

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 15, 2021

SPAR Group, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

0-27408
(Commission
File No.)

33-0684451
(IRS Employer
Identification No.)

1910 Opdyke Court, Auburn Hills, MI
(Address of Principal Executive Offices)

48326
(Zip Code)

Registrant's telephone number, including area code: (248) 364-7727

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	SGRP	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

SPAR Group, Inc. ("SGRP" or the "Corporation", and together with its subsidiaries, the "Company" or "SPAR Group") has listed its shares of Common Stock (the "SGRP Shares") for trading through the Nasdaq Stock Market LLC ("Nasdaq") under the trading symbol "SGRP" and periodically files reports with the Securities and Exchange Commission ("SEC"). SGRP has recently filed the following reports with the SEC: On March 31, 2021, its Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Annual Report"); on April 29, 2021, its First Amendment to such Annual Report on Form 10K/A (the "2020 10-K Amendment"), adding new Parts 10, 11, 12, 13 and 14 from Form 10-K to such Annual Report (as so amended, the "Amended 2020 Annual Report"); and on May 13, 2021, its Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 (the "2021 Q1 Report").

Item 3.01. Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

Resignation of Audit Committee Members from Board and its Committees

On June 9, 2021, in a letter to the Corporation, all three members of SGRP's Audit Committee, namely Mr. Arthur H. Baer, Mr. Igor Novgorodtsev, and Mr. Jeffrey A. Mayer (each a "Resigning Independent Director"), resigned from the Corporation's Board of Directors (the "Board") and all of its committees, effective immediately (the "Resignations"). Management informed Nasdaq of the receipt of the Resignations on June 11, 2021. Please see SGRP's Current Report on Form 8-K reporting the Resignation as filed with the SEC on June 14, 2021 (the "Resignation Report"), and the Resignation Letter that was attached to the Resignation Report (the "Resignation Letter").

Nasdaq Notice of Failure to Comply with its Board Independence and Audit Committee Composition Rules

As a result of the Resignations, SGRP received a notification letter from Nasdaq dated June 15, 2021 (the "Nasdaq Deficiency Letter"), stating that SGRP no longer complies with Nasdaq's majority independent director and audit committee requirements as set forth in Nasdaq Listing Rule 5605 ("Nasdaq Rules").

In the Nasdaq Deficiency Letter, Nasdaq noted that a listed company normally has 45 calendar days to submit a detailed plan to regain compliance for non-compliance with the Nasdaq Rules. However, Nasdaq's Staff determined to give a shortened deadline for SGRP to submit its plan to regain compliance, until June 29, 2021, pursuant to its discretionary authority set forth in Listing Rule 5101.3. Please see Item 1A -- Risk Factors -- *Risks of a Nasdaq Delisting and Penny Stock Trading* in the Amended 2020 Annual Report.

If SGRP's plan to regain compliance with the Nasdaq Rules is accepted, Nasdaq's Staff can grant an extension of up to 180 calendar days from the date of the Nasdaq Deficiency Letter to permit and evidence such compliance.

The text of the Nasdaq Deficiency Letter is attached to and filed with this Current Report as Exhibit 17.1 hereto and is hereby incorporated by reference into this Current Report and made a part hereof. The descriptions of the Nasdaq Deficiency Letter in this Current Report are subject to and are qualified in their entirety by the full text of the Nasdaq Deficiency Letter.

For background on the ongoing disputes between the Company and its majority stockholders leading to the three independent director resignations, please see the Resignation Report.

Forward Looking Statements

This Current Report on Form 8-K (this "Current Report") contains "forward-looking statements" within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, made by, or respecting, the Corporation and its subsidiaries (the "Company"), and this Current Report has been filed by the Corporation with the SEC. "Forward-looking statements" are defined in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other applicable federal and state securities laws, rules and regulations, as amended (together with the Securities Act and the Exchange Act, "Securities Laws").

All statements (other than those that are purely historical) are forward-looking statements. Words such as "may," "will," "expect," "intend," "believe," "estimate," "anticipate," "continue," "plan," "project," or the negative of these terms or other similar expressions also identify forward-looking statements. Forward-looking statements made by the Corporation in this Current Report may include (without limitation) statements regarding: risks, uncertainties, cautions, circumstances and other factors ("Risks"); and plans, intentions, expectations, guidance, the novel coronavirus and COVID-19 pandemic on the Company's business, the Corporation's compliance with applicable Nasdaq director independence rules, the Company's cash flow or financial condition, the Company's cash flow, or the pursuit or achievement of the Company's corporate objectives.

You should carefully review and consider the Company's forward-looking statements (including all risk factors and other cautions and uncertainties) and other information made, contained or noted in or incorporated by reference into this Current Report, but you should not place undue reliance on any of them. The results, actions, levels of activity, performance, achievements or condition of the Company (including its affiliates, assets, business, clients, capital, cash flow, credit, expenses, financial condition, income, liabilities, liquidity, locations, marketing, operations, performance, prospects, sales, strategies, taxation or other achievement, results, Risks, trends or condition) and other events and circumstances planned, intended, anticipated, estimated or otherwise expected by the Company (collectively, "Expectations"), and our forward-looking statements (including all Risks) and other information reflect the Company's current views about future events and circumstances. Although the Company believes those Expectations and views are reasonable, the results, actions, levels of activity, performance, achievements or condition of the Company or other events and circumstances may differ materially from our Expectations and views, and they cannot be assured or guaranteed by the Company, since they are subject to Risks and other assumptions, changes in circumstances and unpredictable events (many of which are beyond the Company's control). In addition, new Risks arise from time to time, and it is impossible for the Company to predict these matters or how they may arise or affect the Company. Accordingly, the Company cannot assure you that its Expectations will be achieved in whole or in part, that it has identified all potential Risks, or that it can successfully avoid or mitigate such Risks in whole or in part, any of which could be significant and materially adverse to the Company and the value of your investment in the Company's common stock.

These forward-looking statements reflect the Company's Expectations, views, Risks and assumptions only as of the date of this Current Report, and the Company does not intend, assume any obligation, or promise to publicly update or revise any forward-looking statements (including any Risks or Expectations) or other information (in whole or in part), whether as a result of new information, new or worsening Risks or uncertainties, changed circumstances, future events, recognition, or otherwise.

Item 9.01. Financial Statements and Exhibits.

(a) Exhibits:

- 17.1 [Text of letter to SPAR Group, Inc. \("SGRP"\), from the Nasdaq Stock Market, Inc. \("Nasdaq"\), dated June 15, 2021, stating that SGRP no longer complies with Nasdaq's majority independent director and audit committee requirements as set forth in Nasdaq Listing Rule 5605 \(as attached hereto and filed herewith\).](#)
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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.

SPAR Group, Inc.

Date: June 22, 2021

By: /s/ Fay DeVriese
Fay DeVriese, Chief Financial Officer
(Principal Financial and Accounting Officer),
Treasurer and Secretary

Text of Nasdaq Deficiency Letter to SGRP

June 15, 2021

Ms. Fay DeVriese
Chief Financial Officer, Treasurer and Secretary
SPAR Group, Inc.
1910 Opdyke Court
Auburn Hills, Michigan 48326

Re: SPAR Group, Inc. (the "Company")
Nasdaq Symbol: SGRP

Dear Ms. DeVriese:

This letter follows our recent telephone conversation in which we explained that your Company no longer complies with our Listing Rules (the "Rules") for continued listing.¹ Based on the Company's Form 8-K, filed with the Securities and Exchange Commission on June 14, 2021 (the "Form 8-K"), due to the simultaneous resignations of Messrs. Arthur H. Baer, Igor Novgorodtsev, and Jeffrey A. Mayer (the "Former Directors") from the Company's Board of Directors and audit committee,² effective June 9, 2021, the Company's remaining Independent Directors are Panos Lazaretos and Peter W. Brown, representing two of out of six total directors. Accordingly, the Company no longer complies with Nasdaq's independent director and audit committee requirements as set forth in Listing Rule 5605 and is not eligible for a cure period.

Under the Rules a company normally has 45 calendar days to submit a plan to regain compliance. However, Staff has determined to shorten deadline for the Company to submit its plan, until June 29, 2021, pursuant to our discretionary authority set forth in Listing Rule 5101.³

If your plan is accepted, we can grant an extension of up to 180 calendar days from the date of this letter to evidence compliance. Your plan should be as definitive as possible, addressing any issues that you believe would support your request for an extension. In addition, please provide any relevant documentation to support your plan, including but not limited to biographical information related to potential candidates, if any, being considered for appointment to the Board of Directors and the audit committee.

Please email the Company's compliance plan to [Nasdaq] no later than June 29, 2021. Once the plan is reviewed, we will contact you if we have any questions or comments and will provide you written notice of our decision. If we do not accept your plan, you will have the opportunity to appeal that decision before a Hearings Panel.⁴

Additionally, as we discussed, please provide a written summary detailing the events leading up to the resignations by the Former Directors.⁵ The summary should address the specific concerns raised by the Former Directors. Please include copies of all board and audit committee meetings from January 1, 2021 to the date of your response.

The Company satisfied its disclosure obligation under our Rules by filing the Form 8-K, however, the Company should consult with counsel regarding disclosure obligations surrounding this letter under the federal securities laws.

In addition, Nasdaq makes available to investors a list of all non-compliant companies, which is posted on our website at listingcenter.nasdaq.com. The Company will be included in this list beginning five business days from the date of this letter. As part of this process, an indicator reflecting the Company's non-compliant status will be broadcast over Nasdaq's market data dissemination network and will also be made available to third party market data providers.

¹ Listing Rules 5605(b)(1) and 5605(c)(2). For online access to all Nasdaq Rules, please see "Nasdaq Online Resources," included with this letter.

² The Former Directors comprised the entire audit committee.

³ Listing Rule 5101 states, in part, that "Nasdaq, therefore, in addition to applying the enumerated criteria set forth in the Rule 5000 Series, has broad discretionary authority over the initial and continued listing of securities in Nasdaq in order to maintain the quality of and public confidence in its market, to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and to protect investors and the public interest. Nasdaq may use such discretion to deny initial listing, apply additional or more stringent criteria for the initial or continued listing of particular securities, or suspend or delist particular securities based on any event, condition, or circumstance that exists or occurs that makes initial or continued listing of the securities on Nasdaq inadvisable or unwarranted in the opinion of Nasdaq, even though the securities meet all enumerated criteria for initial or continued listing on Nasdaq."

⁴ See Listing Rule 5815.

⁵ Listing Rule 5250(a)(1) Nasdaq may request any additional information or documentation, public or non-public, deemed necessary to make a determination regarding a Company's continued listing, including, but not limited to, any material provided to or received from the Commission or Other Regulatory Authority. A Company may be denied continued listing if it fails to provide such information within a reasonable period of time or if any communication to Nasdaq contains a material misrepresentation or omits material information necessary to make the communication to Nasdaq not misleading. The Company shall provide full and prompt responses to requests by Nasdaq or by FINRA acting on behalf of Nasdaq for information related to unusual market activity or to events that may have a material impact on trading of its securities in Nasdaq.