 5.6%
- (c) (i) Sole power to vote or direct the vote: -0-
- (ii) Shared power to vote or direct the vote: 319,100
- (iii) Sole power to dispose or direct the disposition: -0-
- (iv) Shared power to dispose or direct the disposition: 319,100

G. Walter F. Harrison, III

- (a) Amount beneficially owned: 319,100
- (b) Percent of class: 5.6%
- (c) (i) Sole power to vote or direct the vote: -0-
- (ii) Shared power to vote or direct the vote: 319,100
- (iii) Sole power to dispose or direct the disposition: -0-
- (iv) Shared power to dispose or direct the disposition: 319,100

Item 5. Ownership of Five Percent or Less of a Class.

Not applicable.

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Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Granite L.L.C., the general partner of Granite, Granite II, and the investment manager to Granite Hedged Equity, has the power to direct the investment activities of Granite, Granite II, and Granite Hedged Equity, including decisions with respect to the receipt of dividends and the disposition of the proceeds from the sale of shares of Common Stock. Messrs. Eisenberg and Harrison are the managing members of Granite L.L.C., and in that capacity direct its operations.

Granum Management, the investment adviser to Granum Value, has the power to direct the investment activities of Granum Value, including decisions with respect to the receipt of dividends and the disposition of the proceeds from the sale of shares of Common Stock. Messrs. Eisenberg and Harrison are the managing members of Granum Management, and in that capacity direct its operations.

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Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.

Not applicable.

Item 8. Identification and Classification of Members of the Group.

Please see Item 2.

Item 9. Notice of Dissolution of Group.

Not applicable.

Item 10. Certification.

Each of the Reporting Persons hereby makes the following certification:

By signing below I certify that, to the best of my 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.

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SIGNATURES

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.

DATED: February 14, 2006

GRANITE CAPITAL, L.P.

By: Granite Capital, L.L.C.,  
General Partner

By: /s/ Lewis M. Eisenberg

-----  
Lewis M. Eisenberg  
Member

GRANITE CAPITAL II, L.P.

By: Granite Capital, L.L.C.,  
General Partner

By: /s/ Lewis M. Eisenberg

-----  
Lewis M. Eisenberg  
Member

GRANUM VALUE FUND

By: Granum Capital Management, L.L.C.,  
Investment Adviser

By: /s/ Lewis M. Eisenberg

-----  
Lewis M. Eisenberg  
Member

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GRANITE CAPITAL, L.L.C.  
By: /s/ Lewis M. Eisenberg

-----  
Lewis M. Eisenberg  
Member

GRANUM CAPITAL MANAGEMENT, L.L.C.  
By: /s/ Lewis M. Eisenberg

-----  
Lewis M. Eisenberg  
Member

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LEWIS M. EISENBERG  
/s/ Lewis M. Eisenberg

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WALTER F. HARRISON, III  
/s/ Walter F. Harrison, III  
-----