

Edgar Filing: NATCO GROUP INC - Form SC 13D

NATCO GROUP INC
Form SC 13D
April 10, 2006

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

SCHEDULE 13D
Under the Securities Act of 1934

NATCO GROUP INC.
(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
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

April 7, 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. (David Nierenberg is president of the General Partner, which is Nierenberg Investment Management Company.)

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)

Edgar Filing: NATCO GROUP INC - Form SC 13D

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER
804,365 common shares (4.3%)

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH
8 SHARED VOTING POWER
0

9 SOLE DISPOSITIVE POWER
804,365

10 SHARED DISPOSITIVE POWER
0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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!

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

The D3 Family Retirement Fund, L.P. (David Nierenberg is president of the General Partner, which is Nierenberg Investment Management Company.)

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)

Edgar Filing: NATCO GROUP INC - Form SC 13D

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Washington

7 SOLE VOTING POWER

274,361 common shares (1.5%)

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

274,361

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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. (David Nierenberg is president of the General Partner, which is Nierenberg Investment Management Company.)

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

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*

WC

Edgar Filing: NATCO GROUP INC - Form SC 13D

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 | |
| | | | 71,153 common shares (0.4%) |
| NUMBER OF | 8 | SHARED VOTING POWER | |
| SHARES | | | |
| BENEFICIALLY | 9 | SOLE DISPOSITIVE POWER | |
| OWNED BY | | | 0 |
| EACH | 9 | SOLE DISPOSITIVE POWER | |
| REPORTING | | | |
| PERSON | 9 | SOLE DISPOSITIVE POWER | 71,153 |
| WITH | 10 | SHARED DISPOSITIVE POWER | |
| | | | 0 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
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 D3 Offshore Fund, L.P. (David Nierenberg is president of the General Partner, which is Nierenberg Investment Management Offshore.)

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

3 SEC USE ONLY

Edgar Filing: NATCO GROUP INC - Form SC 13D

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%)

8 SHARED VOTING POWER

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY

0

EACH
REPORTING
PERSON

9 SOLE DISPOSITIVE POWER

395,630

WITH

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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!

5

1 NAME OF REPORTING PERSON

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

The D3 Family Bulldog Fund, L.P. ((David Nierenberg is president of the
General Partner, which is Nierenberg Investment Management Company.))

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

(a)

(b)

Edgar Filing: NATCO GROUP INC - Form SC 13D

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

234,892 common shares (1.2%)

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

234,892

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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!

6

Item 1. Security and Issuer.

Common stock in NATCO GROUP INC., 2950 NORTH LOOP WEST, SUITE 700,
HOUSTON, TX 77092

Item 2. Identity and Background.

Edgar Filing: NATCO GROUP INC - Form SC 13D

The D3 Family Funds are Washington State limited partnerships, whose principal business is investing in the equities of public micro-cap issuers. The D3 Family Funds consist of: D3 Family Fund, L.P, D3 Family Retirement Fund, L.P, D3 Children's Fund, L.P, D3 Offshore Fund, L.P., D3 Family Bulldog Fund, L.P. Located at 19605 N.E. 8th St., Camas, Washington 98607. No convictions or administrative proceedings as described in 2 (d) and (e).

Item 3. Source and Amount of Funds or Other Consideration

Source of funds is money invested in the partnership by their partners.

Item 4. Purpose of Transaction

On April 7 we acquired Natco convertible preferred stock which we can convert into a 9.4 % stake in the company.

We made this investment because we believe Natco is an under-valued, under-owned and under-followed company whose excellent growth prospects, strong management and governance, improving operating results, and leading competitive position in a fragmented market, ultimately will be more widely recognized and appropriately valued. Natco is pursuing a sensible growth strategy of consolidating the domestic market and penetrating foreign country markets. The global imbalance between oil and gas supply and demand, the maturation of the largest oil and gas fields around the world, and increasing environmental regulation drive Natco's organic growth opportunity.

While the preferred shares we own entitle us to a board seat, we do not intend to exercise that right. We believe Natco has a strong board and a serious commitment to good corporate governance, making it unnecessary for us to take a seat at the table.

We also have the unilateral right to convert our preferred into common stock at any time. We already have begun conversation with Natco about what would be the most mutually beneficial way to do this, and we expect our dialog to resume in May, after Natco announces its first quarter results. In our view, conversion of all preferred shares into common would benefit Natco's shareholders three ways: Natco would have a conventional public company balance sheet, higher earnings per share, and greater liquidity for its stock.

Item 5. Interest in Securities of the Issuer.

(a,b) D3 Family Funds own and have sole voting and dispositive power over 1,780,401, 9.4% common shares of NTG.

(c)

| Fund | Transaction Date | Shares Bought | Price |
|---------------------------------|------------------|---------------|-------|
| D3 Family Fund, L.P. | 4/7/2006 | 804,365 | 25.36 |
| D3 Family Retirement Fund, L.P. | 4/7/2006 | 274,361 | 25.36 |
| D3 Children's Fund, L.P. | 4/7/2006 | 71,153 | 25.36 |
| D3 Offshore Fund, L.P. | 4/7/2006 | 395,630 | 25.36 |
| D3 Family Bulldog Fund, L.P. | 4/7/2006 | 234,892 | 25.36 |

Edgar Filing: NATCO GROUP INC - Form SC 13D

(d) N/A

(e) N/A

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

N/A

Item 7. Material to be Filed as Exhibits

N/A

7

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.

April 10, 2006

/s/ DAVID NIERENBERG

David Nierenberg
President
Nierenberg Investment Management
Company, Inc., the General Partner of
The D3 Family Funds

8