

SHELLS SEAFOOD RESTAURANTS INC
 Form 5
 January 10, 2007

FORM 5

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

OMB APPROVAL

OMB Number: 3235-0362
 Expires: January 31, 2005
 Estimated average burden hours per response... 1.0

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL 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

1. Name and Address of Reporting Person *
 GALLOWAY BRUCE

(Last) (First) (Middle)

C/O GALLOWAY CAPITAL MANAGEMENT LLC, 720 FIFTH AVENUE 10TH FLOOR

(Street)

NEW YORK, NY 10019

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
 SHELLS SEAFOOD RESTAURANTS INC [SHLL]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 02/07/2005

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Reporting

(check applicable line)

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Series B Convertible Preferred Stock, \$0.01 par per share	05/24/2005		P	14,342 ⁽¹⁾ A	\$ 15 286,840 ⁽¹⁾	D	

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Common	02/07/2005	Â	P	31,250	A	\$ 0.16	318,090	I	See Footnote (2)
Common	02/07/2005	Â	P	46,250	A	\$ 0.16	364,340	I	See Footnote (2)
Common	02/07/2005	Â	P	24,100	A	\$ 0.16	388,440	I	See Footnote (3)
Common	02/07/2005	Â	P	193,751	A	\$ 0.16	582,191	D (4)	Â
Common	05/24/2005	Â	P	1,644,064	A	\$ (5)	2,226,255	D (5)	Â
Common	05/24/2005	Â	P	463,800	A	\$ (6)	2,690,055	I	See Footnote (6)
Common	11/13/2006	Â	P	99,000	A	\$ 0.75	2,789,055	I	See Footnote (7)

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

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SEC 2270 (9-02)

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 Underlying Security (Instr. 3 and 4)	
					(A) (D)	Date Exercisable	Expiration Date	Title	Amount
Warrant to purchase Common Stock	\$ 1.3	05/24/2005	Â	P	Â 143,420	05/24/2005	05/24/2010	Common Stock, \$0.01 par per share	143,420

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
	Â	Â X	Â	Â

GALLOWAY BRUCE
C/O GALLOWAY CAPITAL MANAGEMENT LLC
720 FIFTH AVENUE 10TH FLOOR
NEW YORK, NY 10019

Signatures

/s/ Bruce
Galloway

01/09/2006

**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) These are listed on an as converted basis. To date the shares of Preferred Stock Series B have not been converted.
- (2) Shares are held in the name of Mr. Galloway's dependent children.
- (3) Shares are held by Rixon Galloway Capital Growth, LLC of which Mr. Galloway is a member.
- (4) 50% of these shares are owned by Mr. Galloway through Galloway Capital Management of which Mr. Galloway is a member.
- (5) Shares held by Mr. Galloway, individually and through his IRA. These shares have been purchased at various times up until 5/24/05.
Shares owned by Strategic Turnaround Equity Partners, LP (Cayman)("STEP"), on investment fund. These shares were primarily
- (6) acquired through transfers of securities to the fund by various limited partners. Mr. Galloway is a managing member of the General Partner of STEP and accordingly may be deemed to beneficially own the shares in STEP.
- (7) Shares were acquired by Strategic Turnaround Equity Partners, LP (Cayman) ("STEP"), an investment fund.
- (8) These are warrants issued in connection with the Convertible Preferred Series B discussed above.

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.