

SPEDEMISSIONS INC
Form 424B3
October 13, 2005

PROSPECTUS

Up to 279,272,585 shares of common stock

SPEDEMISSIONS, INC.

Speedemissions is registering 848,286 shares for sale by existing shareholders, and 278,424,299 shares for sale by existing warrant and preferred stock holders upon the exercise of warrants or conversion of preferred shares. This offering will terminate when all 279,272,585 shares are sold or on June 30, 2008, unless we terminate it earlier.

Our common stock is quoted on the over-the-counter electronic bulletin board under the symbol "SPEM."

Investing in the common stock involves risks. Speedemissions currently has limited operations, limited income, and limited assets, is in unsound financial condition, and you should not invest unless you can afford to lose your entire investment. See "Risk Factors" beginning on page 3.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

All of the common stock registered by this prospectus will be sold by the selling shareholders at the prevailing market prices at the time they are sold. Speedemissions is not selling any of the shares of common stock in this offering and therefore will not receive any proceeds from this offering. Speedemissions will, however, receive proceeds upon the exercise of warrants.

The date of this prospectus is October 13, 2005

PROSPECTUS SUMMARY

SPEEDEMISIONS, INC.

We have been in the vehicle emissions testing business since May 2000. We currently operate thirty-six vehicle emissions testing centers in three separate markets, greater Atlanta, Georgia, Houston, Texas, and Salt Lake City, Utah. In addition, we operate four mobile testing units in the greater Atlanta area.

Our objective is to become a national provider of vehicle emissions tests. Presently, the American Automobile Motor Vehicle Association reports that 34 states and the District of Columbia are required by the United States Environmental Protection Agency to have vehicle emissions testing. According to the 2000 census, these states constitute 72% of the U.S. population, or about 206 million citizens. The major metropolitan areas of these states represent 141 million citizens and 87.1 million vehicles. Each state, in turn, has its own regulatory structure for emissions testing with which we must comply.

We intend to grow using three methods. First, we intend to continue opening and operating company-owned testing stations. Second, we intend to acquire competitors in favorable markets. Third, we intend to offer franchises in selected markets. Currently, in addition to the Atlanta, Houston and Salt Lake City areas, we have targeted the following areas for application of our three growth strategies: Dallas, Texas; Charlotte, North Carolina; Northern Virginia; Pittsburgh and Philadelphia, Pennsylvania; Southern California; New York City; and Boston, Massachusetts. We intend to create brand awareness in each of these areas through a standard building style and facade, consistent color schemes, signs, employee uniforms, and limited local advertising.

Corporate Information

We were incorporated as SKTF Enterprises, Inc. in the State of Florida on March 27, 2001. Our original business plan, to market clothing and related merchandise at major sporting events, concerts, and political events, was abandoned. In June 2003, we acquired Speedemissions, Inc., a Georgia corporation, that is now our wholly owned subsidiary, and in September 2003 we changed our name from SKTF Enterprises, Inc. to Speedemissions, Inc.

Our principal offices are located at 1134 Senoia Road, Suite B2, Tyrone, Georgia 30290, and our telephone number is (770) 306-7667. Our website address is www.speedemissions.com. Information contained on our website is not incorporated into, and does not constitute any part of, this prospectus.

The Offering

We are registering 848,286 shares for sale by existing shareholders, and 278,424,299 shares for sale by existing warrant and preferred stock holders upon the exercise of warrants or conversion of preferred shares. All of the common stock registered by this prospectus will be sold by the selling shareholders at the prevailing market prices at the time they are sold. We currently have 26,610,808 shares of common stock outstanding, and if all of the warrants are exercised and preferred shares converted, we will have 305,035,107 shares of common stock outstanding.

RISK FACTORS

Any investment in our common stock involves a high degree of risk. You should consider carefully the following information, together with the other information contained in this prospectus, before you decide to buy our common stock. If any of the following events actually occurs, our business, financial condition or results of operations would likely suffer. In this case, the market price, if any, of our common stock could decline, and you could lose all or part of your investment in our common stock.

We depend upon government laws and regulations that may be changed in ways that hurt our business.

Our business depends upon government legislation and regulations mandating air pollution controls. At this point, Georgia, Texas and Utah law are especially important to us because all of our existing emissions testing services are conducted in those states. Changes in federal or state law that govern or apply to our operations could have a materially adverse effect on our business. For example, Georgia law could be changed so as to require that vehicles in the state be tested every other year, as opposed to every year. Such a change would reduce the number of vehicles that need to be tested in any given year and such a reduction would have a material adverse effect on our revenues in Georgia. Other changes that would adversely affect us would be a reduction in the price we can charge customers for our testing service, an increase in the fees we must pay to the state in order to operate emissions testing stations in its jurisdiction, and the adoption of a system whereby the state, as opposed to private operators, performs vehicle emissions testing. We cannot be assured that changes in federal or state law would not have a materially adverse effect on the vehicle emissions testing industry generally or, specifically, on our business.

We have a limited operating history and limited historical financial information upon which you may evaluate our performance.

You should consider, among other factors, our prospects for success in light of the risks and uncertainties encountered by companies that, like us, are in their early stages of development. We may not successfully address these risks and uncertainties or successfully implement our operating and acquisition strategies. If we fail to do so, it could materially harm our business and impair the value of our common stock. Even if we accomplish these objectives, we may not generate positive cash flows or profits we anticipate in the future.

We may be unable to effectively manage our growth and operations.

We anticipate rapid growth and development by both opening and acquiring stations in a relatively short period of time. The management of this growth will require, among other things, continued development of our financial and management controls and management information systems, stringent control of costs, increased marketing activities, the ability to attract and retain qualified management personnel and the training of new personnel. We intend to hire additional personnel in order to manage our expected growth and expansion. Failure to successfully manage our expected growth and development and difficulties in managing our emissions testing stations could have a material adverse effect on our business and the value of our common stock.

Our strategy of acquiring and opening more testing stations may not produce positive financial results for us.

Our strategy of acquiring and opening more emissions testing stations in the greater Atlanta, Houston and Salt Lake City areas and in other areas is subject to a variety of risks, including the:

- Inability to find suitable acquisition candidates;
- Failure or unanticipated delays in completing acquisitions due to difficulties in obtaining regulatory approvals or consents;
- Difficulty in integrating the operations, systems and management of our acquired stations and absorbing the increased demands on our administrative, operational and financial resources;
 - Loss of key employees;
 - Reduction in the number of suitable acquisition targets resulting from continued industry consolidation;
 - Inability to negotiate definitive purchase agreements on satisfactory terms and conditions;
- Increases in the prices of sites and testing equipment due to increased competition for acquisition opportunities or other factors; and
 - Inability to sell any non-performing stations or to sell used equipment.

If we are not able to successfully address these risks, it could materially harm our business and impair the value of our common stock.

We do not have any experience in franchising, and thus our strategy of franchising locations may not be profitable for us.

One of our growth strategies is to franchise locations throughout certain regions of the country. We believe this will allow us to grow at a much faster rate than opening only company-owned stores, and will help us create brand identity and loyalty. However, we do not have any experience in franchising, and none of our current management team has any direct experience in franchising. Although we intend to acquire personnel with the necessary experience, we may not be able to attract such personnel, or the personnel we do attract may not be successful in managing our growth through franchising. If we are not able to manage our franchise strategy, it could materially harm our business, affect our overall financial results, and impair the value of our common stock.

We may not have access to additional financing or money.

In order to fund our opening and acquiring of emissions testing stations, we will require additional equity or debt financing. We cannot be assured that any such financing will be available to us in the future or, if available, will be offered on terms and conditions that are acceptable to us. It is unlikely that any bank or financial institution would provide a conventional loan to us given our limited operating history.

Because the emissions testing industry is highly competitive, we may lose customers and revenues to our competitors.

Our testing stations face competition from other emission station operators that are located near our sites. We expect such competition whenever and wherever we open or acquire a station. Our revenue from emissions testing is affected primarily by the number of vehicles our stations service, and the price charged per test. Other emissions testing operators may have greater financial resources than us, which may allow them to obtain more expensive and advantageous locations for testing stations, to provide services in addition to emissions testing, to charge lower prices than us, and to advertise and promote their businesses more effectively than us. Although we believe our stations are well positioned to compete, we cannot assure you that our stations will maintain, or will increase, their current testing volumes and revenues. A decrease in testing volume as the result of competition or other factors could materially impair our profitability and our cash flows, thereby adversely affecting our business and the value of our common stock.

A downturn at any one of our emission testing stations could adversely affect our revenues and the amount of cash we have.

We currently operate thirty-six emissions testing stations. A significant decline in testing volume and revenue at any one of our stations could have a materially adverse effect on our overall operations and financial condition, thereby adversely affecting our business and the value of our common stock.

The loss of Richard A. Parlontieri, President and Chief Executive Officer, and the inability to hire or retain other key personnel, would adversely affect our ability to manage and control our business.

Our business now depends primarily upon the efforts of Mr. Richard A. Parlontieri, who currently serves as our President and Chief Executive Officer. We believe that the loss of Mr. Parlontieri's services would have a materially adverse effect on us. In this regard, we note that we have entered into a three-year employment agreement with Mr. Parlontieri.

As our business grows and expands, we will need the services of other persons to fill key positions in our company. As an early growth-stage company with limited financial resources, however, we may not be able to attract, or retain, competent, qualified and experienced individuals to direct and manage our business. The absence of skilled persons within our company will have a materially adverse effect on us and the value of our common stock.

We have a large amount of outstanding common stock held by a single shareholder, and a large amount of common stock that could be acquired by a second shareholder upon conversion of preferred stock, which if sold could have a negative impact on our stock price.

Our largest shareholder, GCA Strategic Investment Fund Limited, and its affiliates, owns 14,570,619 shares of our common stock and upon conversion of all their outstanding warrants and preferred stock could own up to 88,559,190 shares of our common stock. Another shareholder, Baron Partners LP, could acquire up to 275,448,364 shares of our common stock upon the exercise of warrants and the conversion of preferred stock. If either of these shareholders sold a large number of shares of our common stock into the public market, or if the public market perceived the sale of those shares into the market, it would have a negative impact on our stock price.

Restrictions and limitations imposed under any credit facility could adversely affect our ability to expand our business, thereby hurting the value of our common stock.

We will require additional financing, and one source of financing may be a credit facility. We expect that any credit facility we enter into will restrict our ability to, among other things:

- Incur additional indebtedness;
- Pay dividends or make certain other payments or distributions;
 - Enter into certain transactions with affiliates;
 - Merge or consolidate with any other entity; or
- Sell, assign, transfer, lease, convey, or otherwise dispose of all or substantially all of our assets.

In addition, any credit facility may restrict our ability to incur liens or to sell certain assets and may require us to maintain specified financial ratios and satisfy certain financial condition tests.

These restrictions and limitations may adversely affect our ability to grow and expand our business, which may, in turn, adversely affect the value of our common stock.

Our largest shareholder controls our company, allowing them to direct the company in ways that may be contrary to the wishes of other shareholders.

Our largest shareholder, GCA Strategic Investment Fund Limited, and its affiliate, owns approximately 55% of our outstanding shares, and controls approximately 88% of our outstanding voting securities. They have the ability to control the direction of our company, which may be contrary to the wishes of other shareholders or new investors.

Upon completion of this offering, approximately 7,529,622 shares of our common stock will be available for immediate resale. The immediate availability for sale of such a large amount of our stock may decrease the price at which our investors are able to sell their shares.

Immediately following the completion of this offering, there will be approximately 7,529,622 shares, including the 848,286 shares held by existing shareholders included in this offering, of our common stock available for immediate resale. The sale of all or substantially all of those shares in the public market, or the market's expectation of such sales, may result in an immediate and substantial decline in the market price of our shares. Such a decline will adversely affect our investors, and make it more difficult for us to raise additional funds through equity offerings in the future.

Certain shares of our common stock are restricted from immediate resale. The lapse of those restrictions, coupled with the sale of the related shares in the market, or the market's expectation of such sales, could result in an immediate and substantial decline in the market price of our common stock.

A substantial number of our shares of common stock are restricted from immediate resale in the public market. However, those restrictions began to expire on June 17, 2004. The sale or resale of those shares in the public market, or the market's expectation of such sales, may result in an immediate and substantial decline in the market price of our shares. Such a decline will adversely affect our investors, and make it more difficult for us to raise additional funds through equity offerings in the future.

Our stock price will fluctuate after this offering, which could result in substantial losses for investors.

The market price for our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control. These factors include:

- Quarterly variations in operating results;
- Changes in financial estimates by securities analysts;
- Announcements by us or our competitors of new products, significant contracts, acquisitions or strategic relationships;
 - Publicity about our company, management, products or our competitors;
 - Additions or departures of key personnel;
 - Any future sales of our common stock or other securities; and
- Stock market price and volume fluctuations of publicly traded companies.

These and other external factors have caused and may continue to cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock and may otherwise negatively affect the liquidity of our common stock.

In the past, securities class action litigation has often been brought against companies following periods of volatility in the market price of their securities. If securities class action litigation is brought against us it could result in substantial costs and a diversion of our management's attention and resources, which could hurt our business.

Because we are subject to the "penny stock" rules, the level of trading activity in our stock may be reduced.

Our common stock is traded on the OTC Electronic Bulletin Board. Broker-dealer practices in connection with transactions in "penny stocks" are regulated by certain penny stock rules adopted by the Securities and Exchange Commission. Penny stocks, like shares of our common stock, generally are equity securities with a price of less than \$5.00, other than securities registered on certain national securities exchanges or quoted on Nasdaq. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, broker-dealers who sell these securities to persons other than established customers and "accredited investors" must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Consequently, these requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security subject to the penny stock rules, and investors in our common stock may find it difficult to sell their shares.

The conversion terms and the exercise price, respectively, of the preferred stock and the warrants, may be adjusted if we do not meet certain goals, and as a result you may incur dilution in the future.

The conversion price for the preferred stock may be adjusted downward if we obtain financing on terms less favorable than our terms with the preferred stock holders. In addition, if certain earnings per share and other milestones are not met, the exercise price of the warrants may be reduced. Either of these events, or similar events, will cause substantial additional dilution to our shareholders.

We will require additional funds to support our working capital requirements or for other purposes, and will seek to raise additional funds through public or private equity financing. Also, we may acquire other companies or finance strategic alliances by issuing equity. Any capital raising transaction may result in additional dilution to our shareholders.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this prospectus, including the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” that are based on our management’s beliefs and assumptions and on information currently available to our management. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate” or similar expressions. These statements are only predictions and involve known and unknown risks and uncertainties, including the risks outlined under “Risk Factors” and elsewhere in this prospectus.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, events, levels of activity, performance or achievement. We are not under any duty to update any of the forward-looking statements after the date of this prospectus to conform these statements to actual results, unless required by law.

USE OF PROCEEDS

This prospectus relates to shares of our common stock that may be offered and sold from time to time by certain selling shareholders. We will not receive any proceeds from the sale of shares of common stock in this offering. However, we may receive proceeds from the exercise of warrants. The weighted average exercise price to acquire all of the shares of common stock included in this prospectus underlying the exercise of warrants is \$0.33 per share, and the maximum proceeds to us upon the exercise of all the warrants is approximately \$15,493,500.

These proceeds would be received from time to time as warrants are exercised, and we will use these proceeds for working capital needs.

Our allocation of proceeds represents our best estimate based upon the expected exercise of warrants and the requirements of our proposed business and marketing plan. If any of these factors change, we may reallocate some of the net proceeds. The portion of any net proceeds not immediately required will be invested in certificates of deposit or similar short-term interest bearing instruments.

SELLING SECURITY HOLDERS

The following table provides information with respect to shares offered by the selling stockholders:

Selling stockholder	Shares for sale	Shares Underlying Warrants or Preferred Stock	Shares before offering	Percent before offering	Shares after offering	Percent after offering (1)
Barron Partners LP	-0-	275,448,364 (2)	-0-	-0 %	-0-	-0 %
Prospect Financial Advisors, LLC	-0-	2,850,000 (3)	-0-	-0 %	-0-	-0 %
The Lebrecht Group, APLC (4)	138,888	-0-	832,530	3.1 %	693,642	2.6 %
GCA Strategic Investment Fund Limited	-0-	100,000 (5)	14,570,619	55.1 %	14,570,619	55.1 %
Global Capital Advisors, LLC	-0-	100,000 (5)	100,000	-0 %	-0-	-0 %
Pamplona Capital, Inc.	709,398	-0-	709,398	2.7 %	-0-	-0 %
Ronald Muschetta	-0-	70,833 (6)	-0-	-0 %	-0-	-0 %
P. Tony Polyviou	-0-	70,833 (6)	-0-	-0 %	-0-	-0 %
Andrew Gonchar	-0-	70,834 (6)	-0-	-0 %	-0-	-0 %
Brian K. Coventry	-0-	212,500 (6)	-0-	-0 %	-0-	-0 %
Michael Shumacher	-0-	37,500 (6)	-0-	-0 %	-0-	-0 %
Allan M. Levine	-0-	37,500 (6)	-0-	-0 %	-0-	-0 %
Total	848,286	278,998,364	16,212,547	60.9 %	15,264,261	57.7 %

*

Less than 1%

(1) Based on 26,610,808 shares outstanding.

(2) Includes up to 86,448,364 shares of common stock which may be acquired upon the exercise of warrants, and 189,000,000 shares of common stock which may be acquired upon conversion of 2,500,000 shares of Series B Convertible Preferred Stock.

- (3) Includes 2,850,000 shares of common stock which may be acquired upon the exercise of warrants.
- (4)