

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

DOCUMENT SECURITY SYSTEMS INC

Form: 8-K

Date Filed: 2020-03-17

Corporate Issuer CIK: 771999

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 12, 2020**

DOCUMENT SECURITY SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction
of incorporation)

001-32146
(Commission
File Number)

16-1229730
(IRS Employer
Identification No.)

**200 Canal View Boulevard
Suite 300
Rochester, NY**
(Address of principal executive offices)

14623
(Zip Code)

Registrant's telephone number, including area code: **(585) 325-3610**

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Ticker symbol(s)	Name of each exchange on which registered
Common Stock, \$0.02 par value per share	DSS	The NYSE American LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On March 12, 2020, Document Security Systems, Inc. (the "Company") entered into a binding term sheet (the "Term Sheet") with DSS BioHealth Security, Inc., a Delaware corporation and wholly owned subsidiary of the Company ("DBHS"), Global BioMedical Pte Ltd, a Singapore corporation ("GBM"), and Impact BioMedical Inc., a Nevada corporation and wholly owned subsidiary of GBM ("Impact"). Pursuant to the Term Sheet, the Company will acquire Impact, a company engaged in the development and marketing of biohealth security technologies, in a proposed share exchange transaction with a purchase price capped at \$50 million, subject to completion of due diligence and an independent valuation. In consideration of 100% of Impact, the Company will issue GBM (i) up to 14,500,000 shares of its common stock, par value \$0.02 (the "Common Stock"), at a price of \$0.216 per share (valued at \$3,132,00), and (ii) perpetual convertible preferred stock ("Convertible Preferred Stock") for the remaining balance of the purchase price, as adjusted by the independent valuation and subject to a 19.9% blocker based on the total issued outstanding shares of Common Stock held or to be held by GBM.

Pursuant to the Term Sheet, in consideration for the Convertible Preferred Stock, the Company will have certain rights, including appointing members of the Board of Directors of Impact, as set forth in the Term Sheet. In addition, the Term Sheet and closing conditions are subject to both the Company and GBM having obtained approvals from their respective shareholders and relevant stock exchanges, as well as an independent audit, which shall be included in the pending proxy for shareholder vote.

GBM is a 100% owned subsidiary of Singapore eDevelopment Limited whose Chief Executive Office and largest shareholder is Heng Fai Ambrose Chan, the Chairman of the Board and largest shareholder of the Company. As such, the above transactions constitute related party transactions which have been duly approved by the Company's Board of Directors and Audit Committee.

Item 8.01 Other Information.

On March 12, 2020, the Company issued a press release announcing the terms of the Term Sheet. A copy of this press release is filed as Exhibit 99.1 hereto, and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number	Exhibit
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99.1	Press Release issued March 12, 2020
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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

DOCUMENT SECURITY SYSTEMS, INC.

Dated: March 17, 2020

By: /s/ Frank D. Heuszel

Name: Frank D. Heuszel

Title: Chief Executive Officer and Interim Chief Financial Officer

Document Security Systems, Inc. Enters into Letter of Intent To Acquire Impact Biomedical, Inc.

March 12, 2020

ROCHESTER, N.Y., March 12, 2020 (GLOBE NEWSWIRE) — Document Security Systems, Inc. (DSS) (NYSE American: DSS), a leader in anti-counterfeit, authentication and diversion protection technologies, today announced that it has entered into a binding term sheet to (“Term Sheet”) acquire Impact Biomedical, Inc. (IMPACT), a company engaged in the development and marketing of biohealth security technologies, in a proposed share exchange transaction with a purchase price capped at \$50 million, subject to completion of due diligence and an independent valuation. According to the terms of the Term Sheet between the parties, DSS will issue up to 14.5 M shares of common stock and a perpetual convertible preferred stock to which DSS will have certain customary rights and requirements, including appointing members of the Board of Directors of IMPACT. The preferred stock will be convertible at \$0.216 per share and have a 19.9% blocker.

The Term Sheet and closing conditions are subject to both DSS and GBM having obtained approvals from their respective shareholders and relevant stock exchanges, whereby an independent audit of IMPACT shall be included in the pending proxy for shareholder vote. The Term Sheet further lay out the intention to give a dividend of IMPACT shares to the shareholders (excluding the controlling shareholders of DSS and the chairman’s group of companies). The proposed bonus being, for every one DSS share held, the shareholder will be entitled to a bonus of two IMPACT shares. Following that, IMPACT is to pursue an initial public offering.

Frank D. Heuszel, CEO of DSS stated, “We are pleased to proceed with this exciting expansion of our security product coverage into biohealth security technologies with IMPACT’s impressive technology mix. This acquisition comports with DSS Chairman Heng Fai Ambrose Chan’s vision of enhancing the value of DSS with complementary and poignant product offerings, especially in these challenging days of the need for products that assist in the mitigation of Coronavirus, such as Impact Biomedical’s Equivir product which has been shown in studies to be effective as an antiviral against a broad range of viruses including in vitro efficacy against multiple strains of Influenza (H1N1, H3N2, H5N1, H7N9, Influenza B, Parainfluenza 3), Human Rhinovirus-14, Human Coronavirus-A, and Ebola. Equivir’s abilities to inhibit viruses via multiple targets have prompted further studies to test Equivir as a potential treatment of COVID-19, the disease caused by the pandemic novel coronavirus SARS-CoV2. We are heading into a new era of security where we are constantly adapting to the dynamic and ever changing landscape.

Mr. Chan leadership and belief in DSS’ ongoing mission are paramount in this acquisition and we look forward to proceeding down the path to closing and assimilating the IMPACT business in kind.”

Jason Grady, DSS’s Chief Operating Officer, commented: “DSS is continuing to pursue its strategy of diversification and this acquisition represents the dedicated efforts of our team to identify assets that we expect will be accretive to our business while approaching the structural acquisition thereto with creativity and an eye towards creating lasting shareholder value. We are pleased to advance our business expansion efforts with IMPACT to continue leading the way in industry security technologies.”

About Document Security Systems, Inc. (DSS)

For over 15 years, DSS has protected corporations, financial institutions, and governments from sophisticated and costly fraud. DSS' innovative anti-counterfeit, authentication, and brand protection solutions are deployed to prevent attacks which threaten products, digital presence, financial instruments, and identification. AuthentiGuard®, the company's flagship product, provides authentication capability through a smartphone application so businesses can empower a wide range of employees, supply chain personnel, and consumers to track their brands and verify authenticity. For more information on DSS visit <http://www.dsssecure.com>.

Investor Contact:

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Safe Harbor Disclosure

This press release contains forward-looking statements that are made pursuant to the safe harbor provisions within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include, but are not limited to, statements related to the Company's ability to complete the financing, its intended use of proceeds and other statements that are not historical facts. Forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that may cause actual results or events to differ materially from those projected. These risks and uncertainties, many of which are beyond our control, include: the risk that the public offering of common stock may not close; risks relating to our growth strategy; our ability to obtain, perform under and maintain financing and strategic agreements and relationships; risks relating to the results of development activities; our ability to attract, integrate and retain key personnel; our need for substantial additional funds; patent and intellectual property matters; competition; as well as other risks described in the section entitled "Risk Factors" in the prospectus and in the section entitled "Risk Factors" and elsewhere in our Annual Report on Form 10-K filed with the SEC on March 15, 2019 and in our other filings with the SEC, including, without limitation, our reports on Forms 8-K and 10-Q, all of which can be obtained on the SEC website at www.sec.gov. Readers are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date on which they are made and reflect management's current estimates, projections, expectations and beliefs. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations or any changes in events, conditions or circumstances on which any such statement is based, except as required by law.
