

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D/A

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities [amend]

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FILED BY

SMITH L S

CIK: **1162049**
Type: **SC 13D/A**

Mailing Address
519 I-30
STE 243
ROCKWALL TX 75087

SUBJECT COMPANY

DGSE COMPANIES INC

CIK: **701719** | IRS No.: **880097334** | State of Incorpor.: **NV** | Fiscal Year End: **1231**
Type: **SC 13D/A** | Act: **34** | File No.: **005-33619** | Film No.: **111185517**
SIC: **5944** Jewelry stores

Mailing Address
2817 FOREST LN
DALLAS TX 75234

Business Address
2817 FOREST LANE
STE 202
DALLAS TX 75234
9724843662

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 13D/A
(Amendment No. 19)**

**INFORMATION TO BE INCLUDED IN STATEMENTS
FILED PURSUANT
TO §240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
§240.13D-2(a)**

DGSE COMPANIES, INC.

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

23323G106

(CUSIP Number)

**Dr. L.S. Smith
519 I-30, Suite 243
Rockwall, Texas**

Telephone No.: (972) 484-3662

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

November 1, 2011

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D/A, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. []

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

The information required on the remainder of this cover page shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 (the “Act”) or otherwise subject to the liabilities of that Section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1		NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) Dr. L.S. Smith
2		CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3		SEC USE ONLY
4		SOURCE OF FUNDS N/A
5		CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) <input type="checkbox"/> :
6		CITIZENSHIP OR PLACE OF ORGANIZATION United States
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 6,184,990
	8	SHARED VOTING POWER 0
	9	SOLE DISPOSITIVE POWER 1,628,014
	10	SHARED DISPOSITIVE POWER 0
11		AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,628,014
12		CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>
13		PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 13.4% (see Item 5)
14		TYPE OF REPORTING PERSON IN
* Pursuant to the proxies described herein, Dr. Smith may be considered a member of a "group" with the persons granting those proxies as disclosed in previous filings (collectively, the "Grantors" and each, a "Grantor") for purposes of this Schedule 13D/A. Dr. Smith expressly disclaims beneficial ownership of the 4,556,976 shares of common stock of the issuer held by the Grantors, and expressly disclaims membership in any group with any Grantor.		

Item 1. Security and Issuer.

This statement relates to the common stock, par value \$0.01 per share (the “Common Stock”), of DGSE Companies, Inc., a Nevada corporation (the “Issuer”), whose principal executive office is located at 11311 Reeder Road, Dallas, Texas 75229.

Item 2. Identity and Background.

- (a) Dr. L.S. Smith.
- (b) 519 Interstate 30, Suite 243, Rockwall, Texas 75087.
- (c) Dr. Smith is the former Chairman of the Board of Directors and Chief Executive Officer of the Issuer, the principal executive office of which is located at the address named in Item 1 of this Schedule 13D/A.
- (d) During the last five years, Dr. Smith has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).
- (e) Dr. Smith has not, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction which resulted in or was subject to (i) a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws; or (ii) a finding of any violation with respect to such laws.
- (f) Dr. Smith is a citizen of the United States.

Item 3. Source and Amount of Funds or Other Consideration.

Pursuant to that certain Option Exercise Notice, dated October 21, 2011, attached hereto as Exhibit 99.1, Dr. Smith exercised options to purchase an aggregate of 945,634 shares of the Common Stock (the “Options”), which were granted by three separate Option Agreements: (i) that certain Option Agreement, dated October 8, 2001, by and between the Issuer and the Reporting Person, granting the Reporting Person the option to purchase a total of 577,777 shares of the Common Stock; (ii) that certain Option Agreement, dated November 20, 2002, by and between the Issuer and the Reporting Person, granting the Reporting Person the option to purchase a total of 267,857 shares of the Common Stock; and (iii) that certain Option Agreement, dated August 14, 2009, by and between the Issuer and the Reporting Person, granting the Reporting Person the option to purchase a total of 100,000 shares of the Common Stock. Dr. Smith tendered to the Issuer an aggregate of 219,924 shares of the Common Stock previously held by Dr. Smith as payment of the aggregate exercise price of the Options.

Item 4. Purpose of Transaction.

Dr. Smith exercised the Options in connection with his resignation as Chairman and Chief Executive Officer of the Issuer, effective November 1, 2011.

Item 5. Interest in Securities of Issuer.

(a) As of the date of this report, Dr. Smith beneficially owns 6,184,990 shares of the Issuer's Common Stock, which in the aggregate, represents 50.9% of the currently outstanding shares of the Issuer's Common Stock. Dr. Smith disclaims beneficial ownership of 4,556,976 of those shares which Dr. Smith has the power to vote pursuant to proxies granted by the owners thereof to Dr. Smith, and this report should not be deemed to be an admission that Dr. Smith is the beneficial owner of such shares of Common Stock. Dr. Smith further disclaims membership in any group with the persons granting him the Proxies with respect to those 4,556,976 shares of Common Stock.

The foregoing calculations of percentage ownership are based on 12,151,343 shares of Common Stock outstanding, as reported by the Issuer's transfer agent on November 1, 2011.

(b) Dr. Smith has sole voting and dispositive power with respect to 1,628,014 shares of the Issuer's Common Stock and sole voting power and no dispositive power with respect to 4,556,976 shares subject to proxies.

Dr. Smith disclaims beneficial ownership of the 4,556,976 shares subject to proxies.

(c) Not applicable.

(d) Dr. Smith confirms that, except as described herein, he is not aware of any other person with the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, any of the shares of common stock of the Issuer beneficially owned by him.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Not Applicable.

Item 7. Materials to be Filed as Exhibits.

99.1 Option Exercise Notice, dated October 21, 2011

EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
99.1	Option Exercise Notice, dated October 21, 2011

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

November 7, 2011

(Date)

/s/ Dr. L.S. Smith

(Signature)

Dr. L. S. Smith

(Name and Title)

DGSE COMPANIES, INC.

EXERCISE NOTICE

DGSE Companies, Inc.
11311 Reeder Road
Dallas, TX 75229-3408

Attention: Secretary

1. Exercise of Option. Effective as of today, October 21, 2011, the undersigned (“Purchaser”) hereby elects to exercise his options (the “Options”) to purchase 945,634 shares (the “Option Shares”) of the Common Stock, par value \$0.01 per share (the “Common Stock”), of DGSE Companies, Inc. (the “Company”) under and pursuant to (i) that certain Option Agreement, dated October 8, 2001, granting an aggregate of 577,777 Options (the “2001 Option”), (ii) that certain Option Agreement, dated November 20, 2002, granting an aggregate of 267,857 Options (the “2002 Option”), and (iii) that certain Option Agreement, dated August 14, 2009, granting an aggregate of 100,000 Options (the “2009 Option,” and, together with the 2001 Option and the 2002 Option, the “Option Agreements”). The undersigned hereby elects to exercise the following Options in the following amounts by tendering shares in the following amount of the Common Stock currently held by the undersigned:

Number of Options	Exercise Price per Option Share	Shares Tendered	Common Stock to be Issued
577,777	\$2.25		
267,857	\$1.12		
100,000	\$0.78		

The undersigned further instructs that the Common Stock issued upon exercise of the Options be issued in the following name:

“ _____ ”

2. Securities Law Matters.

(a) The issuance and delivery of Option Shares to the undersigned pursuant to the 2001 Option and the 2002 Option (the “Private Placement Shares”) shall be in a private placement that is exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”) in reliance on Rule 506 of Regulation D, promulgated thereunder. Any subsequent resale of the Private Placement Shares has been registered pursuant to an effective registration statement under the Securities Act on Form S-3, as filed with the Securities and Exchange Commission May 29, 2007, Registration Number 333-143423.

(b) The issuance and delivery of Option Shares to the undersigned pursuant to the 2009 Option (the “S-8 Shares”) shall be pursuant to an effective registration statement under the Securities Act on Form S-8, Registration Number 333-143344 (the “Company S-8”). Any subsequent resale of the S-8 Shares has not been registered pursuant to an effective registration statement under the Securities Act and may only be made (i) pursuant to an effective registration statement under the Securities Act, (ii) after the expiration of the applicable holding period under Rule 144, promulgated under the Securities Act, or (iii) pursuant to another exemption from the registration requirements of the Securities Act.

3. Delivery of Payment. The undersigned Purchaser herewith tenders an aggregate of _____ shares of the Common Stock in payment of the aggregate exercise price.

4. Representations of Purchaser. Purchaser hereby represents and warrants as follows:

(a) Purchaser acknowledges that he has received, read and understood the Option Agreements and agrees to abide by and be bound by their terms and conditions.

(b) Purchaser is acquiring such shares of Common Stock for his own account for investment and not for resale or with a view to distribution thereof in violation of the Securities Act and the regulations promulgated thereunder (the "Securities Act"); and

(c) Purchaser is an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act. The undersigned's financial condition is such that he is able to bear the risk of holding such securities for an indefinite period of time and the risk of loss of its entire investment. The undersigned has sufficient knowledge and experience in investing in companies similar to the Company so as to be able to evaluate the risks and merits of its investment in the Company.

5. Rights as Shareholder. The Purchaser shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any Option Shares for which such Options are exercised, including, but not limited to, rights to vote or to receive dividends, unless and until the Purchaser has satisfied all requirements for exercise of the Options pursuant to their terms and the certificates evidencing such Option Shares have been issued or the Purchaser has been determined to be a record holder of such Option Shares by the transfer agent of the Company. A share certificate for the number of Option Shares so acquired shall be issued to the Purchaser as soon as practicable after exercise of the Options. No adjustment will be made for a dividend or other right for which the record date is prior to the date on which all the conditions set forth above are satisfied, except adjustments in accordance with the Option Agreements.

6. Tax Provisions. The Board shall determine the amount of any withholding or other tax required by law to be withheld or paid by the Company with respect to any income recognized by the Purchaser with respect to the exercise of the Options, and the Purchaser shall be required to meet any applicable tax withholding obligation in accordance with the Options. Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser's purchase or disposition of the Option Shares. Purchaser represents that Purchaser has consulted with any tax consultant or consultants Purchaser deems advisable in connection with the purchase or disposition of the Option Shares and that Purchaser is not relying on the Company for any tax advice.

7. Entire Agreement; Governing Law. The Option Agreements are incorporated herein by reference. This Exercise Notice and the Option Agreements constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof, and this Exercise Notice may not be amended except by means of a writing signed by the Company and Purchaser. This Exercise Notice is governed by Nevada law except for that body of law pertaining to conflict of laws.

Submitted by:

PURCHASER:

Dr. L. S. Smith

Address:

Accepted by:

THE COMPANY:

DGSE COMPANIES, INC.

By: _____

Its: _____

Address:

11311 Reeder Road
Dallas, Texas 75220-3408