

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

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 9)*

Citadel Holding Corporation

(Name of Issuer)

Common Stock, No Par Value

(Title of Class of Securities)

172862104

(CUSIP Number)

Mr. Randall J. Demyan
Dillon Capital Management
Suite 1410
21 East State Street
Columbus, OH 43215
(614) 222-4204

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

January 13, 1995

(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(b)(3) or (4), check the following box.

Check the following box if a fee is being paid with this statement . (A fee is not required only if the reporting person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7.)

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) 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 1 of 14 Pages

SCHEDULE 13D

CUSIP NO. 172862104

Page 2 of 14 Pages

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

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a) X
(b)
3. SEC USE ONLY:
4. SOURCE OF FUNDS*:
WC
5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e):
6. CITIZENSHIP OR PLACE OF ORGANIZATION:
Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON
WITH:

7. SOLE VOTING POWER: 700,000
8. SHARED VOTING POWER: None
9. SOLE DISPOSITIVE POWER: 700,000
10. SHARED DISPOSITIVE POWER: None
11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING
PERSON:
700,000
12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*:
13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):
10.49%
14. TYPE OF REPORTING PERSON*:
PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

CUSIP NO. 172862104 Page 3 of 14 Pages

1. NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:
Roderick H. Dillon Jr.
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a) X
(b)
3. SEC USE ONLY:
4. SOURCE OF FUNDS*:
PF
5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e):
6. CITIZENSHIP OR PLACE OF ORGANIZATION:
U.S.A.

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

7. SOLE VOTING POWER: 5,000
8. SHARED VOTING POWER: None
9. SOLE DISPOSITIVE POWER: 5,000
10. SHARED DISPOSITIVE POWER: None

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

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*:

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):
.075%

14. TYPE OF REPORTING PERSON*:
IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

CUSIP NO. 172862104

Page 4 of 14 Pages

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

Roderick H. Dillon, Jr. - IRA

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

(a)
(b) _____

3. SEC USE ONLY:

4. SOURCE OF FUNDS*:
PF

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

6. CITIZENSHIP OR PLACE OF ORGANIZATION:
U.S.A.

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

7. SOLE VOTING POWER: 90,000
8. SHARED VOTING POWER: None
9. SOLE DISPOSITIVE POWER: 90,000
10. SHARED DISPOSITIVE POWER: None

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:
90,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*:

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):
1.35%

14. TYPE OF REPORTING PERSON*:
IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

CUSIP NO. 172862104

Page 5 of 14 Pages

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

Roderick H. Dillon, Jr. Foundation
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) X
(b)
3. SEC USE ONLY:
4. SOURCE OF FUNDS*:
WC
5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e):
6. CITIZENSHIP OR PLACE OF ORGANIZATION:
Ohio

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON
WITH:

7. SOLE VOTING POWER: 2,000
8. SHARED VOTING POWER: None
9. SOLE DISPOSITIVE POWER: 2,000
10. SHARED DISPOSITIVE POWER: None
11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING
PERSON:
2,000
12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*:
13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):
.030%
14. TYPE OF REPORTING PERSON*:
00

*SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

CUSIP NO. 172862104

Page 6 of 14 Pages

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

Bradley C. Shoup - IRA
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) X
(b)

3. SEC USE ONLY:

4. SOURCE OF FUNDS*:
PF

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

6. CITIZENSHIP OR PLACE OF ORGANIZATION:
U.S.A.

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON
WITH:

7. SOLE VOTING POWER: 2,000
8. SHARED VOTING POWER: None
9. SOLE DISPOSITIVE POWER: 2,000
10. SHARED DISPOSITIVE POWER: None

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING
PERSON:
2,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*:

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):
.030%

14. TYPE OF REPORTING PERSON*:
IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

Supplement to Amendment No. 9 to Schedule 13D
Issuer - Citadel Holding Corporation
Reporting Persons - Dillon Investors, L.P., Roderick H. Dillon,
Jr., Roderick H. Dillon, Jr. - IRA, Roderick H. Dillon, Jr.
Foundation and Bradley C. Shoup - IRA.

Item 1. Security and Issuer.

This Amendment No. 9 to Schedule 13D filed by the reporting persons Dillon Investors, L.P. ("DI"), Roderick H. Dillon, Jr. ("RHD"), Roderick H. Dillon, Jr.-IRA ("RHD-IRA") and Roderick H. Dillon, Jr. Foundation ("RHD-Foundation") (collectively, the "Dillon Entities") and Bradley C. Shoup ("Shoup") (the "Dillon Entities" and "Shoup" are collectively referred to as the "Reporting Persons") with the Securities and Exchange Commission (the "SEC") relates to the common stock, without par value ("Common Stock"), of Citadel Holding Corporation, a Delaware corporation (the "Issuer"). The principal executive offices of the Issuer are located at 700 North Central, Suite 500, Glendale, California 91203. This Amendment No. 9 amends certain information set forth in the Schedule 13D filed by the Dillon Entities on March 18, 1994, as amended by Amendment No. 1 filed on September 9, 1994 ("Amendment No. 1"), Amendment No. 2 filed on October 17, 1994 ("Amendment No. 2"), Amendment No. 3 filed on November 4, 1994 ("Amendment No. 3"), Amendment No. 4 filed on November 8, 1994 ("Amendment No. 4"), Amendment No. 5 filed on November 18, 1994 ("Amendment No. 5"), Amendment No. 6 filed on December 1, 1994 ("Amendment No. 6"), Amendment No. 7 filed on December 16, 1994 ("Amendment No. 7") and Amendment No. 8 filed on January 10, 1995 ("Amendment No. 8") (collectively, the "Previous Amendments").

Item 4. Purpose of Transaction

In response to the request of the Dillon Entities for interpretative advice, the Dillon Entities have been advised by the Office of Thrift Supervision (the "OTS"), by letter dated January 13, 1995 (the "OTS No Action Letter"), that the Office of Chief Counsel would refrain from recommending an enforcement action against the Dillon Entities if they proceed with a proxy or written consent solicitation with respect to the Issuer without having first filed a holding company application or rebuttal of control submission pursuant to Section 10(e) of the Homeowners Loan Act and the OTS Acquisition of Control Regulations, 12 C.F.R. Part 574 (the "Control Regulations"). Such advice is based on the factual representations contained in the materials submitted to the OTS and depends upon the accuracy and completeness of such materials. The Dillon Entities have no reason to believe that any such materials submitted to the OTS by the Dillon Entities are not accurate and complete. Any material change in the facts or circumstances, however, could result in a different conclusion by the OTS.

In the OTS No Action Letter, the OTS advised the Dillon Entities that the OTS would not assert that the Issuer currently controls Fidelity Federal Bank, a Federal Savings Bank ("Fidelity"). Based on such advice from the OTS, the Dillon Entities believe that they may now conduct a consent solicitation or pursue an acquisition proposal, within the parameters of the Homeowners Loan Act and the Control Regulations, as interpreted and applied by the OTS with respect to the Issuer. Any such acquisition proposal would be structured to ensure that it not result in any person acquiring, directly or indirectly, control of Fidelity.

On January 18, 1995, DI received a written response (the "Issuer Response Letter") from the Issuer with respect to the matters raised in the letter sent by DI to the Board of Directors of the Issuer on January 10, 1995 (the "DI Letter"). A copy of the DI Letter was attached to Amendment No. 8 as Exhibit B. A copy of the Issuer Response Letter is attached hereto as Exhibit B to this Amendment No. 9 and incorporated herein by this reference.

The Reporting Persons are considering their position with respect to a new consent solicitation in light of the OTS No Action Letter and the acquisition proposal described in the DI Letter.

Item 7. Material to Be Filed as Exhibits.

Exhibit A - Joint Filing Agreement, dated November 11, 1994, among the Reporting Persons. (Incorporated herein by reference to Exhibit A of Amendment No. 5 to Schedule 13D filed on November 18, 1994 with the SEC).

Exhibit B - Letter, dated January 17, 1995, from the Issuer to DI. (Attached hereto beginning at page 10).

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: January 19, 1995

Dillon Investors, L.P.

By: /s/ Roderick H. Dillon, Jr.
Roderick H. Dillon, Jr.,
General Partner

Roderick H. Dillon, Jr.

By: /s/ Roderick H. Dillon, Jr.
Roderick H. Dillon, Jr.

Roderick H. Dillon, Jr. - IRA

By: /s/ Roderick H. Dillon, Jr.
Roderick H. Dillon, Jr.

Roderick H. Dillon, Jr. Foundation

By: /s/ Roderick H. Dillon, Jr.
Roderick H. Dillon, Jr.,
Trustee

Bradley C. Shoup - IRA

By: /s/ Bradley C. Shoup
Bradley C. Shoup

CITADEL HOLDING CORPORATION

Dillon Investors L.P.
21 East State Street #1410
Columbus, Ohio 43215-4228

January 17, 1995

Dear Mr. Dillon:

Although we have not yet received a copy of your letter Dated January 10, 1995 and included as an exhibit to your most recent filing with the Securities and Exchange Commission, we have now had an opportunity to review your filing with the Commission. We are pleased that you share our view that our Company is worth more than would be indicated by the price at which its securities have traded during recent periods. Moreover, we are always appreciative of efforts by stockholders to support the price of our Company's securities.

However, before responding to the proposal set forth in your letter, let us correct some misperceptions which appear to underlie certain statements and conditions set forth in your letter. Specifically, please note that:

(1) Our Company is not for sale. The Board of Directors has not made any determination to sell our Company, or even to explore the possibility of such a sale. If a decision to sell our Company were to be made, it would be the intention of this Company to thoroughly investigate the possibilities that might be available in this regard and not necessarily to accept the first offer that might come down the road.

(2) The current conversion price of our Company's 3% Cumulative Convertible Preferred Stock (the "Preferred Stock") is currently above, not below, \$3.00 per share. Furthermore, the conversion price could go either up or down depending upon the market price of our Company's Common Stock between now and the date the conversion feature is exercised, if it is in fact ever exercised. To the extent more stockholders share your views as to the value of our Company, and the market price increases, the conversion price will likewise increase.

(3) Our Company has no current right to redeem the Preferred Stock. Nor will it have any right to redeem the Preferred Stock prior to November 1997, unless the holder(s) of the Preferred Stock elects to exercise its conversion feature and the exercise price is, at that time, below \$3.00 per share.

(4) The Fairness Opinion delivered by Wedbush Morgan was not based upon a single implied or static value for the Common Stock of our Company, but rather tested the fairness of the Preferred Stock against a range of Common Stock values. The Wedbush opinion did not address the appropriate price (or the implied control premium) for a sale of the entire Company.

(5) Our Company has no power or authority either to rescind the issuance of the Preferred Stock or to compel the holders of that stock to accept cash of any amount for their shares. You are, of course, free to negotiate directly with the holders of such shares, if you so desire.

We do not disagree with you that cash in the amount of \$4.00 per share might be attractive to some of our current shareholders -- particularly to those who -- like Dillon Investors -- have acquired shares in recent weeks at prices in the range of \$2.00 per share or, possibly, less. However, whether the offer would be attractive to stockholders generally is less than clear. It

is to be noted that since the restructuring of its investment in Fidelity, the shares of our Company have closed at prices as high as \$5.00 and that as recently as November, shares of our Company traded at a premium to the \$4.00 price referenced in your proposal.

In any event, even if a decision were at some time in the future to be made that it would be in the best interests of our Company and shareholders to pursue a sale of our Company, it appears -- at least preliminarily -- to the Board of Directors that your proposal has a number of weaknesses that would need to be addressed. These weaknesses include the following:

(1) Your proposal includes no third party assurances whatsoever that you would in fact be able to procure the financing necessary to perform on your proposal. Furthermore, as Dillon Investors is a private limited partnership, we have no financial information from which to ascertain the scope or extent of its stand alone financial resources.

(2) A number of the matters listed in your letter as conditions to any obligation on your part to perform are clearly beyond the power and authority of our Company. We cannot compel you to terminate your litigation against this Company. And, as already mentioned, we cannot compel the holders of the Preferred Stock either to permit us to rescind that issuance or to accept your \$4.00 price.

(3) Your proposal asks that our company essentially stop doing business while you seek your financing and the satisfaction of you other conditions. However, you make no provision for the lost opportunities or other costs that our Company might suffer if you ultimately prove unsuccessful in your efforts to obtain financing.

You are of course free to take your proposal directly to the stockholders -- for example through an any and all cash tender offer. Our Company has no anti-takeover provisions in its charter and by-laws. Indeed, this Board of Directors is the direct descendant of the Board of Directors that successfully sought proxies to remove a staggered board provision from this Company's charter and rescinded, in the face of an earlier third party tender offer, this Company's poison pill preferred stock. While we will naturally insist that stockholders be fully and fairly informed and not coerced when called upon to make a decision with respect to any tender offer, we believe that stockholders should be permitted ultimately to make up their own minds on such issues.

Regardless of what you determine to do with respect to your proposal, we believe that you should seriously consider termination of your litigation against our Company and its Directors. Facts since the date of the stock issuances you now attack have proven the judgment of these Directors. It is to be noted that:

(1) The additional Common Stock was sold at \$3.85 per share; yesterday's closing price was \$2.75.

(2) Your own buy-out proposal is only \$.15 per share (a premium of less than 4%) over the issuance price of this Common Stock.

(3) Since the Preferred Stock was issued in consideration of the forgiveness of indebtedness owed by our Company, the prime interest rate has risen from 7.75% to 8.5%. Since the debt forgiven bore interest at the rate of prime plus 300 basis points, interest at the rate of approximately 11.5% has been avoided as a result of this transaction. Furthermore, although the average closing price of our Company's Common stock has declined over recent periods, the conversion price remains at a premium to the current price of our Company's Common Stock.

Based upon the results of the recent election -- at which shares representing approximately 69 percent of the outstanding Common Stock voted in favor of the reelection of our current directors and approximately 66 percent of the outstanding Common Stock voted in favor of the amendment proposed by the Board to authorize additional shares of common stock -- it is questionable

whether any stockholders, other than those in some way associated with you, are in fact troubled by the actions which form the basis of your litigation against our Company. We note that despite the publicity surrounding your claims and the efforts of your proxy solicitors, in fact only approximately 14.8 percent of the outstanding Common Shares were voted against or abstained with respect to the election of any one or more of the incumbent directors and that only 18.3 percent of the outstanding Common Shares were voted against or abstained with respect to the Board's recommended increase in the number of authorized Common Shares from 10 million to 20 million shares.

This would appear to be at least an implicit affirmation of the Board's judgment in issuing additional Common Shares or securities convertible into additional Common Shares.

We have never understood your opposition to the issuance of additional shares of Common Stock given the fact that, despite our notice to you last September that it would be necessary to raise additional capital for our Company and our invitation to you to submit a proposal to purchase shares at your stated price of \$4.00 per share, no offer was forthcoming from you at that time. We also cannot held but note that, despite your protestations about the value of Fidelity, you likewise elected not to take advantage of the opportunity afforded to you to purchase shares in the Fidelity recapitalization at \$5.25 per share.

We believe that your efforts to force your desires and your view of reality upon our Company and its stockholders have imposed needless costs and expenses upon our Company. We estimate that our Company's legal costs to date in responding to your litigation and your on-again/off-again proxy solicitation and consent solicitation has already cost our Company in the range of \$500,000. We estimate that defending your lawsuit in Delaware, not even taking into account the disruption to our Company and its business that will result from transporting the entire Board of Directors to Delaware to appear as witnesses, will cost our Company at least an additional \$250,000. These nonproductive costs and expenses are particularly frustrating to those of us who worked so hard during 1994 to salvage value for your Company and its stockholders out of the Fidelity recapitalization.

Thank you for your letter. Hopefully, we have made our position clear in this response. If not, please feel free to contact directly either myself or our Vice Chairman, S. Craig Tompkins, as this matter has been delegated by the Board of Directors to our care.

Yours sincerely,

Steve Wesson
President and Chief Executive Officer