

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D/A

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities [amend]

Filing Date: **1996-08-26**
SEC Accession No. **0000935836-96-000029**

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SUBJECT COMPANY

CITADEL HOLDING CORP

CIK:**716634** | IRS No.: **953885184** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **SC 13D/A** | Act: **34** | File No.: **005-35259** | Film No.: **96620439**
SIC: **6513** Operators of apartment buildings

Mailing Address
600 N BRAND BLVD
GLENDALE CA 91203

Business Address
600 N BRAND BLVD
SUITE 500
GLENDALE CA 91203
8185493130

FILED BY

LAWNDALE CAPITAL MANAGEMENT INC

CIK:**929870** | State of Incorporation: **CA** | Fiscal Year End: **1231**
Type: **SC 13D/A**

Business Address
ONE SAMSOME ST STE 3900
SAN FRANCISCO CA 94104
4152882330

OMB APPROVAL

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 4)

Citadel Holding Corporation
(Name of Issuer)

Common Stock

(Title of Class of Securities)

172862104
(CUSIP Number)

Christopher J. Rupright, Esq.
Shartsis Friese & Ginsburg
One Maritime Plaza, 18th Floor
San Francisco, CA 94111
(415) 421-6500

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

August 15, 1996
(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 Rule 13d-1(b) (3) or (4), check the following box / /.

Check the following box if a fee is being paid with the statement / /. (A fee is not required only if the reporting person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of

the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7.)

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) 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).

SEC 1746 (12-91)

SCHEDULE 13D

CUSIP No. 172862104

Page 2 of 10 Pages

1 NAME OF REPORTING PERSON
SS OR IRS IDENTIFICATION NO. OF ABOVE PERSON

Lawndale Capital Management, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) / X /
(b) / /

3 SEC USE ONLY

4 SOURCE OF FUNDS*

AF

5 CHECK BOX 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
SHARES -0-

BENEFICIALLY

OWNED BY
EACH
REPORTING
PERSON
WITH

8 SHARED VOTING POWER
479,200

9 SOLE DISPOSITIVE POWER
-0-

10 SHARED DISPOSITIVE POWER
479,200

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
479,200

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
8.0

14 TYPE OF REPORTING PERSON*
OO and IA

*SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

CUSIP No. 172862104

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1 NAME OF REPORTING PERSON
SS OR IRS IDENTIFICATION NO. OF ABOVE PERSON

Andrew E. Shapiro

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) /X /
(b) / /

3 SEC USE ONLY

4 SOURCE OF FUNDS*

AF and PF

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

| | | |
|----------------------------------------------------------------------------------------|----|-------------------------------------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 7 | SOLE VOTING POWER -0- |
| | 8 | SHARED VOTING POWER 479,200 |
| | 9 | SOLE DISPOSITIVE POWER -0- |
| | 10 | SHARED DISPOSITIVE POWER 479,200 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
479,200

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
8.0

14 TYPE OF REPORTING PERSON*
IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!
INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

CUSIP No. 172862104 Page 4 of 10 Pages

1 NAME OF REPORTING PERSON
SS OR IRS IDENTIFICATION NO. OF ABOVE PERSON

Diamond A Partners, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) /X /
(b) / /

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) / /

California

| | | |
|-------------------------------------------------------------------|----|-------------------------------------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 7 | SOLE VOTING POWER -0- |
| | 8 | SHARED VOTING POWER 413,400 |
| | 9 | SOLE DISPOSITIVE POWER -0- |
| | 10 | SHARED DISPOSITIVE POWER 413,400 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
413,400

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
6.9

14 TYPE OF REPORTING PERSON*
PN

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INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

CUSIP No. 172862104 Page 5 of 10 Pages

1 NAME OF REPORTING PERSON
SS OR IRS IDENTIFICATION NO. OF ABOVE PERSON

Diamond A Investors, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) /X /
(b) / /

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

California

| | | |
|----------------------------------------------------------------------------------------|----|------------------------------------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 7 | SOLE VOTING POWER -0- |
| | 8 | SHARED VOTING POWER 65,800 |
| | 9 | SOLE DISPOSITIVE POWER -0- |
| | 10 | SHARED DISPOSITIVE POWER 65,800 |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
65,800

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
1.1

14 TYPE OF REPORTING PERSON*
PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!
INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

CUSIP No. 172862104

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ITEM 1. SECURITY AND ISSUER.

This amended statement relates to Common Stock (the "Stock") of Citadel Holding Corporation, a California corporation ("CHC"). The principal executive office of CHC is located at 550 South Hope Street, Suite 1825, Los Angeles, CA 90071.

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, a California limited liability company ("LCM"); Diamond A Partners, L.P., a California limited partnership ("DAP"); Diamond A Investors, L.P., a California limited partnership ("DAI"); and Andrew E. Shapiro ("Shapiro").
- (b) The business address of LCM, DAP, DAI and Shapiro is One Sansome Street, Suite 3900, San Francisco, California 94104.
- (c) LCM is the investment adviser to and general partner of DAP and DAI, which are investment limited partnerships. Shapiro is the sole manager of LCM.
- (d) During the last five years, none of such persons has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).
- (e) During the last five years, none of such persons 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.

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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) | \$1,480,567.80 |
| DAP | Working Capital | \$1,278,232.80 |
| DAI | Working Capital | \$ 202,335.00 |

- (1) Includes funds of DAP and DAI invested in Stock.

ITEM 4. PURPOSE OF TRANSACTION.

The Reporting Persons have acquired the Stock solely for investment purposes because they believe that the Stock is undervalued. The Reporting Persons have been in contact with management of CHC to discuss the strategies CHC plans to employ to maximize shareholder value, including through the transactions between the Company and its shareholder affiliates, Craig Corporation and Reading Company, described in CHC's Form 10-Q filed for the

period ending June 30, 1996. The Reporting Persons have also been in contact with other significant shareholders of CHC. The Reporting Persons may continue such activities. The Reporting Persons did not at the time of the purchase of the Stock, and do not presently, have any plan to acquire control of CHC. The Reporting Persons may acquire additional shares of Stock in the open market from time to time.

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ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

The beneficial ownership of the Stock of the persons named in Item 2 of this amended statement is as follows at the date hereof:

| Name | Aggregate Beneficially Owned | | Voting Power | | Dispositive Power | |
|---------|------------------------------|---------|--------------|---------|-------------------|---------|
| | Number | Percent | Sole | Shared | Sole | Shared |
| LCM | 479,200 | 8.0 | -0- | 479,200 | -0- | 479,200 |
| Shapiro | 479,200 | 8.0 | -0- | 479,200 | -0- | 479,200 |
| DAP | 413,400 | 6.9 | -0- | 413,400 | -0- | 413,400 |
| DAI | 65,800 | 1.1 | -0- | 65,800 | -0- | 65,800 |

The persons filing this statement effected the following transactions in the Stock on the dates indicated, and such transactions are the only transactions in the Stock by the persons filing this statement since June 22, 1996.

| Name | Purchase or Sale | Date | Number of Shares | Price Per Share | Broker Used |
|------|------------------|---------|------------------|-----------------|-------------|
| DAP | P | 6-27-96 | 1,700 | 2.368 | BEAR |
| DAP | P | 6-28-96 | 200 | 2.375 | BEAR |
| DAP | P | 7-03-96 | 10,000 | 2.438 | BEAR |
| DAP | P | 7-10-96 | 7,400 | 2.313 | BEAR |
| DAP | P | 7-23-96 | 3,500 | 2.375 | BEAR |
| DAP | P | 7-31-96 | 6,100 | 2.500 | BEAR |
| DAP | P | 8-15-96 | 5,000 | 2.500 | BEAR |
| DAP | P | 8-16-96 | 1,700 | 2.500 | BEAR |
| DAP | P | 8-20-96 | 5,900 | 2.500 | BEAR |
| DAI | P | 8-20-96 | 800 | 2.500 | BEAR |
| DAP | P | 8-21-96 | 1,600 | 2.500 | BEAR |
| DAI | P | 8-21-96 | 200 | 2.500 | BEAR |
| DAP | P | 8-22-96 | 300 | 2.500 | BEAR |
| DAI | P | 8-22-96 | 400 | 2.500 | BEAR |
| DAP | P | 8-23-96 | 6,300 | 2.490 | BEAR |
| DAI | P | 8-23-96 | 900 | 2.490 | BEAR |

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ITEM. 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

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

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

A. Agreement Regarding Joint Filing of Statement on Schedule 13D or 13G (previously filed).

SIGNATURES

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

DATED: August 26, 1996.

DIAMOND A PARTNERS, L.P.

DIAMOND A INVESTORS, L.P.

By: Lawndale Capital Management, LLC
General Partner

By: Lawndale Capital Management, LLC
General Partner

By: /s/ Andrew E. Shapiro
Andrew E. Shapiro
Manager

By: /s/ Andrew E. Shapiro
Andrew E. Shapiro
Manager

LAWNDALE CAPITAL MANAGEMENT, LLC

By: /s/ Andrew E. Shapiro
Andrew E. Shapiro
Manager

By: /s/ Andrew E. Shapiro
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 Common Stock of Citadel Holding Corporation, a California corporation. For that purpose, the undersigned hereby constitute and appoint Lawndale Capital Management, LLC, a California limited liability company, 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: August 26, 1996.

DIAMOND A PARTNERS, L.P.

DIAMOND A INVESTORS, L.P.

By: Lawndale Capital Management, LLC
General PartnerBy: Lawndale Capital Management, LLC
General PartnerBy: /s/ Andrew E. Shapiro
Andrew E. Shapiro
ManagerBy: /s/ Andrew E. Shapiro
Andrew E. Shapiro
Manager

LAWNDALE CAPITAL MANAGEMENT, LLC

By: /s/ Andrew E. Shapiro
Andrew E. Shapiro
ManagerBy: /s/ Andrew E. Shapiro
Andrew E. Shapiro

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