

Edgar Filing: NATCO GROUP INC - Form SC 13D/A

NATCO GROUP INC  
Form SC 13D/A  
July 06, 2006

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

SCHEDULE 13D  
Under the Securities Exchange Act of 1934  
(Amendment No. 1)

NATCO GROUP (NTG)  
(Name of Issuer)

Common Stock  
(Title of Class of Securities)

0001057693  
(CUSIP Number)

David Nierenberg  
The D3 Family Funds  
19605 NE 8th Street  
Camas, WA 98607  
(360) 604-8600

With a copy to:

Henry Lesser, Esq.  
DLA Piper Rudnick Gray Cary US LLP  
2000 University Avenue  
East Palo Alto, CA 94303  
(650) 833-2000

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

June 30, 2006  
(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 ss.ss. 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box .

-----  
1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON

The D3 Family Fund, L.P  
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2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)   
(b)

-----  
3 SEC USE ONLY

-----  
4 SOURCE OF FUNDS\*

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WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

	7	SOLE VOTING POWER	
			339,454 Common shares (1.8%)
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER	0
	9	SOLE DISPOSITIVE POWER	
			339,454
	10	SHARED DISPOSITIVE POWER	
			0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
For the reporting person listed on this page, 339,454; for all reporting  
persons as a group, 1,780,401 shares (9.4%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.4%

14 TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

2

1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON

The D3 Family Retirement Fund, L.P.

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

3 SEC USE ONLY

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4 SOURCE OF FUNDS\*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER

0 common shares (0%)

NUMBER OF  
SHARES  
BENEFICIALLY

8 SHARED VOTING POWER

0

OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 0; for all reporting persons  
as a group, 1,780,401 shares (9.4%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.4%

14 TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

3

1 NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON

The D3 Children's Fund, L.P.

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

(a)

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(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER

0 common shares (0%)

NUMBER OF 8 SHARED VOTING POWER

SHARES 0

BENEFICIALLY

OWNED BY

EACH 9 SOLE DISPOSITIVE POWER

REPORTING 0

PERSON

WITH

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 0; for all reporting persons  
as a group, 1,780,401 shares (9.4%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.4%

14 TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

4

1 NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON

The DIII Offshore Fund, L.P.

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

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Bahamas

	7	SOLE VOTING POWER	
			395,630 common shares (2.1%)
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER	
			0
	9	SOLE DISPOSITIVE POWER	
			395,630
	10	SHARED DISPOSITIVE POWER	
			0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
For the reporting person listed on this page, 395,630; for all reporting persons as a group, 1,780,401 (9.4%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.4%

14 TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

1 NAME OF REPORTING PERSON

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S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON

The D3 Family Bulldog Fund, L.P.

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

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER

1,045,317 common shares (5.5%)

NUMBER OF  
SHARES

BENEFICIALLY

OWNED BY

EACH

REPORTING

PERSON

WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

1,045,317

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 1,045,317; for all reporting  
persons as a group, 1,780,401 shares (9.4%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.4%

14 TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON

Nierenberg Investment Management Company, Inc.

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

(a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

1,780,401 shares (9.4%)

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

1,780,401 shares (9.4%)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

For the reporting person listed on this page, 1,780,401; for all reporting persons as a group, 1,780,401 shares (9.4%)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.4%

14 TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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7

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1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON  
  
Nierenberg Investment Management Offshore, Inc.

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

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3 SEC USE ONLY

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4 SOURCE OF FUNDS\*  
  
WC

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5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) OR 2(e)  |\_|

-----

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
  
Bahamas

-----

	7	SOLE VOTING POWER
		0
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER
		395,630 common shares (2.1%)
	9	SOLE DISPOSITIVE POWER
		0
	10	SHARED DISPOSITIVE POWER
		395,630 common shares

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11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
For the reporting person listed on this page, 395,630; for all reporting  
persons as a group, 1,780,401 shares (9.4%)

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12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*  |\_|

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13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
  
9.4%

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14 TYPE OF REPORTING PERSON\*  
  
PN



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\*SEE INSTRUCTIONS BEFORE FILLING OUT!

8

This Amendment No. 1 to Schedule 13D (this "Amendment") amends the below-indicated items from the Schedule 13D previously filed by or on behalf of the undersigned parties (the "Reporting Persons") (the "Schedule 13D"), by supplementing such Items with the information below:

### Item 2. Identity and Background

The D3 Funds, which are identified in response to Item 4, are Washington State limited partnerships (except for the DIII Offshore Fund, L.P., which is a Bahamian limited partnership). The D3 Funds are filing this Amendment, together with: Nierenberg Investment Management Company, Inc., a Washington State corporation, which is the general partner of all of the D3 Funds except the DIII Offshore Fund, L.P.; and Nierenberg Investment Management Offshore, Inc., a Bahamian corporation, which is the general partner of the DIII Offshore Fund, L.P., and is a wholly-owned subsidiary of Nierenberg Investment Management Company, Inc.

### Item 3. Source and Amount of Funds or Other Consideration

Reference is made to Item 4 of this Amendment, which is incorporated by reference in response to this Item.

### Item 4. Purpose of Transaction

Effective June 30, 2006, four of the D3 Funds, namely (i) the D3 Family Fund, L.P., (ii) the D3 Bulldog Fund, L.P., (iii) the D3 Children's Fund, L.P., and (iv) the D3 Family Retirement Fund, L.P., (collectively the "Participating Funds") effected a consolidation of their respective assets and operations (the "Consolidation"). The Consolidation was implemented through a series of simultaneous transactions approved by the constituent partners of each of the Participating Funds, including the following: (i) approximately 80% of the fair market value of the assets of D3 Family Fund were transferred and contributed to D3 Bulldog Fund; (ii) all of the assets of D3 Children's Fund were transferred and contributed in separate parts to each of D3 Bulldog Fund and D3 Family Fund; and (iii) all of the assets of D3 Retirement Fund were transferred and contributed in separate parts to each of D3 Bulldog Fund and D3 Family Fund. To the extent the transferred and contributed assets of the Participating Funds consisted of any shares of the class previously reported on the Schedule 13D as being beneficially owned by any such Participating Fund (the "Shares"), for all purposes and transactions involved in the Consolidation the Shares were valued at fair market value as represented by the (closing price) as at June 30, 2006 and treated as having been re-allocated internally amongst the Participating Funds at the fair market value.

As a result of the Consolidation, each of D3 Children's Fund and D3 Retirement Fund no longer beneficially owns any Shares, and correspondingly, the number of Shares owned beneficially by each of D3 Family Fund and D3 Bulldog Fund has increased. After giving effect to the Consolidation, the aggregate beneficial ownership of Shares by the Participating Funds and their respective general partners has not changed. Further, the Consolidation did not include or involve the fifth fund, DIII Offshore Fund, L.P. Accordingly, after giving effect to the Consolidation, the aggregate beneficial ownership of Shares on the part of all filing persons as a group has not changed.

Also see Item 5 of this Amendment.

Item 5. Interest in Securities of the Issuer.

(a, b) The Reporting Persons, in the aggregate, beneficially own 1,780,401 common shares, constituting approximately 9.4% of the outstanding Shares.

(c) As a result of the Consolidation, including any internal re-allocation of Shares amongst the Participating Funds as described in Item 4 of this Amendment (which is incorporated by reference in response to this Item 5), the following transfers of Shares among the D3 Family Funds may be deemed to have occurred, the transaction date of all such transfers being June 30, 2006.

D3 Children's Fund: transferred 71,153 Shares, constituting all of its Shares

D3 Retirement Fund: transferred 274,361 Shares, constituting all of its Shares

D3 Family Fund: number of Shares decreased from 804,365 to 339,454 representing approximately 1.8% of the outstanding Shares

D3 Bulldog Fund: number of Shares increased from 234,892 to 1,045,317 representing approximately 5.5% of the outstanding Shares

(d) On June 30, 2006, D3 Children's Fund and D3 Retirement Fund ceased to be the direct beneficial owners of any Shares and ceased to be members of a filing group with the other three Funds.

Item 6. Contracts, Arrangements, Understandings or Relationships with the Issuer

Exhibit 1 to this Amendment is hereby incorporated by reference in response to this item.

Also see Item 4 of this Amendment.

Item 7. Material to be filed as Exhibits

Exhibit 1 to this Amendment is the form of document used to effect the transfer of (among other assets) Shares pursuant to the consolidation.

Exhibit 2 to this Amendment is the joint filing agreement pursuant to which all of the filing persons have authorized the filing of this Amendment as a group.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, each of the undersigned certifies that the information set forth in the Statement is true, complete and correct.

D3 Family Fund, L.P., D3 Bulldog Fund, L.P., D3 Children's Fund, L.P., and D3 Family Retirement Fund, L.P.

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By: Nierenberg Investment Management  
Company, Inc.

Its: General Partner

July 05, 2006

By: /s/ David Nierenberg

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David Nierenberg, President

DIII Offshore Fund, L.P.

By: Nierenberg Investment Management  
Offshore, Inc.

Its: General Partner

July 05, 2006

By: /s/ David Nierenberg

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David Nierenberg, President

Nierenberg Investment Management  
Company, Inc.

July 05, 2006

By: /s/ David Nierenberg

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David Nierenberg, President

Nierenberg Investment Management  
Offshore, Inc.

July 05, 2006

By: /s/ David Nierenberg

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David Nierenberg, President