

ARGYLE SECURITY, INC.
Form 4
December 16, 2009

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN 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 *
MEZZANINE MANAGEMENT LTD

2. Issuer Name and Ticker or Trading Symbol
ARGYLE SECURITY, INC.
[ARGL.OB]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
CENTURY HOUSE, 16 PAR LA VILLE ROAD

3. Date of Earliest Transaction (Month/Day/Year)
12/14/2009

____ Director
____ Officer (give title below)
 10% Owner
____ Other (specify below)

(Street)
HAMILTON, D0

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

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

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price |
| 10% Convertible Subordinated Bridge Notes <u>(1)</u> <u>(2)</u> | 12/14/2009 | | P | | 8,000,000 | A | \$ 8,000,000 |
| 10% Convertible Subordinated Notes <u>(3)</u> | 12/14/2009 | | P | | 2,450,000 | A | \$ 2,450,000 |

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

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Beneficially Owned Following Transaction (Instr. 6) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| MEZZANINE MANAGEMENT LTD CENTURY HOUSE, 16 PAR LA VILLE ROAD HAMILTON, D0 | | X | | |
| MEZZANINE MANAGEMENT FUND IV COINVEST A L.P. CENTURY HOUSE, 16 PAR LA VILLE ROAD HAMILTON, D0 | | X | | |
| MEZZANINE MANAGEMENT FUND IV A CENTURY HOUSE, 16 PAR LA VILLE ROAD HAMILTON, D0 | | X | | |

Signatures

/s/ Christopher C. Morris 12/16/2009

**Signature of Reporting Person Date

/s/ Christopher C. Morris 12/16/2009

**Signature of Reporting Person Date

/s/ Christopher C.
Morris

12/16/2009

**Signature of Reporting
Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(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) Under the terms of these notes, the issuer is required to use commercially reasonable efforts to complete a rights offering of its common stock as promptly as reasonably practicable after the issue date of these notes. The proceeds from such an offering received from sources other than the reporting persons will be used to repay these notes. The reporting persons are required to use the balance of the notes to participate in the rights offering. (Continued in Note 2)

(2) Any of these notes not repaid or otherwise used by the reporting persons to subscribe for common stock in such rights offering will be automatically converted into common stock at the earlier of (1) the closing of the rights offering (or such other equity offering of the issuer) or (2) June 30, 2010, at a price per share equal to (A) the price per share offered in the rights offering (or such other equity offering of the issuer) or (B) if no rights offering (or other equity offering) occurs before June 30, 2010, \$0.4302, which reflects the volume weighted average sale price for the common stock as quoted on the OTC Bulletin Board for the ten trading days prior to the issuance of these notes.

(3) These notes are convertible into shares of common stock at the option of the reporting persons, at a price equal to (1) the price per share offered in the rights offering (or such other equity offering) if consummated on or prior to June 30, 2010 or (2) if no such rights offering (or other equity offering) occurs before June 30, 2010, \$0.4302, which reflects the volume weighted average sale price for the common stock as quoted on the OTC Bulletin Board for the ten trading days prior to the issuance of these notes.

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

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