

TANDY LEATHER FACTORY INC  
 Form 3  
 May 26, 2006

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*

Â MARXE AUSTIN W &  
 GREENHOUSE DAVID M

(Last) (First) (Middle)

2. Date of Event Requiring Statement

(Month/Day/Year)  
 05/16/2006

3. Issuer Name and Ticker or Trading Symbol

TANDY LEATHER FACTORY INC [TLF]

4. Relationship of Reporting Person(s) to Issuer

5. If Amendment, Date Original Filed(Month/Day/Year)

(Check all applicable)

\_\_\_ Director \_\_\_X\_\_\_ 10% Owner  
 \_\_\_ Officer \_\_\_ Other  
 (give title below) (specify below)

C/O SPECIAL SITUATIONS  
 FUNDS,Â 527 MADISON  
 AVENUE, SUITE 2600

(Street)

NEW YORK,Â NYÂ 10022

(City) (State) (Zip)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 \_\_\_X\_\_\_ Form filed by One Reporting Person  
 \_\_\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)

Common Stock

2. Amount of Securities Beneficially Owned (Instr. 4)

1,100,000 <sup>(1)</sup>

3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)

I <sup>(1)</sup>

4. Nature of Indirect Beneficial Ownership (Instr. 5)

By Limited Partnerships <sup>(1)</sup>

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 4)

2. Date Exercisable and Expiration Date (Month/Day/Year)

3. Title and Amount of Securities Underlying Derivative Security

4. Conversion or Exercise

5. Ownership Form of

6. Nature of Indirect Beneficial Ownership (Instr. 5)

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Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Price of Derivative Security	Derivative Security: Direct (D) or Indirect (I)

## Reporting Owners

**Reporting Owner Name / Address**

**Relationships**

Director 10% Owner Officer Other

MARXE AUSTIN W & GREENHOUSE DAVID M  
 C/O SPECIAL SITUATIONS FUNDS  
 527 MADISON AVENUE, SUITE 2600  
 NEW YORK, NY 10022

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## Signatures

Austin W. Marxe 05/26/2006  
 \*\*Signature of Reporting Person Date

David M. Greenhouse 05/26/2006  
 \*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 5(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) This is a joint filing by Austin W. Marxe (Marxe) and David M. Greenhouse (Greenhouse). They share voting and investment control over all securities owned by Special Situations Fund III QP, L.P. (QP) and Special Situations Private Equity Fund, LP (PE). 800,000 shares of Common Stock are owned by QP and 300,000 shares of Common Stock are owned by PE. The interest of Marxe and Greenhouse in the shares of Common Stock owned by QP and PE is limited to the extent of his pecuniary interest.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, See Instruction 6 for procedure. 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 number.