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MICROFINANCIAL INC  
Form SC 13D  
January 19, 2001

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Schedule 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934

MICROFINANCIAL INCORPORATED  
(Name of Issuer)

COMMON STOCK, PAR VALUE \$.01 PER SHARE  
(Title of Class of Securities)

595072109  
(CUSIP Number)

Goodloe M. Partee, Esq.  
Kutak Rock LLP  
425 West Capitol Avenue, Suite 1100  
Little Rock, Arkansas 72201  
(501) 975-3000

(Name, Address and Telephone Number of Person Authorized To Receive Notices and Communications)

January 11, 2000  
(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 which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g) check the following box [ ]

CUSIP NO. 595072109  
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-----  
1. NAMES OF REPORTING PERSON Key Colony Fund, L.P.  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only).  
-----

-----  
2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)  
(a) [ ]  
(b) [ ]  
-----

3 SEC USE ONLY  
-----

4 SOURCE OF FUNDS (See Instructions)  
WC  
-----

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT

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TO ITEMS 2(d) or 2(e)

5 Not Applicable

CITIZENSHIP OR PLACE OF ORGANIZATION

6 Delaware

SOLE VOTING POWER

7  
NUMBER OF 495,000  
SHARES

SHARED VOTING POWER

8  
BENEFICIALLY OWNED BY 0  
EACH

SOLE DISPOSITIVE POWER

9  
REPORTING PERSON 495,000

SHARED DISPOSITIVE POWER

10  
WITH 0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11  
495,000

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12  
(See Instructions) Not Applicable

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13  
3.89%

TYPE OF REPORTING PERSON (See Instructions)

14  
IC

CUSIP NO. 595072109

1 NAME OF REPORTING PERSON Lieblong Transport, Inc.

I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only).

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

2 (a)   
(b)

SEC USE ONLY

3

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-----  
SOURCE OF FUNDS (See Instructions)  
4 WC  
-----

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT  
TO ITEMS 2(d) or 2(e) []  
5 Not Applicable  
-----

CITIZENSHIP OR PLACE OF ORGANIZATION  
6 Delaware  
-----

SOLE VOTING POWER  
7  
NUMBER OF 5,000  
SHARES  
-----  
SHARED VOTING POWER  
8  
OWNED BY 0  
EACH  
9  
SOLE DISPOSITIVE POWER  
REPORTING 5,000  
PERSON  
-----  
SHARED DISPOSITIVE POWER  
WITH 10  
0  
-----

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
11 5,000  
-----

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES  
12 (See Instructions) Not Applicable  
-----

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
13 .04%  
-----

TYPE OF REPORTING PERSON (See Instructions)  
14 CO  
-----

CUSIP NO. 595072109  
-----

1 NAME OF REPORTING PERSON Alex R. Lieblong IRA  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only).  
-----

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-----  
2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)  
(a)   
(b)

-----  
3 SEC USE ONLY

-----  
4 SOURCE OF FUNDS (See Instructions)  
PF

-----  
5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT  
TO ITEMS 2(d) or 2(e)   
Not Applicable

-----  
6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Arkansas

-----  
7 SOLE VOTING POWER  
NUMBER OF 7  
SHARES 4,100

-----  
8 SHARED VOTING POWER  
BENEFICIALLY OWNED BY 8  
EACH 0

-----  
9 SOLE DISPOSITIVE POWER  
REPORTING PERSON 9  
4,100

-----  
10 SHARED DISPOSITIVE POWER  
WITH 10  
0

-----  
11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
4,100

-----  
12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES  
(See Instructions) Not Applicable

-----  
13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
.03%

-----  
14 TYPE OF REPORTING PERSON (See Instructions)  
EP

-----  
CUSIP NO. 595072109  
-----

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1 NAME OF REPORTING PERSON Key Colony Management LLC  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (entities only).

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)  
(a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)  
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT  
TO ITEMS 2(d) or 2(e)   
Not Applicable

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

7 SOLE VOTING POWER  
NUMBER OF 495,000  
SHARES

8 SHARED VOTING POWER  
BENEFICIALLY OWNED BY 0

9 SOLE DISPOSITIVE POWER  
EACH REPORTING PERSON 495,000

10 SHARED DISPOSITIVE POWER  
WITH 0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
495,000

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES  
(See Instructions) Not Applicable

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
3.89%

TYPE OF REPORTING PERSON (See Instructions)

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14

HC

CUSIP NO. 595072109

1 NAME OF REPORTING PERSON Alex R. Lieblong

I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only).

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)  
(a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)  
PF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)   
Not Applicable

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
United States

		SOLE VOTING POWER
NUMBER OF	7	
SHARES		591,700
		-----
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY		37,600
		-----
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		
PERSON		591,700
		-----
WITH	10	SHARED DISPOSITIVE POWER
		37,600

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
629,300

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

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(See Instructions) Not Applicable

-----  
13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
4.95%

-----  
14 TYPE OF REPORTING PERSON (See Instructions)  
IN

-----  
CUSIP NO. 595072109  
-----

-----  
1 NAME OF REPORTING PERSON Paul Spann  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only).

-----  
2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)  
(a)   
(b)

-----  
3 SEC USE ONLY

-----  
4 SOURCE OF FUNDS (See Instructions)  
PF

-----  
5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT  
TO ITEMS 2(d) or 2(e)   
Not Applicable

-----  
6 CITIZENSHIP OR PLACE OF ORGANIZATION  
United States

-----  
7 SOLE VOTING POWER  
NUMBER OF 8,900  
SHARES

-----  
8 SHARED VOTING POWER  
BENEFICIALLY OWNED BY 0

-----  
9 SOLE DISPOSITIVE POWER  
EACH 8,900  
REPORTING PERSON

-----  
10 SHARED DISPOSITIVE POWER  
WITH 0

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AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

8,900

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

12

(See Instructions) Not Applicable

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

.07%

TYPE OF REPORTING PERSON (See Instructions)

14

IN

CUSIP NO. 595072109

1 NAME OF REPORTING PERSON Jason R. Lieblong

I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (entities only).

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS (See Instructions)

4

PF

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

5

Not Applicable

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

NUMBER OF

15,300

SHARES

SHARED VOTING POWER

BENEFICIALLY

8

OWNED BY

0

EACH

SOLE DISPOSITIVE POWER

9



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REPORTING		15,300
PERSON	-----	
	SHARED DISPOSITIVE POWER	
WITH	10	0
-----		
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	
	15,300	
-----		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	
	(See Instructions)	Not Applicable
-----		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)	
	.12%	
-----		
14	TYPE OF REPORTING PERSON (See Instructions)	
	IN	
-----		

ITEM 1. SECURITY AND ISSUER.

This Schedule 13D relates to the Common Stock, par value \$.01 per share (the "Common Stock"), of Microfinancial Incorporated, a Massachusetts corporation (the "Company"). The principal executive offices of the Company are located at 950 Winter Street, Waltham, MA 02451.

ITEM 2. IDENTITY AND BACKGROUND.

(a) This statement is filed by the following entities (the "Reporting Persons"):

- (i) Key Colony Fund, LP, a Delaware limited partnership (the "Fund"), with respect to shares of Common Stock held directly by it;
- (ii) Lieblong Transport, Inc., a Delaware corporation ("Transport"), with respect to shares of Common Stock held directly by it;
- (iii) Alex R. Lieblong IRA ("IRA"), with respect to shares of Common Stock held directly by it;
- (iv) Key Colony Management LLC, a Delaware limited liability company (the "General Partner"), with respect to shares of Common Stock held by the Fund;
- (v) Alex R. Lieblong, an United States citizen, with respect to shares of Common Stock held directly by him and shares held by the Fund, Transport and the IRA;
- (vi) Jason R. Lieblong, an United States citizen, with respect to shares of Common Stock held directly by him; and
- (vii) Paul Spann, an United States citizen, with respect to shares of Common Stock held directly by him.

(b) The business address for each of the Reporting Persons is 10825 Financial

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Centre Parkway, Suite 100, Little Rock, AR 72211.

- (c) The Fund is a private investment partnership, and its general partner is the General Partner. Transport's business includes investments and the operation of an airplane, and it is controlled by Mr. Alex Lieblong, who also serves as its director and officer. The General Partner manages the Fund, and Mr. Lieblong is the General Partner's sole member. Messrs. Alex Lieblong, Jason Lieblong and Paul Spann are all employees of Lieblong & Associates, Inc., which is controlled by Mr. Alex Lieblong. The business address of Lieblong and Associates, Inc. is 10825 Financial Centre Parkway, Suite 100, Little Rock, AR 72211.
- (d) None of the Reporting Persons has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations and similar misdemeanors).
- (e) None of the Reporting Persons has, during the last five years, been a 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 maintaining activities subject to, federal or state securities laws or finding any violation with respect to such laws.

- (f) See (a) above.

**ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.**

The Reporting Persons purchased an aggregate of 653,500 shares of the Common Stock of the Company with funds in the amount of \$6,907,280. These funds were from the working capital of the business entities and the personal funds of the individuals.

**ITEM 4. PURPOSE OF TRANSACTION.**

The Common Stock of the Company was purchased by the Reporting Persons primarily for investment purposes. The Reporting Persons will evaluate the Company's financial condition, business operations and prospects, the market price of the Common Stock, alternative investment opportunities, conditions in the securities market generally and other factors on an ongoing basis. Accordingly, the Reporting Persons reserve the right to change their plans and intentions at any time. The reporting Persons specifically reserve the right to purchase additional shares or sell shares of Common Stock of the Company on the open market or in private transactions, to communicate with other shareholders of the Company, to seek the election of representation of any of the Reporting Persons or their associates to the Board of Directors of the Company and to take other action that could influence or control management of the Company.

**ITEM 5. INTEREST IN SECURITIES OF THE COMPANY.**

- (a) Information with respect to the aggregate number, and percentage, of all shares of Common Stock beneficially owned as of January 18, 2001 by each of the Reporting Persons is set forth below. Percentage calculations are based on an assumed 12,710,946 shares of outstanding Common Stock, as shown on the Company Form 10-Q for the quarter ended September 30, 2000.

NAME	SHARES OF ----- COMMON STOCK	PERCENTAGE OF ----- OUTSTANDING
------	------------------------------------	---------------------------------------

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		SHARES
Key Colony Fund, L.P.	495,000	3.89%
Lieblong Transport, Inc.	5,000	.04%
Alex R. Lieblong IRA	4,100	.03%
Key Colony Management LLC	495,000	3.89%
Alex R. Lieblong	629,300	4.95%
Paul Spann	8,900	.07%
Jason R. Lieblong	15,300	.12%

- (b) The Reporting Persons' response to Items 7 through 13 of the cover pages of this Schedule 13D relating to beneficial ownership of shares of Common Stock are incorporated herein by reference. Mr. Alex R. Lieblong, as manager of the General Partner and shareholder and director of Transport, has the sole power to vote and dispose of the shares of Common Stock beneficially owned by the Fund, the General Partner, Transport and the IRA.
- (c) The Reporting Persons, at the present time, collectively own 653,500 shares of the Common Stock (constituting approximately 5.14% of all of the outstanding shares of Common Stock). Transactions in the open market by the Fund and Mr. Jason R. Lieblong in shares of Common Stock of the Company in the last sixty days are listed below. No other Reporting Person effected transactions in the Common Stock in the last 60 days.

KEY COLONY FUND, L.P.

DATE	NUMBER OF SHARES	PRICE PER SHARE
1/18/01	1,900	12.875
1/12/01	5,000	12.5
1/11/01	2,500	12.5
1/9/01	10,000	12.375
1/8/01	2,700	12.5
1/3/01	1,000	12
1/2/01	2,000	11.75
12/19/00	1,500	11.5
12/18/00	7,900	11.25
12/15/00	500	11.25
12/1/00	1,500	10.5
11/24/00	2,100	10.375
11/24/00	3,000	10.375
11/20/00	10,000	10
11/16/00	3,000	10.125
11/16/00	6,000	10.1875

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JASON R. LIEBLONG

DATE	NUMBER OF SHARES	PRICE PER SHARE
12/18/00	2,500	11.250

DATE	NUMBER OF SHARES	PRICE PER SHARE
12/18/00	2,000	11.250
12/11/00	1,800	11.375
11/28/00	2,000	10.938
11/28/00	1,000	10.938
11/28/00	1,000	10.813

(d) Except for Ms. JoAnn Lieblong, who shares voting and dispositive power with Mr. Alex R. Lieblong with respect to 37,600 shares of Common Stock, no other person other than the Reporting Persons has the right to receive or the power to direct the receipt of dividends from, or the proceeds of sale of, any of the Common Stock beneficially owned by the Reporting Persons.

(e) Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE COMPANY.

None.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit A - Agreement as to joint filings pursuant to Regulation Section 240.13d-1(k) (1) (iii).

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.

Dated: January 18, 2000

KEY COLONY FUND, L.P.

By: Key Colony Management LLC  
 By: /s/ Alex R. Lieblong  
 Name: Alex R. Lieblong  
 Title: Manager

LIEBLONG TRANSPORT, INC.

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By: /s/ Alex R. Lieblong  
Name: Alex R. Lieblong  
Title: President

ALEX R. LIEBLONG IRA

/s/ Alex R. Lieblong

KEY COLONY MANAGEMENT LLC

By: /s/ Alex R. Lieblong  
Name: Alex R. Lieblong  
Title: Manager

PAUL SPANN

/s/ Paul Spann

ALEX R. LIEBLONG

/s/ Alex R. Lieblong

JASON R. LIEBLONG

/s/ Jason R. Lieblong

EXHIBIT A

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AGREEMENT AS TO JOINT FILING

Pursuant to Regulation Section 240.13d-1(k)(1)(iii), the undersigned acknowledge and agree that the attached Schedule 13D relating to International Aircraft Investors is being filed on behalf of each of the undersigned.

Dated: January 18, 2000

KEY COLONY FUND, L.P.

By: Key Colony Management LLC  
By: /s/ Alex R. Lieblong  
Name: Alex R. Lieblong  
Title: Manager

LIEBLONG TRANSPORT, INC.

By: /s/ Alex R. Lieblong  
Name: Alex R. Lieblong  
Title: President

ALEX R. LIEBLONG IRA

/s/ Alex R. Lieblong

KEY COLONY MANAGEMENT LLC

By: /s/ Alex R. Lieblong  
Name: Alex R. Lieblong  
Title: Manager

PAUL SPANN

/s/ Paul Spann

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ALEX R. LIEBLONG

/s/ Alex R. Lieblong

JASON R. LIEBLONG

/s/ Jason R. Lieblong