

McFall Shaun
 Form 4
 September 11, 2018

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 McFall Shaun

2. Issuer Name and Ticker or Trading Symbol
 AVIAT NETWORKS, INC.
 [AVNW]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 SVP & Chief Marketing Officer

860 N. MCCARTHY BLVD.,
 SUITE 200

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(Street)
 MILPITAS, CA 95035

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) | Price | | |
| Common Stock | 09/07/2018 | | A | 4,706 (1) | \$ 0 | 42,860 | D |

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

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SEC 1474
 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Employee Stock Option (right to buy) | \$ 17.8 | 09/07/2018 | | A | 9,412 | (2) 09/07/2025 | Common Stock | 9,412 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| McFall Shaun 860 N. MCCARTHY BLVD., SUITE 200 MILPITAS, CA 95035 | | | SVP & Chief Marketing Officer | |

Signatures

/s/Meena L Elliott SVP, Chief Legal & Administrative Officer Corporate Secretary
 09/11/2018
 **Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Performance are metrics are annual; 3-year cliff vesting from the date of grant. Vesting requires both (a) continuing employment with the Corporation and (b) achievement of the performance metrics.
- (2) 100% of the shares subject to the award shall vest 33% per year for three years from the grant date, contingent upon continued employment.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. owrap valign="bottom" width="1%" style="padding-bottom: 2px; text-align: left">

June 30

September 30

2009

(In Thousands)

(Unaudited)

ASSETS

Current assets:

Cash and cash equivalents

\$ 3,081 \$ 4,165

Accounts receivable, less allowances

1,104 1,314

(June 2009 – \$128; Sept. 2008 – \$151)

Other current assets

498 313

Total current assets

4,683 5,792

Property and equipment, net

629 791

Deferred compensation plan assets

— 419

Total assets

\$ 5,312 \$ 7,002

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accrued compensation

\$ 1,103 \$ 1,001

Other current liabilities

833 506

Total current liabilities

1,936 1,507

Long-term obligations

665 419

Shareholders' equity:

Preferred stock, authorized – 100 shares;

issued and outstanding – none

— —

Common stock, no-par value; authorized – 20,000 shares;

Explanation of Responses:

issued and outstanding – 13,365 shares in June 2009 and

5,165 shares in September 2008

6,781 4,987

Retained earnings (accumulated deficit)

(4,070) 89

Total shareholders' equity

2,711 5,076

Total liabilities and shareholders' equity

\$ 5,312 \$ 7,002

See notes to consolidated financial statements.

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GENERAL EMPLOYMENT ENTERPRISES,
INC.CONSOLIDATED STATEMENT OF
OPERATIONS (Unaudited)

| (In Thousands, Except Per Share Amounts) | Three Months Ended June 30 | | Nine Months Ended June 30 | |
|--|-------------------------------|-----------|------------------------------|-------------|
| | 2009 | 2008 | 2009 | 2008 |
| Net revenues: | | | | |
| Contract services | \$ 1,490 | \$ 1,805 | \$ 4,433 | \$ 5,665 |
| Placement services | 1,030 | 1,817 | 3,446 | 5,810 |
| Net revenues | 2,520 | 3,622 | 7,879 | 11,475 |
| Cost of contract services | 1,040 | 1,207 | 3,093 | 3,816 |
| Selling, general and administrative expenses | 3,809 | 3,011 | 8,895 | 9,055 |
| Loss from operations | (2,329) | (596) | (4,109) | (1,396) |
| Investment income (loss) | 34 | 14 | (50) | 64 |
| Net loss | \$ (2,295) | \$ (582) | \$ (4,159) | \$ (1,332) |
| Average number of shares – basic and diluted | 5,165 | 5,165 | 5,165 | 5,163 |
| Net loss per share – basic and diluted | (.44) | \$ (.11) | (.81) | \$ (.26) |
| Cash dividends declared per share | \$ — | \$ — | \$ — | \$.10 |

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

| (In Thousands) | 2009 | Nine Months Ended June 30 2008 |
|--|-------------|--------------------------------------|
| Operating activities: | | |
| Net loss | \$ (4,159) | \$ (1,332) |
| Depreciation and amortization | 210 | 196 |
| Deferred compensation and stock compensation expense | 1,027 | 49 |
| Changes in current assets and current liabilities- | | |
| Accounts receivable | 210 | 378 |
| Accrued compensation | 102 | (472) |
| Other current items, net | 142 | (273) |
| Net cash used by operating activities | (2,468) | (1,454) |
| Investing activities: | | |
| Acquisition of property and equipment | (48) | (116) |
| Financing activities: | | |
| Issuance of common stock, net of issuance costs | 1,432 | — |
| Exercises of stock options | — | 10 |
| Cash dividends declared | — | (517) |
| Net cash provided (used) by financing activities | 1,432 | (507) |
| Decrease in cash and cash equivalents | (1,084) | (2,077) |
| Cash and cash equivalents at beginning of period | 4,165 | 6,344 |
| Cash and cash equivalents at end of period | \$ 3,081 | \$ 4,267 |

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (Unaudited)

| (In Thousands) | 2009 | 2008 | Nine Months Ended June 30 |
|---|-------------|----------|------------------------------|
| Common shares outstanding: | | | |
| Number at beginning of period | 5,165 | 5,153 | |
| Issuance of common stock | 8,200 | — | |
| Exercises of stock options | — | 12 | |
| Number at end of period | 13,365 | 5,165 | |
| Common stock: | | | |
| Balance at beginning of period | \$ 4,987 | \$ 4,912 | |
| Issuance of common stock, net of issuance costs | 1,432 | — | |
| Stock compensation expense | 362 | 49 | |
| Exercises of stock options | — | 10 | |
| Balance at end of period | \$ 6,781 | \$ 4,971 | |
| Retained earnings (accumulated deficit): | | | |
| Balance at beginning of period | \$ 89 | \$ 2,412 | |
| Net loss | (4,159) | (1,332) | |
| Cash dividends declared | — | (517) | |
| Balance at end of period | \$ (4,070) | \$ 563 | |

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Basis of Presentation

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and the rules of the United States Securities and Exchange Commission. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. We have evaluated subsequent events through August 13, 2009, which is the date that these financial statements were issued. Interim results are not necessarily indicative of results for a full year. These financial statements should be read in conjunction with the financial statements included in the Company's annual report on Form 10-KSB for the year ended September 30, 2008.

The accompanying consolidated financial statements have been prepared on the going concern basis which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Due to the effects of the U.S. economic downturn, the Company incurred losses during the first nine months of fiscal 2009, and the negative cash flow from operating activities was \$2,468,000. As discussed below under "Financial Condition", the Company took certain actions to improve liquidity. First, the Company completed the sale of 7,700,000 shares of common stock to PSQ, LLC and raised net cash proceeds of \$1,432,000 during the period. With the stock proceeds, the Company's net cash outflow for the year to date was \$1,084,000, and the Company's cash position was reduced to \$3,081,000 as of June 30, 2009. Second, the Company implemented a restructuring of its corporate and field operations during the June 2009 quarter. Management believes that these and other actions will reduce the Company's selling, general and administrative expenses substantially in the fourth quarter. Management's current objective is to return the Company to a breakeven level of cash flow as soon as possible and to provide a stable platform for future growth. The Company's ability to continue as a going concern is ultimately dependent on its ability to reduce costs and increase sales to a level that will allow it to operate profitably and sustain positive operating cash flows. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

Recently Adopted Accounting Pronouncements

The Company adopted the requirements of Statement of Financial Accounting Standards No. 157, "Fair Value Measurements," as of October 1, 2008. Statement No. 157 defines fair value, establishes a framework and gives guidance regarding the methods used for measuring fair value, and expands disclosures about fair value measurements. The adoption of it did not have a material effect on the Company's financial statements.

In May 2009, the FASB issued statement No. 165, "Subsequent Events" ("Statement No. 165"). Statement No. 165 modifies the definition of what qualifies as a subsequent event – those events or transactions that occur following the balance sheet date, but before the financial statements are issued, or are available to be issued – and requires companies to disclose the date through which it has evaluated subsequent events and the basis for determining that date. The Company adopted the provisions of Statement No. 165 for the third quarter of fiscal 2009, in accordance with the effective date. See "Basis of Presentation" above.

Placement Service Revenues

Placement service revenues are recognized when applicants accept offers of employment, less a provision for estimated losses due to applicants not remaining employed for the Company's guarantee period. The provision for falloffs and refunds, reflected in the consolidated statement of operations as an adjustment of placement service

Explanation of Responses:

revenues, was \$119,000 and \$301,000 for the three-month and nine-month periods ended June 30, 2009, respectively, and \$275,000 and \$865,000 for the three-month and nine-month periods ended June 30, 2008, respectively.

Investment Income (Loss)

The components of investment income (loss) are as follows:

| (In Thousands) | 2009 | Three Months Ended June 30 2008 | 2009 | Nine Months Ended June 30 2008 |
|----------------------------|-------|---------------------------------------|----------|--------------------------------------|
| Interest income | \$ 2 | \$ 27 | \$ 30 | \$ 140 |
| Gain (loss) on investments | 32 | (13) | (80) | (76) |
| Investment income (loss) | \$ 34 | \$ 14 | \$ (50) | \$ 64 |

The gain or loss on investments represents realized and unrealized holding gains and losses on trading securities.

Income Taxes

There were no credits for income taxes as a result of the pretax losses during the periods, because there was not sufficient assurance that a future tax benefit would be realized.

Property and Equipment

Property and equipment consisted of the following:

| (In Thousands) | June 30 2009 | September 30 2008 |
|---|-----------------|----------------------|
| Property and equipment, at cost | \$ 3,641 | \$ 3,608 |
| Accumulated depreciation and amortization | (3,012) | (2,817) |
| Property and equipment, net | \$ 629 | \$ 791 |

Office Closings

During the nine months ended June 30, 2009, the Company consolidated ten branch offices in four metropolitan areas and closed six of them. As a result, the Company recorded a liability covering the lease obligations of the closed offices and an adjustment of the book value of the office furniture and equipment. A provision for the cost of closing branch offices, included in selling, general and administrative expenses, was \$350,000 for the three months ended June 30, 2009 and \$376,000 for the nine months ended June 30, 2009.

Purchase Commitments

As of June 30, 2009, the Company had contractual obligations to purchase approximately \$410,000 of recruitment advertising through December 31, 2009.

Deferred Compensation Plan

The assets and liabilities of the deferred compensation plan trust are included in the consolidated financial statements. As of June 30, 2009, investments held by the trust in the amount of \$271,000 were included in other current assets on the consolidated balance sheet, and an equal, offsetting obligation was included in accrued compensation. The balances were classified as current items at that date because distributions to participants under the plan are expected to occur within twelve months.

Common Stock

As of June 30, 2009, the Company recorded the sale of 7,700,000 newly-issued shares of common stock to PSQ, LLC ("PSQ") for \$1,925,000 in cash, pursuant to a Securities Purchase and Tender Offer Agreement that had been entered into by the Company on March 30, 2009. The net proceeds to the Company from the share issuance, after deducting \$493,000 of related costs, were \$1,432,000.

Explanation of Responses:

Consulting Agreement

In connection with the completion of the sale of shares of common stock to PSQ, the Company's Chairman, Chief Executive Officer and President (the "former CEO") resigned from those positions and his employment agreement with the Company was replaced by a new consulting agreement. Under the consulting agreement, the Company is obligated to pay an annual consulting fee of \$180,000 over a five-year period and to issue 500,000 shares of common stock to the former CEO for no additional consideration. As of June 30, 2009, the Company recorded a provision for additional compensation expense under the consulting agreement in the amount of \$1,125,000, which is included in selling, general and administrative expenses on the consolidated statement of operations for the three-month and nine-month periods then ended. At that date, the Company recorded a liability for the net present value of the future payments due under the consulting agreement in the amount of \$845,000 (\$665,000 due beyond one year) and recorded stock compensation expense in the amount of \$280,000 based on the fair market value of \$.56 per share. The net present value of future payments under the consulting agreement was accrued and no future services are required in consideration for those payments.

Stock Option Plans

During the nine months ended June 30, 2009, the Company granted 243,000 stock options at a weighted average option price of \$.52 per share, and 239,000 stock options were cancelled. As of June 30, 2009, there were 607,000 stock options outstanding at a weighted average option price of \$.95 per share, of which 432,000 were exercisable.

The average fair value of stock options granted during the nine-month period was estimated to be \$.27 per share. This estimate was made using the Black-Scholes option pricing model and the following weighted average assumptions: expected option life – 5.0 years, expected stock price volatility – 58%, expected dividend yield – 0.0%, and risk-free interest rate – 2.5%.

Stock-based compensation expense was \$53,000 and \$81,000 for the three-month and nine-month periods ended June 30, 2009, respectively, and \$16,000 and \$48,000 for the three-month and nine-month periods ended June 30, 2008, respectively.

Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

The Company provides contract and placement staffing services for business and industry, specializing in the placement of information technology, engineering and accounting professionals. As of June 30, 2009, the Company operated eleven offices located in nine states.

The Company's business is highly dependent on national employment trends in general and on the demand for professional staff in particular. As an indicator of employment conditions, the national unemployment rate was 9.5% in June 2009 and 5.6% in June 2008. The change indicates a trend toward a lower level of employment in the United States during the last twelve months.

During the nine months ended June 30, 2009, the U.S. economy experienced a period of uncertainty stemming from problems in the housing and credit markets. According to the U.S. Department of Labor, the national employment

level declined by approximately 5.3 million jobs during the period. Management believes that employers became extremely cautious about hiring during the period. As a result, the Company experienced sharp declines in both the number of billable contract hours and the number of placements.

Consolidated net revenues for the nine months ended June 30, 2009 decreased 31% compared with the prior year. Contract service revenues were down 22%, and placement service revenues were down 41%. The effects of lower consolidated net revenues resulted in a \$4,109,000 loss from operations this year, compared with a \$1,396,000 loss from operations for the same period last year.

As of June 30, 2009, the Company recorded the sale of 7,700,000 newly-issued shares of common stock to PSQ, LLC for \$1,925,000 in cash, pursuant to a Securities Purchase and Tender Offer Agreement that had been entered into by the Company on March 30, 2009. The net proceeds to the Company from the share issuance, after deducting related costs, were \$1,432,000. In connection with the completion of the sale of shares, the Company's Chairman, Chief Executive Officer and President (the "former CEO") resigned from those positions and his employment agreement with the Company was replaced by a new consulting agreement. Under the consulting agreement, the Company is obligated to pay an annual consulting fee of \$180,000 over a five-year period and to issue 500,000 shares of common stock to the former CEO for no additional consideration. As of June 30, 2009, the Company recorded a provision for additional compensation expense under the consulting agreement in the amount of \$1,125,000. The nine-month results also include a provision for the cost of closing branch offices of \$376,000. During the period, the Company consolidated ten branch offices in four metropolitan areas.

Management's current objective is to return the Company to a breakeven level of cash flow as soon as possible and to provide a stable platform for future growth. The Company implemented a restructuring of its corporate and field operations during the June 2009 quarter. Sales, recruiting and administrative positions were eliminated, five branch offices were closed, and the payroll for executive officers was reduced. As a result of this restructuring, together with actions taken earlier in the year, the sales, recruiting and administrative staff as of July 1, 2009 was 55% below the staff level at the beginning of the fiscal year, and the salaries and benefits of its three executive officers in the aggregate had been reduced by \$637,000 on an annual basis. Management believes that these and other actions will reduce the Company's selling, general and administrative expenses substantially in the fourth quarter.

Results of Operations – Nine Months

Net Revenues

Consolidated net revenues for the nine months ended June 30, 2009 were down \$3,596,000 (31%) from the prior year. Contract service revenues decreased \$1,232,000 (22%) and placement service revenues decreased \$2,364,000 (41%). As a result of the weaker economic conditions that prevailed during the nine months ended June 30, 2009, the Company experienced less demand for its services. The decline in consolidated net revenues was the result of a 16% decrease in the number of billable contract hours and 48% fewer placements.

Cost of Contract Services

The cost of contract services includes wages and the related payroll taxes and employee benefits of the Company's employees while they work on contract assignments. There are no direct costs associated with placement service revenues. The cost of contract services for the nine months ended June 30, 2009 was down \$723,000 (19%) as a result of the lower volume of contract business. The gross profit margin on contract business was 30.2%, which was 2.4 points less than 32.6% for the prior year due to competitive pricing pressures during the period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include the following categories:

- Compensation in the operating divisions, which includes commissions earned by the Company's employment consultants and branch managers on permanent and temporary placements. It also includes salaries, wages, unrecovered advances against commissions, payroll taxes and employee benefits associated with the management and operation of the Company's staffing offices.
- Administrative compensation, which includes salaries, wages, payroll taxes and employee benefits associated with general management and the operation of its finance, legal, human resources and information technology functions.
- Occupancy costs, which includes office rent, depreciation and amortization, and other office operating expenses.
 - Recruitment advertising, which includes the cost of identifying job applicants.
- Other selling, general and administrative expenses, which includes travel, bad debt expense, fees for outside professional services and other corporate-level expenses such as business insurance and taxes.

The Company's largest selling, general and administrative expense is for compensation in the operating divisions. Most of the Company's employment consultants are paid on a commission basis and receive advances against future commissions. Advances are expensed when paid. When commissions are earned, prior advances are applied against them and the consultant is paid the net amount. At that time, the Company recognizes the full amount as commission expense, and advance expense is reduced by the amount recovered. Thus, the Company's advance expense represents the net amount of advances paid, less amounts applied against commissions.

Selling, general and administrative expenses for the nine months ended June 30, 2009 decreased \$160,000 (2%). Compensation in the operating divisions was down 27%, reflecting lower commission expense on the lower volume of business. Administrative compensation was up 72%, reflecting the \$1,125,000 of additional compensation recorded under the consulting agreement of the former CEO. All other administrative compensation was down 16% for the period, reflecting executive pay reductions, staff reductions and lower deferred compensation expense. Occupancy costs were up 8%, reflecting a \$376,000 provision for office closing costs. All other occupancy costs were down 17% for the period because of operating fewer branch offices than last year. Recruitment advertising increased 17%, due to higher utilization of job board posting services and higher costs per posting.

Other

Investment income for the nine months ended June 30, 2009 was down \$114,000 from the same period last year, due to a combination of lower funds available for investment and a lower average rate of return on investments. Returns in both periods were adversely affected by losses on trading securities.

There were no credits for income taxes as a result of the pretax losses during the periods, because there was not sufficient assurance that future tax benefits would be realized.

Results of Operations – Three Months

Net Revenues

Consolidated net revenues for the three months ended June 30, 2009 were down \$1,102,000 (30%) from the prior year. Contract service revenues decreased \$315,000 (17%) and placement service revenues decreased \$787,000 (43%). As a result of the weaker economic conditions that prevailed during the three months ended June 30, 2009, the Company experienced less demand for its services. The decline in consolidated net revenues was the result of a 23% decrease in the number of billable contract hours and 46% fewer placements.

Cost of Contract Services

The cost of contract services for the three months ended June 30, 2009 was down \$167,000 (14%) as a result of the lower volume of contract business. The gross profit margin on contract business was 30.2%, which was 2.9 points less than 33.1% for the prior year due to competitive pricing pressures during the period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended June 30, 2009 increased \$789,000 (27%). Compensation in the operating divisions was down 30%, reflecting lower commission expense on the lower volume of business. Administrative compensation increased, reflecting the \$1,125,000 of additional compensation recorded under the consulting agreement of the former CEO. Occupancy costs increased, reflecting a \$350,000 provision for office closing costs. All other occupancy costs were down 21% because of operating fewer branch offices than last year.

Other

Investment income for the three months ended June 30, 2009 was up \$20,000 from the same period last year, as returns in fiscal 2009 were favorably affected by gains on trading securities.

There were no credits for income taxes as a result of the pretax losses during the periods, because there was not sufficient assurance that future tax benefits would be realized.

Financial Condition

As of June 30, 2009, the Company had cash and cash equivalents of \$3,081,000, which was a decrease of \$1,084,000 from September 30, 2008. Net working capital at June 30, 2009 was \$2,747,000, which was a decrease of \$1,538,000 from September 30, 2008, and the current ratio was 2.4 to 1. Shareholders' equity as of June 30, 2009 was \$2,711,000 which represented 51% of total assets.

During the nine months ended June 30, 2009, the net cash used by operating activities was \$2,468,000. The net loss for the period, adjusted for depreciation and other non-cash charges, used \$2,922,000. A reduction of accounts receivable provided \$210,000, and all other working capital items provided an additional \$244,000.

Expenditures for the acquisition of property and equipment were \$48,000 during the nine months ended June 30, 2009.

As of June 30, 2009, the Company recorded the sale of 7,700,000 newly-issued shares of common stock to PSQ for \$1,925,000 in cash. The net proceeds to the Company from the share issuance, after deducting related costs, were \$1,432,000.

Information about future minimum lease payments, purchase commitments and severance arrangements is presented in the notes to consolidated financial statements contained in the Company's annual report on Form 10-KSB for the fiscal year ended September 30, 2008.

Due to the effects of the U.S. economic downturn, the Company incurred losses during the first nine months of fiscal 2009, and the negative cash flow from operating activities was \$2,468,000. To improve liquidity, the Company took certain actions. First, the Company completed the sale of 7,700,000 shares of common stock to PSQ and raised net cash proceeds of \$1,432,000 during the period. With the stock proceeds, the Company's net cash outflow for the year to date was \$1,084,000, and the Company's cash position was reduced to \$3,081,000 as of June 30, 2009.

Second, the Company implemented a restructuring of its corporate and field operations during the June 2009 quarter. Sales, recruiting and administrative positions were eliminated, five branch offices were closed, and the payroll for executive officers was reduced. As a result of this restructuring, together with actions taken earlier in the year, the sales, recruiting and administrative staff as of July 1, 2009 was 55% below the staff level at the beginning of the fiscal year, and the salaries and benefits of its three executive officers in the aggregate had been reduced by \$637,000 on an annual basis. Management believes that these and other actions will reduce the Company's selling, general and administrative expenses substantially in the fourth quarter. Management's current objective is to return the Company to a breakeven level of cash flow as soon as possible and to provide a stable platform for future growth.

Off-Balance Sheet Arrangements

As of June 30, 2009, and during the nine months then ended, there were no transactions, agreements or other contractual arrangements to which an unconsolidated entity was a party, under which the Company (a) had any direct or contingent obligation under a guarantee contract, derivative instrument or variable interest in the unconsolidated entity, or (b) had a retained or contingent interest in assets transferred to the unconsolidated entity.

Forward-Looking Statements

As a matter of policy, the Company does not provide forecasts of future financial performance. The statements made in this Form 10-Q Quarterly Report which are not historical facts are forward-looking statements. Such forward-looking statements often contain or are prefaced by words such as "will" and "expect." As a result of a number of factors, our actual results could differ materially from those set forth in the forward-looking statements. Certain factors that might cause our actual results to differ materially from those in the forward-looking statements include, without limitation, general business conditions, the demand for the Company's services, competitive market pressures, the ability of the Company to attract and retain qualified personnel for regular full-time placement and contract assignments, the possibility of incurring liability for the Company's business activities, including the activities of its

contract employees and events affecting its contract employees on client premises, and the ability to attract and retain qualified corporate and branch management. The Company is under no obligation to (and expressly disclaims any such obligation to) and does not intend to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

Item 4T, Controls and Procedures.

As of June 30, 2009, the Company's management evaluated, with the participation of its principal executive officer and its principal financial officer, the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). Based on that evaluation, the Company's principal executive officer and its principal financial officer concluded that the Company's disclosure controls and procedures were adequate as of June 30, 2009 to ensure that information required to be disclosed in reports filed or submitted by the Company under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

There was no change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 4, Submission of Matters to a Vote of Security Holders.

At a special meeting of shareholders on June 22, 2009, the shareholders voted on a proposal to approve (1) the sale of 7,700,000 shares of the Company's common stock to PSQ, LLC for \$0.25 per share, and (2) the change of control that would result from such sale of shares of the Company's common stock to PSQ, LLC. The proposal was approved by a majority of the votes cast. The number of votes cast on the proposal is presented below:

| | |
|-------------------------|-----------|
| Votes cast "For" | 2,031,266 |
| Votes cast "Against" | 345,887 |
| Abstentions | 19,403 |

There were 2,054,868 "broker non-votes" that were counted for purposes of determining a quorum for the meeting, but they had no effect on the outcome of the vote for the proposal.

Item 6, Exhibits.

The following exhibits are filed as a part of Part I of this report:

| No. | Description of Exhibit |
|--------------|---|
| <u>31.01</u> | <u>Certifications of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.</u> |
| <u>31.02</u> | <u>Certifications of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.</u> |
| <u>32.01</u> | <u>Certifications of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Title 18 of the United States</u> |

Code.

32.02

Certifications of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Title 18 of the United States Code.

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SIGNATURES

Pursuant to the requirements 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.

GENERAL EMPLOYMENT ENTERPRISES,
INC.

(Registrant)

Date: August 13, 2009

By: /s/ Kent M. Yauch
Kent M. Yauch
Vice President, Chief Financial Officer and
Treasurer (Principal financial and accounting
officer and duly authorized officer)

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