

CAPTERRA FINANCIAL GROUP, INC.

Form PRE 14C

July 30, 2010

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14C
INFORMATION STATEMENT PURSUANT TO SECTION 14(c)
OF THE SECURITIES EXCHANGE ACT OF 1934**

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

Capterra Financial Group, Inc.

(Name of the Registrant as Specified in its Charter)

Payment of Filing Fee (Check the appropriate box):

- 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 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 registration statement number, or the Form or Schedule and the date of its filing.
 1. Amount previously paid:
 2. Form, schedule, or registration statement number:
 3. Filing party:
 4. Date filed:
-

TABLE OF CONTENTS

INFORMATION STATEMENT

GENERAL

AUTHORIZATION BY THE BOARD OF DIRECTORS AND THE MAJORITY STOCKHOLDER

CONSENTING STOCKHOLDERS

DESCRIPTION OF THE COMPANY'S CAPITAL STOCK

INCREASE IN THE NUMBER OF AUTHORIZED COMMON SHARES

ADOPTION OF ONE FOR TWO REVERSE STOCK SPLIT

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL

OWNERS AND MANAGEMENT

WHERE YOU CAN FIND MORE INFORMATION

Table of Contents

CAPTERRA FINANCIAL GROUP, INC.
1440 Blake Street, Suite 310
Denver, Colorado 80202
INFORMATION STATEMENT
GENERAL

This Information Statement is first being mailed on or about August 7, 2010, to the holders of record of the outstanding common stock, \$0.001 par value per share (the **Common Stock**), of Capterra Financial Group, Inc., a Colorado corporation (the **Company**), as of the close of business on July 30, 2010 (the **Record Date**), pursuant to Rule 14c-2 promulgated under the Securities Exchange Act of 1934, as amended (the **Exchange Act**).

This Information Statement relates to a written consent in lieu of a meeting, dated August 6, 2010 (the **Written Consent**), of shareholders of the Company owning at least a majority of the outstanding shares of Common Stock as of the Record Date (the **Majority Stockholders**). Except as otherwise indicated by the context, references in this Information Statement to **Company**, **we**, **us**, or **our** are references to Capterra Financial Group, Inc.

The Written Consent authorized an amendment to our Articles of Incorporation (the **Amendment**), which amends our current Articles of Incorporation to increase our authorized Common Stock from 50,000,000 shares to 200,000,000 shares and approved of a one for two (2) reverse stock split of the outstanding shares of Common Stock, with fractional shares being rounded up to the next whole number.

A copy of the substantive text of the Amendment is attached to this Information Statement as Appendix A.

The increase in authorized common shares will become effective on the filing of articles of amendment to our articles of incorporation with the Secretary of State of Colorado which filing will occur at least 20 days after the date of the mailing of this Information Statement to our stockholders. The reverse split will be effective on such date as may be set by the Board of Directors and approved by the Financial Regulatory Agency (FINRA), but no earlier than 20 days after this Information Statement is first mailed to our stockholders.

PLEASE NOTE THAT THIS IS NOT A NOTICE OF A MEETING OF STOCKHOLDERS AND NO STOCKHOLDERS MEETING WILL BE HELD TO CONSIDER THE MATTERS DESCRIBED HEREIN. THIS INFORMATION STATEMENT IS BEING FURNISHED TO YOU SOLELY FOR THE PURPOSE OF INFORMING STOCKHOLDERS OF THE MATTERS DESCRIBED HEREIN PURSUANT TO SECTION 14(C) OF THE EXCHANGE ACT AND THE REGULATIONS PROMULGATED THEREUNDER, INCLUDING REGULATION 14C.

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

By Order of the Board of Directors,

/s/ James W. Creamer, III

James W. Creamer, III

President

Date: August 7, 2010

Table of Contents

AUTHORIZATION BY THE BOARD OF DIRECTORS AND THE MAJORITY STOCKHOLDER

Under the Colorado Business Corporation Act and the Company's Bylaws, any action that can be taken at an annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if the holders of outstanding stock having not less than the minimum number of votes that will be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted consent to such action in writing. The approval of the Amendment requires the affirmative vote or written consent of a majority of the voting power of the issued and outstanding shares of Common Stock. Each Stockholder is entitled to one vote per share of Common Stock held of record on any matter which may properly come before the stockholders.

On the Record Date, the Company had 23,602,614 shares of Common Stock issued and outstanding with the holders thereof being entitled to cast one vote per share.

On July 27, 2010, our Board of Directors unanimously adopted resolutions approving the Amendment and recommended that our stockholders approve the Amendment substantially as set forth in Appendix A and approved a one for two reverse split of our Common Stock, with fractional shares being rounded up to the next whole number. In connection with the adoption of these resolutions, our Board of Directors elected to seek the written consent of the holders of a majority of our outstanding shares in order to reduce associated costs and implement the proposals in a timely manner.

The reverse stock split (the Reverse Stock Split) will reduce the number of issued and outstanding shares of our Common Stock outstanding prior to the split. The Reverse Stock Split has been implemented to provide us with greater flexibility with respect to our capital structure for such purposes as additional equity financings and future stock based acquisitions.

CONSENTING STOCKHOLDERS

Effective August 6, 2010, GDBA Investments, LLC and BOCO Investments, LLC, being the record holders of 10,786,929 shares and 9,736,379 shares of our Common Stock, respectively, constituting approximately 86.95% of the voting power of the issued and outstanding shares of our Common Stock, consented in writing to the Amendment and the reverse split.

Accordingly, we have obtained all necessary corporate approvals in connection with the Amendment and reverse split. We are not seeking written consent from any other stockholder, and the other stockholders will not be given an opportunity to vote with respect to the actions described in this Information Statement. All necessary corporate approvals have been obtained. This Information Statement is furnished solely for the purposes of advising stockholders of the action taken by written consent and giving stockholders notice of such actions taken as required by the Exchange Act.

As the actions taken by the Majority Stockholders were by written consent, there will be no security holders' meeting and representatives of the principal accountants for the current year and for the most recently completed fiscal year will not have the opportunity to make a statement if they desire to do so and will not be available to respond to appropriate questions from our stockholders.

We will, when permissible following the expiration of the 20 day period mandated by Rule 14c of the Exchange Act and the provisions of the Colorado Business Corporation Act, file the Amendment with the Colorado Secretary of State's Office. The Amendment will become effective upon such filing and we anticipate that such filing will occur approximately 20 days after this Information Statement is first mailed to our stockholders. The reverse split will be effective on such date as may be set by the Board of Directors and approved by the Financial Regulatory Agency (FINRA), but no earlier than 20 days after this Information Statement is first mailed to our stockholders.

Table of Contents

DESCRIPTION OF THE COMPANY'S CAPITAL STOCK

The following is a description of the material provisions of our capital stock. The following description is intended to be a summary and does not describe all of the provisions of our articles of incorporation or bylaws or Colorado law applicable to us

General

As of July 1, 2010, the Company's authorized capital stock consisted of 50,000,000 shares of Common Stock, par value \$0.001 per share, and 1,000,000 authorized shares of Preferred Stock, par value \$.10 per share. As of July 1, 2010, 23,602,614 shares of Common Stock were issued and outstanding and no shares of Preferred Stock were issued and outstanding.

Common Stock

The holders of Common Stock are entitled to one vote for each share held. The affirmative vote of a majority of votes cast at a meeting which commences with a lawful quorum is sufficient for approval of most matters upon which shareholders may or must vote, including the questions presented for approval or ratification at an annual meeting of shareholders. However, amendment of the articles of incorporation requires the affirmative vote of a majority of the total voting power for approval. Common shares do not carry cumulative voting rights, and holders of more than 50% of the Common Stock have the power to elect all directors and, as a practical matter, to control the company. Holders of Common Stock are not entitled to preemptive rights.

Preferred Stock

Our preferred shares are entitled to such rights, preferences and limitations as determined by our board of directors. At the present time, no rights, preferences or limitations have been established for our preferred shares.

Quorum

The presence, in person or by proxy, of holders of at least a majority of the issued and outstanding shares entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business.

Cash Dividends

The Company has not paid any cash dividends to stockholders. The declaration of any future cash dividend will be at the discretion of the Company's board of directors and will depend upon the Company's earnings, if any, the Company's capital requirements and financial position, the Company's general economic conditions, and other pertinent conditions. It is the Company's present intention not to pay any cash dividends in the foreseeable future, but rather to reinvest earnings, if any, in the Company's business operations.

Our Common Stock is quoted on the OTC Bulletin Board under the symbol CPTA.

Stock Transfer Agent

The stock transfer agent for our securities is Corporate Stock Transfer of Denver, Colorado. Their address is 3200 Cherry Creek Drive South, Suite 430, Denver, Colorado 80209. Their phone number is (303)282-4800

Table of Contents

INCREASE IN THE NUMBER OF AUTHORIZED COMMON SHARES

Our current Articles of Incorporation state that the number of authorized shares of Common Stock is limited to 50,000,000 shares. As of July 1, 2010, a total of 23,602,614 shares of Common Stock were issued and outstanding.

The Amendment has been adopted to provide us with greater flexibility with respect to our capital structure for such purposes as additional equity financings and future stock based acquisitions.

Our Board of Directors unanimously approved, subject to stockholder approval, the Amendment to increase the number of authorized shares of Common Stock to 200,000,000 shares.

Stockholder approval for the Amendment to increase the number of authorized shares was obtained by Written Consent of stockholders holding at least a majority of the voting power of our issued and outstanding Common Stock as of the Record Date. The Amendment for the increase in authorized shares will become effective upon filing of the Amendment promptly following the 20th day after the mailing of this Information Statement to our stockholders as of the Record Date. The substantive text of the proposed Amendment is attached hereto as Appendix A.

ADOPTION OF ONE FOR TWO REVERSE STOCK SPLIT

Our Board of Directors unanimously approved, subject to Stockholder approval, the one-for-two Reverse Stock Split of our issued and outstanding Common Stock, which will be effectuated in conjunction with the adoption of the Amendment. Our Majority Stockholders also approved this action in the Written Consent.

The Reverse Stock Split will reduce the number of issued and outstanding shares of our Common Stock outstanding prior to the split. The Reverse Stock Split will become effective on such date as may be set by the Board of Directors and approved by the Financial Regulatory Agency (FINRA), but no earlier than 20 days after this Information Statement is first mailed to our stockholders. We currently have no definitive or binding plans, agreements, proposals, arrangements, or understandings for the issuance of additional shares of Common Stock for any purpose, including future acquisitions or financing transactions, although we have had preliminary discussions concerning an acquisition of assets, which has not resulted in a definitive agreement as of the date hereof. We may, therefore, consider issuing additional shares in the future.

As a result of the Reverse Stock Split the authorized but unissued and unreserved Common Stock will increase from 26,397,386 shares to approximately 176,397,386 shares, after giving effect to the increase in the number of authorized shares. These additional authorized shares may be issued by the Company without any further action by the Company's stockholders.

On the Effective Date, two shares of Common Stock will automatically be combined and changed into one share of Common Stock. The table below sets forth, as of the Record Date and as of the Effective Date, the following information both before and after the proposed Reverse Stock Split:

the number of issued and outstanding shares of Common Stock;

the number of shares of issued and outstanding Preferred Stock; and

the number of authorized but unissued and unreserved shares of Common Stock.

Table of Contents

	Capital Structure prior to the Reverse Split (As of Record Date)	Capital Structure after the Reverse Split (On Effective Date)
Issued and outstanding Common Stock	23,602,614	11,801,307 ⁽¹⁾
Issued and outstanding Preferred Stock	0	0
Authorized but unissued and unreserved Common Stock(including the increase in authorized shares of Common Stock)	26,397,386	176,397,386 ⁽¹⁾

(1) Numbers of shares given after the reverse stock split are approximate due to the fact that the number of shares to be received by each shareholder will be rounded up to the nearest whole number.

Purposes for Reverse Stock Split and Effects on Common Stock

As shown in the table above, the Reverse Stock Split will decrease the total number of issued and outstanding shares of our Common Stock. The Reverse Stock Split has been implemented to provide us with greater flexibility with respect to our capital structure for such purposes as additional equity financings and future stock based acquisitions. On the Effective Date, two shares of Common Stock will automatically be combined and changed into one share of Common Stock. No additional action on our part or any stockholder will be required in order to effect the Reverse Stock Split.

No fractional shares of post-Reverse Stock Split Common Stock will be issued to any stockholder. Accordingly, stockholders of record who would otherwise be entitled to receive fractional shares of post-Reverse Stock Split Common Stock, will, if they hold a fractional share, receive a full share of our Common Stock.

We will obtain a new CUSIP number for our Common Stock at the time of the Reverse Stock Split. Following the effectiveness of the Reverse Stock Split, every two shares of Common Stock presently outstanding, without any action on the part of the stockholder, will represent one share of Common Stock. Subject to the provisions for elimination of fractional shares, as described above, consummation of the Reverse Stock Split will not result in a change in the relative equity position or voting power of the holders of Common Stock.

There are no arrears in dividends or defaults in principal or interest in respect to the securities which are to be exchanged.

Federal Income Tax Consequences of the Reverse Stock Split

The combination of two shares of pre-Reverse Stock Split Common Stock into one share of post-Reverse Stock Split Common Stock should be a tax-free transaction under the Internal Revenue Code of 1986, as amended, and the holding period and tax basis of the pre-Reverse Stock Split Common Stock will be transferred to the post-Reverse Stock Split Common Stock.

This discussion should not be considered as tax or investment advice, and the tax consequences of the Reverse Stock Split may not be the same for all stockholders. Stockholders should consult their own tax advisors to know their individual Federal, state, local and foreign tax consequences.

Distribution and Costs

We will pay the cost of preparing, printing and distributing this Information Statement.

Table of Contents

Absence of Dissenters Rights of Appraisal

Neither the adoption by the board of directors nor the approval by the Majority Stockholders of the Reverse Stock Split or the name change provides shareholders any right to dissent and obtain appraisal of or payment for such shareholder's shares under the Colorado Business Corporation Act, the articles of incorporation or the bylaws.

Potential Anti-takeover Effects of Amendment

Release No. 34-15230 of the staff of the SEC requires disclosure and discussion of the effects of any stockholder proposal that may be used as an anti-takeover device. The Reverse Stock Split could have an anti-takeover effect because the authorized shares are not being reduced by the reverse stock split, in that additional shares could be issued (within the limits imposed by applicable law) in one or more transactions that could make a change in control or takeover of the Company more difficult than if the authorized shares were also reduced by a reverse stock split. For example, we could issue additional shares so as to dilute the stock ownership or voting rights of persons seeking to obtain control of the Company. Similarly, the issuance of additional shares to certain persons allied with our management could have the effect of making it more difficult to remove our current management by diluting the stock ownership or voting rights of persons seeking to cause such removal. However, the Reverse Stock Split has been effected for the primary purpose of providing us with greater flexibility with respect to our capital structure for such purposes as additional equity financings and future stock based acquisitions, and not to construct or enable any anti-takeover defense or mechanism on behalf of the Company. Although the remainder of significant amounts of authorized shares of common stock could, under certain circumstances, have an anti-takeover effect, the Reverse Stock Split proposal is not being undertaken in response to any effort of which our Board of Directors is aware to accumulate shares of our Common Stock or obtain control of the Company.

Other than this proposal, our Board of Directors does not currently contemplate the adoption of any other amendments to our Articles of Incorporation that could be construed to affect the ability of third parties to take over or change the control of the Company.

Our Articles of Incorporation and Bylaws contain certain provisions that may have anti-takeover effects, making it more difficult for or preventing a third party from acquiring control of the Company or changing its board of directors and management. According to our Bylaws and Articles of Incorporation, the holders of the Company's common stock do not have cumulative voting rights in the election of our directors. The combination of the present ownership by a few stockholders of a significant portion of the Company's issued and outstanding common stock and lack of cumulative voting makes it more difficult for other stockholders to replace the Company's board of directors or for a third party to obtain control of the Company by replacing its board of directors.

Potential Dilution Effects of Amendment

The Reverse Stock Split could have a dilutive effect because the authorized shares are being increased along with the Reverse Stock Split. As a result of the Reverse Stock Split, the authorized but unissued and unreserved Common Stock will increase from 26,397,386 shares to approximately 176,397,386 shares. These additional authorized shares may be issued by the Company without any additional action by the Company's stockholders and, if issued, would dilute current stockholders' holdings.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth, as of July 1, 2010, certain information with respect to the beneficial ownership of our common stock, by (i) any person or group with more than 5% of any class of voting securities, (ii) each director, (iii) our chief executive officer and (iv) all executive officers and directors as a group. The table reflects the ownership of our equity securities by the foregoing parties before and after the 1 for 2 reverse stock split which will be effective on such date as may be set by the Board of Directors and approved by the Financial Regulatory Agency (FINRA), but no earlier than 20 days after this Information Statement is first mailed to our stockholders. Except as indicated in the footnotes to this table, the persons named in the table to our knowledge have sole voting and investment power with respect to all shares of securities shown as beneficially owned by them. The information in this table is as of July 1, 2010 based upon 23,602,614 shares of common stock outstanding prior to the Reverse Stock Split and 11,801,307 shares of common stock outstanding after the Reverse Stock Split. The securities ownership is presented on a fully diluted basis, to include derivative securities. The number of shares after the Reverse Stock Split is approximate due to the fact that the number of shares to be received by each shareholder will be rounded up to the nearest whole number.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial	Percent of Class Prior to Reverse Split	Amount and Nature of Beneficial	Percent of Class After Reverse Split
	Ownership Prior to Reverse Split (1)(2)		Ownership After Reverse Split (1)(2)	
G. Brent Backman (3) 1440 Blake Street, Suite 310 Denver, Colorado 80202	10,786,929	45.7%	5,393,465	45.7%
BOCO Investments, LLC (4) 103 West Mountain Ave. Fort Collins, Colorado, 80524	13,386,379	47.75%	6,693,190	47.75%
Sarmat, LLC (5) 103 West Mountain Ave. Fort Collins, Colorado, 80524	1,645,750	5.87%	822,875	5.87%
James W Creamer III (6) 1440 Blake Street, Suite 310 Denver, Colorado 80202	677,966	2.42%	338,983	2.42%
Joni K. Troska (7) 1440 Blake Street, Suite 310 Denver, Colorado 80202	146,514	0.5%	73,257	0.5%
Joseph Zimlich (8) 103 West Mountain Ave. Fort Collins, Colorado, 80524	344,869	1.23%	172,435	1.23%

Edgar Filing: CAPTERRA FINANCIAL GROUP, INC. - Form PRE 14C

Eric Balzer (9) 1440 Blake Street, Suite 310 Denver, Colorado 80202	112,500	0.41%	56,250	0.41%
All Officers and Directors As a Group (five persons)	12,203,895	43.53%	6,101,948	43.53%

Table of Contents

- (1) All ownership is beneficial and of record, unless indicated otherwise.
- (2) Beneficial owners listed above have sole voting and investment power with respect to the shares shown, unless otherwise indicated. A total of 28,035,694 shares of the Common Stock are considered to be outstanding pursuant to SEC Rule 13d-3(d)(1). For each Beneficial Owner above, any options or warrants exercisable within 60 days have been included in the denominator.
- (3) A total 10,786,929 shares are owned of record by GDBA Investments, LLC, which is controlled by Mr. Backman. A total of 5,391,329 were acquired on June 30, 2008 as a result of the conversion of 250,000 shares of convertible preferred stock and \$3 million in

subordinated debt converted to common stock. A total of 45,000 shares are owned in the name of adult children of the Mr. Backman, for which GDBA and Mr. Backman disclaim beneficial ownership.

- (4) A total of 9,736,379 shares are owned by BOCO Investments, LLC which were acquired on June 30, 2008 as a result of the conversion of 250,000 shares of convertible preferred stock and \$3 million in subordinated debt converted to common stock. Includes warrants to acquire a total of 3,650,000 shares at a price of \$.25 per share. The warrants are currently exercisable and expire at various periods in 2012.

- (5) A total of 1,045,250 of these shares are owned of record. A total of 600,500 shares are owned in the name of family members of the affiliate of this

entity.

- (6) Mr. Creamer has a stock option to acquire a total of 1,305,131 common shares at \$0.49 per share, of which options for 652,566 shares are currently exercisable. An additional 16.67% vests each succeeding year. The option expires in August, 2016.

- (7) Includes 10,000 shares owned of record by Ms. Troska and 6,000 shares owned of record by Ms. Troska's husband, for which she disclaims beneficial ownership. Ms. Troska has a stock option to acquire a total of 261,027 common shares at \$0.49 per share, of which options for 130,514 shares are currently exercisable. An additional 16.67% vests each succeeding year. The option expires in August, 2016.

- (8) A total of 344,869 shares are owned

by Mr. Zimlich,
316,594 of which
were acquired on
June 30, 2008 as a
result of the
conversion of
58,000 shares of
convertible
preferred shares.

- (9) A total of 75,000
shares are owned
in the name of an
affiliated entity. A
total of 37,500
shares are owned
in the name of
Mr. Balzer's son.

None of the minority members of our subsidiaries own five percent or more of us.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. The periodic reports and other information we have filed with the SEC, may be inspected and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington DC 20549. You may obtain information as to the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Web site that contains reports, proxy statements and other information about issuers, like the Company, who file electronically with the SEC. The address of that site is www.sec.gov. Copies of these documents may also be obtained by writing our secretary at the address specified above.

Table of Contents

Appendix A

**ARTICLES OF AMENDMENT TO
THE ARTICLES OF INCORPORATION
OF
CAPTERRA FINANCIAL GROUP, INC.**

The number of authorized common shares of the corporation (the Corporation) whose Articles of Incorporation (the Articles) are to be amended will be increased from 50,000,000 to 200,000,000. The par value of the common shares will remain at \$0.001 per share.