

TANDY LEATHER FACTORY INC  
Form SC 13D  
January 19, 2011

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

SCHEDULE 13D  
Under the Securities Exchange Act of 1934\*

Tandy Leather Factory, Inc.  
(Name of Issuer)

Common Stock, par value \$0.0024 per share  
(Title of Class of Securities)

87538X105  
(CUSIP Number)

Gregory Bylinsky  
Bandera Partners LLC  
50 Broad Street, Suite 1820  
New York, New York 10004  
Tel No. (212) 232-4582

With copies to:  
Robert E. Holton, Esq.  
Arnold & Porter LLP  
399 Park Avenue  
New York, New York 10022  
Tel No. (212) 715-1137  
(Name, Address and Telephone Number of  
Person Authorized to Receive Notices  
and Communications)

January 13, 2011  
(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.

\* 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).

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SCHEDULE 13D

CUSIP No. 87538X105

1. Names of Reporting Persons

Bandera Partners LLC

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

Number of	7.	Sole Voting Power	2,483,840
Shares Bene-	8.	Shared Voting Power	0
ficially Owned	9.	Sole Dispositive Power	2,483,840
By Each	10.	Shared Dispositive Power	0
Reporting			
Person With			

11. Aggregate Amount Beneficially Owned by Each Reporting Person  
2,483,840

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

13. Percent of Class Represented by Amount in Row (11) 24.5%

14. Type of Reporting Person (See Instructions) OO

SCHEDULE 13D

CUSIP No. 87538X105

1. Names of Reporting Persons

Gregory Bylinsky

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 United States

Number of	7.	Sole Voting Power	0
Shares Bene-	8.	Shared Voting Power	2,483,840
ficially Owned	9.	Sole Dispositive Power	0
By Each	10.	Shared Dispositive Power	2,483,840
Reporting			
Person With			

11. Aggregate Amount Beneficially Owned by Each Reporting Person  
2,483,840

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

13. Percent of Class Represented by Amount in Row (11) 24.5%

14. Type of Reporting Person (See Instructions) IN

SCHEDULE 13D

CUSIP No. 87538X105

1. Names of Reporting Persons

Jefferson Gramm

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 United States

Number of	7.	Sole Voting Power	0
Shares Bene-	8.	Shared Voting Power	2,483,840
ficially Owned			
By Each	9.	Sole Dispositive Power	0
Reporting			
Person With	10.	Shared Dispositive Power	2,483,840

11. Aggregate Amount Beneficially Owned by Each Reporting Person  
2,483,840

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

13. Percent of Class Represented by Amount in Row (11) 24.5%

14. Type of Reporting Person (See Instructions) IN

SCHEDULE 13D

CUSIP No. 87538X105

1. Names of Reporting Persons

Andrew Shpiz

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 United States

Number of	7.	Sole Voting Power	0
Shares Bene-	8.	Shared Voting Power	2,483,840
ficially Owned	9.	Sole Dispositive Power	0
By Each	10.	Shared Dispositive Power	2,483,840
Reporting			
Person With			

11. Aggregate Amount Beneficially Owned by Each Reporting Person  
2,483,840

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

13. Percent of Class Represented by Amount in Row (11) 24.5%

14. Type of Reporting Person (See Instructions) IN

Item 1. Security and Issuer

This statement on Schedule 13D (this “Schedule”) relates to the common stock, par value \$0.0024 per share (the “Common Stock”) of Tandy Leather Factory, Inc. (the “Company”).

The principal executive offices of the Company are located at 1900 Southeast Loop 820, Fort Worth, Texas 76140.

Item 2. Identity and Background

(a) This Schedule is being filed jointly by the following reporting persons (hereinafter sometimes collectively referred to as the “Reporting Persons”) pursuant to an Agreement of Joint Filing attached as Exhibit 1 to this Schedule:

- (i) Bandera Partners LLC, a Delaware limited liability company (“Bandera Partners”);
- (ii) Gregory Bylinsky;
- (iii) Jefferson Gramm; and
- (iv) Andrew Shpiz

Bandera Partners, Mr. Bylinsky, Mr. Gramm and Mr. Shpiz are filing this Schedule with respect to 2,483,840 shares of Common Stock (the “Master Fund’s Shares”) directly owned by Bandera Master Fund L.P., a Cayman Islands exempted limited partnership (“Bandera Master Fund”).

(b) The principal business address of each of Bandera Partners, Mr. Bylinsky, Mr. Gramm and Mr. Shpiz is:

50 Broad Street, Suite 1820  
New York, New York 10004

(c) Bandera Partners is the investment manager of Bandera Master Fund and may be deemed to have beneficial ownership over the Master Fund’s Shares by virtue of the sole and exclusive authority granted to Bandera Partners by Bandera Master Fund to vote and dispose of the Master Fund’s Shares.

Mr. Bylinsky, Mr. Gramm and Mr. Shpiz are Managing Partners, Managing Directors and Portfolio Managers of Bandera Partners.

(d)-(e) None of the Reporting Persons has during the last five years been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or 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) The place of organization or citizenship of each of the Reporting Persons is as follows:

Name of Reporting Person	Place of Organization/Citizenship
Bandera Partners LLC	Delaware
Gregory Bylinsky	United States
Jefferson Gramm	United States
Andrew Shpiz	United States

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

The aggregate amount of funds used to purchase the securities of the Company described in Item 5 was \$10,321,222.82. The source of the funds used by the Reporting Persons for the purchase of the securities of the Company described in Item 5 was the working capital of Bandera Master Fund. Working capital was provided by capital contributions of partners and internally generated funds.

### Item 4. Purpose of Transaction

Bandera Partners, Bandera Master Fund and/or one or more of their affiliates, including Mr. Bylinsky, Mr. Gramm, Mr. Shpiz, Bandera Partners Management LLC, Bandera Value Fund LLC and Bandera Offshore Value Fund Ltd. (collectively, the "Bandera Group"), may, from time to time, discuss matters that may include one or more of the actions described in paragraphs (a) through (j) of Item 4 of Schedule 13D with the Company's management and Board of Directors and other representatives of the Company, as well as other stockholders of the Company or other relevant persons.

In addition, the Bandera Group may purchase from time to time in open market or privately negotiated transactions additional securities of the Company (including blocks purchased in privately negotiated transactions), or options or derivatives related thereto. The Bandera Group may also determine to dispose of all or a portion of its shares of Common Stock of the Company at any time.

### Item 5. Interest in Securities of the Issuer

(a) (i) Bandera Partners may, pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), be deemed to be the beneficial owner of 2,483,840 shares of Common Stock directly owned by Bandera Master Fund, which constitutes approximately 24.5% of the issued and outstanding shares of Common Stock. As Managing Partners, Managing Directors and Portfolio Managers of Bandera Partners, Mr. Bylinsky, Mr. Gramm and Mr. Shpiz may be deemed to be the beneficial owners of the shares of Common Stock beneficially owned by Bandera Partners.



(ii) Mr. Bylinsky may, pursuant to Rule 13d-3 under the Exchange Act, be deemed to be the beneficial owner of 2,483,840 shares of Common Stock directly owned by Bandera Master Fund, which constitutes approximately 24.5% of the issued and outstanding shares of Common Stock.

(iii) Mr. Gramm may, pursuant to Rule 13d-3 under the Exchange Act, be deemed to be the beneficial owner of 2,483,840 shares of Common Stock directly owned by Bandera Master Fund, which constitutes approximately 24.5% of the issued and outstanding shares of Common Stock.

(iv) Mr. Shpiz may, pursuant to Rule 13d-3 under the Exchange Act, be deemed to be the beneficial owner of 2,483,840 shares of Common Stock directly owned by Bandera Master Fund, which constitutes approximately 24.5% of the issued and outstanding shares of Common Stock.

The number of shares of Common Stock beneficially owned and the percentage of outstanding shares of Common Stock represented thereby, for each person named above, have been computed in accordance with Rule 13d-3 under the Exchange Act. The percentages of ownership described above for Bandera Partners, Mr. Bylinsky, Mr. Gramm and Mr. Shpiz are based on approximately 10,150,000 shares of Common Stock issued and outstanding following a share repurchase by the Company, as reported in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 13, 2010.

(b) (i) Bandera Partners may be deemed to have the sole power to dispose of, direct the disposition of, vote or direct the vote of 2,483,840 shares of Common Stock directly owned by Bandera Master Fund.

(ii) As a Managing Partner, Managing Director and Portfolio Manager of Bandera Partners, Mr. Bylinsky may be deemed to have the shared power to dispose of, direct the disposition of, vote or direct the vote of 2,483,840 shares of Common Stock directly owned by Bandera Master Fund.

(iii) As a Managing Partner, Managing Director and Portfolio Manager of Bandera Partners, Mr. Gramm may be deemed to have the shared power to dispose of, direct the disposition of, vote or direct the vote of 2,483,840 shares of Common Stock directly owned by Bandera Master Fund.

(iv) As a Managing Partner, Managing Director and Portfolio Manager of Bandera Partners, Mr. Shpiz may be deemed to have the shared power to dispose of, direct the disposition of, vote or direct the vote of 2,483,840 shares of Common Stock directly owned by Bandera Master Fund.

(c) On December 1, 2010, Bandera Master Fund purchased 502 shares of Common Stock for \$4.40 per share on the open market.

On January 13, 2011, Bandera Master Fund L.P. purchased 527,547 shares of Common Stock for an aggregate purchase price of \$2,558,603, or \$4.85 per share, in a private, negotiated transaction.

(d) The right to receive dividends from, or the proceeds from the sale of, the Master Fund's Shares is held by Bandera Master Fund, a private investment fund for which Bandera Partners serves as investment manager. Bandera Partners, Mr. Bylinsky, Mr. Gramm and Mr. Shpiz disclaim beneficial ownership of the Master Fund's Shares reported in this Schedule pursuant to Rule 13d-4 under the Exchange Act.

Except as set forth in this Item 5(d), to the knowledge of the Reporting Persons, no other person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, any shares of Common Stock deemed to be beneficially owned by the Reporting Persons.

(e) Not applicable.

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

The information provided in response to Items 5(c) and 5(d) above is incorporated herein by reference.

Item 7. Material to be Filed as Exhibits

The exhibits listed on the Index of Exhibits of this Schedule are filed herewith.

SIGNATURE

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

Dated: January 19, 2011

BANDERA PARTNERS LLC

By: /s/ Gregory Bylinsky  
Gregory Bylinsky  
Managing Director

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement with respect to me is true, complete and correct.

Dated: January 19, 2011

By: /s/ Gregory Bylinsky  
Gregory Bylinsky

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement with respect to me is true, complete and correct.

Dated: January 19, 2011

By: /s/ Jefferson Gramm  
Jefferson Gramm

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement with respect to me is true, complete and correct.

Dated: January 19, 2011

By: /s/ Andrew Shpiz  
Andrew Shpiz

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INDEX OF EXHIBITS

Exhibit No.	Description
1	Agreement of Joint Filing dated January 19, 2011 among Bandera Partners LLC, Gregory Bylinsky, Jefferson Gramm and Andrew Shpiz