

Intellicheck Mobilisa, Inc.  
Form 10-Q  
November 09, 2010

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

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2010

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No.: 001-15465

Intellicheck Mobilisa, Inc.  
(Exact name of Registrant as specified in its charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

11-3234779  
(I.R.S. Employer Identification No.)

191 Otto Street, Port Townsend, WA 98368  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (360) 344-3233

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act 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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer  Accelerated filer  Non-accelerated filer   
(Do not check if a smaller reporting company) 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

Number of shares outstanding of the issuer's Common Stock:

Class	Outstanding at November 9, 2010
Common Stock, \$.001 par value	26,975,206

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## INTELLICHECK MOBILISA, INC.

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## PART I – FINANCIAL INFORMATION

## Item 1. FINANCIAL STATEMENTS

## INTELLICHECK MOBILISA, INC.

## CONSOLIDATED BALANCE SHEETS

## ASSETS

	September 30, 2010 (Unaudited)	December 31, 2009
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,134,491	\$ 3,008,472
Accounts receivable, net of allowance of \$2,151 and \$7,486 as of September 30, 2010 and December 31, 2009, respectively	3,531,047	2,213,586
Inventory	172	43,706
Other current assets	162,310	257,531
<b>Total current assets</b>	<b>4,828,020</b>	<b>5,523,295</b>
<b>PROPERTY AND EQUIPMENT, net</b>	<b>573,479</b>	<b>482,077</b>
<b>GOODWILL</b>	<b>12,308,661</b>	<b>12,258,661</b>
<b>INTANGIBLE ASSETS, net</b>	<b>6,731,910</b>	<b>7,445,234</b>
<b>OTHER ASSETS</b>	<b>73,051</b>	<b>48,905</b>
<b>Total assets</b>	<b>\$ 24,515,121</b>	<b>\$ 25,758,172</b>

## LIABILITIES AND STOCKHOLDERS' EQUITY

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 786,619	\$ 263,901
Accrued expenses	904,644	704,659
Deferred revenue, current portion	1,662,423	1,911,022
Notes payable, current portion	190,833	386,667
<b>Total current liabilities</b>	<b>3,544,519</b>	<b>3,266,249</b>
<b>OTHER LIABILITIES</b>		
Deferred revenue, long-term portion	588,434	729,449
Deferred rent	56,393	-
Notes payable, long-term portion	-	183,333
<b>Total liabilities</b>	<b>4,189,346</b>	<b>4,179,031</b>
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock - \$.001 par value; 40,000,000 shares authorized; 26,975,296 and 26,224,560 shares issued and outstanding, respectively	26,975	26,224
Additional paid-in capital	100,337,319	99,660,057

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Accumulated deficit	(80,038,519)	(78,107,140)
Total stockholders' equity	20,325,775	21,579,141
Total liabilities and stockholders' equity	\$ 24,515,121	\$ 25,758,172

See accompanying notes to consolidated financial statements

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## INTELLICHECK MOBILISA, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
<b>REVENUES</b>	\$ 3,567,137	\$ 3,754,633	\$ 9,244,984	\$ 9,837,508
<b>COST OF REVENUES</b>	(1,326,083)	(1,358,329)	(3,253,898)	(3,396,538)
Gross profit	2,241,054	2,396,304	5,991,086	6,440,970
<b>OPERATING EXPENSES</b>				
Selling	740,226	508,999	1,693,057	1,536,845
General and administrative	1,153,830	1,091,954	3,968,513	2,840,384
Research and development	847,294	686,132	2,236,799	2,016,703
Total operating expenses	2,741,350	2,287,085	7,898,369	6,393,932
Income (loss) from operations	(500,296)	109,219	(1,907,283)	47,038
<b>OTHER INCOME (EXPENSE)</b>				
Interest income	19	584	76	2,414
Interest expense	(7,308)	-	(22,308)	-
Other expense	(1,864)	-	(1,864)	(1,396)
	(9,153)	584	(24,096)	1,018
Net income (loss)	\$ (509,449)	\$ 109,803	\$ (1,931,379)	\$ 48,056
<b>PER SHARE INFORMATION</b>				
Net loss per common share -				
Basic	\$ (0.02)	\$ 0.00	\$ (0.07)	\$ 0.00
Diluted	\$ (0.02)	\$ 0.00	\$ (0.07)	\$ 0.00
Weighted average common shares used in computing per share amounts -				
Basic	26,851,430	25,675,033	26,530,926	25,593,395
Diluted	26,851,430	26,774,305	26,530,926	26,606,397

See accompanying notes to consolidated financial statements

## INTELLICHECK MOBILISA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOW  
(Unaudited)Nine months ended September 30,  
2010 2009CASH FLOWS FROM  
OPERATING ACTIVITIES:

Net income (loss)	\$	(1,931,379)	\$	48,056
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization		851,865		708,638
Provision for doubtful accounts		(5,335)		(7,271)
Noncash stock-based compensation expense		372,143		419,563
Amortization of debt discount		20,833		-
Loss on disposal of equipment		1,864		1,396
Changes in assets and liabilities:				
Increase in accounts receivable		(1,312,126)		(835,453)
Decrease in inventory		43,534		5,642
Decrease (increase) in other current assets		80,137		(4,478)
Increase in other assets		(59,062)		-
Increase in accounts payable and accrued expenses		722,703		387,669
(Decrease) increase in deferred revenue		(389,614)		72,304
Decrease in income taxes payable		-		(168,732)
Increase in deferred rent		56,393		-
Net cash (used in) provided by operating activities		(1,548,044)		627,334

CASH FLOWS FROM  
INVESTING ACTIVITIES:

Purchases of property and equipment		(231,807)		(139,128)
Proceeds from sale of equipment		-		400
Cash paid for Positive Access Corporation acquisition	102,300		102,300	*
Pierce Diversified Strategy Master Fund LLC, Ena(6)		15,385		15,385
Enable Growth Partners, LP(6)		261,538		261,538
Enable Opportunity Partners, LP(6)		30,769		30,769
Highbridge International LLC(7)		89,679		89,679
J.P. Morgan Ventures Corporation(8)		461,538		461,538
Iroquois Master Fund Ltd.(9)		76,923		76,923
LB I Group Inc.(10)		205,128		205,128
Life Science Capital Master Fund(11)		25,641		25,641
SF Capital Partners Ltd.(12)		277,867		102,564
				175,303



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Third Point Partners Qualified LP(13)	171,300	22,700	148,600	*
Third Point Partners LP(13)	216,000	28,800	187,200	*
Third Point Offshore Fund Ltd(13)	1,406,000	184,511	1,221,489	*
Third Point Ultra Ltd(13)	223,900	20,400	203,500	*
UBS O Connor LLC FBO O Connor PIPES Corporate Strategies Master Limited(14)	76,923	76,923		*

\* Represents less than 1%.

(1) Throughout this prospectus, when we refer to the selling stockholders, we mean the persons listed in the table above, as well as the pledges, donees, assignees, transferees, successors and others who later hold any of the selling stockholders' interests, and when we refer to the shares of our common stock being offered by this prospectus on behalf of the selling stockholders, we are referring to the shares of our common stock sold and the shares of our common stock issuable upon the exercise of the warrants issued in the private placement, collectively, unless otherwise indicated.

(2) The Registrant has been advised that Atticus Capital LP ( *Atticus Capital* ), together with certain of its affiliated entities and persons (together with Atticus Capital, the *Atticus Entities* ), acts as investment manager to Atticus Global Advisors, Ltd. ( *Atticus Global* ), Atticus Trading, Ltd. ( *Atticus Trading* ) and Green Way Managed Account Series, Ltd. in respect to Portfolio D, a

segregated account and sub-fund ( *Green Way* ) and has voting control and investment discretion over the securities held by Atticus Global, Atticus Trading and Green Way. The Atticus Entities disclaim beneficial ownership of the securities except to the extent, if any, of their respective proportionate pecuniary interest therein. The principal address for Atticus Global, Atticus Trading and Green Way is c/o Atticus Capital LP, 152 West 57th St., 45th Fl., New York, NY 10019.

(3) The Registrant has been advised that Julian Baker and Felix Baker have voting and dispositive power of these shares through various entities which they control. They disclaim beneficial ownership of these shares except to the extent of their pecuniary interest in these entities. The principal address for Baker Biotech Fund I LP, Baker Brothers Life Sciences, L.P. and 14159, L.P. is 667 Madison Ave. , 17th Fl., New York, NY 10021.

(4) The Registrant has been advised that Balyasny Asset Management L.P. has voting control and investment discretion over the securities held by Atlas Master Fund, Ltd. Jacob Gottlieb and Dmitry Balyasny control Balyasny Asset Management L.P. and have voting control and investment discretion over the securities held by Atlas Master Fund, Ltd. Mr. Gottlieb and Mr. Balyasny each disclaim beneficial ownership of the securities held by Atlas Master Fund, Ltd. The principal address for Atlas Master Fund, Ltd. is c/o Balyasny Asset Management L.P. 135 East 57th Street 27th Floor, NY, NY 10022.

(5) The Registrant has been advised that Visium Asset Management, LLC has voting control and investment discretion over the securities held by Visium Long Bias Offshore Fund, Ltd., Visium Long Bias Fund, LP, Visium Balanced Offshore Fund, Ltd and Visium Balanced Fund, LP. Jacob Gottlieb and Dmitry Balyasny have sole investment and voting control over the securities owned by Visium Asset Management, LLC. Mr. Gottlieb and Mr. Balyasny each disclaim beneficial ownership of the securities held by Visium Long Bias Offshore Fund, Ltd., Visium Long Bias Fund, LP, Visium Balanced Offshore Fund, Ltd and Visium Balanced Fund, LP. The principal address for each of Visium Long Bias Offshore Fund, Ltd., Visium Long Bias Fund, LP, Visium Balanced Offshore Fund, Ltd and Visium Balanced Fund, LP. is c/o Balyasny Asset Management L.P. 135 East 57th Street 27th Floor, NY, NY 10022.

(6) The Registrant has been advised that Enable Capital Management, LLC is the manager of Enable Growth Partners LP, Enable Opportunity Partners LP, and Pierce Diversified Strategy Master Fund LLC, ena and has voting control and investment discretion over the securities held by the same. Mitch Levine is the Managing Member of Enable Capital Management LLC and has voting control and investment discretion over the securities held by Enable Growth Partners LP, Enable Opportunity Partners LP, and Pierce Diversified Strategy Master Fund LLC, ena. Each of Enable Capital Management, LLC and Mitch Levine disclaim beneficial ownership of the securities held by Enable Growth Partners LP, Enable Opportunity Partners LP, and Pierce Diversified Strategy Master Fund LLC, ena. The principal address for Enable Capital Management LLC is One Ferry Building, Suite 255 San Francisco CA 94111.

(7) The Registrant has been advised that Highbridge Capital Management, LLC is the trading manager of Highbridge International LLC and has voting control and investment discretion over the securities held by Highbridge International LLC. Glenn Dubin and Henry Swieca control Highbridge Capital Management, LLC and have voting control and investment discretion over the securities held by Highbridge International LLC. Each of Highbridge Capital Management, LLC, Glenn Dubin and Henry Swieca disclaims beneficial ownership of the securities held by Highbridge International LLC. The business address for Highbridge International LLC is c/o Highbridge Capital Management LLC, 9 West 57th Street, 27th Floor, New York, NY 10019.

(8) The Registrant has been advised that J.P. Morgan Ventures Corporation is an indirect wholly-owned subsidiary of JPMorgan Chase & Co. The principal address for J.P. Morgan Ventures Corporation is 270 Park Ave, 7th Fl., New York, NY, 10017.

(9) The Registrant has been advised that Joshua Silverman has voting and investment control over the shares held by Iroquois Master Fund Ltd. Mr. Silverman disclaims beneficial ownership of these shares. The principal address for Iroquois Master Fund Ltd. is 641 Lexington Ave., 26th Floor, New York, NY 10022.

(10) The Registrant has been advised that LB I Group, Inc. is an affiliate of Lehman Brothers Inc., a registered broker-dealer. The principal address for LB I Group, Inc. is 399 Park Avenue, 9th Floor, New York, NY 10022.

(11) The Registrant has been advised that Life Science Capital LLP acts as investment manager has voting control and investment discretion over the securities held by Life Science Capital Master Fund and Life Science Capital Management acts as manager to Life Science Capital Master Fund and has indirect voting control and investment discretion over the securities held by Life Science Capital Master Fund by virtue of its relationship with Life Science Capital LLP. Tom Daniel is a principal of Life Science Capital LLP and Life Science Capital Management. Each of Life Science Capital LLP, Life Science Capital Management Limited and Tom Daniel disclaims beneficial ownership of the securities held by Life Science Capital Master Fund except for securities in which they have a pecuniary interest. The principal address for Life Science Capital Master Fund is PO Box 309 GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.

(12) The Registrant has been advised that Michael A. Roth and Brian J. Stark have sole investment and voting control over the securities owned by SF Capital Partners Ltd. Mr. Roth and Mr. Stark each disclaim beneficial ownership of the securities owned by SF Capital Partners Ltd. The principal address for SF Capital Partners Ltd. is c/o Stark Offshore Management LLC, 3600 South Lake Drive, St. Francis, WI 53235.

(13) The Registrant has been advised that Third Point LLC serves as an investment manager or advisor for Third Point Partners Qualified LP, Third Point Partners LP, Third Point Offshore Fund Ltd and Third Point Ultra Ltd. Mr. Daniel S. Loeb is the Chief Executive Officer of Third Point LLC and controls its business activities. The address of the principal business office of Third Point LLC and Mr. Loeb is 390 Park Avenue, 18th Floor, New York, New York 10022.

(14) The Registrant has been advised that UBS O Connor LLC serves as Investment Manager for O Connor PIPES Corporate Strategies Master Limited. The principal address for UBS O Connor LLC FBO O Connor PIPES Corporate Strategies Master Limited is 1 North Wacker Dr., Chicago, IL 60606.

#### **PLAN OF DISTRIBUTION**

The selling stockholders, which as used herein includes donees, pledgees, assignees, transferees or other successors-in-interest selling shares of common stock or interests in shares of common stock received after the date of this prospectus from a selling stockholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions.

These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices.

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The selling stockholders may use any one or more of the following methods when disposing of shares or interests therein:

- sales on the Nasdaq Global Market;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales effected after the date the registration statement of which this prospectus is a part is declared effective by the SEC;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- through the distribution of the common stock by any selling stockholder to its partners, members or stockholders;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;
  - a combination of any such methods of sale; and
  - any other method permitted pursuant to applicable law.

The selling stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of our common stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of our common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the selling stockholders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. Each of the selling stockholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering.



The selling stockholders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act, provided that they meet the criteria and conform to the requirements of that rule. The selling stockholders and any underwriters, broker-dealers or agents that participate in the sale of the common stock or interests therein may be underwriters within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act. Selling stockholders who are underwriters within the meaning of Section 2(11) of the Securities Act will be subject to the prospectus delivery requirements of the Securities Act.

To the extent required, the shares of our common stock to be sold, the names of the selling stockholders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

The anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. We will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed to indemnify the selling stockholders against liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the shares of common stock offered by this prospectus.

We have agreed with the selling stockholders to keep the registration statement of which this prospectus constitutes a part effective until the earlier of (1) October 6, 2008, (2) such time as all of the shares of common stock covered by this prospectus may be sold pursuant to Rule 144(k) of the Securities Act or (3) such time as all of the shares of common stock covered by this prospectus have been sold by the selling stockholders identified in this prospectus.

We will pay all costs, expenses and fees in connection with the registration of the shares of common stock, including registration and filing fees, printing and duplication expenses, administrative expenses, legal fees and accounting fees. If the shares of common stock are sold through underwriters or broker-dealers, the selling stockholders will be responsible for underwriting discounts, underwriting commissions and agent commissions.

#### **LEGAL MATTERS**

The validity of the issuance of the shares of common stock offered hereby will be passed upon for us by Covington & Burling LLP, New York, New York.

#### **EXPERTS**

Our consolidated financial statements as of December 31, 2005 and 2004 and for the years ended December 31, 2005 and 2004, the six month period ended December 31, 2003 and the year ended June 30, 2003 have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

## WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement on Form S-1 that we filed with the SEC. Certain information in the registration statement has been omitted from this prospectus in accordance with the rules of the SEC. We are a public company and file proxy statements and annual, quarterly and special reports and other information with the SEC. The registration statement, such reports and other information can be inspected and copied at the Public Reference Room of the SEC located at 100 F Street, N.E., Washington D.C. 20549. Copies of such materials, including copies of all or any portion of the registration statement, can be obtained from the Public Reference Room of the SEC at prescribed rates. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room. Such materials may also be accessed electronically by means of the SEC's home page on the Internet ([www.sec.gov](http://www.sec.gov)).

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference certain of our publicly-filed documents into this prospectus, which means that information included in those documents is considered part of this prospectus. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act, until all the shares of common stock that are part of this offering are sold.

The following documents filed with the SEC are incorporated by reference in this prospectus:

- our Annual Report on Form 10-K for the year ended December 31, 2005;
- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2006, June 30, 2006 and September 30, 2006;
- our Current Reports on Form 8-K, filed with the SEC on: March 6, 2006, March 15, 2006, March 23, 2006, March 31, 2006, April 17, 2006, May 5, 2006, July 12, 2006, August 4, 2006, August 7, 2006, August 17, 2006, September 21, 2006, September 25, 2006, October 5, 2006, October 6, 2006, October 18, 2006, November 2, 2006, November 29, 2006 and December 4, 2006; and
- the description of our common stock in our Registration Statement on Form S-1/A (File No. 333-128827) filed on February 9, 2006, including any amendment or reports filed for the purpose of updating this description.

You may access our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to any of these reports, free of charge on the SEC's website. We do not consider information contained on, or that can be accessed through, our website to be part of this prospectus.

In addition, we will furnish without charge to you, on written or oral request, a copy of any or all of the documents incorporated by reference, other than exhibits to those documents. You should direct any requests for documents to Corporate Secretary, Acorda Therapeutics, Inc., 15 Skyline Drive, Hawthorne, New York 10532, or call (914) 347-4300.

You should rely only on the information contained in this prospectus, including information incorporated by reference herein. We have not authorized anyone to provide you with information different from that contained in this prospectus or any prospectus supplement. This prospectus is not an offer of these securities in any jurisdiction where an offer and sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common stock.





**Part II****INFORMATION NOT REQUIRED IN PROSPECTUS****ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION**

The following table sets forth the Registrant's estimated costs and expenses (other than underwriting discounts) payable in connection with this offering.

SEC Registration Fee	\$ 5,061
Nasdaq Global Market Listing Fee	\$ 32,308
Printing and Engraving Expenses	\$ 3,000
Legal Fees and Expenses	\$ 60,000
Accounting Fees and Expenses	\$ 15,000
Transfer Agent and Registrar Fees and Expenses	\$ 1,500
Total	\$ 116,869

**ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The Registrant, is a Delaware corporation. Section 145 of the Delaware General Corporation Law, or the DGCL, grants each corporation organized thereunder the power to indemnify any person who is or was a director, officer, employee or agent of a corporation or enterprise, against expenses, attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of being or having been in any such capacity if he acted in good faith in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Section 102(b)(7) of the DGCL enables a corporation in its certificate of incorporation or an amendment thereto to eliminate or limit the personal liability of a director to the corporation or its stockholders for monetary damages for violations of the directors' fiduciary duty of care, except (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the DGCL (providing for liability of directors for unlawful payment of dividends or unlawful stock purchases or redemptions) or (iv) for any transaction from which a director derived an improper personal benefit.

Article Seven of the Registrant's Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1) provides that except as otherwise provided by the DGCL, no director of the Registrant shall be personally liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director.

Article Eight of the Registrant's Amended and Restated Certificate of Incorporation provides that, to the fullest extent permitted by the DGCL, the Registrant shall indemnify any current or former director or officer of the Registrant and may, at the discretion of the Board of Directors, indemnify any current or former employee or agent of the Registrant against all expenses (including attorneys' fees) judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the Registrant, or is or was serving as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise.

Article Eight of the Registrant's Amended and Restated Certificate of Incorporation also provides that the Registrant shall advance expenses incurred by a director or officer of the Registrant in defending any civil, criminal, administrative or investigative such action, suit or proceeding in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such advances if it shall ultimately be determined that he is not entitled to be indemnified by the Registrant as authorized by Article Eight or otherwise. Additionally, if a claim under Article Eight of the Registrant's Amended and Restated is not paid in full by the Registrant within thirty days after a written claim has been received by the Registrant, the claimant may at any time thereafter bring suit against the Registrant to recover the unpaid amount of the claim, and if successful in whole or in part on the merits or otherwise in establishing his or her right to indemnification or to the advancement of expenses, the claimant shall be paid also the expense of prosecuting such claim.

**ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES**

Between January 1, 2006 and October 31, 2006, we had issued 16,985 shares of common stock pursuant to Rule 701 under the Securities Act to a number of current and former employees at a purchase price of \$1.56 per share for aggregate consideration of approximately \$26,498.

On October 6, 2006, we consummated a private placement under Section 4(2) of the Securities Act of 3,230,769 shares of our common stock to a group of accredited investors at a purchase price of \$9.75 per share for aggregate consideration of approximately \$31,499,997.

**ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) Exhibit Index

A list of exhibits filed with this registration statement on Form S-1 is set forth on the Exhibit Index and is incorporated in this Item 16(a) by reference.

(b) Financial Statement Schedules

None

**ITEM 17. UNDERTAKINGS**

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement;; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

*provided, however,* that the undertakings set forth in paragraphs (1)(i) and (ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offering therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

**SIGNATURES**

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on December 4, 2006.

By: /s/ Ron Cohen  
 Ron Cohen,  
*President and Chief Executive Officer*

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Ron Cohen Ron Cohen, M.D.	President, Chief Executive Officer and Director (Principal Executive Officer)	December 4, 2006
/s/ David Lawrence David Lawrence, M.B.A.	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	December 4, 2006
* Sandra Panem, Ph.D.	Director	December 4, 2006
* Barclay A. Phillips	Director	December 4, 2006
* Lorin J. Randall	Director	December 4, 2006
* Steven M. Rauscher, M.B.A.	Director	December 4, 2006
* Wise Young, Ph.D., M.D.	Director	December 4, 2006

\*By: /s/ Ron Cohen  
 Ron Cohen  
 Attorney-in-fact

**Exhibit Index**

<b>Exhibit No.</b>	<b>Description</b>
3.1	Amended and Restated Certificate of Incorporation of the Registrant
3.2	Amended Bylaws of the Registrant
4.1	Specimen Stock Certificate evidencing shares of common stock. Incorporated herein by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
5.1	Opinion of Covington and Burling LLP
10.1**	Acorda Therapeutics 1999 Employee Stock Option Plan. Incorporated herein by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.2**	Amendment to 1999 Employee Stock Option Plan. Incorporated herein by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.3**	Amendment No. 2 to 1999 Employee Stock Option Plan. Incorporated herein by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.4**	Acorda Therapeutics 2006 Employee Incentive Plan. Incorporated herein by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.
10.5**	Acorda Therapeutics 2006 Employee Incentive Plan, as amended as of January 13, 2005. Incorporated herein by reference to Exhibit 3.6 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 18, 2006.
10.6	Sixth Amended and Restated Registration Rights Agreement, dated March 3, 2004, by and among the Registrant and certain stockholders named therein. Incorporated herein by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.7**	Employment Agreement, dated August 11, 2002, by and between the Registrant and Ron Cohen. Incorporated herein by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.8**	Amendment to August 11, 2002 Employment Agreement, dated September 26, 2005, by and between the Registrant and Ron Cohen. Incorporated herein by reference to Exhibit 10.6 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.9**	Letter Agreement, dated November 30, 2004, by and between the Registrant and Mark Pinney. Incorporated herein by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
10.10**	Employment Agreement, dated as of December 19, 2005, by and between the Registrant and Andrew R. Blight. Incorporated herein by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.
10.11**	Employment Agreement, dated as of December 19, 2005, by and between the Registrant and Mary Fisher. Incorporated herein by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.
10.12**	Employment Agreement, dated as of December 19, 2005, by and between the Registrant and David Lawrence. Incorporated herein by reference to Exhibit 10.11 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.

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- 10.13\*\* Employment Agreement, dated as of December 19, 2005, by and between the Registrant and Jane Wasman. Incorporated herein by reference to Exhibit 10.12 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.
- 10.14\* Amended and Restated License Agreement, dated September 26, 2003, by and between the Registrant and Elan Corporation, plc. Incorporated herein by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.15\* Supply Agreement, dated September 26, 2003, by and between the Registrant and Elan Corporation, plc. Incorporated herein by reference to Exhibit 10.9 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.16\* License Agreement, dated September 26, 2003, by and between the Registrant and Rush-Presbyterian-St. Luke's Medical Center. Incorporated herein by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.17 Side Agreement, dated September 26, 2003, by and among the Registrant, Rush-Presbyterian-St. Luke's Medical Center, and Elan Corporation, plc. Incorporated herein by reference to Exhibit 10.11 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
- 10.18\* Payment Agreement, dated September 26, 2003, by and among the Registrant, Rush-Presbyterian-St. Luke's Medical Center, and Elan Corporation, plc. Incorporated herein by reference to Exhibit 10.12 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.19\* Amendment No. 1 to the Payment Agreement, dated as of October 27, 2003, by and between the Registrant and Elan Corporation, plc. Incorporated herein by reference to Exhibit 10.19 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.20\* Amended and Restated License Agreement, dated August 1, 2003, by and between the Registrant and Canadian Spinal Research Organization. Incorporated herein by reference to Exhibit 10.20 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.21\* License Agreement, dated February 3, 2003, by and between the Registrant and Cornell Research Foundation, Inc. Incorporated herein by reference to Exhibit 10.21 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.22\* License Agreement, dated November 12, 2002, by and between the Registrant and CeNeS Pharmaceuticals, plc. Incorporated herein by reference to Exhibit 10.22 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.23\* License Agreement, dated November 12, 2002, by and between the Registrant and CeNeS Pharmaceuticals, plc. Incorporated herein by reference to Exhibit 10.23 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.24\* License Agreement, dated September 8, 2000, by and between the Registrant and Mayo Foundation for Medical Education and Research. Incorporated herein by reference to Exhibit 10.24 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.

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- 10.25\* Side Letter Agreement, dated June 1, 2005, by and between the Registrant and Mayo Foundation for Medical Education and Research. Incorporated herein by reference to Exhibit 10.25 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.26\* Asset Purchase Agreement, dated as of July 21, 2004, by and between the Registrant and Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.26 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.27\* Zanaflex Supply Agreement, dated as of July 21, 2004, by and between the Registrant and Elan Pharma International Limited. Incorporated herein by reference to Exhibit 10.27 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.28\* Assignment and Assumption Agreement, dated as of July 21, 2004, by and among the Registrant, Elan Pharmaceuticals, Inc., and Novartis Pharma AG. Incorporated herein by reference to Exhibit 10.28 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.29\* License Agreement, dated April 17, 1991, by and between Sandoz Pharma, now Novartis Pharma AG and Athena Neurosciences, Inc., now Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.29 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.30 Patent Assignment Agreement, dated as of July 21, 2004, by and between the Registrant and Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.24 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
- 10.31 Trademark License Agreement, dated as of July 21, 2004, by and between the Registrant and Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.25 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
- 10.32 Agreement Relating to Additional Trademark, dated as of July 2005, by and between the Registrant and Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.32 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.33 Domain Name Assignment Agreement, dated as of July 21, 2004, by and between the Registrant and Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.27 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
- 10.34 Bill of Sale and Assignment and Assumption Agreement, dated as of July 21, 2004, by and between the Registrant and Elan Pharmaceuticals, Inc. Incorporated herein by reference to Exhibit 10.28 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
- 10.35 Limited Recourse Convertible Promissory Note issued to Elan International Services, Ltd. Incorporated herein by reference to Exhibit 10.29 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
- 10.36 Full Recourse Convertible Promissory Note issued to Elan International Services, Ltd. Incorporated herein by reference to Exhibit 10.30 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
- 10.37 Note Modification and Amendment, dated as of December 23, 2005, by and between the Registrant and Elan Pharma International Limited. Incorporated herein by reference to Exhibit 10.36 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.

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- 10.38\* Fampridine Tablet Technical Transfer Program Proposal for Commercial Registration, dated February 26, 2003, by and between the Registrant and Patheon, Inc. Incorporated herein by reference to Exhibit 10.38 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.39 Securities Amendment Agreement, dated September 26, 2003, by and among the Registrant, Elan Corporation plc and Elan International Services, Ltd. Incorporated herein by reference to Exhibit 10.31 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
- 10.40\* Syndicated Sales Force Agreement, dated as of August 1, 2005, between the Registrant and Cardinal Health PTS, LLC. Incorporated herein by reference to Exhibit 10.40 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.41\* License Agreement, dated as of December 19, 2003, by and among the Registrant, Cambridge University Technical Services Limited, and King's College London. Incorporated herein by reference to Exhibit 10.41 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 25, 2006.
- 10.42 Promissory Note issued to General Electric Capital Corporation. Incorporated herein by reference to Exhibit 10.35 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
- 10.43 Revenue Interests Assignment Agreement, dated as of December 23, 2005, between the Registrant and King George Holdings Luxembourg IIA S.à.r.l., an affiliate of Paul Royalty Fund II, L.P. Incorporated herein by reference to Exhibit 10.41 to the Registrant's Registration Statement on Form S-1/A, No. 333-128827, filed on January 5, 2006.
- 10.44 Securities Purchase Agreement, dated as of October 3, 2006, by and among the Registrant and the purchasers listed on Exhibit A thereto. Incorporated herein by reference to Exhibit 10.44 of the Registrant's Current Report on Form 8-K filed on October 5, 2006
- 10.45 First Amendment to Revenue Interests Assignment Agreement and to Guaranty, dated November 28, 2006 by and among the Registrant, King George Holdings Luxembourg IIA S.à.r.l. and Paul Royalty Fund II, L.P. Incorporated herein by reference to Exhibit 10.45 to the Registrant's Current Report on Form 8-K filed on November 29, 2006.
- 21.1 List of Subsidiaries of the Registrant. Incorporated herein by reference to Exhibit 21.1 to the Registrant's Registration Statement on Form S-1, No. 333-128827, filed on October 5, 2005.
- 23.1 Consent of KPMG LLP, Independent Registered Public Accounting Firm.
- 23.2 Consent of Covington & Burling LLP (included in Exhibit 5.1)
- 24.1 Power of Attorney (included on the signature pages hereto)

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\* Confidential treatment granted as to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission

\*\* Indicates management contract or compensatory plan or arrangement.

Previously filed

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