

LAWNDALE CAPITAL MANAGEMENT LLC  
Form SC 13D  
February 03, 2010

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. \_\_)

P&F Industries, Inc.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

692830508

(CUSIP Number)

Andrew E. Shapiro  
Lawndale Capital Management, LLC  
591 Redwood Highway, Suite 2345  
Mill Valley, CA 94941  
415-389-8258

Christopher J. Rupright, Esq.  
Shartsis Friese LLP  
One Maritime Plaza, 18th Floor  
San Francisco, CA 94111  
415-421-6500

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

February 1, 2010

(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 that is the subject of this Schedule 13D, and is filing this schedule because of sections 240.13d-1(e), 240.13d-1(f) or 140.13d-1(g), check the following box. [XX]

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See section 240.13d-7 for other parties to whom copies are to be sent.

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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 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.

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1

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CUSIP No. 692830508

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Lawndale Capital Management, LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)  XX  
(b)  \_\_\_\_\_

3. SEC Use Only

4. Source of Funds (See Instructions) AF

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) \_\_\_\_\_

6. Citizenship or Place of Organization California

Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power	-0-	
	8. Shared Voting Power		268,038
	9. Sole Dispositive Power	-0-	
	10. Shared Dispositive Power		268,038
11.	Aggregate Amount Beneficially Owned by Each Reporting Person		268,038

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)\_\_\_\_\_

13. Percent of Class Represented by Amount in Row (11) 7.4%

14. Type of Reporting Person (See Instructions)

OO, IA



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CUSIP No. 692830508

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Andrew E. Shapiro

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)  XX  
(b)  \_\_\_\_\_

3. SEC Use Only

4. Source of Funds (See Instructions) AF

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) \_\_\_\_\_

6. Citizenship or Place of Organization United States

Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power	-0-
	8. Shared Voting Power	268,038
	9. Sole Dispositive Power	-0-
	10. Shared Dispositive Power	268,038

11. Aggregate Amount Beneficially Owned by Each Reporting Person 268,038

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)\_\_\_\_\_

13. Percent of Class Represented by Amount in Row (11) 7.4%

14. Type of Reporting Person (See Instructions)

IN



CUSIP No. 692830508

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Diamond A Partners, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) \_\_\_\_\_  
 (b) \_\_\_\_\_

3. SEC Use Only

4. Source of Funds (See Instructions) WC

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) \_\_\_\_\_

6. Citizenship or Place of Organization California

Number of	7.	Sole Voting Power	-0-
Shares			
Beneficially	8.	Shared Voting Power	226,435
Owned by			
Each Reporting	9.	Sole Dispositive Power	-0-
Person With	10.	Shared Dispositive Power	226,435

11. Aggregate Amount Beneficially Owned by Each Reporting Person 226,435

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) \_\_\_\_\_

13. Percent of Class Represented by Amount in Row (11) 6.3%

14. Type of Reporting Person (See Instructions)

PN



CUSIP No. 692830508

Item 1. Security and Issuer

This statement relates to shares of Common Stock (the "Stock") of P&F Industries, Inc. (the "Issuer"). The principal executive office of the Issuer is located at 445 Broadhollow Road, Suite 100, Melville, NY 11747.

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:

- (a) Lawndale Capital Management, LLC ("Lawndale" or "LCM");  
Andrew E. Shapiro ("Shapiro"); Diamond A Partners, L.P. ("DAP")  
(collectively, the "Filers").

DAP is filing this statement jointly with the other Filers, but not as a member of a group and expressly disclaims membership in a group. Lawndale and Shapiro disclaim beneficial ownership of the Stock except to the extent of their respective pecuniary interests therein.

- (b) The business address of the Filers is  
591 Redwood Highway, Suite 2345, Mill Valley, CA 94941.

- (c) Present principal occupation or employment of the Filers and the name, principal business and address of any corporation or other organization in which such employment is conducted:

LCM is the investment adviser to and the general partner of DAP, which is an investment limited partnership. Shapiro is the sole manager of LCM.

- (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) Shapiro is a citizen of the United States of America.

CUSIP No. 692830508

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
LCM	Funds under Management (1)	\$979,272.87
DAP	Working Capital	\$772,988.15

(1) Includes funds of DAP invested in Stock.

Item 4. Purpose of Transaction

The Filers ("Lawndale") have been and may continue to be in contact with P&F Industries ("PFIN") management, members of PFIN's Board of Directors (the "Board"), other significant shareholders and others regarding alternatives that PFIN could employ to maximize shareholder value.

In certain of these contacts with PFIN management and board members, Lawndale's President, Andrew Shapiro, has communicated concerns regarding certain aspects of the Amended and Restated Executive Employment Agreement ("Agreement"), dated December 19, 2008, between PFIN and its Chairman & CEO, Richard Horowitz as well as the composition of PFIN's Board. Recently, Mr. Shapiro met with the Chairman of the Board's Nominating Committee, Marc Utay, to discuss these concerns including, but not limited to, the lack of meaningful shareownership in PFIN by any "independent" board member but for Mr. Utay.

At the invitation of Mr. Utay, Lawndale is undergoing a review of qualified and independent individuals for potential recommendation to PFIN's Nominating Committee for addition to the Board. Lawndale believes that a Board comprised of qualified directors who are independent, and whose interests are better aligned with shareholders via meaningful purchased equity ownership, would more objectively and aggressively oversee the compensation and corporate acquisition decisions of PFIN.

Lawndale believes the public market value of PFIN is undervalued by not adequately reflecting the value of PFIN's business segments and other assets, including certain long-held real estate.

Lawndale acquired the Stock solely for investment purposes, and Lawndale may from time to time buy or sell the Stock at its discretion.

Item 5. Interest in Securities of the Issuer

The beneficial ownership of the Stock by each Filer at the date hereof is reflected on that Filer's cover page.

The Filers have effected no transactions in the Stock in the past 60 days.

CUSIP No. 692830508

Item 6. Contracts, Arrangement, Understandings or Relationships with Respect to Securities of the Issuer

LCM is the general partner of its clients pursuant to limited partnership agreements providing to LCM the authority, among other things, to invest the funds of such clients in Stock, to vote and dispose of Stock and to file this statement on behalf of such clients. Pursuant to such limited partnership agreements, the general partner of such clients is entitled to allocations based on assets under management and realized and unrealized gains.

Item 7. Material to Be Filed as Exhibits

Exhibit A: Agreement Regarding Joint Filing of Statement on Schedule 13D or 13G.

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: February 2, 2010

Lawndale Capital Management, LLC

Diamond A Partners, L.P.

By: Andrew E. Shapiro, Manager

By: Lawndale Capital Management,  
LLC  
General Partner

By: Andrew E. Shapiro, Manager

Andrew E. Shapiro

EXHIBIT A

AGREEMENT REGARDING JOINT FILING  
OF STATEMENT ON SCHEDULE 13D OR 13G

The undersigned agree to file jointly with the Securities and Exchange Commission (the "SEC") any and all statements on Schedule 13D or Schedule 13G (and any amendments or supplements thereto) required under section 13(d) of the Securities Exchange Act of 1934, as amended, in connection with purchases by the undersigned of the common stock of P&F Industries, Inc. For that purpose, the undersigned hereby constitute and appoint Lawndale Capital Management, LLC as their true and lawful agent and attorney-in-fact, with full power and authority for and on behalf of the undersigned to prepare or cause to be prepared, sign, file with the SEC and furnish to any other person all certificates, instruments, agreements and documents necessary to comply with section 13(d) and section 16(a) of the Securities Exchange Act of 1934, as amended, in connection with said purchases, and to do and perform every act necessary and proper to be done incident to the exercise of the foregoing power, as fully as the undersigned might or could do if personally present.

Dated: February 2, 2010

Lawndale Capital Management, LLC

Diamond A Partners, L.P.

By: Andrew E. Shapiro, Manager

By: Lawndale Capital Management,  
LLC  
General Partner

By: Andrew E. Shapiro, Manager

Andrew E. Shapiro

SEC 1746 (11-02)

