

Edgar Filing: PRG SCHULTZ INTERNATIONAL INC - Form SC 13G

PRG SCHULTZ INTERNATIONAL INC  
Form SC 13G  
November 09, 2006

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OMB APPROVAL  
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OMB Number: 3235-0145  
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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. \_) \*

PRG-SCHULTZ INTERNATIONAL, INC.

-----  
(Name of Issuer)

Common Stock, No par value per share

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

69357C503

-----  
(CUSIP Number)

SEPTEMBER 30, 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)

\*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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SEC 1745 (3-06)

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1. NAME OF REPORTING PERSON:  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

Morgan Stanley  
I.R.S. #36-314-5972

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a) [ ]

(b) [ ]

3. SEC USE ONLY:

4. CITIZENSHIP OR PLACE OF ORGANIZATION:

The state of organization is Delaware.

NUMBER OF SHARES	5. SOLE VOTING POWER: 774,792*
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:	6. SHARED VOTING POWER: 0
	7. SOLE DISPOSITIVE POWER: 774,792*

8. SHARED DISPOSITIVE POWER:  
0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:  
774,792\*

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:

[ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):  
10.7%\*

12. TYPE OF REPORTING PERSON:  
HC, CO

\*Includes shares issuable upon conversion of certain securities held.

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1. NAME OF REPORTING PERSON:

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I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

Morgan Stanley & Co. Incorporated  
I.R.S. #13-265-5998

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a) [ ]

(b) [ ]

3. SEC USE ONLY:

4. CITIZENSHIP OR PLACE OF ORGANIZATION:

The state of organization is Delaware.

NUMBER OF SHARES	5. SOLE VOTING POWER:
BENEFICIALLY	774,792*
OWNED BY	-----
EACH	6. SHARED VOTING POWER:
REPORTING	0
PERSON	-----
WITH:	7. SOLE DISPOSITIVE POWER:
	774,792*
	-----
	8. SHARED DISPOSITIVE POWER:
	0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:  
774,792\*

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:

[ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9):  
10.7%\*

12. TYPE OF REPORTING PERSON:  
BD, CO

\*Includes shares issuable upon conversion of certain securities held.

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Item 1. (a) Name of Issuer:  
PRG-SCHULTZ INTERNATIONAL, INC.

(b) Address of Issuer's Principal Executive Offices:  
600 GALLERIA PARKWAY  
STE 100  
ATLANTA, GA 30339-5949

Item 2. (a) Name of Person Filing:  
(1) Morgan Stanley  
(2) Morgan Stanley & Co. Incorporated

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- (b) Address of Principal Business Office, or if None, Residence:  
(1) 1585 Broadway  
New York, NY 10036  
(2) 1585 Broadway  
New York, NY 10036

- (c) Citizenship:  
(1) The state of organization is Delaware.  
(2) The state of organization is Delaware.  
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- (d) Title of Class of Securities:  
Common Stock  
-----

- (e) CUSIP Number:  
69357C503  
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Item 3. If this statement is filed pursuant to Sections 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).  
Morgan Stanley & Co. Incorporated
- (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 Section 240.3d-1(b)(1)(ii)(E);
- (f)  An employee benefit plan or endowment fund in accordance with Section 240.13d-1(b)(1)(ii)(F);
- (g)  A parent holding company or control person in accordance with Section 240.13d-1(b)(1)(ii)(G);  
Morgan Stanley
- (h)  A savings association 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 Section 240.13d-1(b)(1)(ii)(J).

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Item 4. Ownership as of September 30, 2006.

- (a) Amount beneficially owned:  
See the response(s) to Item 9 on the attached cover page(s).

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(b) Percent of Class:

See the response(s) to Item 11 on the attached cover page(s).

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

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

See the response(s) to Item 5 on the attached cover page(s).

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

See the response(s) to Item 6 on the attached cover page(s).

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

See the response(s) to Item 7 on the attached cover page(s).

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

See the response(s) to Item 8 on the attached cover page(s).

Item 5. Ownership of Five Percent or Less of a Class.  
Not Applicable

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.  
See Exhibit 99.3

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 acquired and are held in the ordinary course of business and 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.

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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: November 9, 2006

Signature: /s/ Jill Ostergaard  
-----

Name/Title: Jill Ostergaard/Managing Director, Morgan Stanley

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-----  
MORGAN STANLEY

Date: November 9, 2006

Signature: /s/ Jill Ostergaard  
-----

Name/Title: Jill Ostergaard/Managing Director, Morgan Stanley & Co. Incorporated  
-----

MORGAN STANLEY & CO. INCORPORATED

EXHIBIT NO. -----	EXHIBITS -----	PAGE -----
99.1	Joint Filing Agreement	7
99.2	Secretary's Certificate Authorizing Jill Ostergaard to Sign on behalf of Morgan Stanley	8
99.3	Item 7 Information	9

\* Attention. Intentional misstatements or omissions of fact constitute federal criminal violations (see 18 U.S.C. 1001).

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EXHIBIT NO. 99.1 TO SCHEDULE 13G  
JOINT FILING AGREEMENT  
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NOVEMBER 9, 2006  
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MORGAN STANLEY and MORGAN STANLEY & CO. INCORPORATED,  
hereby agree that, unless differentiated, this  
Schedule 13G is filed on behalf of each of the parties.

MORGAN STANLEY

BY: /s/ Jill Ostergaard  
-----

Jill Ostergaard/Managing Director, Morgan Stanley

MORGAN STANLEY & CO. INCORPORATED

BY: /s/ Jill Ostergaard  
-----

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Jill Ostergaard/Managing Director, Morgan Stanley & Co. Incorporated

\* Attention. Intentional misstatements or omissions of fact constitute federal criminal violations (see 18 U.S.C. 1001).

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EXHIBIT NO. 99.2  
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MORGAN STANLEY

SECRETARY'S CERTIFICATE

I, Charlene R. Herzer, a duly elected and acting Assistant Secretary of Morgan Stanley, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), certify as follows:

- (1) Gary G. Lynch is the duly elected Executive Vice President, Chief Legal Officer and Secretary of the Corporation;
- (2) Pursuant to Section 7.01 of the Bylaws of the Corporation and resolutions approved by the Board of Directors of the Corporation on September 25, 1998, the Chief Legal Officer is authorized to enter into agreements and other instruments on behalf of the Corporation and may delegate such powers to others under his jurisdiction; and
- (3) Mr. Lynch signed a Delegation of Authority, dated as of April 7, 2006, which authorized Stuart J. M. Breslow, Dennine Bullard, John H. Faulkner, Christopher L. O'Dell and Jill W. Ostergaard to sign reports to be filed under Section 13 and 16 of the Securities Exchange Act of 1934 on behalf of the Corporation. Such authorization is in full force and effect as of this date

IN WITNESS WHEREOF, I have hereunto set my name and affixed the seal of the Corporation as of the 10th day of July, 2006.

\_\_\_\_\_  
Charlene R. Herzer  
Assistant Secretary

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EXHIBIT NO. 99.3  
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ITEM 7 INFORMATION

The securities being reported upon by Morgan Stanley as a parent holding company are owned, or may be deemed to be beneficially owned, by

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Morgan Stanley & Co. Incorporated, a broker dealer registered under Section 15 of the Securities Exchange Act of 1934, as amended. Morgan Stanley & Co. Incorporated is a wholly-owned subsidiary of Morgan Stanley.