

GSE SYSTEMS INC  
Form 4  
July 26, 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 \*  
**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)  
06/15/2006

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 or Price   |  |   |
| Common Stock                    | 06/15/2006                           |  | P                              |   | 10,000<br>(1) A \$ 3.7251   | 10,000   | I See Footnote 2. (2)                                 |
| Common Stock                    | 06/19/2006                           |  | P                              |   | 15,000<br>(1) A \$ 3.4029   | 25,000   | I See Footnote 2. (2)                                 |
| Common Stock                    | 07/24/2006                           |  | P                              |   | 5,000<br>(1) A \$ 3.6445  | 30,000   | 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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(9-02)

**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 Beneficially Owned (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<br>4200 MONTROSE BLVD.<br>SUITE 510<br>HOUSTON, TX 77006 |               | X         |         |       |
| KAIZEN MANAGEMENT, L.P.<br>4200 MONTROSE BLVD.<br>SUITE 510<br>HOUSTON, TX 77006              |               | X         |         |       |
| Kaizen Capital, L.L.C.<br>4200 MONTROSE BLVD.<br>SUITE 510<br>HOUSTON, TX 77006               |               | X         |         |       |
| BERRY DAVID W<br>4200 MONTROSE BLVD.<br>SUITE 510<br>HOUSTON, TX 77006                        |               | X         |         |       |
| Spectrum Galaxy Fund Ltd.<br>4200 MONTROSE BLVD.<br>SUITE 510<br>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 | 07/26/2006 |
| __Signature of Reporting Person   | Date       |
| Kaizen Management, L.P., by Kaizen Capital, L.L.C., its General Partner, by /s/ David W. Berry, Manager   | 07/26/2006 |
| __Signature of Reporting Person   | Date       |
| Kaizen Capital, L.L.C., by /s/ David W. Berry, Manager  | 07/26/2006 |
| __Signature of Reporting Person   | Date       |
| /s/ David W. Berry  | 07/26/2006 |
| __Signature of Reporting Person   | Date       |
| Spectrum Galaxy Fund Ltd., by /s/ Dion R. Friedland   | 07/26/2006 |
| __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 ("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").
- (1) 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.
- (2)

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.