UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT UNDER SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **December 31, 2016**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number **1-05707**

GEE GROUP INC.

(Exact name of registrant as specified in its charter)

Illinois	**36-6097429**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

184 Shuman Blvd., Suite 420, Naperville, IL 60563
(Address of principal executive offices)

(630) 954-0400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock as of February 13, 2017 was 9,378,892.

GEE GROUP INC.
Form 10-Q
For the Quarter Ended December 31, 2016
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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

As a matter of policy, the Company does not provide forecasts of future financial performance. The statements made in this quarterly report on Form 10-Q which are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements often contain or are prefaced by words such as "believe", "will" and "expect." These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. As a result of a number of factors, our actual results could differ materially from those set forth in the forward-looking statements. Certain factors that might cause the Company's actual results to differ materially from those in the forward-looking statements include, without limitation, general business conditions, the demand for the Company's services, competitive market pressures, the ability of the Company to attract and retain qualified personnel for regular full-time placement and contract assignments, the possibility of incurring liability for the Company's business activities, including the activities of its contract employees and events affecting its contract employees on client premises, and the ability to attract and retain qualified corporate and branch management, as well as those risks discussed in the Company's annual report on Form 10-K for the year ended September 30, 2016, and in other documents which we file with the Securities and Exchange Commission. Any forward-looking statements speak only as of the date on which they are made, and the Company is under no obligation to (and expressly disclaims any such obligation to) and does not intend to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

GEE GROUP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)
(In Thousands)

	December 31, 2016	September 30, 2016
ASSETS		
CURRENT ASSETS:		
Cash	$ 2,193	$ 2,528
Accounts receivable, less allowances (December and September - $191)	12,577	11,569
Other current assets	1,592	1,500
Total current assets	16,362	15,597
Property and equipment, net	549	611
Other long-term assets	34	34
Goodwill	18,590	18,590
Intangible assets, net	10,725	11,094
TOTAL ASSETS	$ 46,260	$ 45,926
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	$ 8,649	$ 7,127
Accounts payable	1,558	2,224
Accrued compensation	2,854	3,116
Other current liabilities	1,210	692
Short-term portion of subordinated debt	1,421	1,285
Contingent consideration	750	1,750
Total current liabilities	16,442	16,194
Deferred rent	179	162
Subordinated debt	4,810	4,981
Other long-term liabilities	51	56
Total long-term liabilities	5,040	5,199
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Preferred stock; no par value; authorized - 20,000 shares; issued and outstanding - none	-	-
Common stock, no-par value; authorized - 200,000 shares; issued and outstanding - 9,379 shares at December 31, 2016 and at September 30, 2016, respectively	-	-
Additional paid in capital	37,809	37,615
Accumulated deficit	(13,031)	(13,082)
Total shareholders' equity	24,778	24,533
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 46,260	$ 45,926

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

GEE GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
(In Thousands, Except Per Share Data)

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015
NET REVENUES:		
Contract staffing services	$ 19,856	$ 15,999
Direct hire placement services	1,150	1,626
NET REVENUES	21,006	17,625
Cost of contract services	15,563	12,337
GROSS PROFIT	5,443	5,288
Selling, general and administrative expenses	4,495	4,508
Acquisition, integration and restructuring expenses	23	446
Depreciation expense	79	66
Amortization of intangible assets	369	337
INCOME (LOSS) FROM OPERATIONS	477	(69)
Interest expense	(360)	(325)
INCOME (LOSS) BEFORE INCOME TAX PROVISION	117	(394)
Provision for income tax	(66)	-
NET INCOME (LOSS)	$ 51	$ (394)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ 51	$ (394)
BASIC INCOME (LOSS) PER SHARE	$ 0.01	$ (0.04)
WEIGHTED AVERAGE NUMBER OF SHARES - BASIC	9,379	9,247
DILUTED INCOME (LOSS) PER SHARE	$ 0.01	$ (0.04)
WEIGHTED AVERAGE NUMBER OF SHARES - DILUTED	9,925	9,247

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

GEE GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (unaudited)
(In Thousands)

	Common Stock Shares	Additional Paid In Capital	Preferred Stock Shares	Preferred Stock	Accumulated Deficit	Total Shareholders' Equity
Balance, September 30, 2015	8,833	$ 33,492	-	$ -	$ (14,255)	$ 19,237
Shares issued for JAX Legacy debt	95	589	-	-	-	589
Issuance of common stock for contingent consideration related to the acquisition of Access Data Consulting Corporation	123	544	-	-	-	544
Amortization of stock option expense	-	793	-	-	-	793
Issuance of common stock for acquisition of Access Data Consulting Corporation	328	2,197	-	-	-	2,197
Net income	-	-	-	-	1,173	1,173
Balance, September 30, 2016	9,379	$ 37,615	-	$ -	$ (13,082)	$ 24,533
Amortization of stock option expense	-	194	-	-	-	194
Net income	-	-	-	-	51	51
Balance, December 31, 2016	9,379	$ 37,809	-	$ -	$ (13,031)	$ 24,778

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

GEE GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(In Thousands)

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 51	$ (394)
Adjustments to reconcile net income (loss) to cash (used in) provided by operating activities:		
Depreciation and amortization	448	403
Stock option expense	194	162
Provision for doubtful accounts	-	46
Amortization of debt discount	54	74
Changes in operating assets and liabilities -		
Accounts receivable	(1,008)	148
Accounts payable	(666)	920
Accrued compensation	(262)	(886)
Other current items, net	476	(388)
Long-term liabilities	17	40
Net cash (used in) provided by operating activities	(696)	125
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(17)	(4)
Acquisition payments	(50)	(6,845)
Net cash used in investing activities	(67)	(6,849)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from subordinated debt	-	4,107
Payments on the debt related to acquisitions	(1,089)	(87)
Payments on capital lease	(5)	(13)
Net proceeds from short-term debt	1,522	1,395
Net cash provided by financing activities	428	5,402
Net change in cash	(335)	(1,322)
Cash at beginning of period	2,528	5,932
Cash at end of period	$ 2,193	$ 4,610
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 294	$ 220
Cash paid for taxes	$ -	$ -
Non-cash financing activities		
Stock paid for prepaid interest on subordinated note	$ -	$ 566
Stock paid for fees in connection with subordinated note	$ -	$ 23
Issuance of common stock for acquisition	$ -	$ 2,197
Note issued in connection with acquisition	$ -	$ 3,000
Earn-out liability, contingent consideration, and other liabilities incurred in connection with acquisition	$ -	$ 3,313

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. Description of Business

GEE Group Inc. (the "Company", "us", "our" or "we") was incorporated in the State of Illinois in 1962 and is the successor to employment offices doing business since 1893. We are a provider of permanent and temporary professional, industrial and physician assistant staffing and placement services in and near several major U.S cities. We specialize in the placement of information technology, engineering, medical and accounting professionals for direct hire and contract staffing for our clients, and provide temporary staffing services for our commercial clients. Through our acquisition of Scribe Solutions in April 2015, we also offer data entry assistants (medical scribes) who specialize in electronic medical records (EMR) services for emergency departments, specialty physician practices and clinics.

2. Significant Accounting Policies and Estimates

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three-month period ended December 31, 2016 are not necessarily indicative of the results that may be expected for the year ending September 30, 2017. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 2016 as filed on December 22, 2016.

Liquidity

The Company has experienced significant losses and negative cash flows from operations in the past. Management has implemented a strategy which included cost reduction efforts as well as identifying strategic acquisitions, financed primarily through the issuance of common stock, to improve the overall profitability and cash flows of the Company. Management believes with current cash flow from operations, equity offerings, issued debt and the availability under the ACF facility (see Note 6), the Company will have sufficient liquidity for the next 12 months.

Principles of Consolidation

The condensed unaudited consolidated financial statements include the accounts and transactions of the Company and its wholly-owned subsidiaries. All inter-company accounts and transactions are eliminated in consolidation.

Estimates and Assumptions

Management makes estimates and assumptions that can affect the amounts of assets and liabilities reported as of the date of the consolidated financial statements, as well as the amounts of reported revenues and expenses during the periods presented. Those estimates and assumptions typically involve expectations about events to occur subsequent to the balance sheet date, and it is possible that actual results could ultimately differ from the estimates. If differences were to occur in a subsequent period, the Company would recognize those differences when they became known. Significant matters requiring the use of estimates and assumptions include, but may not be limited to, deferred income tax valuation allowances, accounts receivable allowances, accounting for acquisitions, and evaluation of impairment. Management believes that its estimates and assumptions are reasonable, based on information that is available at the time they are made.

Revenue Recognition

Direct hire placement service revenues are recognized when applicants accept offers of employment, less a provision for estimated losses due to applicants not remaining employed for the Company's guarantee period. Contract staffing service revenues are recognized when services are rendered.

Falloffs and refunds during the period are reflected in the unaudited condensed consolidated statements of operations as a reduction of placement service revenues and were approximately $90,000 and $139,000 for the three-month period ended December 31, 2016 and 2015, respectively. Expected future falloffs and refunds are reflected in the consolidated balance sheet as a reduction of accounts receivable and were approximately $60,000 as of December 31, 2016 and September 30, 2016, respectively.

Cost of Contract Staffing Services

The cost of contract services includes the wages and the related payroll taxes and employee benefits of the Company's employees while they work on contract assignments.

Cash and Cash Equivalents

Highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. At December 31, 2016 and September 30, 2016, there were no cash equivalents. The Company maintains deposits in financial institutions in excess of amounts guaranteed by the Federal Deposit Insurance Corporation. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. We have never experienced any losses related to these balances.

Accounts Receivable

The Company extends credit to its various customers based on evaluation of the customer's financial condition and ability to pay the Company in accordance with the payment terms. An allowance for placement fall-offs is recorded, as a reduction of revenues, for estimated losses due to applicants not remaining employed for the Company's guarantee period. An allowance for doubtful accounts is recorded, as a charge to bad debt expense, where collection is considered to be doubtful due to credit issues. These allowances together reflect management's estimate of the potential losses inherent in the accounts receivable balances, based on historical loss statistics and known factors impacting its customers. The nature of the contract service business, where companies are dependent on employees for the production cycle allows for a small accounts receivable allowance. Based on management's review of accounts receivable, an allowance for doubtful accounts of approximately $191,000 is considered necessary as of December 31, 2016 and September 30, 2016. The Company charges uncollectible accounts against the allowance once the invoices are deemed unlikely to be collectible. The reserve includes the $60,000 reserve for permanent placement falloffs considered necessary as of December 31, 2016 and September 30, 2016.

Property and Equipment

Property and equipment are recorded at cost. Depreciation expense is calculated on a straight-line basis over estimated useful lives of five years for computer equipment and two to ten years for office equipment, furniture and fixtures. The Company capitalizes computer software purchased or developed for internal use and amortizes it over an estimated useful life of five years. The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that it may not be recoverable. If the carrying amount of an asset group is greater than its estimated future undiscounted cash flows, the carrying value is written down to the estimated fair value. There was no impairment of property and equipment for the three-month periods ended December 31, 2016 and 2015.

Goodwill

Goodwill represents the excess of cost over the fair value of the net assets acquired in the various acquisitions. The Company assesses goodwill for impairment at least annually. Testing goodwill for impairment allows the Company to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the entity determines that this threshold is not met, then performing the two-step impairment test is unnecessary. An impairment loss would be recognized to the extent the carrying value of goodwill exceeds its implied fair value.

Fair Value Measurement

The Company follows the provisions of the accounting standard which defines fair value, establishes a framework for measuring fair value and enhances fair value measurement disclosure. Under these provisions, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use on unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The fair value of the Company's current assets and current liabilities approximate their carrying values due to their short term nature. The carrying value of the Company's long-term liabilities represents their fair value based on level 3 inputs, as further discussed in note 8. The Company's goodwill and other intangible assets are measured at fair value on a non-recurring basis using level 3 inputs.

Earnings and Loss per Share

Basic loss per share is computed by dividing net loss attributable to common stockholders by the weighted average common shares outstanding for the period. Diluted loss per share is computed giving effect to all potentially dilutive common shares. Potentially dilutive common shares may consist of incremental shares issuable upon the exercise of stock options and warrants and the conversion of notes payable to common stock. In periods in which a net loss has been incurred, all potentially dilutive common shares are considered anti-dilutive and thus are excluded from the calculation. There were approximately 716,000 of common stock equivalents excluded for the three months ended December 31, 2015, respectively, because their effect is anti-dilutive. Common share equivalents of approximately 546,118 was included in the computation of diluted earnings per share for the three months ended December 31, 2016. There were approximately 475,100 of common stock equivalents excluded for the three months ended December 31, 2016, respectively because their effect is anti-dilutive.

Advertising Expenses

Most of the Company's advertising expense budget is used to support the Company's business. Most of the advertisements are in print or internet media, with expenses recorded as they are incurred. For the three months ended December 31, 2016 and 2015, included in selling, general and administrative expenses was advertising expense totaling approximately $288,000 and $298,000, respectively.

Intangible Assets

Customer lists, non-compete agreements, customer relationships, management agreements and trade names were recorded at their estimated fair value at the date of acquisition and are amortized over their estimated useful lives ranging from two to ten years using both accelerated and straight-line methods.

Impairment of Long-lived Assets

The Company records an impairment of long-lived assets used in operations, other than goodwill, when events or circumstances indicate that the asset might be impaired and the estimated undiscounted cash flows to be generated by those assets over their remaining lives are less than the carrying amount of those items. The net carrying value of assets not recoverable is reduced to fair value, which is typically calculated using the discounted cash flow method. The Company did not record any impairment during the three months ended December 31, 2016 and 2015.

Stock-Based Compensation

The Company accounts for stock-based awards to employees in accordance with applicable accounting principles, which requires compensation expense related to share-based transactions, including employee stock options, to be measured and recognized in the financial statements based on a determination of the fair value of the stock options. The grant date fair value is determined using the Black-Scholes-Merton ("Black-Scholes") pricing model. For all employee stock options, we recognize expense over the requisite service period on an accelerated basis over the employee's requisite service period (generally the vesting period of the equity grant). The Company's option pricing model requires the input of highly subjective assumptions, including the expected stock price volatility, expected term, and forfeiture rate. Any changes in these highly subjective assumptions significantly impact stock-based compensation expense.

Options awarded to purchase shares of common stock issued to non-employees in exchange for services are accounted for as variable awards in accordance with applicable accounting principles. Such options are valued using the Black-Scholes option pricing model.

Upon the exercise of options, it is the Company's policy to issue new shares rather than utilizing treasury shares.

Income Taxes

We record a provision for income taxes for the anticipated tax consequences of the reported results of operations using the asset and liability method. Under this method, we recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting and tax basis of assets and liabilities, as well as for operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to taxable income for the years in which those tax assets and liabilities are expected to be realized or settled. We record a valuation allowance to reduce our deferred tax assets to the net amount that we believe is more likely than not to be realized.

Due to the private sale of shares of common stock to LEED HR during fiscal 2012 and the resulting change in control, the Company may be limited by Section 382 of the Internal Revenue Code as to the amount of net operating losses that may be used in future years.

Due to the issuance of convertible preferred shares related to the Scribe acquisition, the Company may be limited by Section 382 of the Internal Revenue Code as to the amount of net operating losses that may be used in future years.

We recognize tax benefits from uncertain tax positions only if we believe that it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. Although we believe that we have adequately reserved for our uncertain tax positions, we can provide no assurance that the final tax outcome of these matters will not be materially different. We make adjustments to these reserves when facts and circumstances change, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and operating results.

Reclassification

Certain reclassifications have been made to the financial statements as of and for the three months ended December 31, 2015 to conform to the current year presentation. There is no effect on assets, liabilities, equity or net income.

Segment Data

The Company provides the following distinctive services: (a) direct hire placement services, (b) temporary professional services staffing in the fields of information technology, engineering, medical, and accounting, and (c) temporary light industrial staffing. These distinct services can be divided into two reportable segments, Industrial Staffing Services and Professional Staffing Services. Selling, general and administrative expenses are not completely separately allocated among light industrial services and professional staffing services. Operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Other factors, including type of business, type of employee, length of employment and revenue recognition are considered in determining these operating segments.

3. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that provides companies with a single model for use in accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, including industry-specific revenue guidance. The new guidance requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. It also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The guidance permits companies to either apply the requirements retrospectively to all prior periods presented, or apply the requirements in the year of adoption, through a cumulative adjustment. The amended guidance also requires additional quantitative and qualitative disclosures. In March 2016, amended guidance was issued to clarify implementation guidance on principal versus agent consideration. In April 2016, an amendment provided clarifications on determining whether a promised license provides a customer with a right to use or a right to access an entity's intellectual property. In May 2016, an amendment provided narrow scope improvements and practical expedients to reduce the potential diversity, cost and complexity of applying new revenue standard. These amendments, as well as the original guidance, are all effective for annual and interim periods beginning after December 15, 2017. The new standard will be effective for the Company beginning January 1, 2018 and the Company intends to implement the standard with the modified retrospective approach, which recognizes the cumulative effect of application recognized on that date. The Company is in the process of evaluating the impact of adoption of this guidance on its financial statements.

In November 2015, the FASB issued authoritative guidance which changes how deferred taxes are classified on a company's balance sheet. The new guidance eliminates the current requirement for companies to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet. Instead, companies will be required to classify all deferred tax assets and liabilities as noncurrent. The new guidance is effective for annual reporting periods beginning after December 15, 2016. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The guidance may be applied either prospectively, for all deferred tax assets and liabilities, or retrospectively (i.e., by reclassifying the comparative balance sheet). If applied prospectively, entities are required to include a statement that prior periods were not retrospectively adjusted. If applied retrospectively, entities are also required to include quantitative information about the effects of the change on prior periods. Except for balance sheet classification requirements related to deferred tax assets and liabilities, the Company does not expect this guidance to have an effect on its financial statements. The Company is in the process of evaluating the impact of adoption of this guidance on its financial statements.

In March 2016, the FASB issued Accounting Standards Update ("ASU") 2016-09, Improvements to Employee Share-Based Payment Accounting ("ASU 2016-09"). ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted. The Company is currently assessing the potential impact of adopting ASU 2016-09 on its financial statements and related disclosures.

In February 2016, the FASB issued authoritative guidance which changes financial reporting as it relates to leasing transactions. Under the new guidance, lessees will be required to recognize a lease liability, measured on a discounted basis; and a right-of-use asset, for the lease term. The new guidance is effective for annual and interim periods beginning after December 15, 2018. Early application is permitted for all entities upon issuance. Lessees and lessors must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Company is in the process of evaluating the impact of adoption of this guidance on its financial statements.

In August 2016, the FASB issued authoritative guidance designed to address diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows, including: i) contingent consideration payments made after a business combination; ii) proceeds from the settlement of insurance claims; and iii) proceeds from the settlement of corporate-owned life insurance policies. The new guidance is effective for the Company for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted in any interim or annual period. The Company believes the adoption of this guidance will not have a material impact on its financial statements.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, which clarifies the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The standard will be effective for the Company in the first quarter of 2019. Early adoption is permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment". The update simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount. The new rules will be effective for the Company in the first quarter of 2021. Early adoption is permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements. No other recent accounting pronouncements were issued by FASB and the SEC that are believed by management to have a material impact on the Company's present or future financial statements.

4. Property and Equipment

Property and equipment, net consisted of the following:

(In thousands)	Useful Lives	December 31, 2016	September 30, 2016
Computer software	5 years	$ 1,447	$ 1,447
Office equipment, furniture and fixtures and leasehold improvements	2 to 10 years	2,531	2,514
Total property and equipment, at cost		3,978	3,961
Accumulated depreciation and amortization		(3,429)	(3,350)
Property and equipment, net		$ 549	$ 611

Leasehold improvements are amortized over the term of the lease.

Depreciation expense for the three-month periods ended December 31, 2016 and 2015 was approximately $79,000 and $66,000, respectively.

5. Intangible Assets

As of December 31, 2016

(In Thousands)	Cost	Accumulated Amortization	Net Book Value
Customer Relationships	$ 10,758	$ 2,917	$ 7,841
Trade Name	2,429	345	2,084
Non-Compete Agreements	1,061	261	800
	$ 14,248	$ 3,523	$ 10,725

As of September 30, 2016

(In Thousands)	Cost	Accumulated Amortization	Net Book Value
Customer Relationships	$ 10,758	$ 2,662	$ 8,096
Trade Name	2,429	285	2,144
Non-Compete Agreements	1,061	207	854
	$ 14,248	$ 3,154	$ 11,094

The amortization expense attributable to the amortization of identifiable intangible assets was approximately $369,000 and $337,000 for the three months ended December 31, 2016 and 2015, respectively.

The trade names are amortized on a straight – line basis over the estimated useful life of ten years. Customer relationships are amortized based on the future undiscounted cash flows or straight – line basis over estimated remaining useful lives of five to ten years. Non-compete agreements are amortized based on a straight-line basis over the term of the non-compete agreement, typically five years. Over the next five years and thereafter, annual amortization expense for these finite life intangible assets will total approximately $10,725,000, as follows: fiscal 2017 - $1,107,000, fiscal 2018 - $1,481,000, fiscal 2019 - $1,485,000, fiscal 2020 - $1,482,000, fiscal 2021 - $1,077,000 and thereafter - $4,093,000.

Long-lived assets, such as purchased intangibles subject to amortization, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company regularly evaluates whether events and circumstances have occurred that indicate possible impairment and relies on a number of factors, including operating results, business plans, economic projections, and anticipated future cash flows. The Company uses an estimate of the future undiscounted net cash flows of the related asset or asset group over the remaining life in measuring whether the assets are recoverable.

6. Short-term Debt

On September 27, 2013, the Company ("Borrower") entered into agreements with ACF FINCO I LP (successor-in-interest to Keltic Financial Partners II, LP) ("ACF") ("Lender"), that provides the Company with long term financing through a six million dollar ($6,000,000) secured revolving note (the "Note"). The Note has a term of three years and has no amortization prior to maturity. The interest rate for the Note is a fluctuating rate that, when annualized, is equal to the greatest of (A) the Prime Rate plus three and one quarter percent (3.25%), (B) the LIBOR Rate plus six and one quarter percent (6.25%), and (C) six and one half percent (6.50%), with the interest paid on a monthly basis. Loan advances pursuant to the Note are based on the accounts receivable balance and other assets. The Company incurred certain cash expense and commitment fees related to obtaining the agreement of approximately $170,000, which has been paid. The Note is secured by all of the Company's property and assets, whether real or personal, tangible or intangible, and whether now owned or hereafter acquired, or in which it now has or at any time in the future may acquire any right, title or interests. On January 1, 2016, the Company entered into an eighth Amendment and Waiver to the Loan and Security Agreement with ACF to increase the maximum amount of revolving credit under the Amended Credit Agreement from $6,000,000 to $10,000,000. On September 27, 2016, the Company entered into a ninth Amendment and Waiver to the Loan and Security Agreement with ACF. Pursuant to the Amendment, the Lender agreed (i) to decrease the annual Facility Fee (as defined in the Credit Agreement) payable by Borrower on the total Revolving Credit Limit (as defined in the Credit Agreement) to 0.75% , (ii) to allow the Borrower to make certain prepayments of amounts owed under the Amended Credit Agreement and the other loan documents on or prior to September 27, 2018, (iii) to amend the provision regarding liquidated damages payable by Borrower in the event of any early termination of the revolving credit line under the Amended Credit Agreement such that Borrower shall pay liquidated damages to Lender in an amount equal to the Revolving Credit Limit multiplied by (X) two percent (2.00%) if such prepayment, repayment, demand or acceleration occurs prior to September 28, 2017, and (Y) one percent (1.00%) if such prepayment, repayment, demand or acceleration occurs on or after September 28, 2017, (iv) to change the minimum EBITDA (as defined in the Amended Credit Agreement) thresholds required to be maintained by the Company as outlined below (v) to extend the Revolving Credit Termination Date to the earliest to occur of (a) September 27, 2018, (b) the date Lender terminates the Revolving Credit pursuant to the terms of the Amended Credit Agreement, and (c) the date on which repayment of the Revolving Credit, or any portion thereof, becomes immediately due and payable pursuant to the terms of the Amended Credit Agreement, (vi) to amend the definition of EBITDA and (vii) to change the Revolving Credit Rate to a fluctuating rate that, when annualized, is equal to the greatest of (A) the Prime Rate plus one and one half percent (1.50%), (B) the LIBOR Rate plus four and one half percent (4.50%), and (C) four and three quarters percent (4.75%). At December 31, 2016 and September 30, 2016, the interest rate was 4.75%, respectively.

The Company has entered into other Amendments with ACF that did not materially change the terms of the Note. As of the date of this report, the Company was in compliance with all such covenants or had received waivers related thereto. The Company has several administrative covenants and the following financial covenant:

The Company must maintain the following EBITDA:

(a) The twelve (12) consecutive calendar month period ending on September 30, 2016, to be less than Three Million Two Hundred Forty One Thousand and 00/100 Dollars ($3,241,000);

(b) The twelve (12) consecutive calendar month period ending on December 31, 2016, to be less than Three Million Eight Hundred Thousand and 00/100 Dollars ($3,800,000);

(c) The twelve (12) consecutive calendar month period ending on March 31, 2017, to be less than Four Million Two Hundred Thousand and 00/100 Dollars ($4,200,000);

(d) The twelve (12) consecutive calendar month period ending on June 30, 2017, to be less than Four Million Six Hundred Thousand and 00/100 Dollars ($4,600,000);

(e) The twelve (12) consecutive calendar month period ending on September 30, 2017, to be less than Five Million and 00/100 Dollars ($5,000,000); and

(f) For any period commencing on or after October 1, 2017, no less than such amounts as are established by Lender for such period based on the annual financial projections including such period delivered by Borrower. Borrower acknowledges and agrees that the above EBITDA covenant levels, and Lender’s adjustment in accordance with the preceding sentence, have been established by Lender based on Borrower’s operations as conducted on September 1, 2016, and that any material change to such operations, whether by Strategic Acquisition or otherwise, will necessitate an adjustment by Lender of the above EBITDA covenant levels, and that Lender will make such adjustments in Lender’s permitted discretion.

As of December 31, 2016, the Company was in compliance with the EBITDA covenant and all other administrative covenants. At December 31, 2016, there was approximately $1,351,000 available on the line of credit. The interest expense related to the lines of credit for the three months ended December 31, 2016 and 2015 approximated $165,000 and $109,000, respectively.

7. Accrued Compensation

Accrued Compensation includes accrued wages, the related payroll taxes, employee benefits of the Company's employees while they work on contract assignments, commissions earned and not yet paid and estimated commission payable.

8. Subordinated Debt

On October 2, 2015, the Company issued and sold the Subordinated Note to JAX Legacy – Investment 1, LLC (the "Investor") pursuant to a Subscription Agreement dated October 2, 2015 between the Company and the Investor (the "Subscription Agreement") in the amount of $4,185,000. The Subordinated Note is due on October 2, 2018 (the "Maturity Date"). Interest on the Subordinated Note is payable as follows: (i) 10% interest per annum on the outstanding principal balance of the Subordinated Note shall be payable quarterly in arrears, in cash, on each December 30th, March 30th, June 30th, and September 30th, until the Maturity Date and (ii) 4% interest per annum until the Maturity Date on the original principal balance of the Subordinated Note, was paid in advance on the issuance date of the Subordinated Note through the issuance to the Investor of approximately 91,000 shares of the Company's common stock (the "Interest Shares") valued at approximately $566,000. The Company may prepay the principal and interest under the Subordinated Note at any time, without penalty, provided, however, the Interest Shares shall be deemed paid in full and earned upon the issuance of the Subordinated Note. The Subordinated Note is subordinated in payment to the obligations of the Company to ACF FINCO I LLP pursuant to the terms and provisions of a Subordination and Intercreditor Agreement dated October 2, 2015 between ACF FINCO I LLP and the Investor. In connection with the issuance of the Subordinated Note the Company and the Investor entered into a Registration Rights Agreement dated October 2, 2015 (the "Registration Rights Agreement") whereby the Company granted to the Investor certain piggyback registration rights with respect to the shares of Company common stock issued or issuable as interest payments under the Subordinated Note, and any shares of Company common stock issued as a dividend or other distribution with respect to, or in exchange for or in replacement of, shares of common stock of the Company issued or issuable as interest payments under the Subordinated Note. The Company paid fees of approximately $25,000 and 3,000 shares of common stock to the Investor, valued at approximately $23,000. In addition, the Company had approximately $33,000 of legal fees related to the transaction. Total discount recorded at issuance was approximately $647,000. Total amortization of debt discount for the three months ended December 31, 2016 was approximately $54,000.

On October 4, 2015, the Company issued to the sellers of Access Data Consulting Corporation (see note 10) a Promissory Note. Interest on the outstanding principal balance of the Promissory Note is payable at the rate of 5.5% per annum. The principal and interest amount of the Promissory Note is payable as follows: (i) for the first twelve months commencing on November 4, 2015 and ending on October 4, 2016, a monthly payment of approximately $57,000 in principal and interest, (ii) on October 4, 2016 a balloon payment of principal of $1,000,000, (iii) for the next twelve months commencing on November 4, 2016 and ending on October 4, 2017, a monthly payment of approximately $28,000 in principal and interest, (iv) on October 4, 2017 a balloon payment of principal of $1,202,000 and (v) on October 4, 2017 any and all amounts of previously unpaid principal and accrued interest. The Promissory Note is subordinated in payment to the obligations of the Company to ACF FINCO I LLP pursuant to the terms and provisions of a Subordination and Intercreditor Agreement dated October 5, 2015 between ACF FINCO I LLP and the Sellers of Access Data Consulting Corporation.

On January 20, 2017, the Company entered into Addendum No. 1 (the “Addendum”) to the Stock Purchase Agreement dated as of January 1, 2016 (the “Paladin Agreement”) by and among the Company and Enoch S. Timothy and Dorothy Timothy (collectively, the “Sellers”). Pursuant to the terms of the Addendum, the Company and the Sellers agreed (a) that the conditions to the “Earnouts” (as defined in the Paladin Agreement) had been satisfied or waived and (b) that the amounts payable to the Sellers in connection with the Earnouts shall be amended and restructured as follows: (i) the Company paid $250,000 in cash to the Sellers prior to January 31, 2017 (the “Earnout Cash Payment”) and (ii) the Company shall issue to the Sellers a subordinated promissory note in the principal amount of $1,000,000 (the “Subordinated Note”), The Subordinated Note shall bear interest at the rate of 5.5% per annum. Interest on the Subordinated Note shall be payable monthly. The Subordinated Note shall have a term of three years and may be prepaid without penalty. The principal of and interest on the Subordinated Note may be paid, at the option of the Company, either in cash or in shares of common stock of the Company or in any combination of cash and common stock. The Sellers have agreed that all payments and obligations under the Subordinated Note shall be subordinate and junior in right of payment to any “Senior Indebtedness” (as defined in the Paladin Agreement) now or hereafter existing to “Senior Lenders” (current or future) (as defined in the Paladin Agreement).

Balance as of December 31, 2016:		
JAX Legacy debt	$	4,185
Access Data debt		1,421
Paladin debt		1,000
JAX Legacy debt discount		(375)
Total debt		6,231
Short-term portion of debt		(1,421)
Long-term portion of debt	$	4,810

Over the next four years, the payments of subordinated debt will total approximately $6,606,000 as follows: fiscal 2017 - $197,000, fiscal 2018 - $1,224,000, fiscal 2019 - $4,185,000, and fiscal 2020 - $1,000,000.

9. Equity

On October 2, 2015, the Company issued approximately 95,000 shares of common stock to JAX Legacy related to the subordinated note. The stock was valued at approximately $589,000.

On October 4, 2015, the Company issued approximately 328,000 shares of common stock to the sellers of Access Data Consulting Corporation. The Company also agreed if the closing price of the Company's common stock on the trading day immediately preceding the day on which the Issued Shares are first freely salable under Rule 144 (the "Rule 144 Date") is less than 90% of the Issue Price, then the Company shall make a one-time adjustment and shall promptly pay to the Sellers, in stock in the form of additional shares of common stock of the Company at the market value on the Rule 144 Date, the difference between the aggregate value of the Issued Shares at the Issue Price and the aggregate value of the Issued Shares at the closing price on the Rule 144 Date. The Company has recorded a liability of approximately $500,000 in contingent consideration.

On April 4, 2016, the Company issued approximately 123,000 shares of common stock to the sellers of Access Data Consulting Corporation related to the guarantee (see note 10). This was based on market value of the stock on April 4, 2016 being approximately $544,000 less than the $2,000,000 six month guarantee provided in the Access Data Agreement and based on the closing stock price of $4.44 per common share.

Stock Options

The Company has recognized compensation expense in the amount of approximately $194,000 and $162,000 during the three months ended December 31, 2016 and 2015, respectively, related to the issuance of stock options.

No options were granted during the three-month period ended December 31, 2016.

10. Acquisitions

Access

On October 4, 2015, the Company entered into a Stock Purchase Agreement (the "Access Data Agreement") with William Daniel Dampier and Carol Lee Dampier (collectively, the "Sellers"). Pursuant to the terms of the Access Data Agreement the Company acquired on October 4, 2015, 100% of the outstanding stock of Access Data Consulting Corporation, a Colorado corporation ("Access Data"), for a purchase price (the "Purchase Price") equal to approximately $15,568,000, which includes $600,000 related to a mutual tax election of which $50,000 was paid during the three months ended December 31, 2016.

Paladin

The Company entered into a Stock Purchase Agreement dated as of January 1, 2016 (the "Paladin Agreement") with Enoch S. Timothy and Dorothy Timothy (collectively, the "Sellers"). Pursuant to the terms of the Paladin Agreement the Company acquired on January 1, 2016, 100% of the outstanding stock of Paladin Consulting Inc., a Texas corporation ("Paladin"), for a purchase price (the "Purchase Price") equal to approximately $2,625,000.

On January 20, 2017, the Company entered into Addendum No. 1 (the “Addendum”) to the Paladin Agreement Pursuant to the terms of the Addendum, the Company and the Sellers agreed (a) that the conditions to the “Earnouts” (as defined in the Paladin Agreement) had been satisfied or waived and (b) that the amounts payable to the Sellers in connection with the Earnouts shall be amended and restructured as follows: (i) the Company shall pay $250,000 in cash to the Sellers on or prior to January 31, 2017 (the “Earnout Cash Payment”) and (ii) the Company shall issue to the Sellers a subordinated promissory note in the principal amount of $1,000,000 (the “Subordinated Note”), The Subordinated Note shall bear interest at the rate of 5.5% per annum. Interest on the Subordinated Note shall be payable monthly. The Subordinated Note shall have a term of three years and may be prepaid without penalty. The principal of and interest on the Subordinated Note may be paid, at the option of the Company, either in cash or in shares of common stock of the Company or in any combination of cash and common stock. The Sellers have agreed that all payments and obligations under the Subordinated Note shall be subordinate and junior in right of payment to any “Senior Indebtedness” (as defined in the Paladin Agreement) now or hereafter existing to “Senior Lenders” (current or future) (as defined in the Paladin Agreement). The Company has paid the $250,000 cash payment to the Sellers.

Consolidated pro-forma unaudited financial statements

The following unaudited pro forma combined financial information is based on the historical financial statements of the Company and Paladin Consulting, Inc., after giving effect to the Company's acquisition as if the acquisition occurred on October 1, 2015.

The following unaudited pro forma information does not purport to present what the Company's actual results would have been had the acquisitions occurred on October 1, 2015, nor is the financial information indicative of the results of future operations. The following table represents the unaudited consolidated pro forma results of operations for the three months ended December 31, 2015 as if the acquisition occurred on October 1, 2015. The pro forma results of operations for the three months ended December 31, 2015 only include Paladin, as all other acquisitions either occurred prior to October 1, 2015 or had an immaterial effect on pro forma balances. Operating expenses have been increased for the amortization expense associated with the estimated fair value adjustment as of each acquisition during the respective period for the expected definite lived intangible assets. Operating expenses have been increased for the amortization expense associated with the fair value adjustment of definite lived intangible assets of approximately $51,000 for the three months ended December 31, 2015 for the Paladin acquisition.

(in Thousands, except per share data)

		Three Months Ended December 31, 2015
Net sales	$	22,410
Cost of sales		16,233
Operating expenses		6,355
Net loss	$	(477)
Basic and dilutive income per common share	$	(0.05)

The Company's consolidated financial statements for the three months ended December 31, 2016 include the actual results of all acquisitions.

11. Commitments and Contingencies

Lease

The Company leases space for all of its branch offices, which are located either in downtown or suburban business centers, and for its corporate headquarters. Branch offices are generally leased over periods from three to five years. The corporate office lease expires in 2018. The leases generally provide for payment of basic rent plus a share of building real estate taxes, maintenance costs and utilities.

Rent expense was approximately $272,000 and $242,000 for the three-month periods ended December 31, 2016 and 2015, respectively. As of December 31, 2016, future minimum lease payments due under non-cancelable lease agreements having initial terms in excess of one year, including certain closed offices, totaled approximately $2,204,000 as follows: fiscal 2017 - $631,000, fiscal 2018 - $726,000, fiscal 2019 - $560,000, fiscal 2020 - $245,000, fiscal 2021 - $42,000 and thereafter - $0.

12. Segment Data

The Company provides the following distinctive services: (a) direct hire placement services, (b) temporary professional services staffing in the fields of information technology, engineering, medical, and accounting, and (c) temporary light industrial staffing. These distinct services can be divided into two reportable segments, Industrial Staffing Services and Professional Staffing Services. Selling, general and administrative expenses are not completely separately allocated among light industrial services and professional staffing services.

Unallocated corporate expenses primarily include, corporate legal expenses, consulting expenses, corporate payroll, audit fees, corporate rent and facility costs, board fees and interest expense.

	Three Months Ended December 31,	
(In Thousands)	2016	2015
Industrial Staffing Services		
Industrial services revenue	$ 5,981	$ 6,000
Industrial services gross margin	16.4%	11.7%
Operating income	$ 340	$ 67
Depreciation & amortization	73	54
Accounts receivable - net	3,497	2,896
Intangible asset - net	854	1,067
Goodwill	1,084	1,084
Total assets	$ 7,629	$ 6,932
Professional Staffing Services		
Permanent placement revenue	$ 1,150	$ 1,626
Placement services gross margin	100%	100%
Professional services revenue	13,875	9,999
Professional services gross margin	23.9%	29.6%
Operating income	$ 1,048	$ 1,136
Depreciation and amortization	375	349
Accounts receivable - net	9,080	5,933
Intangible assets - net	9,871	9,407
Goodwill	17,506	14,822
Total assets	$ 38,631	$ 34,402
Unallocated Expenses		
Corporate administrative expenses	$ 601	$ 612
Corporate facility expenses	74	52
Stock option amortization expense	194	162
Board related expenses	19	-
Acquisition, integration and restructuring expense	23	446
Total unallocated expenses	$ 911	$ 1,272
Consolidated		
Total revenue	$ 21,006	$ 17,625
Operating income (loss)	477	(69)
Depreciation and amortization	448	403
Total accounts receivable - net	12,577	8,829
Intangible assets - net	10,725	10,474
Goodwill	18,590	15,906
Total assets	$ 46,260	$ 41,334

13. Subsequent Events

On January 20, 2017, the Company, Triad Personnel Services, Inc. (“TPS”), Business Management Personnel, Inc. (“BUMPS”), BMPS, Inc. (“BMPSOH”), BMCH, Inc. (“BMCH”), BMCHPA, Inc.(“BMCHPA”), Triad Logistics, Inc. (“Triad”), Scribe Solutions, Inc. (“Scribe”), Agile Resources, Inc. (“Agile”), Access Data Consulting Corporation (“Access Data”) and Paladin Consulting, Inc., (“Paladin” and collectively with the foregoing, the ”Borrowers”), and ACF FINCO I LP, f/k/a Keltic Financial Partners II, LP (“Lender”) entered into a Tenth Amendment, Consent and Waiver dated as of January 20, 2017 (the “Amendment”) to the Loan and Security Agreement dated September 27, 2013 by and among the Borrowers and the Lender (as so amended, the “Credit Agreement” and, as amended by the Amendment, the “Amended Credit Agreement”). Pursuant to the Amendment, the Lender agreed (i) to consent to the Company’s execution and delivery of the Addendum and the consummation of the transactions contemplated by the Addendum, (ii) to allow the Company to pay the Earnout (as defined in the Paladin Agreement) Cash Payment to the Sellers, (iii) to allow the Company to issue the Subordinated Note to the Sellers and (iv) to amend the terms of the Credit Agreement to reflect the amended and restructured terms of the Earnouts. In connection with the execution and delivery of the Amendment, the Sellers and the Lender executed and delivered Amendment No. 1 dated January 20, 2017 to the Subordination Agreement between the Sellers and the Lender dated as of January 1, 2016.

Also in connection with the execution of the Amendment, the Borrowers, the Validity Party, the Guarantor, the Subordinated Creditors and the Lender executed and delivered a Reaffirmation Agreement effective as of January 20, 2017 (the “Reaffirmation Agreement”) pursuant to which, among other things, (i) the Borrowers reaffirmed their obligations to Lender under each of the Loan Documents (as defined in the Reaffirmation Agreement), (ii) the Validity Party (as defined in the Reaffirmation Agreement) reaffirmed his obligations under the Validity Agreement (as defined in the Reaffirmation Agreement) and each of the Loan Documents, (iii) the Guarantor (as defined in the Reaffirmation Agreement) reaffirmed his obligations under the Amended and Restated Guaranty Agreement dated on or about September 27, 2013 and each of the Loan Documents and (iv) each of the Subordinated Creditors (as defined in the Reaffirmation Agreement) reaffirmed its obligations under its respective Subordination Agreement (as defined in the Reaffirmation Agreement).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We specialize in the placement of information technology, engineering, and accounting professionals for direct hire and contract staffing for our clients, and provide temporary staffing services for our light industrial clients. As a result of our acquisition of Scribe Solutions, Inc. ("Scribe") in April 2015, we now also offer data entry assistants (medical scribes) who specialize in electronic medical records (EMR) services for emergency departments, specialty physician practices and clinics. There is currently a growing need for medical scribes due to the rise in EMR being utilized for billing and documentation of health care services and the meaningful use requirements that are part of the Affordable Care Act. The acquisitions of Agile Resources, Inc. a Georgia Corporation ("Agile"), Access Data Consulting Corporation, a Colorado corporation ("Access") and Paladin Consulting Inc., a Texas corporation ("Paladin") expanded our geographical footprint within the placement and contract staffing of information technology.

Our staffing services are provided through a network of twenty branch offices located in downtown or suburban areas of major U.S. cities in ten states. We have one office located in each of Arizona, Colorado, Georgia, Indiana, Illinois and Massachusetts, two offices in each of California and Texas, three offices in Florida and seven offices in Ohio.

Management has implemented a strategy which included cost reduction efforts as well as identifying strategic acquisitions, financed primarily through the issuance of equity and debt to improve the overall profitability and cash flows of the Company. We believe our current segments complement one another and position us for future growth.

Results of Operations – Three Months Ended December 31, 2016 Compared to the Three Months Ended December 31, 2015

Results of Operations

Net Revenues

Consolidated net revenues are comprised of the following:

	Three Months Ended December 31,			
(In thousands)	2016	2015	$ change	% change
Direct hire placement services	$ 1,150	$ 1,626	$ (476)	(29)%
Professional contract services	13,875	9,999	3,876	39
Industrial contract services	5,981	6,000	(19)	(0.3)
Consolidated Net Revenues	$ 21,006	$ 17,625	$ 3,381	19%

Consolidated net revenues increased approximately $3,381,000 or 19% compared with the same period last year. The Company acquired Paladin as of January 1, 2016, which increased the professional contract services by approximately $4,429,000, however these gains were offset by lower professional contract revenue. The acquisition of Paladin increased direct hire placement service revenue by approximately $96,000 for the three months ended December 31, 2016, however overall there was a significant decrease in permanent placement services. Management does not believe that the decrease in permanent placement services will continue. Executive management has stabilized its sales force, consolidated and expanded its sales strategy and is investing in revenue growth.

Cost of Contract Services

Cost of services includes wages and related payroll taxes and employee benefits of the Company's employees while they work on contract assignments. Cost of contract services for the three-month period ended December 31, 2016 increased by approximately 26% to approximately $15,563,000 compared with the prior period of approximately $12,337,000 for the three-month period ended December 31, 2015. Cost of contract services, as a percentage of contract revenue, for the three-month period ended December 31, 2016 increased approximately 4% to 74% compared with the prior period of approximately 70%. The change in the contract revenue gross margin is related to several factors, including the addition of lower gross margin from the Paladin acquisition as of January 1, 2016, offset by higher professional service contract revenue due to acquisitions and the overall decrease in our workers compensation rates for the state of Ohio.

Gross Profit percentage by segment:

Gross Profit Margin %	**Three Months Ended December 31, 2016**	**Three Months Ended December 31, 2015**
Direct hire placement services	100%	100%
Industrial contract services	16.4%	11.7%
Professional contract services	23.9%	29.6%
Combined Gross Profit Margin % (1)	25.9%	30.0%

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(1) Includes gross profit from direct hire placements, which all associated costs are recorded as selling, general and administrative expenses.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include the following categories:

- Compensation and benefits in the operating divisions, which includes salaries, wages and commissions earned by the Company's employment consultants and branch managers on permanent and temporary placements.

- Administrative compensation, which includes salaries, wages, payroll taxes and employee benefits associated with general management and the operation of the finance, legal, human resources and information technology functions.

- Occupancy costs, which includes office rent, and other office operating expenses.

- Recruitment advertising, which includes the cost of identifying job applicants.

- Other selling, general and administrative expenses, which includes travel, bad debt expense, fees for outside professional services and other corporate-level expenses such as business insurance and taxes.

The Company's largest selling, general and administrative expense is for compensation in the operating divisions. Most of the Company's sales agents and recruiters are paid on a commission basis and receive advances against future commissions. When commissions are earned, prior advances are applied against them and the sales agent or recruiter is paid the net amount. The Company recognizes the full amount as commission expense, and advance expense is reduced by the amount recovered. Thus, the Company's advance expense represents the net amount of advances paid, less amounts applied against commissions, plus commission accruals for billed but uncollected revenue.

Selling, general and administrative expenses for the three months ended December 31, 2016 decreased by approximately $13,000 or less than 1% compared to the same period last year. The decrease in selling, general and administrative expenses was a result of management effort to consolidate and create efficiencies within the consolidated companies.

Acquisition, Integration and Restructuring Charges

Acquisition, integration and restructuring charges, are legal expenses, travel expenses, finder's fees, severance agreements and other expenses that the Company has expensed as incurred and related to various transactions the Company has or expects to execute. The Company expects to have these expenses each quarter while we continue our growth strategy, however these expenses would not necessarily be incurred by the Company on a recurring basis in normal operations, without acquisitions.

The acquisition, integration and restructuring charges for the three months ended December 31, 2016, decreased $423,000 compared with the same period last year as the Company continues to evaluate potential acquisitions and perform due diligence, however no acquisitions were closed during the period.

Interest Expense

Interest expense for the three months ended December 31, 2016, increased $35,000, or 11% compared with the same period last year primarily as a result of the newly obtained long-term debt, the interest expense for acquisition payments and higher average borrowings related to the new acquisitions.

Liquidity and Capital Resources

The following table sets forth certain consolidated statements of cash flows data (in thousands):

	For the three months ended December 31, 2016	For the three months ended December 31, 2015
Cash flows (used in) provided by operating activities	$ (696)	$ 125
Cash flows used in investing activities	$ (67)	$ (6,849)
Cash flows provided by financing activities	$ 428	$ 5,402

As of December 31, 2016, the Company had cash of approximately $2,193,000, which was a decrease of approximately $335,000 from approximately $2,528,000 at September 30, 2016. Negative working capital at December 31, 2016 was approximately $(80,000), as compared to negative working capital of approximately $(597,000) for September 30, 2016. The net income for the three months ended December 31, 2016, was approximately $51,000.

Net cash (used in) and provided by operating activities for the three months ended December 31, 2016 and 2015 was approximately ($696,000) and $125,000 respectively. The fluctuation is due to the significant increase in accounts receivable, decrease in accrued compensation and decrease in accounts payable for the three months ended December 31, 2016 and offset by non-cash related expense for depreciation, amortization and stock compensation.

Net cash used in investing activities for the three months ended December 31, 2016 and 2015 was approximately ($67,000) and ($6,849,000), respectively. The primary use of cash was for payments to Access Sellers and the purchase of equipment for the three months ended December 31, 2016. The primary use of cash was for payments for acquisitions of Access and Paladin during the three months ended December 31, 2015.

Net cash flows provided by financing activities for the three months ended December 31, 2016 was approximately $428,000 compared to approximately $5,402,000 in the three months ended December 31, 2015. Fluctuations in financing activities are attributable to the level of net borrowings of the secured revolving note and the proceeds of the subordinated debt for the acquisitions.

All of the Company's office facilities are leased. As of December 31, 2016, future minimum lease payments under non-cancelable lease commitments having initial terms more than one year, including closed offices, totaled approximately $2,204,000.

On September 27, 2013, the Company ("Borrower") entered into agreements with ACF FINCO I LP (successor-in-interest to Keltic Financial Partners II, LP) ("ACF") ("Lender"), that provides the Company with long term financing through a six million dollar ($6,000,000) secured revolving note (the "Note"). The Note has a term of three years and has no amortization prior to maturity. The interest rate for the Note is a fluctuating rate that, when annualized, is equal to the greatest of (A) the Prime Rate plus three and one quarter percent (3.25%), (B) the LIBOR Rate plus six and one quarter percent (6.25%), and (C) six and one half percent (6.50%), with the interest paid on a monthly basis. Loan advances pursuant to the Note are based on the accounts receivable balance and other assets. The Company incurred certain cash expense and commitment fees related to obtaining the agreement of approximately $170,000, which has been paid. The Note is secured by all of the Company's property and assets, whether real or personal, tangible or intangible, and whether now owned or hereafter acquired, or in which it now has or at any time in the future may acquire any right, title or interests. On January 1, 2016, the Company entered into an eighth Amendment and Waiver to the Loan and Security Agreement with ACF to increase the maximum amount of revolving credit under the Amended Credit Agreement from $6,000,000 to $10,000,000. On September 27, 2016, the Company entered into a ninth Amendment and Waiver to the Loan and Security Agreement with ACF. Pursuant to the Amendment, the Lender agreed (i) to decrease the annual Facility Fee (as defined in the Credit Agreement) payable by Borrower on the total Revolving Credit Limit (as defined in the Credit Agreement) to 0.75% , (ii) to allow the Borrower to make certain prepayments of amounts owed under the Amended Credit Agreement and the other loan documents on or prior to September 27, 2018, (iii) to amend the provision regarding liquidated damages payable by Borrower in the event of any early termination of the revolving credit line under the Amended Credit Agreement such that Borrower shall pay liquidated damages to Lender in an amount equal to the Revolving Credit Limit multiplied by (X) two percent (2.00%) if such prepayment, repayment, demand or acceleration occurs prior to September 28, 2017, and (Y) one percent (1.00%) if such prepayment, repayment, demand or acceleration occurs on or after September 28, 2017, (iv) to change the minimum EBITDA (as defined in the Amended Credit Agreement) thresholds required to be maintained by the Company as outlined below (v) to extend the Revolving Credit Termination Date to the earliest to occur of (a) September 27, 2018, (b) the date Lender terminates the Revolving Credit pursuant to the terms of the Amended Credit Agreement, and (c) the date on which repayment of the Revolving Credit, or any portion thereof, becomes immediately due and payable pursuant to the terms of the Amended Credit Agreement, (vi) to amend the definition of EBITDA and (vii) to change the Revolving Credit Rate to a fluctuating rate that, when annualized, is equal to the greatest of (A) the Prime Rate plus one and one half percent (1.50%), (B) the LIBOR Rate plus four and one half percent (4.50%), and (C) four and three quarters percent (4.75%). At December 31, 2016 and September 30, 2016, the interest rate was 4.75%, respectively.

The Company has entered into other Amendments with ACF that did not materially change the terms of the Note. As of the date of this report, the Company was in compliance with all such covenants or had received waivers related thereto. The Company has several administrative covenants and the following financial covenant:

The Company must maintain the following EBITDA:

(a) The twelve (12) consecutive calendar month period ending on September 30, 2016, to be less than Three Million Two Hundred Forty One Thousand and 00/100 Dollars ($3,241,000);

(b) The twelve (12) consecutive calendar month period ending on December 31, 2016, to be less than Three Million Eight Hundred Thousand and 00/100 Dollars ($3,800,000);

(c) The twelve (12) consecutive calendar month period ending on March 31, 2017, to be less than Four Million Two Hundred Thousand and 00/100 Dollars ($4,200,000);

(d) The twelve (12) consecutive calendar month period ending on June 30, 2017, to be less than Four Million Six Hundred Thousand and 00/100 Dollars ($4,600,000);

(e) The twelve (12) consecutive calendar month period ending on September 30, 2017, to be less than Five Million and 00/100 Dollars ($5,000,000); and

(f) For any period commencing on or after October 1, 2017, no less than such amounts as are established by Lender for such period based on the annual financial projections including such period delivered by Borrower. Borrower acknowledges and agrees that the above EBITDA covenant levels, and Lender's adjustment in accordance with the preceding sentence, have been established by Lender based on Borrower's operations as conducted on September 1, 2016, and that any material change to such operations, whether by Strategic Acquisition or otherwise, will necessitate an adjustment by Lender of the above EBITDA covenant levels, and that Lender will make such adjustments in Lender's permitted discretion.

As of December 31, 2016, the Company was in compliance with the EBITDA covenant and all other administrative covenants. At December 31, 2016, there was approximately $1,351,000 available on the line of credit. The interest expense related to the lines of credit for the three months ended December 31, 2016 and 2015 approximated $165,000 and $109,000, respectively.

The Company believes that the borrowing availability under the ACF facility will be adequate to fund the working capital needs. In recent years, the Company has incurred significant losses and negative cash flows from operations. Management has implemented a strategy which included cost reduction efforts as well as identifying strategic acquisitions, financed primarily through the issuance of equity and debt, to improve the overall profitability and cash flows of the Company. In addition, as discussed above, the Company entered into the ACF facility to provide working capital financing.

On October 2, 2015, the Company issued and sold a subordinated note in the aggregate principal amount of $4,185,000 (the "Subordinated Note") to JAX Legacy – Investment 1, LLC (the "Investor") pursuant to a Subscription Agreement dated October 2, 2015 between the Company and the Investor (the "Subscription Agreement"). The Subordinated Note is due on October 2, 2018 (the "Maturity Date"). Interest on the Subordinated Note is payable as follows: (i) 10% interest per annum on the outstanding principal balance of the Subordinated Note payable quarterly in arrears, in cash, on each December 30th, March 30th, June 30th, and September 30th, until the Maturity Date and (ii) 4% interest per annum until the Maturity Date on the original principal balance of the Subordinated Note ($566,000), was paid in advance on the issuance date of the Subordinated Note through the issuance to the Investor of approximately 91,000 shares of the Company's common stock (the "Interest Shares"). The Company may prepay the principal and interest under the Subordinated Note at any time, without penalty, provided, however, the Interest Shares shall be deemed paid in full and earned upon the issuance of the Subordinated Note. The Subordinated Note is subordinated in payment to the obligations of the Company to ACF FINCO I LLP pursuant to the terms and provisions of a Subordination and Intercreditor Agreement dated October 2, 2015 between, ACF FINCO I LLP and the Investor. In connection with the issuance of the Subordinated Note the Company and the Investor entered into a Registration Rights Agreement dated October 2, 2015, whereby the Company granted to the Investor certain piggyback registration rights with respect to the shares of Company common stock issued or issuable as interest payments under the Subordinated Note, and any shares of Company common stock issued as a dividend or other distribution with respect to, or in exchange for or in replacement of, shares of common stock of the Company issued or issuable as interest payments under the Subordinated Note.

On October 4, 2015, the Company issued to the former owners of Access Data Consulting Corporation a Promissory Note in the principal amount of $3,000,000. Interest on the outstanding principal balance of the Promissory Note is payable at the rate of 5.5% per annum. The principal and interest amount of the Promissory Note is payable as follows: (i) for the first twelve months commencing on November 4, 2015 and ending on October 4, 2016, a monthly payment of $57,000 in principal and interest, (ii) on October 4, 2016 a balloon payment of principal of $1,000,000, (iii) for the next twelve months commencing on November 4, 2016 and ending on October 4, 2017, a monthly payment of $28,000 in principal and interest, (iv) on October 4, 2017 a balloon payment of principal of $1,202,000 and (v) on October 4, 2017 any and all amounts of previously unpaid principal and accrued interest. The Promissory Note is subordinated in payment to the obligations of the Company to ACF FINCO I LLP pursuant to the terms and provisions of a Subordination and Intercreditor Agreement dated October 5, 2015 between ACF FINCO I LLP and the former owners. The Company is current on all payments of this loan.

The Company entered into a Stock Purchase Agreement dated as of January 1, 2016 (the "Paladin Agreement") with Enoch S. Timothy and Dorothy Timothy (collectively, the "Sellers"). Pursuant to the terms of the Paladin Agreement the Company acquired on January 1, 2016, 100% of the outstanding stock of Paladin Consulting Inc., a Texas corporation ("Paladin"), for a purchase price (the "Purchase Price") equal to approximately $2,625,000.

On January 20, 2017, the Company entered into Addendum No. 1 (the "Addendum") to the Paladin Agreement Pursuant to the terms of the Addendum, the Company and the Sellers agreed (a) that the conditions to the "Earnouts" (as defined in the Paladin Agreement) had been satisfied or waived and (b) that the amounts payable to the Sellers in connection with the Earnouts shall be amended and restructured as follows: (i) the Company shall pay $250,000 in cash to the Sellers on or prior to January 31, 2017 (the "Earnout Cash Payment") and (ii) the Company shall issue to the Sellers a subordinated promissory note in the principal amount of $1,000,000 (the "Subordinated Note"), The Subordinated Note shall bear interest at the rate of 5.5% per annum. Interest on the Subordinated Note shall be payable monthly. The Subordinated Note shall have a term of three years and may be prepaid without penalty. The principal of and interest on the Subordinated Note may be paid, at the option of the Company, either in cash or in shares of common stock of the Company or in any combination of cash and common stock. The Sellers have agreed that all payments and obligations under the Subordinated Note shall be subordinate and junior in right of payment to any "Senior Indebtedness" (as defined in the Paladin Agreement) now or hereafter existing to "Senior Lenders" (current or future) (as defined in the Paladin Agreement). The Company has paid the $250,000 cash payment to the Sellers.

In recent years, the Company has incurred significant losses and negative cash flows from operations. Management has implemented a strategy which included cost reduction efforts as well as identifying strategic acquisitions, financed primarily through the issuance of common stock, to improve the overall profitability and cash flows of the Company. Management believes with current cash flow from operations, the equity offerings, issued debt and the availability under the ACF facility, the Company will have sufficient liquidity for the next 12 months.

Off-Balance Sheet Arrangements

As of December 31, 2016, there were no transactions, agreements or other contractual arrangements to which an unconsolidated entity was a party, under which the Company (a) had any direct or contingent obligation under a guarantee contract, derivative instrument or variable interest in the unconsolidated entity, or (b) had a retained or contingent interest in assets transferred to the unconsolidated entity.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

As of December 31, 2016, the Company's management evaluated, with the participation of its principal executive officer and its principal financial officer, the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act"). Based on that evaluation, the Company's principal executive officer and its principal financial officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2016.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting or in any other factors that could significantly affect these controls, during the Company's first quarter ended December 31, 2016, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

As of December 31, 2016, there were no material legal proceedings pending against the Company.

Item 1A. Risk Factors.

Not required.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable

Item 5. Other Information.

None.

Table of Contents

Item 6. Exhibits.

The following exhibits are filed as a part of Part I of this report:

No.	Description of Exhibit
4.1	Form of Subordinated Promissory Note dated January 20, 2017 issued by GEE Group, Inc. to Enoch S. Timothy and Dorothy Timothy Filed as Exhibit 4.1 to the current report on Form 8-K filed with the Securities and Exchange Commission on January 24, 2017 and incorporated herein by reference.
10.1	Addendum No. 1 dated January 20, 2017 to the Stock Purchase Agreement dated as of January 1, 2016 by and among GEE Group. Inc. and Enoch S. Timothy and Dorothy Timothy. Filed as Exhibit 10.1 to the current report on Form 8-K filed with the Securities and Exchange Commission on January 24, 2017 and incorporated herein by reference.
10.2	Tenth Amendment, Consent and Waiver dated as of January 1, 2016 (the "Amendment") to the Loan and Security Agreement dated September 27, 2013 by and among the Company, the Borrowers named therein and ACF FINCO I LP, as Lender Filed as Exhibit 10.2 to the current report on Form 8-K filed with the Securities and Exchange Commission on January 24, 2017 and incorporated herein by reference.
31.01	Certifications of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
31.02	Certifications of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.
32.01	Certifications of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Title 18 of the United States Code.
32.02	Certifications of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Title 18 of the United States Code.
99.1	Compensation Committee Charter, amended and restated as of February 14, 2017
99.2	Mergers and Acquisitions Committee Charter
99.3	Nominating Committee Charter
99.4	Audit Committee Charter
99.5	Corporate Governance Committee Charter
101.INS	Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GEE GROUP INC.
(Registrant)

Date: February 14, 2017

By: */s/ Derek Dewan*
Derek Dewan
Chief Executive Officer
(Principal Executive Officer)

By: */s/ Andrew J. Norstrud*
Andrew J. Norstrud
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 31.01

CERTIFICATION

I, Derek Dewan, certify that:

1. I have reviewed this Form 10-Q quarterly report for the three-month period ended December 31, 2016 of GEE Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2017

By: */s/ Derek Dewan*
Derek Dewan
(Principal Executive Officer)

EXHIBIT 31.02

CERTIFICATION

I, Andrew J. Norstrud, certify that:

1. I have reviewed this Form 10-Q quarterly report for the three-month period ended December 31, 2016 of GEE Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2017

By: */s/ Andrew J. Norstrud*
Andrew J. Norstrud
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.01

CERTIFICATIONS PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

In connection with the Quarterly Report of GEE Group Inc. (the “Company”) on Form 10-Q for the three-month period ended December 31, 2016 filed with the Securities and Exchange Commission (the “Report”), the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: February 14, 2017

By: */s/ Derek Dewan*
Derek Dewan
(Principal Executive Officer)

EXHIBIT 32.02

CERTIFICATIONS PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

In connection with the Quarterly Report of GEE Group Inc. (the "Company") on Form 10-Q for the three-month period ended December 31, 2016 filed with the Securities and Exchange Commission (the "Report"), the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: February 14, 2017

By: */s/ Andrew J. Norstrud*
Andrew J. Norstrud
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 99.1

GEE GROUP, INC.

COMPENSATION COMMITTEE CHARTER

February 14, 2017

Committee's Purpose

The Compensation Committee (the "Committee") is appointed by the Board of Directors (the "Board") to discharge the Board's responsibilities relating to compensation of the Company's directors and officers. The Committee has overall responsibility for approving and evaluating the director and officer compensation plans, policies and programs of the Company.

Committee Membership and Meetings

The Committee shall consist of no fewer than three members. The members of the Committee shall meet the independence requirements of the NYSE MKT and the Securities and Exchange Commission and shall be outside directors within the meaning of section 162(m) of the Internal Revenue Code.

The members of the Committee shall be directors of the Company and shall be elected by the Board. The Board shall also designate a Committee Chairperson. Committee members shall serve for a period of one year unless a member resigns or is replaced by the Board. Committee members may be removed by a majority vote of the Board.

The Committee shall meet as often as necessary to carry out its responsibilities. Meetings shall be called by the Chairperson of the Committee. A majority of the members shall constitute a quorum, and a majority of the members present shall be required to act on Committee business. The Committee may take action in the absence of a meeting by unanimous written consent of all members.

The Chairperson of the Committee shall be responsible for scheduling meetings, establishing agendas and conducting the meetings of the Committee. Minutes for all meetings shall be prepared to document the Committee's discharge of its responsibilities, and the minutes shall be approved by the Committee members.

The Committee shall determine which officers of the Company or other visitors to invite to the Committee's meetings. In the sole discretion of the Committee, the Committee may meet in executive session at any time.

Committee Authority and Responsibilities

1. *Compensation Philosophy.* In consultation with senior management, the Committee shall establish the Company's general compensation philosophy, and it shall oversee the development of executive compensation programs. The Committee shall periodically review the Company's executive compensation programs and make any modifications that it deems advisable.

2. *Chief Executive Officer.* The Committee shall set corporate goals and objectives relevant to the Chief Executive Officer's compensation. In determining the incentive component of the Chief Executive Officer's compensation, the Committee should consider the Company's performance and relative stockholder return, the value of similar incentive awards to the chief executive officers at comparable companies, and the awards given to the Company's Chief Executive Officer in past years. The Committee shall annually review and evaluate the Chief Executive Officer's performance in light of those goals and objectives. The Committee shall have the sole authority to approve, amend or terminate these goals and objectives and to determine all compensation levels based on this evaluation, including the following: (a) annual base salary level, (b) annual incentive opportunity level, (c) long-term incentive opportunity level, (d) employment agreements or severance arrangements, and (e) any special or supplemental benefits.

3. *Other Officers.* The Committee shall annually review and have the sole authority to approve, amend or terminate for the officers of the Company (other than the Chief Executive Officer) all compensation, including the following: (a) annual base salary level, (b) annual incentive opportunity level, (c) long-term incentive opportunity level, (d) employment agreements or severance arrangements, and (e) any special or supplemental benefits.

4. *Directors.* The Committee shall present to the Board their recommendations to approve, amend or terminate for directors (a) the annual compensation, and (b) any additional compensation for service on committees of the Board, service as a committee chairperson, meeting fees or any other benefit payable by virtue of the director's position as a member of the Board.

5. *Compensation and Benefit Plans.* The Committee shall have the sole authority to approve, amend or terminate incentive-compensation plans, retirement plans, deferred compensation plans and any equity-based plans, including the approval, amendment or termination of any tax-qualified plan or section 125 plan, except as provided in Paragraph *6* of this Charter. With respect to any funded employee benefit plan covering employees of the Company, the Committee shall have the sole authority to appoint and remove various plan trustees, members of administrative committees and plan administrators. The Committee shall have the sole authority to administer any equity- based compensation plans, including determining awards to be granted under such plans.

6. *Ratification Required by the Board.* The Committee shall present as a recommendation to the Board any action that is required by law or regulation to be submitted to the stockholders of the Company for approval.

7. *Proxy Statement.* The Committee shall prepare or review any reports on director and officer compensation to be included in the Company's proxy statements, as required by applicable regulations of the Securities and Exchange Commission.

8. *Competitive Compensation Position.* The Committee shall annually assess the Company's competitive position for each component of officer compensation by reviewing market data for appropriate peer companies.

9. *Cash Effect.* The Committee shall monitor the cumulative cash effect on the Company caused by bonus and other cash-based incentive plans of the Company, especially in relation to the Company's net income for the applicable year(s).

10. *Report to the Board.* Following each action by the Committee, the Committee shall make a report to the Board at the next regularly scheduled meeting of the Board.

11. *Charter Review.* The Committee shall review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

12. *Committee Performance Evaluation.* The Committee shall annually review its own performance. The results of such self-assessment shall be presented to the Board at the next regularly scheduled meeting of the Board.

13. *Access to Consultants.* The Committee shall have the authority to retain and terminate any compensation or other consultant to be used to assist in the evaluation of director or executive compensation and shall have authority to approve the consultant's fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors and the authority to approve the payment of the advisor's fees and other retention items. All fees and other retention items for compensation consultants, legal, accounting or other advisors shall be paid by the Company. Consistent with Section 10C-1 of the Exchange Act, the NYSE MKT rules provide that the Committee shall not be required to follow the advice or recommendations of any compensation advisers and the Committee may exercise its own judgment in fulfillment of its responsibilities.

14. *Additional Activities.* The Committee shall perform any other activities consistent with this Charter, the Company's By-laws and applicable law, as the Committee deems appropriate to carry out its assigned responsibilities or as requested by the Board.

GENERAL EMPLOYMENT ENTERPRISES, INC.

MERGERS AND ACQUISITIONS COMMITTEE CHARTER

The Board of Directors (the "Board of Directors") of General Employment Enterprises, Inc. (the "Company") had previously established an ad hoc Mergers and Acquisitions Committee (the "Committee"). The Board of Directors now wishes to formalize the establishment of the Committee as a regular committee of the Board of Directors, the authority and responsibilities of which are described in this Mergers and Acquisitions Committee Charter (the "Charter").

I. PURPOSE OF COMMITTEE

The purposes of the Committee are:

A. To review and recommend merger and acquisition transactions including financing proposed by the Company's management;

B. To review and recommend strategic investment transactions proposed by the Company's management;

C. To propose the assessment of potential acquisitions and mergers; and

D. To perform and carry out the other responsibilities set forth in this Charter.

II. SIZE, COMPOSITION, QUALIFICATIONS AND OPERATION OF COMMITTEE

Size, Composition and Qualifications

The Committee shall be comprised of three or more members of the Board of Directors a majority which should be outside directors.

Appointment and Removal

The members of the Committee shall be appointed by the Board of Directors based on the recommendation of the Company's Governance Committee. Members shall serve until such member's successor is qualified and duly elected and qualified or until such member's resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

Committee Chair

The Chair of the Committee shall be elected by the Board of Directors. The Chair shall chair all regular sessions of the Committee and set the agendas for Committee meetings.

Delegation to Subcommittees

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee. If it is deemed that a conflict exists then the Committee will appoint a special committee of non-conflicted members to make a recommendation to the Board of Directors.

III. MEETINGS

The Committee shall meet at least annually, or more frequently as circumstances dictate. The Chair of the Board of Directors or any member of the Committee may call meetings of the Committee. All meetings of the Committee may be held in person, telephonically or in any other manner in which the Board of Directors is permitted to meet under the Company's By-laws or applicable law; provided, however, that the Committee shall meet in person at least once a year.

A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of the members present at the meeting at which a quorum is present. The Committee also may act by unanimous written consent in lieu of a meeting. The Chair shall be entitled to cast a vote to resolve any ties on matters presented to the Committee.

All non-management Directors who are not members of the Committee may attend meetings of the Committee but may not vote. Additionally, the Committee may invite to its meetings any Director, member of management of the Company and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee also may exclude from its meetings any persons as it deems appropriate in order to carry out its responsibilities.

IV. RESPONSIBILITIES AND REPORTING

The following functions shall be the common activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee also shall carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate, so long as the Committee is acting within the scope of its purpose. In connection therewith, the Committee shall have the sole authority to retain outside counsel or other experts for this purpose, including the authority to approve the fees payable to such counsel or experts and any other terms of engagement.

General Responsibilities

1. Review acquisition and divestiture strategies with the Company's management.

2. Recommend acquisition strategies and candidates to the Board of Directors, as appropriate.

3. Have full access to the Company's management and/or employees as necessary to carry out its responsibilities.

4. Assist with post acquisition integration and business development opportunities.

5. Have all such other rights and powers as may be lawfully delegated to it by the Board of Directors.

6. Perform any other activities consistent with this Charter, the Company's Certificate of Incorporation and By-laws and applicable law, as the Committee deems appropriate or as requested by the Board of Directors.

Reporting

The Committee will:

1. Report regularly to the Board of Directors (i) following meetings of the Committee, (ii) with respect to such matters as are relevant to the Committee's discharge of its responsibilities, and (iii) with updated status of all proposed acquisitions, divestitures and investments as the Committee may deem appropriate. Reports to the Board of Directors may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.

2. Maintain minutes of meetings and activities of the Committee and distribute to all members of the Board of Directors.

V. ANNUAL PERFORMANCE EVALUATION

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including a review of the Committee's compliance with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.

GEE GROUP, INC.

NOMINATING COMMITTEECHARTER

February 10, 2017

Organization

This charter governs the operations of the Nominating Committee of the Board of Directors. The Nominating Committee shall be members of, and appointed by the Board of Directors and shall comprise at least three directors, each of whom shall be independent directors pursuant to all applicable SEC and NYSE MKT LLC standards.

The By-Laws of the Company establish procedures for the nomination of candidates for election to the Board of Directors, including procedures for shareholders to make nominations.

Purpose

The Nominating Committee shall provide assistance to the Board of Directors in fulfilling their oversight responsibility to shareholders, with regard to identifying, interviewing, and recommending to the Board of Directors qualified candidates to fill positions on the Board of Directors.

Responsibilities

The responsibility of the Nominating Committee is to oversee the process of identifying appropriate individuals to fill positions on the Company's Board of Directors. While the Nominating Committee has the responsibilities and powers set forth in this Charter, the Board of Directors will approve nominees for election by the shareholders.

The Nominating Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing needs and circumstances of the Company.

At least annually the Nominating Committee will perform a self evaluation of the effectiveness of its performance and a review of its Charter.

Minimum Qualifications

In evaluating candidates to serve on the Company's Board of Directors, consideration will be given to the level of experience, financial literacy and business acumen of the candidate and their willingness and ability to attend meetings of the Board of Directors. Furthermore, consideration will be given to the overall attributes of potential nominees in relation to current members of the Board of Directors, with the objective of maintaining a balance of skills and experiences. Generally, the Nominating Committee will seek candidates with significant decision making responsibility with business, legal, or academic experience.

Directors need not be residents of Illinois or shareholders of the Company.

Processes for Identifying Candidates

Each year the Nominating Committee will determine the willingness of the current members of the Board of Directors to stand for reelection and evaluate whether the size of the Board of Directors is appropriate.

Selection Process

1. Names of candidates for election to the Board of Directors will be solicited by the Nominating Committee from sources deemed reasonable by the Committee. Candidates suggested by shareholders will be considered as described in "Minimum Qualifications" above. At the sole discretion of the Nominating Committee, a third party consultant may be engaged at an appropriate fee, to help identify and evaluate candidates for membership to the Board of Directors.

2. Candidates viewed by the Committee as potentially qualified will be contacted to determine interest in being considered to serve on the Board of Directors and, if interested, will be interviewed and qualifications established.

3. Qualified candidates will be contacted in order of preference.

4. If the candidate accepts, appropriate background checks will be conducted.

5. If successful, the Committee will make a formal recommendation to the Board of Directors.

6. If approved, the Board of Directors will instruct the Corporate Secretary to include the candidates name in the Company's Notice of Annual Meeting of Shareholders at the appropriate time.

7. The Corporate Secretary, with the assistance of counsel, will begin the candidate orientation process at the appropriate time.

Meetings and Reports

Meetings of the Nominating Committee will be held at the pleasure of the Chairman of the Nominating Committee and prior to the Company's annual preparation of its proxy statement to shareholders. The committee will recommend qualified candidates for election to the Board of Directors to be elected at the Annual Meeting of Stockholders. The Nominating Committee shall provide the Board of Directors with a report of the committee's activities and proceedings, as appropriate. The Nominating Committee will maintain written minutes of its meetings, which will be filed with the minutes of the meetings of the Board of Directors.

EXHIBIT 99.4

GEE GROUP, INC.
AUDIT COMMITTEE CHARTER

February 10, 2017

Organization

This charter governs the operations of the Audit Committee. The Board of Directors (the "Board") shall appoint an Audit Committee (the "Committee") of at least three members, consisting entirely of independent directors of the Board, and shall designate one member as chairperson, or delegate the authority to designate a chairperson to the Committee. For purposes hereof, members shall be considered independent as long as they satisfy all of the independence requirements for board members as set forth in the NYSE Amex listing standards and Rule 10A-3 of the Securities Exchange Act of 1934.

Each member of the Committee shall be financially literate, or become financially literate within a reasonable period of time, and at least one member shall be an "audit committee financial expert," as defined by rules of the Securities and Exchange Commission (the "SEC").

Members shall not serve on more than three public company audit committees simultaneously.

The Committee shall meet at least quarterly. The Committee shall meet separately and periodically with management and the independent registered public accountants. The Committee shall report regularly to the Board with respect to its activities.

Purpose

The purpose of the Committee shall be to:

- Provide assistance to the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to: (i) the integrity of the Company's financial statements; (ii) the effectiveness of the Company's internal control over financial reporting; (iii) the Company's compliance with legal and regulatory requirements; (iv) the independent registered public accounting firm's qualifications and independence; (v) and the performance of the Company's independent registered public accountants.

- Prepare the Audit Committee report that SEC rules require to be included in the Company's annual proxy statement.

In fulfilling its purpose, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent registered public accountants, and management of the Company, and to determine that all parties are aware of their responsibilities.

Duties and Responsibilities

The Committee has the responsibilities and powers set forth in this Charter. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company and for establishing and maintaining internal control over financial reporting. The independent registered public accountants are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to monitor the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.

The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

1. The Committee shall be directly responsible for the appointment, compensation, retention, and oversight of the work of the independent registered public accountants (including resolution of disagreements between management and the auditor regarding financial reporting and internal control-related matters) for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company, and the independent registered public accountants must report directly to the Committee.

2. At least annually, the Committee shall obtain and review a report by the independent registered public accountants describing: (i) the firm's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent registered public accountants and the Company (to assess the auditors' independence).

3. After reviewing the foregoing report and the independent registered public accountants' work throughout the year, the Committee shall evaluate the auditors' qualifications, performance and independence. Such evaluation should include the review and evaluation of the lead audit partner and take into account the opinions of management.

4. The Committee shall determine that the independent registered public accounting firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under the SEC independence rules.

5. The Committee shall pre-approve all audit and non-audit services provided by the independent registered public accountants, including specific pre-approval of internal control-related services, and shall receive certain disclosure, documentation, and discussion of non-prohibited tax services by the independent registered public accountant. The Committee shall not engage the independent registered public accountants to perform non-audit services proscribed by law or regulation. The Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.

6. The Committee shall discuss with the independent registered public accountants the overall scope and plans for their audits, including the adequacy of staffing and budget or compensation.

7. The Committee shall regularly review with the independent registered public accountants any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the independent registered public accountants' activities or access to requested information, and management's response. The Committee should review any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise); any significant consultations between the audit team and the audit firm's national office on matters that are required to be disclosed to the Committee; and any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to the Company.

8. The Committee shall meet to review and discuss the quarterly financial statements with management and the independent registered public accountants prior to the release of earnings to the public and prior to the filing of the Company's Quarterly Report on Form 10-Q. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent registered public accountants under the standards of the Public Company Accounting Oversight Board (United States) (the "PCAOB"). The chairperson of the Committee may represent the entire Committee for the purposes of these reviews.

9. The Committee shall meet to review and discuss the annual audited financial statements, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent registered public accountants prior to the release of earnings to the public and prior to the filing of the Company's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of Form 10-K). Also, the Committee shall discuss the results of the annual audit and any matters required to be communicated to the Committee by the independent registered public accountants under the standards of the PCAOB.

10. The Committee's review of the financial statements shall include: (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and significant matters regarding internal control over financial reporting that have come to the attention of the independent registered public accountants during the conduct of their audits; (ii) discussions with management and the independent registered public accountants regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments, including consideration of the effects of alternative GAAP methods on the financial statements; (iii) consideration of the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements; (iv) consideration of the judgment of both management and the independent registered public accountants about the quality, not just the acceptability of accounting principles; and (v) the clarity of the disclosures in the financial statements.

11. The Committee shall receive and review a report from the independent registered public accountants, prior to the filing of the Company's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of Form 10-K), on all critical accounting policies and practices of the Company; all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent registered public accountants; and other material written communications between the independent registered public accountants and management.

12. The Committee shall review and approve all related party transactions required to be disclosed pursuant to SEC Regulation S-K, Item 404, and discuss with management the business rationale for the transactions and whether appropriate disclosures have been made.

13. The Committee shall review management's report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year and the independent registered public accountants' report on the effectiveness of internal control over financial reporting.

14. The Committee shall discuss with management and the independent registered public accountants management's process for assessing the effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act.

15. The Committee shall discuss with the independent registered public accountants the characterization of deficiencies in internal control over financial reporting and any differences between management's assessment of the deficiencies and the independent registered public accountants. The Committee shall also discuss with management its remediation plan to address internal control deficiencies. The Committee shall determine that the disclosures describing any identified material weaknesses and management's remediation plans are clear and complete.

16. The Committee shall discuss with management its process for performing its required quarterly certifications under Section 302 of the Sarbanes-Oxley Act.

17. The Committee shall discuss with management and the independent registered public accountants any (i) changes in internal control over financial reporting that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting that are required to be disclosed and (ii) any other changes in internal control over financial reporting that were considered for disclosure in the Company's periodic filings with the SEC.

18. The Committee shall review with management the Company's overall internal control programs.

19. The Committee shall review the Company's compliance and ethics programs, including consideration of legal and regulatory requirements, and shall review with management its periodic evaluation of the effectiveness of such programs. The Committee shall review the Company's code of conduct and programs that management has established to monitor compliance with such code. The Committee shall receive any corporate attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty by the Company.

20. The Committee shall discuss the Company's policies with respect to risk assessment and risk management, including the risk of fraud. The Committee shall also discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

21. The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

22. The Committee shall set clear hiring policies for employees or former employees of the independent registered public accountants that meet the SEC regulations and stock exchange listing standards.

23. The Committee shall retain such outside legal, accounting, or other advisers as it considers necessary in discharging its oversight role. The Committee shall approve, and the Company shall pay, the fees and expenses for: (i) compensation to the independent registered public accounting firm engaged for the purpose of preparing or issuing audit reports or performing other audit, review, or attest services for the Company; (ii) compensation to any advisers employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

24. The Committee shall review and discuss the Company's earnings releases and any financial information or earnings guidance given to financial analysts and credit rating agencies.

25. The Committee shall hold separate meetings with management, the Company's auditors and the Company's internal audit department or third party provider (to ensure that the Committee can effectively exercise its oversight duties).

26. The Committee shall report regularly to the Board any issues that arise regarding the Company's financial statements, legal and regulatory compliance, the auditors' qualifications and independence and performance of the Company's internal audit department (or third party providers) and auditors.

27. The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively. The Committee also shall discuss with the independent registered public accountants the accountants' observations related to the effectiveness of the Committee.

28. The Committee shall review and reassess the charter at least annually and obtain the approval of the Board.

EXHIBIT 99.5

GEE GROUP, INC.
Corporate Governance Committee Charter

Purpose

GEE Group, Inc. "Company") is public that must comply with SEC regulations and stock exchange listing requirements. The business and affairs of the Company are governed by (or under the direction of) the Board of Directors ("Board"). The Governance Committee (the "Committee") shall make recommendations to the Board concerning the appropriate size, function and needs of the Board.

Members

The Committee shall be comprised of three or more directors as determined by the Board, each of whom the Board has determined meets the independence requirements of the Company's Standards for Director Independence, the New York Stock Exchange ("NYSE") and the Securities and Exchange Commission (the "SEC"). The members of the Committee are appointed by the Board and serve until their successors are duly appointed or until their retirement, resignation, death or removal by the Board.

Duties and Responsibilities

The Committee has the following responsibilities and duties consistent with and subject to applicable law and rules and regulations promulgated by the SEC, the NYSE and any other applicable regulatory authority:

1. Board Structure and Organization

a. Assist the Board in evaluating whether the Board and its committees are functioning effectively.

b. Monitor and recommend the functions of the various committees of the Board.

c. Develop an annual evaluation process for the Board, its committees and individual directors and oversee the execution of such annual evaluations, including the Committee's own evaluation.

d. Recommend to the Board, directors qualified to serve as members of each committee and, in consultation with the Chairman of the Board, as committee chairs.

e. Review periodically Director Qualification Standards

f. Review the outside activities of Senior Executives and make recommendations to the Board of Directors.

g. Recommend the minimum number of regular Board meetings to be held during each year and recommend to the Board such increases or decreases that the Committee deems appropriate.

- Typically, the board meets a minimum of five times per year, quarterly reporting and during the annual shareholder meeting. These meetings are called by the Chairman of the Board of Directors. The Governance Committee can recommend additional meetings of the Board of Directors if there are issues identified or significant transactions that, in the opinion of the Governance Committee, require executive management to report more frequently to the full Board of Directors.

h. Regularly review the Certificate of Incorporation, Bylaws and Policies, Committee Charters and other Company documents and recommend revisions to be acted upon by the Board of Directors.

i. Coordinate with Human Resources to review any reports of discrimination or sexual harassment and recommend any actions deemed appropriate.

j. Review whistleblower reports and recommend any actions deemed appropriate.

2. Corporate Governance

a. Monitor emerging corporate governance trends and oversee and evaluate the Company’s corporate governance policies and programs and recommend to the Board such changes as the Committee believes desirable.

b. Review shareholder proposals and recommend to the Board proposed Company responses to such proposals for inclusion in the Company’s proxy statement or otherwise.

c. Review periodically as it deems appropriate, but at least annually, the Company's Standards for Director Independence and enhanced independence requirements issued by the NYSE and by other applicable regulators and advisory services, recommend to the Board any modifications to the Company's standards that the Committee deems desirable, and provide to the Board the Committee's assessment of which directors should be deemed independent directors under applicable rules, policies and regulations.

d. Review periodically as it deems appropriate, but at least annually, the requirements of a "financial expert" under applicable rules of the SEC and NYSE, assess which directors should be deemed financial experts and recommend to the Board the determination that such directors are "financial experts."

e. Review on a periodic basis and make recommendations with regard to continuing education programs for directors and an orientation program for new directors.

f. Obtain annual independence and conflict of interest statements from all Directors and Senior Management and review and make recommendations to the Board regarding questions of conflict of interest and with regard to any transactions among the Company and related parties as defined in Item 404 of Regulation S-K

g. Review this charter annually and recommend to the Board any revisions to this charter deemed necessary or desirable.

Meetings

The Committee shall meet at least twice a year at a place and time determined by the Committee Chair, or more frequently as necessary. The Committee may request any officer or employee of the Company or the Company's outside counsel to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.