

SPAR GROUP INC

Form S-3/A

April 05, 2011

As filed with the SEC on April 5, 2011

Registration No. 333-162657

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

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

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)

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)

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)

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.

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	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, par value \$0.01 per share:				
Primary Offering – SPAR Group, Inc.	2,000,000 (1)	(1)	\$3,900,000 (1)	\$452.79 (1)
Secondary Offering – Robert G. Brown	500,000 (1)	(1)	\$975,000 (1)	\$113.20 (1)
Secondary Offering- William H. Bartels	500,000 (1)	(1)	\$975,000 (1)	\$113.20 (1)
TOTAL	3,000,000 (1)	(1)	\$5,850,000 (1)	\$679.19 (1)

(1) An indeterminate number of shares of common stock of SPAR Group, Inc. ("SGRP"), may be sold from time to time by SGRP and the selling stockholders, Robert G. Brown and William H. Bartels (each a "Selling Stockholder"). Each Selling Stockholder may be selling shares for his own benefit or as trustee of a non-SGRP retirement plan. For each six shares sold, SGRP and the Selling Stockholders currently contemplate that four shares will be sold by SGRP, one share will be sold Mr. Brown and one share by Mr. Bartels, although each has reserved the right to sell fewer shares. 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 by SGRP pursuant to this registration statement exceed \$3,900,000 (without amendment, to the extent permitted,

and payment of any required additional fee) 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, and in no event will the aggregate offering price of all securities sold from time to time by each Selling Stockholder pursuant to this registration statement exceed \$975,000 (without amendment, to the extent permitted, and payment of any required additional fee).

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"), has filed with the Securities and Exchange Commission (the "SEC") this Pre-Effective Amendment No. 3 on Form S-3/A on April 5, 2011 (this "Third Amendment"), to its Registration Statement on Form S-3 originally filed with the SEC on October 23, 2009 (the "Original Filing"), as amended by Pre-Effective Amendment No. 1 on Form S-3/A as filed with the SEC on February 7, 2011 (the "First Amendment"), and Pre-Effective Amendment No. 2 on Form S-3/A as filed with the SEC on March 17, 2011 (the "Second Amendment", and as the Original Filing was amended by the First Amendment and Second Amendment, the "Existing Filing", and the Existing Filing as amended by this Third Amendment, will be referred to as the "Registration Statement"), in order to amend and completely restate and supersede the Existing Filing (other than the Exhibits thereto incorporated by reference into this Third Amendment).

[Front Cover of Prospectus]

The information in this Prospectus is not complete and may be changed. No one may 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 April [___],
2011

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

3,000,000 shares
Common Stock

We have registered shares of Common Stock issued by us (our "Common Stock") for offer and sale, from time to time, by us in the maximum amount of 2,000,000 shares and by the selling stockholders identified below (each a "Selling Stockholder") in the maximum amount of 1,000,000 shares pursuant to this prospectus (as amended, this "Prospectus"), either separately or in one or more offerings, and we and they may continue to sell our Common Stock in other lawful ways. Each Selling Stockholder may be selling shares owned by him for his own benefit or as trustee of a non-SGRP retirement plan. For each six shares sold, SGRP and the Selling Stockholders currently contemplate that four shares will be sold by SGRP, one share will be sold Mr. Brown and one share by Mr. Bartels, although each has reserved the right to sell fewer shares. 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 by us will not exceed \$3,900,000, 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, and by each Selling Stockholder will not exceed \$975,000 (or \$1,950,000 in the aggregate for all of them).

We and the Selling Stockholders may from time to time offer and sell these securities at prices determined or negotiated by us (in consultation with the Selling Stockholders – see "Plan Of Distribution" on page 24, below), 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 March 11, 2011: our Common Stock closing price was \$1.95 per share; there were 19,923,292 shares of our Common Stock issued and outstanding in the aggregate and having an aggregate market value of \$38,850,419; and there were 5,379,211 shares of our Common Stock owned by our non-affiliates in the aggregate (i.e., our public float), which float had an aggregate market value of \$10,489,461. 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 66.1% of our Common Stock. See "Risk Factors" on pages 5 and 21-24.

Each time we and the Selling Stockholders offer securities pursuant to this Prospectus, 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 5 and 21-24.

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 April [__], 2011.

[Inside Front Cover of Prospectus]
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SPAR Group, Inc.

Prospectus

[April __], 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. The selling stockholders identified below may be referred to individually as a "Selling Stockholder" and collectively as "they", "them" or the "Selling Stockholders". The term "Common Stock" means the common stock, \$0.01 par value, issued by us (as more fully described below in "Our Capital Stock" on pages 8-13), whether being sold by us or them.

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, March 17, 2011, April 5, 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 [April __], 2011, the date of this Prospectus. Under this shelf process, we and the Selling Stockholders 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 and they offer securities pursuant to this Prospectus, 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 6 through 8, 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 and the Selling Stockholders 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

Sales of Common Stock

Shares of Common Stock from time to time may be offered and sold pursuant to this Prospectus by us and the Selling Stockholders, either separately or in one or more offerings. We and they have agreed that for each six shares sold pursuant to this Prospectus, four shares will be sold by us, one share will be sold Mr. Brown and one share will be sold by Mr. Bartels. However, each of them has reserved the right to sell fewer shares. All shares of Common Stock sold by us will be newly issued. The shares of Common Stock being resold by Mr. Brown and Mr. Bartels individually were acquired by them in 1999 as consideration for the merger of their companies into SGRP. Each Selling Stockholder may be selling shares as trustee of a non-SGRP retirement plan, and if sold by him as trustee on behalf of such plan, we will identify such plan and the amount of its Common Stock being sold by him as trustee in a Prospectus Supplement.

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

We will be offering and selling shares of 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

SPAR Group, Inc.

Prospectus

[April __], 2011

and non-voting common equity held by our non-affiliates. On March 11, 2011, our Common Stock closing price was \$1.95 per share, there were 19,923,292 shares of our Common Stock issued and outstanding in the aggregate and having an aggregate market value of \$38,850,419, and there were 5,379,211 shares of our issued and outstanding Common Stock held by our non-affiliates in the aggregate (i.e., our public float), which float has an aggregate market value of \$10,489,461, so the maximum value of our offering under this Registration Statement would be limited to approximately \$3,496,452 in proceeds or 1,793,052 shares (and the maximum sales by Mr. Brown and Mr. Bartels will be proportionally reduced accordingly). However, if there is an increase in either the market price of our stock or the number of shares held by our non-affiliates, or both, the maximum value of our offering under that rule also would increase. Conversely, decreases in them would cause the maximum value of our offering and remaining availability of sale value 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 General Instruction I.B.6 (including other applicable S-3 categories, private placements and S-1 offerings) and any and all sales made by the Selling Stockholders (under this Prospectus, Rule 144 or otherwise) do not count against our maximum or remaining availability under General Instruction I.B.6 of Form S-3.

In any event, the aggregate initial offering price and the aggregate number of the shares sold under this Prospectus by us will not exceed \$3,900,000 and 2,000,000 shares, and by each Selling Stockholder will not exceed \$975,000 and 500,000 shares (or \$1,950,000 and 1,000,000 shares in the aggregate for all of them), without the amendment of our 2011 S-3 Registration Statement, to the extent permitted, and payment of the required additional registration fees.

Selling Stockholders:

The Selling Stockholders are Robert G. Brown and William H. Bartels, who are our co-founders and are directors, executive officers (Chairman and Vice-Chairman, respectively) and significant stockholders of ours. Their current beneficial ownership, maximum proposed sales and minimum retained beneficial ownership amounts of our Common Stock are set forth in the following table.

Name of Selling Stockholder	Shares Beneficially Owned Prior to Offering (1)		Maximum Number of Shares Being Offered	Minimum Number of Shares Beneficially Owned After Offering (2)	
	Number	Percent		Number	Percent
Robert G. Brown	7,678,289	38.5%	500,000	7,178,289	32.7%
William H Bartels	5,490,505	27.6%	500,000	4,990,505	22.8%
Total	13,168,794	66.1%	1,000,000	12,168,794	55.5%

(1) Based on the total outstanding shares of Common Stock at March 11, 2011, of 19,923,292 shares. No Selling Stockholder beneficially owns any shares under currently exercisable warrants and vested options.

- (2) Pro forma beneficial ownership following and assuming the sale of the maximum number of shares offered by us and the Selling Stockholders (i.e., 3,000,000 shares), which is based on a pro forma total ownership of 21,923,292 shares following such sales (which will increase the March 11, 2011, outstanding share number by the 2,000,000 newly issued shares we sell) and assumes the ownership of the Selling Stockholders will be otherwise unchanged.

Mr. Brown beneficially owns approximately 38.5%, Mr. Bartels beneficially owns approximately 27.6% , and they own approximately 66.1% in the aggregate of our Common Stock as of March 11, 2011 (see footnote (1), above). If we and the Selling Stockholders sell the maximum number of shares contemplated under this Prospectus (2,000,000 shares by us and 500,000 shares by each Selling Stockholder), a then upon completion of all such sales, Mr. Brown will continue to beneficially own at least 32.7%, Mr. Bartels will continue to beneficially own at least 22.8%, and Mr. Brown and Mr. Bartels will continue to beneficially own in the aggregate at least 55.5% of our Common Stock then issued and outstanding on a pro forma basis (see footnote (2), above). See "Significant Holders of Our Stock" on page 10, "Affiliate Series A Preferred Stock Purchases, Ownership and Conversion" on page 13, and "Risks Related to Our Significant Stockholders: Potential Voting Control and Conflicts" on page 23, below.

Each Selling Shareholder has an address at c/o the SPAR Group, 560 White Plains Road, Suite 210, Tarrytown, New York 10591, and can be reached at (914) 332-4100. Please see their biographies in our Proxy Statement for our Annual Stockholders Meeting in May of 2010, on pages 4 and 5, which are incorporated by reference into this Prospectus.

SPAR Group, Inc.

Prospectus

[April __], 2011

Each Selling Stockholder may be selling shares for his own benefit or as trustee of a non-SGRP retirement plan, and if sold by him as trustee on behalf of such plan, we will identify such plan in a Prospectus Supplement. We have been advised by each that as trustee he exercises voting and investment control over such plan shares.

Our Determination of Offering Prices; Dilution

We from time to time will determine (in consultation with the Selling Stockholders) 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 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 the Common Stock for more than our net book value per share (and thus avoid diluting the existing equity of our existing stockholders by our sales of newly issued Common Stock), but there can be no assurance that we will be able to do so. The Selling Stockholders are reselling shares of Common Stock that are already issued and outstanding, and those sales cannot dilute or otherwise affect the existing equity of our existing stockholders. See "Sales and Distributions" and "Risks of Dilution", below.

Sales and Distributions:

The securities under this Prospectus may be offered and sold directly to investors (which may include our management or other 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. Although we from time to time will consult with the Selling Stockholders on pricing and may consult with them on other matters, we will make (and they have agreed to accept) all pricing and other decisions applicable to the offer and sale of the securities under this Prospectus other than their expressly reserved rights (which include the reduction of his maximum and proportional participations in any sale). We are paying the professional and other expenses related to our 2011 S-3 Registration, this Prospectus and each Prospectus Supplement. However, each Selling Stockholder will pay for any counsel or other professional representation separately engaged by him, and all commissions, discounts, concessions or other compensation to be paid to or received by any underwriter, dealer or agent engaged by us will be paid by us and the Selling Stockholders in proportion to the number of their shares involved. See "Plan Of Distribution" on pages 24 through 27 of 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 6 through 8, 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 21 through 24 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).

SPAR Group, Inc.

Prospectus

[April __], 2011

Use Of Proceeds

Unless we state otherwise in an applicable Prospectus Supplement, we intend to use the net proceeds from our sale of the securities offered by us under 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 such net proceeds by repaying our revolving line of credit and in short term money market investments. The Selling Stockholders will receive all of the net proceeds from their sale of the securities offered by them under this Prospectus, and we will not receive any of their net proceeds.

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") the Securities and Exchange Act of 1934, and the rules and regulations promulgated thereunder, as amended (the "Exchange Act"), and may file registrations and other items under the Securities of 1933, and the rules and regulations promulgated thereunder, as amended (the "Securities Act"), and other applicable federal and state securities laws, and the rules and regulations promulgated thereunder, as amended (including the Exchange Act and Securities 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 on Form 10-K respecting 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

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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 of State or the SEC, whether before or after the date of this Prospectus. Each share of our Common Stock is subject to and governed by our Governing Documents.

Incorporation of Documents by Reference:

Our Governing Documents (listed above), our Annual Report on Form 10-K respecting 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, as well as those documents specifically incorporated by reference elsewhere in this Prospectus or in any applicable Prospectus Supplement, have all been incorporated by reference into this Prospectus and our 2011 S-3 Registration Statement.

Securities Law permits us to "incorporate by reference" certain information from other specified documents into this Prospectus and our filings with the SEC, which means we can disclose important information in this Prospectus or such filings by referring to those documents and the important information they may contain. The information "incorporated by reference" is considered to be part of this Prospectus and our 2011 S-3 Registration Statement. However, later information filed with the SEC may supplement, modify, update and supersede any information incorporated in this Prospectus by reference, as more fully described below. This means you must review the documents incorporated in this Prospectus by reference and later SEC Reports for you to understand this Prospectus, 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, and the risks of your potential investment in our Common Stock, in each case to the same degree as if all of the important information contained in those incorporated documents had been repeated in this Prospectus.

Any information contained or deemed contained at any time in this Prospectus or our 2011 S-3 Registration Statement, including any information incorporated by reference or repeated or summarized from any document incorporated in this Prospectus by reference, will from time to time be automatically and simultaneously updated and supplemented, modified, updated or superseded by the corresponding or other applicable information contained (i) in this Prospectus or our 2011 S-3 Registration Statement, as most recently amended, or (ii) in any later filed document or other SEC Report. This Prospectus and our 2011 S-3 Registration Statement shall be deemed to include such modified information, as and when filed and to the extent applicable, and thereafter shall not include or be deemed to include the older information to the extent so supplemented, modified, updated or superseded by such modified information.

Obtaining and Reviewing Our Governing Documents, SEC Reports and other Incorporated Documents.

At our web site, www.sparinc.com, you can review and download the most current versions of this Prospectus and our 2011 S-3 Registration Statement, our most recent Proxy Statement, Annual Report and Quarterly Reports and subsequent SEC Reports under the SEC Filings sub-tab of the Investor Relations tab. You also can review and download our Governing Documents under the Corporate Governance sub-tab of the Investor Relations tab. Only certain of our SEC Reports (as specified above) and our Governing Documents are incorporated in this Prospectus by

reference, and no other information posted on or linked to our web site is incorporated by reference in or otherwise in any way included in or part of this Prospectus. References to our web site are for address and technical purposes only and should not be considered to be a part of this Prospectus.

You also can obtain free copies of any document incorporated by reference into this Prospectus, as well as a current list of such incorporated documents, from our Chief Financial Officer, James R. Segreto, who you may contact by mail at SPAR Group, Inc., 560 White Plains Road, Suite 210, Tarrytown, New York 10591, by phone at (914) 332-4100, by fax at (914) 332-0741, or by email at jsegreto@sparinc.com.

You also may read and copy our 2011 S-3 Registration Statement, each of our SEC Reports and any other document that we file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington D.C. 20549. You can call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. You can also find our public filings with the SEC on the internet at a web site maintained by the SEC located at <http://www.sec.gov>.

Forward Looking Statements:

Information contained in this Prospectus include "forward-looking statements" within the meaning of Section 27A of the Securities Act (as defined below) and Section 21E of the Exchange Act (as defined below), including (without limitation) the statements contained in or incorporated by reference from our SEC Reports (as defined below) under the

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headings "Use of Proceeds", "Our Capital Stock", "Risk Factors", "Our Business" and "Our Financial Information". You can identify forward-looking statements in such information by our use of terms such as "may", "will", "expect", "intend", "believe", "estimate", "anticipate", "continue" or similar words or variations or negatives of those words. You should carefully consider all such information (and the risks and other cautions noted in this Prospectus or our SEC Reports) that could cause our actual 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 to differ materially from those anticipated by us and described in the information in our forward-looking statements, whether express or implied, as our anticipations are based upon our plans, intentions and best estimates and (although we believe them to be reasonable) involve known and unknown risks, uncertainties and other factors that could cause them to fail to occur or be realized or to be materially and adversely different from those we anticipated.

Although we believe that our plans, intentions and estimates reflected or implied in such forward-looking statements are reasonable, we cannot assure you that such plans, intentions or estimates will be achieved in whole or in part, that we have identified all potential risks, or that we can successfully avoid or mitigate such risks in whole or in part. You should carefully review the risk factors described below (see "Risk Factors" on pages 21 through 24, below) and any other cautionary statements contained or incorporated by reference in this Prospectus. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified by all such Risk Factors and other cautionary statements.

You should not place undue reliance on our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. Our forward-looking statements are based on the information currently available to us and speak only as of the date on the cover of this Prospectus, the date of any Prospectus Supplement, or, in the case of forward-looking statements incorporated by reference, as of the date of the SEC Report or other filing that includes such statement. New risks and uncertainties arise from time to time, and it is impossible for us to predict these matters or how they may arise or affect us. Over time, our actual 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 will likely differ from those expressed or implied by our forward-looking statements, and such difference could be significant and materially adverse to us and the value of your investment in our Common Stock.

We do not intend or promise, and we expressly disclaim any obligation, to publicly update or revise any forward-looking statements or risk factors (in whole or in part), whether as a result of new information, future events or recognition or otherwise, except as and to the extent required by applicable law.

Reliance:

You should rely only on the express contents of this Prospectus (including our Annual Report on Form 10-K respecting our 2010 fiscal year, our Proxy Statement for our Annual Stockholders Meeting in May of 2010 and the other documents incorporated in this Prospectus by reference), each applicable Prospectus Supplement and our most recent SEC Reports filed after that Annual Report. No one is authorized or permitted to give you any other information or assurance of any kind or nature whatsoever; and you will not receive any right, remedy or interest from, and you cannot act or rely on, any such other information or assurance, regardless of source.

Our Capital Stock

Our Capital Stock Generally:

Our certificate of incorporation authorizes us to issue 47,000,000 shares of common stock with a par value of \$0.01 per share (our "Common Stock"). Our shares of Common Stock all have the same voting, dividend and liquidation rights.

Our certificate of incorporation also authorizes us to issue 3,000,000 shares of preferred stock with a par value of \$0.01 per share (our "Preferred Stock"), which may have such preferences and priorities over our Common Stock and other rights, powers and privileges as our Board of Directors (our "Board") may establish in its discretion from time to time in designation resolutions they approve and adopt and we file with the Secretary of State of the State of Delaware, our state of incorporation. Those Preferred Stock rights may include:

- the distinctive designation of each series of Preferred Stock (each a "Preferred Series");
- the voting rights of the Preferred Series and any applicable terms and conditions;
- the dividends payable on the Preferred Series, including (without limitation) the dividend rate, the accrual, compounding and payment terms and dates, and any payment restriction, limitation or condition;

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- whether the Preferred Series shares are redeemable and (if so) the applicable prices and other terms and conditions;
- whether to provide a sinking or purchase fund and (if so) the applicable funding and other terms and conditions;
- the dividend, liquidation and distribution preferences and priorities applicable to the Preferred Series;
- any conversion or exchange right under the Preferred Series and the applicable price or rate and other terms and conditions to such conversion or exchange; and
- any other rights, powers and privileges permitted under our governing documents and Delaware law.

We have created and issued shares of Series A Preferred Stock that have dividend and liquidation preferences, have a cumulative dividend of 10% per year, are redeemable at our option and are convertible at the holder's option (and without further consideration) on a one-to-one basis into our Common Stock. The 3,000,000 authorized shares of Preferred Stock are fully covered by our Certificate of Designation of Series "A" Preferred Stock. The number of shares authorized by our Certificate of Designation of Series "A" Preferred Stock could, however, be reduced by amendment to create sufficient numbers of authorized shares for the creation of other Preferred Series. See "Our Series A Preferred Stock" and Affiliate Series A Preferred Stock Purchases and Ownership, below.

Delaware Law:

As a Delaware Corporation, we are subject to Delaware's General Corporation Law, as amended (the "DGCL"), which includes certain provisions limiting and otherwise regulating takeovers and other business combinations, and our capital stock is subject to Article 8 of Delaware's Uniform Commercial Code, as amended. One such provision, DGCL §203, prohibits us from engaging in any merger, stock or asset sale or other listed "business combination" with any interested stockholder (one who beneficially owns 15% or more of our voting stock) for a period of three years following the date that the stockholder became an interested stockholder unless it is approved by 2/3 of our stockholders other than the interested stockholder. Although we could opt out of that section with the approval of our stockholders, we have not done so. DGCL §203 could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

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

A number of provisions in our Governing Documents and the DGCL concern matters of corporate governance and the rights of our stockholders, and some of those provisions (including those described below) may be deemed to have an anti-takeover effect and discourage takeover attempts not first approved by our Board (including takeovers that some stockholders may deem to be in their best interests). Pursuant to our Governing Documents:

- we have eliminated the liability of our directors for monetary damages to us and our stockholders to the greatest extent permitted by the DGCL;

- we must indemnify and defend our directors, executive officers and certain others to the greatest extent permitted by the DGCL and reimburse them for their expenses and other losses, including those they may incur in investigations and legal proceedings resulting from any takeover defense measures we may take or their other services to us;
- our Board is authorized to establish the preferences and the purchase price and terms for and issue additional shares of Preferred Stock (for a total of 3,000,000 shares) from time to time without stockholder approval;
- our Board is authorized to establish the purchase price and terms for and issue additional shares of Common Stock from time to time (for a total of 47,000,000 shares) without stockholder approval;
- stockholder proposals and nominations for director for the annual stockholders meeting require advance notice in accordance with our Amended and Restated By-Laws and the instructions and deadlines in our previous year's Proxy Statement;
- our Board, Chairman, Vice Chairman or Chief Executive Officer may call, or ask our Secretary to call, a special meeting of stockholders to consider specific matters;
- stockholders owning 25% of our voting stock entitled to vote on such matters can request that a special meeting to consider specific matters be called by delivering their request to such an executive, who must then call the meeting;
- special meetings are limited to dealing with the matters described in the notice of special meeting; and
- stockholders can act by written consent if they have sufficient voting stock to have authorized such action in a duly convened meeting at which all stockholders with voting rights were present and voted.

See also "Indemnification" on page 27 of this Prospectus. To view or obtain a copy of our Amended and Restated By-Laws, see "Obtaining and Reviewing SEC Reports and other Incorporated Documents" on page 7 of this Prospectus.

Voting Rights of Our Stockholders:

The holders of our Common Stock and Series A Preferred Stock vote together for directors and other matters, other than matters pertaining only to the Series A Preferred Stock (such as amending our Certificate of Designation of Series "A")

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Preferred Stock) where only the holders of the Series A Preferred Stock are entitled to vote. Each person who is a record holder on the applicable "record date" designated by our Board is entitled to cast, in person or by proxy, one vote for each share of Common Stock or Series A Preferred Stock held on that date. We have not provided for cumulative voting for the election of directors, and directors are elected by a plurality of votes cast, which with six vacancies means the six nominees receiving the most votes are elected (even if they receive less than a majority). Other matters are decided by a majority of the votes cast. Please see "QUORUM AND VOTING REQUIREMENTS" on pages 1 and 2 of our 2011 Proxy for a more detailed explanation of computing stockholder quorums and votes.

Our Common Stock:

Holders of our Common Stock are entitled to receive dividends if, as, and when declared by our Board in its discretion out of funds legally available for such dividends, subject to the dividend and liquidation rights of any preferred stock that may be issued and outstanding, and all subject to any dividend restrictions in our credit facilities. In the event of our liquidation, dissolution, or winding-up, the holders of Common Stock are entitled to share ratably and equally in our assets, if any, that remain after we make payment of and provision for all of our debts and liabilities and the liquidation preferences of all of our outstanding Preferred Stock. No dividend or other distribution (including redemptions and repurchases of shares of capital stock) may be made, if after giving effect to such distribution, we would not be able to pay our debts as they come due in the usual course of business, or if our total assets would be less than the sum of our total liabilities plus the amount that would be needed at such time to satisfy the preferential rights of the holders of our outstanding Preferred Stock.

Each holder of Common Stock is entitled to one vote for each share held of record on all matters presented to our stockholders, including the election of directors. See "Voting Rights" above. Our Common Stock does not have any preemptive, subscription, exchange or conversion rights. There are no redemption or sinking funds or provisions applicable to our Common Stock. We may issue additional shares of our authorized but unissued Common Stock and Preferred Stock at such times, in such amounts, for such prices and on such other terms and conditions as may be approved by our Board in its discretion, all without any notice to or approval from the holders of our Common Stock except as may be required by applicable law or applicable Nasdaq requirements.

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 March 11, 2011: our Common Stock closing price was \$1.95 per share; there were 19,923,292 shares of our Common Stock issued and outstanding in the aggregate, which had an aggregate market value of \$38,850,419; there were 15,216,001 shares (or approximately 76%) of our Common Stock beneficially owned by the officers, directors and affiliates of SGRP in the aggregate, which affiliated ownership included shares then beneficially owned under currently exercisable vested options and had an aggregate market value of \$29,671,202; and there were 5,379,211 issued and outstanding shares (or approximately 27%) of our Common Stock owned by our non-affiliates in the aggregate (i.e., our public float), which float included shares then beneficially owned under currently exercisable warrants and vested options and had an aggregate market value of \$10,489,461.

Computershare Trust Co., N.A., 250 Royal Street, Canton, MA 02021, is the transfer agent and registrar for our Common Stock. Its phone number is (800) 962-4284 and its web site is www.computershare.com.

Significant Holders of Our Stock:

Please note that our co-founders, Mr. Robert G. Brown and Mr. William H. Bartels (who also are executive officers and directors of ours), beneficially own approximately 66.1% (or 13,168,794 shares) in the aggregate, Mr. Brown beneficially owns approximately 38.5% (or 7,678,289 shares), and Mr. Bartels beneficially owns approximately 27.6% (or 5,490,505 shares) of our Common Stock, which amounts were calculated using total issued and outstanding Common Stock (21,101,161 shares) and their individual beneficial ownerships at March 11, 2011. The Selling Stockholders did not beneficially own any shares under currently exercisable convertible securities, warrants or vested options. Although we expect those percentages to decrease through sales of Common Stock by us and the Selling Stockholders pursuant to this Prospectus (see "Selling Stockholders" on page 4, above), after all such sales, Mr. Brown will continue to beneficially own at least 32.7% (or 7,178,289 shares), Mr. Bartels will continue to beneficially own at least 22.8% (or 4,990,505 shares), and Mr. Brown and Mr. Bartels will continue to beneficially own in the aggregate at least 55.5% (or 12,168,794 shares) of our Common Stock then beneficially owned (on a pro forma basis and assuming no other changes. If they choose to act together, they could control all matters requiring stockholder approval, including the election of directors and the approval of mergers and other business combination transactions. Please see "Risks related to Our Significant Stockholders: Potential Voting Control and Conflicts" and the other "Risk Factors" on pages 21 through 24, below, and "Affiliate Series A Preferred Stock Purchases, Ownership and Conversion" on page 13, below, and also see "THE BOARD OF DIRECTORS OF THE CORPORATION" on pages 4 and 5, "EXECUTIVE OFFICERS OF THE

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CORPORATION" on pages 5 and 6, "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT" on pages 6 and 7 and "Transactions with Related Persons, Promoters and Certain Control Persons" on pages 7 through 10 of our Proxy Statement for our Annual Stockholders Meeting in May of 2010, all of which are part of the SEC Reports incorporated by reference in this Prospectus.

Price Range of Our Common Stock:

The following table sets forth the reported high and low sales prices of our Common Stock for the indicated calendar quarters as reported by Nasdaq.

	2010		2009		2008	
	High	Low	High	Low	High	Low
First Quarter	\$ 1.10	\$ 0.76	\$ 0.75	\$ 0.45	\$ 1.50	\$ 0.62
Second Quarter	1.00	0.45	0.70	0.36	1.45	0.61
Third Quarter	1.09	0.42	0.95	0.36	1.20	0.62
Fourth Quarter	1.10	0.80	1.10	0.65	0.90	0.22

Dividends:

We have never declared or paid any cash dividends on our Common Stock. Our current policy is to retain future earnings to finance our operations and fund the growth of our business, and so we do not anticipate paying cash dividends on our Common Stock in the foreseeable future. While our recently issued Series A Preferred Stock (see below) accrues a 10% dividend payable in either cash or common stock when authorized by the Board, we do not anticipate paying such dividend in the foreseeable future. Any payment of future dividends will be at the discretion of our Board and will depend upon, among other things, our earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions in respect to the payment of dividends and other factors that our Board deems relevant. Our Credit Facility with Webster Business Credit Corporation restricts the payment of dividends without its prior consent (see Note 4 to our Consolidated Financial Statements – Lines of Credit – in our Annual Report on Form 10-K respecting our 2010 fiscal year).

Our Purchases of Equity Securities:

We did not repurchase any of our Common Stock or Preferred Stock between January 1, 2009, and the date of this Prospectus. However, see Stock Option Repricing Exchange Offer, below.

Our Recent Sales of Common Stock:

We did not sell any of our Common Stock between January 1, 2009, and the date of this Prospectus, other than (i) pursuant to our existing registered stock option and stock purchase plans, (ii) our agreement on August 15, 2009, to privately sell 120,000 shares of our Common Stock to Alliance Advisors, LLC, for total consideration of \$0.47 per share (the fair market value at the time of our agreement) or \$56,000 in the aggregate (as more fully described in Item 2(a) of our Quarterly Report respecting our quarter ended September 30, 2010), (iii) our agreement on March 26, 2010, to privately issue warrants to purchase 75,000 shares of our Common Stock to Michael Anthony Holdings, Inc., in consideration of its term loan to us (as that loan is more fully described in our Annual Report on Form 10-K respecting our 2010 fiscal year, which warrants have an exercise price of \$0.85 per share (the fair market value at the

time of our agreement) and expire on March 26, 2012, and (iv) the 608,986 shares of our Common Stock issued pursuant to the conversion of the SGRP Series A Preferred Stock (as more fully described in "Affiliate Series A Preferred Stock Purchases, Ownership and Conversion", below). However, see Stock Option Repricing Exchange Offer, below.