

TANDY LEATHER FACTORY INC  
Form POS AM  
April 24, 2007

As filed with the Securities and Exchange Commission on April 23, 2007

Registration No. 333-134734

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**POST-EFFECTIVE AMENDMENT NO. 4  
TO  
FORM S-1  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

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**Tandy Leather Factory, Inc.**

(Exact name of registrant as specified in its charter)

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<b>Delaware</b>	<b>5199</b>	<b>75-2543540</b>
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

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**3847 East Loop 820 South  
Fort Worth, Texas 76119  
(817) 496-4414**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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**Ronald C. Morgan  
Chief Executive Officer and President  
Tandy Leather Factory, Inc.  
3847 East Loop 820 South  
Fort Worth, Texas 76119  
(817) 496-4414**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Copy To:**

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801 Cherry Street, Suite 2100  
Fort Worth, Texas 76102  
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Approximate date of commencement of proposed sale to the public:  
From time to time after this registration statement becomes effective

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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**CALCULATION OF REGISTRATION FEE**

<b>Title of Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price per Share(1)</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee (2)</b>
Common Stock, \$.0024 par value	3,000,000	\$6.585	\$19,755,000.00	\$2,113.79

(1) Estimated solely for the purpose of computing the registration fee required by Section 6(b) of the Securities Act and computed pursuant to Rule 457(c) under the Securities Act based upon the average (\$6.585) of the high (\$6.60) and low (\$6.57) prices of the common stock on May 30, 2006, as quoted on the American Stock Exchange. It is not known how many shares will be purchased under this registration statement or at what price shares will be purchased.

(2) Amount previously paid.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

**EXPLANATORY NOTE**

This Post-Effective Amendment No. 4 to Form S-1 is being filed in order to update the prospectus included in this registration statement (Registration No. 333-134734) to reflect our Current Reports on Form 8-K, filed with the Securities and Exchange Commission on January 23, 2007 and March 6, 2007.

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**PROSPECTUS**

**Tandy Leather Factory, Inc.**

3,000,000 Shares of Common Stock

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This prospectus relates to the offer and sale of up to 3,000,000 shares of common stock, \$0.0024 par value, of Tandy Leather Factory, Inc., a Delaware corporation, that may be offered and sold from time to time by our current stockholders who purchased such shares from Wray Thompson and Ron Morgan, affiliates of Tandy Leather Factory, and Sally Thompson, the spouse of Mr. Thompson. We will not receive any proceeds from the sale of shares by the selling shareholders.

Messrs. Thompson and Morgan will reimburse us for all expenses of the offering (estimated at \$63,114), except that the selling stockholders will pay any applicable underwriter's commissions and expenses, brokerage fees or transfer taxes, as well as any fees and disbursements of counsel and experts for the selling stockholders.

The shares may be sold from time to time in transaction at the market prices then prevailing on the American Stock Exchange ("AMEX"), in privately negotiated transactions or otherwise. In connection with any sales, the selling stockholders and any brokers and dealers participating in such sales may be deemed to be "underwriters" within the meaning of the Securities Act. See "Plan of Distribution."

Our common stock is currently listed on the AMEX under the symbol "TLF." On March 26, 2007, the closing sale price of our common stock on the AMEX was \$7.25 per share.

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**FOR INFORMATION CONCERNING CERTAIN RISKS RELATING TO AN INVESTMENT IN TANDY LEATHER FACTORY'S COMMON STOCK, SEE "Risk Factors" BEGINNING ON PAGE 3.**

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NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is \_\_\_\_\_, 2007.

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## SUMMARY

### Overview

Tandy Leather Factory is a retailer and wholesale distributor of a broad line of leather and related products, including leather, leatherworking tools, buckles and adornments for belts, leather dyes and finishes, saddle and tack hardware, and do-it-yourself kits. We also manufacture leather lacing and kits. During 2005, our consolidated sales totaled \$50.7 million of which approximately 10.3% were export sales. Our common stock trades on the American Stock Exchange under the symbol "TLF".

At March 26, 2007, we operated 30 Leather Factory wholesale distribution centers and 65 Tandy Leather retail stores. We also own and operate Roberts, Cushman and Company, Inc., a manufacturer of custom hat trims.

Our three segments can be summarized as shown below:

1. **The Leather Factory** sells to a mixture of customers that include resellers, national accounts, institutional and retail customers and manufacturers. The Leather Factory's products are leather and related products, including leatherworking tools, buckles and adornments for belts, leather dyes and finishes, saddle and tack hardware, and do-it-yourself kits. We have a chain of 30 wholesale stores located in the United States and Canada, of which 29 operate under the name "The Leather Factory." One wholesale store operates under the name "Mid-Continent Leather Sales."
2. **Tandy Leather Company** sells primarily to retail customers through a chain of retail stores located in the United States. Products include quality tools, leather, accessories, kits and teaching materials. Tandy Leather is the oldest and best-known supplier of leather and related supplies used in the leathercraft industry. From its founding in 1919, Tandy has been the primary leathercraft resource worldwide. We acquired the assets of Tandy Leather in late 2000, and in early 2002, we initiated a plan to expand Tandy Leather by opening or acquiring retail stores. As of March 26, 2007, we are operating 65 Tandy Leather retail stores located in the United States and Canada.
3. **Roberts, Cushman & Company** manufactures decorative hat trims that are sold directly to hat manufacturers and distributors. Its operations are not material to our financial results.

Our growth, measured both by our net sales and net income, occurs as a result of the increase in the number of stores we have and the increase from year to year of the sales in our existing stores. The following tables provide summary information concerning the additions of facilities for our Leather Factory wholesale centers and Tandy Leather retail stores in each of our fiscal years from 1999 through March 26, 2007.

### STORE COUNT YEARS ENDED DECEMBER 31, 1999 through March 26, 2007

Year Ended	Leather Factory wholesale stores			Tandy Leather retail stores		
	Opened	Conversions(1)	Total	Opened (2)	Closed	Total
Balance Fwd			22			N/A
1999	4	0	26			N/A
2000	2	0	28	1*	0	1
2001	2	0	30	0	0	1
2002	1	(1)	30	14	1*	14
2003	0	0	30	12	0	26
2004	0	0	30	16	0	42
2005	0	0	30	8	0	50

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2006	0	(1)	29	12	0	62
2007 (through March 26)	1	0	30	3	0	65

(1) Leather Factory wholesale center converted to a Tandy Leather retail store.

(2) Includes conversions of Leather Factory wholesale centers to Tandy Leather retail stores.

(\* ) The Tandy Leather operation began as a central mail-order fulfillment center in 2000 that we closed in 2002.

Our company was founded in 1980 as Midas Leathercraft Tool Company, a Texas corporation. Midas' original business activity focused on the distribution of leathercraft tools. In addition, the founders of Midas entered into a consulting agreement with Brown Group, Inc., a major footwear retailer, as a result of their proposal to develop a multi-location chain of wholesale distribution centers known as "The Leather Factory." In 1985, Midas purchased the assets of The Leather Factory from Brown Shoe Group, which then consisted of six distribution centers.

In 1993, we changed our name to "The Leather Factory, Inc.", then reincorporated in the state of Delaware in 1994. In 2005, we changed our name to Tandy Leather Factory, Inc.

Our expansion of the wholesale chain occurred via the opening of new centers as well as numerous acquisitions of small businesses in strategic geographic locations including the acquisition of our Canadian distributor, The Leather Factory of Canada, Ltd., in 1996. By 2002, we had grown to twenty-seven Leather Factory centers located in the United States and three Leather Factory centers in Canada. In November 2000, we acquired the operating assets of two subsidiaries of Tandycrafts, Inc. to form Tandy Leather Company. In 2002, we began opening retail stores under the "Tandy Leather" name.

Our corporate headquarters are located at 3847 East Loop 820 South, Fort Worth, Texas 76119, and our telephone number is (817) 496-4414.

### **About This Offering**

This prospectus relates to the offer and sale of up to 3,000,000 shares of common stock, \$0.0024 par value, of Tandy Leather Factory, Inc., a Delaware corporation, that may be offered and sold from time to time by our current stockholders who purchased such shares from Wray Thompson and Ron Morgan, affiliates of Tandy Leather Factory, and Sally Thompson, the spouse of Mr. Thompson. We will not receive any proceeds from the sale of shares by the selling shareholders.

Messrs. Thompson and Morgan will reimburse us for all expenses of the offering (estimated at \$63,114), except that the selling stockholders will pay any applicable underwriter's commissions and expenses, brokerage fees or transfer taxes, as well as any fees and disbursements of counsel and experts for the selling stockholders.

The shares may be sold from time to time at the market prices then prevailing on the American Stock Exchange, in privately negotiated transactions or otherwise. In connection with any sales, the selling stockholders and any brokers and dealers participating in such sales may be deemed to be "underwriters" within the meaning of the Securities Act. See "Plan of Distribution."

Our common stock is currently listed on the AMEX under the symbol "TLF." On March 26, 2007, the closing sale price of our common stock on the AMEX was \$7.25 per share.

## FORWARD-LOOKING STATEMENTS

This prospectus includes or incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements broadly involve our current expectations for future results. Our forward-looking statements generally relate to financial results, growth strategies, product development, competitive strengths, and sales efforts. Words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “possible”, “project”, “should” or similar expressions generally identify our forward-looking statements. Any statement that is not a historical fact, including estimates, projections, future trends and the outcome of events that have not yet occurred, are forward-looking statements.

Our ability to actually achieve results consistent with our current expectations depends significantly on certain factors that may cause actual future results to differ materially from our current expectations. We caution you to consider carefully the specific risk factors discussed in this prospectus and our periodic reports filed with the Securities and Exchange Commission from time to time. These factors, in some cases, have affected, and in the future (together with other unknown factors) could affect, our ability to implement our business strategy and may cause actual results to differ materially from those contemplated by such forward-looking statements. We cannot assure you that any expectation, estimate or projection contained in a forward-looking statement can be achieved. It is not possible to foresee or identify all factors that may affect our forward-looking statements, and you should not consider any list of such factors to be an exhaustive list of all risks, uncertainties or potentially inaccurate assumptions affecting such forward-looking statements.

You are also cautioned not to place undue reliance on forward-looking statements, which speak only as of the date made. As a general policy, we do not intend to release publicly any revisions to forward-looking statements as the result of subsequent events or developments.

## RISK FACTORS

*In addition to the other information in this prospectus, before purchasing the shares you should carefully consider the following risk factors in your evaluation of Tandy Leather Factory, Inc. and our business. Investing in our common stock involves some risk. The risks and uncertainties described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we consider immaterial may also affect our business operations. If any of these risks occur, our business could suffer, the market price of our common stock could decline and you could lose all or part of your investment in our common stock.*

### RISKS RELATED TO OUR BUSINESS

#### **The new Tandy Leather retail stores we are opening or acquiring may not be profitable.**

If the new Tandy Leather stores are not profitable, the money spent to open or acquire these stores will not produce higher profits.

#### **If we cannot find sufficient new locations on acceptable terms, our Tandy Leather expansion plans may not work.**

Our plans to expand Tandy Leather require purchasing existing leathercraft stores or opening new stores that meet our budget. Because in recent years, our expansion has produced much of the increase in our profits, disruption of this expansion would likely also slow or stop the growth of our profits.

#### **If we cannot hire and train competent managers to oversee our stores, our Tandy Leather expansion plans may slow down or cease.**



Our plans to increase the number of retail stores depend on our success in hiring and/or training competent store managers. If we are unable to adequately staff our stores with knowledgeable managers, the stores' profits would likely decrease and our expansion plans would slow down or cease.

**Political considerations here and abroad could disrupt our sources of supplies from abroad or affect the prices we pay for goods. These considerations include terrorism, war in the Middle East and increased barriers to importing goods, such as new tariffs.**

We rely heavily on imported goods as sources of the inventory we sell. If any of these events occurs and disrupts the flow of these goods to us, then we may not have sufficient inventory or our inventory costs are likely to be higher.

**If the costs of our raw materials and inventory increase, our profits are likely to decline.**

If our inventory costs go up, we may not be able to make a similar increase in the prices we charge for the goods we sell. Normal price fluctuations or livestock diseases can affect our inventory costs.

**The ongoing rise in oil and natural gas prices will increase the costs of the goods that we sell. As a result, our profits could be reduced.**

Various fuels used to manufacture certain leather and leathercrafts are derived from oil and natural gas. Also, the carriers who transport our goods rely on oil-based fuels to power their ships, trucks and trains. They are likely to pass their increased costs on to us. We may not be able to increase our prices sufficiently to cover these increases.

Other factors could cause either fluctuations in buying patterns or possible negative trends in the craft and western retail markets. In addition, our customers may change their preferences to products other than ours, or they may not accept new products as we introduce them.

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**There are other uncertainties that are difficult to predict and are often beyond our control. If these occur, they may have a negative impact on us.**

**USE OF PROCEEDS**

We will not receive any of the proceeds from the sale of shares of our common stock by the selling stockholders pursuant to this prospectus. See “Selling Stockholders”.

**SELLING STOCKHOLDERS**

The following table sets forth certain information regarding beneficial ownership of our common stock by the selling stockholders as of July 10, 2006. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and includes voting or investment power with respect to the shares. Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and investment power with respect to their shares of common stock, except when authority is shared by spouses under applicable law. The selling stockholders acquired the shares being offered from Wray and Sally Thompson and Ron Morgan as part of a group of transactions all completed on May 5, 2006. See “Material Relationships and Transactions” below for more details.

Name of Selling Stockholder	Number of Shares Beneficially Owned Prior to the Offering		Shares Being Offered	Shares Beneficially Owned After Offering (Assuming All Shares Being Offered Are Sold)	
	Number	Percent		Number	Percent
Eagle Rock Master Fund (10)	72,900	*	72,900	0	*
Eagle Rock Institutional (10)	36,450	*	36,450	0	*
Nader Tavakoli, individual	12,150	*	12,150	0	*
Grand Slam Capital Master Fund (13)	25,000	*	25,000	0	*
Hoak Public Equities (7)	260,000	2.41%	260,000	0	*
Iroquois Master Fund Ltd (1)	100,000	*	100,000	0	*
LCKM Private Discipline Master Fund, SPC (2)	15,000	*	15,000	0	*
Meadowbrook Opportunity Fund LLC (3)	15,000	*	15,000	0	*
Rider Fund, LP (4)	25,000	*	25,000	0	*
Special Situations Fund III QP (11)	800,000	7.41%	800,000	0	*
Special Situations Private Equity Fund, LP (12)	300,000				