SPECTRUM LABORATORIES INC /CA
Form SC 13E3/A
August 08, 2005

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13E-3(A)

RULE 13E-3(A) TRANSACTION STATEMENT
(Pursuant to Section 13(e) of the Securities Exchange Act of 1934)

SPECTRUM LABORATORIES, INC.
(Name of Issuer)

Roy T. Eddleman
Thomas V. Girardi
Walter J. Lack
(Name of Persons Filing Statement)

COMMON STOCK,
(Title of Class of Securities)

847 624 30 1
(CUSIP Number of Class of Securities)

JOHN J. DRISCOLL, ESQ.
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(Name, address and telephone number of person authorized to receive notices for Spectrum Laboratories, Inc. and on behalf of persons filing statement)

THIS STATEMENT IS FILED IN CONNECTION WITH (CHECK THE APPROPRIATE BOX):

a. [X] The filing of solicitation materials or an information statement subject to Regulation 14A, Regulation 14C, or Rule 13E-3(A)(c) under the Securities Exchange Act of 1934.

b. [ ] The filing of a registration statement under the Securities Act of 1933.

c. [ ] A tender offer.

d. [ ] None of the above.

CHECK THE FOLLOWING BOX IF THE SOLICITING MATERIALS OR INFORMATION REFERRED TO IN CHECKING BOX (a) ARE PRELIMINARY COPIES: [X]

CHECK THE FOLLOWING BOX IF THE FILING IS A FINAL AMENDMENT REPORTING THE RESULTS OF THE TRANSACTION: [ ]

CALCULATION OF FILING FEE

TRANSACTION VALUATION (1)	AMOUNT OF FILING FEE (2)
$287,918	$36.48

(1) For purposes of calculating the filing fee only. The filing fee was calculated based on the purchase price of $2.56 per share or pro rata portion thereof, before giving effect to a 1-for-25,000 reverse stock split as described herein, for all issued and outstanding shares of the Company's common stock acquired pursuant to this transaction.

(2) The amount of the filing fee, calculated in accordance with Section 13 of the Securities Exchange Act of 1934, as amended, equals .0000809 multiplied by the aggregate value of cash to be paid by Spectrum Laboratories, Inc. for the common stock.

[X] Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: $36.48
Form or Registration No.: 13_E3
Filing Party: Issuer
Date Filed: October 13, 2004

INTRODUCTION

This Schedule 13E-3(A) Transaction Statement is being filed by Spectrum Laboratories, Inc., a Delaware corporation, ("Spectrum" or the "Company") and by Roy T. Eddleman, Tomas V. Girardi and Walter J. Lack, each of whom is a director of Spectrum and collectively own 98.4% of the Company's common stock and relates to a 1-for-25,000 reverse stock split of Spectrum's outstanding common stock.

The purpose of the reverse stock split is to decrease the total number of Spectrum's Common Stockholders from approximately 450 to 3. By reducing the number of stockholders below 300, Spectrum will be eligible to file a Form 15 with the Securities and Exchange Commission ("SEC") and terminate its registration and reporting obligations under the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). The going private transaction as described herein, will enable Spectrum to save money being spent because of its status as a reporting company, which Spectrum believes provides a limited benefit to a small company like Spectrum.

The reverse stock split will be effected on or about August 31, 2005. The reverse stock split was unanimously approved by Spectrum's Board of Directors at a meeting held on October 6, 2004. The holders of 98.4% of the Company's stock on written consent have approved this transaction. No additional consent is required from stockholders. The reverse stock split is being effected with the specific intent to reduce the number of stockholders of Spectrum's common stock to a level where Spectrum is no longer obligated to file reports under the Exchange Act.

ITEM 1. SUMMARY TERM SHEET

The information set forth under the caption "Summary Term Sheet" in the Information Statement is incorporated herein by reference.

ITEM 2. SUBJECT COMPANY INFORMATION

(a) Spectrum's full name and the address and telephone number for its principal executive offices are:

Spectrum Laboratories, Inc.
18617 Broadwick
Rancho Dominquez, California 90220
(310) 885-4600

(b) The exact title of Spectrum's class of security that is the subject of this filing is: common stock. As of February 7, 2005, the most recent practicable date before the date of this filing, Spectrum had 5,312,468 shares of common stock outstanding.

(c) The information under the caption Trading Market and Stock Price is contained under the caption of "Trading Market and Stock Price" in the Information Statement which is incorporated herein by reference.

(d) Spectrum has not declared or paid cash dividends on its common stock during the past two (2) years with respect to its common stock. There are no restrictions either in Spectrum's charter or in any agreement to which Spectrum is a party which prohibit Spectrum's ability to pay dividends.

(e) Not applicable.

(f) During the last two (2) years, Spectrum has not purchased any shares of its common stock.

On February 13, 2004, Walter J. Lack, a director and filing person, purchased 7,595 shares of common stock on the open market at a price of $2.52 per share. No other filing person purchased or acquired shares in the past two years.

ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSONS

1. Spectrum Laboratories

(a) Spectrum is the subject company. Its full name and the address and telephone number of its principal executive offices is:

Spectrum Laboratories, Inc.
18617 Broadwick
Rancho Dominquez, California 90220
(310) 885-4600

(b) Not applicable.

(c) Information concerning Spectrum's directors and executive officers as set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" is as follows:

Name and Address	Amount and Nature Of Beneficial Ownership (1)	Percent of Class
Roy T. Eddleman 18617 Broadwick Street Rancho Dominguez, CA 90220	4,320,128	81.3

Thomas V. Girardi, J.D. 1126 Wilshire Blvd. Los Angeles, CA 90017	800,002		15.1
Jay Henis, Ph.D. 501 Marford Drive St. Louis, MO 63141	17,000	(A)	0.3
Walter J. Lack, J.D. 10100 Santa Monica Blvd. Los Angeles, CA 90067	109,918		2.1
Jack Whitescarver, Ph.D. 4301 Massachusetts Ave., NW #6002 Washington, D.C. 20016	17,000	(A)	0.3
F. Jesus Martinez 18617 Broadwick Street Rancho Dominquez, CA 90220	265,524	(A)	4.8
Brian A. Watts 18617 Broadwick Street Rancho Dominquez, CA 90220	80,000	(A)	1.5
All directors and officers as a Group (7 in number)	5,609,672	(B)	98.6

(1) All amounts are amounts of ownership of common stock of the Company unless otherwise indicated. (A) Entire amount consists of exercisable stock options (B) Includes 379,624 exercisable stock options. Holders of these options will not exercise them in connection with this transaction.

2. Roy T. Eddleman

Spectrum Laboratories, Inc.
18617 Broadwick Street
Rancho Dominguez, CA 90220
Tel: 310-885-4600

Mr. Eddleman is CEO of Spectrum Laboratories at the above address past 5 years; He has had no connection with criminal proceeding past 5 years; He was not a party to any administrative or judicial proceeding past 5 years; He is a U.S. Citizen

3. Thomas V. Girardi

Girardi & Keese
1126 Wilshire Boulevard
Los Angeles, CA 90017
Tel: 310-552-3800

Mr. Girardi is a practicing lawyer and partner in the law firm of Girard & Keese at the above address for past five years; He has had no connection with criminal proceeding past 5 years;

He has not been a party to any administrative or judicial proceeding past 5 years
He is a U.S. Citizen

4. Walter J. Lack

Engstrom, Lipscomb & Lack
10100 Santa Monica Boulevard
Los Angeles, CA 90067
Tel: 213-429-5330

Mr. Lack is a practicing lawyer and partner in the law firm of Engstrom, Lipscomb & Lack at above address past 5 years.
He has had no connection with criminal proceeding past 5 years
He has not been a party to any administrative or judicial proceeding past 5 years.
He is a U.S. Citizen

ITEM 4. TERMS OF THE TRANSACTION

(a) The information set forth under the caption "Summary Term Sheet" and "Special Factors" in the Information Statement is incorporated herein by reference.

(b) To eliminate fractional share holdings, pre-split shares not divisible by 25,000 will be eliminated by payment of a cash price of $2.56 per share. As a result Messrs. Eddleman, Girardi and Lack who own, respectively, 20,128,222 and 99,182 pre-split shares not divisible by 25,000 will receive payment of $51,527.68, $5.12, and $25,390.08, respectively. Directors and executive officers who have a total of 379,624 stock options have agreed not to exercise their options and receive payment.

(c) The information set forth under the caption "Summary Term Sheet" and "Special Factors" in the Information Statement is incorporated herein by reference.

(d) Stockholders have no appraisal rights under Delaware law, and under Spectrum's Certificate of Incorporation or Bylaws in connection with the reverse stock split.

(e) Spectrum has not made any provision to grant unaffiliated security holders access to Spectrum's corporate files and, other than the fairness opinion described in Item 9 below, has not engaged, or made provision to obtain, counsel or appraisal services for unaffiliated stockholders at its expense in connection with the transaction described herein.

(f) Not applicable.

ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS

(a) Aside from payment of salary and royalty of the Company to Mr. Eddleman, there were no transactions. For the year ending December 27, 2003, Mr. Eddleman received a salary of $160,000 and royalty payments of $311,617 and for the year ending December 25, 2004, Mr. Eddleman received a salary of $120,192 and royalty payments of $304,613. No other filing person received a payment from the Company of any nature.

(b) The information set forth under the caption "Special Factors" in the Information Statement is incorporated herein by reference.

(c) The information set forth under the caption "Special Factors" in the Information Statement is incorporated herein by reference.

(d) The information set forth under the caption "Special Factors" in the Information Statement is incorporated herein by reference.

(e) The information set forth under the caption "Special Factors" in the Information Statement is incorporated herein by reference.

ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS

(a) Not applicable.

(b) The fractional shares of new common stock acquired by Spectrum in the reverse stock split will be considered a purchase and retirement of its own stock. The purchase will be treated as a reduction of stockholders' equity. Spectrum has no plans to re-sell or dispose of the fractional shares acquired in this transaction.

(c) (1) Not applicable.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable. There are no current plans or proposals to change the present Board of Directors or management of Spectrum or change any material term of any agreement with any executive officer. The information under the caption "Special Factors" in the Information Statement is incorporated by reference.

(5) Not applicable.

(6) Market makers are not permitted to quote Spectrum's common stock on the Over The Counter Bulletin Board ("OTCBB") if Spectrum is not current in its filings with the SEC. Upon consummation of the reverse stock split, Spectrum plans to file a Form 15 with the SEC to terminate its reporting obligations under Section 15(d) of the Exchange Act. As a result, Spectrum's common stock will be removed from quotation from the OTCBB.

(7) Upon consummation of the reverse stock split, Spectrum plans to certify to the SEC that it has reduced its number of stockholders of common stock to less than 300, and thereby terminate its registration under the Exchange Act.

(8) Upon consummation of the reverse stock split, Spectrum plans to file a Form 15 with the SEC to terminate its reporting obligations under Section 15(d) of the Exchange Act.

(9) Not applicable.

(10) Not applicable.

(d) Not applicable.

ITEM 7. PURPOSES, ALTERNATIVES, REASONS AND EFFECTS

(a) The information under the captions "Summary Term Sheets and "Special Factors" Relating to the `Going Private Transaction'" is incorporated herein by reference.

(b) The information under the captions "Summary Term Sheets and "Special Factors" Relating to the `Going Private Transaction'" is incorporated herein by reference.

(c) The information under the captions "Summary Term Sheets and "Special Factors" Relating to the `Going Private Transaction'" is incorporated herein by reference.

(d) The information under the caption "Federal Income Tax Consequences of the `Reverse Stock Split'" in the Information Statement is incorporated herein by reference.

ITEM 8. FAIRNESS OF THE TRANSACTION

(a) The information under the caption "Fairness of the Reverse Stock Split" in the Information Statement is incorporated herein by reference. The Company and each of Messrs. Eddleman, Girardi and Lack have concluded that the going private transaction and the consideration paid to minority share holders are fair - both procedurally and substantively.

(b) The information under the caption "Fairness of the Reverse Stock Split" in the Information Statement is incorporated herein by reference.

(c) The information under the caption "Fairness of the Reverse Stock Split" in the Information Statement is incorporated herein by reference.

(d) The information under the caption "Fairness of the Reverse Stock Split" in the Information Statement is incorporated herein by reference.

(e) The reverse stock split was unanimously approved by all the directors of Spectrum, unanimously, including those who are not employees of Spectrum.

(f) The information under the caption "Fairness of the Reverse Stock Split" is incorporated herein by reference.

ITEM 9. REPORTS, OPINIONS, APPRAISALS AND NEGOTIATIONS

(a) The members of the Board of Directors, including affiliates, has received a fairness opinion from Seidman and Co., Inc. ("Seidman") an investment banking firm, with respect to the fairness of the consideration offered in the transaction described herein to security holders who will hold fractional shares of the Company's common stock after the reverse stock split. Seidman spoke directly only to the CEO and the CFO. The information under the caption "Fairness of Reverse Stock Split" in the Information Statement is incorporated herein by reference.

(b) The information under "Fairness of the Reverse Stock Split" is incorporated herein by reference.

(1) The fairness opinion has been rendered by Seidman.

(2) Seidman is a nationally recognized investment banking

firm that is regularly engaged to render financial opinions in connection with mergers and acquisitions, tax matters, corporate planning, and other purposes.

(3) Seidman was selected by Spectrum's Board of Directors. The Board of Directors selected Seidman on the basis of (i) its experience in valuing businesses and their securities, (ii) its experience in rendering fairness opinions, and (iii) familiarity with Spectrum in that Seidman opined on a merger with Invalid's Spectrum in 1998.

(4) There has been no material relationship during the past two (2) years between Spectrum, its affiliates, directors or executive officers and Seidman, its affiliates or unaffiliated representatives. Seidman received a fee in the amount of $35,000 plus reimbursement of expenses in connection with the issuance of its fairness opinion. There are no other current arrangements to compensate Seidman, its affiliates or unaffiliated representatives for any services rendered to Spectrum, its affiliates, directors or executive officers.

(5) The Board of Directors of Spectrum determined the amount of consideration to be paid to fractional common stockholders in the reverse stock split. Seidman was engaged to render an opinion as to whether the per share price on which such consideration will be based was fair to the stockholders who received fractional shares of the Company's common stock in the reverse stock split from a financial viewpoint.

(6) The information set forth under the caption "Fairness of Reverse Stock Split" in the Information Statement is incorporated herein by reference.

(c) The fairness opinion rendered by Seidman is attached as Appendix A to the Information Statement. A draft opinion is attached hereto as Exhibit 16(c)(2) and Fairness Analysis Summary dated September 30, 2004 is attached hereto as Exhibit 16(c)(3). The opinion and analysis summary are available for inspection and copying by Spectrum stockholders (or a representative designated in writing) during Spectrum's regular business hours at Spectrum's principal executive offices by contacting the Company's Secretary.

(d) Seidman prepared a draft report for the Board to accompany its opinion. Reference is made to "Fairness of the Reverse Stock Split" incorporated herein by reference.

ITEM 10. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

(a) The information under the caption "Exchange of Certificates - Payment" in the Information Statement is incorporated herein by reference.

(b) Not applicable.

(c) The information under the caption "Cost of Reverse Stock Split" in the Information Statement is incorporated herein by reference.

(d) Not applicable.

ITEM 11. INTEREST IN SECURITIES OF THE SUBJECT COMPANY

(a) The information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" in the Information Statement is

incorporated herein by reference.

(b) Not applicable.

ITEM 12. THE SOLICITATION OR RECOMMENDATION

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Since each person or entity holds in excess of 25,000 shares of Common Stock, the affiliates of Spectrum and its three (3) directors will remain shareholders of Spectrum after the reverse stock split, except for fractional shares of common stock resulting from the reverse stock split. The Directors of Spectrum unanimously voted to approve the reverse stock split. The affiliates owning 98.4% of the issued and outstanding shares by written consent approved the transaction.

(e) Except for the vote to approve the reverse stock split by its affiliates, directors and executive officers, Spectrum is not aware that any of its affiliates, directors or executive officers has made a recommendation either in support or opposed to the transaction described herein.

ITEM 13. FINANCIAL STATEMENTS

(a) Spectrum's financial statement information, included in its Annual Report on Form 10-KSB for the year ended December 25, 2004, filed with the SEC on April 13, 2005, is incorporated herein by reference. Spectrum's financial statement information, attached to its Quarterly Report on Form 10-QSB for the quarterly period March, 2005, filed with the SEC on May 16, 2005, is incorporated herein by reference. The ratio of earnings to fixed charges (i) for the year ended (ii) for the year ended December, 2003, was 1.5 for the year ended December 25, 2004 was 2.1, (iii) for the three months ended March 27, 2004 , was 1.5, and (iv) for the three months ended March 26, 2005 was 0.3. The book value per share of Spectrum's common stock was $1.93 at March 27, 2004, and $1.93 at March 26, 2005. Information incorporated herein by reference to the Company's Annual Report on Form 10-KSB and Quarterly Reports on Forms 10QSB has been filed by the Company with the SEC as stated above. You may obtain copies of these reports, statements or other information that the Company files from the Public Reference Section of the SEC at 450 Fifth Street N.W., Washington D.C. 20549 at prescribed rates. Copies of such materials may also be accessed through the SEC's Internet site at www.sec.gov.

(b) Not applicable

ITEM 14. PERSONS/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED

(a) No persons have been retained to make solicitations or recommendations in connection with the reverse stock split.

(b) Other than as set forth under Item 9 above, no officer, employee or corporate assets has been or will be employed or used in connection with the reverse stock split.

ITEM 15. ADDITIONAL INFORMATION

None.

ITEM 16. EXHIBITS

(a) Information Statement. Incorporated by reference to Spectrum's Preliminary Schedule 14C Information Statement, filed with the SEC on October 12, 2004.

(b) Not applicable.

(c) (1) Opinion of Seidman and Co., Inc. Incorporated by reference to Appendix A of Spectrum's Preliminary Schedule 14C Information Statement.
(2) Fairness/Analysis Summary Draft dated September 30 prepared by Seidman & Company.
(3) Fairness Opinion Letter Draft.

(d) Not applicable.

(e) Not applicable.

(f) None.

(g) None.

(h) Not applicable.

SIGNATURES

After due inquiry and to the best of our knowledge and belief, we certify that the information set forth in this statement is true, complete and correct.

August 5, 2005

SPECTRUM LABORATORIES, INC.

By /s/ Roy T. Eddleman

Roy T. Eddleman, Chief Executive Officer

By /s/ Brian Watts

Brian Watts, Chief Financial Officer

/s/ Roy T. Eddleman

Roy T. Eddleman

/s/ Thomas V. Girardi

Thomas V. Girardi

/s/ Walter J. Lack

Walter J. Lack