

FALCONSTOR SOFTWARE INC  
 Form 4  
 November 08, 2016

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**HALE MARTIN M JR**

2. Issuer Name and Ticker or Trading Symbol  
**FALCONSTOR SOFTWARE INC [FALC]**

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
**11/04/2016**

Director  10% Owner  
 Officer (give title below)  Other (specify below)

See Remarks

**C/O HALE CAPITAL PARTNERS, LP, 17 STATE STREET, SUITE 3230**

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**NEW YORK, NY 10004**

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	11/04/2016		J		191,010 <u>(1)</u>	A	\$ 1.02 <u>(1)</u>
Common Stock	11/04/2016		A		15,075 <u>(4)</u>	A	\$ 0 45,075 <u>(5)</u>

See footnotes (2) (3)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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number.

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HALE MARTIN M JR C/O HALE CAPITAL PARTNERS, LP 17 STATE STREET, SUITE 3230 NEW YORK, NY 10004	X	X		See Remarks

## Signatures

/s/ Martin M.  
Hale, Jr. 11/08/2016

\*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The shares of common stock (the "Common Stock") of Falconstor Software Inc. (the "Issuer") were issued to HCP-FVA, LLC, a Delaware limited liability company ("HCP-FVA"), upon conversion of the accrued dividends due and owing to HCP-FVA, in respect of the Series A Preferred Stock of the Issuer (the "Series A Preferred Stock") held by HCP-FVA, for the quarterly period ending September 30, 2016 in accordance with the Certificate of Designations, Preferences and Rights of the Series A Preferred Stock.
- (2) The shares of Common Stock reported herein are held by Hale Capital Partners, LP, a Delaware limited partnership ("HCP"), and HCP-FVA.
- (3) Martin Hale, Jr. ("MH") is the Chief Executive Officer of HCP. MH is also (i) the sole owner and managing member of Hale Fund Partners, LLC, a Delaware limited liability company ("HFP"), the general partner of HCP and (ii) the sole owner and Chief Executive Officer of Hale Fund Management, LLC, a Delaware limited liability company ("HFM"). HFM is (i) the general partner of Hale Capital Management, LP ("HCM"), the manager of HCP and (ii) the manager of HCP-FVA. Each of MH, HFP, HFM and HCM disclaims beneficial ownership of the securities reported herein, except to the extent of his or its pecuniary interest.

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- (4) Represents shares of Restricted Stock granted to MH under the Falconstor Software 2016 Outside Directors Equity Compensation Plan in consideration for services performed as a member of the Board of Directors of the Issuer for the second and third quarters of 2016. The shares of Restricted Stock were fully vested on the date of grant.
- (5) MH holds these shares for the benefit of HCP via HCP-FVA.

### **Remarks:**

MH serves as a director on the board of directors of the Issuer as a representative of HCP-FVA. Accordingly, HCP, HFP, HFM

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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