

VIEW SYSTEMS INC
Form PRER14C
August 04, 2008

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the Securities Exchange Act of 1934

(Amendment No. 3)

Check the appropriate box:

Preliminary Information Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))

Definitive Information Statement

View Systems, Inc.

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee

No Fee Required

Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11:

(1)

Title of each class of securities to which transaction applies:

(2)

Aggregate number of securities to which transaction applies:

(3)

Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4)

Proposed maximum aggregate value of transaction:

(5)

Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registrant statement number, or the form or schedule and the date of its filing.

(1)

Amount previously paid:

(2)

Form, Schedule or Registration Statement No.

(3)

Filing Party:

(4)

Date Filed

View Systems, Inc.

1550 Caton Center Drive, Suite E

Baltimore, Maryland 21227

Telephone: (410) 242-8439

INFORMATION STATEMENT

We are writing to advise you that we intend to: (1) undertake a 1 for 80 reverse stock split of our issued and outstanding common shares; (2) change our name to Tetra Energy Resources, Inc. ; and (3) amend our Certificate of Designation of Preferences and Rights of Series A Preferred Stock. These actions were approved on April 18, 2008 (making Series A preferred shares convertible into common stock), May 12, 2008 (reduction of Mr. Gunther Than s Series A preferred share holdings and issuance of Series A preferred shares to other directors), and May 23, 2008 (reverse-split of common stock, change of Series A preferred stock conversion ratio to 7:1, and change of Company name), by our Board of Directors and majority shareholder Mr. Gunther Than by written consent at special meetings. Therefore , no further votes will be needed. The actions are not effective until appropriate documents are filed with the State of Nevada Secretary of State s office. We anticipate an effective date for these actions of August _____, 2008, or as soon thereafter as practicable.

This Information Statement is being provided pursuant to the requirements of Rule 14c-2 promulgated under Section 13 of the Securities Exchange Act of 1934, as amended (the Exchange Act), to inform holders of common stock entitled to vote or give an authorization or consent in regard to the corporate actions that these corporate actions have been approved by a written consent of a majority of stockholders.

If you have any questions regarding this information statement please contact:

Stockholder Relations

View Systems, Inc.

1550 Caton Center Drive, Suite E

Baltimore, Maryland 21227

WE ARE NOT ASKING FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND A PROXY.

THE TRANSACTION DISCUSSED IN THIS INFORMATION STATEMENT IS BEING PROVIDED FOR INFORMATIONAL PURPOSES ONLY.

THIS INFORMATION STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES.

INTRODUCTION

We are writing to advise you that we intend to: (1) undertake a 1 for 80 reverse stock split of our issued and outstanding common shares; (2) change our name to Tetra Energy Resources, Inc. ; and (3) amend our Certificate of Designation of Preferences and Rights of Series A Preferred Stock. These actions were approved on April 18, 2008 (making Series A preferred shares convertible into common stock), May 12, 2008 (reduction of Mr. Gunther Than s Series A preferred share holdings and issuance of Series A preferred shares to other directors), and May 23, 2008 (reverse-split of common stock , change of Series A preferred stock conversion ratio to 7:1, and change of Company name), by our Board of Directors and majority shareholder Mr. Gunther Than by written consent at special meetings.

One of the reasons that we are amending our Certificate of Designation of Preferences and Rights of Series A Preferred Stock and executing a reverse stock split of our common stock is that we intend that the 10,000,000 shares of authorized Preferred A stock will be convertible into 70,000,000 shares of common stock. Previously, the Preferred A was not convertible but had voting rights equal to fifteen common shares. Thus, if we do not reverse the amount of common stock outstanding, we cannot convert the Preferred A shares because we have only 100,000,000 shares of common stock authorized. After the Effective Date of the proposed corporate actions, we anticipate having a total of 71,229,980 common stock shares issued including shares reserved for conversion of Preferred A shares. This will allow the Company to issue up to 28,770,020 shares of common stock for financing purposes. It is our present intention to raise up to \$2,000,000 of which approximately \$1,000,000 will be applied to reduce current debt obligations and the balance applied to working capital , provided that market conditions for our common stock make such a financing feasible. The terms of the proposed financing are not yet determined and may depend to a substantial degree on the market price of our common stock at that time. Thus, we cannot guarantee at this time that we be able to raise any particular amount of funds or that we will be issuing a particular quantity of shares .. In all likelihood, we will be offering the shares ourselves without the benefit of investment banking assistance . We anticipate that we will offer our common stock in a transaction exempt from registration pursuant to Rule 506 of Regulation D.

The proposed reverse split is not intended to take the Company private . The proposed reverse split, when effective, will not change our authorized shares of common stock or par value .. Except for any changes as a result of the treatment of fractional shares, each shareholder who owns 80 or more shares should hold the same percentage of common stock outstanding immediately following the reverse stock split as the shareholder did immediately prior to the reverse stock split ..

We are also proposing that the Company will change its name to Tetra Energy Resources, Inc. The Company is applying for a new CUSIP number, symbol and name change. The Company will continue to sell security products and look for merger and acquisition opportunities.

Nevada Revised Statutes (NRS) 78.320 and our bylaws provide that any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting, if before or after the action, a written consent is signed by stockholders holding at least a majority of the voting power. NRS 78.350 provides that the record date is the first date on which a valid, written consent is delivered in accordance with NRS 78.320. Accordingly, the record date for stockholders entitled to vote on these matters is anticipated being at least 20 days after the mailing of this Information Statement (the Record Date). On the Record Date we had 98,398,422 shares of common stock outstanding and 7,171,725 shares of Series A Preferred stock. The approval and ratification by the stockholders for the matters voted upon will become effective twenty calendar days from the mailing date of this information statement. We anticipate that this information statement will be mailed on or about August _____, 2008. After the twenty-day period, our executive officers will complete any necessary procedures to effect the approved corporate actions.

CHANGE OF NAME

We are changing our name to Tetra Energy Resources, Inc., which we believe gives us more flexibility to pursue different business opportunities. The name change to Tetra reflects that we have four (as in the Greek root tetra) possible business options: (1) continue in the homeland security business; (2) expand into the oil and gas industry or alternative energy business ; (3) become a publicly traded shell company; or (4) expand into another opportunity as one is presented and feasible . For example, we recently received a proposal to diversify our business into oil and gas exploration . Two of our significant shareholders are also oil and gas investors . We have not previously disclosed plans to enter the oil and gas industry or any other industry because no firm plan has been presented, and other potential uses for our company present themselves from time to time . Therefore, the reasoning behind the timing of the name change is simply to begin the positioning of the Company for an endeavor that is broader than the homeland security business in which we are currently engaged. We are not decided on any of these options and have not entered into any firm agreement with any party on any of the above business options.

THE REVERSE SPLIT

We will effect a one-for- eighty (1:80) reverse split of our issued common stock. At May 7, 2008, there were 98,398,422 shares of our common stock issued and outstanding. The effect of the reverse-split is that each 80 shares of our common stock outstanding immediately prior to the Effective Date (the "Old Shares") will be automatically converted into one (1) share of our common stock (the "New Shares"), reducing the number of outstanding shares of our common stock to approximately 1,229,980 shares, subject to rounding. Fractional shares will be rounded up.

The effective date for the reverse split is anticipated to be on or about August _____, 2008. Our common stock will be quoted on the OTC Bulletin Board at the post-split price on the Effective Date. Prior to the Effective Date, we will announce the new trading symbol for our common stock on the OTC Bulletin Board which will reflect the post-split trading. The New Shares will be fully paid and non-assessable. The New Shares will have the same voting rights and rights to dividends and distributions and will be identical in all other respects to the Old Shares.

The reverse stock split will have the following effects upon our common stock:

1.

The number of shares owned by each holder of common stock will be reduced eighty fold;

2.

The number of shares of our common stock which will be issued and outstanding after the reverse stock split will be reduced from 98,398,422 shares of our common stock to approximately 1,229,980 shares, subject to rounding.

3.

The per share loss and net book value of our common stock will be increased because there will be a lesser number of shares of our common stock outstanding;

4.

The stated capital on our balance sheet attributable to the common stock will be decreased 80 times its present amount and the additional paid-in capital account will be credited with the amount by which the stated capital is decreased;

5 .

The total number of shareholders will not change as a result of the reverse-split; and

6 .

All outstanding convertible securities and options entitling the holders thereof to purchase shares of common stock will enable such holders to purchase, upon exercise thereof, 80 times fewer of the number of shares of common stock which such holders would have been able to purchase upon exercise.

Reasons for and Possible Consequences of the Reverse Split

Our board of directors believes that our current capital structure is inappropriate for our present and future needs. We have 100,000,000 shares of common stock authorized and 98,398,422 of common stock issued and outstanding . We also have 10,000,000 shares of Series A Preferred stock authorized, which will be convertible into 70,000,000 shares of common stock after the Effective Date of the proposed corporate actions. We also have approximately \$1,000,000 in debt obligations that we would like to convert into equity, if agreeable to those creditors, and we are in need of cash to finance our current operations . In addition, our current share price is approximately \$ 0.01 per share . If we sold all of our unissued common stock for \$0. 01 per share, we would realize approximately \$ 16 ,000. Therefore, under our current capitalization structure, we do not have enough authorized common shares to achieve

any of our goals . We have survived by minimizing our operations and expenses and from receiving capital infusions from several of our directors . In the opinion of the Board, we either have to greatly increase our authorized common shares, or we need to reverse split our common stock. We anticipate that after the Effective Date of our reverse stock split, our stock price will rise by a factor of 80, bringing the market value of our unissued common stock to approximately \$23 million. A subsequent issuance of additional common stock may tend to depress the per share price of our common stock, but we have no way of predicting the precise effects on our common stock price at this time. We believe that the overall effect of the reverse stock split and subsequent capital raise will be beneficial to the Company, especially if we are able to strengthen our balance sheet by reducing debt.

An alternative to a reverse stock split is an increase in our authorized number of common shares. We chose not to increase our authorized amount of common stock because if we authorized additional shares, we felt that we would convey the wrong impression that too many cheap shares of our common stock could be issued, thereby decreasing potential stockholder value. For example, if we have fewer shares of our common stock issued as proposed in the reverse split, our stock price could be higher and attract a different type of investor looking for long-term growth and not a quick run-up in the value of low price stock. However, stockholders should note that the effect of the reverse split upon the market price for our common stock cannot be accurately predicted and that an increase in our share price is not a certainty. Furthermore, there can be no assurance that the market price of our common stock immediately after a reverse split will be maintained for any period of time. Moreover, because some investors may view the reverse split negatively, there can be no assurance that the reverse split will not adversely impact the market price of our common stock or, alternatively, that the market price following the reverse split will either exceed or remain in excess of the current market price.

Another reason for the reverse split is to reduce the number of outstanding shares in an effort to increase the market value of the remaining outstanding shares. In approving the reverse split, the board of directors and our majority shareholder considered that the Company's common stock may not appeal to brokerage firms that are reluctant to recommend lower priced securities to their clients. Investors may also be dissuaded from purchasing lower priced stocks because the brokerage commissions, as a percentage of the total transaction, tend to be higher for such stocks. Moreover, the analysts at many brokerage firms do not monitor the trading activity or otherwise provide coverage of lower priced stocks. The Board also believes that most investment funds are reluctant to invest in lower priced stocks .

It should also be noted that the liquidity of our common stock might be adversely affected by the reverse split given the reduced number of shares of our common stock that would be outstanding after the reverse split. The Board anticipates, however, that the expected higher market price as a result of the reverse split will reduce, to some extent, the negative effects on the liquidity and marketability of our common stock inherent in some of the policies and practices of institutional investors and brokerage houses described above.

However, the effect of the reverse split upon the market price for the Company's common stock cannot be predicted with certainty, and the history of similar stock split combinations for companies in like circumstances is varied. There can be no assurance that the market price per share of the Company's common stock after the reverse split will rise in proportion to the reduction in the number of shares of common stock outstanding resulting from the reverse split. The market price of the Company's common stock may also be based on its performance and other factors, some of which may be unrelated to the number of shares outstanding . If the market price of the Company's Common Stock declines

after the Reverse Split, the percentage decline as an absolute number and as a percentage of the Company's overall capitalization may be greater than would occur in the absence of a Reverse Split.

In addition, it is anticipated that the Company will be issuing additional common shares to creditors in exchange for the retirement of debt obligations and to investors in exchange for cash, which may have negative effect on the price of the common stock to the extent that such shares may be sold in Rule 144 transactions. The issuance of additional common stock after the reverse split will be dilutive to existing common stockholders, but the Board is cognizant that the interests of common stockholders would also be diluted in the alternative scenario if we increased the authorized common stock and then issued additional shares to achieve our debt conversion and capital financing goals.

There is no assurance, however, that a higher market price will encourage more broker-dealers or investors to become involved in our common stock. Nevertheless, we believe that a reverse split is preferable to an increase in the authorized common shares because, as a general rule, potential investors who might consider making investments in our company may be unwilling to do so when we have a large number of shares issued and outstanding and our price per share is in the sub-penny range . A reduction in the total outstanding shares may, without any assurance, make our capitalization structure more attractive.

Anti-Takeover Effects

The reverse stock split, after being effectuated, will have the effect of decreasing the number of authorized and issued common stock while leaving unchanged the number of authorized shares of common stock . We will continue to have 100 million shares of authorized common stock after the reverse split. However, while the total number of authorized shares will not change, after the Effective Date of the reverse stock split, the number of authorized but unissued shares of common stock effectively will be increased significantly by the reverse split because the 98,398,422 shares outstanding prior to the reverse split, approximately 98.4% of the 100 million authorized shares, will be reduced to approximately 1,229,980 shares, or 1.2% of the 100 million authorized shares.

However, we also will have 10,000,000 shares of Series A preferred stock that are convertible into common stock and have voting rights on all shareholder matters on a 7:1 basis. In the aggregate, 70,000,000 shares of Series A preferred stock are convertible into common stock and have voting rights, and, in any event, Mr. Than holds a majority of the Series A preferred stock. Therefore, after the reverse split of common stock is declared effective, a hostile bidder still could not effect a change in control without Mr. Than s consent.

In the future, if additional authorized common shares are issued, it may have the effect of diluting the earnings per share and book value per share, as well as the stock ownership and voting rights, of the currently outstanding shares of common stock. At this time, the Board of Directors plans to issue 2,000,000 shares of common stock from the effective increase in the number of our authorized but unissued shares generated by the reverse stock split. If these 2,000,000 common shares are issued, we would have approximately 3.2% of our authorized common stock issued.

Appointment of Additional Directors and Related Restructuring of Series A Preferred Shares

At special meetings attended by Mr. Gunther Than, as majority shareholder and as a director, and by a majority of the board of directors, the following actions were taken by written consent :

On April 18, 2008, the Series A preferred stock was authorized to be convertible at a rate equal to its voting rights, and we provided that Series A preferred shares that are voluntarily surrendered to the Company may be re-issued.¹

On May 12, 2008, we:

Issued to Director Dr. Martin Maasen, for services rendered ,* 1,000,000 Series A preferred shares and gave Dr. Maasen the option of converting his \$83,800 loan to the Company into a maximum of 838,000 Series A preferred shares;

Issued to Director Dr. Michael Bagnoli, for services rendered ,* 750,000 Series A preferred shares and gave Dr. Bagnoli the option of converting his \$50,000 loan to the Company into a maximum of 500,000 Series A preferred shares;

Reduced Mr. Than s holdings of Series A preferred stock to 4,252,000 shares by cancelling all other Series A preferred shares owned by Mr. Than;

Re-appointed William D. Smith to the Board of Directors;

Issued to William D. Smith for services rendered, 1,500,000 Series A preferred shares and gave Mr. Smith the option of converting his \$116,000 loan to the Company into a maximum of 1,160,000 Series A preferred shares;

Appointed Michael Woodford, Esq. To the Board of Directors; and

Authorized all board members having conversion options on their Series A preferred shares to vote all shares underlying the conversion option prior to exercising their conversion option.

* The services compensated for were unrelated to the director s service as a director and involved assistance with facilitating product sales.

¹ Each share of Series A preferred stock had a voting right equal to fifteen shares of common stock (prior to the May 23, 2008 board and shareholder resolution) and has the right to vote on all shareholder matters.

On May 23, 2008, we:

Authorized the proposed reverse common stock split and authorized fractional shares to be rounded up;

Authorized the reduction in the conversion ratio of Series A preferred stock into common stock from 15:1 to 7:1, and eliminated the requirement that any preferred stock redeemed or otherwise acquired by the Company shall be canceled, may not be reissued as Series A Preferred Stock, with all other rights, including the right of Series A preferred shareholders to vote on all stockholder matters, left unchanged; and

Authorized the Company to change its name to Tetra Energy Resources, Inc.

None of the above actions shall be effective until at least 20 days after the distribution of this Information Statement, the filing with the State of Nevada Secretary of State's office of the appropriate documents to effectuate these actions, and the delivery of timely notice to NASDAQ.

Interest of certain persons in or opposition to matters to be acted upon.

Pre-Split

The following tables set forth information as of May 7, 2008 regarding the pre-reverse-split beneficial ownership of our common and preferred stock, (a) each stockholder who is known by the Company to own beneficially in excess of 5% of our outstanding common stock; (b) each director known to hold common stock; (c) the Company's chief executive officer; and (d) the executive officers and directors as a group. Except as otherwise indicated, all persons listed below have (i) sole voting power and investment power with respect to their shares of common stock, except to the extent that authority is shared by spouses under applicable law, and (ii) record and beneficial ownership with respect to their shares of stock. The percentage of beneficial ownership of common stock is based upon 98,398,422 shares of common stock outstanding as of May 7, 2008. The preferred stock is convertible at a 7:1 ratio.

| <u>NAME AND ADDRESS OF BENEFICIAL OWNER</u> | <u>TITLE OF CLASS</u> | <u>NUMBER OF SHARES BENEFICIALLY OWNED</u> | <u>PERCENT OF SHARES BENEFICIALLY OWNED</u> |
|--|------------------------------|---|--|
| Michael L. Bagnoli 40 Redwood Court Lafayette, Indiana 47905 Director | Common | 720,000 (1) | Less than 1% |
| Martin Maassen 1340 Fawn Ridge Drive West Lafayette, Indiana 47906 Director | Common | 2,449,919 (2) | 2.5% |
| Gunther Than 1550 Caton Center Drive, Suite E Baltimore, Maryland 21227 Director, CEO | Common Preferred | 2,584,140 7,171,725 | 2.6% 100% |
| All Directors and officers As a group | Common Preferred | 5,754,059 7,171,725 | 5.8% 100% |

(1) Represents 610,000 shares held by Mr. Bagnoli, 40,000 shares held by his spouse and 70,000 shares held by a trust.

(2) Represents 1,699,919 held by Mr. Maassen and his spouse and 750,000 shares held by his spouse.

Post-Split

The following tables set forth information as of May 30, 2008 regarding the post-split beneficial ownership of our common and preferred stock, (a) each stockholder who is known by the Company to own beneficially in excess of 5% of our outstanding common stock; (b) each director known to hold common stock; (c) the Company's chief executive officer; and (d) the executive officers and directors as a group. Except as otherwise indicated, all persons listed below have (i) sole voting power and investment power with respect to their shares of common stock, except to the extent that authority is shared by spouses under applicable law, and (ii) record and beneficial ownership with respect to their shares of stock. The percentage of beneficial ownership is based upon 1,229,980 shares of common stock projected to be outstanding after the Effective Date. In addition, by agreement of the preferred stockholders, the conversion ratio from preferred to common stock is reduced from 15:1 to 7:1.

| <u>NAME AND ADDRESS OF BENEFICIAL OWNER</u> | <u>TITLE OF CLASS</u> | <u>NUMBER OF SHARES BENEFICIALLY OWNED</u> | <u>PERCENT OF SHARES BENEFICIALLY OWNED</u> |
|---|------------------------------|---|--|
| Michael L. Bagnoli 40 Redwood Court Lafayette, Indiana 47905 Director | Common Preferred | 9,000 (1) 750,000 (3) | Less than 1% 9.9% |
| Martin Maassen 1340 Fawn Ridge Drive West Lafayette, Indiana 47906 Director | Common Preferred | 30,624 (2) 1,000,000 (4) | 2.5% 13.3% |
| Gunther Than 1550 Caton Center Drive Suite E Baltimore, Maryland 21227 Director, CEO | Common Preferred | 32,302 4,252 ,000 | 2.6% 56.7% |
| Michael Woodford, Esq. 3227 61 st Street Boulder, CO 80301 Director | Common Preferred | -- -- | -- -- |
| William D. Smith | Common | 14,750 | 1.2% |

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| | | | |
|--|-----------|-------------------------|-------|
| 1550 Caton Center Drive Suite E Baltimore, Maryland 21227 | Preferred | 1,500,000 (5) | 19.9% |
| All Directors and officers as a group | Common | 86,676 | 7.0% |
| | Preferred | 7,502,000 (3), (4), (5) | 100% |

(1) Represents 7,625 common shares held by Mr. Bagnoli, 500 common shares held by his spouse and 875 common shares held by a trust.

(2) Represents 21,249 common shares held by Mr. Maassen and his spouse and 9,375 common shares held by his spouse.

(3) Does not include voting rights to 500,000 additional Series A preferred stock underlying certain conversion rights.

(4) Does not include voting rights to 838,000 additional Series A preferred stock underlying certain conversion rights.

(5) Does not include voting rights to 1,160,000 additional Series A preferred stock underlying certain conversion rights.

Executive Compensation.

No director or officer of the Company has been compensated or has an agreement to receive compensation for director's services rendered to the Company.

OTHER INFORMATION

The reverse stock split will be effected by NASDAQ and will be reported to our stock transfer agent. NASDAQ will increase the quote of our common stock by a factor of 80 on or after August ____, 2008, the Effective Date of the reverse-split.

Following the Effective Date, the share certificates representing the Old Shares will continue to be valid. In the future, new share certificates will be issued reflecting the effect of the reverse stock split, but this in no way will effect the validity of your current share certificates. The reverse split will occur on the Effective Date without any further action on the part of our shareholders. After the Effective Date, each share certificate representing Old Shares will be deemed to represent 1/80th share of our common stock. Certificates representing New Shares will be issued in due course as Old Share certificates are tendered for exchange or transfer to our transfer agent, Standard Registrar, Inc. We request that shareholders do not send in any of their stock certificates at this time.

As applicable, new share certificates evidencing New Shares that are issued in exchange for Old Shares representing restricted shares will contain the same restrictive legend as on the old certificates if the restriction period has not expired. Also, for purposes of determining the term of the restrictive period applicable to the New Shares, the time period during which a shareholder has held their existing pre-split shares will be included in the total holding period.

For more detailed information about the Company, including financial statements, you may refer to our recent Form 10-Q for the period ended March 31, 2008 filed with the Securities and Exchange Commission. This information may be found at the SEC's EDGAR database at www.sec.gov. Our audited financial statements are contained in our Form 10-KSB for the year ended December 31, 2007, also available at www.sec.gov.

Upon written request, we will furnish without charge to record and beneficial holders of our common stock a copy of any and all of the documents referred to in this Information Statement. These documents will be provided by first

class mail. Please make your request to the address or phone number below.

Only one information statement is being delivered to stockholders sharing an address unless contrary instructions have been received from one or more of those stockholders. We will promptly deliver separate copies to a household of any stockholder who did not receive an individual copy and who requests a copy.

Please submit your request to:

Stockholder Relations

Tetra Energy Resources, Inc.

1550 Caton Center Drive, Suite E

Baltimore, Maryland 21227

Telephone: (410) 242-8439 Fax: (410) 242-0765

By order of the Board of Directors,

Michael L. Bagnoli, Secretary

June 6, 2008