

ARGYLE SECURITY, INC.  
Form S-1  
May 30, 2008

As filed with the Securities and Exchange Commission on May 30, 2008

File No. 333-[ ]

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

WASHINGTON, D.C. 20549

**FORM S-1**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

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**ARGYLE SECURITY, INC.**

(Exact Name of Registrant as Specified in its Charter)

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

**1540**  
(Primary Standard Industrial  
Classification Code Number)

**20-3101079**  
(I.R.S. Employer  
Identification No.)

**200 Concord Plaza, Suite 700**

**San Antonio, TX 78216**

**(210) 828-1700**

(Address, Including Zip Code, and Telephone Number,

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Including Area Code, of Registrant's Principal Executive Offices)

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**Bob Marbut**

**Chairman and Co-Chief Executive Officer**

**Argyle Security, Inc.**

**200 Concord Plaza, Suite 700**

**San Antonio, TX 78216**

**(210) 828-1700**

(Name, Address, Including Zip Code, and Telephone Number,

Including Area Code, of Agent for Service)

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**Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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 the 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       Smaller reporting company   
 (Do not check if smaller reporting company)

### CALCULATION OF REGISTRATION FEE

		Proposed		Proposed		
Title of Each Class of Security Being Registered	Amount Being Registered(1)	Maximum Offering Price Per Security		Maximum Aggregate Offering Price		Amount of Registration Fee
Shares of common stock, par value \$.0001 per share(3)	1,180,000	\$	6.45(2)	\$	7,611,000	\$ 299.11
Shares of common stock, par value \$.0001 per share(4)	192,500	\$	10.00(5)	\$	1,925,000	\$ 75.65
Shares of common stock, par value \$.0001 per share(6)	112,500	\$	8.00(7)	\$	900,000	\$ 35.37
<b>Total</b>	<b>1,485,000</b>			<b>\$</b>	<b>10,436,000</b>	<b>\$ 410.13</b>

(1) Pursuant to Rule 416 of the Securities Act of 1933, as amended, the shares of common stock offered hereby also include such presently indeterminate number of shares of the Registrant's common stock as shall be issued by the Registrant to the selling stockholders named in this registration statement as a result of stock splits, stock dividends or similar transactions.

(2) Calculated pursuant to Rule 457(c) under the Securities Act of 1933 based on average high and low price of the common stock as quoted through the Over-The-Counter Bulletin Board on May 27, 2008.

(3) Represents shares of the Registrant's common stock being registered for resale that have been issued to the selling stockholders named in this registration statement.

(4) Represents shares of the Registrant's common stock underlying promissory notes and being registered for resale by the selling stockholders named in this registration statement.

(5) Estimated based on the conversion price of the promissory notes in accordance with Rule 457(g) under the Securities Act of 1933, as amended.

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(6) Represents shares of the Registrant's common stock underlying warrants being registered for resale by the selling stockholders named in this registration statement.

(7) Estimated based on the conversion price of the warrants in accordance with Rule 457(g) under the Securities Act of 1933, as amended.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**PRELIMINARY PROSPECTUS**

**SUBJECT TO COMPLETION, MAY 30, 2008**

**1,485,000 Shares of Common Stock**

**ARGYLE SECURITY, INC.**

This prospectus relates to 1,485,000 shares of common stock of Argyle Security, Inc., a Delaware corporation, that may be sold from time to time by the Selling Stockholders named in this prospectus. This includes 192,500 shares of our common stock underlying promissory notes in the aggregate principal amount of \$1,925,000 and warrants to purchase 112,500 shares of our common stock. We will not receive any of the proceeds from the sale of the shares under this prospectus, although if the notes are converted into shares of our common stock it will reduce our outstanding debt and if all of the warrants are exercised, we will receive \$900,000 upon exercise.

The prices at which the Selling Stockholders may sell their shares will be determined by the prevailing market price for the shares or pursuant to privately negotiated transactions. Information regarding the Selling Stockholders and the times and manner in which they may offer and sell the shares under this prospectus is provided under **Selling Stockholders** and **Plan of Distribution** in this prospectus.

Our common stock, warrants and units are traded on the Over-the-Counter Bulletin Board under the symbols **ARGL**, **ARGLW** and **ARGLU**, respectively. On May 27, 2008, the closing sale price of the common stock, warrants and units was \$6.45, \$1.60 and \$8.15, respectively. You are urged to obtain current market quotations of our common stock before purchasing any of the shares being offered for sale pursuant to this prospectus.

The Selling Stockholders, and any broker-dealer executing sell orders on behalf of the Selling Stockholders, may be deemed to be underwriters within the meaning of the Securities Act of 1933. Commissions received by any broker-dealer may be deemed to be underwriting commissions under the Securities Act of 1933. See **Plan of Distribution**.

**These securities involve a high degree of risk. Please carefully review the section titled **Risk Factors** beginning on page 6.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of the prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is \_\_\_\_\_, 2008.

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*This prospectus is not an offer to sell any securities other than the shares of common stock offered hereby. This prospectus is not an offer to sell securities in any circumstances in which such an offer is unlawful.*

*You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.*

**ARGYLE SECURITY, INC.**

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## PROSPECTUS SUMMARY

*This summary highlights key information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and financial statements included elsewhere in this prospectus. It may not contain all of the information that is important to you. You should read the entire prospectus, including Risk Factors, our consolidated financial statements and the related notes thereto and condensed consolidated financial statements and the related notes thereto, and the other documents to which this prospectus refers, before making an investment decision. In this prospectus, the terms the Company, we, our and us refer to Argyle Security, Inc., a Delaware corporation, and its subsidiaries.*

### Overview

Argyle Security, Inc. is a holding company whose primary business operations are conducted through its wholly owned subsidiary Argyle Security USA (which consists of the business of our wholly owned subsidiary ISI Security Group, Inc. and all of its operating subsidiaries). We refer to Argyle Security USA as AUSA in this prospectus and where the context indicates, to the historical business of ISI Security Group, Inc. as ISI.

We acquired ISI on July 31, 2007, when our newly formed subsidiary merged into ISI Detention Contracting Group, Inc. and pursuant to which ISI Detention Contracting Group, Inc. became our wholly owned subsidiary and changed its name to ISI Security Group, Inc. Shortly thereafter, we changed our name from Argyle Security Acquisition Corporation to Argyle Security, Inc.

In February 2008, we reorganized our business under the name of Argyle Security USA, or AUSA, through which we provide physical security solutions to commercial, governmental, and correctional customers. Argyle Security USA has two reporting segments, Argyle Corrections and Argyle Commercial Security. Prior to this date we had three reporting segments contained in the historical business of ISI Security Group, Inc. (ISI) which included ISI Detention, MCS Detention, and MCS Commercial.

Argyle Corrections consists of all of our businesses in the corrections sector including ISI, Metroplex Control Systems (MCS) as well as Com-Tec Security, LLC (Com-Tec) and Peterson Detention, Inc. (PDI). Com-Tec and PDI were acquired in January 2008. These acquisitions are referred to elsewhere in the document. This segment includes:

- ISI (also referred to historically as ISI-Detention) designs, engineers, supplies, installs, and maintains a full array of detention systems and equipment, targeting correctional facilities throughout the United States;
- MCS (also referred to historically as MCS-Detention) designs, engineers, supplies, installs and maintains complex, customized security, access control, video and electronic security control system solutions at correctional and government facilities;
- PDI is a full-service, turnkey solutions provider that manufactures high security metal barriers, high security observation window systems, detention furniture and accessories; and
- Com-Tec is an industry leader in the custom design and manufacture of electronic security and communications systems.



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Argyle Commercial Security focuses on the commercial security sector and provides turnkey, electronic security systems to the commercial market. Currently, MCS Commercial Fire & Security is the only member of this group and is referred to historically as MCS-Commercial.

On January 1, 2008, MCFSA, Ltd. (MCFSA), all of the partnership interests of which are directly or indirectly wholly owned by AUSA, acquired substantially all of the business assets and liabilities of Fire Quest Inc. (Fire Quest). Fire Quest is engaged in the business of alarm system sales and service.

On January 4, 2008, AUSA acquired substantially all of the business assets and liabilities of PDI. PDI is a full-service, turnkey solutions provider that manufactures high security metal barriers, high security observation window systems, detention furniture and accessories.

On January 31, 2008, ISI Controls, Ltd. (ISI-Controls), a wholly owned subsidiary of AUSA, which in turn is a wholly owned subsidiary of the Company, closed a transaction, pursuant to which ISI-Controls acquired 100% of the outstanding units of Com-Tec, resulting in Com-Tec becoming a wholly owned subsidiary of ISI-Controls. Com-Tec is engaged in the business of custom design, manufacture and installation of electronic security and communication systems.

**Background and History of ISI**

ISI, Argyle's wholly owned subsidiary (now part of AUSA), along with its subsidiaries, has been furnishing and installing detention equipment in more than 1,600 correctional facilities since its inception in 1976. AUSA offers a complete array of electronic security system solutions revolving around electronic locking systems and hardware, security doors and frames, jail furniture, security glazing and other security-based systems. AUSA acts as prime contractor or as a subcontractor for projects spanning all levels of security. More than 60% of the revenue for ISI during 2005, 2006, and 2007 has been the result of contracts with repeat customers. Its expertise and track record position ISI-Detention favorably among the nation's leading providers of products and solutions for correctional facilities.

## Corporate Information

Our executive offices are located at 200 Concord Plaza, Suite 700 San Antonio, Texas 78216 and our telephone number at that location is (210) 828-1700. Our website is [www.argylesecurity.com](http://www.argylesecurity.com). Our operating subsidiary AUSA maintains a website at [www.isidet.com](http://www.isidet.com). Information contained in our website does not constitute part of this prospectus.

## Risks Affecting Us

In evaluating the resale of the shares of our common stock, you should carefully read this prospectus and especially consider the factors discussed in the section titled Risk Factors.

## The Offering

This prospectus relates to the resale by the Selling Stockholders identified in this prospectus of up to 1,485,000 shares of our common stock, of which 1,180,000 were issued in connection with our acquisition of ISI, 192,500 underlie convertible promissory notes in the aggregate principal amount of \$1,925,000 and warrants to purchase 112,500 shares of our common stock. We currently have a total of 5,964,342 shares of common stock issued and outstanding. We will not receive any proceeds from any sale of shares of common stock by the Selling Stockholders, although if the notes are converted into shares of our common stock it will reduce our outstanding debt and if all of the warrants are exercised, we will receive \$900,000 upon exercise. Any amounts we receive from such exercise will be used for general working capital purposes. The Selling Stockholders may sell their shares of common stock from time to time at prevailing market prices.

**SUMMARY FINANCIAL DATA**

**(U.S. Dollars in Thousands, Except Per Share Data)**

In July 2007, Argyle acquired all of the assets and liabilities of ISI through the merger of its subsidiary into ISI. Prior to the acquisition of ISI, Argyle had no operations and was considered a blank check company. On January 31, 2008, ISI Controls, Ltd. (ISI-Controls), a wholly owned subsidiary of ISI, which in turn is a wholly owned subsidiary of the Company, closed a transaction, pursuant to which ISI-Controls acquired 100% of the outstanding units of Com-Tec Security, LLC (Com-Tec), resulting in Com-Tec becoming a wholly owned subsidiary of ISI-Controls. The unaudited proforma condensed combined financial statements appearing on page F-105 of this prospectus gives effect to the acquisitions of ISI and Com-Tec as if such acquisitions had occurred on January 1, 2007. In February 2008, Argyle reorganized its acquired businesses under the name Argyle Security USA, which will include two reporting segments in future periods, Argyle Corrections Group (which in turn includes ISI, MCS Detention, PDI and Com-Tec) and Argyle Commercial Security (which includes MCS Commercial).

The following table sets forth our condensed consolidated financial statement of operations data for the period from our inception through December 31, 2005, and for the years ended December 31, 2006 and December 31, 2007 and the three months ended March 31, 2008. We are also providing pro forma condensed consolidated statement of operations data for the three months ended March 31, 2007 and 2008 after giving effect to the acquisition of ISI, Com-Tec, PDI, and Fire Quest as if such acquisitions had occurred on January 1, 2007 and January 1, 2008, respectively. The condensed consolidated balance sheet data is provided as of December 31, 2006 and 2007 and March 31, 2008.

**Our financial statements included in this prospectus may not necessarily reflect our future results of operations, financial position or cash flows. Accordingly, our historical results should not be relied upon as an indicator of our future performance. In addition, the unaudited pro forma statement of operations data and other financial data are presented for informational purposes only and are not necessarily indicative of our operating results had the ISI, Com-Tec, PDI, and Fire Quest acquisitions occurred as of the dates indicated, nor is it necessarily indicative of future operating results.**

You should read this table in conjunction with Use of Proceeds, Selected Financial Data, Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and related notes included in this prospectus.

**Argyle Security, Inc.**

(in thousands except share data)

**Condensed Consolidated Statement of Operations Data:**

	<b>June 22, 2005 (inception) through December 31, 2005</b>	<b>Year Ended December 31,</b>		<b>Three Months Ended March 31, 2008</b>
	<b>\$</b>	<b>\$</b>	<b>2006</b>	<b>\$</b>
			<b>2007</b>	
Revenues	\$	\$	44,053	\$ 37,597
Cost of revenues			34,020	31,193
Gross profit			10,033	6,404
Total operating expenses		8	1,024	9,812
Income / (loss) from operations		(8)	(1,024)	221
Interest income				(378)