



DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

March 20, 2017

Gregory W. Hayes
DLA Piper LLP (US)
gregory.hayes@dlapiper.com

Re: MFRI, Inc.
Incoming letter dated February 24, 2017

Dear Mr. Hayes:

This is in response to your letter dated February 24, 2017 concerning the shareholder proposal submitted to MFRI by Carl W. Dinger III. We also have received a letter from the proponent dated March 9, 2017. Copies of all of the correspondence on which this response is based will be made available on our website at <http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml>. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

Matt S. McNair
Senior Special Counsel

Enclosure

cc: Carl W. Dinger III

FISMA & OMB Memorandum M-07-16

March 20, 2017

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: MFRI, Inc.
Incoming letter dated February 24, 2017

The proposal recommends that the board authorize and implement a three-year share repurchase program that would repurchase 1,000,000 shares of company stock.

There appears to be some basis for your view that MFRI may exclude the proposal under rule 14a-8(i)(7), as relating to MFRI's ordinary business operations. In this regard, we note that the proposal relates to the implementation and particular terms of a share repurchase program. Accordingly, we will not recommend enforcement action to the Commission if MFRI omits the proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Evan S. Jacobson
Special Counsel

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

March 9, 2017

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CORPORATION FINANCE

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
Mail Stop 4561
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal Submitted by Carl W. Dinger III, MFRI Inc.

Dear Sir or Madam:

I recently sent a shareholder proposal on behalf of myself and additionally am a member of a larger group that owns close to 6% of the outstanding shares of MFRI, (see attached 13-D amendment with ownership stake and shareholder proposal). The Board of MFRI recently sent you a request to exclude my proposal that asked the Board to repurchase shares in MFRI over an extended period of 3 years. The Board has taken the position that my proposal should be excluded under Rule 14a-8(i)(7) claiming that the proposal intrudes on MFRI's "normal business operations." I respectfully disagree with the Board's position.

In reliance on the 1998 Release, Exchange Act Release No. 40018, Amendments to Rules on Shareholder Proposals, (1998 Transfer Binder) Fed. Sec. L. Rep. (CCH), ¶ 86,018 (May 21, 1998) (the "1998 Release"), MFRI's Board believes it qualifies for excluding my proposal. The following is my response to MFRI's analysis:

I. The Board claims the Proposal is so fundamental to management's ability to run a business that makes it direct shareholder oversight

First MFRI claims that the proposal fails under the prong that certain tasks are "so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." MFRI states that this share repurchase proposal is so fundamental to managing the business that it is tantamount to shareholders imposing direct shareholder oversight. Nothing could be further from the truth. If approved by a majority of the shareholders, the proposal is only a recommendation that the Board of MFRI can accept or reject in whole or in part. If approved by a majority of the shareholders and if the shareholders recommendation is accepted by the Board, the implementation of the share repurchase program would be done by the senior management responsible for MFRI's day-to-day operations. Nothing in the proposal mandates the specific times, time intervals between repurchases, or the manner in which the Board may or must buy shares back. Furthermore the proposal as written leaves it to the Board and senior management's discretion when or at what price to buy shares back or even if they should at all. MFRI's argument that this proposal attempts to impose direct shareholder oversight must fail for these reasons.

In addition further proof that MFRI's argument fails is it's own stock repurchase announcement two years ago. In February 2015 and at this stockholder's urging, the Board authorized a share repurchase plan that contemplated a repurchase of \$2 million over a one-year period. The reality was that the Board only repurchased 44,566 shares at a cost of \$289,813 under the authorized repurchase plan. Clearly the decision to repurchase a de minimus amount of shares under the plan was fully in the discretion of the Board and senior management and similarly is contemplated in my proposal.

II. The Board claims the proposal seeks to "micro-manage" the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be able to make an informed judgment."

In the second prong under the Release, MFRI attempts to paint the shareholder recommended proposal as micro-management of matters that only the Board of Directors has the ability to understand the complexity of. This assertion assumes that investors are mere fools. The fact that this proposal contemplated wide discretion in favor of the

Board to implement or even not implement the share repurchase plan takes the informed judgment issue out of the shareholder's hands. As stated above, the shareholders are only recommending that the authorization be put into place allowing the Board and senior management in their discretion to repurchase stock as working capital allows, not mandating the same. The Board two years ago under no provocation of a shareholder proposal authorized a largely uncompleted buyback as proffered above. The proposal under consideration here contemplates the same scenario and cannot be opposed as micro-management.

I believe it is apparent the Board of MFRI's attempt to exclude this proposal is not grounded in the administrative law opinions cited in the no action letter sent to the Securities and Exchange Commission dated February 24, 2017. More to the point, the exclusion is aimed at anyone that is critical of this Board's inept lack of performance in terms of any return to shareholders and a stock price that has severely underperformed any index available, save a money market rate of 10 basis points. This Board is attempting to hide under administrative no action cases that are not on point. The majority of the cases cited by counsel for the Board related to situations where a dividend or share repurchase program was already in place and where the proposal sought to amend such programs. MFRI has never paid one penny in dividends and failed to implement the very substantial majority of the share repurchase plan it authorized in February 2015. This is clearly indicative of this Board's intent to perpetuate the self-enrichment of management and the Board. For a company that has returned nothing to shareholders in years, management and the Board have granted themselves at least \$12,500,000 in monetary compensation, stock and stock options during the past five years, and in doing so has significantly diluted existing shareholders. Outside shareholders, especially long-term shareholders, have nothing to show for their faith in this Company.

III. The Topic of Dividends and Share Repurchases is a Significant Social Policy Issue *1

According to the Commission's release accompanying the 1998 amendments to Rule 14a-8, the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is

impractical for shareholders to decide how to solve such problems at an annual shareholders meeting." The 1998 Release. There are numerous precedents that indicate that the topic of dividends and payout policy are not matters relating to ordinary business, but instead an issue considered extremely important to shareholders. *1

In *Sonoma West Holdings*, (July 20, 2000), the Staff found the proposal asking for dividends not to be excludable, stating:

"We note that the proposal relates to the payments of dividends generally. **The Division has found that the issue of whether to pay dividends does not involve "ordinary" business matters because this issue is extremely important to most security holders, and involves significant economic and policy considerations.**" [Proponents Emphasis]

From this finding of the Division, dividends as well as share repurchase actions are a return of capital to shareholders. These decisions are so fundamental to the concerns of the shareholders at large that they are removed from the day-to-day operations of the business that fall under the ordinary business exclusion. MFRI's Board would have the Division believe that nothing should be in the hands of the shareholders and further that existing shareholders are too foolish to know that the Board has done nothing to enhance shareholder value in years.

In recent rulings regarding, *Exxon Mobil* (March 11, 2016), *Reynolds American, Inc.* (January 12, 2016), *PPG Industries, Inc.* (January 12, 2016), *Minerals Technologies Inc.* (January 12, 2016), the SEC denied no-action relief asking the board of these companies to issue a policy that "gives preference to share repurchases (relative to cash dividends) as a method to return capital to shareholders," on several basis, including Rule 14a-8(i)(7), as **not relating to ordinary business**. [Proponents' Emphasis] The proponent successfully argued in all of these cases that "the topic of share repurchases, and by virtue general payout policy is a significant social issue that has garnered substantial attention through national media outlets (The New York Times, The Wall Street Journal, Reuters, Forbes, The Harvard business Review to name a few) and is a topic of great importance to the general public as evidenced by prominent political figures urging the Commission to investigate the practice, and

leading presidential candidates [that made] the issue part of their campaigns. *1

As noted above, MFRI has never paid one penny in dividends to its shareholders and failed to implement the very substantial majority of its Board authorized 2015 share repurchase program. As a matter of policy, it is entirely appropriate and reasonable and within SEC rules and guidance for the shareholders of MFRI to be entitled to vote on whether they recommend that MFRI's Board authorize a meaningful share repurchase program.

For the above reasons, the Securities and Exchange Commission should reject MFRI's request for a no action ruling and alternatively rule in favor of shareholders looking for some non-binding relief in the form of a share repurchase. The Board's opposition to any shareholder participation in the direction of the Company usurps important and fundamental shareholder rights and should not be permitted.

Thank you for your attention in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Dinger III', followed by a long horizontal line extending to the right.

Carl W. Dinger III, CFA

FISMA & OMB Memorandum M-07-16

cc: Gregory W. Hayes, DLA Piper

Kenneth E. Stroup, Jr., Strategic Value Partners

*1 see pg.18 of Arjuna Capital submission in *ExxonMobil* (March 11, 2016)

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D AMENDMENT

Under the Securities Exchange Act of 1934

(Amendment No.2)

MFRI INCORPORATED

(Name of Issuer)

COMMON STOCK

(Title of class of securities)

552721102

(CUSIP Number)

STRATEGIC VALUE PARTNERS
CARL W. DINGER III
PO BOX 897
BERTHOUD, CO 80513

FISMA & OMB Memorandum M-07-16

(Name, address and telephone number of persons
authorized to
receive notices and communications)

JANUARY 19, 2017

(Date of event which requires filing of this statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box:

/ /.

Note: Schedules filed in paper format shall include a signed original and five copies of Schedule, including

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CORPORATION FINANCE

all exhibits. See 240.13d-7 for other parties to whom copies are to be sent.

*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 disclosures provided in a prior cover page.

The information required on 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).

<PAGE>

CUSIP No. 552721102

1. NAMES OF REPORTING PERSONS. I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY):

Carl W. Dinger III*	XXX-XX-XXXX
Carousel World L.P.	XX-XXXXXXX
Ashley E. Dinger	XXX-XX-XXXX
Caleigh N. Dinger	XXX-XX-XXXX
Shelby C. Dinger	XXX-XX-XXXX
Kenneth E. Stroup, Jr.	XXX-XX-XXXX

(*individually and as general partner for Carousel World LP)

2. CHECK THE APPROPRIATE BOX IF MEMBER OF A GROUP

(a) / X /

(b) / /

3. SEC USE ONLY

4. SOURCE OF FUNDS (SEE INSTRUCTIONS)

PF, 00 of each reporting person of the group

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e)

/ /

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Carl W. Dinger III - USA
Ashley E. Dinger - USA
Caleigh N. Dinger - USA
Shelby C. Dinger - USA
Kenneth E. Stroup, Jr. - USA
Carousel World LP - A Colorado Limited
Partnership

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING
PERSON:

7. SOLE VOTING POWER

8. SHARED VOTING POWER

440,827

9. SOLE DISPOSITIVE POWER

10. SHARED DISPOSITIVE POWER

440,827

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH
REPORTING PERSON:

Carl W. Dinger III -	156,400	shares common
Carousel World LP -	80,000	shares common
Ashley E. Dinger -	65,800	shares common
Caleigh N. Dinger -	39,700	shares common
Shelby C. Dinger -	37,400	shares common
Kenneth E. Stroup, Jr. -	61,527	shares common

12. CHECK IF THE AGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

/ /

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.82%

14. TYPE OF REPORTING PERSON

IN, CO (all related)

SPECIAL INSTRUCTIONS FOR COMPLYING WITH SCHEDULE 13D

The following constitutes the Schedule 13D filed by the Undersigned:

ITEM 1. SECURITY AND ISSUER

This statement relates to the Common Stock, \$0.01 par value per share ("the shares"), of MFRI Inc., (the "Issuer"). The principal offices of the issuer are at 6410 W. Howard Street, Niles, IL 60714.

ITEM 2. IDENTITY AND BACKGROUND

a.) This statement has been filed jointly by Carl W. Dinger III, Carl W. Dinger III's children, (Ashley, Caleigh and Shelby), Kenneth E. Stroup Jr., and by Carousel World L.P., a limited partnership in Colorado.

b.) The principal address of each person or entity in the group is as follows:

Carl W. Dinger III, (and children)
PO Box 897
Berthoud, CO 80513

Carousel World L.P.
P.O. Box 897
Berthoud, CO 80513

Kenneth E. Stroup, Jr.

FISMA & OMB Memorandum M-07-16

c.) Present Principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted;

Carl W. Dinger III – General Partner of Carousel World LP, (address same as in (b.))

Ashley E. Dinger – Self-Employed

Caleigh N. Dinger – Student

Shelby C. Dinger – Student

Kenneth E. Stroup, Jr. – Private Investor

d.) No reporting person in the group has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

e.) None of the reporting persons in this group has, during the last five years, been party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or State securities laws or finding any violation with respect to such laws.

f.) Mr. Carl W. Dinger III, his children, and Kenneth E. Stroup, Jr. are all US citizens and Carousel World LP is a Colorado limited partnership.

ITEM 3. SOURCE AND AMOUNT OF FUNDS

The source of funds of each of the reporting persons in the group are the personal funds of each individual and in some cases, borrowings from investment brokerage

accounts supported by several equity holdings.

ITEM 4. PURPOSE OF THE TRANSACTION

The group owns a 5.82% stake in the issuer. Carl W. Dinger III and Kenneth Stroup recently met with MFRI's Board of Directors to discuss a possible sale of the Company and other steps to enhance shareholder value. While the Group agrees with the decisions made to sell underperforming divisions over the recent past, nothing has been done to date to enhance shareholder value except for a largely unexecuted \$2 million buyback that was authorized in February 2015. Following a letter dated January 5th 2017 requesting a stock repurchase program and representation on the Board, on January 18, 2017, the filers sent a formal letter to the Board requesting the inclusion of a share repurchase proposal as detailed in Exhibit 1 and 2 below for the annual shareholder's meeting. The deadline for inclusion in the proxy occurs this week and the deadline for the nomination for directors to the Board will follow shortly thereafter. Note that the account support data regarding the holding period requirement was specifically left out of this filing but was properly filed with the Secretary of the Corporation.

ITEM 5. INTEREST IN THE SECURITIES OF THE ISSUER

As reported in the Issuer's 10Q for the quarter ending 10/31/16, the issuer had 7,568,946 common shares outstanding. The reporting persons forming the group own an aggregate of 440,827 common shares representing 5.82% of the Issuer's shares outstanding. Each member of the reporting group owns shares individually as follows:

Carl W. Dinger III	156,400
Carousel World L.P.	80,000
Ashley E. Dinger	65,800
Caleigh N. Dinger	39,700
Shelby C. Dinger	37,400
Kenneth E. Stroup, Jr.	<u>61,527</u>
Total:	440,827

c.) Transactions over the past sixty days are as follows, (all purchases):

11/23/16	200	\$8.47
11/28/16	300	\$8.49
12/13/16	2500	\$7.69
12/27/16	200	\$8.17

d.) No person other than the Reporting Persons is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such shares of the Common Stock.

e.) Not applicable.

ITEM 6. CONTRACTS, AGREEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Other than described herein, there are no contracts, arrangements or understandings among the Reporting Persons, (other than the formation of this group on October 17, 2016 seeking the actions described herein), or between the Reporting Persons and any other Person, with respect to the securities of the Issuer.

ITEM 7. MATERIALS TO BE FILED AS EXHIBITS

Please see Exhibit 1, Letter to the Board of MFRI, and Exhibit 2, Shareholder proposal by Carl W. Dinger III.

SIGNATURES

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

JANUARY 19, 2017

DATE

(Carl W. Dinger III, individually, and as general partner of Carousel World LP).

<Carl W. Dinger III>

SIGNATURE

(Ashley E. Dinger, individually)

<Ashley E. Dinger>

SIGNATURE

(Caleigh N. Dinger, individually)

<Caleigh N. Dinger>

(Shelby C. Dinger, individually)

<Shelby C. Dinger>

(Kenneth E. Stroup Jr., individually)

<Kenneth E. Stroup, Jr.>

EXHIBIT 1:

VIA UPS NEXT DAY DELIVERY

January 18, 2017

Secretary of the Corporation

MFRI, Inc.

6410 Howard St.

Niles, IL 60714

Dear Sir:

Please find attached a proposal for inclusion in the proxy for the MFRI shareholder's annual meeting later this year pursuant to the provisions of the SEC Rule 14a-8 (17 CFR 240.14a-8) under the Exchange Act.

Please note that I am submitting this proposal individually but that the proposal has the support of all the members of Strategic Value Partners and that they intend to vote in favor of this proposal. I have held well in excess of \$2,000 of MFRI's stock for greater than one year and fully intend to hold the same through the annual meeting. I have provided statements from E*Trade of one of my several accounts (from December 2015 to December 2016) as evidence of the same.

In terms of the requirements of your bylaws, which are in addition to the SEC requirements, we are supplying the additional information as required in Section 9 (b)(5) of MFRI's Bylaws:

A. Name and Address of Such Person:

Carl W. Dinger III

PO Box 897

Berthoud, CO 80513

B. Class or series and number of shares owned of capital stock of the Corporation which are owned beneficially or of record by such person:

MFRI Common Stock, \$0.01 par value per share.

Proposer Carl W. Dinger III owns 156,400 shares beneficially and is the member of a group formed as Strategic Value

Partners that owns 440,827 shares. Carl W. Dinger III disclaims beneficial ownership of the shares of the group however is the General Partner of Carousel World LP and has the right to vote those shares as well. All the other members of the group have the right to vote their own shares.

C. The nominee holder for, and number of, shares beneficially owned but not owned of record by such person:

Please see answer given in B. above.

D. Whether and to the extent to which any hedging or other transactions or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including but not limited to, any derivative, swap, or short positions, profit interests, options, or borrowed or loaned shares) has been made, the intent or effect of which is to mitigate loss or to manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such person with respect to any share of stock of the Corporation:

None

E. To the extent known by the stockholder making such proposal, the name and address of any other stockholder supporting such proposal on the date of such stockholder's proposal:

Other than the proposer, the following stockholder's all intend to support the proposal as submitted including;

Ashley E. Dinger, Caleigh N. Dinger, and Shelby C. Dinger all of: PO Box 897, Berthoud, CO 80513

Carousel World LP of PO Box 897, Berthoud, CO 80513

Kenneth E. Stroup, JR. of

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F. A description of all arrangements or understandings between or among such persons:

There are no formal understandings between the parties other than the members of Strategic Value Partners believes that management needs to enhance shareholder value via stock repurchases. There are no contracts between the parties as outlined in the 13D and 13D/A filings with the Securities and Exchange Commission.

G. Whether such person intends to solicit proxies in connection with such Stockholder matter:

Carl W. Dinger III intends to seek support for his proposal via telephonic meetings, direct meetings or via traditional mail communications.

H. A representation that the stockholder intends to appear in person or by proxy at the meeting to bring such Stockholder Matter before the meeting:

Carl W. Dinger III intends to appear in person at the annual meeting to bring this matter before the annual meeting

Thank you for your attention in this matter.

Sincerely,

Carl W. Dinger III, Individually
PO Box 897
Berthoud, CO 80513

FISMA & OMB Memorandum M-07-16

EXHIBIT 2.

SHAREHOLDER PROPOSAL SUBMITTED BY CARL W. DINGER III FOR INCLUSION IN MFRI'S PROXY 2017 ANNUAL MEETING

RESOLVED: The shareowners of MFRI recommend that the Board of Directors authorize and implement a three-year share repurchase program that would repurchase 1,000,000 shares of MFRI stock.

SUPPORTING STATEMENT

MFRI's stock price has significantly underperformed all major stock indices during the past five years. There has been only a de minimis return, if any, to shareowners at large during this period. Additionally, MFRI has done very little to enhance shareholder value via returning capital to shareholders either through a share buyback or dividend. In February 2015, MFRI's board of Directors did approve and authorize a \$2 million share repurchase program over a two-year period. However, after repurchasing 28,000 shares in February, 2015 and 17,000 shares in March, 2015 at a total cost of \$292,510, no additional shares have been repurchased since then. Thus, only 14.63% of the total share repurchase authorization has been implemented.

Notwithstanding this significant lack of performance by MFRI's stock and any significant attempt to enhance shareholder value, large amounts of compensation in the form of cash, stock and stock option awards were imparted to MFRI Senior Executives and members of the Board of Directors during this same five year period. MFRI's publicly filed proxy statements for the years 2012, 2013, 2014 and 2015 disclose that \$11,126,827 in such compensation was awarded during these four years. Presumably, a similar amount was disbursed to MFRI Senior Executives and the Board during 2016. The market capitalization of MFRI as of the filing of this proxy proposal is \$64.85 million as of January 17, 2017. Therefore, at least \$12,500,000 was disbursed as total compensation to Senior Executives and members of the Board of Directors during 2012-2016 and comprises approximately 20% of the current market capitalization of MFRI. This compensation is excessive when the shareowners at large have received virtually no return on their investment and one unfulfilled attempt by the Board to enhance shareholder value.

MFRI has minimal net debt and has in excess of \$9 million in cash in foreign subsidiaries. MFRI's overall financial balance sheet clearly would support the share buyback contemplated by the above resolution. In addition, by reducing the total number of outstanding shares it would help to facilitate the eventual sale of the Company should the Company decide to pursue that course of action.

We respectfully urge all shareowners to vote in favor of this proposal.



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Gregory W. Hayes
gregory.hayes@dlapiper.com
T 312.368.2155
F 312.251.2188

February 24, 2017

OUR FILE NO. 241690-000001

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
Mail Stop 4561
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal Submitted by Carl W. Dinger III

Dear Sir or Madam:

We are counsel to MFRI, Inc. ("MFRI" or the "Company"). MFRI received a letter dated January 18, 2017 from Carl W. Dinger III ("Mr. Dinger"), which contains a proposal (the "Proposal") for inclusion in MFRI's proxy statement and form of proxy for MFRI's 2017 annual meeting of stockholders (collectively, the "2017 Proxy Statement"). For the reasons discussed below, MFRI intends to exclude the Proposal from its 2017 Proxy Statement.

The Company intends to file its 2017 Proxy Statement with the Commission on or after May 19, 2017. Accordingly, pursuant to Rule 14a-8(j), we are submitting this letter on behalf of MFRI not less than 80 calendar days before the Company files its definitive materials and form of proxy with the Commission.

In accordance with Rule 14a-8(j), a copy of this letter is being provided on this date to the Proponent, informing it of the Company's intention to omit the Proposal from the 2017 Proxy Statement. We are taking this opportunity to notify the Proponent that if it elects to submit additional correspondence to the Commission or the Staff, copies of that correspondence should concurrently be furnished to the undersigned on behalf of the Company pursuant to Rule 14a-8(k).

Pursuant to Staff Legal Bulletin No. 14D (CF) "Shareholder Proposals" (Nov. 7, 2008), Question C, we have submitted this letter to the Commission via email to shareholderproposals@sec.gov.

THE PROPOSAL

The Proposal relates to a three-year share repurchase program to repurchase 1,000,000 shares of MFRI stock. A copy of Mr. Dinger's letter and the Proposal is attached hereto as Exhibit A.

BASIS FOR EXCLUSION

We hereby respectfully request that the Staff of the Division of Corporation Finance (the "Staff") concur in our view that the Proposal and apparent statements in support thereof received from Mr. Dinger



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Division of Corporation Finance
Office of Chief Counsel
February 24, 2017
Page Two

may be excluded from the 2017 Proxy Statement pursuant to Rule 14a-8(i)(7), because the Proposal deals with matters related to MFRI's ordinary business operations.

ANALYSIS

The Proposal may be excluded under Rule 14a-8(i)(7), because the Proposal deals with matters related to the Company's ordinary business operations.

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company's "ordinary business operations." According to the U.S. Securities and Exchange Commission (the "Commission"), the underlying policy of the ordinary business exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholder meeting." *Exchange Act Release No. 40018, Amendments to Rules on Shareholder Proposals*, [1998 Transfer Binder] *Fed. Sec. L. Rep. (CCH) ¶ 86,018* (May 21, 1998) (the "1998 Release").

In the 1998 Release, the Commission described two "central considerations" for the ordinary business exclusion. The first is that certain tasks are "so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." "The second consideration relates to the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.* (footnote omitted).

The Commission has consistently taken the position that proposals relating to the mechanics or implementation of a share repurchase program are matters that relate to a company's ordinary business operations, and are therefore excludable under Rule 14a-8(i)(7).

MFRI's share repurchase program is part of its capital raising, capital management, and overall financing activities. Decisions with respect to these matters are made after management has reviewed the capital needs of the Company in light of current and anticipated economic and financial conditions. Such decisions affect MFRI's ordinary business operations, including decisions relating to the allocation of financial resources to finance MFRI's operations, compliance with financial covenants, and MFRI's ability to grow through acquisitions, and are a fundamental aspect of the business and affairs of a corporation to be managed by the company's board of directors.

The decision regarding when, how and to what extent MFRI should enter the stock market to repurchase its shares is complex, dynamic, and dependent on a variety of constantly changing



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considerations. To best serve the interests of MFRI and its shareholders, management requires greater freedom to exercise its judgment than prospectively articulated, static constraints can afford.

In addition, the Proposal seeks to micro-manage the Company by having shareholders participate in a decision upon which shareholders, as a group, are not in a position to make an informed judgment. The decision to repurchase shares and when to do so involves expert financial analysis, which must be consistent with the other current and long-term financial policies and goals of the Company. Such a decision also requires specific, detailed knowledge about the Company's financial forecasts and business plans, information that is not generally available to shareholders.

The Staff has consistently concurred in the omission under Rule 14a-8(i)(7) of a variety of proposals related to the repurchase of a corporation's stock as a matter relating to the conduct of the corporation's ordinary business operations. See, e.g., *Harris & Harris Group, Inc.* (Apr. 3, 2015) (proposal to buy back stock on a quarterly basis utilizing 5% of existing cash when the stock is selling for more than a 10% discount to book value); *Fauquier Bankshares, Inc.* (Feb. 21, 2012) (proposal to require the company to annually buy back shares commensurate to shares granted directly or indirectly to officers and directors); *Concurrent Computer Corporation* (July 13, 2011) (proposal to undertake a Dutch Auction Tender Offer to repurchase up to \$7.5 million of common stock); *Vishay Intertechnology, Inc.* (Mar. 23, 2009) (proposal to repurchase the company's class B shares within a certain amount of time in exchange for the company's common stock); *Medstone International, Inc.* (May 1, 2003) (proposal to repurchase one million shares of the company's common stock in a 12 month period); *Apple Inc.* (Mar. 3, 2003) (proposal to set certain parameters restricting a share repurchase program); *Lucent Technologies Inc.* (Nov. 16, 2000) (proposal to implement a share repurchase program); *Ford Motor Company* (Mar. 28, 2000) (proposal to institute a \$10 billion share repurchase program); *The LTV Corporation* (Mar. 13, 2000) (proposal to implement a \$100 million share repurchase program). See also *Pfizer, Inc.* (Feb. 4, 2005) (proposal to increase dividend in lieu of repurchasing the company's shares); *Cleco Corp.* (Jan. 21, 2003) (proposal to redeem a series of preferred stock); *American Recreation Centers, Inc.* (Dec. 18, 1996) (proposal to repurchase common stock to reduce the number of shares outstanding to a designated amount); *Food Lion, Inc.* (Feb. 22, 1996) (proposal to amend a stock repurchase plan to, among other things, expand the amount of stock repurchased); *Clothestime, Inc.* (Mar. 13, 1991) (proposal to repurchase 2.5 million shares of common stock in the open market under specified terms and conditions); *Chevron Corporation* (Feb. 15, 1990) (proposal to repurchase common stock in the open market under specified terms and conditions); *Research Cottrell, Inc.* (Dec. 31, 1986) (proposal to repurchase up to 2 million shares of common stock in open market or block transactions).



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The Proposal does not relate to an extraordinary corporate transaction, such as a sale, merger or other disposition of the Company, or to any other sufficiently significant policy issue or basic corporate policy, such as employment policies or anti-takeover defenses. *See Ford Motor Co.* (Mar. 29, 2000) (the Staff did not concur with the company's view to exclude a proposal related to stock repurchases because "the proposal appear[ed] to involve a matter of basic policy, *rather than the specific terms and conditions of a stock repurchase plan*" (emphasis added)). Rather, the Proposal seeks to have the Company repurchase 1,000,000 shares of stock over a three year period. Because the Proposal focuses on the specific terms and conditions of a stock repurchase, the Company believes that the Proposal relates solely to matters within the ordinary course of the Company's business operations and may be omitted from the 2017 Proxy Materials pursuant to Rule 14a-8(i)(7). For example, in each of *Fauquier Bankshares, Inc.* (Feb. 21, 2012) and *Concurrent Computer Corporation* (July 13, 2011), the Staff noted "that the proposal relate[d] to the implementation and particular terms of share repurchase program."

Because the Proposal relates to the conduct of ordinary business operations of the company, MFRI believes that it may omit the Proposal from its 2017 Proxy Materials under Rule 14a-8(i)(7).

CONCLUSION

Based upon the foregoing analysis, we respectfully request that the Staff concur that it will take no action if MFRI excludes the Proposal from its 2017 Proxy Statement. We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. If we can be of any further assistance in this matter, please do not hesitate to contact the undersigned at (312) 368-2155.

Very truly yours,

DLA Piper LLP (US)

A handwritten signature in black ink, appearing to read 'Gregory W. Hayes', with a horizontal line extending to the right.

Gregory W. Hayes

Enclosure

cc: David Barrie, MFRI, Inc.
David Mansfield, MFRI, Inc.
Carl W. Dinger III



EXHIBIT A

Letter from Carl W. Dinger III

(Attached)

VIA UPS NEXT DAY DELIVERY

January 18, 2017

Secretary of the Corporation

MFRI, Inc.

6410 Howard St.

Niles, IL 60714

Dear Sir:

Please find attached a proposal for inclusion in the proxy for the MFRI shareholder's annual meeting later this year pursuant to the provisions of the SEC Rule 14a-8 (17 CFR 240.14a-8) under the Exchange Act.

Please note that I am submitting this proposal individually but that the proposal has the support of all the members of Strategic Value Partners and that they intend to vote in favor of this proposal. I have held well in excess of \$2,000 of MFRI's stock for greater than one year and fully intend to hold the same through the annual meeting. I have provided statements from E*Trade of one of my several accounts (from December 2015 to December 2016) as evidence of the same.

In terms of the requirements of your bylaws, which are in addition to the SEC requirements, we are supplying the additional information as required in Section 9 (b)(5) of MFRI's Bylaws:

A. Name and Address of Such Person:

Carl W. Dinger III

PO Box 897

Berthoud, CO 80513

B. Class or series and number of shares owned of capital stock of the Corporation which are owned beneficially or of record by such person:

MFRI Common Stock, \$0.01 par value per share.

Proposer Carl W. Dinger III owns 156,400 shares beneficially and is the member of a group formed as Strategic Value Partners that owns 440,827 share. Carl W. Dinger III disclaims beneficial ownership of the shares of the group however is the General Partner of Carousel World LP and has the right to vote those shares as well. All the other members of the group have the right to vote their own shares.

C. The nominee holder for, and number of, shares beneficially owned but not owned of record by such person:

Please see answer given in B. above.

D. Whether and to the extent to which any hedging or other transactions or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including but not limited to, any derivative, swap, or short positions, profit interests, options, or borrowed or loaned shares) has been made, the intent or effect of which is to mitigate loss or to manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such person with respect to any share of stock of the Corporation:

None

E. To the extent known by the stockholder making such proposal, the name and address of any other stockholder supporting such proposal on the date of such stockholder's proposal:

Other than the proposer, the following stockholder's all intend to support the proposal as submitted including;

Ashley E. Dinger, Caleigh N. Dinger, and Shelby C. Dinger all
of: PO Box 897, Berthoud, CO 80513

Carousel World LP of PO Box 897, Berthoud, CO 80513

Kenneth E. Stroup, JR. of ***FISMA & OMB Memorandum M-07-16 ***

***FISMA & OMB Memorandum M-07-16 ***

**F. A description of all arrangements or understandings
between or among such persons:**

There are no formal understandings between the parties other than the members of Strategic Value Partners believes that management needs to enhance shareholder value via stock repurchases. There are no contracts between the parties as outlined in the 13D and 13D/A filings with the Securities and Exchange Commission.

**G. Whether such person intends to solicit proxies in
connection with such Stockholder matter:**

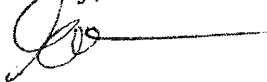
Carl W. Dinger III intends to seek support for his proposal via telephonic meetings, direct meetings or via traditional mail communications.

**H. A representation that the stockholder intends to appear
in person or by proxy at the meeting to bring such
Stockholder Matter before the meeting:**

Carl W. Dinger III intends to appear in person at the annual meeting to bring this matter before the annual meeting

Thank you for your attention in this matter.

Sincerely,



Carl W. Dinger III, Individually

PO Box 897

Berthoud, CO 80513

FISMA & OMB Memorandum M-07-16

**SHAREHOLDER PROPOSAL SUBMITTED BY CARL W. DINGER III FOR
INCLUSION IN MFRI'S PROXY 2017 ANNUAL MEETING**

RESOLVED: The shareowners of MFRI recommend that the Board of Directors authorize and implement a three-year share repurchase program that would repurchase 1,000,000 shares of MFRI stock.

SUPPORTING STATEMENT

MFRI's stock price has significantly underperformed all major stock indices during the past five years. There has been only a de minimis return, if any, to shareowners at large during this period. Additionally, MFRI has done very little to enhance shareholder value via returning capital to shareholders either through a share buyback or dividend. In February 2015, MFRI's board of Directors did approve and authorize a \$2 million share repurchase program over a two-year period. However, after repurchasing 28,000 shares in February, 2015 and 17,000 shares in March, 2015 at a total cost of \$292,510, no additional shares have been repurchased since then. Thus, only 14.63% of the total share repurchase authorization has been implemented.

Notwithstanding this significant lack of performance by MFRI's stock and any significant attempt to enhance shareholder value, large amounts of compensation in the form of cash, stock and stock option awards were imparted to MFRI Senior Executives and members of the Board of Directors during this same five year period. MFRI's publicly filed proxy statements for the years 2012, 2013, 2014 and 2015 disclose that \$11,126,827 in such compensation was awarded during these four years.

Presumably, a similar amount was disbursed to MFRI Senior Executives and the Board during 2016. The market capitalization of MFRI as of the filing of this proxy proposal is \$64.85 million as of January 17, 2017. Therefore, at least \$12,500,000 was disbursed as total compensation to Senior Executives and members of the Board of Directors during 2012-2016 and comprises approximately 20% of the current market capitalization of MFRI. This compensation is excessive when the shareowners at large have received virtually no return on their investment and one unfulfilled attempt by the Board to enhance shareholder value.

MFRI has minimal net debt and has in excess of \$9 million in cash in foreign subsidiaries. MFRI's overall financial balance sheet clearly would support the share buyback contemplated by the above resolution. In addition, by reducing the total number of outstanding shares it would help to facilitate the eventual sale of the Company should the Company decide to pursue that course of action.

We respectfully urge all shareowners to vote in favor of this proposal.