

Edgar Filing: DIXIE GROUP INC - Form SC 13G

DIXIE GROUP INC  
Form SC 13G  
February 14, 2006

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OMB APPROVAL  
OMB Number: 3235-0145  
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hours per response..... 11  
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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. 2) \*

The Dixie Group, Inc.

-----  
(Name of Issuer)

Common Stock, par value \$3.00 per share

-----  
(Title of Class of Securities)

255519100

-----  
(CUSIP Number)

December 31, 2005

-----  
(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).

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1 NAMES OF REPORTING PERSONS  
 Wesley Capital Management, LLC (f/k/a AW Asset Management, L.L.C.)  
 I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY):  
 52-2280947

-----

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)

(b)

-----

3 SEC USE ONLY

-----

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

-----

|           |   |                   |
|-----------|---|-------------------|
| NUMBER OF | 5 | SOLE VOTING POWER |
| SHARES    |   |                   |

|              |   |  |
|--------------|---|--|
| BENEFICIALLY | 0 |  |
| OWNED BY     |   |  |

|           |   |                     |
|-----------|---|---------------------|
| EACH      | 6 | SHARED VOTING POWER |
| REPORTING |   |                     |

|        |   |              |
|--------|---|--------------|
| PERSON | 0 | (See Item 4) |
| WITH   |   |              |

|  |   |                        |
|--|---|------------------------|
|  | 7 | SOLE DISPOSITIVE POWER |
|  |   |                        |

|  |   |                          |
|--|---|--------------------------|
|  | 8 | SHARED DISPOSITIVE POWER |
|  |   |                          |

|   |  |
|---|--|
| 9 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON |
|   | 0 (See Item 4)   |

-----

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

-----

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

0%

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12 TYPE OF REPORTING PERSON\*

00

\* SEE INSTRUCTIONS BEFORE FILLING OUT.

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1 NAMES OF REPORTING PERSONS

Arthur Wrubel

I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY):

-----  
2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)

(b)

-----  
3 SEC USE ONLY

-----  
4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

-----  
NUMBER OF

5

SOLE VOTING POWER

SHARES

BENEFICIALLY

0

OWNED BY

EACH

-----  
6

SHARED VOTING POWER

REPORTING

PERSON

0 (See Item 4)

WITH

-----  
7

SOLE DISPOSITIVE POWER

0

-----  
8

SHARED DISPOSITIVE POWER

0 (See Item 4)

-----  
9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0 (See Item 4)

-----  
10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

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

0%

12 TYPE OF REPORTING PERSON\*

IN

\* SEE INSTRUCTIONS BEFORE FILLING OUT.

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1 NAMES OF REPORTING PERSONS

John Khoury

I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY):

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Canada

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

5 SOLE VOTING POWER

0

6 SHARED VOTING POWER

0 (See Item 4)

7 SOLE DISPOSITIVE POWER

0

8 SHARED DISPOSITIVE POWER

0 (See Item 4)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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0 (See Item 4)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\* |

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

0%

12 TYPE OF REPORTING PERSON\*

IN

\* SEE INSTRUCTIONS BEFORE FILLING OUT.

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Item 1

(a) Name of Issuer:

The name of the issuer is The Dixie Group, Inc. (the "Company").

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

The Company's principal executive office is located at 345-B Nowlin Lane, Chattanooga, Tennessee 37421.

Item 2

(a) Name of Person Filing:

This Amendment No. 2 to Schedule 13G is being jointly filed by Wesley Capital Management LLC, a Delaware limited liability company (the "Management Company"), Mr. Arthur Wrubel and Mr. John Khoury with respect to the ownership of the shares of Common Stock of the Issuer by three hedge funds and two managed accounts (collectively, the "Funds") for which the Management Company serves investment manager or advisor. (1) Mr. Wrubel, Mr. Khoury and the Management Company are referred to in this Schedule 13G/A as the "Reporting Persons."

The Reporting Persons have entered into a Joint Filing Agreement, dated February 13, 2006, a copy of which is filed with this Schedule 13G as Exhibit A, pursuant to which the Reporting Persons have agreed to file this statement jointly in accordance with the provisions of Rule 13d-1(k)(1) under the Act.

(b) Address of Principal Business Office or, if none, Residence:

The address of the principal business office of each of the Reporting Persons is 535 Madison Avenue, 26th Floor, New York, NY 10022

(1) The Management Company serves as investment manager or advisor to Wesley Capital L.P., a Delaware limited partnership, Wesley Capital Master Fund Limited, a Cayman Islands corporation, Wesley Capital QP, L.P., a Delaware limited partnership, and two managed accounts. Accordingly, the Management

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Company may be deemed to be the beneficial owner of the shares of Common Stock of the Issuer held by the Funds. Mr. Wrubel and Mr. Khoury are Managing Members of the Management Company, and together they control its business activities. Accordingly each of Mr. Wrubel and Mr. Khoury may be deemed to be the beneficial owner of the shares of Common Stock of the Issuer held by the Funds. The Management Company, Mr. Wrubel and Mr. Khoury each disclaim beneficial ownership of the shares of Common Stock of the Issuer held by the Funds, except to the extent of any pecuniary interest, and this report shall not be deemed to be an admission that they are the beneficial owners of such securities.

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(c) Citizenship:

The Management Company is organized as a limited liability company under the laws of the State of Delaware. Mr. Wrubel is a United States citizen. Mr. Khoury is a Canadian citizen.

(d) Title of Class of Securities:

Common Stock, par value \$3.00 per share.

(e) CUSIP No.:

255519100

Item 3 If this statement is file pursuant to Rules 13d-1(b), or 13d-2(b), check whether the person filing is a:

Not Applicable.

Item 4 Ownership:

A. Wesley Capital Management, LLC (f/k/a AW Asset Management, L.L.C.) (2)

(a) Amount beneficially owned: -0-

(b) Percent of class: 0%.

(c) Number of shares as to which such person has:

(i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: -0-

(iii) Sole power to dispose or direct the disposition:  
-0-

(iv) Shared power to dispose or direct the disposition:  
-0-

B. Arthur Wrubel(2)

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- (a) Amount beneficially owned: -0-
- (b) Percent of class: 0%.
- (c) Number of shares as to which such person has:

(2) See note 1.

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- (i) Sole power to vote or direct the vote: -0-
- (ii) Shared power to vote or direct the vote: -0-
- (iii) Sole power to dispose or direct the disposition:  
-0-
- (iv) Shared power to dispose or direct the disposition:  
-0-

C. John Khoury(2)

- (a) Amount beneficially owned: -0-
- (b) Percent of class: 0%.
- (c) Number of shares as to which such person has:
  - (i) Sole power to vote or direct the vote: -0-
  - (ii) Shared power to vote or direct the vote: -0-
  - (iii) Sole power to dispose or direct the disposition:  
-0-
  - (iv) Shared power to dispose or direct the disposition:  
-0-

Item 5 Ownership of Five Percent or Less of a Class:

If this statement is being filed to report the fact that as of the date hereof each of the Reporting Persons has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [X].

Item 6 Ownership of More Than Five Percent on Behalf of Another Person:

See response to Item 4.

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

Not applicable.

Item 8 Identification and Classification of Members of the Group:

Not applicable.

Item 9 Notice of Dissolution of Group:





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The undersigned hereby agree as follows:

(i) Each of them is individually eligible to use the Schedule 13G to which this Exhibit is attached, and such Schedule 13G is filed on behalf of each of them; and

(ii) Each of them is responsible for the timely filing of such Schedule 13G and any amendments thereto, and for the completeness and accuracy of the information concerning such person contained therein; but none of them is responsible for the completeness or accuracy of the information concerning the other persons making the filing, unless such person knows or has reason to believe that such information is inaccurate.

Date: February 13, 2006

Wesley Capital Management, LLC

By: /s/ Arthur Wrubel  
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Name: Arthur Wrubel  
-----

Its: Managing Member

Wesley Capital Management, LLC

By: /s/ John Khoury  
-----

Name: John Khoury  
-----

Its: Managing Member

/s/ Arthur Wrubel  
-----

Arthur Wrubel, individually

/s/ John Khoury  
-----

John Khoury, individually