

MACE SECURITY INTERNATIONAL INC
Form SC 13D
July 27, 2006

UNITED STATES

OMB APPROVAL

SECURITIES AND EXCHANGE COMMISSION

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2009

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SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. __)

Mace Security International, Inc.

—

(Name of Issuer)

Common Stock

—

(Title of Class of Securities)

554335208

—

(CUSIP Number)

Andrew E. Shapiro

Christopher J. Rupright, Esq.

Lawndale Capital Management, LLC

Shartsis, Friese & Ginsburg LLP

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One Maritime Plaza, 18th Floor

Mill Valley, CA 94941

San Francisco, CA 94111

415-389-8258

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—

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

July 18, 2006

(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 sections 240.13d-1(e), 240.13d-1(f) or 140.13d-1(g), check the following box. []

Note:

Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See section 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 the disclosures provided in a prior cover page.

The information required in 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).

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 control number.

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Lawndale Capital Management, LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) **XX**

(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 **California**

| | | |
|----------------|------------------------------|------------------|
| Number of | 7. Sole Voting Power | -0- |
| Shares | 8. Shared Voting Power | 1,024,412 |
| Beneficially | 9. Sole Dispositive Power | -0- |
| Owned by | 10. Shared Dispositive Power | 1,024,412 |
| Each Reporting | | |
| Person With | | |

11. Aggregate Amount Beneficially Owned by Each Reporting Person **1,024,412**

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

—
13. Percent of Class Represented by Amount in Row (11) **6.7%**

—
14. Type of Reporting Person (See Instructions)

—
OO, IA

—
1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Andrew E. Shapiro

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2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) **XX**

(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

8. Shared Voting Power **1,024,412**

Beneficially

9. Sole Dispositive Power **-0-**

Owned by

10. Shared Dispositive Power **1,024,412**

Each Reporting

Person With

11. Aggregate Amount Beneficially Owned by Each Reporting Person **1,024,412**

—

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

—

13. Percent of Class Represented by Amount in Row (11) **6.7%**

—

14. Type of Reporting Person (See Instructions)

—

IN

—

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Diamond A Partners, L.P.

—

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) **WC**

—

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) _____

—

6. Citizenship or Place of Organization **California**

Number of

7. Sole Voting Power **-0-**

Shares

8. Shared Voting Power **895,230**

Beneficially

9. Sole Dispositive Power **-0-**

Owned by

10. Shared Dispositive Power **895,230**

Each Reporting

Person With

11. Aggregate Amount Beneficially Owned by Each Reporting Person **895,230**

—

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

13. Percent of Class Represented by Amount in Row (11) **5.9%**

14. Type of Reporting Person (See Instructions)

PN

Item 1. Security and Issuer

This statement relates to shares of Common Stock (the "Stock") of **Mace Security International, Inc.** (the "Issuer"). The principal executive office of the Issuer is located at **1000 Crawford Place, Suite 400, Mt. Laurel, NJ 08054.**

Item 2. Identity and Background

The persons filing this statement and the persons enumerated in Instruction C of Schedule 13D and, where applicable, their respective places of organization, general partners, directors, executive officers and controlling persons, and the information regarding them, are as follows:

(a) **Lawndale Capital Management, LLC ("Lawndale"); Andrew E. Shapiro ("Shapiro"); Diamond A Partners, L.P. ("DAP")** (collectively, the "Filers").

DAP is filing this statement jointly with the other Filers, but not as a member of a group and expressly disclaims membership in a group. Lawndale and Shapiro disclaim beneficial ownership of the Stock except to the extent of their respective pecuniary interests therein.

(b) The business address of the Filers is **591 Redwood Highway, Suite 2345, Mill Valley, CA 94941.**

(c) Present principal occupation or employment of the Filers and the name, principal business and address of any corporation or other organization in which such employment is conducted:

LCM is the investment adviser to and the general partner of DAP, which is an investment limited partnership. Shapiro is the sole manager of LCM.

(d) During the last five years, none of the Filers has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, none of the Filers was 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) **Shapiro is a citizen of the United States of America.**

Item 3. Source and Amount of Funds or Other Consideration

The source and amount of funds used in purchasing the Stock were as follows:

| Purchaser | Source of Funds | Amount |
|-----------|---------------------------------------|----------------|
| LCM | Funds under Management ⁽¹⁾ | \$2,500,540.36 |
| DAP | Working Capital | \$2,185,923.88 |

(1)

Includes funds of DAP invested in Stock.

Item 4. Purpose of Transaction

The Filers ("Lawndale") have been and may continue to be in contact with Mace Security International's ("MACE") management, members of MACE's Board of Directors, other significant shareholders and others regarding alternatives that MACE could employ to maximize shareholder value.

In addition, Lawndale's President, Andrew Shapiro, has communicated a summary of his concerns with MACE Compensation Committee (the "Committee") members regarding certain aspects of MACE's compensation agreement with its Chairman & CEO, Louis D. Paolino, Jr., as well as criteria used by the Committee in determining performance bonus payments.

Mr. Shapiro has requested a meeting to share his concerns more fully with the Committee prior to its deliberation on any renewal or extension of Mr. Paolino's employment agreement that, according to MACE's 10-K, is set to expire in a few weeks, on August 12, 2006.

Lawndale believes the public market value of MACE is undervalued by not adequately reflecting the value of MACE's personal defense, car/truck wash (and underlying real estate) and corporate security assets.

Lawndale acquired the Stock solely for investment purposes, and Lawndale may from time to time buy or sell the Stock at its discretion.

Item 5. Interest in Securities of the Issuer

The beneficial ownership of the Stock by each Filer at the date hereof is reflected on that Filer's cover page.

The Filers effected the following transactions in the Stock in open market transactions on the dates indicated, and such transactions are the only transactions in the Stock by the Filers since **May 28, 2006**:

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| Name | Purchase or Sale | Date | Number of Shares | Purchase Price |
|------|------------------|-----------|------------------|----------------|
| DAP | P | 6/8/2006 | 6,000 | 2.42 |
| LCM | P | 6/8/2006 | 900 | 2.42 |
| DAP | P | 6/9/2006 | 8,670 | 2.40 |
| DAP | P | 6/12/2006 | 3,700 | 2.40 |
| LCM | P | 6/12/2006 | 1,750 | 2.40 |
| DAP | P | 6/13/2006 | 1,353 | 2.40 |
| LCM | P | 6/13/2006 | 300 | 2.40 |
| DAP | P | 6/14/2006 | 7,000 | 2.39 |
| LCM | P | 6/14/2006 | 1,000 | 2.39 |
| DAP | P | 6/16/2006 | 5,125 | 2.41 |
| LCM | P | 6/16/2006 | 700 | 2.41 |
| DAP | P | 6/19/2006 | 4,800 | 2.39 |
| LCM | P | 6/19/2006 | 700 | 2.39 |
| DAP | P | 6/20/2006 | 9,600 | 2.38 |
| LCM | P | 6/20/2006 | 1,400 | 2.38 |
| DAP | P | 6/22/2006 | 7,740 | 2.40 |

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| | | | | |
|-----|---|-----------|--------|------|
| LCM | P | 6/22/2006 | 1,100 | 2.40 |
| DAP | P | 6/23/2006 | 4,500 | 2.40 |
| LCM | P | 6/23/2006 | 700 | 2.40 |
| DAP | P | 6/26/2006 | 1,100 | 2.36 |
| DAP | P | 6/28/2006 | 2,915 | 2.36 |
| LCM | P | 6/28/2006 | 500 | 2.36 |
| DAP | P | 7/18/2006 | 49,022 | 2.36 |
| LCM | P | 7/18/2006 | 7,500 | 2.36 |
| DAP | P | 7/19/2006 | 8,900 | 2.36 |
| LCM | P | 7/19/2006 | 1,300 | 2.36 |
| DAP | P | 7/20/2006 | 25,600 | 2.35 |
| LCM | P | 7/20/2006 | 3,100 | 2.35 |
| DAP | P | 7/21/2006 | 52,400 | 2.31 |
| LCM | P | 7/21/2006 | 7,600 | 2.31 |
| DAP | P | 7/24/2006 | 73,005 | 2.24 |
| LCM | P | 7/24/2006 | 10,400 | 2.24 |
| DAP | P | 7/25/2006 | 7,810 | 2.24 |

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| | | | | |
|-----|---|-----------|--------|------|
| LCM | P | 7/25/2006 | 1,200 | 2.24 |
| DAP | P | 7/26/2006 | 12,790 | 2.36 |
| LCM | P | 7/26/2006 | 1,800 | 2.36 |

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

LCM is the general partner of its clients pursuant to limited partnership agreements providing to LCM the authority, among other things, to invest the funds of such clients in Stock, to vote and dispose of Stock and to file this statement on behalf of such clients. Pursuant to such limited partnership agreements, the general partner of such clients is entitled to allocations based on assets under management and realized and unrealized gains.

Item 7. Material to Be Filed as Exhibits

Agreement Regarding Joint Filing of Statement on Schedule 13D or 13G.

SIGNATURES

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

Dated: **July 26, 2006**

Lawndale Capital Management, LLC

Diamond A Partners, L.P.

By: **Andrew E. Shapiro, Manager**

By: **Lawndale Capital Management, LLC**

General Partner

By: **Andrew E. Shapiro, Manager**

Andrew E. Shapiro

EXHIBIT A

AGREEMENT REGARDING JOINT FILING

OF STATEMENT ON SCHEDULE 13D OR 13G

The undersigned agree to file jointly with the Securities and Exchange Commission (the "SEC") any and all statements on Schedule 13D or Schedule 13G (and any amendments or supplements thereto) required under section 13(d) of the Securities Exchange Act of 1934, as amended, in connection with purchases by the undersigned of the common stock of Mace Security International, Inc. For that purpose, the undersigned hereby constitute and appoint Lawndale Capital Management, LLC as their true and lawful agent and attorney-in-fact, with full power and authority for and on behalf of the undersigned to prepare or cause to be prepared, sign, file with the SEC and furnish to any other person all certificates, instruments, agreements and documents necessary to comply with section 13(d) and section 16(a) of the Securities Exchange Act of 1934, as amended, in connection with said purchases, and to do and perform every act necessary and proper to be done incident to the exercise of the foregoing power, as fully as the undersigned might or could do if personally present.

Dated: **July 26, 2006**

Lawndale Capital Management, LLC

Diamond A Partners, L.P.

By: **Andrew E. Shapiro, Manager**

By: **Lawndale Capital Management, LLC**

General Partner

By: **Andrew E. Shapiro, Manager**

Andrew E. Shapiro

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