

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2013-01-28** | Period of Report: **2013-01-24**
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REPORTING OWNER

Groesch Richard C III

CIK: **1512055**

Type: **4** | Act: **34** | File No.: **001-33182** | Film No.: **13552875**

Mailing Address
C/O HEELYS, INC.
3200 BELMEADE DRIVE
CARROLLTON TX 75006

ISSUER

Heelys, Inc.

CIK: **1373980** | IRS No.: **752880496** | State of Incorporation: **DE** | Fiscal Year End: **1231**
SIC: **3140** Footwear, (no rubber)

Mailing Address
3200 BELMEADE
SUITE 100
CARROLLTON TX 75006

Business Address
3200 BELMEADE
SUITE 100
CARROLLTON TX 75006
214-390-1831

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

1. Name and Address of Reporting Person Groesch Richard C III			2. Issuer Name and Ticker or Trading Symbol Heelys, Inc. [HLYS]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) ____ Director _____ 10% Owner <input checked="" type="checkbox"/> Officer (give title below) _____ Other (specify below) Former Chief Commerical Office		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 01/24/2013					
C/O HEELYS, INC., 3200 BELMEADE DRIVE, SUITE 100			4. If Amendment, Date Original Filed(Month/Day/Year)			6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person ____ Form Filed by More than One Reporting Person		
(Street) CARROLLTON, TX 75006								
(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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D) Price			
Common Stock	01/24/2013		D		3,000	D \$2.25 ⁽¹⁾	0	D	

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

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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Stock Option (right to buy)	\$2.47	01/24/2013		D			20,000	⁽²⁾	03/18/2020	Common Stock	20,000	\$ 0	0	D	
Stock Option (right to buy)	\$2.9	01/24/2013		D			20,000	⁽²⁾	02/02/2021	Common Stock	20,000	\$ 0	0	D	
Restricted Stock Unit	⁽³⁾	01/24/2013		D			28,540	⁽³⁾	12/31/2013	Common Stock	28,540	\$2.25	0	D	

Restricted Stock Unit	(4)	01/24/2013		<u>D</u>		16,134	(4)	12/31/2014	Common Stock	16,134	\$2.25	0	D
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Explanation of Responses:

1. Disposed of pursuant to the Agreement and Plan of Merger, dated as of December 7, 2012, by and among the issuer, Sequential Brands Group, Inc. and Wheels Merger Sub Inc. (the "Merger Agreement"), pursuant to which the outstanding shares of the issuer's common stock were cancelled and converted into the right to receive \$2.25 in cash, without interest and less any applicable withholding tax.
2. Pursuant to the Merger Agreement, as of and immediately prior to the effective time of the merger effected thereby, this option was cancelled without cash payment because the per share exercise price of such option was greater than \$2.25.
3. Pursuant to the Merger Agreement, as of and immediately prior to the effective time of the merger effected thereby, the vesting conditions or restrictions applicable to 28,540 of the originally-awarded restricted stock units lapsed, and such vested restricted stock units converted into the right to receive an amount equal to \$2.25 for each such vested restricted stock unit, reduced by the required amount of withholding tax, if any. 39,954 of the originally-awarded restricted stock units did not vest due to the non-achievement of performance criteria, and such restricted stock units were cancelled.
4. Pursuant to the Merger Agreement, as of and immediately prior to the effective time of the merger effected thereby, the vesting conditions or restrictions applicable to 16,134 of the originally-awarded restricted stock units lapsed, and such vested restricted stock units converted into the right to receive an amount equal to \$2.25 for each such vested restricted stock unit, reduced by the required amount of withholding tax, if any. 16,134 of the originally-awarded restricted stock units did not vest due to the non-achievement of performance criteria, and such restricted stock units were cancelled.

Signatures

Richard C. Groesch, III

** Signature of Reporting Person

01/28/2013

Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.