SPAR GROUP INC
Form 4
January 22, 2016

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
BROWN ROBERT G/

(Last) (First) (Middle)

C/O SPAR GROUP, INC., 333 WESTCHESTER AVE, SOUTH BLDG, STE 204

(Street)

WHITE PLAINS, NY 10604

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SPAR GROUP INC [SGRP]

3. Date of Earliest Transaction (Month/Day/Year)
12/30/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director __X__ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chairman

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par $.01 par value	12/30/2015		G		20,000	D	(1)	5,672,919	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BROWN ROBERT G/ C/O SPAR GROUP, INC. 333 WESTCHESTER AVE, SOUTH BLDG, STE 204 WHITE PLAINS, NY 10604	X	X	Chairman	

Signatures

/s/ James Segreto, as attorney-in-fact under Power of Attorney Grant and Confirming Statement dated November 7, 2002	01/21/2016
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Not applicable.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. Stock options outstanding .... 10,722 11,663 Class A and B common stock warrants outstanding .... 32,428 32,428 Class A common stock reserved under convertible securities 38,039 37,475 ------ ------ 81,189 81,566 ====== ====== 6. SUPPLEMENTAL CASH FLOW INFORMATION Supplemental cash flow information and non-cash investing and financing activities are as follows (in thousands): FOR THE THREE MONTHS ENDED MARCH 31, ------------------- 2001 2000 ------- ------- (Unaudited) Supplemental disclosures of cash flow information: Cash paid for interest .... $17,613 $15,183 ------- ------- Cash paid for income taxes .... 113 680 ------- ------- Non-cash operating and financing activities: Accretion of discount on senior subordinated notes .... 119 105 ------- ------- Dividends accrued on redeemable preferred stock .... 29,145 26,964 ------- ------- Discount accretion on redeemable securities .... 7,021 6,618 ------- ------- 8 9 7. AMENDMENT TO EQUIPMENT CREDIT FACILITY In March 2001, the Company and its lenders amended its equipment credit

facility (the "Equipment Facility") to, among other things: (i) increase the maximum borrowing capacity from $65 million to $85 million with availability through June 30, 2002; and (ii) eliminate scheduled principal amortization and implement a requirement to repay amounts outstanding in full on June 30, 2002. In connection with the amendment, the interest rates were increased to an Index Rate (as defined therein) plus 2.75%, LIBOR plus 3.75% or a commercial paper rate plus 3.75%, at the Company's option. The Company paid a $200,000 fee in connection with the amendment. 8. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT On January 1, 2001, the Company adopted Financial Accounting Standards Board SFAS No. 133 as amended by SFAS No. 137 and SFAS No. 138, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). The adoption of SFAS 133 did not have a material impact on the Company's financial position or results of operations. 9 10 ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS GENERAL The Company is a network television broadcasting company which owns and operates the largest broadcast television station group in the United States. The Company commenced its television operations in early 1994. In response to federal regulatory changes reducing restrictions on broadcast television station ownership and mandating cable carriage of local television stations, the Company has expanded rapidly through acquisitions and construction of television stations. Upon completion of pending transactions, the Company will own 65 television stations reaching all of the top 20 markets except Pittsburgh, and 42 of the top 50 markets. The Company broadcasts PAX TV, its family programming network, which reaches U.S. television households through a distribution system consisting of owned and affiliated broadcast television stations, cable television systems in markets not served by a PAX TV station, and satellite television providers. According to Nielsen Television Index, as of April 2001, PAX TV reached 83% of U.S. prime time television households. Upon completion of pending transactions, the PAX TV network will include 124 broadcast television stations, consisting of 65 owned and operated stations and 59 independently owned PAX TV affiliates. In September 1999, the Company entered into a series of agreements with NBC under which NBC invested $415 million in the Company. Concurrently with these agreements, NBC also entered into an agreement with Lowell W. Paxson, the Company's Chairman and controlling stockholder ("Mr. Paxson") and entities controlled by Mr. Paxson under which NBC was granted the right to purchase all 8,311,639 shares of the Company's Class B common stock beneficially owned by Mr. Paxson, which shares are entitled to ten votes per share on all matters submitted to a vote of the Company's stockholders. Under these agreements, NBC has the ability to acquire control of the Company, subject to the satisfaction of various conditions, including compliance with applicable provisions of the Communications Act, and the approval of the FCC. The Company has also entered into agreements with NBC affecting its business operations, including agreements under which NBC provides network advertising sales, sales marketing and network research services for PAX TV, and Joint Sales Agreements ("JSAs") between Company stations and NBC owned and operated stations serving the same markets. Under the JSAs, the NBC stations sell all station spot advertising of Company stations and receive commission compensation for the sales, and some of the Company station operations, including sales operations, are integrated with the corresponding functions of the related NBC station. The Company reimburses NBC for the cost of performing these operations. During the three months ended March 31, 2001, the Company incurred amounts due to NBC totaling approximately $5.1 million for commission compensation and cost reimbursements under these agreements. The Company's primary operating costs include employee salaries, administrative expenses, and payments with respect to syndicated program rights, cable distribution, ratings services and promotional advertising. The Company's business is subject to various risks and uncertainties, which may significantly reduce revenues and increase operating expenses. For example, a reduction in expenditures by television advertisers in the Company's markets may result in lower revenues. The Company may be unable to reduce expenses, including syndicated program rights fees and certain variable expenses, in an amount sufficient in the short term to offset lost revenues caused by poor market conditions. The broadcasting industry continues to undergo rapid technological change, which may increase competition within the Company's markets as new delivery systems, such as direct broadcast satellite and internet networks, attract customers. This Report contains forward-looking statements that reflect the Company's current views with respect to future events. All statements in this Report other than those that are statements of historical facts are generally forward-looking statements. These statements are based on the Company's current assumptions and analysis, which management believes to be reasonable, but are subject to numerous risks and uncertainties that could cause actual results to differ materially from the Company's expectations. All forward-looking statements in this Report are made only as of the date of this Report, and the Company does not undertake any obligation to update these forward-looking statements, even though

circumstances may change in the future. Factors to consider in evaluating any forward-looking statements and the other information contained herein and which could cause actual results to differ from those anticipated in the Company's forward-looking statements or could otherwise adversely affect the Company's business or financial condition include those set forth in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, as filed with the US Securities and Exchange Commission. 10 11 RESULTS OF OPERATIONS The following table sets forth net revenues, the components of operating expenses and other operating data for the three months ended March 31, 2001 and 2000 (in thousands): THREE MONTHS ENDED MARCH 31, --------------------------- 2001 2000 -------- --------- Revenues .... $ 80,214 $ 78,456 Less: agency commissions .... (10,899) (10,984) -------- --------- Net revenues .... 69,315 67,472 Expenses: Programming and broadcast operations .... 9,950 8,974 Program rights amortization .... 24,433 27,761 Selling, general and administrative .... 31,610 33,398 Time brokerage and affiliation fees .... 939 1,878 Stock-based compensation .... 1,118 2,167 Adjustment of programming to net realizable value -- 24,400 Depreciation and amortization .... 23,996 21,180 -------- --------- Total operating expenses .... 92,046 119,758 -------- --------- Operating loss .... $(22,731) $ (52,286) ======== ========= Other Data: EBITDA (a) .... $ 3,322 $ (2,661) Program rights payments and deposits .... 27,878 27,844 Payments for cable distribution rights .... 2,349 534 Capital expenditures .... 6,117 5,543 Cash flows used in operating activities .... (13,679) (24,706) Cash flows (used in) provided by investing activities (18,132) 23,051 Cash flows provided by financing activities .... 1,248 3,469 -------------- (a) "EBITDA" is defined as operating loss plus depreciation, amortization, stock-based compensation, programming net realizable value adjustments, restructuring charges, and time brokerage and affiliation fees. EBITDA does not purport to represent cash provided by operating activities as reflected in the Company's consolidated statements of cash flows, is not a measure of financial performance under generally accepted accounting principles, and should not be considered in isolation. Management believes the presentation of EBITDA is relevant and useful because EBITDA is a measurement industry analysts utilize when evaluating the Company's operating performance. THREE MONTHS ENDED MARCH 31, 2001 AND 2000 Net revenues increased 2.7% to $69.3 million for the three months ended March 31, 2001 from $67.5 million for the three months ended March 31, 2000. This increase is primarily attributed to higher advertising revenues from the PAX TV network offset by a decrease in revenue from the Company's television stations. The increase in PAX TV network advertising revenues resulted from increases in ratings and distribution of PAX TV, favorable results from the Company's network sales agreement with NBC and increases in long-form programming rates. The decrease in television station revenues is primarily due to the softening of television spot advertising revenues in the Company's local markets. Expenses decreased to $92.0 million for the three months ended March 31, 2001 from $119.8 million for the three months ended March 31, 2000, or 23.1%. The decrease in 2001 is primarily due to the programming rights adjustment to net realizable value of $24.4 million in the first quarter last year as well as decreases in programming rights amortization and selling, general and administrative expenses. Program rights amortization decreased $3.3 million, reflecting a greater mix of lower cost original programming this year compared to last year. Selling, general and administrative costs decreased $1.8 million which primarily reflects lower selling costs. Time brokerage and affiliation fees decreased by $0.9 million due to the completion of related acquisitions. Stock-based compensation decreased by $1.0 million due to a decrease in options vesting in 2001 compared to the same period in 2000. Depreciation and amortization increased $2.8 million primarily related to assets acquired as well as accelerated depreciation on assets to be disposed of in connection with the JSA restructuring plan described below. 11 12 During the fourth quarter of 2000, the Company approved a plan to restructure its television station operations by entering into JSAs with third party broadcast stations in the Company's remaining non-JSA markets. These restructuring activities resulted in a charge of approximately $5.8 million in fourth quarter of 2000 consisting of $2.7 million of termination benefits and $3.1 million of costs associated with exiting leased properties which will no longer be utilized upon implementation of the JSAs. During the three months ended March 31, 2001, the Company paid termination benefits to 33 employees totaling approximately $647,000 and paid lease termination costs of approximately $140,000 which were charged against the restructuring reserve. The Company expects to substantially complete the restructuring plan by the end of 2001; however, certain lease obligations may continue through mid-2002. Interest expense for the three months ended March 31, 2001, increased 6.1% to $12.3 million from $11.6 million in the same period in 2000. The increase is primarily due to a greater level of senior debt and higher rates on the Company's debt throughout the period. At March

31, 2001, total long-term debt and senior subordinated notes were $405.8 million compared with $391.1 million as of March 31, 2000. Interest income for the three months ended March 31, 2001 decreased 51.1% to $1.5 million from $3.0 million in the same period in 2000. These decreases were primarily due to lower average cash and short term investment balances in 2001. Gain on restructuring of program rights obligations during the first quarter of 2000 primarily reflects the Company's return of certain programming rights that it had written off during 1999, in exchange for cash of $4.9 million and the cancellation of the remaining payment obligations. LIQUIDITY AND CAPITAL RESOURCES The Company's primary capital requirements are for capital expenditures, syndicated programming rights payments, cable carriage and promotion payments, debt service payments, working capital and funds required for the completion of announced acquisitions. The Company's primary sources of liquidity are its net working capital and availability under the Equipment Facility for the funding of capital expenditures. As of March 31, 2001, the Company had $73.5 million in cash and short-term investments and working capital of approximately $47.0 million. During the three months ended March 31, 2001, the Company's working capital decreased $27.3 million due to the use of $9.6 million to complete the acquisition of television stations, $17.6 million to pay interest due under certain of the Company's debt instruments, $6.1 million to fund capital expenditures offset by proceeds from the exercise of stock options and other operating activities of $6.0 million. The terms of certain of the Company's preferred securities and the indenture relating to its Senior Subordinated Notes currently preclude the Company from incurring additional indebtedness except for incurrence of certain indebtedness related to the funding of capital expenditures. The Company has entered or intends to enter into agreements to sell certain of its assets and anticipates the proceeds from these transactions to be approximately $70 to $100 million. These assets include the Company's television stations serving markets in Puerto Rico, Honolulu, Boston/Merrimack, Phoenix/Flagstaff, St. Louis, and certain other LPTV stations as well as monetization of the Company's tower assets and accounts receivable. The Company expects to receive the proceeds related to these asset sales during 2001 and 2002. The Company believes that cash provided by future operations, net working capital, its availability under the Equipment Facility and the proceeds from the planned sale of assets will provide the liquidity necessary to meet its obligations and financial commitments through the end of the first quarter of 2002. Should the Company be unable to sell the identified assets on acceptable terms, it may be required to seek to sell additional assets in order to generate sufficient cash to meet its liquidity needs. As the Senior Credit Facility and the Equipment Facility mature on June 30, 2002, the Company will be required to refinance or extend these facilities on or before that date. Additionally, the Company will likely be required to refinance its $230 million Senior Subordinated Notes on or before the stated maturity on October 1, 2002. The Senior Subordinated Notes are currently redeemable at the option of the Company through September 30, 2001 at 102% of the face value plus accrued interest. Commencing October 1, 2001 through maturity, the Senior Subordinated Notes are redeemable at the option of the Company at 100% of the face value plus accrued interest. Cash used in operating activities was approximately $13.7 million and $24.7 million for the three months ended March 31, 2001 and 2000, respectively. Such amounts primarily reflect the operating costs incurred in connection with the operation of PAX TV and the related cable distribution rights and programming rights payments and interest payments under the Company's debt facilities. The decrease in 2001 reflects improved operating performance and EBITDA. Cash used in investing activities of approximately $18.1 million for the three months ended March 31, 2001 primarily reflects acquisitions of broadcast properties, capital expenditures, short term investment transactions and other transactions. Cash provided by investing activities of approximately $23.1 12 13 million for the three months ended March 31, 2000 primarily reflects proceeds from short term investment transactions and capital expenditures. As of March 31, 2001, the Company had agreements to purchase significant assets of, or to enter into time brokerage and financing arrangements with respect to broadcast properties totaling approximately $50.9 million, net of deposits and advances. The Company anticipates it will spend approximately $4 million to $6 million in the remainder of 2001 to satisfy certain of these commitments. Capital expenditures were approximately $6.1 million and $5.5 million for the three months ended March 31, 2001 and 2000, respectively. The FCC has mandated that each licensee of a full power broadcast TV station, which was allotted a second digital television channel in addition to the current analog channel, complete the build-out of its digital broadcast service by May 2002. Despite the current uncertainty that exists in the broadcasting industry with respect to standards for digital broadcast services, planned formats and usage, it is the Company's intention to comply with the FCC's timing requirements for the broadcast of digital television. The Company has already commenced migration to digital broadcasting in certain of its markets and will continue to do so throughout the required time period. Due to uncertainty with respect to standards, formats and usage, however, the Company cannot currently

predict with reasonable certainty the amount it will likely have to spend in aggregate to complete the digital conversion of its stations, but does anticipate spending at least $70 million. It is likely that the capital necessary to complete the digital conversion will come from cash on hand as well as the monetization of certain non-core assets or other financing arrangements. Cash provided by financing activities was $1.2 million and $3.5 million during the three months ended March 31, 2001 and 2000, respectively. Such amounts include the proceeds from long-term debt borrowings and the exercise of common stock options, net of repayments of long-term debt. The decrease in 2001 is due to reduced borrowings under the Company's Equipment Facility and principal amortization of $.5 million under the Company's Senior Credit Facility. In March 2001, the Company amended the Equipment Facility to, among other things: (1) increase the maximum borrowing capacity from $65 million to $85 million with availability through June 30, 2002; and (2) eliminate scheduled principal amortization and implement a requirement to repay amounts outstanding in full on June 30, 2002. In connection with the amendment, the interest rates were increased to the Index Rate (as defined therein) plus 2.75%, LIBOR plus 3.75% or a commercial paper rate plus 3.75%, at the Company's option. The Company paid a $200,000 fee in connection with the amendment. All borrowings under this facility are secured by the equipment purchased with the proceeds drawn. At March 31, 2001, the Company had borrowings of approximately $54.4 million outstanding under the Equipment Facility. The Company intends to utilize the Equipment Facility to fund the majority of its capital expenditure needs in 2001. As of March 31, 2001, the Company's programming contracts require collective payments by the Company of approximately $200.7 million as follows (in thousands): OBLIGATIONS FOR PROGRAM PROGRAM RIGHTS RIGHTS COMMITMENTS TOTAL ------ ---------- ----- 2001 (April - December)................ $ 66,169 $ 22,445 $ 88,614 2002.................................. 55,343 12,560 67,903 2003.................................. 18,273 8,692 26,965 2004.................................. 6,106 6,650 12,756 2005.................................. -- 4,433 4,433 ---------- ---------- ---------- $ 145,891 $ 54,780 $ 200,671 ========== ========== ========== The Company has also committed to purchase at similar terms additional future series episodes of its licensed programs should they be made available. As of March 31, 2001, obligations for cable distribution rights require collective payments by the Company of approximately $20.6 million as follows (in thousands): 2001 (April - December)........................ $ 17,582 2002... 2,567 2003... 260 2004... 108 ----------- 20,517 Less: Amount representing interest.............. (1,555) ----------- Present value of cable rights payable........... $ 18,962 =========== 13 14 PART II OTHER INFORMATION ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K. (a) List of Exhibits: EXHIBIT NUMBER DESCRIPTION OF EXHIBITS ------ ---------------------- 3.1.1 Certificate of Incorporation of the Company (1) 3.1.2 Certificate of Designation of the Company's Junior Cumulative Compounding Redeemable Preferred Stock (1) 3.1.4 Certificate of Designation of the Company's 12 1/2% Cumulative Exchangeable Preferred Stock (2) 3.1.6 Certificate of Designation of the Company's 9 3/4% Series A Convertible Preferred Stock (3) 3.1.7 Certificate of Designation of the Company's 13 1/4% Cumulative Junior Exchangeable Preferred Stock (3) 3.1.8 Certificate of Designation of the Company's 8% Series B Convertible Exchangeable Preferred Stock (4) 3.2 Bylaws of the Company ------------- (1) Filed with the Company's Annual Report on Form 10-K, for the year ended December 31, 1995, and incorporated herein by reference. (2) Filed with the Company's Registration Statement on Form S-3, as amended, filed August 15, 1996, Registration No. 333-10267, and incorporated herein by reference. (3) Filed with the Company's Registration Statement on Form S-4, as amended, filed July 23, 1998, Registration No. 333-59641, and incorporated herein by reference. (4) Filed with the Company's Form 8-K dated September 15, 1999, and incorporated herein by reference. (b) Reports on Form 8-K. None. 14 15 PAXSON COMMUNICATIONS CORPORATION SIGNATURES Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. PAXSON COMMUNICATIONS CORPORATION Date: May 11, 2001 By: /s/ RONALD L. RUBIN --- Ronald L. Rubin Vice President, Chief Accounting Officer and Corporate Controller (Principal Accounting Officer) 15