

FREESEAS INC.
Form SC 13G
October 18, 2013

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

SCHEDULE 13G

**Under the Securities Exchange Act of 1934
(Amendment No.)***

FreeSeas Inc.
(Name of Issuer)

Common Stock, \$0.001 par value per share
(Title of Class of Securities)

Y26496201
(CUSIP Number)

October 9, 2013
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- a. Rule 13d-1(b)
- b. Rule 13d-1(c)
- c. Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

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

CUSIP No. Y26496201

1. Name of Reporting Person.
I.R.S. Identification Nos. of above persons
(entities only).

Crede CG III, Ltd.

2. Check the Appropriate Box if a Member
of a Group (See Instructions)

(a) £

(b) £

3. SEC Use Only

4. Citizenship or Place of
Organization Bermuda

Number of	5. Sole Voting Power	0
Shares Beneficially		
Owned by Each	6. Shared Voting Power	5,615,669
Reporting		
Person With:	7. Sole Dispositive Power	0

	8. Shared Dispositive Power	5,615,669
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9. Aggregate Amount Beneficially Owned by
Each Reporting Person 5,615,669
(see Item 4)

10. Check if the Aggregate Amount in Row
(9) Excludes Certain Shares (See
Instructions)

11. Percent of Class Represented by Amount
in Row (9) 9.9% (see Item 4)

12. Type of Reporting Person (See
Instructions)

OO

CUSIP No. Y26496201

1. Name of Reporting Person.
I.R.S. Identification Nos. of above persons
(entities only).

Crede Capital Group, LLC

2. Check the Appropriate Box if a Member
of a Group (See Instructions)

(a) £

(b) £

3. SEC Use Only

4. Citizenship or Place of
Organization Delaware

Number of	5. Sole Voting Power	0
Shares Beneficially		
Owned by Each	6. Shared Voting Power	5,615,669
Reporting		
Person With:	7. Sole Dispositive Power	0
	8. Shared Dispositive Power	5,615,669

9. Aggregate Amount Beneficially Owned by
Each Reporting Person 5,615,669
(see Item 4)

10. Check if the Aggregate Amount in Row
(9) Excludes Certain Shares (See
Instructions)

11. Percent of Class Represented by Amount
in Row (9) 9.9% (see Item 4)

12. Type of Reporting Person (See
Instructions)

HC

CUSIP No. Y26496201

1. Name of Reporting Person.
I.R.S. Identification Nos. of above persons
(entities only).

Acuitas Financial Group, LLC

2. Check the Appropriate Box if a Member
of a Group (See Instructions)

(a) £

(b) £

3. SEC Use Only

4. Citizenship or Place of
Organization California

Number of	5. Sole Voting Power	0
Shares Beneficially		
Owned by Each	6. Shared Voting Power	5,615,669
Reporting		
Person With:	7. Sole Dispositive Power	0

	8. Shared Dispositive Power	5,615,669
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9. Aggregate Amount Beneficially Owned by
Each Reporting Person 5,615,669
(see Item 4)

10. Check if the Aggregate Amount in Row
(9) Excludes Certain Shares (See
Instructions)

11. Percent of Class Represented by Amount
in Row (9) 9.9% (see Item 4)

12. Type of Reporting Person (See
Instructions)

HC

CUSIP No. Y26496201

1. Name of Reporting Person.
I.R.S. Identification Nos. of above persons
(entities only).

Terren S. Peizer

2. Check the Appropriate Box if a Member
of a Group (See Instructions)

(a) £

(b) £

3. SEC Use Only

4. Citizenship or Place of
Organization United States of
America

Number of	5. Sole Voting Power	0
Shares Beneficially		
Owned by Each	6. Shared Voting Power	5,615,669
Reporting		
Person With:	7. Sole Dispositive Power	0
	8. Shared Dispositive Power	5,615,669

9. Aggregate Amount Beneficially Owned by
Each Reporting Person 5,615,669
(see Item 4)

10. Check if the Aggregate Amount in Row
(9) Excludes Certain Shares (See
Instructions)

11. Percent of Class Represented by Amount
in Row (9) 9.9% (see Item 4)

12. Type of Reporting Person (See
Instructions)

IN

Item 1.

(a) Name of Issuer

FreeSeas Inc. (the "Issuer")

(b) Address of Issuer's Principal Executive Offices

10 Eleftheriou Venizelou Street (Panepistimiou Avenue)

10671, Athens, Greece

Item 2.

(a) Name of Person Filing

(b) Address of Principal Business Office or, if none, Residence

(c) Citizenship

This Schedule 13G is being filed on behalf of (i) Crede CG III, Ltd., a Bermuda exempted company ("Crede CG III"), (ii) Crede Capital Group, LLC, a Delaware limited liability company ("Crede Capital"), (iii) Acuitas Financial Group, LLC, a California limited liability company ("Acuitas"), and (iv) Terren S. Peizer, an individual who is a citizen of the United States of America ("Mr. Peizer," together with Crede CG III, Crede Capital and Acuitas, the "Reporting Persons").

The sole stockholder of Crede CG III is Crede Capital. Acuitas holds all of the membership interests of Crede Capital and Mr. Peizer holds all of the membership interests of Acuitas. Voting and dispositive power with respect to the shares held by Crede CG III is exercised by Mr. Peizer, the sole and Managing Member of Acuitas, Crede Capital and Managing Director of Crede CG III, who acts as investment advisor to these entities. Mr. Peizer, Acuitas and Crede Capital disclaim beneficial ownership with respect to the shares held by Crede CG III.

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The Reporting Persons have entered into a Joint Filing Agreement, a copy of which is filed with this Schedule 13G as Exhibit 1, pursuant to which the Reporting Persons have agreed to file this Schedule 13G jointly in accordance with the provisions of Rule 13d-1(k) of the Securities Exchange Act of 1934, as amended.

The principal business office of the Crede GC III is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal business office of each of Crede Capital, Acuitas and Mr. Peizer is 11150 Santa Monica Boulevard, Suite 1500, Los Angeles, California 90025.

(d) Title of Class of Securities

Common stock, \$0.001 par value per share, of the Issuer (the "Common Stock").

(e) CUSIP Number

Y26496201

Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

Not applicable.

Item 4. Ownership.

(a) and (b):

On October 9, 2013, immediately following the entry of an order (the "Order") by the Supreme Court of the State of New York, County of New York (the "Court") in the matter entitled Crede CG III, Ltd. v. FreeSeas Inc., Case No. 653328/2013, each of the Reporting Persons may be deemed to have beneficial ownership of 5,615,669 shares of Common Stock pursuant to that certain Exchange Agreement, dated as of September 26, 2013, by and between the

Issuer and Crede CG III (the "Exchange Agreement"), and all such shares of Common Stock represent beneficial ownership of approximately 9.9% of the Common Stock, based on 51,108,261 shares of Common Stock issued and outstanding on September 26, 2013, as reported to the Reporting Persons by the Issuer.

The total number of shares of Common Stock to be issued to Crede CG III will equal the quotient of (i) \$11,850,000 divided by (ii) 78% of the quotient of (I) the daily volume weighted average price of the Common Stock for each trading day during the 75-consecutive trading day period beginning on the first trading day after the Court approved the Order (or such shorter trading-day period as may be determined by Crede CG III in its sole discretion by delivery of written notice to the Issuer) (the "Calculation Period" and such number of shares is referred to herein as the "Settlement Shares").

All shares of Common Stock to be issued to Crede CG III pursuant to the Exchange Agreement will be issued pursuant to the exemption from registration provided by Section 3(a)(10) of the Securities Act of 1933, as amended.

On October 10, 2013, 5,059,717 of the Settlement Shares were initially issued and delivered to Crede CG III by the Issuer. Following such initial issuance, at any time and from time to time during the Calculation Period, Crede CG III may, in its sole discretion, deliver one or more written notices to the Issuer requesting that a specified number of additional shares of Common Stock promptly be issued and delivered to Crede CG III or its designee (subject to the limitations on beneficial ownership described below) so that the total number of shares of Common Stock then issued equals the quotient of (i) \$11,850,000 divided by (ii) 78% of the quotient of (I) the sum of the daily volume weighted average price of the Common Stock for each of trading days during the period commencing with the first trading day after the Court approved the Order and ending on the trading day immediately preceding the applicable written request divided by (II) the number of trading days during such period.

At the end of the Calculation Period, (i) if the total number of Settlement Shares required to be issued exceeds the number of shares of Common Stock previously issued to Crede CG III pursuant to the Exchange Agreement, then the Issuer will issue to Crede CG III or its designee additional shares of Common Stock equal to the difference between the total number of Settlement Shares required to be issued and the number of shares of Common Stock previously issued to Crede CG III pursuant to the Exchange Agreement, and (ii) if the total number of Settlement Shares required to be issued is less than the number of shares of Common Stock previously issued to Crede CG III pursuant to the Exchange Agreement, then Crede CG III or its designee will return to the Issuer for cancellation a number of shares of Common Stock equal to the difference between the total number of Settlement Shares required to be issued and the number of shares of Common Stock previously issued to Crede CG III pursuant to the Exchange Agreement.

The Exchange Agreement provides that in no event shall the number of shares of Common Stock issued to Crede CG III or its designee in connection with the Exchange Agreement, when aggregated with all other shares of Common Stock then beneficially owned by Crede CG III and its affiliates (as calculated pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder), result in the beneficial ownership by Crede CG III and its affiliates (as calculated pursuant to Section 13(d) of the Exchange Act and the rules and regulations thereunder) at any time of more than 9.9% of the Common Stock.

(c) Number of shares as to which each Reporting Person has:

(i) Sole power to vote or to direct the vote: H.

(ii) Shared power to vote or to direct the vote: 5,615,669 .

(iii) Sole power to dispose or to direct the disposition of 0 .

(iv) Shared power to dispose or to direct the disposition of 5,615,669 .

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Item 5. Ownership of Five Percent or Less of a Class

Not applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company

Not applicable.

Item 8. Identification and Classification of Members of the Group

Not applicable.

Item 9. Notice of Dissolution of Group

Not applicable.

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having

that purpose or effect.

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SIGNATURE

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

Date: October 18, 2013

CREDE GC III, LTD

By: /s/ Terren S. Peizer
Terren S. Peizer, Managing Director

CREDE CAPITAL GROUP, LLC

By: /s/ Terren S. Peizer
Terren S. Peizer, Managing Member

ACUITAS FINANCIAL GROUP, LLC

By: /s/ Terren S. Peizer
Terren S. Peizer, Managing Member

/s/ Terren S. Peizer
Terren S. Peizer

Exhibit 1

JOINT FILING AGREEMENT

The undersigned acknowledge and agree that the foregoing statement on Schedule 13G is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13G may be filed on behalf of each of the undersigned without the necessity of filing additional joint filing agreements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning him or it contained herein and therein, but shall not be responsible for the completeness and accuracy of the information concerning the others, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

Date: October 18, 2013

CREDE GC III, LTD

By: /s/ Terren S. Peizer
Terren S. Peizer, Managing Director

CREDE CAPITAL GROUP, LLC

By: /s/ Terren S. Peizer
Terren S. Peizer, Managing Member

ACUITAS FINANCIAL GROUP, LLC

By: /s/ Terren S. Peizer
Terren S. Peizer, Managing Member

/s/ Terren S. Peizer
Terren S. Peizer

