

CHILDS JOHN W
Form SC 13D/A
March 27, 2013

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

SCHEDULE 13D
Under the Securities Exchange Act of 1934*
(Amendment No. 2)

Tile Shop Holdings, Inc.

(Name of Issuer)

Common Stock, \$0.0001 par value

(Title of Class of Securities)

88677Q109

(CUSIP Number)

John W. Childs
Bay Colony Corporate Center – North Entrance
1000 Winter Street – Suite 4300
Waltham, MA 02451
(617) 753-1100

Copy to:
Bernard S. Kramer, Esq.
McDermott Will & Emery LLP
227 West Monroe Street
Chicago, Illinois 60606-5096
312-372-2000

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

March 25, 2013

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all

exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

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

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

CUSIP No. 46634Y201

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

John W. Childs

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

OO, PF

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

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

7 SOLE VOTING POWER

NUMBER OF 1,969,597

SHARES 8 SHARED VOTING POWER

BENEFICIALLY OWNED BY 0 shares

EACH 9 SOLE DISPOSITIVE POWER

REPORTING PERSON 1,969,597

WITH 10 SHARED DISPOSITIVE POWER

0 shares

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,969,597

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

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

4.23% (1)

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

(1) The calculation of the foregoing percentage is based on 46,519,123 shares of the Issuer's Common Stock outstanding as of March 1, 2013, according to the Issuer.

This Amendment No. 2 amends and restates, where indicated, the statement on Schedule 13D relating to the Common Stock of the Issuer filed by John W. Childs (the "Reporting Person") with the Securities and Exchange Commission on August 29, 2012, as amended on March 5, 2013. Capitalized terms used in this Amendment No. 1 but not otherwise defined herein have the meanings given to them in the initial Schedule 13D.

This Amendment No. 2 is being made to reflect a decrease in the percentage beneficially owned by the Reporting Person. Except as otherwise set forth herein, this Amendment No. 2 does not modify any of the information previously reported by the Reporting Person in the Schedule 13D.

Item 5. Interests of Securities of the Issuer.

(a) and (b) The information contained on the cover page to this Schedule is incorporated herein by reference.

(c) On March 25, 2013, the Reporting Person agreed to sell warrants to purchase 1,225,132 shares of Common Stock at an exercise price of \$11.50 per share to the Issuer for \$8.41 per warrant.

(e) On March 25, 2013, the Reporting Person ceased to be a beneficial owner of more than 5% of the Common Stock.

Item 7. Material to be filed as Exhibits

1. Warrant Purchase Agreement dated as of March 25, 2013 by and between John Childs and Tile Shop Holdings, Inc.

SIGNATURE

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

Date: March 27, 2013

John W. Childs

By: /s/ Bernard S. Kramer
Bernard S. Kramer
Attorney-in-Fact

WARRANT PURCHASE AGREEMENT

THIS WARRANT PURCHASE AGREEMENT (the “Agreement”), dated and made effective as of March 25, 2013, is entered into by and between JOHN CHILDS, a resident of the state of Florida (“Seller”), and TILE SHOP HOLDINGS, INC., a corporation incorporated and existing under the laws of Delaware (“Company”).

WITNESSETH

WHEREAS Seller is the registered holder of currently-exercisable warrants to purchase 1,225,132 shares of Company Common Stock, par value \$0.0001 per share, at an exercise price of \$11.50 per share (the “Warrants”), and

WHEREAS Seller desires to sell to Company, and Company desires to purchase from Seller, the Warrants, under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained herein, the parties hereto hereby agree as follows:

1. **Sale of Warrants.** Seller hereby agrees to sell, assign, transfer and convey to Company at the Closing all of its rights, title and interest in and to the Warrants, and Company hereby agrees to purchase at the Closing the Warrants from Seller, in consideration of the Purchase Price (as defined in Section 2 hereof). This sale and purchase of the Warrants shall be subject to the terms and conditions, and will be made in reliance upon the representations and warranties, set forth in this Agreement.
 2. **Purchase Price.** In consideration for the transfer of the Warrants from Seller to Company pursuant to Section 1, Company shall pay to Seller at the Closing (as defined in Section 5 below) an amount of immediately available funds equal to Ten Million, Three Hundred Three Thousand, Three Hundred and Sixty Dollars (USD \$10,303,360) (the “Purchase Price”), which represents a price of USD \$8.41 per Warrant. Company shall pay the Purchase Price to Seller by electronic funds transfer to a bank account designated by Seller prior to the Closing.
 3. **Seller’s Representations and Warranties.** Seller represents and warrants to Company as follows:
 - (a) Seller is the registered holder of the Warrants;
 - (b) the Warrants are free of any and all liens, pledges, mortgages, charges, security interests and encumbrances of any kind;
 - (c) Seller has full power, right and authority to enter into and perform its obligations hereunder, and upon Seller’s execution and delivery of this Agreement, this Agreement will constitute the legal, valid, and binding obligations of Seller, enforceable against Seller in accordance with the terms hereof;
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(d) Seller has had access to all information regarding Company and its present and prospective business, assets, liabilities and financial condition that Seller reasonably considers important in making the decision to sell the Warrants, and, to the extent that such information has not been publicly disclosed, agrees to maintain the confidentiality of such information and not to engage in market transactions in the Company's securities on the basis of such information; and

(e) Seller is a sophisticated entity or individual familiar with transactions similar to those contemplated by this Agreement, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of such transactions, has evaluated the merits and risks of selling the Warrants on the terms set forth in this Agreement, and is willing to bear such risks.

4. Company's Representations and Warranties. Company represents and warrants to Seller as follows:

(a) Company's board of directors (the "Board") has (i) determined that this Agreement and the consummation of the transaction contemplated by this Agreement are fair and in the best interests of Company's stockholders and (ii) approved the execution and delivery of this Agreement and the transaction contemplated hereby;

(b) Company has full power, right and authority to enter into and perform its obligations hereunder, and upon Company's execution and delivery of this Agreement, this Agreement will constitute the legal, valid, and binding obligations of Company, enforceable against Company in accordance with the terms hereof;

5. Closing. The closing of the transaction under Sections 1 and 2 hereunder (the "Closing") shall take place concurrently with the execution and delivery of this Agreement, at Fredrikson & Byron, P.A., 200 South 6th Street, Suite 4000, Minneapolis, Minnesota 55402.

6. Closing Deliveries. At the Closing, (a) Company shall pay the Purchase Price to Seller by wire transfer in immediately available funds in United States Dollars (all wire transfer fees to be borne by Company), and (b) Seller shall deliver, or caused to be delivered, to Company the original certificate(s) representing the Warrants.

7. Indemnification. After the Closing, Seller, on the one hand, and Company, on the other hand (each, an "Indemnitor"), shall indemnify and hold harmless the other party hereto and its respective directors, officers, and employees (collectively, the "Indemnitees") from and against all causes of action, claims, losses, liabilities, costs and expenses (including interest, penalties and reasonable legal fees, but excluding any lost profits, indirect, consequential, special or punitive damages) ("Losses") suffered or incurred by the Indemnitees based upon, arising out of, or in connection with, any breach of any representation and warranties or covenants of the Indemnitor under this Agreement. Each party's right of indemnification under this Section 7 shall be the sole remedy that may be sought by the Indemnitee to the Indemnitor, and all other remedies available under law, equity or otherwise shall be excluded. If any claim is asserted or action or proceeding commenced or threatened by a third party against an Indemnitee that would reasonably be expected to give rise to a claim for indemnification by such Indemnitee against the Indemnitor pursuant to this Section 7 (each, a "Third Party Claim"), the Indemnitee shall promptly notify the Indemnitor in writing of such asserted, commenced or threatened Third Party

Claim (with reasonable specificity of the nature of the claim), the amount of the claim (to the extent then known), and the basis for indemnification hereunder; provided that the failure to provide such notice as provided herein will not relieve the Indemnitor of its obligations hereunder except to the extent such failure actually prejudices in any significant respect the Indemnitor hereunder. The Indemnitor shall be entitled to participate in the defense of such Third Party Claim giving rise to such claim for indemnification at the Indemnitor's sole cost and expense. The party controlling the defense of a Third Party Claim (the "Controlling Party") will not consent to the entry of any judgment, or enter into any settlement, compromise, discharge or plea of no contest, with respect to such Third Party Claim, without the prior written consent of the other Party (the "Non-Controlling Party"), which consent shall not unreasonably be withheld or delayed, and the Non-Controlling Party shall not be liable under this Section 7 for any Losses resulting from the Controlling Party consenting to the entry of any judgment, or entering into any settlement, compromise, discharge, or plea of no contest, with respect to such Third Party Claim, without such consent.

8. Further Assurances. Each party hereto shall take such additional actions that the other party hereto reasonably requests to effectuate, record, evidence or perfect the transfer of the Warrants from Seller to Company pursuant to this Agreement or to otherwise effectuate or consummate the transaction contemplated hereby.

9. Entire Agreement. This Agreement and all instruments and agreements executed in connection herewith constitute the entire agreement of the parties hereto with respect to the subject matter hereof.

10. Governing Law; Jurisdiction; Waiver of Jury Trial. (a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to conflicts of laws principles. Any legal action by or against Seller or Company relating to this Agreement shall be instituted and determined exclusively in the federal courts located in the State of Minnesota, to the jurisdiction of which each party hereby expressly and unconditionally and irrevocably agrees to submit. Each of the parties hereby irrevocably waives, and agrees not to assert as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (i) any claim that it is not personally subject to the jurisdiction of the above named court for any reason, (ii) any claim that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such court (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (iii) to the fullest extent permitted by the applicable law, any claim that (1) the suit, action or proceeding in such court is brought in an inconvenient forum, (2) the venue of such suit, action or proceeding is improper or (3) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

(b) EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREBY.

11. Waiver. No waiver of a right under this Agreement shall constitute a waiver of any other rights of the same or other provisions of this Agreement.

12. Survival. All representations and warranties made herein shall survive the execution and delivery of this Agreement and the consummation of the transaction contemplated hereby for twelve months after the Closing.

13. Counterparts. This Agreement may be executed in separate counterparts, each of which, when so executed, is deemed to be an original and both of which, when taken together, constitute but one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

SELLER:

By: /s/ John Childs
Name: John Childs

COMPANY:

TILE SHOP HOLDINGS, INC.

By: /s/ Timothy C. Clayton
Name: Timothy C. Clayton
Title: Chief Financial Officer