

LANTRONIX INC
Form S-3/A
September 10, 2018
Table of Contents

As filed with the Securities and Exchange Commission on September 10, 2018

Registration No. 333-227127

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

FORM S-3

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

LANTRONIX, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

33-032767

(I.R.S. Employer Identification Number)

7535 Irvine Center Drive, Suite 100

Irvine, California 92618

(949) 453-3990

(Address and telephone number of registrant's principal executive offices)

Jeremy Whitaker

Chief Financial Officer

Lantronix, Inc.

7535 Irvine Center Drive, Suite 100

Irvine, California 92618

(949) 453-3990

(Name, address and telephone number of agent for service)

Copies to:

Kurt E. Scheuerman, Esq.

Vice President & General Counsel

Lantronix, Inc.

7535 Irvine Center Drive, Suite 100

Irvine, California 92618

(949) 453-3990

Ryan C. Wilkins, Esq.

Stradling Yocca Carlson & Rauth, P.C.

660 Newport Center Drive, Suite 1600

Newport Beach, California 92660

(949) 725-4000

Approximate date of commencement of proposed sale to public: From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest

reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

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

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for comply with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of Securities Act.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Number of shares to be registered⁽¹⁾	Proposed maximum offering price per share^{(1) (2)}	Proposed maximum aggregate offering price^{(1) (3)}	Amount of registration fee⁽⁴⁾⁽⁵⁾⁽⁶⁾
Primary Offering				
Common stock, \$0.0001 par value per share	—	—	\$35,000,000	\$4,357.50
Secondary Offering				
Common stock, \$0.0001 par value per share	2,900,000	\$5.40	\$15,660,000	\$1,949.67
TOTAL			\$50,660,000	\$6,307.17

(1) In connection with the primary offering, this registration statement covers the registration of such indeterminate number of shares of common stock as may be offered and sold from time to time by the Registrant, which shall have an aggregate initial offering price not to exceed \$35,000,000. In connection with the secondary offering, this registration statement registers a maximum of 2,900,000 shares of common stock to be offered and sold by the selling stockholders identified in this registration statement. In addition, pursuant to Rule 416 under the Securities Act of 1933, as amended (the “Securities Act”), the shares being registered hereunder include such indeterminate number of shares of common stock as may be issuable with respect to the shares being registered hereunder as a result of stock splits, stock dividends or similar transactions.

(2) The proposed maximum initial offering price per share will be determined by the Registrant, from time to time, in connection with the issuance by the Registrant of the shares registered hereunder.

Edgar Filing: LANTRONIX INC - Form S-3/A

The proposed maximum aggregate offering price will be determined from time to time by the Registrant in
(3) connection with, and at the time of, the issuance of the shares and is not specified pursuant to General Instruction II.D. of Form S-3.

With respect to the primary offering, the registration fee has been calculated pursuant to Rule 457(o) under the
(4) Securities Act based on the proposed maximum aggregate offering price of the shares to be sold in the primary offering.

With respect to the secondary offering, the registration fee has been calculated pursuant to Rule 457(c) under the
(5) Securities Act based on the average of the high and low prices of the common stock on the NASDAQ Capital Market on September 5, 2018, which is a date within five business days of the filing date of this registration statement.

(6) The registrant previously paid a filing fee of \$4,357.50 in connection with this registration statement

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This Pre-Effective Amendment No. 1 (the “Amendment”) to the Registration Statement on Form S-3 (File No. 333-227127) (the “Registration Statement”) of Lantronix, Inc. (the “Company”) is being filed to register for resale, by the selling stockholders identified in this Registration Statement, an aggregate of 2,900,000 shares of the common stock, \$0.0001 par value per share, of the Company, and to provide certain information about the selling stockholders.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

SUBJECT TO COMPLETION, DATED SEPTEMBER 10, 2018

\$35,000,000

LANTRONIX, INC.

of Common Stock

2,900,000 Shares of Common Stock

Offered by the Selling Stockholders

This prospectus relates to a primary offering by us, and a secondary offering by the selling stockholders.

We may from time to time offer and sell shares of our common stock in one or more offerings . The aggregate offering price of the shares of common stock that we may offer pursuant to this prospectus will not exceed \$35,000,000.

This prospectus also relates to the offer and resale of up to an aggregate of 2,900,000 shares of our common stock held by the selling stockholders identified in this prospectus. The selling stockholders may sell any, all or none of the securities offered by this prospectus, and we do not know when or in what amount the selling stockholders may sell their shares of common stock hereunder following the effective date of this registration statement. We will not receive

any proceeds from the resale of shares of our common stock by the selling stockholders.

This prospectus provides a general description of the shares of common stock that we and the selling stockholders may offer. Each time we sell shares of our common stock, we will provide the specific terms of the offering in a prospectus supplement. To the extent that any selling stockholder resells any securities, the selling stockholder may be required to provide you with a prospectus supplement containing specific information about the selling stockholder and the specific terms of the offering.

Any prospectus supplement that we or the selling stockholders provide to you may add, update or change information in this prospectus. You should read this prospectus and any prospectus supplement, as well as the documents incorporated by reference herein and therein, carefully before you invest in any securities.

This prospectus may not be used to offer or sell our securities unless accompanied by a prospectus supplement relating to the offered securities.

Our common stock is listed on the NASDAQ Capital Market under the symbol "LTRX." On September 7, 2018, the last reported sale price for our common stock on the NASDAQ Capital Market was \$5.94 per share. The aggregate market value of our outstanding common stock held by non-affiliates calculated in accordance with General Instruction I.B.6 of Form S-3 is approximately \$63.1 million. We have not offered any securities pursuant to General Instruction I.B.6 during the prior twelve calendar month period that ends on the date of this prospectus.

INVESTING IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD REVIEW CAREFULLY THE RISKS AND UNCERTAINTIES DESCRIBED UNDER THE HEADING "RISK FACTORS" ON PAGE 6 OF THIS PROSPECTUS, AS WELL AS THE RISKS AND UNCERTAINTIES DESCRIBED IN ANY APPLICABLE PROSPECTUS SUPPLEMENT AND IN THE DOCUMENTS THAT WE INCORPORATE BY REFERENCE HEREIN OR THEREIN.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2018.

TABLE OF CONTENTS

	Page
<u>ABOUT THIS PROSPECTUS</u>	3
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION</u>	4
<u>ABOUT THE COMPANY</u>	5
<u>RISK FACTORS</u>	6
<u>USE OF PROCEEDS</u>	7
<u>DIVIDEND POLICY</u>	8
<u>THE SECURITIES WE MAY OFFER</u>	9
<u>DESCRIPTION OF CAPITAL STOCK</u>	10
<u>SELLING STOCKHOLDERS</u>	12
<u>PLAN OF DISTRIBUTION</u>	14
<u>LEGAL MATTERS</u>	16
<u>EXPERTS</u>	16
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	17
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	18

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the “SEC”) using a “shelf” registration process. Under this shelf registration process, we may from time to time offer and sell shares of our common stock in one or more offerings . The aggregate offering price of the shares of common stock that we may offer pursuant to this prospectus will not exceed \$35,000,000. This prospectus also relates to the offer and resale of up to an aggregate of 2,900,000 shares of our common stock held by the selling stockholders identified in this prospectus under the heading “Selling Stockholders”.

This prospectus provides a general description of the shares of common stock that we and the selling stockholders may offer. Each time we sell shares of our common stock, we will provide the specific terms of the offering in a prospectus supplement. To the extent that any selling stockholder resells any shares of our common stock , the selling stockholder s may be required to provide you with a prospectus supplement containing specific information about the selling stockholder and the specific terms of the offering. Any prospectus supplement that we or the selling stockholders provide to you may add, update or change information in this prospectus. To the extent there is a conflict between the information contained in this prospectus and any accompanying prospectus supplement, you should rely on the information in the prospectus supplement. This prospectus, together with any accompanying prospectus supplement, includes all material information relating to an offering pursuant to this registration statement. You should read this prospectus and any prospectus supplement, as well as the documents incorporated by reference herein and therein, carefully before you invest in any securities.

You should rely only on the information contained in this prospectus, in any accompanying prospectus supplement, or in any document incorporated by reference herein or therein. We have not authorized anyone to provide you with any different information. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide to you.

The information contained in this prospectus, in any applicable prospectus supplement, and in the documents incorporated by reference herein or therein is accurate only as of the date such information is presented. Our business, financial condition, results of operations and future prospects may have changed since those respective dates.

This prospectus and any accompanying prospectus supplement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor does this prospectus and any accompanying prospectus supplement constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. This prospectus may not be used to offer or sell our securities unless accompanied by a prospectus supplement relating to the offered securities.

Investing in our securities involves a high degree of risk. You should review carefully the risks and uncertainties described under the heading “Risk Factors” on page 6 of this prospectus, as well as the risks and uncertainties described in any applicable prospectus supplement and in the documents that we incorporate by reference herein or therein.

The registration statement containing this prospectus, including the exhibits to the registration statement, provides additional information about us and the securities offered pursuant to this prospectus. For a more complete understanding of the offering of the securities, you should refer to the registration statement, including its exhibits. The registration statement can be read on the SEC’s website or at the SEC’s offices mentioned under the heading “Where You Can Find More Information.”

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This prospectus, any accompanying prospectus supplement, and the documents we incorporate by reference herein and therein, contain forward-looking statements within the meaning of the federal securities laws, which statements are subject to substantial risks and uncertainties. These forward-looking statements are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this prospectus, any accompanying prospectus supplement, or the documents incorporated by reference in this prospectus or any accompanying prospectus supplement, are forward-looking statements. We have attempted to identify forward-looking statements by using words such as “may,” “believe,” “will,” “could,” “project,” “anticipate,” “expect,” “estimate,” “should,” “continue,” “potential,” “plan,” “forecasts,” “goal,” “seek,” “in” of these words or similar words or expressions or the negative thereof. These forward-looking statements relate to, among other things:

- predictions about our earnings, revenues, margins, expenses or other financial matters;
- forecasts of our financial condition, results of operations, liquidity position, or working capital requirements;
- the impact of changes to our share-based awards and any related changes to our share-based compensation expenses;
- the impact of future offerings and sales of our debt or equity securities;
- the impact of changes in our relationships with our customers;
- plans or expectations with respect to our product development activities, business strategies or restructuring and expansion activities;
- demand and growth of the market for our products or for the products of our competitors;
- the impact of pending litigation, including outcomes of such litigation;
- the impact of our response to and implementation of recent accounting pronouncements and changes in tax laws on our consolidated financial statements and the related disclosures;
- unexpected changes in regulatory requirements, taxes, trade laws and tariffs;
- our ability to comply with certain financial obligations in our loan agreement;
- sufficiency of our internal controls and procedures;
- expectations and results related to our plans to realign and reallocate our personnel and other resources; and
- assumptions or estimates underlying any of the foregoing.

We have based our forward-looking statements on management’s current expectations and projections about trends affecting our business and industry and other future events. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Forward-looking statements are subject to substantial risks and uncertainties that could cause our future business, financial condition, results of operations or performance to differ materially from our historical results or those expressed or implied in any forward-looking statement. Some of the risks and uncertainties that may cause actual results to differ from those expressed or implied in the forward-looking statements are described under the heading “Risk Factors” on page 6 of this prospectus, as well as the risks and uncertainties described in any applicable prospectus supplement and in the documents that we incorporate by reference herein or therein. In addition, actual results may differ as a result of additional risks and uncertainties of which we are currently unaware or which we do not currently view as material to our business.

You should read this prospectus in its entirety, together with any accompanying prospectus supplements, the documents that we file as exhibits to the registration statement of which this prospectus is a part, and the documents that we incorporate by reference into this prospectus and any accompanying prospectus supplements, in each case with the understanding that our future results may be materially different from what we currently expect. The forward-looking statements we make speak only as of the date on which they are made. We expressly disclaim any intent or obligation to update any forward-looking statements after the date hereof to conform such statements to actual results or to changes in our opinions or expectations, except as required by applicable law or the rules of the NASDAQ Stock Market. If we do update or correct any forward-looking statements, investors should not conclude that we will make additional updates or corrections.

We qualify all of our forward-looking statements by these cautionary statements.

ABOUT THE COMPANY

Lantronix, Inc. (the “Company,” “Lantronix,” “we,” “our,” or “us”) is a global provider of secure data access and management solutions for Internet of Things (“IoT”) assets. Our mission is to be the leading supplier of IoT solutions that enable companies to simplify the creation, deployment, and management of IoT projects while providing secure access to data for applications and people.

With more than 25 years of experience in creating information technology management and machine to machine technologies, Lantronix is an innovator in enabling our customers to build new business models and realize the possibilities of the IoT. Our connectivity solutions are deployed inside millions of machines and data centers serving a wide range of industries, including medical, security, industrial, transportation, retail, financial, environmental and government.

Our strategy is to leverage our networking and software development expertise to develop technologies that make it easier for our customers to participate in the IoT. We are primarily focused on the following market transitions:

- the increasing role of wireless networks for IoT communication;
- the desire to remotely access, monitor and manage machines and IT infrastructure assets; and
- the increasing importance of security in IoT deployments.

We conduct our business globally and manage our sales teams by three geographic regions: the Americas; Europe, Middle East, and Africa; and Asia Pacific Japan.

Our principal executive offices are located at 7535 Irvine Center Drive, Suite 100, Irvine, California 92618, and our telephone number is (949) 453-3990. Our common stock is currently traded on the NASDAQ Capital Market under the symbol “LTRX.” We maintain a corporate website at www.lantronix.com. The contents of our website are not incorporated by reference into this prospectus and should not be considered to be a part of this prospectus or relied upon in connection herewith.

We were incorporated in California in 1989 and reincorporated in Delaware in 2000.

RISK FACTORS

Investing in our securities involves a high degree of risk. Before making an investment decision, you should review carefully the risks and uncertainties described under the heading “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018, as filed with the SEC on August 23, 2018, which is incorporated by reference into this prospectus in its entirety, as well as the risks and uncertainties described in any prospectus supplement and any documents incorporated by reference herein or therein. Our business, financial condition or results of operations could be materially adversely affected by any of these risks and uncertainties. In addition, the trading price of our securities could decline due to any of these risks and uncertainties, and you may lose all or part of your investment. For more information, see the headings “Incorporation of Certain Documents by Reference” and “Where You Can Find More Information.”

The risks and uncertainties we have described are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business, financial condition or results of operations.

This prospectus and the documents we incorporate by reference into this prospectus contain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described in this prospectus and in the documents incorporated by reference into this prospectus. For more information, see the heading “Special Note Regarding Forward-Looking Information.”

USE OF PROCEEDS

Except as may be stated in any prospectus supplement, we intend to use the net proceeds we receive from the sale of our securities for general corporate purposes, which may include, among other things, working capital, repayment of indebtedness, financing of ongoing operating expenses, capital expenditures, and the financing of possible acquisitions. The specific allocations of the proceeds we receive from the sale of our securities will be described in any applicable prospectus supplement. Our management will have broad discretion in the allocation of the net proceeds of any offering. Pending the uses described above, we plan to invest the net proceeds that we receive in this offering in short-term, investment-grade, interest-bearing securities.

We will not receive any proceeds from the sale of shares of our common stock by selling stockholders.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our common stock. We currently intend to retain any future earnings to fund our growth, and we do not anticipate declaring or paying any cash dividends in the foreseeable future. Any future determination to declare cash dividends will be made at the discretion of the board of directors, subject to applicable laws and provisions of our organizational documents, after taking into account our financial condition, results of operations, capital requirements, general business conditions and other factors that the board of directors may deem relevant.

THE SECURITIES WE MAY OFFER

We may from time to time offer and sell shares of our common stock in one or more offerings . The aggregate offering price of the shares of common stock that we may offer pursuant to this prospectus will not exceed \$35,000,000.

This prospectus also relates to the offer and resale of up to an aggregate of 2,900,000 shares of our common stock held by the selling stockholders identified in this prospectus under the heading “Selling Stockholders”. The selling stockholders may sell any, all or none of the securities offered by this prospectus, and we do not know when or in what amount the selling stockholders may sell their shares of common stock hereunder following the effective date of this registration statement. We will not receive any proceeds from the resale of shares of our common stock by the selling stockholders.

This prospectus provides a general description of the shares of common stock that we and the selling stockholders may offer. Each time we sell shares of our common stock, we will provide the specific terms of the offering in a prospectus supplement. To the extent that any selling stockholder resells any securities, the selling stockholder may be required to provide you with a prospectus supplement containing specific information about the selling stockholder and the specific terms of the offering. This prospectus may not be used to offer or sell our securities unless accompanied by a prospectus supplement relating to the offered securities.

We or the selling stockholders may sell the securities to or through underwriters, dealers or agents or directly to purchasers or as otherwise set forth below under the heading “Plan of Distribution.” Each prospectus supplement will set forth the names of any underwriters, dealers, agents or other entities involved in the sale of securities described in that prospectus supplement and any applicable fee, commission or discount arrangements with them.

DESCRIPTION OF CAPITAL STOCK

The following is a summary of all material characteristics of our capital stock as set forth in our amended and restated certificate of incorporation (“Certificate of Incorporation”) and amended and restated bylaws (“Bylaws”). The summary does not purport to be complete and is qualified in its entirety by reference to our Certificate of Incorporation and Bylaws, copies of which have been filed as exhibits to our previous SEC filings. For more information, see the headings “Incorporation of Certain Documents by Reference” and “Where You Can Find More Information.”

Common Stock

We may issue shares of our common stock from time to time. We are authorized to issue up to 100,000,000 shares of common stock, par value \$0.0001 per share. As of September 4, 2018, there were 18,948,725 shares of common stock issued and outstanding. Each outstanding share of common stock is entitled to one vote on all matters submitted to a vote of stockholders. Holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the board of directors out of funds legally available therefor. Upon the liquidation, dissolution, or winding up of the Company, the holders of common stock are entitled to share ratably in all of our assets which are legally available for distribution after payment of all debts and other liabilities and liquidation preference of any outstanding preferred stock. Holders of common stock have no preemptive, subscription, redemption or conversion rights. The outstanding shares of common stock are validly issued, fully paid and non-assessable. The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we might designate in the future.

Preferred Stock

We are authorized to issue up to 5,000,000 shares of preferred stock, par value \$0.0001 per share. As of September 4, 2018, no shares of our preferred stock were outstanding. Each share of preferred stock is entitled to the number of votes equal to the number of shares of common stock into which each share of preferred stock could be converted at the record date for determination of the stockholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of stockholders is solicited, such votes to be counted together with all other shares of stock having general voting power and not separately as a class. The terms of any series of preferred stock will be set forth in an amendment to our Certificate of Incorporation. This prospectus does not cover the offer or sale of any shares of our preferred stock.

Delaware Law and Certain Certificate of Incorporation and Bylaw Provisions

Our Certificate of Incorporation and Bylaws contain a number of provisions that could make our acquisition by means of a tender or exchange offer, a proxy contest or otherwise more difficult. Certain of these provisions are summarized below:

Under our Bylaws, only the board of directors, the chairperson of the board, the chief executive officer or president (in the absence of a chief executive officer) may call special meetings of stockholders.

Our Bylaws establish advance notice procedures for stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board.

We are subject to the provisions of Section 203 of the Delaware General Corporation Law. Section 203 prohibits a publicly-held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A “business combination” includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an “interested stockholder” is a person who, together with affiliates and associates, owns, or within the prior three years did own, 15% or more of the corporation’s voting stock.

- Our Certificate of Incorporation eliminates the right of stockholders to act by written consent without a meeting.
- Our Certificate of Incorporation and Bylaws do not provide for cumulative voting in the election of directors.

The amendment of many of the provisions described above would require approval by holders of at least 66 2/3% of the outstanding shares of our common stock.

NASDAQ Capital Market

Our common stock is listed on the NASDAQ Capital Market and traded under the symbol “LTRX.” On September 7, 2018, the last reported sale price for our common stock on the NASDAQ Capital Market was \$5.94 per share.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Shareowner Services, LLC.

SELLING STOCKHOLDERS

This prospectus relates to the offer and resale of up to an aggregate of 2,900,000 shares of our common stock from time to time by the stockholders identified in the table below, which we refer to in this prospectus as the selling stockholders .

The table sets forth certain information with respect to each of the selling stockholders, including (i) the identity of the selling stockholder, (ii) the number of shares of our common stock beneficially owned by the selling stockholder before this offering, (iii) the number of shares of our common stock being offered by the selling stockholder in this offering, and (iv) the number and percentage of shares of our common stock beneficially owned by the selling stockholder upon completion of this offering, assuming that all of the shares being offered by this prospectus are sold. The footnotes accompanying the table provide additional information regarding the nature of any position, office or other material relationship that each selling stockholder has had with us within the past three years.

The information in the table and accompanying footnotes is based on information made available to us by the selling stockholders. Under applicable SEC rules, beneficial ownership includes any shares of common stock as to which a person has sole or shared voting power or investment power, and any shares of common stock which the person has the right to acquire within 60 days of September 4, 2018 through the exercise of any option, warrant or right, or through the conversion of any convertible security. The percentage of shares beneficially owned is based on 18,948,725 shares of common stock issued and outstanding as of September 4, 2018. Unless otherwise indicated in the footnotes to the table, and subject to community property laws where applicable, we believe that each of the selling stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned.

Selling Stockholder	Shares of Common Stock Beneficially Owned Before This Offering	Shares of Common Stock Being Offered in This Offering	Shares of Common Stock Beneficially Owned upon Completion of This Offering (1)	Percentage of Shares Beneficially Owned upon Completion of This Offering (1)
TL Investment GmbH (2)	6,120,880	2,100,000	4,020,880	21.2%
Hale Capital Partners, LP (3)	1,941,748	700,000	1,241,748	6.6%
Paul F. Folino (4)	215,863	100,000	115,863	*

* Represents beneficial ownership of less than 1% of our outstanding shares.

(1) Assumes that all shares of common stock being registered on behalf of the selling stockholders under the registration statement of which this prospectus forms a part are sold in this offering, and that none of the selling stockholders acquire additional shares of our common stock after the date of this prospectus and prior to completion of this offering.

(2) Based upon information contained in a Form 4 filed by TL Investment GmbH with the SEC on March 9, 2016. According to the Form 4, Mr. Bruscha is the managing director of TL Investment GmbH and has sole voting and investment power with respect to these shares. Mr. Bruscha has served as a member of our Board of Directors since 2007, and has served as our Chairman of the Board since 2012.

(3) Based upon information contained in a Schedule 13D filed jointly by Hale Capital Partners, LP (“HCP”) and Martin Hale, Jr. with the SEC on June 24, 2016. Mr. Hale is the Chief Executive Officer of HCP, and the sole owner and managing member of Hale Fund Partners, LLC, the general partner of HCP. In addition, Mr. Hale has served as a member of our Board of Directors since June 2016, and is currently a member of our Compensation Committee. See the information under the heading “Stock Purchase Agreement with Hale Capital” for additional information about the acquisition of our shares of common stock by HCP.

(4) Shares beneficially owned include 84,895 shares issuable upon exercise of stock options that are exercisable within 60 days of September 4, 2018. Mr. Folino has served as a member of our Board of Directors since 2012, and is currently the Chairman of our Corporate Governance and Nominating Committee and a member of our Compensation Committee and Audit Committee.

All of the shares being registered for resale by the selling stockholders pursuant to this prospectus were issued and outstanding prior to the original date of filing of the registration statement of which this prospectus is a part .

The registration of the shares of common stock set forth in the table does not mean that the selling stockholders will sell or otherwise dispose of all or any of those securities. The selling stockholders may sell any, all or none of the securities offered by this prospectus, and we do not know when or in what amount the selling stockholders may sell their shares of common stock hereunder following the effective date of this registration statement. Information concerning the selling stockholders may change from time to time and, if necessary, we will amend or supplement this prospectus as required by SEC rules.

Stock Purchase Agreement with Hale Capital

In 2016, we entered into a Common Stock Purchase Agreement (the “Stock Purchase Agreement”) with, and consummated a private placement of 1,941,748 shares of our common stock to HCP. The offer and sale of the shares were not registered under the Securities Act in reliance on the exemption afforded by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder.

In June 2016, pursuant to the terms of the Stock Purchase Agreement, we appointed Mr. Hale as a member of our Board of Directors.

Pursuant to the Stock Purchase Agreement, we agreed to file a registration statement registering the resale of the shares issued to HCP under the Stock Purchase Agreement. We previously filed a registration statement on Form S-3 with the SEC (Filing No. 333-215090), which was declared effective on January 10, 2017. HCP has not sold any shares pursuant to the registration statement.

We have customary obligations under the Stock Purchase Agreement to indemnify for losses incurred by the initial selling stockholder in connection with any untrue statements of material fact or material omissions in the registration statement and for certain violations of securities and other similar laws.

No Material Relationships

Except as described above, there are no material relationships between us and any of the selling stockholders, and there have been no material relationships within the past three years. In addition, we have been advised that none of the selling stockholders is, or is affiliated with, any broker-dealer or underwriter.

PLAN OF DISTRIBUTION

We or any selling stockholders may sell the securities offered through this prospectus from time to time in any manner permitted by the Securities Act, including:

through agents;

to or through underwriters;

to or through broker-dealers (acting as agent or principal);

in “at the market” offerings, within the meaning of Rule 415(a)(4) of the Securities Act, to or through a market maker or into an existing trading market, on an exchange or otherwise;

directly to purchasers, through a specific bidding or auction process or otherwise; and/or

through a combination of any of these methods.

Agent