

LEATHER FACTORY INC

Form SC 13D

September 08, 2004

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No.)*

THE LEATHER FACTORY, INC.

(Name of Issuer)

Common Shares, \$.0024 par value per share

(Title of Class of Securities)

522126101

(Cusip Number)

Nery Asset Management, LLC
22 South Pack Square
Suite 302
Asheville, North Carolina 28801
Tel. No.: (828) 225-5908
Attention: Chief Operating Officer

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

- with copies to -

Eliot D. Raffkind
Akin Gump Strauss Hauer & Feld LLP
1700 Pacific Avenue, Suite 4100
Dallas, Texas 75201-4618
(214) 969-2800

September 7, 2004

(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 §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. X

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §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 disclosures provided in a prior cover page.

The information required on 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).

Page 1 of 7

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CUSIP No. 522126101

1. Name of Reporting Person: Nery Capital Partners, L.P. I.R.S. Identification Nos. of above persons (entities only): 84-1513454

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):
AF

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

6. Citizenship or Place of Organization:
Delaware

7. Sole Voting Power:
1,000,000

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

8. Shared Voting Power:
0

9. Sole Dispositive Power:
1,000,000

10. Shared Dispositive Power:
0

11. Aggregate Amount Beneficially Owned by Each Reporting Person:
1,000,000

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

x

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

9.48%

14. Type of Reporting Person (See Instructions):

PN

Page 2 of 7

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CUSIP No. 522126101

1. Name of Reporting Person: Michael A. Nery I.R.S. Identification Nos. of above persons (entities only):

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):
AF

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

6. Citizenship or Place of Organization:
USA

7. Sole Voting Power:
1,000,000

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

8. Shared Voting Power:
0

9. Sole Dispositive Power:
1,000,000

10. Shared Dispositive Power:
0

11. Aggregate Amount Beneficially Owned by Each Reporting Person:
1,000,000

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

x

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

9.48%

14. Type of Reporting Person (See Instructions):

IN

Page 3 of 7

SCHEDULE 13D

This Schedule 13D (the Schedule 13D) is being filed on behalf of Nery Capital Partners, L.P., a Delaware limited partnership (Nery Capital), and Mr. Michael A. Nery, the principal of Nery Capital, relating to common shares of beneficial interest of The Leather Factory, Inc., a Delaware corporation (the Issuer). Mr. Nery and Nery Capital are collectively referred to as the Reporting Persons. Because of activities that have been undertaken or may be undertaken by the Reporting Persons, the Reporting Persons may be deemed to constitute a group within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934 (the Exchange Act). Notwithstanding the foregoing, the filing of this Schedule 13D should not be deemed an admission that the Reporting Persons comprise a group within the meaning of Section 13(d)(3) of the Exchange Act. Information with respect to each person filing this statement is given solely by such person and no person has responsibility for the accuracy or completeness of the information supplied by another person.

This Schedule 13D relates to common shares of beneficial interest of the Issuer, par value \$.0024 per share (Common Shares), owned by Nery Capital.

Item 1. Security and Issuer

Securities: Common Shares, par value \$.0024 per share

Issuer: The Leather Factory, Inc.
3847 East Loop 820 South
Ft. Worth, Texas 76119

Item 2. Identity and Background

(a) This Schedule 13D is filed by: Nery Capital Partners, L.P., a Delaware limited partnership. Mr. Michael A. Nery is the manager of (i) Nery Asset Management, LLC, the investment adviser to Nery Capital, and (ii) Nery Capital Management, L.L.C., the general partner of the Nery Capital.

(b) The business address of each of the Reporting Persons 22 South Pack Square, Suite 302, Asheville, North Carolina 28801.

(c) Nery Capital provides investment management services to private individuals and institutions. The principal occupation of Mr. Michael A. Nery is investment management.

(d) None of the Reporting Persons, has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the Reporting Persons, has, during the last five years, been 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) Nery Capital is a Delaware limited partnership, and Mr. Nery is a United States citizen.

Item 3. Source and Amount of Funds

As of September 7, 2004, Nery Capital had invested \$3,500,000. The above amount includes any commissions incurred in making the investments. The source of these funds was the working capital of Nery Capital.

Item 4. Purpose of the Transaction

The Reporting Persons acquired the Common Shares owned by them for portfolio investment purposes. The Reporting Person, Michael Nery, is currently a director of the Issuer.

Each of the Reporting Persons reserve the right to acquire, or dispose of, additional securities of the Issuer, in the ordinary course of business, to the extent deemed advisable in light of Nery Capital's general investment and trading policies, market conditions, the availability of Common Shares or other factors. Except as disclosed above, none of the Reporting Persons have any plans or proposals of the type described in (b)-(j) of Item 4.

Item 5. Interest in Securities of the Issuer

(a) As of September 7, 2004, the Reporting Persons beneficially owned in the aggregate 1,000,000 Common Shares of the Issuer, which represents 9.48% of the Issuer's outstanding Common Shares, which such percentage was calculated by dividing (i) the 1,000,000 Common Shares beneficially owned by the Reporting Persons as of such date, by (ii) 10,553,243 Common Shares outstanding as of June 30, 2004, based upon the Issuer's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 9, 2004.

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

None.

Item 7. Material to be Filed as Exhibits

Exhibit 1 Joint Filing Agreement dated September 7, 2004, between Nery Capital and Mr. Nery.

Signature

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

Dated: September 7, 2004

NERY CAPITAL PARTNERS, L.P.

By: /S/ MICHAEL A. NERY
Michael A. Nery, Manager

/S/ MICHAEL A. NERY
Michael A. Nery

Page 6 of 7