

CARROLS RESTAURANT GROUP, INC.
Form SC 13D/A
October 02, 2007

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
RULE 13d-2(a)

Under the Securities Exchange Act of 1934
(Amendment No. 1)*

Carrols Restaurant Group, Inc.

(Name of Issuer)

Common Stock, \$0.01 par value

(Title of Class of Securities)

14574X104

(CUSIP Number)

Marc Weingarten, Esq.
Schulte Roth & Zabel LLP
919 Third Avenue
New York, New York 10022
(212) 756-2000

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

September 28, 2007

(Date of Event which Requires
Filing of This Statement)

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

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

(Continued on following pages)

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1,520,953

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.1%

14 TYPE OF REPORTING PERSON*

IA; CO

* SEE INSTRUCTIONS

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1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

CLINTON MULTISTRATEGY MASTER FUND, LTD.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) []

(b) []

3 SEC USE ONLY

4 SOURCE OF FUNDS*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

CAYMAN ISLANDS

7 SOLE VOTING POWER

-0-

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON WITH

8 SHARED VOTING POWER

949,989

9 SOLE DISPOSITIVE POWER

-0-

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10 SHARED DISPOSITIVE POWER

949,989

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

949,989

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

4.4%

14 TYPE OF REPORTING PERSON*

CO

* SEE INSTRUCTIONS

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1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

CLINTON SPECIAL OPPORTUNITIES MASTER FUND, LTD.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) []

(b) []

3 SEC USE ONLY

4 SOURCE OF FUNDS*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

[]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

CAYMAN ISLANDS

7 SOLE VOTING POWER

-0-

NUMBER OF
SHARES

8 SHARED VOTING POWER

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BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH 325,551

9 SOLE DISPOSITIVE POWER

-0-

10 SHARED DISPOSITIVE POWER

325,551

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

325,551

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.5%

14 TYPE OF REPORTING PERSON*

CO

* SEE INSTRUCTIONS

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1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

CLINTON LEXINGTON MASTER FUND, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) []
(b) []

3 SEC USE ONLY

4 SOURCE OF FUNDS*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

CAYMAN ISLANDS

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	7	SOLE VOTING POWER	-0-
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER	245,413
	9	SOLE DISPOSITIVE POWER	-0-
	10	SHARED DISPOSITIVE POWER	245,413

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

245,413

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.1%

14 TYPE OF REPORTING PERSON*

PN

* SEE INSTRUCTIONS

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1 NAME OF REPORTING PERSON
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

GEORGE HALL

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) []

(b) []

3 SEC USE ONLY

4 SOURCE OF FUNDS*

AF

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

[]

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6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	UNITED STATES	
		7
		SOLE VOTING POWER
		115,200
		8
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		SHARED VOTING POWER
		1,520,953
		9
		SOLE DISPOSITIVE POWER
		115,200
		10
		SHARED DISPOSITIVE POWER
		1,520,953
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON	
	1,636,153	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	
		[]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)	
	7.6%	
14	TYPE OF REPORTING PERSON*	
	IN	

* SEE INSTRUCTIONS

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The Schedule 13D filed on September 9, 2007 by Clinton Group, Inc., a Delaware corporation ("CGI"), Clinton Multistrategy Master Fund, Ltd., a Cayman Islands company ("CMSF"), Clinton Special Opportunities Master Fund, Ltd., a Cayman Islands company ("CSO"), Clinton Lexington Master Fund, L.P., a Cayman Islands exempted limited partnership ("CLEX") and George Hall (collectively, the "Reporting Persons") with respect to the shares of Common Stock, par value \$0.01 per share (the "Shares") of Carrols Restaurant Group, Inc., a Delaware corporation (the "Issuer") is hereby amended by this Amendment No. 1.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

Item 3 of the Schedule 13D is hereby amended and restated as follows:

Funds for the purchase of the Shares reported herein were derived from

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available capital of CMSF, CSO and CLEX. A total of approximately \$21.6 million was paid to acquire such Shares.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

Paragraphs (a), (b) and (c) of Item 5 of the Schedule 13D are hereby amended and restated as follows:

(a) As of the close of business on October 1, 2007, the Reporting Persons excepting George Hall may be deemed the beneficial owners of an aggregate of 1,520,953 Shares, constituting approximately 7.1% of the Shares outstanding. George Hall may be deemed the beneficial owner of 1,636,153 Shares, including 115,200 Shares beneficially owned individually, constituting approximately 7.6% of the Shares outstanding.

The aggregate percentage of Shares beneficially owned by the Reporting Persons is based upon 21,550,827 Shares outstanding, which is the total number of Shares outstanding as of August 3, 2007 as reported in the Issuer's Quarterly Report on Form 10-Q filed August 8, 2007 for the period ended July 1, 2007.

(b) By virtue of investment management agreements with each of CMSF, CSO and CLEX, CGI has the power to vote or direct the voting, and to dispose or direct the disposition, of all of the 949,989 Shares held by CMSF, the 325,551 Shares held by CSO and the 245,413 Shares held by CLEX. By virtue of his direct and indirect control of CGI, George Hall is deemed to have shared voting power and shared dispositive power with respect to all Shares as to which CGI has voting power or dispositive power. Individually, George Hall also has sole beneficial ownership of an additional 115,200 Shares. Accordingly, CGI is deemed to have shared voting and shared dispositive power with respect to an aggregate of 1,520,953 Shares and George Hall is deemed to have sole voting power and dispositive power with respect to an additional 115,200 Shares.

(c) Information concerning transactions in the Shares effected by the Reporting Persons since the most recent filing on Schedule 13D is forth in Schedule B hereto and is incorporated herein by reference. Unless otherwise indicated, all of such transactions were effected in the open market.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Item 6 of the Schedule 13D is hereby amended and restated as follows:

The Reporting Persons may, from time to time, enter into and dispose of cash-settled equity swap or other similar derivative transactions with one or more counterparties that are based upon the value of Shares, which transactions may be

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significant in amount. The profit, loss and/or return on such contracts may be wholly or partially dependent on the market value of the Shares, the relative value of Shares in comparison to one or more other financial instruments, indexes or securities, a basket or group of securities in which Shares may be included, or a combination of any of the foregoing. In addition to the Shares

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that they beneficially own without reference to these contracts, the Reporting Persons currently have long economic exposure to 450,968 Shares through such contracts. These contracts do not give the Reporting Persons direct or indirect voting, investment or dispositive control over any securities of the Issuer and do not require the counterparties thereto to acquire, hold, vote or dispose of any securities of the Issuer. Accordingly, the Reporting Persons disclaim any beneficial ownership in any securities that may be referenced in such contracts or that may be held from time to time by any counterparties to such contracts.

Except as otherwise set forth herein, the Reporting Persons do not have any contract, arrangement, understanding or relationship with any person with respect to the securities of the Issuer.

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SIGNATURES

After reasonable inquiry and to the best of his or its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: October 2, 2007

CLINTON GROUP, INC.

By: /s/ Francis Ruchalski

Name: Francis Ruchalski
Title: Comptroller

CLINTON MULTISTRATEGY MASTER FUND, LTD.

By: Clinton Group, Inc. its investment manager

By: /s/ Francis Ruchalski

Name: Francis Ruchalski
Title: Comptroller

CLINTON SPECIAL OPPORTUNITIES MASTER FUND, LTD.

By: Clinton Group, Inc. its investment manager

By: /s/ Francis Ruchalski

Name: Francis Ruchalski
Title: Comptroller

CLINTON LEXINGTON MASTER FUND, L.P.

By: Clinton Group, Inc. its investment manager

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By: /s/ Francis Ruchalski

 Name: Francis Ruchalski
 Title: Comptroller

/s/ George Hall

 George Hall

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SCHEDULE B

TRANSACTIONS IN THE SHARES BY THE REPORTING PERSONS SINCE SEPTEMBER 7, 2007

Clinton Multistrategy Master Fund, Ltd.

Trade Date	Shares Purchased (Sold)	Price Per Share (\$)
-----	-----	-----
10/01/07	10,000	11.04

Clinton Special Opportunities Master Fund, Ltd.

Trade Date	Shares Purchased (Sold)	Price Per Share (\$)
-----	-----	-----
09/28/07	230,000	10.80
09/28/07	5,800	10.98
09/28/07	(29,408)	10.61

Clinton Lexington Master Fund, L.P.

Trade Date	Shares Purchased (Sold)	Price Per Share (\$)
-----	-----	-----
09/20/07	50,000	10.90
09/28/07	130,000	10.80

George Hall

Trade Date	Shares Purchased (Sold)	Price Per Share (\$)
-----	-----	-----
09/28/07	100,000	10.80