

SHELLS SEAFOOD RESTAURANTS INC

Form 5

January 10, 2007

**FORM 5****UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**Check this box if  
no longer subject  
to Section 16.Form 4 or Form  
5 obligations  
may continue.See Instruction  
1(b).Form 3 Holdings  
Reported

Form 4

Transactions

Reported

**ANNUAL 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: 3235-0362Expires: January 31,  
2005Estimated average  
burden hours per  
response... 1.01. Name and Address of Reporting Person \*  
Herman Gary L

(Last) (First) (Middle)

720 FIFTH AVE., 10TH FLOOR

(Street)

NEW YORK, NY 10019

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading  
SymbolSHELLS SEAFOOD  
RESTAURANTS INC [SHLL]3. Statement for Issuer's Fiscal Year Ended  
(Month/Day/Year)  
02/07/20054. If Amendment, Date Original  
Filed (Month/Day/Year)5. Relationship of Reporting Person(s) to  
Issuer

(Check all applicable)

☒ Director ☐ 10% Owner  
☐ Officer (give title below) ☐ Other (specify below)

6. Individual or Joint/Group Reporting

(check applicable line)

☒ 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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D)	Price			
Common	02/07/2005	Â	P4	93,750	A	\$ 0.16	93,750	D	Â
Common	02/07/2005	Â	P4	4,688	A	\$ 0.16	98,438	I	See Footnote (1)
Common	02/07/2005	Â	P4	193,751	A	\$ 0.16	292,189	I	See Footnote (2)

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Common	11/01/2005	Â	P4	463,800	A	<u>\$ 0</u> (3)	755,989	I	See Footnote (3)
Common	11/12/2006	Â	P4	99,000	A	\$ 0.75	854,989	I	See Footnote (4)

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

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SEC 2270  
(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 Underlying Securities (Instr. 3 and 4)	
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option to purchase Common Stock \$0.01 par value	\$ 0.85	06/22/2005	Â	A4	20,000	Â	07/22/2005	06/22/2012	Common Stock	20,000
Stock Option to purchase Common Stock	\$ 0.76	06/13/2005	06/22/2005	A4	20,000	Â	12/31/2005	06/13/2012	Common Stock	20,000
Stock Option to purchase Common Stock \$0.01 par value	\$ 0.75	02/01/2005	06/22/2005	A4	20,000	Â	02/01/2006	02/01/2015	Common Stock	20,000
Stock Option to purchase Common Stock	\$ 0.75	05/15/2006	06/22/2005	A4	20,000 <u>(5)</u>	Â	02/01/2006	05/18/2016	Common Stock	20,000

\$0.01 par  
value

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Herman Gary L 720 FIFTH AVE., 10TH FLOOR NEW YORK, NY 10019	X			

## Signatures

/s/ Gary L. Herman                      01/09/2006

\_\_\_\_\_  
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) Shares held by Mr. Herman's dependent child.

(2) 50% of these shares are owned by Mr. Herman through Galloway Capital Management LLC, of which Mr. Herman is a managing member.

Shares owned by Strategic Turnaround Equity Partners, L.P (Cayman) ("STEP"), an investment fund. These shares were primarily  
(3) acquired through transfers of securities to the Fund by various limited partners. Mr. Herman is a managing member of the General Partner of STEP, and accordingly may be deemed to beneficially own the shares in STEP.

(4) Shares acquired by STEP. See footnote (3).

(5) These options vest 1/12 each month, and shall be fully vested on 5/18/07.

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.