

GSE SYSTEMS INC  
Form SC 13G  
March 22, 2006

OMB APPROVAL  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 13G**

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

GSE Systems, Inc.  
(Name of Issuer)  
Common Stock  
(Title of Class of Securities)  
36227K106  
(CUSIP Number)  
February 28, 2006  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

\* 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).

**Persons who 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.**

Person Authorized to Receive Notices and Communications:  
Taylor H. Wilson, Esq.  
Haynes and Boone, LLP

Edgar Filing: GSE SYSTEMS INC - Form SC 13G

901 Main Street, Suite 3100  
Dallas, Texas 75202  
(214) 651-5000

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NAMES OF REPORTING PERSONS:

**1** Kaizen Management, L.P.

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS):

**2**  
 (a)   
 (b)

SEC USE ONLY:

**3**

CITIZENSHIP OR PLACE OF ORGANIZATION:

**4**  
 Texas

SOLE VOTING POWER:

**5**  
 NUMBER OF 1,355,933

SHARED VOTING POWER:

**6**  
 SHARES BENEFICIALLY OWNED BY 0

SOLE DISPOSITIVE POWER:

**7**  
 EACH REPORTING PERSON 1,355,933

SHARED DISPOSITIVE POWER:

**8**  
 WITH: 0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

**9**

1,355,933

**10** CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS):

o

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):

13.1%\*

**12** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS):

PN

\* Based on a total of 8,999,706 shares outstanding on November 1, 2005, as reported in the Form 10-Q Quarterly Report of GSE Systems, Inc. filed with the Securities and Exchange Commission on November 14, 2005.

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NAMES OF REPORTING PERSONS:

**1** Kaizen Capital, L.L.C.

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS):

**2**  
 (a)    
 (b)

SEC USE ONLY:

**3**

CITIZENSHIP OR PLACE OF ORGANIZATION:

**4**  
 Texas

SOLE VOTING POWER:

**5**  
 NUMBER OF 1,355,933

SHARED VOTING POWER:

**6**  
 SHARES BENEFICIALLY OWNED BY 0

SOLE DISPOSITIVE POWER:

**7**  
 EACH REPORTING PERSON 1,355,933

SHARED DISPOSITIVE POWER:

**8**  
 WITH: 0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

**9**

1,355,933

**10** CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS):

o

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):

13.1%\*

**12** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS):

OO

\* Based on a total of 8,999,706 shares outstanding on November 1, 2005, as reported in the Form 10-Q Quarterly Report of GSE Systems, Inc. filed with the Securities and Exchange Commission on November 14, 2005.

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**1** NAMES OF REPORTING PERSONS:

Select Contrarian Value Partners, L.P.

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):

**2** CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS):

(a)

(b)

**3** SEC USE ONLY:

**4** CITIZENSHIP OR PLACE OF ORGANIZATION:

Texas

**5** SOLE VOTING POWER:

NUMBER OF 1,355,933

**6** SHARED VOTING POWER:

SHARES BENEFICIALLY OWNED BY 0

**7** SOLE DISPOSITIVE POWER:

EACH REPORTING PERSON 1,355,933

**8** SHARED DISPOSITIVE POWER:

WITH: 0

**9** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:



1,355,933

**10** CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS):

o

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):

13.1%\*

**12** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS):

PN

\* Based on a total of 8,999,706 shares outstanding on November 1, 2005, as reported in the Form 10-Q Quarterly Report of GSE Systems, Inc. filed with the Securities and Exchange Commission on November 14, 2005.

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NAMES OF REPORTING PERSONS:

**1** David W. Berry

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS):

**2**  
 (a)   
 (b)

SEC USE ONLY:

**3**

CITIZENSHIP OR PLACE OF ORGANIZATION:

**4**  
 Texas

SOLE VOTING POWER:

**5**  
 NUMBER OF 1,355,933

SHARED VOTING POWER:

SHARES BENEFICIALLY OWNED BY **6**  
 0

SOLE DISPOSITIVE POWER:

EACH REPORTING PERSON **7**  
 1,355,933

SHARED DISPOSITIVE POWER:

WITH: **8**  
 0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

**9**

1,355,933

**10** CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS):

o

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):

13.1%\*

**12** TYPE OF REPORTING PERSON (SEE INSTRUCTIONS):

IN

\* Based on a total of 8,999,706 shares outstanding on November 1, 2005, as reported in the Form 10-Q Quarterly Report of GSE Systems, Inc. filed with the Securities and Exchange Commission on November 14, 2005.

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Item 1(a) Name of Issuer:

GSE Systems, Inc.

Item 1(b) Address of Issuer's Principal Executive Offices:

7133 Rutherford Road, Suite 200  
Baltimore, MD 21244

Item 2(a) Name of Person Filing:

See Item 1 of each cover page.

Item 2(b) Address of Principal Business Office:

4200 Montrose Blvd., Suite 510  
Houston, TX 77006

Item 2(c) Citizenship:

See Item 4 of each cover page.

Item 2(d) Title of Class of Securities:

Common Stock, par value \$0.01 per share

Item 2(e) CUSIP No:

36227K106

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**Item 3** **Status of Person Filing:**

- (a) [ Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o);  
]
- (b) [ Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c);  
]
- (c) [ Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c);  
]
- (d) [ Investment company registered under section 8 of the Investment Company Act of  
1940 (15 U.S.C. 80a-8);  
]
- (e) [ An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);  
]
- (f) [ An employee benefit plan or endowment fund in accordance with  
§240.13d-1(b)(1)(ii)(F);  
]
- (g) [ A parent holding company or control person in accordance with  
§240.13d-1(b)(1)(ii)(G);  
]
- (h) [ A savings association as defined in Section 3(b) of the Federal Deposit Insurance  
Act (12 U.S.C. 1813);  
]
- (i) [ A church plan that is excluded from the definition of an investment company under  
section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);  
]
- (j) [ Group, in accordance with §240.13d-1(b)(1)(ii)(J).  
]

**Item 4** **Ownership:**

- (a) See Item 9 of each cover page, which includes 1,129,944 shares of common stock (the Common Stock ) of GSE Systems, Inc. (the Company ) reported as beneficially owned in Item 9 on each cover page that are in the form of Series A Cumulative Convertible Preferred Stock of the Company, which as of March 22, 2006, are immediately convertible at the holder s option into an aggregate of 1,129,944 shares of Common Stock of the Company. Additionally, 225,989 of the shares of Common Stock reported as beneficially owned in Item 9 on each cover page are in the form of a Warrant to Purchase Shares of Common Stock, which is immediately convertible at the holder s option into an aggregate of 225,989 shares of Common Stock of the Company.
- (b) See Item 11 of each cover page.
- (c) See Items 5-8 of each cover page.

**Item 5** **Ownership of 5% or Less of a Class:**

Not applicable.

**Item 6** **Ownership of More than 5% on Behalf of Another Person:**

Not applicable.



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Item 7 Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person:

Not applicable.

Item 8 Identification and Classification of Members of the Group:

Not applicable.

Item 9 Notice of Dissolution of Group:

Not applicable.

Item 10 Certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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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 is true, complete and correct.

Date: March 22, 2006

**KAIZEN MANAGEMENT, L.P.**

By: Kaizen Capital, L.L.C., its general partner

By: /s/ David W. Berry  
David W. Berry  
Manager

**KAIZEN CAPITAL, L.L.C.**

By: /s/ David W. Berry  
David W. Berry  
Manager

**SELECT CONTRARIAN VALUE PARTNERS, L.P.**

By: Kaizen Management, L.P., its general partner

By: Kaizen Capital, L.L.C., its general partner

By: /s/ David W. Berry  
David W. Berry  
Manager

/s/ David W. Berry  
David W. Berry