

ASPYRA INC
Form S-3/A
July 17, 2008

As filed with the Securities and Exchange Commission on July 17, 2008
Registration Number 333-150599

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to

FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Aspyra, Inc.

(Exact name of registrant as specified in its Charter)

California
(State or other jurisdiction
of incorporation or organization)

95-3353465
(I.R.S. Employer
Identification No.)

26115- A Mureau Road

Calabasas, CA 91302

(818) 880-6700

(Address, including zip code, and telephone number, including area code

of registrant's principal executive offices)

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James Zierick

Chief Executive Officer

Aspyra, Inc.

26115- A Mureau Road

Calabasas, CA 91302

(818) 880-6700

(Name, address, including zip code, and telephone number, including area code of agent for service)

Copies to:

David Manno, Esq.

Sichenzia Ross Friedman Ference LLP

61 Broadway, 32nd Floor

New York, New York 10006

(212) 930-9700

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

If the only securities being registered on this form are to be 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, 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, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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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 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, 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 ☐

Smaller reporting company ☒

(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Class of Securities to be Registered	Amount To be Registered	Proposed Maximum Aggregate Price Per Share (1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, no par value	1,851,945 shares(2)	\$ 0.535	\$ 990,790.58	\$ 38.94*

* Previously paid.

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, using the average of the high and low prices as reported on the American Stock Exchange on April 28, 2008, which was \$0.535 per share.

(2) Represents shares issuable upon exercise of outstanding warrants, which were issued by us to the selling stockholders in a private placement.

The registrant hereby amends this registration statement on such date or date(s) 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, as amended, or until the registration statement shall become effective on such date as the commission acting pursuant to said Section 8(a) may determine.

The information in this prospectus is not complete and may be changed. The 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 it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 17, 2008

PROSPECTUS

ASPYRA, INC.

1,851,945 Shares of Common Stock

The selling stockholders named in this prospectus are offering to sell up to 1,851,945 shares of common stock of Aspyra, Inc., representing shares issuable upon exercise of outstanding warrants, which were issued by us to the selling stockholders in a private placement. We will not receive any proceeds from the resale of shares of our common stock.

The 1,851,945 shares included in this prospectus represent a portion of the aggregate 5,496,646 shares issuable upon exercise of the warrants issued to the selling stockholders in the private placement. This portion was calculated as approximately 33% of the Company's aggregate common shares issued and outstanding less shares held by affiliates of the Company, the selling stockholders, and affiliates of the selling stockholders, which was 5,611,955 shares, as of March 26, 2008, the date of the closing of the private placement.

Concurrently with this offering by the selling stockholders, the Company has registered for resale, by other selling stockholders, pursuant to the Company's Post-Effective Amendment No. 2 to Form SB-2 on Form S-3, SEC File No. 333-134926, 5,400,000 shares of common stock.

Our common stock currently trades on the American Stock Exchange under the symbol APY. On July 14, 2008, the last reported sale price for our common stock on the American Stock Exchange was \$0.55 per share.

The securities offered in this prospectus involve a high degree of risk. See Risk Factors beginning on page 14 of this prospectus to read about factors you should consider before buying shares of our common stock.

The selling stockholders are offering these shares of common stock. The selling stockholders may sell all or a portion of these shares from time to time in market transactions through any market on which our common stock is then traded, in negotiated transactions or otherwise, and at prices and on terms that will be determined by the then prevailing market price or at negotiated prices directly or through a broker or brokers, who may act as agent or as principal or by a combination of such methods of sale. The selling stockholders will receive all proceeds from the

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sale of the common stock. For additional information on the methods of sale, you should refer to the section entitled Plan of Distribution.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is , 2008

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You may only rely on the information contained in this prospectus or that we have referred you to. We have not authorized anyone to provide you with different information. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the common stock offered by this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any common stock in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus nor any sale made in connection with this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information contained by reference to this prospectus is correct as of any time after its date.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus is part of a registration statement that we filed on Form S-3 with the Securities and Exchange Commission or SEC. This prospectus does not contain all of the information in the registration statement and the exhibits and schedules that were filed with the registration statement. You should refer to the registration statement for additional information about us and the common stock being offered in this prospectus. Statements made in this prospectus regarding the contents of any contract, agreement or other document that is filed as an exhibit to the registration statement or any document incorporated by reference into the registration statement are not necessarily complete, and you should review the referenced document itself for a complete understanding of its terms.

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document that we file at the SEC's public reference facilities located at 100 F Street Room 1580, Washington, DC 20549, and at the SEC's regional offices at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661 and Woolworth Building, 233 Broadway New York, New York. Copies of all or any part of the registration statement may be obtained from the SEC upon payment of the prescribed fee. Information regarding the operation of the public reference rooms may be obtained by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to you free of charge at the SEC's web site at <http://www.sec.gov>.

INCORPORATION OF DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information into this prospectus. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information that we incorporate by reference is considered to be part of this prospectus. Because we are incorporating by reference our future filings with the SEC, this prospectus is continually updated and those future filings may modify or supersede some or all of the information included or incorporated in this prospectus. This means that you must look at all of the SEC filings that we incorporate by reference to determine if any of the statements in this prospectus or in any document previously incorporated by reference have been modified or superseded. This prospectus incorporates by reference the documents listed below and any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until the selling stockholders sell all of our common stock registered under this prospectus.

Aspyra, Inc. Filings (File No. 001-13268)

- our annual report on Form 10-KSB for the fiscal year ended December 31, 2007, filed with the SEC on March 31, 2008;
- our quarterly report on Form 10-Q for the three months ended March 31, 2008, filed with the SEC on May 15, 2008;
- our current reports on Form 8-K filed on January 7, 2008, February 1, 2008, February 28, 2008, March 17, 2008, April 1, 2008, June 9, 2008, and July 2, 2008; and
- the description of our common stock, which is contained in the registration statement on Form 8-A filed with the SEC on February 10, 2000.

The information about us contained in this prospectus should be read together with the information in the documents incorporated by reference. You may request a copy of any or all of these filings, at no cost, by writing or telephoning us at Aspyra, Inc., 26115-A Mureau Road, Calabasas, California 91302, attention: chief executive officer, telephone: (818) 880-6700.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus carefully, including, the section entitled "Risk Factors" before deciding to invest in our common stock. Aspyra, Inc. is referred to throughout this prospectus as "Aspyra," "the Company," "we" or "us."

Our Company

Aspyra, Inc., formerly known as Creative Computer Applications, Inc., is a healthcare information technology and service provider that specializes in Clinical Information Systems ("CIS") and Diagnostic Information Systems ("DIS") for

healthcare providers. As a result of its merger with StorCOMM, Inc., a private company, on November 22, 2005, Aspyra broadened its portfolio of products to include the Picture Archive Communication Systems (PACS) products that were developed and sold by StorCOMM. In connection with the merger, the Company changed its name to Aspyra, Inc. and StorCOMM's name was changed to Aspyra Diagnostic Solutions, Inc. (ADSI).

Aspyra's software and services for hospitals and clinic-based laboratories, orthopedic centers, and hospital imaging departments are highly scalable and can be used by a broad variety of healthcare providers. Clinical information is data that is gathered concerning each individual patient's health condition, diagnosis, and treatment that are used by doctors, nurses and other healthcare providers. Such data may include laboratory test results, transcribed reports of radiological or imaging procedures, digital diagnostic images, and other clinical and diagnostic data. Aspyra's products are deployed to provide automation of clinical information and digital diagnostic images that facilitate the operation of clinical departments and allows the rapid recording and processing of information that can be communicated, documented, and delivered to healthcare providers.

Currently, we market a product line that includes a Laboratory Information System (LIS) under the trade name CyberLAB[®], a general purpose PACS system under the trade name AccessNET[®], a Radiology Information System (RIS) under the trade name CyberRAD[®], a RIS/PACS integrated system under the trade name AccessRAD[®], a specialty PACS system under the trade name AccessMED[®], an Anatomic Pathology System under the trade name of CyberPATH[®], a WebGateway[®] portal for physician access to its CIS applications, and other related clinical and diagnostic application modules. In February 2008 we notified our customer base that we will discontinue support in February 2009 of our Pharmacy Information System previously marketed under the trade name CyberMED[®].

Our corporate offices are located at 26115-A Mureau Road, Calabasas, California 91302. Our telephone number is (818) 880-6700 and our website address is www.aspyra.com. Information contained on our website or any other website does not constitute part of this prospectus. Our business consists of three operational areas: (1) Clinical Information System and Diagnostic Information System products, (2) service of our customer's installations, and (3) implementation services. We generate revenues from the licensing of application software, the sale of hardware, and the provision of implementation and long-term post implementation services. We sell our CIS and DIS systems directly through its own sales force in North America, through channel partners and distributor programs with other companies, and has reseller agreements in certain international markets.

This Offering

On March 26, 2008 (the Closing Date), we entered into a Securities Purchase Agreement (the Purchase Agreement), by and among the Company, Jay Weil as collateral agent, and the purchasers named on the signature pages thereto (the Purchasers).

Pursuant to the Purchase Agreement, the Company issued and sold to the Purchasers, all of whom are accredited investors, \$2,775,000 in principal amount of secured convertible notes (the Purchaser Notes) (including \$600,000 in Purchaser Notes that was rolled over from bridge loans), and warrants to purchase 5,045,453 shares of the Company's common stock (Purchaser Warrants). The Purchaser Notes are convertible into shares of the Company's common stock at a conversion price of \$0.55 per share, subject to adjustment in the event of stock splits, stock dividends, and similar transactions. The Purchaser Notes mature on March 26, 2010 (Maturity Date) and bear interest at the rate of 8% per annum compounded on each July 15 and January 15. Interest on the Purchaser Notes is payable on the Maturity Date or on such earlier date as the Purchaser Note is repaid or converted into common stock. The Purchaser Notes cannot be prepaid without the written consent of the holder. Each Purchaser received Purchaser Warrants equal to the total number of shares of common stock initially issuable upon conversion of the related Purchaser Note, which terminate on the third anniversary of the warrant issuance. The Purchaser Warrants have an exercise price of \$0.55 per share subject to adjustment in the event of stock splits, stock dividends, and similar transactions.

Pursuant to the Purchase Agreement, we were required, within 120 days of the Closing Date, to obtain shareholder approval, at a meeting of our shareholders held upon requisite notice and pursuant to the rules and regulations of the American Stock Exchange, for (i) the issuance and/or potential issuance of all shares of common stock which may be issued pursuant to the conversion of the Notes and the exercise of the Warrants equal to 19.99 percent or more of our common stock in connection with the Purchase Agreement, and (ii) amendment of our certificate of incorporation to increase the number of shares of our common stock that we are authorized to issue to 40,000,000 shares (collectively, the

Shareholder Approval). Failure to obtain the Shareholder Approval would have constituted an event of default under the Notes, which could have required the early repayment of the outstanding principal balance of the Notes, and increased the interest rate on the Notes to the default rate of 24% (or the maximum lawful rate). We obtained the Shareholder Approval at our annual shareholder meeting held on June 26, 2008.

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Pursuant to the Purchase Agreement, we granted the Purchasers, for a period of one year from the Closing Date, a pre-emptive right on certain future equity issuances. If we breach this clause of the Purchase Agreement, the Purchasers may redeem their Notes for 125% of the purchase price paid.

Pursuant to the Purchase Agreement, we agreed not to issue, with certain exceptions, equity securities with a purchase price below the initial conversion price of the Notes.

Pursuant to a security agreement entered into in connection with the Purchase Agreement (the Security Agreement), the Purchaser Notes are secured by a security interest in substantially all of the Company's assets, subordinate only to the security interest held in the Company's assets by Western Commercial Bank pursuant to the Company's line of credit with the Western Commercial Bank.

We issued Great American Investors, Inc., the placement agent for the private placement, a note in the amount of \$210,000 (the Broker Note), and together with the Purchaser Notes, the Notes), and warrants to purchase 451,193 shares of our common stock (the Broker Warrants), and together with the Purchaser Warrants, the Warrants). The Broker Notes and Broker Warrants have the same terms as the Purchaser Notes and Purchaser Warrants.

Pursuant to a registration rights agreement entered into in connection with the Purchase Agreement (the Registration Rights Agreement), we agreed to use commercially reasonable efforts to file a registration statement registering the shares of common stock underlying the Notes and the Warrants with the Securities and Exchange Commission (SEC) within 60 days from the Closing Date and use commercially reasonable efforts to have such registration statement declared effective within 90 days from the date on which we file the registration statement (120 days if the registration statement is reviewed by the SEC). In the event that the initial registration statement does not include all of the shares of common stock underlying the Notes and Warrants, the Company will file an additional registration statement registering the allowable balance pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act).

The issuance and sale of the Notes and Warrants was made in reliance upon the exemption provided in Section 4(2) of the Securities Act and/or Regulation D promulgated under the Securities Act. No form of general solicitation or general advertising was conducted in connection with the issuance. Each of the Notes and Warrants contain restrictive legends preventing the sale, transfer or other disposition of such Notes and Warrants, unless registered under the Securities Act, or pursuant to an exemption therefrom.

The 1,851,945 shares of common stock included in this prospectus represent a portion of the aggregate 5,496,646 shares issuable upon exercise of the Warrants. This portion was calculated as approximately 33% of the Company's aggregate common shares issued and outstanding less shares held by affiliates of the Company, the selling stockholders, and affiliates of the selling stockholders, which was 5,611,955 shares, as of March 26, 2008, the date of the closing of the private placement.

Common stock outstanding prior to the offering	12,437,150*
Common stock offered by selling stockholders	1,851,945 shares of common stock shares issuable upon exercise of Warrants)
Common stock to be outstanding after the offering	14,289,095**
Use of proceeds	

We will not receive any proceeds from the sale of the securities hereunder. See Use of Proceeds for a complete description.

* As of April 14, 2008.

** Assumes exercise of 1,851,945 Warrants. Does not include the 5,472,273 shares underlying the Notes or the remaining 3,644,701 shares underlying the Warrants, which are not included in this prospectus.

DOLLAR VALUE OF STOCK UNDERLYING WARRANTS INCLUDED IN PROSPECTUS

The total dollar value of the 1,851,945 shares of common stock underlying the Warrants included in this prospectus is equal to \$777,816.90, based on the closing price of \$0.42 per share on March 26, 2008, the date of the sale of the Notes and Warrants.

PAYMENTS DUE OR MADE UNDER NOTES AND WARRANTS

The tables below set forth the dollar amounts of each payment due that we have made or may be required to make (other than repayment of principal on the Notes) in relation to the transaction to the selling shareholders, any affiliate of a selling shareholder, or any party with whom any selling shareholder has a contractual relationship regarding the transaction:

Payments that have been made:

Party	Payment Reference	Date	Amount
Great American Investors, Inc. (1)	Placement fee	3/26/08	\$ 210,000
Jay Weil (2)	Legal fees (placement agent counsel) and collateral agent fees	3/26/08	\$ 19,500
TOTAL PAYMENTS MADE FOR ALL PARTIES			\$ 229,500

(1) We issued to Great American Investors, Inc. ("GAI"), the placement agent in the private placement, the Broker Note in the amount of \$210,000. The Broker Note has the same terms as the Purchaser Notes. We also issued to GAI 451,193 Broker Warrants on the same terms and conditions as the Purchaser Warrants.

(2) Jay Weil, who was legal counsel for GAI, received a cash fee of \$17,000 from Aspyra for legal services. In addition, Jay Weil received a cash fee of \$2,500 for serving as collateral agent under the Security Agreement

Payments to be made:

Party	Payment Reference	Date	Amount
Bicknell Family Holding Co., LLC	Liquidated Damages*	9/1/08	\$ 18,750
Bicknell Family Holding Co., LLC	Liquidated Damages*	10/1/08	\$ 18,750
Bicknell Family Holding Co., LLC	Liquidated Damages*	11/3/08	\$ 18,750
Bicknell Family Holding Co., LLC	Liquidated Damages*	12/1/08	\$ 18,750
Bicknell Family Holding Co., LLC	Liquidated Damages*	1/2/09	\$ 18,750
Bicknell Family Holding Co., LLC	Liquidated Damages*	2/2/09	\$ 18,750

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Bicknell Family Holding Co., LLC	Liquidated Damages*	3/2/09	\$	18,750
Bicknell Family Holding Co., LLC	Liquidated Damages*	4/1/09	\$	18,750
Bicknell Family Holding Co., LLC	Interest**	3/26/10	\$	212,847.91
TOTAL FOR BICKNELL FAMILY HOLDING				
CO., LLC (1)			\$	362,847.91
Cascoh, Inc.	Liquidated Damages*	9/1/08	\$	1,500
Cascoh, Inc.	Liquidated Damages*	10/1/08	\$	1,500
Cascoh, Inc.	Liquidated Damages*	11/3/08	\$	1,500
Cascoh, Inc.	Liquidated Damages*	12/1/08	\$	1,500
Cascoh, Inc.				