

SPAR GROUP INC  
Form S-3/A  
February 07, 2011

As filed with the SEC on February 7, 2011      Registration No. 333-162657

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

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PRE-EFFECTIVE AMENDMENT NO. 1  
to  
FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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SPAR GROUP, INC.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation  
or organization)

33-0684451  
(I.R.S. Employer Identification No)

Notices and Communications to:  
James R. Segreto  
Chief Financial Officer, Treasurer and  
Secretary  
SPAR Group, Inc.  
560 White Plains Road, Suite 210  
Tarrytown, New York 10591  
(914) 332-4100  
(Name, address, including zip code, and  
telephone number, including area code, of  
agent for service)

SPAR Group, Inc.  
560 White Plains Road, Suite 210

Tarrytown, New York 10591  
(914) 332-4100  
(Address, including zip code, and telephone  
number, including area code, of registrant's  
principal executive offices)

Copies to:  
Lawrence David Swift, Esq.  
Troutman Sanders LLP  
The Chrysler Building  
405 Lexington Avenue  
New York, New York 10174-0700  
(212) 704-6000

Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective, as determined by market considerations and other factors.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

SGRP S-3 & Prospectus

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If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
 (Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per unit (1)	Proposed maximum aggregate offering price(1)	Amount of registration fee (1)
Common Stock, par value \$0.01 per share				
<b>TOTAL</b>	\$4,000,000	(1)	\$4,000,000	\$223.20

(1) An indeterminate number of shares of common stock of the registrant may be sold from time to time by the registrant. The amount to be registered and maximum aggregate offering price have been estimated solely for purposes of determining the registration fee pursuant to Rule 457(o) under the Securities Act. In no event will the aggregate offering price of all securities issued from time to time pursuant to this registration statement exceed \$4,000,000 or such lesser maximum amount as may be then permitted under General Instruction I.B.6 of this Form S-3 during the applicable period.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that the Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Explanatory Note

SPAR Group, Inc. ("we" or the "Registrant"), is filing this Pre-Effective Amendment No. 1 on Form S-3/A dated February 7, 2011 (this "First Amendment"), to its Registration Statement on Form S-3 that was originally filed with the Securities and Exchange Commission on October 23, 2009 (the "Original Filing", and as amended by this First Amendment, the "Registration Statement"), in order to amend and completely restate and supersede the Original Filing.

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SGRP S-3 & Prospectus

[Front Cover of Prospectus]

The information in this Prospectus is not complete and may be changed. We may not sell these securities until the Registration Statement to sell them we filed with the Securities and Exchange Commission is effective. This Prospectus is not an offer to sell these securities, and is not soliciting an offer to buy these securities, in any state where the offer or sale of these securities is not permitted.

PROSPECTUS

Subject to completion, dated February \_\_,  
2011

SPAR Group, Inc.

560 White Plains Road, Suite 210  
Tarrytown, New York 10591  
(914) 332-4100

\$4,000,000  
Common Stock

We may, from time to time, offer and sell shares of Common Stock issued by us (our "Common Stock") pursuant to this prospectus (as amended, this "Prospectus"), either separately or in one or more offerings, and we may continue to sell our Common Stock in other lawful ways. We will specify in the applicable prospectus supplement (each a "Prospectus Supplement") more specific information about each offering under this Prospectus. The aggregate initial offering price of all securities sold under this Prospectus will not exceed \$4,000,000, or such lesser amount as we may be permitted at the time of a particular offering to sell under General Instruction I.B.6 of Form S-3.

We may from time to time offer and sell these securities at prices determined or negotiated by us, which prices may (and most likely will) vary from time to time and may be less than its market price, directly to investors or through underwriters, dealers or agents. One or more underwriters or dealers may make a market in our common stock, but they will not be obligated to do so and may discontinue market making at any time without notice to anyone.

Our Common Stock has a par value \$0.01 per share, and we are authorized to issue 47,000,000 shares of our Common Stock. Our common stock is traded on the Nasdaq Capital Market ("Nasdaq") under the symbol "SGRP". On January 31, 2011, there were 19,314,306 of our Common Stock issued and outstanding in total, our non-affiliates held 5,559,054 of those shares, the closing price of our Common Stock on Nasdaq was \$1.06 per share, the aggregate market value of those total outstanding shares was \$20,473,164, and the aggregate market value of the outstanding shares of our Common Stock then held by our non-affiliates was \$5,892,597. We have not offered any securities pursuant to General Instruction I.B.6 of Form S-3 during the 12 calendar months prior to and including the date hereof.

We cannot give any assurance as to the future liquidity of the trading market for our Common Stock. Although our Common Stock is traded on Nasdaq, the trading volume in such stock has often been and may be limited, our Common Stock may be delisted from Nasdaq as a result of its recent trading prices, and an investment in our securities may be illiquid because our co-founders own over 62% of our Common Stock. See "Risk Factors" on pages 4 and 19-22.

Each time we offer securities, we will provide a Prospectus Supplement containing more specific information about the particular securities, offering and distribution and attach it to this Prospectus, and that supplement will include the names of any underwriters, dealers or agents and their compensation. The information contained in this Prospectus will be supplemented, modified or updated by the information contained in our Prospectus Supplements and in the

later documents we have incorporated by reference in this Prospectus. This Prospectus may not be used to offer or sell securities without a Prospectus Supplement that includes a description of the method and terms of the offering.

Investing in our Common Stock involves numerous risks. See "Risk Factors" on pages 4 and 19-22.

You should rely only on the information contained or expressly incorporated by reference in this Prospectus, including each applicable Prospectus Supplement and incorporated report or other filing by us with the SEC. No one is authorized to provide you with any different or inconsistent information. If they do, you should not rely on it. You cannot assume that any information in this Prospectus would be accurate for other than the specified dates and periods, since the corresponding information for later dates and periods may be materially different.

This Prospectus is not an offer to sell these securities, and is not soliciting an offer to buy these securities, in any state where the offer or sale of these securities is not permitted.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Prospectus.  
Any representation to the contrary is a criminal offense.

The date of this Prospectus is February \_\_, 2011.

[Inside Front Cover of Prospectus]  
Table Of Contents

<u>About This Prospectus</u>	3
<u>Summary of Our Offering</u>	3
<u>Maximum Value of the Shares to be Offered under this Prospectus</u>	3
<u>Our Determination of Offering Prices</u>	3
<u>Our Sales and Distributions</u>	4
<u>No Selling Stockholders</u>	4
<u>Our SEC Reports</u>	4
<u>Risk Factors</u>	4
<u>Use Of Proceeds</u>	4
<u>Where You Can Find More Information</u>	4
<u>Our SEC Reports</u>	4
<u>Our Certificate of Incorporation, By-Laws and other Governing Documents</u>	5
<u>Incorporation of Documents by Reference</u>	5
<u>Obtaining and Reviewing Our Governing Documents, SEC Reports and other Incorporated Documents</u>	6
<u>Forward Looking Statements</u>	6
<u>Reliance</u>	7
<u>Our capital Stock</u>	7
<u>Our Capital Stock Generally</u>	7
<u>Delaware Law</u>	8
<u>Our Certificate of Incorporation, Amended and Restated By-Laws and other Governing Documents</u>	8
<u>Voting Rights of Our Stockholders</u>	8
<u>Our Common Stock</u>	9
<u>Significant Holders of Our Stock</u>	9
<u>Price Range of Our Common Stock</u>	9
<u>Dividends</u>	10
<u>Our Purchases of Equity Securities</u>	10
<u>Our Recent Sales of Common Stock</u>	10
<u>Our Stock Option Repricing Exchange Offer</u>	10
<u>Our Series A Preferred Stock</u>	10
<u>Affiliate Series A Preferred Stock Purchases and Ownership</u>	11
<u>Security Ownership of Certain Beneficial Owners and Management</u>	11
<u>Our Business</u>	11
<u>Our Business Generally</u>	11
<u>An Overview of the Merchandising and Marketing Services Industry</u>	12
<u>Our Domestic and International Geographic Divisions</u>	12
<u>Financial Information about Our Domestic and International Geographic Divisions</u>	14
<u>Our Business Strategies</u>	14
<u>Increasing Our Sales Efforts</u>	14
<u>Developing New Products</u>	14
<u>Strategic Acquisitions</u>	14
<u>Leveraging and Improving On Our Technological Strengths</u>	15
<u>Improving Our Operating Efficiencies</u>	15
<u>Descriptions of Our Services</u>	15
<u>Syndicated Services</u>	16
<u>Dedicated Services</u>	16

<u>Project Services</u>	16
<u>Assembly Services</u>	16
<u>In-Store Event Staffing Services</u>	17
<u>Other Marketing Services</u>	17
<u>Our Sales and Marketing</u>	17
<u>Our Business, Governance, Management and Affiliated Transactions</u>	18
<u>Business and Other Information Contained in Our Annual Reports</u>	18
<u>Financial Information Contained in Our Annual Reports</u>	18
<u>Updated Information Contained in Our Quarterly Reports</u>	18
<u>Updated Information Contained in Our Other SEC Reports</u>	19
<u>Risk Factors</u>	19
<u>Risks of Common Stock Ownership</u>	20
<u>Risks related to Our Preferred Stock</u>	20
<u>Risks of Illiquidity in Our Common Stock</u>	20
<u>Risks related to Our Significant Stockholders: Potential Voting Control and Conflicts</u>	21
<u>Risks of Dilution</u>	21
<u>Risks of a Nasdaq Delisting</u>	21
<u>Our Other Risk Factors</u>	21
<u>Plan Of Distribution</u>	22
<u>Direct Sales and Sales through Our Agents</u>	23
<u>Sales through Underwriters or Dealers</u>	23
<u>Remarketing Arrangements</u>	24
<u>Delayed Delivery Arrangements</u>	24
<u>Indemnification</u>	24
<u>Legal Matters</u>	24
<u>Experts</u>	24
<u>Corporate Directory and Summary of Certain Stockholder Information</u>	Back Cover [25]

SGRP S-3 & Prospectus



SPAR Group, Inc.

Prospectus

February \_\_, 2011

### About This Prospectus

SPAR Group, Inc., and its subsidiaries supply merchandising and other marketing services inside and outside the United States. "SGRP" means SPAR Group, Inc. The terms "we," "us," "our," "ours" or the "Company" may refer to just SGRP (e.g., descriptions of stock, by-laws and the like) or to SGRP and its subsidiaries, as the context may require.

This Prospectus is part of a registration statement on Form S-3 that we first filed on October 23, 2009, and amended on February 7, 2011, and February \_\_, 2011 (as amended, our "2011 S-3 Registration Statement"), with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration. Our S-3 Registration Statement became effective on February \_\_, 2011, the date of this Prospectus. Under this shelf process, we may, from time to time, offer and sell in one or more offerings the securities described in this Prospectus as supplemented, modified, amended, restated or otherwise updated from time to time (this "Prospectus"). Each time we offer securities, we will provide a supplement to this Prospectus that containing specific information about the terms and conditions of that offering (as supplemented, modified, amended, restated or otherwise updated from time to time, a "Prospectus Supplement"). The information contained and incorporated by reference in this Prospectus also will be automatically supplemented, modified, updated or superseded by all applicable information contained in an applicable Prospectus Supplement or any new SEC Report (as defined below) as filed with the SEC.

You should carefully read this Prospectus, any applicable Prospectus Supplement, our Annual Report, Quarterly Reports, Proxy Statement, Governing Documents and other documents incorporated in this Prospectus by reference, as well as our most recent SEC Reports filed after such Annual Report and Quarterly Reports, as described and defined under the heading "Where You Can Find More Information" on pages 4 through 7, below.

You should rely only on the information contained or expressly incorporated by reference in this Prospectus, including each applicable Prospectus Supplement and incorporated SEC Report. No one is authorized to provide you with any different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it.

You cannot assume that any information in this Prospectus, any Prospectus Supplement or any SEC Report would be accurate for other than the specified dates and periods, since the corresponding information for later dates and periods may be materially different. Our assets, business, capital, cash flow, credit, expenses, financial condition, income, liabilities, liquidity, locations, marketing, operations, prospects, sales, strategies, taxation or other achievement, results, risks or condition, or our governance, management or affiliated transactions, may have changed (in whole or in part) since those applicable dates or periods and those changes may have been material and adverse.

We are not making offers to sell or solicitations to buy the securities in any jurisdiction in which an offer or solicitation is not authorized or in which the person making that offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation.

### Summary of Our Offering

Maximum Value of the Shares to be Offered under this Prospectus:

We will be offering and selling our Common Stock pursuant to this Prospectus and our S-3 Registration Statement in accordance with General Instruction I.B.6 of Form S-3, which permits us to use Form S-3 to sell securities during any 12 month period having an aggregate market value of no more than one-third of the aggregate market value of the voting and non-voting common equity held by our non-affiliates. On January 31, 2011, our non-affiliates held such equity having an aggregate market value of \$5,892,597, so our maximum offering would be \$1,964,179 if the equity held by our non-affiliates does not increase and our stock price remains the same. However, if there is an increase in either our stock price or the number of shares held by our non-affiliates, or both, the amount of our maximum offering under that rule also would increase. Conversely, decreases in them would cause the amount of our maximum offering and remaining availability under that rule to likewise decrease (which may stop further sales but would not affect previously permitted sales). Sales of our Common Stock or other securities not made under I.B.6 (including affiliate resales under this S-3, private placements and S-1 offerings) do not count against such maximum or remaining availability.

#### Our Determination of Offering Prices

We from time to time will determine the price per share at which particular shares our Common Stock will be sold, which may and likely will vary over time and may be negotiated or based directly or indirectly on the market price of our

-3-

SGRP S-3 & Prospectus

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SPAR Group, Inc.

Prospectus

February \_\_, 2011

Common Stock at the time. We will specify the price(s), share amount, expected net proceeds, manner of distribution and other terms of each offering in the applicable Prospectus Supplement. We will try to maximize the net proceeds we receive in each sale, and we hope to sell our Common Stock for more than our net book value per share (and thus avoid diluting the equity of our existing stockholders), but there can be no assurance that we will be able to do so.

#### Our Sales and Distributions:

We may offer and sell these securities under this Prospectus directly to investors (which may include our affiliates) or through underwriters, dealers or agents as we may determine from time to time. If we designate or engage any underwriter, dealer or agent in such offering, we will identify them and their compensation in the applicable Prospectus Supplement. See "Plan Of Distribution" on pages 22 through 24 of this Prospectus.

#### No Selling Stockholders:

None of our existing stockholders will be offering any of their respective securities under this Prospectus.

#### Our SEC Reports:

Our most recent SEC Reports are part of this Prospectus, as described below, and contain important information you should review before you purchase any of our securities, including our consolidated financial statements and information and various risk factors, pertaining to (among other things) us, our assets, business, capital, cash flow, credit, expenses, financial condition, income, liabilities, liquidity, locations, marketing, operations, prospects, sales, strategies, taxation and other achievements, results or condition, our governance, management and affiliated transactions, and your potential investments in our Common Stock. See "Where You Can Find More Information" on pages 4 through 7, below.

#### Risk Factors:

There are various risks associated with investing in our Common Stock, as more fully described or incorporated by reference in this Prospectus under "Risk Factors" on pages 19 through 22 below and in any applicable Prospectus Supplement. Before you purchase any of our securities, you should carefully consider each of those risk factors and their potential (if realized) to have a material and adverse effect on our assets, business, capital, cash flow, credit, expenses, financial condition, income, liabilities, liquidity, locations, marketing, operations, prospects, sales, strategies, taxation or other achievement, results, risks or condition or your potential investment in our Common Stock.

Those risk factors include (without limitation) those respecting the potential Nasdaq delisting of our Common Stock, the current illiquidity of our Common Stock due to (among other things) the large block of voting shares held by our co-founders and periodic low trading volumes, the legal preferences given to our creditors and preferred stockholders over the holders of our Common Stock, the potential for dilution from other sales of our Common Stock, our policy of retaining all earnings for additional working capital (and not paying dividends), our dependence on large customers and retail chains and their continuing to outsource of their merchandising and marketing services, our periodic losses and financial covenant violations, any inability to develop, implement or market new products, any inability to identify, finance, acquire or successfully integrate new acquisitions, and the additional risks associated with our international division (including potential local liabilities, our dependence on and the uncertainties involved in having material local investors, foreign currency fluctuations, and the generally higher difficulties and risks associated with

international business).

#### Use Of Proceeds

Unless we state otherwise in an applicable Prospectus Supplement, we intend to use the net proceeds from the sale of the securities offered by this Prospectus for general corporate purposes. General corporate purposes may include financing of capital expenditures, future acquisitions and strategic investment opportunities, additions to working capital and repayment of existing indebtedness. Pending our application of net proceeds, we expect to temporarily invest the net proceeds by repaying our revolving line of credit and in short term money market investments.

#### Where You Can Find More Information

##### Our SEC Reports:

SGRP files annual, quarterly and current reports, proxy statements and other information with the SEC (our "SEC Reports") under the Securities of 1933, and the rules and regulations promulgated thereunder, as amended (the "Securities Act"), the Securities and Exchange Act of 1934, and the rules and regulations promulgated thereunder, as

-4-

SGRP S-3 & Prospectus

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SPAR Group, Inc.

Prospectus

February \_\_, 2011

amended (the "Exchange Act"), and other applicable federal and state securities laws, and the rules and regulations promulgated thereunder, as amended (including the Securities Act and Exchange Act, collectively, "Securities Law"). This Prospectus is a part of our registration statement on Form S-3 filed under the Securities Act with respect to the referenced securities (including exhibits, and as amended, our "2011 S-3 Registration Statement"). This Prospectus does not contain all of the information included in our 2011 S-3 Registration Statement or its exhibits.

Our SEC Reports contain important information pertaining to (among other things) us, our assets, business, capital, cash flow, credit, expenses, financial condition, income, liabilities, liquidity, locations, marketing, operations, prospects, sales, strategies, taxation or other achievement, results, risks or condition, our governance, management or affiliated transactions, or your potential investment in our Common Stock, and you should always review our most recent SEC Reports. Our SEC Reports generally are located in SEC file number 0-27824. Our SEC Reports include:

- (i) our Annual Reports on Form 10-K for the referenced year or years, as amended;
- (ii) our annual Proxy Statements in accordance with Schedule 14A for our Annual Meeting of Stockholders in the referenced year or years;
- (iii) our Quarterly Reports on Form 10-Q for the reference quarter or quarters following the year reported in the most recent Annual Report, as amended;
- (iv) our Current Reports on Form 8-K containing various informational updates and supplements following the year reported our most recent Annual Report;
- (v) our 2011 S-3 Registration Statement (including its exhibits and the documents incorporated by reference into it); and
- (vi) our Offer to Exchange Certain Outstanding Stock Options for New Stock Options dated August 24, 2009, as filed with the SEC in our Schedule TO on August 25, 2009, together with its exhibits and incorporated documents (as amended, our "2009 Exchange Schedule").

Our Annual Report respecting our 2009 fiscal year, our Quarterly Reports respecting our first, second and third quarters of our 2010 fiscal year, our Proxy Statement for our Annual Stockholders Meeting in May of 2010, our 2009 Exchange Schedule, and the exhibits to our 2011 S-3 Registration Statement are incorporated by reference into and are part of this Prospectus and our 2011 S-3 Registration Statement.

The information contained in this Prospectus (whether stated or incorporated by reference) is limited to the date of this Prospectus or the applicable date in the relevant document incorporated by reference, as applicable, and may have changed. SEC Reports filed with the SEC after the date hereof may supplement, modify, update or supersede information contained in this Prospectus, our 2011 S-3 Registration Statement or earlier SEC Reports.

Our Certificate of Incorporation, By-Laws and other Governing Documents

Each of the following certificates, designations, by-laws, charters and policies (collectively, our "Governing Documents"): (a) our Certificate of Incorporation dated and filed with the Delaware Secretary of State on November 29, 1995, as amended; (b) our Amended and Restated By-Laws dated as of May 18, 2004, as amended; (c) our Certificate of Designation of Series "A" Preferred Stock of SPAR Group, Inc., as approved and adopted by our Board on March 27, 2008, and filed with the Secretary of State of the State of Delaware on March 28, 2008; (d) each other

certificate of designation respecting any other series of our preferred stock, as and when approved and adopted by our Board and filed with the Delaware Secretary of State; and (e) each of our charters and policies as and when adopted by our Board, including those listed in Exhibits 3.3 through 3.7 and 14.1 and 14.2 to our S-3 Registration Statement, as amended. Each such document and defined term shall mean as and when adopted and as and when amended, restated and replaced or otherwise updated in any filing with the Delaware Secretary