

GSE SYSTEMS INC
Form 4
August 14, 2006

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 *
SELECT CONTRARIAN VALUE PARTNERS L P

(Last) (First) (Middle)

4200 MONTROSE BLVD., SUITE 510

(Street)

HOUSTON, TX 77006

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
GSE SYSTEMS INC [GVP]

3. Date of Earliest Transaction (Month/Day/Year)
08/10/2006

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)

___ Form filed by One Reporting Person
X 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 Beneficial Ownership (Instr. 4) | | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|--------|---|---------------------|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 08/10/2006 | | P | | 15,400 (1) | A | \$ 3.8987 | 45,400 | I | See Footnote 2. (2) |
| Common Stock | 08/11/2006 | | P | | 7,600 (1) | A | \$ 3.9184 | 53,000 | I | See Footnote 2. (2) |

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) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Owned Following Transaction (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|
| | | | | 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 |
| SELECT CONTRARIAN VALUE PARTNERS L P 4200 MONTROSE BLVD. SUITE 510 HOUSTON, TX 77006 | | X | | |
| KAIZEN MANAGEMENT, L.P. 4200 MONTROSE BLVD. SUITE 510 HOUSTON, TX 77006 | | X | | |
| Kaizen Capital, L.L.C. 4200 MONTROSE BLVD. SUITE 510 HOUSTON, TX 77006 | | X | | |
| BERRY DAVID W 4200 MONTROSE BLVD. SUITE 510 HOUSTON, TX 77006 | | X | | |
| Spectrum Galaxy Fund Ltd. 4200 MONTROSE BLVD. SUITE 510 HOUSTON, TX 77006 | | X | | |

Signatures

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, Manager

08/14/2006

**Signature of Reporting Person

Date

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| | |
|---|------------|
| Kaizen Management, L.P., by Kaizen Capital, L.L.C., its General Partner, by /s/ David W. Berry, Manager | 08/14/2006 |
| **Signature of Reporting Person | Date |
| Kaizen Capital, L.L.C., by /s/ David W. Berry, Manager | 08/14/2006 |
| **Signature of Reporting Person | Date |
| /s/ David W. Berry | 08/14/2006 |
| **Signature of Reporting Person | Date |
| Spectrum Galaxy Fund Ltd., by /s/ Dion R. Friedland | 08/14/2006 |
| **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).

This Form 4 is being filed by Select Contrarian Value Partners, L.P. ("Select"), Kaizen Management, L.P., as general partner of Select (1) ("Management"), Kaizen Capital, L.L.C., as general partner of Management ("Capital"), David W. Berry, as the manager and member of Capital ("Berry"), and Spectrum Galaxy Fund Ltd. ("Spectrum").

(2) The transactions reported in this Form 4 were effected solely by Spectrum. By contract, Management serves as the sole investment manager to Kaizen Fundamental Value Fund, a separate class of shares of Spectrum, which is a company incorporated under the laws of the British Virgin Islands. In accordance with Instruction 4(b)(iv) of Form 4, all shares of common stock of GSE Systems, Inc. ("GSE") acquired by Spectrum are reported herein. Select, Management, Capital and Berry hereby disclaim, for purposes of Section 16 of the Securities Exchange Act of 1934, as amended, beneficial ownership of such shares, except to the extent of their respective pecuniary interest therein, if any. This report on Form 4 shall not be deemed to be an admission that any of Select, Management, Capital or Berry is the beneficial owner of such shares for purposes of Section 16 or for any other purpose. Spectrum hereby disclaims beneficial ownership of all securities of GSE held by Select.

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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