

KMG CHEMICALS INC
Form SC 13G
July 25, 2006

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

SCHEDULE 13G
(Rule 13d-102)

Information to be Included in Statements Filed Pursuant to Rule 13d-1(b), (c) and (d) and

Amendments Thereto Filed Pursuant to Rule 13d-2

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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

KMG Chemicals, Inc.

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

482564101

(CUSIP Number)

July 21, 2006

(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)

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*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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CUSIP No. 482564101

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
Valves Incorporated of Texas
2. Check the Appropriate Box if a Member of a Group (See Instructions)
(a)
(b)
3. SEC Use Only
4. Citizenship or Place of Organization
Texas
5. Sole Voting Power
0
6. Shared Voting Power
802,585
7. Sole Dispositive Power
0
8. Shared Dispositive Power
802,585
9. Aggregate Amount Beneficially Owned by Each Reporting Person
802,585
10. Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)
11. Percent of Class Represented by Amount in Row (9)
7.6%
12. Type of Reporting Person (See Instructions)
CO

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

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Item 1.

- (a) Name of Issuer
KMG Chemicals, Inc.
- (b) Address of Issuer's Principal Executive Offices
10611 Harwin Drive, Suite 402

Houston, Texas 77036

Item 2.

- (a) Name of Person Filing
Valves Incorporated of Texas
- (b) Address of Principal Business Office or, if none, Residence
10600 Fallstone Road

Houston, Texas 77099
- (c) Citizenship
Texas
- (d) Title of Class of Securities
Common Stock, par value \$0.01 per share. Acquired 651,000 of these shares on October 15, 1996, prior to KMG Chemicals, Inc. becoming a public company; acquired 302,500 of these shares on March 18, 1998; and acquired 95,350 of these shares as a stock dividend on March 30, 2001. Disposed of 212,016 shares on July 6, 2006 and 34,249 on July 21, 2006.
- (e) CUSIP Number
482564101

Item 3.

- If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:
- (a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
 - (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
 - (c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
 - (d) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C 80a-8).
 - (e) An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
 - (f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
 - (g) A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);
 - (h) A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
 - (i) A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
 - (j) Group, in accordance with §240.13d-1(b)(1)(ii)(J).

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

- (a) Amount beneficially owned:

802,585 shares of Common Stock.
- (b) Percent of class:

7.6%
- (c) Number of shares as to which the person has:
 - (i) Sole power to vote or to direct the vote

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

802,585
 - (iii) Sole power to dispose or to direct the disposition of

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

802,585

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 the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following .

Item 6. Ownership of More than Five Percent on Behalf of Another Person
Not Applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person
Not Applicable.

Item 8. Identification and Classification of Members of the Group
Not Applicable.

Item 9. Notice of Dissolution of Group
Not Applicable.

Item 10. Certification
By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of, or with the effect of, changing or influencing the control of the issuer of the securities, and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Signature

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

Date: July 24, 2006

Valves Incorporated of Texas

By: /s/ Fred C. Leonard
Name: Fred C. Leonard
Title: President

Exhibit A

The securities being reported by Valves Incorporated of Texas (Valves), are beneficially owned by the following person (1).

Control Person	Number of Shares Beneficially Owned
Fred C. Leonard Principal Business Address: 10600 Fallstone Road Houston, Texas 77099	802,585

(1). Mr Leonard is the Chairman, President and majority owner of the outstanding stock of Valves Incorporated of Texas, and as such he exercises the power to direct the vote and direct the disposition of the shares of KMG Chemicals, Inc. held by Valves Incorporated of Texas as record owner.

Exhibit B

JOINT FILING AGREEMENT

The undersigned hereby agree that the statement on Schedule 13G filed herewith and any amendments thereto, relating to the common stock, par value, of Valves Incorporated of Texas, is, or will be, filed jointly with the Securities and Exchange Commission pursuant to Rule 13d-1 (k) (1) under the Securities Exchange Act of 1934, as amended, on behalf of each such person.

IN WITNESS WHEREOF, the undersigned have executed this Joint Filing Agreement.

Dates: July 24, 2006

Valves Incorporated of Texas

By: /s/ Fred C. Leonard
Name: Fred C. Leonard
Title: President

Fred C. Leonard
/s/ Fred C. Leonard
Name: Fred C. Leonard