

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

ZYNEX INC

Form: 8-K

Date Filed: 2016-02-11

Corporate Issuer CIK: 846475

**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): February 4, 2016

Zynex, Inc.

(Exact name of Registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

33-26787-D
(Commission
File Number)

90-0275169
(I.R.S. Employer
Identification No.)

**9990 Park Meadows Drive
Lone Tree, Colorado**
(Address of principal executive offices)

80124
(Zip Code)

Registrant's telephone number, including area code: (303) 703-4906

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:

- 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))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 1, 2016, Mr. Michael Hartberger, age 52, will commence employment at Zynex, Inc. (the "Company") to serve as the Company's Chief Operating Officer. As such, Mr. Hartberger will report to the Company's Chief Executive Officer, Thomas Sandgaard, and Mr. Hartberger will be in charge Company's operations, principally Zynex Medical, Inc. ("ZMI") electrotherapy products. The Company closed its Pharmazy division in January 2016. Mr. Hartberger will also assist Mr. Sandgaard in dealing with the Company's announced liquidity challenges due to low revenues and limited availability of borrowings under its existing revolving credit facility. Notwithstanding the Company being in covenant defaults under the terms of the loan agreement, the lender (TBK Bank, SSB) has continued to make advances to the Company based on cash collections and the Company has been able to utilize its key bank accounts.

Mr. Hartberger has more than 25 years' experience in multiple industries with proven leadership in operations, general management and finance roles from start-up support to M&A and divestitures. Mr. Hartberger worked in various areas of business operations, including business and operations strategy, operations planning, quality systems, cultural change and organizational development. Prior to joining the Company, Mr. Hartberger previously worked as Chief Operating Officer and Chief Financial Officer for Peak 10 Publishing LLC. From 2013 to 2015, Mr. Hartberger worked as the Chief Operating Officer of Summit Container Corporation. Prior to working with Summit Container Corporation, Mr. Hartberger spent 12 years (from 1998 to 2010) with Plantronics, Inc. (NYSE:PLT), in two of their divisions (Clarity and Altec Lansing), he acted as Vice President of Operations, Vice President of Finance/Accounting and Director of Finance, Administration and Operations. From 1990 to 1998, Mr. Hartberger worked at Greentree Investment Corporation, in which he held various senior-level positions, with the last being Vice President/General Manager for one of Greentree Investment Corporation's portfolio companies. Mr. Hartberger holds a Bachelor of Science degree in Accounting from Clarion University of Pennsylvania and executive studies from Harvard Law, Darden Graduate School of Business, Belmont Graduate School of Business and Slone School of Management (MIT).

There were no arrangements or understandings between Mr. Hartberger and any other person pursuant to which he was appointed as Chief Operating Officer and there is no family relationship between Mr. Hartberger and any officer or director of the Company. There have been no transactions between Mr. Hartberger and the Company required to be disclosed by Item 404(a) of Regulation S-K.

Offer Letter

The Company and Mr. Hartberger entered into an employment offer letter (the "Offer Letter") for this position on January 12, 2016. The Offer Letter does not provide for employment for a specified term and Mr. Hartberger's employment will be on an at-will basis. As described above, Mr. Hartberger's start date will be February 1, 2016.

The Offer Letter provides for an initial base salary of \$200,000. The Offer Letter also provides that Mr. Hartberger may earn an incentive bonus in addition to his base salary consisting of combination of cash and stock options based on his achievement of certain target results for 2016. Mr. Hartberger, dependent on meeting certain eligibility requirements, may also participate in the Company's employee benefit plans.

Pursuant to the Offer Letter, Mr. Hartberger was awarded stock options for 200,000 shares of common stock under the Company's stock incentive plan, which vest over 4 years and are exercisable until January 31, 2026 at a strike price of \$.39 per share. Mr. Hartberger's at-will employment was approved by Mr. Sandgaard (the sole member of the Company's Board of Directors) on January 12, 2016.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

11.1 Employment Offer Letter to Michael Hartberger dated January 9, 2016.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Zynex, Inc.

Date: February 9, 2016

By: /s/ Thomas Sandgaard

Thomas Sandgaard
Chief Executive Officer



Attn. Michael Hartberger

January 9, 2016

Michael, it is a pleasure to offer you the position as Chief Operating Officer with Zynex Medical.

This position reports to Thomas Sandgaard, Chief Executive Officer.

The Chief Operating Officer position is a Full-time, Exempt position with a starting annual base salary will be \$200,000 annually, less applicable taxes and withholdings, paid semi-monthly with a start date of February 1, 2016. You are also eligible to earn incentive bonuses as detailed below. To qualify for the incentive bonus, you must remain employed with the Company through the date that the incentive bonus is paid. Annual reviews will be the basis for adjustments to your compensation plan, including base salary, future goals and incentives.

Zynex Medical currently offers a very competitive benefits package. At present, our benefits program includes medical, dental, life and paid time off (PTO). All insurance benefits are effective the 1st of the month following 60 days of employment. You will also be eligible for a cellphone expense reimbursement and company use of own vehicle per government rate, up to \$300/month.

All new hire/enrollment forms must be completed as soon as possible in order for insurance benefits to become effective as outlined above. You and your dependents may be subject to certain enrollment and benefit restrictions as well as pre-existing condition limitations if you fail to comply with this request. Zynex Medical, Inc. reserves the right to modify or withdraw its benefit package at any time. You will have 4 weeks of PTO/Vacation annually. 2016 PTO/Vacation will be 3.66 weeks or 18.33 days plus any company provided holidays due to the February 1 start date. Then in 2017 it is a full 4 weeks.

In order to comply with the U.S. Citizenship and Immigration Services requirements, we require that you bring with you two forms of identification or a valid US Passport so that we can have this information on file. In addition, we request that you provide us with a copy of your social security card for payroll processing purposes; this document may serve as one of the forms of identification required for USCIS compliance.

This letter is not a contract of employment. Zynex Medical policy is that all employees are at-will employees and either you or Zynex Medical may terminate the employment relationship at any time for any or no reason. No officer, representative or employee of Zynex Medical has any authority to make any pre-employment agreements or employment contracts of any kind, or to modify the terms and conditions of your employment except upon CEO approval.

I am excited to have you join us at Zynex Medical. Please indicate that you have read, understood, and accept the contents of this letter by signing below. This offer will be void if not accepted within three (3) business days from the date of this letter, unless other arrangements have been made between us. Should you have any questions, please do not hesitate to call me directly at 303-907-8564 or at Zynex 303-703-4906.

Sincerely,

/s/ Thomas Sandgaard

Thomas Sandgaard

Founder, Chairman and Chief Executive Officer

/s/ Michael Hartberger

Date: 1/12/16

Michael Hartberger

Goals and Incentives:

Sign-on Stock Options: 200,000 Employee Incentive Stock Options with an Exercise Price is the price at the close the day you accept this offer.

Goals/Incentives for 2016

Measurement	1Q16		2Q16		3Q16		4Q16	
	Goal	Payout	Goal	Payout	Goal	Payout	Goal	Payout
Qtly Net Rev\$	\$5.0Mil	\$ 5k	\$7.0Mil	\$ 10k	\$9.0Mil	\$ 10k	\$10.0Mil	\$ 10k
Qtly Cash Collections\$	\$3.8Mil	\$ 10k	\$5.3Mil	\$ 15k	\$7.3Mil	\$ 15k	\$ 8.8Mil	\$ 15k
Qtly Net Inc\$	\$1.0Mil	\$ 10k	\$1.7Mil	\$ 15k	\$2.0Mil	\$ 20k	\$ 2.2Mil	\$ 20k
Base Incentive		\$ 25k		\$ 40k		\$ 45k		\$ 45k
		plus		plus		plus		plus
		25,000		40,000		45,000		45,000
		stock		stock		stock		stock
		options		options		options		options

- 1Q16 Goals are tied to the full quarter (Jan-Mar).
- Quarterly incentive Stock options earned at the same quantity as cash earned.
- For 2016, the scoring for the Net Rev\$ and Net Inc\$ goals will exclude any one time charges (i.e. prior period adjustments, etc.).
- "Threshold Bonusing". Paid out if a minimum of 90% of a goal is met and maxes out at 120%.
- Example –
 - Threshold of 90% on the Qtly Net Rev\$ Goal of \$5.0Mil. \$4,500,000 (90% * \$5.0Mil) must be reached before any payments are made.
 - If we hit \$4.0Mil, the bonus would be \$0. If we hit \$4.8Mil, the bonus would be \$4,800 (\$4.8Mil/\$5.0Mil = 96% * \$5,000).
 - If we hit \$5.0Mil, the bonus would be \$5,000. Maximum bonus in Q1 2016 is \$30,000 and 30,000 stock options if all goals are exceeded by 20% or more.
 - If we reached \$5.5Mil on a \$5Mil Net Rev\$ goal, would pay a bonus payout of \$5,500 (\$5.5Mil/\$5.0Mil = 110% * \$5,000).
 - Bonuses are paid and granted on the date of payroll following our public filings.
- One-time bonus once the company reaches a minimum of \$50 million in annual revenue with a Return on Sales (ROS) of more than 15%: 100,000 additional options, immediately vested.