

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## DOCUMENT SECURITY SYSTEMS INC

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Corporate Issuer CIK: 771999

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

**SCHEDULE 14A**  
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of The Securities Exchange Act of 1934

Filed by the Registrant ☐

Filed by a Party other than the Registrant ☒

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☐ Definitive Proxy Statement
- ☒ Definitive Additional Materials
- ☐ Soliciting Material Under Rule 14a-12

**DOCUMENT SECURITY SYSTEMS, INC.**

(Name of Registrant as Specified in Its Charter)

**J. MARVIN FEIGENBAUM  
BARINDER ATHWAL  
BRIAN MIRMAN**

(Name of Persons(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(4) Date Filed:

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On November 25, 2019, J. Marvin Feigenbaum, Barinder Athwal and Brian Mirman (collectively the "Concerned Shareholders") released an informational presentation to Institutional Shareholder Services (ISS) and to Glass Lewis & Co. . A copy of the presentation is attached hereto as an Exhibit.

The presentation may also be accessed at [www.saratogaproxy.com/concernedshareholders](http://www.saratogaproxy.com/concernedshareholders)

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**The Concerned Shareholders of  
Document Security Systems**

**November 25, 2019**

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## Executive Summary

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- DSS has underperformed every major stock index in the United States over the short and long term, as well as underperforming in the printing space, its only major source of revenue. In the last 6 months DSS has lost 70% of market value.
- Chairman Heng Fai Ambrose Chan (“Chairman Chan”) and the rest of the board should be held accountable for recently wasting millions of dollars of shareholder money to primarily cover losses (Q3- See Liquidity & Capital Resources) with two ill-advised highly dilutive offerings that have massively destroyed stockholder value in less than 6 months. Did the Board even consider other strategic alternatives?
- The DSS Board is not fully transparent in its financial disclosures and has not ever been responsive to shareholder concerns, while it has been consistently deficient in its internal controls. The company has 4 divisions, yet only segments the packing and printing, as well as the plastics division, while it combines the other three segments into one single entity called technology for reporting purposes.
- At the current rate of losses as per Q3, DSS will burn through their cash in the next three quarters. As such, we believe they will be required to raise cash in the next two quarters. Will DSS continue to dilute shareholder value just to fund losses?

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## Executive Summary

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- Do not be misled! This is NOT a new Board and NOT a new executive management team. Five board members have resigned since DSS entered into the highly dilutive stock offerings. While they did not claim they left for any specific disagreements, shareholders should ask themselves how many times they have ever seen such a fact pattern? We believe Chan has consolidated power by purchasing stock in the stock offerings at pennies to the dollar based on the price prior to the first ill-advised offering in Q2 - and by stacking the board with individuals with ties to him, including the CEO.
- DSS diluted existing stockholders by another 20% on the last trading day prior to the record date for the Annual Meeting when the Chairman purchased all of the shares. Shareholders should ask themselves - was this a desperate last-minute entrenchment tactic?
- **The diverse slate of nominees put forth by the Concerned Shareholders all have direct experience in matters related to the needs of DSS now and in the future.**
- **The Concerned Shareholders recommend that DSS Shareholders Vote the BLUE proxy card.**

## DSS's Board has Overseen Sustained Stockholder Value Destruction

### 1-, 3-, 5- and 10-Year Total Shareholder Return<sup>1</sup>

	1-Year	3-Year	5-Year	10-Year
<b>DSS</b>	<b>-63.9%</b>	<b>-57.2%</b>	<b>-85.9%</b>	<b>-96.3%</b>
<b>NYSE</b>	10.87%	24.2%	21.9%	89.7%
<b>Nasdaq</b>	22.2%	58.2%	80.8%	297.0%

**DSS has substantially underperformed over the past 1-, 3-, 5-, and 10-year periods, resulting in devastating stockholder value destruction**

<sup>1</sup> Data as of end date of 11/22/19

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**DSS was trading above \$1 a share in May 2019 and chose to do a highly dilutive stock offering at a greater than a 50% discount to market value**

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- Rather than selling assets or utilizing other ways to raise capital, DSS in Q2 chose to place 11,200,000 shares at \$0.50, which was a huge discount to the then price per share of more than \$1. This increased the issued and outstanding shares to almost 30M shares creating tremendous dilution for the shareholders as reflected in the stock price.
- DSS claimed at the time that the money raised through the offering would fund operations through 2020.

*"We believe that our \$5.7 million in aggregate cash and equivalents and restricted cash as of June 30, 2019 will allow us to fund our current and planned operations through 2020." Q2 report.*

- If the newly raised funds were supposed to last through 2020, why did DSS do another dilutive offering in Q3 exclusively to the Chairman at even lower prices (\$0.30) the day prior to the record date for the 2019 Annual Meeting? Was this an entrenchment tactic? Or an admittance of a faulty strategy?

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## The Most Recent November 1<sup>st</sup> Stock Offering

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- The DSS board approved, a mere four months thereafter and after watching the share price drop by an additional 40% after the over 50% decrease in stock price following the June offering, another self-serving issuance of 6 million shares to Mr. Chan at a nominal premium to the very low market price. It seems that the DSS Board is only capable of taking decisions that have the result of *decreasing* shareholder value rather than increasing it.
- In the public filings made with the SEC on November 1, 2019 relating to this issuance of 6 million shares, no disclosure was made as to the use of proceeds of the offering. We ask--- are the recently raised capital earmarked to fund any large Customer purchases; increase executive and board compensation; or perhaps allocated to the exercise of options by DSS to purchase additional equity interests in companies in which Mr. Chan is a principal?

**Based on the publicly available information, we ask what possible legitimate corporate purpose can be attributed to the private placement of 6 million shares to Mr. Chan on November 1, 2019, the last business day before the record date of November 4, 2019? We have no good answer to that question.**

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## Document Security Systems is Heavily Concentrated in One Space

**DSS is comprised of 5 segments plus Corporate;**

1. Packing & Printing (85% of revenue)
2. Plastic Group
3. Digital Group
4. Technology Management – patent monetization program
5. International

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## DSS Board Has Overseen a Major Deterioration in Revenues

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- As per DSS's Q3 Report, revenue from the printed products business in Q3, which represents 85% of DSS total revenue, decreased approximately 20%.
- Their net losses for this same period increased more than 203% from \$412K in 2018 to \$1.25M in 2019.
- **DSS is heavily reliant on two customers.** DSS readily admits that in the 9 months ending September 30, 2019 vs. 2018, the Company is more heavily reliant on two customers who represent 44% of revenues and 34% of receivables as opposed to last year where the two customers only represented 39% of revenues and 28.6% of receivables. This increased reliance on these two customers puts DSS at great risk.



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## How can DSS claim its Exiting its IP Business in a November Press Release....

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**...WHEN ACCORDING TO ITS Q3 REPORT IN MID-SEPTEMBER ON THREE CONSECUTIVE DATES, DSS FILED PATENT INFRINGEMENT LAWSUITS AGAINST THREE COMPANIES?**

From Q3...

"To date, most of settlements or payments received from defendants have been remitted to the Company's third-party funders in accordance with the terms of those respective funding agreements."

**This alone will require millions of dollars in ongoing legal fees.**

**Without the proper expertise, based on its historical track record this trend will not improve.**

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**Despite the Dilution Caused by the Recent Stock Offerings, the Board Approved a Highly Dilutive Stock Option Plan and Wants You to Approve it! (Proposal 3)**

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**The DSS Board is asking Shareholders to approve a highly dilutive stock option plan that will allocate 20% of the outstanding shares EACH YEAR for the next TEN YEARS!**

**From the 2019 Proxy Statement:**

“The 2020 Incentive Plan provides for the issuance of shares of Common Stock, including shares that may be issued related to the exercise of options awarded under the 2020 Incentive Plan, in an amount up to twenty percent (20%) of the total issued and outstanding shares of Common Stock as of December 31, 2019 (with additional shares to be authorized every first day of the next fiscal year in accordance with the 2020 Incentive Plan’s evergreen provision). The 2020 Incentive Plan shall be effective for 10 years, unless earlier terminated.”

**This is an insult to long-suffering stockholders, and we believe provides another reason to vote the entire Board out.**

## The Current DSS Nominees are Not Independent and have Ties to Chairman Chan

### DSS 2019 Proxy Statement

*"Each of Lo Wah Wai, John Thatch, Sassuan Lee, Jose Escudero and William Wu were recommended for election by the Company's Chief Executive Officer, Chairman of the Board and/or the Nominating and Corporate Governance Committee at the time of their respective prior appointments to the Board."*

*"The Company has determined that each of William Wu, Joseph Sanders, Sassuan Lee and Jose Escudero qualify as independent directors (as defined under Section 803 of the NYSE American LLC Company Guide)."*

- **We question how the DSS Board could have determined the Board members are independent**

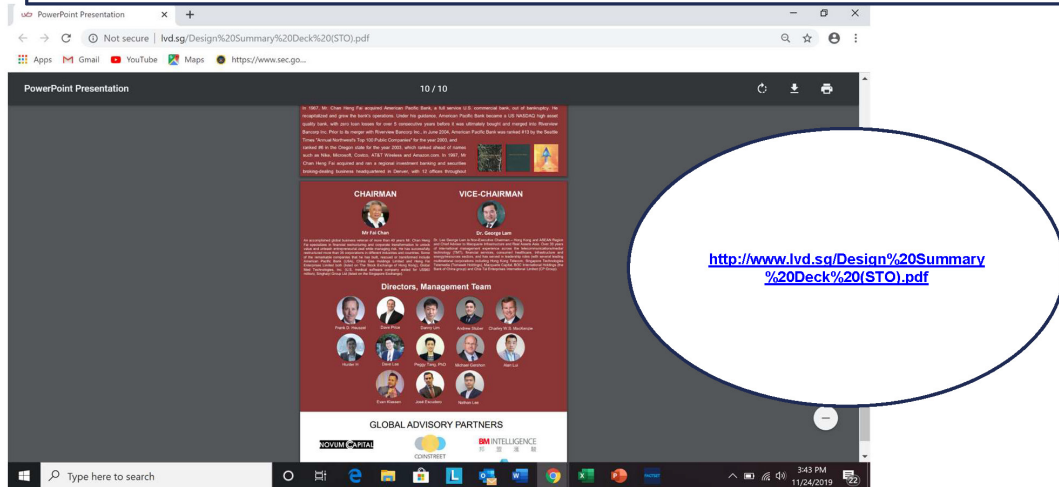
- **Both Lo Wah Wai and John Thatch each have ties to Chairman Chan...**

- Thatch - <https://www.networknewswire.com/clients/sharing-services-global-corporation/?symbol=shrv>
- Wai - <http://fai185.com/pre/present-companies/bm-intelligence-securities-limited>

- ....But so do the alleged independent directors.... 

## The Current DSS Board is Not Independent and have Ties to Chairman Chan

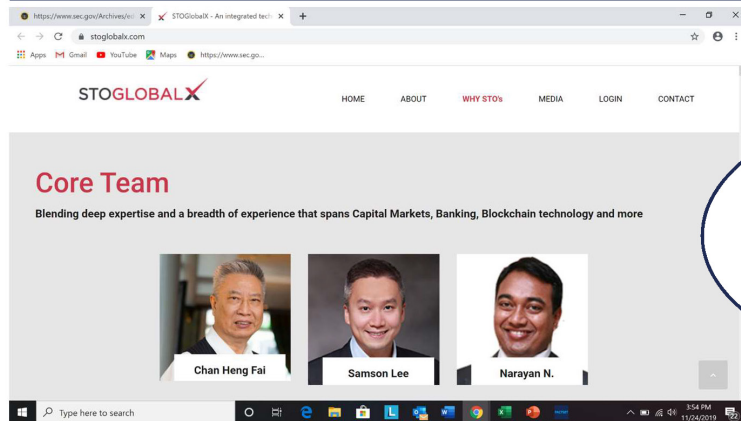
The company claims Jose Escudero is independent but here he is listed as part of the management team (with DSS CEO Frank Heuszel) at Chairman Chan's Liquidvalue Development



The screenshot shows a PowerPoint presentation slide titled "Directors, Management Team". The slide is divided into two main sections: "CHAIRMAN" and "VICE-CHAIRMAN". Below these, there is a section for "Directors, Management Team" which lists several individuals with their names and titles. At the bottom of the slide, there is a section for "GLOBAL ADVISORY PARTNERS" which lists several firms. A large oval is drawn over the slide, containing the URL: [http://www.lvd.sg/Design%20Summary%20Deck%20\(STO\).pdf](http://www.lvd.sg/Design%20Summary%20Deck%20(STO).pdf). The slide is displayed in a web browser window, and the Windows taskbar is visible at the bottom.

## The Current DSS Board is Not Independent and have Ties to Chairman Chan

The company claims Sassuan (Samson) Lee is an independent director but here he is on the core team of STOGlobal X with Chairman Chan



<https://www.stoglobalx.com/>

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**The Current DSS Board is Not Independent and have Ties to Chairman Chan**

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We believe shareholders have a right to ask whether William Wu  
Wai Leung has any ties to Chairman Chan?

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## The Current Board is Not Independent and has ties to Chairman Chan

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### EVEN THE CEO HAS TIES TO CHAIRMAN CHAN...

- According to the 2019 Proxy Statement, the Company's current CEO, Frank Heuszel, joined the board as an "independent director" and "served as Chair of the Audit Committee" while the company was deficient in its internal controls. Frank knows Chairman Chan from American Pacific Bancorp, where Chairman Chan is the Executive Chairman and Frank was the CEO. <http://amerpacbancorp.com/>
- And here from a presentation dated August 2019, Frank Heuszel, the full-time CEO of DSS, is listed as part of the management team of a SeD Home, Inc., where Chairman Chan is also listed as the Chairman of SeD Home, Inc. a company that apparently aims to go public. <http://www.sedhomeinc.com/SeD-Home-Inc.-Deck-8.8.19.pdf>

The Concerned Shareholders don't believe Frank Heuszel is the appropriate CEO for the DSS of tomorrow

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## A Diverse Slate of Experienced & Accomplished Individuals

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**J. Marvin Feigenbaum**, age 69, serves, since October 2014, as the Chief Executive Officer of Group F Holdings LLC, which provides general business consulting services and has historically invested in financially distressed companies. From 2002 until September 2014, Mr. Feigenbaum served, as chief executive officer of a privately-held technology company. From June 1994 through March 2005, he was chief executive officer and Chairman of the Board of United Diagnostic Inc., a publicly traded company. From October 2003 to January 2004, he served as interim chief executive officer of Amedia Networks, Inc. (f/k/a TTR Technologies, Inc.), then a publicly traded company. In addition, from 1982 to 1987, Mr. Feigenbaum served as chief executive officer of Temco Home Healthcare Products Inc., which was then a publicly-traded company. Mr. Feigenbaum guest lectured at Yale University and UCLA in the graduate program on restructuring and recapitalization of financially distressed companies.

**David Sterling**, age 63, has been the Chief Executive Officer of Sterling & Sterling LLC d/b/a SterlingRisk for the past 40 years. SterlingRisk is one of the largest national insurance brokers and a leading provider of risk management services, comprised of more than 200 professions in eight regional offices across the United States. Mr. Sterling routinely lectures on insurance and taught at the American Management Association. Mr. Sterling received a BA degree in Finance from Hofstra University.



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## A Diverse Slate of Experienced & Accomplished Individuals

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**Giles Hunt**, age 64, has been, for over 30 years, an independent investor and has, through a career spanning over 30 years, advised clients on acquisitions and capital raising efforts. Mr. Hunt has been the CEO at Lanikai Financial from January 2008 to the present day. In this capacity, he conducted competitive analyses, primary and secondary research, and presented recommendation on business and product lines for a private equity firm. Additionally, he performed cost and profitability analysis for business. Prior to that, Mr. Hunt served as chief operating officer and chief financial officer of Privee Capital Management Hawaii from March 2001 to December 2007. Mr. Hunt was the Founder and chief executive officer of Business Loan Marketing Corporation from November 1999 to January 2001. Mr. Hunt received his BA from Hamilton College; a JD degree from the University of Pennsylvania and an MBA from the Wharton School of Business.

**Kerri Ruppert Schiller**, age 60, has served as a financial executive for more than 30 years. During this period, Ms. Schiller has also had oversight of IT and technology in multiple healthcare settings. Since 1998, she has been associated with Children's HealthCare of California, a children's healthcare system including two children's hospitals located in Southern California, where she currently serves as Executive Vice President and Chief Financial Officer (since September 2017) and previously from 1998 as Senior Vice President and Chief Financial Officer. Prior to that, she was associated with Comprehensive Care Operations, a national for-profit corporation (NYSE-American) engaged in the ownership, operation, and management of in-hospital programs as well as HMO activities in multiple states, where she held progressive positions with last served as Senior Vice President and Chief Financial Officer. Ms. Schiller currently also serves as the Chair of the Board for the California State University, Fullerton Philanthropic Foundation. Ms. Schiller received a BA with an emphasis in accounting from California State University, Fullerton

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## A Diverse Slate of Experienced & Accomplished Individuals

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**Jay P. Moskowitz**, age 75, is the COO, International Operations of Neogrid, SA, a Brazilian software development company, a position he has held since January 2016. NeoGrid is an industry leader providing digital B2B supply chain management solutions. From 2009 to December 2015, he was CEO of Neosys International, a consulting company emphasizing technologies that support the optimization of supply chain performance and synchronization between each link in the chain. Prior thereto he held various senior positions in management and consulting roles, including CEO of a global management consulting company. Mr. Moskowitz received a B.A. from Hunter College, an M.A. from University of Pennsylvania, and an M.A. and Ph.D from the University of Rochester.

**Joy C. Booker**, age 48, is the Senior Vice President of Client Relations at PineBridge Investment, a multi-asset class investment management firm with over \$85 billion in assets, a position she has held since September 2011. Ms. Booker is responsible for business development, client on-boarding, account management, client communication and overall service delivery for a range of client types. Prior to that time, she held various senior positions in investment management roles, including Deputy Chief of Staff in the Office of the CEO of Mercer (from July 2010 to September 2011), a Consultant for Women's World Banking (from December 2009 to March 2010) and Vice President of the Institutional Sales and Marketing division of Madison Square Investors at New York Life Investment Management & Insurance Company (from April 2004 to June 2009). Ms. Booker served as Corporate Vice President for New York Life for the period from August 1998 to March 2004. From 1994 to 1998, Ms. Booker was affiliated with Price Waterhouse, Deloitte & Touche as team lead and ultimately the manager of large-scale e-commerce projects primarily within financial services industry. Ms. Booker received a B.S. in Computer Science from Binghamton University and an MBA from Columbia University School of Business.

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## A Diverse Slate of Experienced & Accomplished Individuals

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**Sherman Lee**, age 60, has been, since October 2010, an Engineering Design Consultant for FMJ Storage, Inc., which designs high reliability NAND and NOR flash-based storage products for the Industrial and military storage markets. In addition he served as VP of Engineering at Montana Systems, Inc. from June 2014 to November 2018. He also served as CTO of 248 SolidState from December 2006 to March 2010. Prior, thereto, Mr. Lee served in various engineering positions. Mr. Lee received his B.Sc. in Computer Science and Electrical Engineering with honors from the University of California. Mr. Lee currently holds more than 70 patents in the technology field.

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## The Concerned Shareholders Have a Plan to Greatly Increase Shareholder Value

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- The Concerned Shareholders have nominated a slate of highly-qualified individuals each with a particular skill set that is highly relevant to DSS. We believe that collectively, our ethnic and gender diverse slate, offers DSS shareholders a far greater slate of individuals to be stewards of their investment than the current slate of conflicted individuals.
- The bulk of DSS revenue comes from the non-growth industry (in the US) of printing vs. the growth industry of technology. The Concerned Shareholders have individuals who specialize in technology, and patent enforcement and enrichment, and who offer a far greater breadth and depth of specific experience than the current board.
- Instead of diluting stockholders, which only benefited insiders, the Concerned Shareholders, would have considered selling assets like the printing business, which we believe would have raised more capital than DSS raised, without the dilution, and given the company the opportunity to expand and grow in industries that reflect the current trends in growth.

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## The Concerned Shareholders Plan for the First 100 Days

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- **The slate of nominees proposed by the Concerned Shareholders would review in a very detailed manner each existing division and decide which ones to grow and which ones to eliminate to raise additional non-dilutive capital.**
- **Name a new Executive Management team and interim CEO from within our slate and begin a search for a new permanent CEO.**
  - Turnaround requires the following three stages:
    - Making the company profitable through thorough review of operations
      - \$\$ descending expenditure analysis
    - Stabilization through communication and creation of a strategic plan with buy in from employees and management.
    - Rapid & exponential growth through execution of plan
- **Implement best in class corporate governance and increase transparency.**

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## Contacts / How to Vote the BLUE Proxy

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Saratoga Proxy Consulting  
520 8th Avenue, 14th Floor  
New York, NY 10018  
(212) 257-1311

*Shareholders call toll free at (888) 368-0379*

*Email: [info@saratogaproxy.com](mailto:info@saratogaproxy.com)*

1. Only your latest date vote counts. If you have already voted a white proxy from the company, a later-dated BLUE proxy card or BLUE voting instruction form will revoke your previously cast vote.
2. Vote each and every BLUE voting form you receive. Toss the white card.
3. Please vote by internet or telephone using the control number listed on the BLUE card only.