

TANDY LEATHER FACTORY INC
 Form 4
 October 11, 2006

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
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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 *
 GREENE SHANNON L

2. Issuer Name and Ticker or Trading Symbol
 TANDY LEATHER FACTORY INC [TLF]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 3800 FALCON LAKE DRIVE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 10/10/2006

Director 10% Owner
 Officer (give title below) Other (specify below)
 CHIEF FINANCIAL OFFICER

ARLINGTON, TX 76016
 (City) (State) (Zip)

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

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | Code | V | Amount (D) or Price (A) | | |
| COMMON STOCK PV \$0.0024 | 10/10/2006 | | P | | 74.85 A \$ 6.68 | 39,069.759 | D |
| COMMON STOCK PV \$0.0024 | | | | | | 11,588.616 | I BY ESOP |

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

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SEC 1474 (9-02)

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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) | Amount or Number of Shares |
|---|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|
| QUALIFIED INCENTIVE STOCK OPTION ⁽¹⁾ | \$ 1.35 | | | | | ⁽³⁾ 05/24/2011 | COMMON STOCK PV \$0.0024 | 60,000 |
| QUALIFIED INCENTIVE STOCK OPTION ⁽¹⁾ | \$ 4.24 | | | | | ⁽⁴⁾ 09/16/2013 | COMMON STOCK PV \$0.0024 | 25,000 |
| QUALIFIED INCENTIVE STOCK OPTION ⁽¹⁾ | \$ 0.9375 | | | | | ⁽²⁾ 09/13/2010 | COMMON STOCK PV \$0.0024 | 40,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| GREENE SHANNON L 3800 FALCON LAKE DRIVE ARLINGTON, TX 76016 | X | | CHIEF FINANCIAL OFFICER | |

Signatures

SHANNON L GREENE
10/11/2006

**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) GRANTED PURSUANT TO THE TERMS OF THE 1995 STOCK OPTION PLAN OF THE LEATHER FACTORY, INC. FOR KEY MANAGEMENT EMPLOYEES

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- (2) THE OPTIONS BECOME VESTED IN 5 EQUAL ANNUAL INSTALLMENTS COMMENCING 09/13/01.
- (3) THE OPTIONS BECOME VESTED IN 5 EQUAL ANNUAL INSTALLMENTS COMMENCING 05/24/02.
- (4) THE OPTIONS BECOME VESTED IN 5 EQUAL ANNUAL INSTALLMENTS COMMENCING 09/16/04.

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