

Edgar Filing: Professional Diversity Network, Inc. - Form S-1/A

Professional Diversity Network, Inc.

Form S-1/A

February 10, 2017

As filed with the Securities and Exchange Commission on February 10, 2017

Registration No. 333-215388

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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AMENDMENT NO. 1 TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

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Professional Diversity Network, Inc.

(Exact name of registrant as specified in its charter)

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Delaware

7370

80-0900177

(State or Other Jurisdiction of (Primary Standard Industrial (IRS Employer

Incorporation or Organization) Classification Code Number) Identification Number)

801 W. Adams Street, Sixth Floor

Chicago, Illinois 60607

(312) 614-0950

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

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Chris Wesser, Esq.

Executive Vice President and Secretary

Professional Diversity Network, Inc.

801 W. Adams Street, Sixth Floor

Chicago, Illinois 60607

(312) 614-0950

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

Stacey T. Kern, Esq.  
Greenberg Traurig, LLP  
77 West Wacker Drive, Suite 3100  
Chicago, Illinois 60601  
(312) 456-8400

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Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

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, 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 post-effective amendment filed pursuant to Rule 462(d) 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.

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

Large accelerated filer      Accelerated filer

Non-accelerated filer      Smaller reporting company

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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 of 1933 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.

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

Subject to Completion, dated February 10, 2017

246,445 Shares

Professional Diversity Network, Inc.

## COMMON STOCK

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This prospectus relates to the offer and sale by the selling stockholder identified in this prospectus of up to 246,445 shares of our common stock, par value \$0.01 per share, issued upon the exercise of warrants to purchase our common stock, which warrants were issued to the selling stockholder in connection with a master credit facility that closed on June 30, 2016, and which were exercised on November 7, 2016.

We are not selling any shares of our common stock and we will not receive any proceeds from the sale of the shares by the selling stockholder. We have agreed to pay certain registration expenses, other than underwriting discounts and commissions.

The selling stockholder may from time to time sell, transfer or otherwise dispose of any or all of their shares of common stock in a number of different ways and at varying prices. See “Plan of Distribution” for more information.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read this entire prospectus and any amendments or supplements carefully before you make your investment decision.

Our common stock is listed on The NASDAQ Stock Market (“NASDAQ”) under the symbol “IPDN.” On February 9, 2017, the last sale price of our common stock as reported on NASDAQ was \$9.90 per share.

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Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of material risks of investing in our common stock in “Risk Factors” beginning on page 2 of this prospectus.

Neither the Securities and Exchange Commission (the “SEC”) 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.

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The date of this prospectus is [            ]



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This prospectus is part of a registration statement that we have filed with the SEC pursuant to which the selling stockholder named herein may, from time to time, offer and sell or otherwise dispose of the shares of our common stock covered by this prospectus. You should not assume that the information contained in this prospectus is accurate on any date subsequent to the date set forth on the front cover of this prospectus or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference, even though this prospectus is delivered or shares of common stock are sold or otherwise disposed of on a later date. It is important for you to read and consider all information contained in this prospectus, including the documents incorporated by reference therein, in making your investment decision. You should also read and consider the information in the documents to which we have referred you under the caption “Where You Can Find More Information” in this prospectus.

We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any of our shares of common stock other than the shares of our common stock covered hereby, nor does this prospectus constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. See “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements.”

Unless the context otherwise requires, references in this prospectus to “PDN,” “the Company,” “we,” “our,” and “us” refer to Professional Diversity Network, Inc., a Delaware corporation, and its consolidated subsidiaries. All share information reflects the 1-for-8 reverse stock split of our common stock effected on September 27, 2016 (the “Reverse Split”).

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus, is not complete, and does not contain all of the information that you should consider before making your investment decision. You should carefully read the entire prospectus, including the information presented under the sections entitled “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” and the consolidated financial statements and the notes thereto and other documents incorporated by reference in this prospectus before making an investment decision.

Overview

PDN is a dynamic operator of professional networks with a focus on diversity. Our value proposition is three-fold: (i) we provide a robust online and in-person network for our women members to make professional and personal connections (with the ability to roll out to our other affinity groups); (ii) we assist our registered users, or members, in their efforts to connect with like-minded individuals and identify career opportunities within the network; and (iii) we help employers address their workforce diversity needs by connecting them with the right candidates.

On November 7, 2016, we consummated the issuance and sale of 1,777,417 shares of common stock, to Cosmic Forward Limited, a Republic of Seychelles company wholly-owned by a group of Chinese investors (“CFL”), at a price of \$9.60 per share, pursuant to the terms of our previously announced stock purchase agreement, dated August 12, 2016 (the “Purchase Agreement”), with CFL (the “Share Issuance”). At the closing of the Share Issuance, and as contemplated by the Purchase Agreement, we entered into a Stockholders’ Agreement, dated November 7, 2016 (the “Stockholders’ Agreement”), with CFL and each of its shareholders. The Stockholders’ Agreement sets forth the agreement of the Company, CFL and the CFL shareholders relating to board representation rights, transfer restrictions, standstill provisions, voting, registration rights and other matters following the closing of the Share Issuance.

In addition, on November 7, 2016, we completed the purchase of 312,500 shares of common stock, at a price of \$9.60 per share, net to the seller in cash, less any applicable withholding taxes and without interest, pursuant to our partial issuer tender offer as disclosed in the Company’s Offer to Purchase, dated September 28, 2016, as amended (the “Tender Offer”). As a result of the completion of the Share Issuance, the Tender Offer and the other transactions contemplated by the Purchase Agreement, as of November 7, 2016, CFL beneficially owned 51% of the Company’s outstanding shares of common stock, on a fully-diluted basis.

We received approximately \$9.0 million in net proceeds from the Share Issuance, after the payment for the shares repurchased in the Tender Offer, the repayment of all amounts outstanding under the Master Credit Facility (as defined below) and the payment of transaction-related expenses at the closing.

On January 18, 2017, we consummated the issuance and sale to CFL of an additional 312,500 shares of our common stock at a price of \$9.60 per share pursuant to the terms of a stock purchase agreement dated as of January 13, 2017 (the “Second Share Issuance”). As a result of the completion of the Second Share Issuance, as of January 18, 2017, CFL beneficially owned 54.64% of our outstanding shares of common stock, on a fully diluted basis.

PDN received total gross proceeds of \$3.0 million from the Second Share Issuance and approximately \$2.8 million in net proceeds from the Second Share Issuance, after payment of transaction-related expenses.

At the closing of the Second Share Issuance, we entered into an amendment, dated as of January 18, 2017 to the Stockholders’ Agreement.



On November 4, 2016, we entered into a Confidential Settlement and Mutual Release of All Claims (the “Release”) with Matthew B. Proman (“Proman”), pursuant to which we agreed among other things that (i) we would pay to Proman \$300,000 at the closing of the Share Issuance, (ii) the Separation Agreement and Mutual Release of All Claims, dated July 16, 2015 between Proman and PDN (the “Separation Agreement”) would be terminated as of November 4, 2016, and (iii) the Seller Promissory Note in the principal amount of \$445,000 dated September 24, 2014 in favor of Proman (the “Promissory Note”) would be terminated as of November 4, 2016. We have also agreed that notwithstanding the termination of the Separation Agreement pursuant to the Release, Proman’s co-sale right would be preserved and he would continue to hold the options and warrants he held as of November 4, 2016. On November 7, 2016, we paid Proman \$300,000 pursuant to the Release.

On November 7, 2016, in connection with the closing of the Share Issuance, we (i) repaid in full all amounts owed under the Master Credit Facility among the Company, its wholly-owned subsidiaries NAPW, Inc., Noble Voice LLC and Compliant Lead LLC, and White Winston Select Asset Funds, LLC (“White Winston” or the “selling stockholder”), dated March 30, 2016 (the “Master Credit Facility”), and (ii) terminated the Master Credit Facility and related agreements between the Company and White Winston, including the Board Representation Agreement, dated as of June 30, 2016. All security interests created under the Master Credit Facility were released upon repayment of the amounts under and termination of the Master Credit Facility.

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### Corporate Information

Our common stock is listed on NASDAQ under the ticker symbol “IPDN.” Our principal executive offices are located at 801 West Adams Street, Suite 600, Chicago, Illinois 60607, and our telephone number is (312) 614-0950. Our website address is [www.prodivnet.com](http://www.prodivnet.com). Neither our website nor any information contained on our website is part of this prospectus.

### THE OFFERING

Common stock  
offered by the selling stockholder 246,445 shares of common stock held by the selling stockholder.

Common stock  
outstanding 3,935,351 shares.

Selling stockholder White Winston Select Asset Funds, LLC. See “Selling Stockholder” for further discussion.

Use of proceeds We will not receive any proceeds from the sale of shares of our common stock by the selling stockholder in this offering. See “Use of Proceeds.”

Dividend policy We have not paid cash dividends on our outstanding shares of common stock during the two most recent fiscal years. See discussion concerning dividends and restrictions in payment of dividends below under “Dividend Policy.”

Risk factors Investing in our common stock involves risks. You should read carefully the “Risk Factors” section of this prospectus for a discussion of factors that you should carefully consider before deciding to invest in shares of our common stock.

NASDAQ ticker  
symbol “IPDN”

### RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider each of the risk factors set forth in our most recent Annual Report on Form 10-K, as updated by our Quarterly Reports on Form 10-Q and other SEC filings filed after such annual report, and future filings with the SEC, which are incorporated by reference into this prospectus. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus and any prospectus supplement. Any of these risks and uncertainties could have a material adverse effect on our business, financial condition, cash flows and results of operations. If that occurs, the trading price of our common stock could decline materially and you could lose all or part of your investment.

The risks we have incorporated by reference into this prospectus are not the only risks we face. We may experience additional risks and uncertainties not currently known to us, or as a result of developments occurring in the future. Conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows and results of operations.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference into this prospectus contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended. These statements concern expectations, beliefs, projections, plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Specifically, this prospectus and the documents incorporated herein by reference contain forward-looking statements regarding:

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- our beliefs regarding our ability to create enhanced value for our members and customers;
- our beliefs regarding the relation between the number of members or registered users and our revenues;
- our expectations regarding future changes in our sales force;
- the anticipated effect of the Detroit office closure on the overhead costs and supervision;
- our expectations regarding the changes in revenues in 2017, 2018 and 2019;
- our expectations regarding future increases in sales and marketing costs and general and administrative expenses;
- our beliefs regarding our ability to capture and capitalize on market trends;
- our expectations on the future growth and financial health of the online diversity recruitment industry and the industry participants, and the drivers of such growth;
- our expectations regarding the continued membership growth;
- our beliefs regarding the increased value derived from the synergies among our segments; and
- our beliefs regarding our liquidity requirements, the availability of cash and capital resources to fund our business in the future and intended use of liquidity.

These forward-looking statements reflect our current views about future events and are subject to risks, uncertainties and assumptions. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from those expressed in any forward-looking statement. The most important factors that could prevent us from achieving our goals, and cause the assumptions underlying forward-looking statements and the actual results to differ materially from those expressed in or implied by those forward-looking statements include, but are not limited to, the following:

- our ability to realize the anticipated benefits from the transaction with CFL;
- failure to realize synergies and other financial benefits from mergers and acquisitions within expected time frames, including increases in expected costs or difficulties related to integration of merger and acquisition partners;
- inability to identify and successfully negotiate and complete additional combinations with potential merger or acquisition partners or to successfully integrate such businesses;
- our history of operating losses;
- we may not be able to reverse the significant decline in our revenues;
- our limited operating history in a new and unproven market;
- increasing competition in the market for online professional networks;
- our ability to comply with increasing governmental regulation and other legal obligations related to privacy;
- our ability to adapt to changing technologies and social trends and preferences;
- our ability to attract and retain a sales and marketing team, management and other key personnel and the ability of that team to execute on the Company's business strategies and plans;
- our ability to obtain and maintain protection for our intellectual property;
- any future litigation regarding our business, including intellectual property claims;
- general and economic business conditions; and
- legal and regulatory developments.

The foregoing list of important factors may not include all such factors. You should consult our other disclosures (such as in our other filings with the SEC or in company press releases) for additional factors, risks and uncertainties that may cause actual results to differ materially from those projected by us. Please refer to Part I. Item 1A., "Risk Factors," of our Quarterly Reports and to Part I. Item 1A., "Risk Factors," of our Annual Report, which are incorporated by reference into this prospectus, for additional information regarding factors that could affect our results of operations, financial condition and cash flow. You should consider these factors, risks and uncertainties when evaluating any forward-looking statements and you should not place undue reliance on any forward-looking statement. Forward-looking statements represent our views as of the date of this prospectus, and we undertake no obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the

date of this prospectus.

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Forward-looking statements should not be viewed as predictions, and should not be the primary basis upon which investors evaluate us. Any of our investors should consider all risks and uncertainties disclosed in our SEC filings, described under the section entitled “Where You Can Find More Information,” all of which are accessible on the SEC’s website at <http://www.sec.gov>. We note that all website addresses given in this prospectus are for information only and are not intended to be an active link or to incorporate any website information into this document.

## MASTER CREDIT FACILITY AND COMMON STOCK WARRANTS

The following description is a summary and is qualified in its entirety by reference to the Master Credit Facility, the Warrant Agreements, and the Board Representations Agreement (all as defined below), which are filed as exhibits to the registration statement of which this prospectus forms a part, and by applicable law.

On March 30, 2016, we and our subsidiaries entered into the Master Credit Facility with White Winston. The Master Credit Facility provided for a revolving credit facility in the original principal amount up to \$5,000,000, provided that the borrowings thereunder may not exceed 75% of our eligible customer receivables, as determined pursuant to the Master Credit Facility, unless otherwise approved in White Winston’s discretion. Borrowings under the Master Credit Facility bear interest at 8% per annum, subject to an increase of 700 basis points in case of an event of default.

In connection with the closing of the Master Credit Facility, we issued three warrants to White Winston: (i) a warrant (the “Fixed \$2.00 Warrant”) to purchase up to 125,000 shares of our common stock at an exercise price of \$2.00 per share, (ii) a warrant (the “Pro Rata Warrant”) to purchase at an exercise price of \$2.00 per share a certain number of shares of our common stock, up to 218,750 shares, pro rata based on the ratio of the actual advances made under the Master Credit Facility to the maximum principal amount of the Master Credit Facility, and (iii) a warrant (the “Fixed \$20 Warrant,” and together with the Fixed \$2.00 Warrant and the Pro Rata Warrant, the “Warrants”) to purchase up to 125,000 shares of our common stock at an exercise price of \$20 per share. The Fixed \$2.00 Warrant and the Pro Rata Warrant are exercisable for five years from the date of issuance and the Fixed \$20 Warrant is exercisable for five years beginning on December 30, 2016.

In connection with the closing of the Master Credit Facility, we also entered into a Board Representation Agreement (the “Board Representation Agreement”) with White Winston. Under the Board Representation Agreement, we granted White Winston the right to designate nominees for election to our Board from the date the principal amount outstanding under the Master Credit Facility first exceeds \$2,000,000 until such time as White Winston’s ownership interest in our common stock (calculated pursuant to the terms of the Board Representation Agreement) falls below five percent for 60 consecutive days. Pursuant to the terms of the Board Representation Agreement, White Winston also received the right, subject to certain exceptions, to purchase a portion of any shares of common stock and any warrants, options, debentures or other securities exercisable or exchangeable for or convertible into shares of common stock offered for sale by us. The number of new securities White Winston was entitled to purchase were to be determined pursuant to the terms of the Board Representation Agreement in proportion to White Winston’s interest.

On August 10, 2016, we and our wholly-owned subsidiaries, NAPW, Inc., Noble Voice LLC and Compliant Lead LLC, entered into an Amendment to Master Credit Facility and Consent and Waiver Agreement (the “Amendment”) with White Winston. Pursuant to the Amendment, White Winston consented to the acquisition of our common stock by CFL and the other transactions contemplated by the Purchase Agreement and waived its participation rights and board representation rights under the Board Representation Agreement in connection therewith. In consideration for the Amendment, we agreed that the Pro Rata Warrant shall be fully exercisable, notwithstanding the pro rata formula set forth in the Warrant, and paid a fee of \$15,000. In addition, White Winston granted us an option to repurchase its outstanding, in-the-money Warrants following consummation of the Tender Offer on the terms set forth in the Amendment.



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We were also a party to a Consulting and Monitoring Agreement (the “Consulting Agreement”) with White Winston, pursuant to which we paid to White Winston a monthly monitoring fee at White Winston’s hourly rate and agreed to reimburse White Winston for all reasonable and necessary out of pocket fees and expenses. As of September 30, 2016, we had paid \$138,325 to White Winston under the Consulting Agreement.

On November 7, 2016, in connection with the closing of the Share Issuance, we (i) repaid in full amounts owed under the Master Credit Facility and (ii) terminated the Master Credit Facility and related agreements between us and White Winston, including the Board Representation Agreement. All security interests created under the Master Credit Facility were released upon repayment of the amounts due under and the termination of the Master Credit Facility.

Pursuant to the Warrants, we are registering 246,445 shares of our common stock issued to White Winston upon the exercise of the Warrants. White Winston continues to hold the Fixed \$20.00 Warrant.

## USE OF PROCEEDS

The shares of our common stock being offered by this prospectus are solely for the account of the selling stockholder. We will not receive any proceeds from the sale of these shares by the selling stockholder.

## MARKET PRICE OF OUR COMMON STOCK

Our common stock trades publicly on NASDAQ under the symbol “IPDN”. On February 9, 2017, the last sale price of our common stock as reported on NASDAQ was \$9.90 per share.

The following table sets forth for the periods indicated the high and low sales prices per share of our common stock as reported on NASDAQ: <sup>1</sup>

	<u>High</u>	<u>Low</u>
2014:		
First quarter	\$ 38.00	\$ 22.88
Second quarter	\$ 34.16	\$ 24.88
Third quarter	\$ 46.00	\$ 32.08
Fourth quarter	\$ 40.64	\$ 34.48
2015:		
First quarter	\$ 44.80	\$ 32.64
Second quarter	\$ 39.20	\$ 16.56
Third quarter	\$ 23.36	\$ 4.00
Fourth quarter	\$ 6.48	\$ 4.00
2016:		
First quarter	\$ 4.88	\$ 2.16
Second quarter	\$ 5.04	\$ 3.20
Third quarter	\$ 8.19	\$ 3.60
Fourth quarter	\$ 11.98	\$ 5.28
2017:		
First quarter (through February 9, 2017)	\$ 11.47	\$ 8.64

<sup>1</sup> All share information reflects the 1-for-8 reverse stock split of our common stock effected on September 27, 2016.





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### DIVIDEND POLICY

We have not paid cash dividends on our outstanding common stock, and we do not currently anticipate paying cash dividends on our outstanding common stock in the near future.

While we have no current plans to pay dividends on our common stock, we will continue to evaluate the cash generated by our business and we may decide to pay a dividend in the future. Any future determinations relating to our dividend policies and the declaration, amount and payment of any future dividends on our common stock will be at the sole discretion of our board of directors and, if we elect to pay such dividends in the future, we may reduce or discontinue entirely the payment of such dividends at any time. Our board of directors may take into account general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our board of directors may deem relevant.

In addition, under Delaware law, we may declare and pay dividends on our capital stock either out of our surplus, as defined in the relevant Delaware statutes, or if there is no such surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. If, however, our capital, computed in accordance with the relevant Delaware statutes, has been diminished by depreciation in the value of our property, or by losses, or otherwise, to an amount less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets, we are prohibited from declaring and paying out of such net profits any dividends upon any shares of our capital stock until the deficiency has been repaired.

### SELLING STOCKHOLDER

This prospectus covers the public resale of the shares of common stock received by the selling stockholder named below upon exercise of the Warrants, which we refer to collectively herein as the Shares. The selling stockholder may from time to time offer and sell pursuant to this prospectus any or all of the Shares owned by them, but makes no representation that any of the Shares will be offered for sale. The selling stockholder is not a director, officer or employee of ours or an affiliate of such person. On June 30, 2016, we entered into the Board Representation Agreement with the selling stockholder. Pursuant to the terms of the Board Representation Agreement between us and White Winston, White Winston had the right to designate nominees for election to our Board of Directors from the date the principal amount outstanding under the Master Credit Facility first exceeded \$2,000,000 until such time as White Winston's ownership interest in our common stock (as defined in the Board Representation Agreement) fell below five percent for 60 consecutive days. The Board Representation Agreement limited White Winston to, at most, two nominees, provided that certain terms were met and no event of default had occurred. If an event of default had occurred and was continuing, White Winston had the right to designate two additional nominees for election to our Board of Directors. However, the aggregate number of nominees that White Winston was entitled to designate in no event could exceed (i) 50 percent of the number of directors, rounded down to the nearest whole number, if the Board is comprised of an odd number of Directors, and (ii) one less than half of the number of Directors, if the Board is comprised of an even number of Directors.

On November 7, 2016 in connection with the closing of the Share Issuance, the Company and White Winston terminated the Board Representation Agreement. White Winston never designated any directors.

The table below presents information regarding the selling stockholder and the Shares that the selling stockholder may offer and sell from time to time under this prospectus.

The following table sets forth:

- the name of the selling stockholder;
- the number of Shares owned by the selling stockholder prior to the sale of the Shares covered by this prospectus;

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