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LAYNE CHRISTENSEN CO
Form SC 13D/A
April 05, 2004

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

SCHEDULE 13D
(AMENDMENT NO. 3)

Under the Securities Exchange Act of 1934

LAYNE CHRISTENSEN COMPANY

(Name of Issuer)

Common Stock, \$.01 par value

(Title of Class of Securities)

521050104

(CUSIP Number)

Wynnefield Partners Small Cap Value, L.P.
450 Seventh Avenue
New York, New York 10123
Attention: Mr. Nelson Obus
(212) 760-0134

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

Copy to:

Jeffrey S. Tullman, Esq.
Kane Kessler PC
1350 Avenue of the Americas
New York, New York 10019
(212) 541-6222

March 26, 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 which 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 / /.

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Wynnefield Small Cap Value Offshore Fund, Ltd. (No IRS Identification No.)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) []
(b) [X]

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

Cayman Islands

	7	SOLE VOTING POWER	
			185,900
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER	
			0
	9	SOLE DISPOSITIVE POWER	
			185,900
	10	SHARED DISPOSITIVE POWER	
			0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
185,900

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
1.5%

14 TYPE OF REPORTING PERSON*

CO

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*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Wynnefield Partners Small Cap Value L.P. I 13-3953291

2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) [] (b) [X]

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 Delaware

	7 SOLE VOTING POWER 380,406
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	-----
	8 SHARED VOTING POWER 0

	9 SOLE DISPOSITIVE POWER 380,406

	10 SHARED DISPOSITIVE POWER 0

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 380,406

12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 3.1%

14	TYPE OF REPORTING PERSON*

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PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Channel Partnership II, L.P. 22-3215653

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See
Instructions)

(a) []
(b) [X]

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

New York

7 SOLE VOTING POWER

280

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

280

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
280

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES*

[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
0.0%

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14 TYPE OF REPORTING PERSON*

PN

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Wynnefield Capital Management, LLC 13-4018186

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See
Instructions)

(a) []

(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*

N/A

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) or 2(e)

[]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

New York

7 SOLE VOTING POWER

698,906

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

698,906

10 SHARED DISPOSITIVE POWER

0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
698,906

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN

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SHARES*

[]

 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
 5.7%

 14 TYPE OF REPORTING PERSON*
 OO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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 1 NAME OF REPORTING PERSON
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
 Wynnefield Capital, Inc. 13-3688495

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See
 Instructions) (a) []
 (b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*
 N/A

5 CHECK BOX 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	185,900
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER	0
	9	SOLE DISPOSITIVE POWER	185,900
	10	SHARED DISPOSITIVE POWER	0

 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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185,900

 12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN []
 SHARES*

 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
 1.5%

 14 TYPE OF REPORTING PERSON*
 CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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 1 NAME OF REPORTING PERSON
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
 Wynnefield Capital, Inc. Profit Sharing & Money Purchase Plan

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See (a) []
 Instructions) (b) [X]

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
 N/A

	7	SOLE VOTING POWER	
		10,000	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER	
		0	
	9	SOLE DISPOSITIVE POWER	
		10,000	
	10	SHARED DISPOSITIVE POWER	

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0

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 10,000	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	[]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.1%	
14	TYPE OF REPORTING PERSON*	
	EP	

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Nelson Obus	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)	(a) [] (b) [X]
3	SEC USE ONLY	
4	SOURCE OF FUNDS* N/A	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	[]
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States	
	7	SOLE VOTING POWER 10,280
NUMBER OF SHARES BENEFICIALLY OWNED BY	8	SHARED VOTING POWER 884,806

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EACH
REPORTING PERSON WITH -----
9 SOLE DISPOSITIVE POWER
10,280

10 SHARED DISPOSITIVE POWER
884,806

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
895,086

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
7.2%

14 TYPE OF REPORTING PERSON*
IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Joshua Landes

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a) []
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*
N/A

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION
United States

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	7	SOLE VOTING POWER	0
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	-----	8	SHARED VOTING POWER
			884,806
	-----	9	SOLE DISPOSITIVE POWER
			0
	-----	10	SHARED DISPOSITIVE POWER
			884,806

11		AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	884,806

12		CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	[]

13		PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)	7.2%

14		TYPE OF REPORTING PERSON*	
		IN	

*SEE INSTRUCTIONS BEFORE FILLING OUT!

Item 4. Purpose of the Transaction

Item 4 is hereby amended to add the following:

On March 26, 2004, the Reporting Persons executed a standstill agreement (the "Standstill Agreement") with the Issuer.

The Standstill Agreement provides that by April 5, 2004, the Board of Directors of the Issuer will increase the size of the Board of Directors to eight (8) persons and appoint Nelson Obus, President of Wynnefield Capital, Inc., one of the Reporting Persons, to fill the newly created vacancy. The Board of Directors will also nominate Mr. Obus for re-election as a director at the annual meeting of stockholders scheduled to be held on June 3, 2004 and will recommend and solicit proxies for his election to the Board of Directors at the 2004 stockholders' meeting.

The Standstill Agreement further provides that the Reporting Persons, their affiliates and associates shall take, or refrain from taking, the following actions, as the case may be, unless requested in writing by the President of the Issuer or by resolution adopted by a majority of the Issuer's directors:

(a) not to effect, propose, cause or participate in, other than solely in connection with the nomination or election of Mr. Obus to the Issuer's Board of

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Directors, any solicitation of proxies in any election contest to the Board of Directors of the Issuer;

(b) withdraw the shareholder proposal previously submitted by the Reporting Persons to the Issuer for inclusion in the Issuer's proxy statement which proposed that all directors of the Issuer be elected annually and not by classes (the "Shareholder Proposal") and not submit such Shareholder Proposal, or a proposal having the same effect, for inclusion in the Issuer's future proxy statements; or

(c) form, join or participate in a "group" with respect to any voting securities of the Issuer for the purpose of effecting any of the actions set forth in subsections (a) or (b) above;

provided, however, that none of the foregoing shall prevent Mr. Obus from exercising his fiduciary duty as a director nor prevent the Reporting Persons in their discretion from voting in favor of or against any matter submitted to stockholders for approval.

The Standstill Agreement expires on the earlier of (i) the date that Mr. Obus ceases to be a member of the Issuer's Board of Directors, or (ii) the date which is 30 days prior to the last date on which a stockholder may give notice to the Issuer of its intention to submit a matter for action at the Issuer's 2007 annual meeting of stockholders.

Effective April 2, 2004, the Issuer's Board of Directors increased the size of the Board and elected Nelson Obus as a Class III director to fill the vacancy. Wynnefield Capital Small Cap Value, L.P. withdrew its shareholder proposal and supporting statement for inclusion in the Issuer's proxy statement in connection with its 2004 annual meeting of stockholders.

Item 5. Interest in Securities of the Issuer

The first paragraph of Item 5 is hereby amended and restated to read as follows:

The following table sets forth certain information with respect to the Shares beneficially owned directly by the Reporting Persons.

Name ----	Number of Shares -----	Approximate Percentage of Outstanding Shares -----
Partners(1)	318,500	2.6%
Fund(2)	185,900	1.5%
Partners I(3)	380,406	3.1%
Channel(4)	280	0.0%
Plan(4)	10,000	0.1%
Total	895,086	7.2%

(1) WCM, Mr. Obus and Mr. Landes have an indirect beneficial interest in these shares.

(2) WCI, Mr. Obus and Mr. Landes have an indirect beneficial interest in these shares.

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(3) WCM, Mr. Obus and Mr. Landes have an indirect beneficial interest in these shares.

(4) Mr. Obus has an indirect interest in these shares.

The sixth paragraph of Item 5 is hereby amended and restated to read as follows:

In the aggregate, the Reporting Persons may be deemed to own beneficially (and may be deemed to have voting and dispositive power over) 895,086 Shares, constituting approximately 7.2% of the outstanding Shares. The percentage of Shares owned as reported herein is based upon 12,357,915 Shares outstanding on November 20, 2003, as set forth in the Issuer's most recent report on Form 10-Q for the period ended October 31, 2003.

The eighth paragraph of Item 5 is hereby amended to add the following:

The Reporting Persons effected the following transactions in Shares during the past 60 days.

	Transaction -----	# of Shares -----	Date ----	Sale Price -----
(i)	Partners I:			
	Sale	5,000	March 3, 2004	\$14.70
	Sale	3,000	March 4, 2004	\$14.75
	Sale	2,180	March 5, 2004	\$14.82
	Sale	4,007	March 8, 2004	\$14.94
	Sale	500	March 9, 2004	\$15.22
	Sale	657	March 17, 2004	\$14.16
(ii)	Fund:			
	Sale	900	March 19, 2004	\$14.10
(iii)	Channel:			
	Sale	2,000	March 1, 2004	\$14.01
	Sale	2,620	March 3, 2004	\$14.70
	Sale	5,100	March 31, 2004	\$14.41
(iv)	Plan:			
	Sale	4,500	March 1, 2004	\$13.85
	Sale	3,600	March 2, 2004	\$13.85

Item 7. Material to be Filed as Exhibits

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Exhibit 1 Standstill Agreement dated as of March 26, 2004 between the Issuer and the Reporting Persons.

SIGNATURE

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

Date: April 5, 2004.

Wynnefield Partners Small Cap Value, L.P.
By: Wynnefield Capital Management, LLC, its General Partner

By: /s/ Nelson Obus

Co-Managing Member

Wynnefield Partners Small Cap Value L.P.
By: Wynnefield Capital Management, LLC, Partner

By: /s/ Nelson Obus

Co-Managing Member

Wynnefield Small Cap Value Offshore Fund, Ltd.
By: Wynnefield Capital, Inc.

By: /s/ Nelson Obus

President

Wynnefield Capital Management, LLC

By: /s/ Nelson Obus

Co-Managing Member

Wynnefield Capital, Inc.

By: /s/ Nelson Obus

President

/s/ Nelson Obus

Nelson Obus

Channel Partnership II, L.P.

/s/ Joshua Landes

Joshua Landes

By: /s/ Nelson Obus

General Partner

Wynnefield Capital, Inc. Profit Sharing
& Money Purchase Plan

By: /s/ Nelson Obus

Authorized Signatory