

Great American Group, Inc.  
Form 10-K/A  
May 02, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K/A**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 000-54010

**GREAT AMERICAN GROUP, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**27-0223495**  
(I.R.S. Employer Identification No.)

**21860 Burbank Boulevard, Suite 300 South**  
**Woodland Hills, CA**  
(Address of Principal Executive Offices)

**91367**  
(Zip Code)

**(818) 884-3737**

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act: None**

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

**Common Stock, par value \$0.0001 per share**

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes:  No:

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes:  No:

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes:  No:

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes:  No:

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes:  No:

The aggregate market value of the registrant's common stock held by non-affiliates, based on the closing price of the registrant's common stock as reported on the OTC Bulletin Board on June 30, 2010, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$10.8 million. For purposes of this calculation, it has been assumed that all shares of the registrant's common stock held by directors, executive officers and shareholders beneficially owning five percent or more of the registrant's common stock are held by affiliates. The treatment of these persons as affiliates for purposes of this calculation is not conclusive as to whether such persons are, in fact, affiliates of the registrant.

The number of shares outstanding of the registrant's Common Stock as of April 25, 2011 was 30,741,794.

**EXPLANATORY NOTE**

The undersigned registrant hereby amends in its entirety Part III of its Annual Report on Form 10-K for the fiscal year ended December 31, 2010 as set forth in the pages attached hereto. This Form 10-K/A does not reflect events occurring after the filing of the original Annual Report on Form 10-K and, other than the amendment described above, does not modify or update the disclosures in the original Annual Report on Form 10-K in any way.

**PART III****Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.**

We have a classified board of directors (the Board) consisting of two Class I directors (Bryant R. Riley and Mark D. Klein), three Class II directors (Hugh J. Hilton, Michael J. Levitt and Harvey M. Yellen), and two Class III directors (Andrew Gumaer and Matthew J. Hart). Our Class II and Class III directors will serve until the annual meetings of stockholders to be held in 2011 and 2012, respectively, and our Class I directors will serve until the annual meetings of stockholders to be held in 2013 or until their respective successors are duly elected and qualified. The following table provides the name, age and position(s) of each of our directors as of April 30, 2011:

| <b>Name</b>                | <b>Age</b> | <b>Committees</b>   |
|----------------------------|------------|---|
| <i>Class I Directors</i>   |            |   |
| Bryant R. Riley            | 44         | None.   |
| Mark D. Klein              | 48         | Compensation Committee, Corporate Governance Committee                    |
| <i>Class II Directors</i>  |            |   |
| Hugh G. Hilton             | 59         | Audit Committee, Compensation Committee*, Corporate Governance Committee  |
| Michael J. Levitt          | 52         | None.   |
| Harvey M. Yellen           | 64         | None.   |
| <i>Class III Directors</i> |            |   |
| Andrew Gumaer              | 50         | None.   |
| Matthew J. Hart            | 59         | Audit Committee*, Compensation Committee, Corporate Governance Committee* |

\* Chairman of the respective committee.

**Bryant R. Riley** has served as a director since August 2009. Mr. Riley has served as the Chairman and Chief Executive Officer of B. Riley & Co., LLC, a stock brokerage firm, since founding the firm in 1997. Mr. Riley also has served as the Chairman and Chief Executive Officer of Riley Investment Management, LLC, an investment management company, since founding the company in 2000. Mr. Riley serves on the boards of directors of Alliance Semiconductor Corp., DDI Corp., Strasbaugh and Trans World Entertainment Corp. He also serves on the board of directors for several private companies. Mr. Riley also previously served on the board of directors of Aldila, Inc. from 2003 to February 2010, Celeritek, Inc. from 2003 to 2007, Integrated Silicon Solutions, Inc. from 2006 to 2008, Mossimo, Inc. from 2005 to 2006, Silicon Storage Technology, Inc. from 2008 to 2009 and Transmeta Corporation from 2008 to 2009. From 1996 to 1997, Mr. Riley was an equity salesman with Dabney/Resnick Inc., a stock brokerage firm. From 1995 to 1996, Mr. Riley managed the institutional equity department of Gaines, Berland Inc., a stock brokerage firm. From 1993 to 1995, Mr. Riley co-managed the equity department of Dabney/Resnick Inc. In 1991, Mr. Riley co-founded Huberman Riley, a brokerage firm based in Dallas, Texas, and served as its President until 1993. From 1989 to 1991, Mr. Riley served in various positions with LH Friend, Weinress & Frankson, an Irvine, California based stock brokerage firm. Mr. Riley received his B.S. in Finance from Lehigh University. Mr. Riley's experience and expertise in the investment banking industry provides our Board with valuable insight into the capital markets. Mr. Riley's extensive experience serving on other public company boards is an important resource for our Board.

**Mark D. Klein** has served as a director of Great American Group since July 2009. Since January of 2011, Mr. Klein has been a director of NeXt BDC Capital Corp. Since April 2010, Mr. Klein has been Chief Executive Officer and President of 57<sup>th</sup> Street General Acquisition Corp., a special purpose acquisition company, and a director since its inception. Also in April 2010, Mr. Klein became a managing member and majority partner of M. Klein & Company, LLC, which owns the Klein Group, LLC, a registered broker dealer. Mr. Klein also maintains registration with the Klein Group, LLC as a registered representative and principal. Between March 2007 and July 2009, Mr. Klein was the Chief Executive Officer, President and a director of Alternative Asset Management Corporation ( AAMAC ), a special purpose acquisition company he helped form in 2007 and which completed a merger with Great American Group LLC in July 2009. Mr. Klein is also a registered representative at Ladenburg Thalmann & Co. Inc., a Portfolio Manager of the LTAM Titan Fund, a fund of funds hedge fund and was one of the Principals of Aldebaran Investments, LLC, a private fund which invested in special purpose acquisition companies. From April 2007 until August 2008, Mr. Klein was the Chief Executive Officer of Hanover Group US LLC, an indirect US subsidiary of the Hanover Group. Prior to joining Hanover in 2007, Mr. Klein was Chairman of Ladenburg Thalmann & Co. Inc., a leading underwriter of blank check companies, which is engaged in retail and institutional securities brokerage, investment banking and asset management services. From March 2005 to September 2006, he was Chief Executive Officer and President of Ladenburg Thalmann Financial Services, Inc., the parent of Ladenburg Thalmann & Co. Inc., and Chief Executive Officer of Ladenburg Thalmann Asset Management Inc., a subsidiary of Ladenburg Financial Services, Inc. Prior to joining Ladenburg Thalmann, from June 2000 to March 2005, Mr. Klein served as the Chief Executive Officer and President of NBGI Asset Management, Inc. and NBGI Securities, which were the US subsidiaries of the National Bank of Greece, the largest financial institution in Greece. Prior to joining NBGI, Mr. Klein was President and founder of Newbrook Capital management, founder and managing member of Independence Holdings Partners, LLC, a private equity fund-of-funds company, and founder and general partner of Intrinsic Edge Partners, a long/short equity hedge fund. Prior to the formation of Newbrook Capital Management and Independence Holdings Partners, LLC, Mr. Klein was a Senior Portfolio Manager for PaineWebber and Smith Barney Shearson. Mr. Klein is a graduate of J.L. Kellogg Graduate School of Management at Northwestern University, with a Masters of Management Degree and also received a Bachelors of Business Administration Degree with high distinction from Emory University. Mr. Klein's experience and expertise in the financial services industry and as a member of other public company boards provides an important resource for our Board.

**Hugh G. Hilton** has served as a director since July 2009. Mr. Hilton has served as a Managing Director and National Practice Leader of Alvarez & Marsal Real Estate Group since March 2009 and co-founder and Chief Executive Officer of A&M Capital RE, an operating and principal investment arm for distressed real estate, since March 2009. Mr. Hilton has also served as Chief Executive Officer of Grand Sierra Resort, gaming resort property in Northern Nevada, beginning October 2008, prior to which he served as Chief Restructuring Officer beginning in August 2007. Since 2003, Mr. Hilton has also served as the Chief Executive Officer of Prandium, Inc., a California-based restaurant chain. Mr. Hilton's prior business experience includes serving as a Vice President of BankAmerica Investment Real Estate, as President First Interstate Bancorp's real estate fund advisory arm and President of HVK, Inc. Mr. Hilton holds a Bachelor of Science in business administration and a Master of Business Administration from the University of Michigan as well as a Juris Doctor from the University of Colorado. Mr. Hilton is a member of the American Bankruptcy Institute and the Colorado Bar Association. Mr. Hilton's financial experience and expertise in the real estate industry is particularly relevant to the Board as we expand our current service offerings. He provides the Board with important insight into the real estate marketplace.

**Michael J. Levitt** has served as a director since July 2009. In 2001, Mr. Levitt founded Stone Tower Capital LLC ( STC ), an investment firm focused on credit assets, and currently serves as its Chairman and Chief Executive Officer. Mr. Levitt has been a member of the advisory board of 57<sup>th</sup> Street Acquisition Corp. since April 2010 and previously served as its Chairman of the Board of Directors from October 2009 to April 2010. From March 2007 to July 2009, Mr. Levitt served as the Chairman of the Board of AAMAC. Mr. Levitt has spent his entire 25-year career managing or advising non-investment grade businesses and investing in non-investment grade assets. Previously, Mr. Levitt served as the managing partner of the New York office of Hicks, Muse, Tate & Furst Incorporated. Prior thereto, Mr. Levitt served as the co-head of the investment banking division of Smith Barney Inc. Mr. Levitt has a B.B.A. from the University of Michigan and a J.D. from the University of Michigan Law School. Mr. Levitt's experience and expertise in the investment banking industry and understanding of credit and credit related assets provides our Board with valuable insight into the markets in which we operate.

**Matthew J. Hart** has served as a director since July 2009. Mr. Hart was President and Chief Operating Officer of Hilton Hotels Corporation, referred to herein as Hilton, from May 2004 until the buyout of Hilton by the Blackstone Group in October 2007. Mr. Hart also served as Executive Vice President and Chief Financial Officer of Hilton from 1996 to 2004. Prior to joining Hilton in 1996, Mr. Hart was Senior Vice President and Treasurer of The Walt Disney Company and was Executive Vice President and Chief Financial Officer for Host Marriot Corp. Mr. Hart received his Bachelor of Arts in Economics and Sociology from Vanderbilt University in 1974 and earned a Master of Business Administration in Finance and Marketing from Columbia University in 1976. Mr. Hart currently serves on the board of directors of US Airways Group, Air Lease Corporation, and is Chairman of Heal the Bay, a non-profit organization. Mr. Hart formerly served on the board of directors of Kilroy Realty Corp. from 1997 to 2007 and American West Holdings Corp. from 2005 to 2006. Mr. Hart's extensive experience and expertise with public companies is well suited for his role as the designated financial expert and chairman of our Audit Committee. He also brings extensive experience serving on other public company boards which provide important resources in his service on our Board.

**Harvey M. Yellen** has served as our Vice Chairman and President since July 2009 and as our Chief Operating Officer since September 2010. Prior to July 2009, Mr. Yellen was a co-founder of GAG, LLC, had served as GAG, LLC's Chairman since June 2007 and previously served as GAG, LLC's President from June 2006 to June 2007 and the President of The Pride Capital Group, LLC, predecessor in interest to GAG, LLC, from 2002 to May 2006. Mr. Yellen was also the Executive Vice President of Garcel, Inc. from 1994 to 2002. Prior to beginning his services at Garcel, Inc., Mr. Yellen held senior management positions at various retail companies, including: Allied Department Stores, Sieferts/Spurgeons and Fashion Crossroads. Mr. Yellen received his Bachelor of Science in Business from Louisiana State University in 1968. Mr. Yellen's in depth knowledge of our business and operations, his experience in the retail industry, positions him well to serve as our Vice Chairman and President.

**Andrew Gumaer** has served as our Chief Executive Officer since July 2009. Prior to July 2009, Mr. Gumaer was a co-founder of GAG, LLC, had served as GAG, LLC's Chief Executive Officer since May 2007 and previously served as GAG, LLC's President from June 2006 to May 2007. Mr. Gumaer also currently serves as the Co-Chief Executive Officer of Great American Home Auctions, LLC. Prior to assuming his current responsibilities, Mr. Gumaer was the President of The Pride Capital Group, LLC, predecessor in interest to GAG, LLC, from 2002 to May 2006. Mr. Gumaer also served as the Senior Vice President of Garcel, Inc. from 1997 to 2002 and as a Senior Vice President with the investment banking firm Drexel Burnham Lambert prior to his service with Garcel, Inc. Mr. Gumaer is the brother-in-law of Mark Weitz our President, Wholesale and Industrial Services. Mr. Gumaer's in depth knowledge of our business and operations, his experience in the investment banking industry, and leadership as GAG, LLC's Chief Executive Officer and President since 2006 positions him well to serve as our Chief Executive Officer and a member of our Board.

#### Executive Officers

Executive officers are elected by our Board and serve at its discretion. Other than as described below, there are no family relationships between any director or executive officer and any other directors or executive officers. Set forth below is information regarding our executive officers as of April 30, 2010.

| Name               | Position   | Age |
|--------------------|--|-----|
| Harvey M. Yellen   | Vice Chairman, President and Chief Operating Officer                         | 64  |
| Andrew Gumaer      | Chief Executive Officer  | 50  |
| Paul S. Erickson   | Executive Vice President, Chief Financial Officer                            | 49  |
| Scott K. Carpenter | Executive Vice President, Retail Services                                    | 55  |
| Lester M. Freidman | Managing Director, Great American Group Advisory and Valuation Services, LLC | 51  |
| Mark Weitz         | President, Wholesale and Industrial Services                                 | 51  |
| Mark Naughton      | Senior Vice President and General Counsel                                    | 48  |
| Howard E. Weitzman | Senior Vice President, Chief Accounting Officer                              | 49  |

Mr. Gumaer's biographical information is included with those of the other members of our Board.

Mr. Yellen's biographical information is included with those of the other members of our Board.

**Paul Erickson** has served as our Executive Vice President, Chief Financial Officer since July 2009 and as GAG, LLC's Executive Vice President, Chief Financial Officer since June 2006. Prior to assuming his current responsibilities, Mr. Erickson was the Chief Financial Officer of The Pride Capital Group, LLC, predecessor in interest to Great American, from 2001 to May 2006. Mr. Erickson also served as the Controller of Garcel, Inc. beginning in 1995 and was promoted to Chief Financial Officer in 1997. From 1992 to 1996, Mr. Erickson served as Chief Financial Officer of Joan Vass, Inc. and 1001, Inc., both retail and manufacturing companies. Mr. Erickson received his Bachelor of Science in Finance and Accounting from California State University Northridge in 1986 and earned a Master of Science in Business Administration from the University of Phoenix in 1997.

**Scott K. Carpenter** has served as our Executive Vice President, Retail Services since July 2009 and as GAG, LLC's Executive Vice President and Director of Operations, Retail Services since June 2006. Prior to assuming his current responsibilities, Mr. Carpenter was the Senior Vice President of Operations of The Pride Capital Group, LLC, predecessor in interest to Great American, from 2001 to May 2006 and the Vice President of Operations of Garcel, Inc. from 1997 to 2000. From 1995 to 1997, Mr. Carpenter was responsible for operations in 155 Office Depot stores in 17 states as Regional Operations Manager. Prior to his service with Office Depot, Mr. Carpenter served as a Buyer and as Director of Store Operations of Hechinger stores in both domestic and international operations from 1987 to 1995. Mr. Carpenter also previously worked for Booz, Allen and Hamilton and McDonnell Aircraft Company. Mr. Carpenter received his Bachelor of Science in Economics from George Mason University in 1978 and earned a Master of Arts from George Mason University in 1982.

**Lester M. Friedman** has served as the Managing Director of Great American Advisory and Valuation Services, LLC since April 2009 and previously served as the Chief Executive Officer of Great American Advisory and Valuation Services, LLC from 2002 to April 2009 and as the Chief Operating Officer from 2000 to 2002. Prior to assuming his current responsibilities, Mr. Friedman was the Chief Operating Officer of the Garcel, Inc. Appraisal Division from 1996 to 2000 and the Chief Financial Officer of Garcel, Inc. from 1994 to 1996. Mr. Friedman was also the Controller and Director of Inventory Appraisal and Valuations for Gordon Brothers Partners. Mr. Friedman received his Bachelor of Business Studies in Accounting from the University of Massachusetts Amherst in 1982 and was a Certified Public Accountant licensed in Massachusetts from 1982 to 1990 while he worked for Laventhol Horwath.

**Mark Weitz** has served as the President of our Wholesale and Industrial Services division since July 2009 and as GAG, LLC's President, Wholesale and Industrial Services division since June 2006. Prior to assuming his current responsibilities, Mr. Weitz was the President, Wholesale and Industrial Services division of The Pride Capital Group, LLC, predecessor in interest to Great American, from 2001 to May 2006. Mr. Weitz also served as the President of the Wholesale and Industrial Services division of Garcel, Inc. from 1998 to 2000. Mr. Weitz attended the University of Washington and the University of California Los Angeles. Mr. Weitz also attended the Missouri Auction School in 1982 and has been a licensed auctioneer since such time. Mr. Weitz is the brother-in-law of Mr. Gumaer.

**Mark P. Naughton** has served as our Senior Vice President and General Counsel since July 2009, as Secretary since August 2009 and as GAG, LLC's Senior Vice President and General Counsel since June 2006. Prior to assuming his current responsibilities, Mr. Naughton was the Vice President and General Counsel of The Pride Capital Group, LLC from May 2003 to May 2006 when The Pride Capital Group, LLC merged into Great American. Prior to joining Great American, Mr. Naughton was a partner in the Chicago office of Piper Rudnick (n/k/a DLA Piper Rudnick Gray Cary) from 1993 to May 2003 and was an associate from 1987 to 1993. Mr. Naughton received his Bachelor of Arts in History and Political Science from Marquette University in 1984 and earned a J.D. from Northwestern University in 1987.

**Howard E. Weitzman** has served as Senior Vice President, Chief Accounting Officer of GAG, Inc. since December 2009. Prior to December 2009, Mr. Weitzman worked as a consultant from November 2008 assisting clients with financial reporting, internal controls, and compliance with Section 404 of the Sarbanes Oxley Act of 2002, including consulting for the Company from April 2009 on various accounting and financial reporting matters in connection with the Company's transaction with AAMAC. From December 2006 to October 2008, Mr. Weitzman served as a Senior Manager in the SEC Services Group in the audit practice at Moss Adams, LLP.

Mr. Weitzman also spent 12 years in public accounting at two Big 4 accounting firms, most recently from 2003 to October 2005 as a Senior Manager in the financial services audit practice of Deloitte & Touche, LLP. Mr. Weitzman also held various senior financial management positions, including from 1994 to 2003, with Banner Holdings, Inc. as the Chief Financial Officer of Central Financial Acceptance Corporation and Controller and Principal Accounting Officer of Central Rents, Inc. Mr. Weitzman also served as a Senior Vice President and Chief Financial Officer of Peoples Choice Financial Corporation from October 2005 to October 2006. Mr. Weitzman received a B.S. in Accounting from California State University, Northridge and is a California licensed Certified Public Accountant.

#### **Committees of the Board of Directors**

Our Board currently has three standing committees to facilitate and assist the Board in the execution of its responsibilities: the Audit Committee, the Compensation Committee and the Corporate Governance Committee.

##### *Audit Committee*

Our Audit Committee is composed of Messrs. Matthew J. Hart (Chairperson) and Hugh G. Hilton. Our Board has affirmatively determined that each member of the Audit Committee is independent under Nasdaq Marketplace Rule 5605(a)(2), and meets all other qualifications under Nasdaq Marketplace Rule 5605(e) and the applicable rules of the Securities and Exchange Commission. Our Board has also affirmatively determined that Matthew J. Hart qualifies as an audit committee financial expert as such term is defined in Regulation S-K under the Securities Act of 1933. During 2010, the Audit Committee held four meetings.

The Audit Committee acts pursuant to a written charter, which is available for review on our website at [www.greatamerican.com/governance.cfm](http://www.greatamerican.com/governance.cfm). The responsibilities of the Audit Committee include overseeing, reviewing and evaluating our financial statements, accounting and financial reporting processes, internal control functions and the audits of our financial statements. The Audit Committee is also responsible for the appointment, compensation, retention, and as necessary, the termination of our independent auditors.

##### *Compensation Committee*

Our Compensation Committee is composed of Messrs. Hugh G. Hilton (Chairperson), Matthew J. Hart and Mark D. Klein. Our Board has affirmatively determined that each member of the Compensation Committee is independent as such term is defined under Nasdaq Marketplace Rule 5605(a)(2). During 2010, the Compensation Committee met one time. Our Board has adopted a charter for the Compensation Committee which is available for review on our website at [www.greatamerican.com/governance.cfm](http://www.greatamerican.com/governance.cfm). The Compensation Committee reviews and makes recommendations to our Board concerning the compensation and benefits of our executive officers, including the Chief Executive Officer, and directors, oversees the administration of our stock option and employee benefits plans, and reviews general policy relating to compensation and benefits.

##### *Corporate Governance Committee*

Our Corporate Governance Committee is composed of Messrs. Matthew J. Hart (Chairperson), Hugh G. Hilton and Mark D. Klein. The Corporate Governance Committee evaluates and recommends to the Board nominees for each election of directors. The Corporate Governance Committee met one time in 2010. Our Board has adopted a charter for the Corporate Governance Committee and a copy of that charter is available for review on our website at [www.greatamerican.com/governance.cfm](http://www.greatamerican.com/governance.cfm). The responsibilities of the Corporate Governance Committee include making recommendations to the Board with respect to the nominations or elections of directors and providing oversight of our corporate governance policies and practices.

#### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers, directors and persons who beneficially own more than 10% of our common stock to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms filed by such person.

Based solely on our review of such forms furnished to us and written representations from such reporting persons, we believe that all filing requirements applicable to our executive officers, directors and more than 10% stockholders were met in a timely manner.



**Code of Business Conduct and Ethics**

Our Board has adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and employees. The Code of Business Conduct and Ethics is available for review on our website at [www.greatamerican.com/governance.cfm](http://www.greatamerican.com/governance.cfm), and is also available in print, without charge, to any stockholder who requests a copy by writing to us at Great American Group, Inc., 21860 Burbank Boulevard, Suite 300 South, Woodland Hills, California, 91367, Attention: Investor Relations. Each of our directors, employees and officers, including our Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and Corporate Controller, and all of our other principal executive officers, are required to comply with the Code of Business Conduct and Ethics. There have not been any waivers of the Code of Business Conduct and Ethics relating to any of our executive officers or directors in the past year.

**Corporate Governance Documents**

Our corporate governance documents, including the Audit Committee Charter, Compensation Committee Charter, Nominating and Corporate Governance Committee Charter and Code of Ethics, are available, free of charge, on our website at [www.greatamerican.com/governance.cfm](http://www.greatamerican.com/governance.cfm). Please note, however, that the information contained on the website is not incorporated by reference in, or considered part of, this Form 10-K. We will also provide copies of these documents, free of charge, to any stockholder upon written request to Great American Group, Inc., 21860 Burbank Boulevard, Suite 300 South, Woodland Hills, California, 91367, Attention: Investor Relations.

**Item 11. EXECUTIVE COMPENSATION.****Summary Compensation Table**

The following table shows information concerning the annual compensation for services provided to us by our named executive officers during fiscal 2010 and the period from July 31, 2009, the date of the Acquisition, through December 31, 2009.

| Name and Principal Position (1)   | Year | Salary<br>(\$) | Bonus<br>(\$) | Stock<br>Awards<br>(\$ (2)) | Option<br>Awards<br>(\$) | Non-Equity                                    | Nonqualified                     | All Other<br>Compensation<br>(\$ (4)) | Total<br>Compensation<br>(\$) |
|---|------|----------------|---------------|-----------------------------|--------------------------|---|----------------------------------|---------------------------------------|-------------------------------|
|   |      |                |               |                             |                          | Incentive<br>Plan<br>Compensation<br>(\$ (3)) | Deferred<br>Earnings<br>(\$ (3)) |                                       |                               |
| Harvey M. Yellen<br><i>Vice Chairman, President and Chief<br/>Operating Officer</i> | 2010 | 535,385        |               |                             |                          |   |                                  | 28,760                                | 564,145                       |
| Andrew Gumaer<br><i>Chief Executive Officer</i>                                     | 2009 | 253,846        |               |                             |                          |   |                                  | 14,257                                | 268,103                       |
| Paul S. Erickson<br><i>Executive Vice President, Chief Financial<br/>Officer</i>    | 2010 | 312,692        |               |                             |                          |   | 10,471                           | 18,337                                | 341,500                       |
|   | 2009 | 117,500        |               | 1,335,014                   |                          | 265,000                                       | 57,628                           | 12,090                                | 1,787,232                     |

- (1) The table above summarizes the total compensation earned by each of our named executive officers for the fiscal year ended December 31, 2010 and the period from July 31, 2009 (the date of the Acquisition) to December 31, 2009.
- (2) The amounts listed in this column reflects the fair value of certain contractual rights to receive restricted stock in accordance with the Acquisition and the individual Amendment Agreement and Releases entered into with such executive on July 31, 2009. The grant date fair value of the restricted stock was \$4.93 per share (the closing price of AAMAC's common stock on July 31, 2009 adjusted for the 2 for 1 exchange ratio in accordance with the Acquisition Agreement). The fair value was determined in accordance with Financial Accounting Standards Codification Topic 718, Share-Based Payments, or FASB ASC 718. The actual number of shares received by each individual may vary based on provisions of the agreements that provide that participants relative percentage of the total closing stock consideration may increase if other eligible participants terminate their employment prior to the vesting of their right to receive the shares of common stock. In addition, each of Messrs. Erickson, Carpenter and Pabst are eligible to receive shares of restricted stock upon achievement of certain performance conditions. In accordance with FASB ASC 718, the fair value of such contractual rights is \$0. See Item 7 to this Form 10-K and Note 17 to our Consolidated Financial Statements for additional discussion.
- (3) The amounts listed in this column includes nonqualified deferred compensation earnings which represents the above market earnings on the deferred compensation from the GAG, LLC Phantom Stock Plan. Earnings are for the fiscal year ended December 31, 2010 and period from July 31, 2009 (the date of the Acquisition) to December 31, 2009. Above market earnings is the amount earned that exceeds 120% of the applicable federal tax long-term rate.
- (4) The amounts listed in this column includes other compensation detailed in the following table:

| Name             | Year | Auto<br>Allowance<br>(\$) | Company-paid<br>Medical/Dental<br>(\$) | Life and<br>Disability<br>(\$) | Total<br>(\$) |
|------------------|------|---------------------------|--|--------------------------------|---------------|
| Harvey M. Yellen | 2010 | 24,000                    | 3,241                                  | 1,519                          | 28,760        |
|                  | 2009 | 10,000                    | 3,625                                  | 632                            | 14,257        |
| Andrew Gumaer    | 2010 | 24,000                    | 2,502                                  | 1,519                          | 28,021        |
|                  | 2009 | 10,000                    | 5,458                                  | 632                            | 16,090        |
| Paul S. Erickson | 2010 | 14,400                    | 2,502                                  | 1,435                          | 18,337        |
|                  | 2009 | 6,000                     | 5,458                                  | 632                            | 12,090        |

**Outstanding Equity Awards at December 31, 2010**

The following table summarizes the number of securities underlying outstanding equity awards for each named executive officer as of December 31, 2010.

| Name             | Stock Awards (1)   |   |
|------------------|--|---|
|                  | Number of Shares<br>or Units<br>of Stock<br>That Have Not Vested (2) | Market Value of Shares<br>or Units of Stock<br>That Have Not Vested (2) |
| Harvey M. Yellen |  | \$  |
| Andrew Gumaer    |  | \$  |
| Paul S. Erickson | 85,548   | \$ 41,919   |

- (1) Represents contractual right to receive restricted stock pursuant to the terms of the Acquisition and the individual Amended Agreement and Releases entered into with such executives, including Contingent Stock Consideration. The restricted shares of stock vests as follows: Paul S. Erickson 65,806 shares on January 31, 2011 and 19,742 on April 30, 2011 and Scott K. Carpenter 69,677 shares on January 31, 2011 and 20,902 on April 30, 2011.
- (2) The number of shares represents unvested contractual rights to receive restricted stock and the value of the performance based contingent shares that are issuable if we achieve certain financial targets for the fiscal years ending in 2010 and 2011 have been valued at zero in accordance with FASB ASC 718. The market value of shares of stock that have not yet vested was determined based on the closing price of our common stock of \$0.49 on December 31, 2010.

**Employment Agreements**

On July 31, 2009, we entered into employment agreements with Messrs. Yellen, Gumaer and Erickson. These agreements have no defined length of employment. Either party may terminate the employment relationship at any time, subject to possible severance payments as set forth below. The terms and conditions of those agreements are generally as follows:

Pursuant to the terms of the employment agreements, Messrs. Yellen, Gumaer and Erickson initially received annual base salaries of \$600,000, \$600,000 and \$300,000, respectively. These base salaries are subject to annual increases of no less than five percent. Messrs. Yellen, Gumaer and Erickson agreed to waive their rights to an annual increase in 2010. The agreements also provide for the award of an annual discretionary bonus. The Company provides Messrs. Yellen and Gumaer with monthly automobile allowances of \$2,000 and Mr. Erickson with a monthly automobile allowance of \$1,200. In September 2010, Messrs. Yellen and Gumaer agreed to a reduction in their respective base salaries of 40% and Mr. Erickson agreed to a reduction to his base salary of 10%.

Each agreement contains an indemnification provision wherein we promise to defend, indemnify, and hold the employee harmless to the fullest extent permitted by law against any and all liabilities incurred by the employee in connection with employment by us.

Severance will be owed if the employment relationship is terminated by us without cause or by the employee with Good Reason, or upon the death or disability of the employee. Good Reason is (i) a material diminution in the employee's base salary, authority, duties, or responsibilities; (ii) a material diminution in the budget over which the employee retains authority; (iii) a material change in the geographic location at which the employee must perform services; or (iv) any other action or inaction that constitutes a material breach of the terms of the employment agreement. Severance for Messrs. Yellen, Gumaer, and Erickson will be payment of the following amounts: a lump sum equal to two years of base salary; a lump sum equal to two times the annual bonus paid during the term of employment or two times the first target bonus in the event of termination prior to any bonus being paid; and a lump sum equal to 24 times the monthly COBRA premiums for employee and employee's spouse and dependents.

Severance will not be owed if the employee terminates the employment relationship without Good Reason or if we terminate the relationship for Cause. Cause exists if the employee: (i) engages in gross misconduct or gross negligence in the performance of the employee's duties or willfully and continuously failed or refused to perform any duties reasonably requested in the course of the employee's employment consistent with the employee's position with us; (ii) engages in fraud, dishonesty, or any other improper conduct that causes material harm to the Company or its business or reputation; (iii) materially breaches the employment agreement; or (iv) is convicted of, or pleads guilty or no contest to, a felony or crime involving dishonesty or moral turpitude (excluding traffic offenses).

### Director Compensation

We use cash and stock based incentive compensation to attract and retain qualified candidates to serve on our Board. In setting director compensation, we consider the significant amount of time that our directors expend in fulfilling their duties to our Company as well as the skill level required by our members of the Board.

Each non-employee director receives annual fees of \$40,000, paid in quarterly installments, and an annual grant of \$50,000 in options to purchase our common stock, restricted stock or other form of equity award for serving as a director. Such stock options, restricted stock or other form of award are subject to a one-year vesting period. In addition, annual fees of \$12,000, \$8,000 and \$4,000 are paid to the chairperson of our audit committee, compensation committee and corporate governance committee, respectively. On July 15, 2010, each of our non-employee directors agreed to a 40% reduction in their fees. Accordingly, through at least July 2011, our non-employee directors will receive annual fees of \$24,000. Annual fees of \$7,200 will be paid to the chairperson of our audit committee, and \$4,800 will be paid to the chairperson of our compensation committee and corporate governance committee. A one-time \$40,000 grant of stock options, restricted stock or other form of equity award is made to each non-employee director in connection with such individual's appointment to our Board, which stock options, restricted stock or other form of equity award will be subject to a one-year vesting period.

The following table summarizes the total compensation that our directors (other than directors who are named executive officers) earned during the fiscal year ended December 31, 2010 for services rendered as members of our Board.

| Name (1)          | Fees Earned or Paid in Cash (\$) (2) | Option Awards (\$) (3) | Total (\$) |
|-------------------|--------------------------------------|------------------------|------------|
| Bryant R. Riley   | 36,000                               | 50,000                 | 86,000     |
| Mark D. Klein     | 36,000                               | 50,000                 | 86,000     |
| Hugh G. Hilton    | 36,000                               | 50,000                 | 86,000     |
| Michael J. Levitt | 36,000                               | 50,000                 | 86,000     |
| Matthew J. Hart   | 36,000                               | 50,000                 | 86,000     |

- (1) Harvey M. Yellen, our Vice Chairman and President, and Andrew Gumaer, our Chief Executive Officer, are not included in this table because they are employees of the Company and thus receive no additional compensation for services as a director. The compensation received by Messrs. Yellen and Gumaer as employees of the Company is shown in the Summary Compensation Table above.
- (2) Amount reflects fees paid in cash during 2010 for the named director for services on the Board. Each of the directors were appointed to the Board at our annual shareholders meeting on July 15, 2010.
- (3) The equity award consists of a grant of 40,000 restricted stock units to each director for their annual stock grant of \$50,000. The restricted stock units for each of the directors vest over a period of one year beginning July 15, 2010. The amount reflected in this column represents the grant date fair value of the restricted stock which was \$1.25 per share on July 15, 2010. The fair value was determined in accordance with FASB ASC 718.

**Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth information concerning the beneficial ownership of the shares of our common stock as of April 25, 2011, by (i) each person we know to be the beneficial owner of 5% or more of the outstanding shares of our common stock; (ii) each executive officer listed in the Summary Compensation Table; (iii) each of our directors; and (iv) all of our executive officers and directors as a group. Unless otherwise indicated, the address of the individuals listed below is the address appearing on the cover of this Annual Report.

| Name or Group of Beneficial Owners (1)   | Shares Beneficially Owned (2) |              |
|--|-------------------------------|--------------|
|  | Number                        | Percent      |
| <b>Named Executive Officers:</b>   |                               |              |
| Harvey M. Yellen   | 5,280,000                     | 17.2%        |
| Andrew Gumaer  | 5,280,000                     | 17.2%        |
| Paul S. Erickson (3)   | 150,995                       | *            |
| <b>Directors:</b>  |                               |              |
| Bryant R. Riley (4)  | 107,921                       | *            |
| Mark D. Klein (5)  | 292,630                       | *            |
| Hugh G. Hilton (5)   | 58,255                        | *            |
| Michael J. Levitt (5)  | 995,755                       | 3.2%         |
| Matthew J. Hart (5)  | 68,255                        | *            |
| <b>5% Stockholders:</b>  |                               |              |
| Elliott Associates, L.P. (6)<br>712 Fifth Avenue, 36th Floor<br>New York, NY 10019 | 3,533,800                     | 11.5%        |
| Wellington Management Company, LLP (8)<br>280 Congress Street<br>Burton, MA 02210  | 8,550,580                     | 27.8%        |
| Robeco Investment Management (7)<br>909 Third Avenue<br>New York, NY 10022         | 1,727,400                     | 5.6%         |
| <b>Executive officers and directors as a group (14 persons)</b>                    | <b>12,744,783</b>             | <b>40.8%</b> |

\* Represents less than 1%.

- (1) Unless otherwise indicated, the business address of each holder is c/o Great American Group, Inc., 21860 Burbank Blvd., Suite 300 South, Woodland Hills, California 91367.
- (2) Applicable percentage ownership is based on 30,741,794 shares of our common stock outstanding as of April 25, 2011. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, based on factors including voting and investment power with respect to shares, subject to the applicable community property laws. Shares of our common stock subject to options or other contractual rights currently exercisable, or exercisable within 60 days after April 25, 2011, are deemed outstanding for the purpose of computing the percentage ownership of the person holding such options, but are not deemed outstanding for computing the percentage ownership of any other person.
- (3) Includes 31,982 shares of restricted stock issued on January 31, 2011 pursuant the terms of the Acquisition Agreement and Mr. Erickson's Amendment Agreement and Release and 20,308 shares of restricted stock issuable on April 30, 2011 pursuant to the Escrow Agreement dated July 31, 2009.
- (4) Includes 49,666 shares held by B. Riley and Co., LLC. Mr. Riley is the sole indirect equity owner of B. Riley and Co., LLC. Also, includes 58,255 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of April 25, 2011.
- (5) For Messrs. Klein, Hilton, Levitt, and Hart includes 58,255 shares of common stock issuable upon settlement of restricted stock units that will vest within 60 days of April 25, 2011.

- (6) Based solely on information provided on a Schedule 1D/A filed by Elliot Associates, L.P. with the SEC on September 29, 2010. Pursuant to the Schedule 13D/A, the securities are beneficially owned by Elliott Associates, L.P., a Delaware limited partnership, and its wholly-owned subsidiaries (collectively, Elliott), Elliott International, L.P., a Cayman Islands limited partnership (Elliott International), and Elliott International Capital Advisors Inc., a Delaware corporation (EICA) and collectively with Elliott and Elliott International, the Reporting Persons). Elliott beneficially owns 1,413,520 shares of Common Stock. The 1,413,520 shares of Common stock owned by Elliott are owned through The Liverpool Limited Partnership, a Bermuda limited partnership, which is a wholly-owned subsidiary of Elliott. Elliott International and EICA beneficially own an aggregate of 2,120,280 shares of Common Stock. Collectively, Elliott, Elliott International and EICA beneficially own 3,533,800 shares of Common Stock. Elliott has the power to vote or direct the vote of, and to dispose or direct the disposition of, the shares of Common Stock beneficially owned by it. Elliott International has the shared power with EICA to vote or direct the vote of, and to dispose or direct the disposition of, the shares of Common Stock owned by Elliott International.
- (7) Based solely on information provided on a Schedule 13G/A filed by Robeco Investment Management with the SEC on February 28, 2011, with respect to 1,727,400 shares held by Robeco Investment Management, Inc. (RIM) for the discretionary account of certain clients. To the knowledge of RIM no person has the right to receive or the power to direct the receipt of dividends from or the proceeds from the sale of such Common Stock which represents more than 5% of the outstanding shares of the Common Stock.
- (8) Based solely on information provided on a Schedule 13G/A filed by Wellington Management Company, LLP with the SEC on February 14, 2011. Pursuant to the Schedule 13G/A, the securities beneficially owned by Wellington Management Company, LLP, in its capacity as investment advisor, are owned of record by clients of Wellington Management Company, LLP. Those clients have a right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such securities.

#### Equity Compensation Plan Information

Information about our equity compensation plans at December 31, 2010 was as follows:

| Plan Category  | Number of Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) | Weighted-Average Exercise Price of Outstanding Options (b) | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in column (a)) (c) |
|--|---|--|---|
| Equity compensation plans approved by our stockholders (1)     | 291,275   |  | 7,208,725   |
| Equity compensation plans not approved by our stockholders (2) |   |  |   |
| Total  | 291,275   |  | 7,208,725   |

- (1) Includes our 2009 Stock Incentive Plan. The only grants made under this plan are restricted stock units granted to our directors.
- (2) All of our equity compensation plans were approved by our stockholders.

For more information on our equity compensation plans, see Note 17 of our Notes to Consolidated Financial Statements.

**Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

**Certain Relationships and Related Party Transactions**

Other than as described below, during fiscal year 2010, and from July 31, 2009 through December 31, 2009 there were no transactions to which the Company was or is a party in which the amount involved exceeds \$120,000 and in which any director, officer or beneficial holder of more than 5% of any class of our voting securities or member of such person's immediate family had or will have a direct or indirect material interest.

Mark Weitz, our President, Wholesale and Industrial Services, is the brother-in-law of Andrew Gumaer, our Chief Executive Officer and director. Mr. Weitz's total compensation, consisting of base salary, bonus, auto allowance, company paid medical, dental and life and disability insurance, and above-market interest on nonqualified deferred compensation, in fiscal 2010 for services rendered to us was \$295,175, and for the period from July 31, 2009, the date of the Acquisition, through December 31, 2009 was \$568,657. Mr. Weitz participates in various employee benefit programs of the Company, including health insurance benefits, life insurance benefits, and group life and long-term disability coverage, under the plans generally available to all other salaried employees. Mr. Weitz also is a Phantom Equityholder and received additional consideration as more fully described below. Mr. Weitz's annual base salary for fiscal 2011 is \$275,000, plus an annual auto allowance of \$10,800.

Brian Yellen, our Executive Vice President, is the son of Harvey M. Yellen, our Vice-Chairman, President, Chief Operating Officer and director of the Company. Mr. B. Yellen's total compensation, consisting of base salary, bonus, commissions, auto allowance, company paid medical, dental and life and disability insurance, and above-market interest on nonqualified deferred compensation, in fiscal 2010 for services rendered to us was \$279,652, and for the period from July 31, 2009, the date of the Acquisition, through December 31, 2009 was \$500,184. Mr. B. Yellen participates in various employee benefit programs of the Company, including health insurance benefits, life insurance benefits, and group life and long-term disability coverage, under the plans generally available to all other salaried employees. Mr. B. Yellen also is a Phantom Equityholder and received additional consideration as more fully described below. Mr. B. Yellen's annual base salary for fiscal 2011 is \$180,000, plus an annual auto allowance of \$10,800.

Sandy Feldman, our Senior Vice President, is the son-in-law of Harvey M. Yellen. Mr. Feldman's total compensation, consisting of base salary, bonus, commissions, auto allowance, company paid medical, dental and life and disability insurance in fiscal 2010 for services rendered to us was \$245,143. Mr. Feldman participates in various employee benefit programs of the Company, including health insurance benefits, life insurance benefits, and group life and long-term disability coverage, under the plans generally available to all other salaried employees. Mr. Feldman's annual base salary for fiscal 2011 is \$171,000, plus an annual auto allowance of \$10,800.

***The Acquisition***

*Except as otherwise required by the context, references in this Annual Report to:*

*Great American, the Company, we, us or our refer to the combined business of Great American Group, Inc. and all of its subsidiaries after giving effect to (i) the contribution to Great American Group, Inc. of all of the membership interests of Great American Group, LLC by the members of Great American, which transaction is referred to herein as the Contribution, and (ii) the merger of Alternative Asset Management Acquisition Corp. with and into its wholly-owned subsidiary, AAMAC Merger Sub, Inc., referred to herein as Merger Sub, in each case, which occurred on July 31, 2009, referred to herein as the Merger. The Contribution and Merger are referred to herein collectively as the Acquisition;*

*GAG, Inc. refers to Great American Group, Inc.;*

*GAG, LLC refers to Great American Group, LLC;*

*the Great American Members refers to the members of Great American Group, LLC prior to the Acquisition;*

*Phantom Equityholders refers to certain members of senior management of Great American Group, LLC prior to the Acquisition that were participants in a deferred compensation plan; and*

*AAMAC refers to Alternative Asset Management Acquisition Corp.*

On July 31, 2009, the Company, GAG, LLC and AAMAC completed the Acquisition pursuant to an Agreement and Plan of Reorganization, dated as of May 14, 2009, as amended (the Purchase Agreement). Pursuant to the Purchase Agreement, the Great American Members contributed all of their membership interests of GAG, LLC to the Company and AAMAC merged with and into Merger Sub. As a result of the Acquisition, GAG, LLC and AAMAC became subsidiaries of the Company.

Pursuant to the terms of the Purchase Agreement, at the effective time of the Acquisition, (i) each of the 10,923,313 shares of AAMAC common stock which were outstanding immediately prior to the effective time of the Acquisition were exchanged for two shares of GAG, Inc.'s common stock and (ii) each of the 46,025,000 outstanding AAMAC warrants were exchanged for a warrant to purchase GAG, Inc. common stock; and (iii) each outstanding unit of AAMAC was separated into one share of AAMAC common stock and a warrant to purchase one share of AAMAC

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common stock, both of which were exchanged pursuant to clauses (i) and (ii) above, respectively. Pursuant to a letter agreement, dated as of July 28, 2009 (the Letter Agreement ) by and among GAG, Inc., AAMAC, GAG, LLC, and certain shareholders that founded AAMAC, including our current directors Mark Klein and Michael Levitt (the AAMAC Founders ), the AAMAC Founders agreed to cancel 7,850,000 shares of their 10,350,000 shares of AAMAC common stock immediately prior to the Acquisition and to cancel 2,500,000 shares of the GAG, Inc. s common stock that they received in exchange for their AAMAC common stock in the Acquisition. In accordance with the Letter Agreement, of the 2,500,000 shares of GAG, Inc. s common stock the AAMAC Founders received in exchange for their AAMAC shares, 1,500,000 of such shares are being held in escrow for a period of one year from the closing of the Acquisition and the remaining 1,000,000 of such shares will continue to be held in escrow until GAG, LLC s achievement of any one of the Adjusted EBITDA targets discussed below. The 1,000,000 shares, which are subject to voting restrictions while in escrow, will be forfeited and cancelled if GAG, LLC fails to achieve any of the Adjusted EBITDA targets.

### *Promissory Notes*

In connection with the consummation of the Acquisition, the Company issued subordinated, unsecured promissory notes in favor of the Contribution Consideration Recipients as part of the consideration for the Contribution. The notes have a five-year maturity and originally bore interest at a rate of 12% per annum. Commencing on October 31, 2009, interest on the note is payable quarterly in arrears on January 31st, April 30th, July 31st, and October 31st of each year. One-fifth of the principal amount of the note, including any accrued and unpaid interest thereon, will be payable on each anniversary of the date of issuance of the note through the fifth anniversary thereof.

On May 4, 2010, we entered into individual amendments (each, an Amendment and collectively, the Amendments ) to an aggregate of \$52.4 million of the \$55.6 million principal amount outstanding of the subordinated unsecured promissory notes, which reduced the interest rate on the amended notes from 12.0% per annum to 3.75% per annum. The interest rate reduction was effective retroactive to February 1, 2010. In addition,



the maturity date for \$47.0 million of the \$55.6 million principal amount outstanding of the subordinated, unsecured promissory notes was extended to July 31, 2018, subject to annual prepayments based upon the Company's cash flow subject to certain limitations, as provided in the amendment to the notes payable, including, without limitation, the Company's maintenance of a minimum adjusted cash balance of \$20.0 million. Each prepayment, if any, is due within 30 days of the filing of the Company's Annual Report on Form 10-K, beginning with the Form 10-K for the fiscal year ending December 31, 2010. The remaining notes with \$8.6 million principal amount outstanding continue to be payable in five equal annual principal payments as described above. On October 27, 2010, the Company entered into individual waivers for an aggregate of \$51.3 million of the \$53.9 million principal amount outstanding of the subordinated, unsecured promissory notes payable, whereby the noteholders agreed to permit the Company to defer payment of interest payments due on each of October 31, 2010, January 31, 2011, and April 30, 2011 until July 31, 2011.

The consideration received by each of the Contribution Consideration Recipients in connection with the subordinated unsecured promissory notes is as follows:

| <b>Phantom Equity-holder</b>         | <b>Year</b> | <b>Consideration<br/>(in the form of<br/>Interest Earned on<br/>the Promissory<br/>Notes) (3)</b> | <b>Consideration<br/>(in the form of<br/>Principal Payments<br/>Paid on the<br/>Promissory Notes) (4)</b> | <b>Total Consideration<br/>on the<br/>Promissory<br/>Notes (5)</b> | <b>Principal Balance<br/>outstanding on the<br/>Promissory Notes at<br/>December 31,<br/>2010</b> |
|--------------------------------------|-------------|---|---|--|---|
| <i>Former Great American Members</i> |             |   |   |  |   |
| Harvey M. Yellen                     | 2010        | \$ 1,057,416  | \$  | \$ 1,057,416   | \$ 23,498,136   |
|                                      | 2009        | 1,176,194   |   | 1,176,194  | n/a   |
| Andrew Gumaer                        | 2010        | \$ 1,057,416  | \$  | \$ 1,057,416   | \$ 23,498,136   |
|                                      | 2009        | 1,176,194   |   | 1,176,194  | n/a   |
| <i>Phantom Equityholders</i>         |             |   |   |  |   |
| Scott Carpenter                      | 2010        | \$ 183,435  | \$ 333,701  | \$ 517,136   | \$ 1,334,805  |
|                                      | 2009        | 83,517  |   | 83,517   | n/a   |
| Paul Erickson                        | 2010        | \$ 65,180   | \$ 315,162  | \$ 380,342   | \$ 1,260,650  |
|                                      | 2009        | 78,877  |   | 78,877   | n/a   |
| Lester Friedman                      | 2010        | \$ 61,346   | \$ 296,623  | \$ 357,969   | \$ 1,186,494  |
|                                      | 2009        | 74,237  |   | 74,237   | n/a   |
| Mark Weitz (1)                       | 2010        | \$ 61,346   | \$ 296,623  | \$ 357,969   | \$ 1,186,494  |
|                                      | 2009        | 74,237  |   | 74,237   | n/a   |
| Brian Yellen (2)                     | 2010        | \$ 36,424   | \$ 176,120  | \$ 212,574   | \$ 704,481  |
|                                      | 2009        | 44,078  |   | 44,078   | n/a   |

(1) Mr. Weitz is the brother-in-law of Andrew Gumaer, a director and the Chief Executive Officer of GAG, Inc.

(2) Mr. Yellen is the son of Harvey M. Yellen, a director and the Vice Chairman, President and Chief Operating Officer of GAG, Inc.

(3) Consideration represents interest earned on the promissory notes for the fiscal year ended December 31, 2010 and period from July 31, 2009, the date of Acquisition, through December 31, 2009.

(4) Consideration represents principal payments on the promissory notes for the fiscal year ended December 31, 2010 and period from July 31, 2009, the date of Acquisition, through December 31, 2009.

(5) Total consideration represents the sum of interest earned on the promissory notes and principal payments on the promissory notes for the fiscal year ended December 31, 2010 and period from July 31, 2009, the date of Acquisition, through December 31, 2009.

**Purchase Agreement Working Capital Adjustment**

In connection with the consummation of the Acquisition, Andrew Gumaer and Harvey M. Yellen, the former members of GAG, LLC, were entitled to receive additional cash from the Company to the extent there was an upward working capital adjustment in accordance with the Purchase Agreement. In September 2009, the Company made a payment of approximately \$12.9 million to Messrs. Gumaer and Yellen based on the working capital of GAG, LLC as of the closing date of the Acquisition in accordance with the Purchase Agreement.

**Phantom Equityholder Amendment Agreements and Releases**

Pursuant to their participation in the Great American Group, LLC Phantom Equity Plan (f/k/a the Pride Capital Group, LLC Phantom Stock Plan), referred to herein as the Phantom Equity Plan, each of Messrs. Scott Carpenter, Paul Erickson, Lester Friedman, Tom Pabst, Mark Weitz and Brian Yellen, collectively referred to herein as the Phantom Equityholders, were entitled to receive their respective pro rata shares of 32% of the net sales price of GAG, LLC in the event GAG, LLC was sold. In July 2009, each of the Phantom Equityholders entered into an Amendment Agreement and Release with GAG, LLC. Pursuant to the terms of the Amendment Agreement and Releases, each Phantom Equityholder is entitled to a reduced interest in the total consideration received by the Great American Members upon a qualifying sale of GAG, LLC, as specified in the Phantom Equity Plan. The consideration received by each Phantom Equityholder in connection with the Acquisition is as follows:

| <b>Phantom Equity-holder</b> | <b>Cash at Closing (3)</b> | <b>Consideration<br/>(in the form of<br/>Promissory<br/>Notes) (4)</b> | <b>Closing Shares<br/>(Common<br/>Stock of the<br/>Company) (5)</b> | <b>Contingent Stock<br/>Payment (Common<br/>Stock of the<br/>Company) (6)</b> |
|------------------------------|----------------------------|--|---|---|
| Scott Carpenter              | \$ 131,493                 | \$ 1,668,507   | 273,727   | 129,107   |
| Paul Erickson                | \$ 124,188                 | \$ 1,575,812   | 270,794   | 128,507   |
| Lester Friedman              | \$ 116,882                 | \$ 1,483,117   | 247,332   | 123,703   |
| Mark Weitz (1)               | \$ 116,882                 | \$ 1,483,117   | 289,368   | 128,507   |
| Brian Yellen (2)             | \$ 69,399                  | \$ 880,601   | 89,939  | 60,050  |

- (1) Mr. Weitz is the brother-in-law of Andrew Gumaer, a director and the Chief Executive Officer of GAG, Inc.
- (2) Mr. Yellen is the son of Harvey M. Yellen, a director and the Vice Chairman, President and Chief Operating Officer of GAG, Inc.
- (3) Payments made from AAMAC's trust account to the Phantom Equityholders in connection with the consummation of the Acquisition in accordance with the Purchase Agreement
- (4) Consideration paid at closing the form of promissory notes issued by the Company. For additional information, see Promissory Notes above.
- (5) The closing shares are subject to a working capital purchase price adjustment, the indemnification escrow (approximately 12.5%) and vesting over an 18-month period following the Acquisition. See Lock-Up Agreements below.
- (6) The Phantom Equityholders are eligible to receive a number of shares up to the amounts listed in this column.

**Financial Advisory Fees**

B. Riley & Co., LLC ( B. Riley ) served as financial advisor to GAG, LLC in connection with the Acquisition. As compensation for its services in connection with the Acquisition, B. Riley received fees of \$2.0 million in cash and \$0.3 million shares of restricted stock of the Company. Bryant Riley, a member of our Board of Directors, is the Chairman and Chief Executive Officer of B. Riley.

### ***Registration Rights Agreement***

In connection with the consummation of the Acquisition, the Company entered into that certain Registration Rights Agreement, dated as of July 31, 2009 (the *Registration Rights Agreement*), with the Contribution Consideration Recipients and the AAMAC Founders. Pursuant to the Registration Rights Agreement, the Contribution Consideration Recipients and the AAMAC Founders are entitled to registration rights, subject to certain limitations, with respect to the Company's common stock they received in the Acquisition. The holders of a majority in interest of the Company's common stock held by each of the Contribution Consideration Recipients and the AAMAC Founders are entitled to require the Company, on one occasion each, to register, under the Securities Act, the shares of common stock they received in consideration for the Acquisition as well as any securities issued in place of or as a dividend or distribution on such common stock (the *Demand Registration Rights*). The majority in interest of each of the Contribution Consideration Recipients and the AAMAC Founders may elect to exercise Demand Registration Rights at any time after January 17, 2010, the six-month anniversary following the date of effectiveness of the registration statement on Form S-4, as amended, filed by the Company with the SEC in connection with the Acquisition, so long as the estimated market value of the shares of common stock to be registered is at least \$500,000. In addition, the Contribution Consideration Recipients and the AAMAC Founders have certain piggyback registration rights on registration statements filed after the Company consummates the Acquisition. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

### ***Escrow Agreements***

In connection with the consummation of the Acquisition, GAG, Inc. entered into that certain Escrow Agreement, dated as of July 31, 2009 (the *Escrow Agreement*), with GAG, LLC, the Great American Members and Continental Stock Transfer & Trust Company, as escrow agent, to provide a fund (a) to secure the indemnification obligations of Great American to AAMAC against losses that the Company, as the surviving entity of the Acquisition, may sustain as a result of (i) the inaccuracy or breach of any representation or warranty made by Great American in the Purchase Agreement or any schedule or certificate delivered by Great American in connection with the Purchase Agreement and (ii) the non-fulfillment or breach of any covenant or agreement made by Great American in the Purchase Agreement, (b) to offset against any working capital shortfall pursuant to the Purchase Agreement or (c) to offset against any inventory amount shortfall (together with the claims set forth in clauses (a) and (b), the *Escrow Claims*). Pursuant to the Escrow Agreement, the Great American Members placed in escrow an aggregate of 1,500,000 shares of the Company's common stock (the *Escrowed Indemnification Stock*).

On April 30, 2010 and 2011, 72,000 and 108,000 shares of the Escrowed Indemnification Stock, respectively, were released from escrow to the Phantom Equityholders. The remaining 1,320,000 shares that are currently held in escrow are reserved to offset against any inventory amount shortfall pursuant to the Escrow Agreement until the date that all of the specified inventory assets of Great American are sold. These shares will remain in escrow until such claims are resolved, at which time the remaining Escrowed Indemnification Stock shall be promptly returned to the Contribution Consideration Recipients.

### ***Lock-Up Agreements***

In connection with the consummation of the Acquisition, each of the Contribution Consideration Recipients entered into a lock-up agreement with the Company (collectively, the *Lock-Up Agreements*) pursuant to which 50% of the Company's common stock received by the Contribution Consideration Recipients pursuant to the Acquisition will be released (or issued, as applicable) from the lock-up on the date that is six months following the closing of the Acquisition, an additional 25% of the Company's common stock received by the Contribution Consideration Recipients shall be released on the date that is twelve months following the closing of the Acquisition, and the remaining 25% of the Company's common stock received by the Contribution Consideration Recipients shall be released on the date that is eighteen months following the closing of the Acquisition.

***Letter Agreement with AAMAC Founders***

Pursuant to that certain letter agreement, dated as of May 14, 2009 (the "Letter Agreement"), as amended on July 8, 2009 (the "July 8 Amendment"), and as further amended on July 28, 2009 (the "July 28 Amendment" and, together with the July 2 Amendment, the "Letter Agreement Amendments"), by and among GAG, Inc., the AAMAC Founders, AAMAC and GAG, LLC, the AAMAC Founders agreed to cancel 7,850,000 shares of their AAMAC common stock before the consummation of the Acquisition and to cancel 2,500,000 shares of the Company's common stock that they received in exchange for their AAMAC common stock. The AAMAC Founders also agreed that 1,500,000 shares of the Company's common stock that they received in exchange for their AAMAC shares, which were deposited into escrow in connection with AAMAC's initial public offering, will continue to be held in escrow and subject to the restrictions on voting and disbursements for a period of one year from the closing of the Acquisition. Moreover, the AAMAC Founders also agreed that 1,000,000 of their shares of the Company's common stock will continue to be held in escrow until Great American's achievement of any one of the Adjusted EBITDA targets described in the Purchase Agreement. These shares will be forfeited and cancelled if GAG, LLC fails to achieve any of the Adjusted EBITDA targets.

**Procedures for Approval of Related Party Transactions**

Under its charter, the Audit Committee is charged with reviewing all potential related party transactions. Our policy has been that the Audit Committee, which is comprised solely of independent, disinterested directors, reviews and then recommends such related party transactions to the entire Board for further review and approval. All such related party transactions are then required to be reported under applicable SEC rules. Aside from this policy, we have not adopted additional procedures for review of, or standards for approval of, related party transactions, but instead review such transactions on a case-by-case basis.

**Director Independence**

Our Board of Directors has unanimously determined that five (5) of our directors, a majority of the Board, are independent directors as that term is defined by Nasdaq Marketplace Rule 5605(a)(2). In addition, based upon such standards, the Board determined that Messrs. Gumaer and Yellen are not independent because they are employees of the Company.

**Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.**

The following table sets forth the aggregate fees for services provided to us by Marcum for the fiscal years ended December 31, 2009 and 2010:

|                        | <b>Fiscal 2009</b>  | <b>Fiscal 2010</b> |
|------------------------|---------------------|--------------------|
| Audit Fees (1)         | \$ 851,700          | \$ 380,000         |
| Audit-Related Fees (2) | 300,000             |                    |
| Tax Fees (3)           |                     | 6,000              |
| All Other Fees         |                     |                    |
| <b>TOTAL</b>           | <b>\$ 1,151,700</b> | <b>\$ 386,000</b>  |

- (1) Audit Fees consist of audit and various attest services performed by Marcum, LLP, our independent registered public accounting firm, and include the following: (1) fees for Fiscal 2009 include (a) reviews of our financial statements for the quarterly periods ended March 31, 2009, June 30, 2009 and September 30, 2009, (b) the audit of our financial statements for the year ended December 31, 2009, (c) accountants consents for filing registration statements and (d) reviews of registrations statements and consultations regarding responses to SEC Comment Letters in 2009 and (2) fees for fiscal 2010 include (a) reviews of our financial statements for the quarterly periods ended March 31, 2010, June 30, 2010 and September 30, 2010 and (b) the audit of our financial statements for the year ended December 31, 2010.
- (2) Audit-Related Fees principally include consultations on accounting matters addressed in connection with the issuance of our financial statements and filings of registration statements on Form S-4.
- (3) Tax fees consist of corporate tax compliance services for one of our subsidiaries.

**Audit Committee Pre-Approval Policy**

As a matter of policy, all audit and non-audit services provided by our independent registered public accounting firm are approved in advance by the audit committee of the Company, which considers whether the provision of non-audit services is compatible with maintaining such firm's independence. All services provided by Marcum LLP during fiscal years 2009 and 2010 were pre-approved by the audit committee. The audit committee has considered the role of Marcum LLP in providing services to us for the fiscal year ended December 31, 2010, and has concluded that such services are compatible with their independence as our auditors.

**Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.**

(b) Exhibits:

| <b>Exhibit<br/>Number</b> | <b>Description of Documents</b>   |
|---------------------------|---|
| 31.1                      | Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934. |
| 31.2                      | Certification of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14 promulgated under the Securities Exchange Act of 1934. |

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: May 2, 2011

GREAT AMERICAN GROUP, INC.

By: /s/ PAUL S. ERICKSON  
**Paul S. Erickson**

**Chief Financial Officer**