DecisionPoint Systems, Inc.
Form S-1/A
April 24, 2013

As filed with the Securities and Exchange Commission on April 24, 2013
Registration No. 333-186619

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

Amendment No.1 to

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

DECISIONPOINT SYSTEMS, INC.
(Name of registrant in its charter)

Delaware	7373	37-1644635
(State of Incorporation)	(Primary Standard Industrial Classification Code Number)	(IRS Employer Identification No.)

8697 Research Drive
Irvine, CA 92618
(949) 465-0065
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Nicholas R. Toms
Chief Executive Officer
8697 Research Drive
Irvine, CA 92618
(949) 465-0065
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:
David Manno, Esq.

Jeff Cahlon, Esq.
61 Broadway
New York, New York 10006
Tel: (212) 930-9700
Fax: (212) 930-9725

APPROXIMATE DATE OF PROPOSED SALE TO THE PUBLIC:
From time to time after this Registration Statement becomes effective.

If any 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, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box: x

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, 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, 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(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _________

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a small reporting company. See definitions of “large accelerated filer,” “accelerated filed,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

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CALCULATION OF REGISTRATION FEE

Title of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Security		Proposed Maximum Aggregate Offering Price	Amount Of Registration Fee
Series D Preferred Stock, par value $0.001 per share (1)	704,200	$10.00		$7,042,000	$960.53
Common Stock, $.001 par value issuable upon conversion of Series D Preferred Stock convertible at $1.00 per share (1)(2)	7,042,000	-		-	-
Series D Preferred Stock, par value $0.001 per share, issuable as dividends (1)	253,512	$10.00		$2,535,120	$345.79
Common Stock, $.001 par value issuable upon conversion of Series D Preferred Stock issuable as dividends convertible at $1.00 per share (1)(2)	2,535,120	-		-	-
Shares of Common Stock underlying Common Stock Purchase Warrant	704,200	$1.15	(5)	$809,830	$110.46
Shares of Common Stock, par value $0.001 (4)	1,558,272	$1.15	(5)	$1,792,013	$244.43
Total					$1,661.21 *

(1) Fee calculated pursuant to Rule 457(i).

(2) Includes shares of our common stock, par value $0.001 per share, which may be offered pursuant to this registration statement, which shares are issuable upon conversion of Series D Preferred Stock held by the selling stockholders. Pursuant to Rule 416 under the Securities Act, the shares offered hereby also include an indeterminate number of additional shares of common stock as may from time to time become issuable by reason of stock splits, stock dividends, recapitalizations or other similar transactions. No registration fee is required pursuant to Rule 457(i).

(3) No registration fee required pursuant to Rule 457(g).

(4) Represents outstanding shares of common stock.

(5) Estimated at $1.15 per share, the average of the high and low prices of the common stock as reported on the OTC Bulletin Board on February 8, 2013, for the purpose of calculating the registration fee in accordance with Rule 457(c) under the Securities Act.

* Previously paid.

The registrant hereby amends this registration statement on such date or dates 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 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. The selling stockholders may not sell these securities under this prospectus until the registration statement of which it is a part and 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 APRIL 24, 2013

PRELIMINARY PROSPECTUS

DECISIONPOINT SYSTEMS, INC.

Up to 957,712 shares of Series D Preferred Stock and 11,839,592 Shares of Common Stock

This prospectus relates to the offering by the selling stockholders of up to 957,712 shares of Series D Preferred Stock (including 704,200 shares sold under a purchase agreement and 253,512 shares issuable as dividends ("PIK Shares") on shares of Series D Preferred Stock) and 11,839,592 shares of common stock (including 7,042,000 shares of common stock underlying the shares of Series D Preferred Stock sold under the purchase agreement, 2,535,120 shares of common stock underlying the PIK Shares, 704,200 shares of common stock underlying warrants and 1,558,272 shares of common stock presently issued and outstanding of DecisionPoint Systems, Inc.

Selling stockholders will offer their respective shares of Series D Preferred Stock at a fixed price of $10.00 per share until the Series D Preferred Stock is quoted on the Over-the-Counter Bulletin Board, and thereafter, at prevailing market prices or privately negotiated prices.

Our Series D Preferred Stock is not traded on any national securities exchange and is not quoted on any over-the-counter market. We intend to begin discussions with various market makers in order to arrange for an application to be made with respect to our Series D Preferred Stock, to be approved for quotation on the Over-The-Counter Bulletin Board upon the effectiveness of this prospectus. If our shares of Series D Preferred Stock become quoted on the Over-The-Counter Bulletin Board, sales will be made at prevailing market prices or privately negotiated prices.

Our common stock is traded on the OTC Bulletin Board under the symbol "DPSI." On April 19, 2013 , the closing price of our common stock was $1.15 per share. 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. For additional information on the methods of sale, you should refer to the section entitled "Plan of Distribution."

We will bear all costs relating to the registration of these shares of our common stock and Series D Preferred Stock, other than any selling stockholders' legal or accounting costs or commissions.

We will not receive any proceeds from the sale of common stock and Series D Preferred Stock by the selling stockholders.

Investing in our Series D Preferred Stock and common stock involves a high degree of risk. Before making any investment in our Series D Preferred Stock or common stock, you should read and carefully consider the risks described in this prospectus under "Risk Factors" beginning on page 6 of this prospectus.

You should rely only on the information contained in this prospectus or any prospectus supplement or amendment thereto. We have not authorized anyone to provide you with different information.

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

This prospectus is dated _____________, 2013

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PROSPECTUS SUMMARY

This summary highlights information contained throughout this prospectus and is qualified in its entirety to the more detailed information and financial statements included elsewhere in this prospectus. This summary does not contain all of the information that should be considered before investing in our common stock. Investors should read the entire prospectus carefully, including the more detailed information regarding our business, the risks of purchasing our common stock discussed in this prospectus under "Risk Factors" beginning on page __ of this prospectus and our financial statements and the accompanying notes beginning on page F-1 of this prospectus.

In this prospectus, we refer to DecisionPoint Systems, Inc. as the "Company," "we", "us" or "our".

Our Company

We are an enterprise systems integrator that provides mobility systems integration and supply chain systems integration, as well as traditional scanning and mobility hardware solutions. We design, deploy and support mobile computing and wireless systems that enable our customers to access enterprise data at the point of decision whether they are on the retail selling floor, warehouse loading dock or on the road making deliveries. These systems generally include mobile computers, mobile application software, and related data capture equipment including bar code scanners and radio frequency identification ("RFID") readers. We also provide professional services including consulting, proprietary and third party software and software customization as an integral part of our customized solutions for our customers. Our supply chain systems integration offerings include Warehouse Management Systems, Transportation Management Systems, and Enterprise Resource Planning Systems as well as legacy systems. We operate in one business segment.

We deliver to our customers the ability to make better, faster and more accurate business decisions by implementing industry-specific, enterprise wireless and mobile computing systems for their front-line employees, inside and outside of the 'four-walls'. It is these systems which provide the information to improve the hundreds of individual business decisions made each day. The "productivity paradox" is that the information remains locked away in their organization's enterprise computing system, and historically, accessible only when employees were at their desk. Our solutions solve this productivity issue. As a result our customers are able to move their business decision points closer to their own customers who in turn, drive their own improved productivity and operational efficiencies.

We accomplish this by providing our customers with everything they need to achieve their enterprise mobility goals, starting with the planning of their systems, to the design and build stage, to the deployment and support stage, and finally to achieving their projected Return On Investment.

We have developed an 'ecosystem' of partners which we bring to every customer situation. The standout partner in this ecosystem is Motorola Solutions, Inc. ("Motorola Solutions"), which provides the vast amount of our re-sold products including bar code scanners, battery's charging stations and accessories. We also partner with other top equipment and software suppliers such as Zebra Technologies Corporation, Datamax - O'Neil — a unit of the Dover Corporation, in addition to a host of specialized independent software vendors such as AirVersent, AirWatch, Antenna Software, Verifone GlobalBay and Wavelink.

We are focused on several commercial enterprise markets. These include retail, manufacturing, distribution, transportation and logistics. We are also increasingly focused on the markets for these systems in the markets where there are large groups of field services workers. These markets include maintenance and repair, inspections, deliveries, and other specialized business services such as uniform rental. This part of our business did not exist a few years ago. But with the continued growth of the mobile internet, we expect to add resources in this area in order to take advantage of the increasing opportunities. We expect our customers to continue to embrace and deploy new technology to enhance their own customers' experience with business and improve their own operations to lower their operating costs and better service their customers. Our expertise and understanding of our customers' operations and business operations in general, coupled with our expertise and understanding of new technology for equipment and software offerings enables us to identify new trends and opportunities to implement new solutions to our existing and potential customers.

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We have several offices throughout the U.S which allows us to serve any customer on a nation-wide basis. We can provide depot services through our West and East coast facilities.

We have recently seen indications that the major retailers are optimistic about the future economic climate which will translate into increased opportunities in our largest target market. Additionally, we are always keenly aware of potential acquisition candidates that can provide complementary products and service offerings to our customer base.

An investment in DecisionPoint Systems, Inc. is speculative and involves substantial risks. You should read the "Risk Factors" section of this prospectus for a discussion of certain factors to consider carefully before deciding to invest in us.

Recent Developments

On June 4, 2012 (the "Apex Closing Date"), pursuant to a Stock Purchase Agreement, the Company acquired all of the issued and outstanding shares of Apex Systems Integrators Inc. ("Apex"), a corporation organized under the laws of the Province of Ontario, Canada. Apex is a provider of wireless mobile work force software solutions. Its suite of products utilizes the latest technologies to empower the mobile worker in many areas including merchandising, sales and delivery; field service; logistics and transportation; and, warehouse management. Its clients are North American companies that are household names whose products and services are used daily to feed, transport, entertain and care for people throughout the world.

In consideration for the shares of Apex, the Company paid CDN$5,000,000 (US$4,801,000 at the Apex Closing Date) in cash. The Company could pay up to an undiscounted amount of CDN$3,500,000 (US$3,360,700 at the Apex Closing Date) in consideration for Apex achieving certain levels of adjusted earnings before interest, depreciation, taxes and amortization in the period ended July 2013.

On July 31, 2012 (the "Illume Closing Date"), the Company entered into an asset purchase agreement (the "Illume Purchase Agreement") with MacroSolve, Inc. (the "Seller"). Pursuant to the Illume Purchase Agreement, the Company purchased the business (including substantially all the related assets) of the Seller's Illume Mobile division ("Illume Mobile"), for a purchase price of $1,000,000, of which $250,000 was paid in cash and $750,000 was paid in the form of 617,284 shares of the Company's common stock. The number of shares to be issued was based on a value of $1.215 per share which was based on the volume weighted-average trading price of the Company's common stock over the twenty trading days prior to the Illume Closing Date. Pursuant to the asset purchase agreement, the Company may be required to make an additional payment ("Additional Payment") to the Seller of up to $500,000 of which 50% will be paid in cash, and 50% will be paid in shares of the common stock of the Company. The value of the shares will be based on the closing price of the Company's common stock on the one year anniversary of the Illume Closing Date. The Additional Payment will be paid within 30 days of the one year anniversary of the Closing Date. The Illume Mobile business acquired by the Company includes patent protected domain expertise in developing Enterprise mobile software for Android and Apple (iOS) mobile devices.

Corporate Information

DecisionPoint Systems, Inc., formerly known as Comamtech, Inc., was incorporated on August 16, 2010, in Canada under the laws of the Ontario Business Corporations Act ("OCBA"). On June 15, 2011, we entered into a Plan of Merger (the "Merger Agreement") among the Company, its wholly owned subsidiary, 2259736 Ontario Inc., incorporated under the laws of the Province of Ontario, Canada (the "Purchaser") and DecisionPoint Systems, Inc., a Delaware corporation that had been publicly traded since June 2009 ("Old DecisionPoint"). Pursuant to the Merger Agreement, under Section 182 of the OCBA, on June 15, 2011 (the "Effective Date") Old DecisionPoint merged (the "Merger") into the Purchaser and became a wholly owned subsidiary of the Company. Prior to the Merger, Comamtech was a “shell company” (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). In connection with the Merger, the Company changed its name to DecisionPoint Systems, Inc., and the Purchaser changed its name to DecisionPoint Systems International, Inc. (“DecisionPoint Systems International”). On June 15, 2011, both companies were reincorporated in the State of Delaware.

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About this Offering

Series D Private Placement

On December 20, 2012, we entered into and closed a securities purchase agreement (the "Series D Purchase Agreement") with accredited investors (the "Investors"), pursuant to which we sold an aggregate of 633,600 shares of Series D Preferred Stock (the "Series D Preferred Shares") for a purchase price of $10.00 per share, for aggregate gross proceeds of $6,336,000 (the "Series D First Closing").

We retained Taglich Brothers, Inc. (the "Placement Agent") as the placement agent for the Series D First Closing. We paid the Placement Agent $506,880 in commissions (equal to 8% of the gross proceeds), and issued to the Placement Agent five-year warrants (the "Placement Agent Warrants") to purchase 633,600 shares of our common stock (equal to 10% of the number of shares of common stock underlying the Series D Preferred Shares sold under the Purchase Agreement) at an exercise price of $1.10 per share, in connection with the Series D First Closing. The Investors included certain of our officers, directors and employees, who purchased an aggregate of 20,700 Series D Preferred Shares. We used $4.7 million of the proceeds from the Series D Closing to redeem all of our outstanding shares of Series C Preferred Stock.

On December 31, 2012, we sold an additional 70,600 shares of Series D Preferred Stock (the "Series D Second Closing", and together with the Series D First Closing, the "Series D Closings") pursuant to the Series D Purchase Agreement for an aggregate of 704,200 shares of Series D Preferred Stock sold. The Placement Agent acted as the placement agent for the Series D Second Closing as well. We paid the Placement Agent $56,480 in commissions (equal to 8% of the gross proceeds), and issued to the Placement Agent Placement Agent Warrants to purchase 70,600 shares of common stock (equal to 10% of the number of shares of common stock underlying the Series D Preferred Shares sold under the Series D Purchase Agreement) at an exercise price of $1.10 per share, in connection with the Series D Second Closing for an aggregate of 704,200 such Placement Agent Warrants. The Investors included one of our officers who purchased an aggregate of 2,500 Series D Preferred Shares.

The table below presents the use of proceeds from the Series D Preferred Shares:

Gross Proceeds		$ 7,042,000
Less:		
Redemption of Preferred Series C Shares	4,732,567	
Payment of placement agent fees, including other estimated costs	1,019,682	
		5,752,249
Funds available for general corporate purposes		$ 1,289,751

Our proceeds from the Series D Closings, before deducting placement agent fees and other expenses, were approximately $7.0 million. We used $4.7 million for redemption of all of our outstanding shares of Series C Preferred Stock. Approximately $1.0 million was used to pay fees and expenses of this offering, and $1.3 million are funds available for general corporate purposes. Pursuant to the Apex Stock Purchase Agreement, we are required to place 25% of the net offering proceeds, as defined, in an escrow account to satisfy our payment obligations of certain earn-out provisions. These funds have not been placed into escrow pending agreement between the Company and the sellers regarding the financial institution that will escrow the funds, the amount of funds that are to be placed in escrow and the escrow agreement itself (see Note 4 to the accompanying Form 10-K Consolidated Financial Statements included elsewhere in this Prospectus).

Pursuant to the Series D Purchase Agreement, we agreed to, within 60 days of the final closing under the Series D Purchase Agreement, (a) file a registration statement (the "Registration Statement") with the SEC covering the re-sale of the Series D Preferred Shares, the shares of common stock underlying the Series D Preferred Shares, the shares of Series D Preferred Stock issuable as dividends on the Series D Preferred Shares (the "PIK Shares"), the shares of common stock underlying the PIK Shares, and the shares of common stock underlying the Placement Agent Warrants, (b) file a registration statement under the Securities Exchange Act of 1934, as amended, with the SEC registering the class of Series D Preferred Stock, and (c) use our best efforts, including seeking and cooperating with one or more market makers, to cause the quotation of the Series D Preferred Stock on the OTC Bulletin Board and the OTC QB tier of the OTC Markets Group. We also agreed to use our best efforts to have the Registration Statement become effective as soon as possible after filing (and in any event within 90 days of the filing of such Registration Statement), and to keep such Registration Statement effective for a minimum of three years.

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In connection with the Series D First Closing, on December 20, 2012, we filed a Certificate of Designation of Series D Preferred Stock (the "Series D Certificate of Designation") with the Secretary of State of Delaware. Pursuant to the Series D Certificate of Designation, we designated 4,000,000 shares of our preferred stock as Series D Preferred Stock. The Series D Preferred Stock has a Stated Value of $10.00 per share, votes on an as-converted basis with the common stock, and is convertible, at the option of the holder, into such number of shares of our common stock equal to the number of shares of Series D Preferred Stock to be converted, multiplied by the Stated Value, divided by the Conversion Price in effect at the time of the conversion. The initial Conversion Price is $1.00, subject to adjustment in the event of stock splits, stock dividends and similar transactions, and in the event of subsequent equity sales at a lower price per share, subject to certain exceptions. The Series D Preferred Stock entitles the holder to cumulative dividends, payable quarterly, at an annual rate of (i) 8% of the Stated Value during the three year period commencing on the date of issue, and (ii) 12% of the Stated Value commencing three years after the date of issue. We may, at our option, pay dividends in PIK Shares, in which event the applicable dividend rate will be 12% and the number of such PIK Shares issuable will be equal to the aggregate dividend payable divided by the lesser of (x) the then effective Conversion Price or (y) the average volume weighted average price of the Company's common stock for the five prior consecutive trading days.

Pursuant to the Series D Certificate of Designation, upon any liquidation, dissolution or winding-up of our Company, holders of Series D Preferred Stock will be entitled to receive, for each share of Series D Preferred Stock, an amount equal to the Stated Value of $10.00 per share plus any accrued but unpaid dividends thereon before any distribution or payment may be made to the holders of any common stock, Series A Preferred Stock, Series B Preferred Stock, or subsequently issued preferred stock.

Pursuant to the Series D Certificate of Designation, commencing on the trading day on which the closing price of the common stock is greater than $2.00 for thirty consecutive trading days with a minimum average daily trading volume of at least 5,000 shares for such period, and at any time thereafter, the Company in its sole discretion may effect the conversion of all of the outstanding shares of Series D Preferred Stock to common stock (subject to the condition that, all of the shares issuable upon such conversion may be re-sold without limitation under an effective registration statement or pursuant to Rule 144 under the Securities Act of 1933, as amended.

Pursuant to the Series D Certificate of Designation, commencing two years from the termination or expiration of the offering of the Series D Preferred Stock (which termination occurred on December 31, 2012), and at any time thereafter, the Company in its sole discretion may redeem all of the outstanding shares of Series D Preferred Stock at a purchase price of $10.00 per share plus any accrued but unpaid dividends.

Preferred stock offered by the selling stockholders: 957,712 shares of preferred stock, including the following:	- 704,200 Series D Preferred Shares sold under the Series D Purchase Agreement; and - 253,512 PIK Shares issuable as dividends on the Series D Preferred Shares.

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Common stock offered by the selling stockholders: 11,839,592 shares of common stock, including the following:	- 7,042,000 shares of common stock underlying the Series D Preferred Shares sold under the Series D Purchase Agreement, - 2,535,120 shares of common stock underlying the PIK Shares; - 704,200 shares of common stock underlying the Placement Agent Warrants; and - 1,558,272 shares of common stock presently issued and outstanding.
Common stock to be outstanding after the offering	Up to 19,581,759 shares. (1)
OTCBB symbol	DPSI

(1) Based on 9,300,439 shares of common stock outstanding as of April 19, 2013. Assumes conversion of the 704,200 Series D Preferred Shares and 253,512 PIK Shares offered hereunder and exercise of the Placement Agent Warrants.

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RISK FACTORS

An investment in our securities has a high degree of risk. Before you invest you should carefully consider the risks and uncertainties described below and the other information in this prospectus. If any of the following risks actually occur, our business, operating results and financial condition could be harmed and the value of our stock could go down. This means you could lose all or a part of your investment.

RISKS RELATED TO OUR BUSINESS

Our limited operating history as a public company makes it difficult for us to evaluate our future business prospects and make decisions based on those estimates of our future performance.

Although our management team has been engaged in software development for an extended period of time and we began the operations of our current business in December 2003, we have only been operating as a public company with our current operations since June 2009. We have a limited operating history in our current combined form, which makes it difficult to evaluate our business on the basis of historical operations. As a consequence, it is difficult, if not impossible, to forecast our future results based upon our historical data. Reliance on our historical results may not be representative of the results we will achieve. Because of the uncertainties related to our lack of historical operations, we may be hindered in our ability to anticipate and timely adapt to increases or decreases in sales, product costs or expenses. If we make poor budgetary decisions as a result of unreliable historical data, we could be less profitable or incur losses, which may result in a decline in our stock price.

The mobile computing industry is characterized by rapid technological change, and our success depends upon the frequent enhancement of existing products and timely introduction of new products that meet our customers' needs.

Customer requirements for mobile computing products are rapidly evolving and technological changes in our industry occur rapidly. To keep up with new customer requirements and distinguish us from our competitors, we must frequently introduce new products and enhancements of existing products. Enhancing existing products and developing new products is a complex and uncertain process. It often requires significant investments in research and development ("R&D") which we do not undertake. Even if we made significant investments in R&D, they may not result in products attractive or acceptable to our customers. Furthermore, we may not be able to launch new or improved products before our competition launches comparable products. Any of these factors could cause our business or financial results to suffer.

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Future business combinations and acquisition transactions, if any, as well as recently closed business combinations and acquisition transactions may not succeed in generating the intended benefits and may, therefore, adversely affect shareholder value or our financial results.

Integration of new businesses or technologies into our business may have any of the following adverse effects:

- We may have difficulty transitioning customers and other business relationships.
- We may have problems unifying management following a transaction.
- We may lose key employees from our existing or acquired businesses.
- We may experience intensified competition from other companies seeking to expand sales and market share during the integration period.
- Our management's attention may be diverted to the assimilation of the technology and personnel of acquired businesses or new product or service lines.
- We may experience difficulties in coordinating geographically disparate organizations and corporate cultures and integrating management personnel with different business backgrounds.

The inability of our management to successfully integrate acquired businesses, and any related diversion of management's attention, could have a material adverse effect on our business, operating results and financial condition.

Business combinations and other acquisition transactions may have a direct adverse effect on our financial condition, results of operations or liquidity, or on our stock price.

To complete acquisitions or other business combinations, we may have to use cash, issue new equity securities with dilutive effects on existing stockholders, take on new debt, assume contingent liabilities or amortize assets or expenses in a manner that might have a material adverse effect on our balance sheet, results of operations or liquidity. We are required to record certain financing and acquisition-related costs and other items as current period expenses, which would have the effect of reducing our reported earnings in the period in which an acquisition is consummated. These and other potential negative effects of an acquisition transaction could prevent us from realizing the benefits of such transactions and have a material adverse impact on our stock price, revenues, revenue growth, balance sheet, results of operations and liquidity.

We may need to raise additional funds, and these funds may not be available when we need them or the additional funds may not be obtained on favorable terms.

We may need to raise additional monies in order to fund our growth strategy and implement our business plan. Specifically, we may need to raise additional funds in order to pursue rapid expansion, develop new or enhanced services and products, and acquire complementary businesses or assets. Additionally, we may need funds to respond to unanticipated events that require us to make additional investments in our business. There can be no assurance that additional financing will be available when needed, on favorable terms, or at all. If these funds are not available when we need them, then we may need to change our business strategy and reduce our rate of growth.

Our revolving line of credit agreements and our loan agreements may limit our flexibility in managing our business, and defaults of any financial and non-financial covenants in these agreements could adversely affect us.

Our revolving line of credit agreements as well as our term loan impose operating restrictions on us in the form of financial and non-financial covenants (see "Note 8 – Line of Credit" along with Note 9 – Long Term Debt" in our accompanying Notes to Form 10-K Consolidated Financial Statements included elsewhere in this Prospectus for additional details). These restrictions limit the manner in which we can conduct our business and may restrict us from engaging in favorable business opportunities. These restrictions limit our ability, among other things, to incur further debt, make future acquisitions and other investments, restrict making certain payments such as dividend payments, and restrict disposition of assets. If we were to fail to comply with these covenants and not obtain a waiver from our lenders, we would be in default under these agreements, in which case our lenders could, among other things, terminate the facilities, demand immediate repayment of any outstanding amounts, and foreclose on our assets.

Please see page 25 of this Prospectus under the heading “2012 Financing and Preferred Series D Private Placement” for a complete discussion regarding our current credit agreements and financial covenants.

Our competitors may be able to develop their business strategy and grow revenue at a faster pace than us, which would limit our results of operations and may force us to cease or curtail operations.

The wireless mobile solutions marketplace, while highly fragmented, is very competitive and many of our competitors are more established and have greater resources. We expect that competition will intensify in the future. Some of these competitors also have greater market presence, marketing capabilities, technological and personnel resources than we do. As compared with our company therefore, such competitors may:

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- develop and expand their infrastructure and service/product offerings more efficiently or more quickly
- adapt more swiftly to new or emerging technologies and changes in client requirements
- take advantage of acquisition and other opportunities more effectively
- devote greater resources to the marketing and sale of their products and services
- leverage more effectively existing relationships with customers and strategic partners or exploit better recognized brand names to market and sell their services.

These current and prospective competitors include:

- other wireless mobile solutions companies such as International Business Machines, Accenture, Sedlak, Peak Technologies, Agilysys, Acsis, Stratix and Catalyst International
- in certain areas our existing hardware suppliers, in particular Motorola Solutions but also Intermec, Zebra and others
- the in-house IT departments of many of our customers.

A significant portion of our revenue is dependent upon a small number of customers and the loss of any one of these customers would negatively impact our revenues and our results of operations.

We derived approximately 19.4% of our revenues from two customers in 2012. We derived approximately 23.5% of our revenues from our two largest customers in 2011. For the years ended December 31, 2012 and 2011, we had one customer within the healthcare industry, that generated 12.5% and 15.2%, respectively, of our total sales.

Customer mix shifts significantly from year to year, but a concentration of the business with a few large customers is typical in any given year. A decline in our revenues could occur if a customer which has been a significant factor in one financial reporting period gives us significantly less business in the following period. Any one of our customers could reduce their orders for our products and services in favor of a more competitive price or different product at any time. The loss of any one of these customers or reduced purchases by them would not have a material adverse effect on our business as we would adjust our personnel staffing levels accordingly.

Our contracts with these customers and our other customers do not include any specific purchase requirements or other requirements outside of the normal course of business. The majority of our customer contracts are on an annual basis for service support while on a purchase order basis for hardware purchases. Typical hardware sales are submitted on an estimated order basis with subsequent follow on orders for specific quantities. These sales are ultimately subject to the time that the units are installed at all of the customer locations as per their requirements. Service contracts are purchased on an annual basis generally and are the performance responsibility of the actual service provider as opposed to the Company. Termination provisions are generally standard clauses based upon non-performance, but a customer can cancel with a certain reasonable notice period anywhere from 30 to 90 days. General industry standards for contracts provide ordinary terms and conditions, while actual work and performance aspects are usually dictated by a Statement of Work which outlines what is being ordered, product specifications, delivery, installation and pricing.

Growth of and changes in our revenues and profits depend on the customer, product and geographic mix of our sales. Fluctuations in our sales mix could have an adverse impact on or increase the volatility of our revenues, gross margins and profits.

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Sales of our products to large enterprises tend to have lower prices and gross margins than sales to smaller firms. In addition, our gross margins vary depending on the product or service made. Growth in our revenues and gross margins therefore depends on the customer, product and geographic mix of our sales. If we are unable to execute a sales strategy that results in a favorable sales mix, our revenues, gross margins and earnings may decline. Further, changes in the mix of our sales from quarter-to-quarter or year-to-year may make our revenues, gross margins and earnings more volatile and difficult to predict.

Our sales and profitability may be affected by changes in economic, business or industry conditions.

If the economic climate in the U.S. or abroad deteriorates, customers or potential customers could reduce or delay their technology investments. Reduced or delayed technology investments could decrease our sales and profitability. In this environment, our customers may experience financial difficulty, cease operations and fail to budget or reduce budgets for the purchase of our products and professional services. This may lead to longer sales cycles, delays in purchase decisions, payment and collection, and can also result in downward price pressures, causing our sales and profitability to decline. In addition, general economic uncertainty and general declines in capital spending in the information technology sector make it difficult to predict changes in the purchasing requirements of our customers and the markets we serve. There are many other factors which could affect our business, including:

- the introduction and market acceptance of new technologies, products and services;
- new competitors and new forms of competition;
- the size and timing of customer orders;
- the size and timing of capital expenditures by our customers;
- adverse changes in the credit quality of our customers and suppliers;
- changes in the pricing policies of, or the introduction of, new products and services by us or our competitors;
- changes in the terms of our contracts with our customers or suppliers;
- the availability of products from our suppliers; and
- variations in product costs and the mix of products sold.

These trends and factors could adversely affect our business, profitability and financial condition and diminish our ability to achieve our strategic objectives.

Use of third-party suppliers and service providers could adversely affect our product quality, delivery schedules or customer satisfaction, any of which could have an adverse effect on our financial results.

We rely heavily on a number of privileged vendor relationships as a VAR for the Motorola Solutions Partner Pinnacle Club program, a manufacturer of bar code scanners and portable data terminals; as an Honors Solutions Provider for Intermec, a manufacturer of bar code scanners and terminals; as a Premier Partner with Zebra, a printer manufacturer, and O'Neil, the leading provider of 'ruggedized' handheld mobile printers. The loss of VAR status with any of these manufacturers could have a substantial adverse effect on our business.

We have not sought to protect our proprietary knowledge through patents and, as a result, our sales and profitability could be adversely affected to the extent that competing products/services were to capture a significant portion of our target markets.

We have generally not sought patent protection for our products and services, relying instead on our technical know-how and ability to design solutions tailored to our customers' needs. Our sales and profitability could be adversely affected to the extent that competing products/services were to capture a significant portion of our target markets. To remain competitive, we must continually improve our existing personnel skill sets and capabilities and the provision of the services related thereto. Our success will also depend, in part, on management's ability to recognize new technologies and services and make arrangements to license in, or acquire such technologies so as to always be at the leading edge.

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We must effectively manage the growth of our operations, or our company will suffer.

Our ability to successfully implement our business plan requires an effective planning and management process. If funding is available, we intend to increase the scope of our operations and acquire complementary businesses. Implementing our business plan will require significant additional funding and resources. If we grow our operations, we will need to hire additional employees and make significant capital investments. If we grow our operations, it will place a significant strain on our existing management and resources. If we grow, we will need to improve our financial and managerial controls and reporting systems and procedures, and we will need to expand, train and manage our workforce. Any failure to manage any of the foregoing areas efficiently and effectively would cause our business to suffer.

If we fail to continue to introduce new products that achieve broad market acceptance on a timely basis, we will not be able to compete effectively and we will be unable to increase or maintain sales and profitability.

Our future success depends on our ability to develop and introduce new products and product enhancements that achieve broad market acceptance. If we are unable to develop and introduce new products that respond to emerging technological trends and customers' mission critical needs, our profitability and market share may suffer. The process of developing new technology is complex and uncertain, and if we fail to accurately predict customers' changing needs and emerging technological trends, our business could be harmed.

We are active in the identification and development of new product and technology services and in enhancing our current products. However, in the enterprise mobility solutions industry, such activities are complex and filled with uncertainty. If we expend a significant amount of resources and our efforts do not lead to the successful introduction of new or improved products, there could be a material adverse effect on our business, profitability, financial condition and market share.

We may also encounter delays in the manufacturing and production of new products from our principal suppliers. Additionally, new products may not be commercially successful. Demand for existing products may decrease upon the announcement of new or improved products. Further, since products under development are often announced before introduction, these announcements may cause customers to delay purchases of any products, even if newly introduced, until the new or improved versions of those products are available. If customer orders decrease or are delayed during the product transition, we may experience a decline in revenue and have excess inventory on hand which could decrease gross profit margins. Our profitability might decrease if customers, who may otherwise choose to purchase existing products, instead choose to purchase lower priced models of new products. Delays or deficiencies in the development, manufacturing, and delivery of, or demand for, new or improved products could have a negative effect on our business or profitability.

We face competition from numerous sources and competition may increase, leading to a decline in revenues.

We compete primarily with well-established companies, many of which we believe have greater resources than us. We believe that barriers to entry are not significant and start-up costs are relatively low, so our competition may increase in the future. New competitors may be able to launch new businesses similar to ours, and current competitors may replicate our business model, at a relatively low cost. If competitors with significantly greater resources than ours decide to replicate our business model, they may be able to quickly gain recognition and acceptance of their business methods and products through marketing and promotion. We may not have the resources to compete effectively with current or future competitors. If we are unable to effectively compete, we will lose sales to our competitors and our revenues will decline.

We are heavily dependent on our senior management, and a loss of a member of our senior management team could cause our stock price to suffer.

If we lose members of our senior management, we may not be able to find appropriate replacements on a timely basis, and our business could be adversely affected. Our existing operations and continued future development depend to a significant extent upon the performance and active participation of certain key individuals, including our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Senior Vice Presidents and certain other senior management individuals. We cannot guarantee that we will be successful in retaining the services of these or other key personnel. If we were to lose any of these individuals, we may not be able to find appropriate replacements on a timely basis and our financial condition and results of operations could be materially adversely affected. In 2012, our former Chief Financial Officer, Donald Rowley, left the Company and was replaced with an Interim Chief Financial Officer, Paul Ross. On February 19, 2013, we appointed Dave Goodman as our new Chief Financial Officer.

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We are increasingly dependent on information technology systems and infrastructure (cyber security).

We increasingly rely upon technology systems and infrastructure. Our technology systems are potentially vulnerable to breakdown or other interruption by fire, power loss, system malfunction, unauthorized access and other events such as computer hackings, cyber attacks, computer viruses, worms or other destructive or disruptive software. Likewise, data privacy breaches by employees and others with permitted access to our systems may pose a risk that sensitive data may be exposed to unauthorized persons or to the public. While we have invested heavily in the protection of data and information technology and in related training, there can be no assurance that our efforts will prevent significant breakdowns, breaches in our systems or other cyber incidents that could have a material adverse effect upon our reputation, business, operations or financial condition of the company. In addition, significant implementation issues may arise as we continue to consolidate and outsource certain computer operations and application support activities.

If our goodwill or amortizable intangible assets become impaired we may be required to record a significant charge to earnings.

We review our goodwill and amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be evaluated for impairment at least annually. Factors that may be considered a change in circumstances indicating that the carrying value of our goodwill or amortizable intangible assets may not be recoverable include a decline in stock price and market capitalization, decrease in future cash flows, and slower growth rates in our industry. We may be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined, resulting in a material adverse impact on our results of operations.

Our inability to hire, train and retain qualified employees could cause our financial condition to suffer.

The success of our business is highly dependent upon our ability to hire, train and retain qualified employees. We face competition from other employers for people, and the availability of qualified people is limited. We must offer a competitive employment package in order to hire and retain employees, and any increase in competition for people may require us to increase wages or benefits in order to maintain a sufficient work force, resulting in higher operation costs. Additionally, we must successfully train our employees in order to provide high quality services. In the event of high turnover or shortage of people, we may experience difficulty in providing consistent high-quality services. These factors could adversely affect our results of operations.

If we are unable to maintain the effectiveness of our internal controls, our financial results may not be accurately reported.

Management’s assessment of the effectiveness of our disclosure controls and procedures as of June 30, 2012 and September 30, 2012 reported that such controls and procedures were ineffective as a result of a material weakness in our internal control over financial reporting related to the supervision and review of our financial closing and reporting process and in our ability to account for complex transactions as described in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 and September 30, 2012. The complex transactions related to purchase accounting for acquisitions made in 2012. During the fourth quarter of 2012, we devoted significant time and resources to the remediation of the material weakness that included, but was not limited to:

- evaluating of Finance Department’s management and staff qualifications, which resulted in us making certain personnel changes in the Accounting and Finance department.

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Implementation of further process and control procedures surrounding review of significant transactions within the financial closing process

· Implementing new control procedures over the utilization of external resources

Although further and ongoing efforts will continue in 2013 and beyond to enhance our internal control over financial reporting, we believe that our remediation efforts now provide the foundation for compliance.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting in accordance with accounting principles generally accepted in the United States. Because the inherent limitations of internal control over financial reporting cannot guarantee the prevention or detection of a material weakness, we can never guarantee a material weakness over financial reporting will not occur, including with respect to any previously reported material weaknesses. Any future material weakness could result in material misstatements in our financial statements or cause us to fail to meet our reporting obligations. In addition, if we are unable to certify that our internal control over financial reporting is effective, we may be subject to sanctions or investigations by regulatory authorities such as the SEC, and we could lose investor confidence in the accuracy and completeness of our financial reports, which would materially harm our business, the price of our common stock and our ability to access the capital markets.

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Our Net Operating Loss Carryforwards may be limited.

Pursuant to Internal Revenue Code (IRC) Section 382, annual use of our Federal net operating loss carryforwards may be limited in the event a cumulative change in ownership of our company of more than fifty percent occurs within a three-year period. In addition, IRC Section 382 may limit our built-in items of deduction, including capitalized start-up costs and research and development costs. We have completed an IRC 382 analysis regarding the limitation of our net operating loss carryforwards as of December 31, 2012. At December 31, 2012, we had Federal net operating loss carryforwards of approximately $5.9 million. Of this amount, approximately $5.1 million is available after the application of IRC Section 382 limitations.

RISKS RELATED TO OUR CAPITAL STOCK

There has been a limited trading market for our common stock.

Currently, our common stock is available for quotation on the Over-the-Counter Bulletin Board under the symbol “DPSI.” It is anticipated that there will be a limited trading market for the common stock on the Over-the-Counter Bulletin Board. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital by selling shares of capital stock and may impair our ability to acquire other companies or technologies by using common stock as consideration.

There is no trading market for our Series D Preferred Stock and as a result you may not be able to sell our Series D Preferred Stock.

There is no market for our Series D Preferred Stock and there may never be a market for our Series D Preferred Stock. We do not anticipate that a market for our Series D Preferred Stock will develop, if at all, until after the registration statement of which this prospectus is a part has been declared effective by the Securities and Exchange Commission. In the absence of an active trading market, you may have difficulty buying and selling or obtaining market quotations; the market visibility for our Series D Preferred Stock may be limited, and the lack of visibility for our Series D Preferred Stock may have a depressive effect on the market price for our Series D Preferred Stock.

We may pay dividends on our Series D Preferred Stock in shares of Series D Preferred Stock, valued based on the trading price of our common stock, which would result in dilution to current stockholders.

Our Series D Preferred Stock entitles the holder to cumulative dividends, payable quarterly, at an annual rate of (i) 8% of the Stated Value of $1.00 during the three year period commencing on the date of issue, and (ii) 12% of the Stated Value commencing three years after the date of issue. We may, at our option, pay dividends in shares of Series D Preferred Stock (“PIK Shares”), in which event the applicable dividend rate will be 12% and the number of such PIK Shares issuable will be equal to the aggregate dividend payable divided by the lesser of (x) the then effective Conversion Price (currently $1.00) or (y) the average volume weighted average price (“VWAP”) of the Company’s common stock for the five prior consecutive trading days. Accordingly, if the VWAP of our common stock for the applicable measuring period is below $1.00, the number of shares issuable as PIK shares will vary with such VWAP.

The following table sets forth, for illustrative purposes, the number of shares of Series D Preferred Stock we would issue if we were to elect to pay dividends on the Series D Preferred Stock in 2013, at different VWAP’s. The PIK shares are convertible into such number of shares of our common stock equal to the number of shares of Series D Preferred Stock to be converted, multiplied by the Stated Value, and divided by the Conversion Price in effect at the time of the conversion.

VWAP	Number of PIK shares issuable in 2013
$1.00	90,578
$0.80	114,470
$0.60	155,398

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The market price for our common stock may be volatile, and your investment in our common stock could decline in value.

The market price of our common stock could fluctuate significantly in response to various factors and events, including:

- our ability to integrate operations, technology, products and services;
- our ability to execute its business plan;
- operating results below expectations;
- our issuance of additional securities, including debt or equity or a combination thereof, which will be necessary to fund our operating expenses;
- announcements of technological innovations or new products by us or our competitors;
- the loss of any strategic relationship;
- economic and other external factors;
- period-to-period fluctuations in our financial results; and
- whether an active trading market in the capital stock develops and is maintained.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our capital stock.

In the past, securities class action litigation has often been brought against companies that experience volatility in the market price of their securities. Whether or not meritorious, litigation brought against us could result in substantial costs and a diversion of management’s attention and resources, which could adversely affect our business, operating results and financial condition.

We expect that our quarterly results of operations will fluctuate, and this fluctuation could cause our stock price to decline.

Our quarterly operating results are likely to fluctuate in the future. These fluctuations could cause our stock price to decline. The nature of our business involves variable factors, such as the timing of the research, development and regulatory pathways of our product candidates, which could cause our operating results to fluctuate.

Due to the possibility of fluctuations in our revenues and expenses, we believe that quarter-to-quarter comparisons of our operating results are not a good indication of our future performance.

If we or our existing shareholders sell a substantial number of shares of our common stock in the public market, our stock price may decline.

If we or our existing shareholders sell a large number of shares of our common stock, or the public market perceives that we or our existing shareholders might sell shares of common stock, particularly with respect to our affiliates, directors, executive officers or other insiders, the market price of our common stock could decline significantly.

In the future, we may issue additional shares to our employees, directors or consultants, in connection with corporate alliances or acquisitions, or to raise capital. Due to these factors, sales of a substantial number of shares of our common stock in the public market could occur at any time.

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Our common stock is subject to the “penny stock” rules of the SEC and the trading market in our securities is limited, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.

The Securities and Exchange Commission (“SEC”) has adopted Rule 15g-9 which establishes the definition of a “penny stock,” for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share or with an exercise price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- that a broker or dealer approve a person’s account for transactions in penny stocks; and
- the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person’s account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and
- make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form:

- sets forth the basis on which the broker or dealer made the suitability determination; and
- that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the “penny stock” rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

FINRA sales practice requirements may also limit a shareholder’s ability to buy and sell our stock.

In addition to the “penny stock” rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

We do not anticipate paying dividends on our common stock.

We have never declared or paid cash dividends on our common stock and do not expect to do so in the foreseeable future. The declaration of dividends is subject to the discretion of our board of directors and will depend on various factors, including our operating results, financial condition, future prospects and any other factors deemed relevant by our board of directors. You should not rely on an investment in our company if you require dividend income from your investment in our company. The success of your investment will likely depend entirely upon any future appreciation of the market price of our common stock, which is uncertain and unpredictable. There is no guarantee that our common stock will appreciate in value.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements". Forward-looking statements reflect the current view about future events. When used in this prospectus, the words "anticipate," "believe," "estimate," "expect," "future," "intend," "plan, negative of these terms and similar expressions, as they relate to us or our management, identify forward-looking statements. Such statements, include, but are not limited to, statements contained in this prospectus relating to our business strategy, our future operating results and liquidity and capital resources outlook. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward–looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees of assurance of future performance. We caution you therefore against relying on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, a continued decline in general economic conditions nationally and internationally; decreased demand for our products and services; market acceptance of our products and services; our ability to protect our intellectual property rights; the impact of any infringement actions or other litigation brought against us; competition from other providers and products; our ability to develop and commercialize new and improved products and services; our ability to raise capital to fund continuing operations; changes in government regulation; our ability to complete customer transactions and capital raising transactions; and other factors (including the risks contained in the section of this prospectus entitled "Risk Factors") relating to our industry, our operations and results of operations and any businesses that may be acquired by us. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, we do not undertake to update any of the forward-looking statements to conform these statements to actual results.

USE OF PROCEEDS

We will not receive any proceeds from the sale of stock offered by the selling stockholders under this prospectus.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is currently quoted on the Over-The-Counter Bulletin Board under the symbol " DPSI ." There was no trading in our stock through June 30, 2009.

The following table sets forth the range of high and low bid prices for our common stock for each of the periods indicated as reported by the OTC BB. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	High	Low
First Quarter of 2011	$ 3.24	$ 1.50
Second Quarter of 2011	$ 3.25	$ 2.22
Third Quarter of 2011	$ 2.50	$ 1.85
Fourth Quarter of 2011	$ 2.10	$ 0.50
	$ 1.64	$ 0.65

First Quarter of 2012				
Second Quarter of 2012	$	1.54	$	0.90
Third Quarter of 2012	$	1.35	$	0.71
Fourth Quarter of 2012	$	1.25	$	0.55
First Quarter of 2013	$	1.26	$	0.81

On April 19, 2013, the closing bid price of our common stock, as reported on the OTC Bulletin Board was $1.15 per share.

Number of Stockholders

As of March 22 , 2013, there were approximately 623 holders of record of our common stock.

Dividend Policy

Common Stock – The holders of our common stock are entitled to receive dividends if and when declared by our Board of Directors out of funds legally available for distribution. Any such dividends may be paid in cash, property or shares of our common stock.

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We have not paid any dividends on our common stock since our inception, and it is not likely that any dividends on our common stock will be declared in the foreseeable future. Any dividends will be subject to the discretion of our Board of Directors, and will depend upon, among other things, our operating and financial condition and our capital requirements and general business conditions.

Preferred Stock - The holders of the Series A and Series B Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors, dividends at an annual rate of 8% of the stated value. Dividends shall be cumulative and shall accrue on each share of the outstanding Series A and B Preferred Stock from the date of its issue. Cumulative, undeclared dividends on our Series A Preferred and Series B Preferred Shares totaled $285,168 and $62,369 at December 31, 2012, respectively.

The Series D Preferred Stock entitles the holder to cumulative dividends, payable quarterly, at an annual rate of (i) 8% of the Stated Value during the three year period commencing on the date of issue, and (ii) 12% of the Stated Value commencing three years after the date of issue. We may, at our option, pay dividends in PIK Shares, in which event the applicable dividend rate will be 12% and the number of such PIK Shares issuable will be equal to the aggregate dividend payable divided by the lesser of (x) the then effective Conversion Price or (y) the average volume weighted average price of the Company's common stock for the five prior consecutive trading days. Undeclared dividends on our Series D Preferred Shares totaled $13,887 at December 31, 2012.

Securities Authorized for Issuance under Equity Compensation Plans

In December 2010, we established the 2010 Stock Option Plan (the "Plan"). The Plan authorizes the issuance of 1,000,000 shares of common stock. Pursuant to the terms of the Merger Agreement, we assumed all of Old DecisionPoint's obligations under their outstanding stock option plans.

Under the Plan, common stock incentives may be granted to officers, employees, directors, consultants, and advisors. As of December 31, 2012, incentives under the Plan may be granted only in the form of non-statutory stock options and all stock options of Old DecisionPoint that were assumed by us became non-statutory options on the date of the assumption.

The Plan is administered by our Board of Directors, or a committee appointed by our Board of Directors, which determines recipients and the number of shares subject to the awards, the exercise price and the vesting schedule. The term of stock options granted under the Plan cannot exceed ten years. Options shall not have an exercise price less than 100% of the fair market value of our common stock on the grant date, and generally vest over a period of five years. If the individual possesses more than 10% of the combined voting power of all classes of our stock, the exercise price shall not be less than 110% of the fair market of a share of common stock on the date of grant.

Provided below is information regarding our equity compensation plans under which our equity securities are authorized for issuance as of December 31, 2012 subject to our available authorized shares.

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Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)		Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	544,505	$	1.82	455,495
Equity compensation plans not approved by security holders	-		-	-
Total	544,505	$	1.82	455,495

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

You should read the following discussion and analysis of financial condition and results of operation together with the financial statements and the related notes included in this prospectus.

In addition, some of the statements contained in this prospectus that are not historical facts are "forward-looking statements" which can be identified by the use of terminology such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative or other variations, or by discussions of strategy that involve risks and uncertainties. We urge you to be cautious of the forward-looking statements, that such statements, which are contained in this prospectus, reflect our current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors affecting our operations, market growth, services, products and licenses. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of the risks we face, and actual events may differ from the assumptions underlying the statements that have been made regarding anticipated events. Factors that may cause actual results, our performance or achievements, or industry results, to differ materially from those contemplated by such forward-looking statements include, without limitation:

Our ability to raise capital when needed and on acceptable terms and conditions;

Our ability to manage the growth of our business through internal growth and acquisitions;

The intensity of competition;

General economic conditions and,

Our ability to attract and retain management, and to integrate and maintain technical information and management information systems.

All written and oral forward-looking statements made in connection with this prospectus that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, you are cautioned not to place undue reliance on such forward-looking statements. Except as may be required under applicable securities laws, we undertake no obligation to publicly update or revise any forward-looking statements whether as a result more information, future events or occurrences.

Overview

DecisionPoint enables our clients to "move decisions closer to the customer" by "empowering the mobile worker". We define the mobile worker as those individuals that are on the front line in direct contact with customers. These workers include field repair technicians, sales associates, couriers, public safety employees and millions of other workers that deliver goods and or services throughout the country. Whether they are blue or white collar, mobile workers have many characteristics in common. Mobile workers need information, access to corporate resources, decision support tools and the ability to capture and report information back to the organization.

DecisionPoint empowers these mobile workers through the implementation of various mobile technologies including specialized mobile business applications, wireless networks, mobile computers (for example, rugged, tablets, and smartphones) and a comprehensive suite of consulting, integration, deployment and support services.

Mobile computing capabilities and usage continue to grow. With choice comes complexity so helping our customers navigate the myriad of options is what we do best. The right choice may be an off-the-shelf application or a custom business application to fit a very specific business process. DecisionPoint has the specialized resources and support structure to address the needs of mobile applications in the retail, transportation, field workforce sales/service and the warehousing market segments. We continue to invest in building out our capabilities to support these markets and business needs. For example, in July 2012, we invested in the expansion of our custom software development capabilities through the acquisition of Illume Mobile in Tulsa, OK, which specializes in the custom development of specialized mobile business applications for Apple, Android and Windows Mobile devices. Additionally, through the acquisition of Illume Mobile we acquired a cloud-based, horizontal software application “ContentSentral” which manages and distributes multiple types of corporate content (for example, PDF, video, images, and spreadsheets) on mobile tablets used by field workers. We also dramatically increased our software products expertise with the acquisition in June 2012 of APEX in Canada. The APEXWare™ software suite significantly expanded our field sales/service software offerings. APEXWare™ is a purpose-built mobile application suite ideally suited to the automation of field sales/service and warehouse workers. Additionally, we continue to expand our deployment and MobileCare support offerings. In 2012 we moved our headquarters location to a larger facility in Irvine, CA in order to accommodate the expansion of our express depot and technical support organizations. We also continue to invest in our “MobileCare EMM” enterprise mobility management offering. In 2008, we recognized the need for customers to outsource their mobile device management (“MDM”) needs, thus we invested in building out a MDM practice that offers these services under a comprehensive managed service model. We have extended this offering from our historically ruggedized mobile computer customer base to address the growth of consumer devices in the enterprise and support the Bring Your Own Device (BYOD) and Bring Your Own Application (BYOA) movement.

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Recognizing that we cannot build every business application, we have developed an 'ecosystem' of partners which support our custom and off-the-shelf solutions. These partners include suppliers of mobile devices (Apple, Intermec, Motorola, among others), wireless carriers (AT&T, Sprint, T-Mobile, Verizon), mobile peripheral manufactures (Zebra Technologies Corporation, Datamax - O'Neil), in addition to a host of specialized independent software vendors such as AirWatch, VeriFone GlobalBay, XRS and Wavelink.

We are focused on several commercial enterprise markets. These include retail, field sales/service, warehousing and distribution and transportation. With the continued growth of the mobile internet, we expect to see our current markets growth in addition to the emergence of new markets. In order to identify these new markets we recently created a new internal organization whose sole purpose is to identify and nurture new market opportunities. We expect our customers to continue to embrace and deploy new technology to better enhance their own customers' experiences and improve their own operations while lowering their operating costs. Our expertise and understanding of our customers' operations and business operations in general, coupled with our expertise and understanding of mobile technology equipment and software offerings enables us to identify new trends and opportunities and provide these new solutions to our existing and potential customers.

At DecisionPoint, we deliver to our customers the ability to make better, faster and more accurate business decisions by implementing industry-specific, enterprise wireless and mobile computing systems for their front-line mobile workers, inside and outside of the traditional workplace. It is these systems that provide the information to improve the hundreds of individual business decisions made each day. Historically, critical information has remained locked away in the organization's enterprise computing systems, accessible only when employees were at their desks. Our solutions unlock this information and deliver it to employees when needed regardless of their location. As a result, our customers are able to move their business decision points closer to their customers which we believe in turn improves customer service levels, reduces cost and accelerates business growth.

We have several offices throughout North America which allows us to serve our multi-location clients and their mobile workforces. We provide depot services through our West and East coast facilities. Additionally, we are always keenly aware of potential acquisition candidates that can provide complementary products and service offerings to our customer base.

The Merger

On June 15, 2011, pursuant to the Merger (see "Business"), we acquired all of the issued and outstanding capital stock of Old DecisionPoint from its shareholders in exchange for 4,593,660 shares of our common stock, resulting in an exchange ratio of one share for every eight shares of common stock tendered (1:8). We also acquired all of Old DecisionPoint's issued and outstanding Series A Cumulative Convertible Preferred Shares and Series B Cumulative Convertible Preferred Shares in exchange for 243,750 and 118,750 of Cumulative Convertible Preferred Shares, respectively. Immediately after the Merger, there were 6,934,412 shares of common stock outstanding and 243,750 and 118,750 shares of Series A Cumulative Convertible Preferred Shares and Series B Cumulative Convertible Preferred Shares outstanding, respectively. Pursuant to the terms of the Merger Agreement, we assumed all of Old DecisionPoint's obligations under their outstanding stock option plans and warrant agreements. Two of our directors retained their positions and the remaining positions were filled by the directors and officers of Old DecisionPoint. In connection with and upon the Effective Date of the Merger, we issued 153,883 additional common shares as payment for a finder's fee. The shares were valued at $2.30 per share, the closing share price on the Effective Date, for total consideration of $353,931. The finder's fee and other expenses have been accounted for as costs of the Merger in the accompanying consolidated statement of stockholders' equity in Form 10-K included elsewhere in this Prospectus. On November 8, 2011, we entered into an agreement with the finder pursuant to which the finder returned all of the aforementioned shares of our stock in exchange for $250,000 in cash. The agreement was approved by the Board of Directors. The value of the shares on the date of the agreement was $1.33 and as such, $204,664 has been recorded as treasury stock for accounting purposes. The remaining $45,336 has been reflected as a charge in the statement of operations for the year ended December 31, 2011. Other expenses related to the Merger totaled $376,547.

The estimated fair values of the financial assets received and liabilities assumed from Comamtech in the Merger are comprised of the following as of June 15, 2011:

Cash	$ 2,361,742
Note receivable	100,000
Other receivables	1,488,850
Other curent assets	150,545
Accounts payable	(153,450)
Net asset value	$ 3,947,687

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The other receivables are comprised of a $1,500,000 payment due from the sale of a business by Comamtech to a publicly traded company and another miscellaneous receivable of $49,732. The $1,500,000 receivable was collected in May 2012. We estimated the fair value of this receivable by calculating the present value of the expected cash payment using a credit risk adjusted interest rate of 4.6%. The fair value of the receivable is $1,476,285 as of December 31, 2011, and is included in other receivables in the accompanying consolidated balance sheet as of December 31, 2011 in Form 10-K included elsewhere in this Prospectus.

The note receivable represented approximately $4.4 million due from the sale of a business by Comamtech to a private company ("Empresario"). The note was secured by the assets of Empresario and was guaranteed by its principal shareholder. To accommodate Empresario's inability to perform, the note was restructured several times by Comamtech prior to the Merger. Empresario defaulted on the amended terms on August 10, 2011, and we sent Empresario a demand for payment. At that time, Empresario had not been able to secure a viable path for repayment and, based on all of the information available at the time, we had assessed the financial health and capitalization of Empresario along with its claim paying ability as being very poor. Accordingly, we estimated the fair value of the note receivable to be $100,000 as of the effective date of the Merger.

On September 2, 2011, we entered into a transfer and payment agreement (the "Transfer Agreement") among the Company, Empresario, and its sole shareholder. Pursuant to the Transfer Agreement, Empresario paid the Company $530,000, and we transferred to Empresario its right, title and interest in the Purchased Assets, as defined by the Asset Purchase Agreement dated May 14, 2009, between Comamtech and Empresario ("the Purchase Agreement"). The convertible secured debenture, dated August 10, 2010, between Empresario and Comamtech, in the original amount of $4,411,186 was cancelled and terminated. The guarantee, dated May 14, 2009, among Comamtech, Empresario, and the sole shareholder, pursuant to which the sole shareholder guaranteed certain obligations under the Purchase Agreement, was cancelled and terminated. Costs incurred to complete the Transfer Agreement totaled $130,000, of which $100,000 was due to Robert Chaiken, a Director of the Company, for services related to negotiating the Transfer Agreement. Of that amount, $42,152 was paid in cash and on September 30, 2011, we issued Mr. Chaiken 26,906 shares of common stock valued at $57,848 as payment in full. The remaining costs were legal and other professional services to complete the Transfer.

The difference between the estimated fair value of the note receivable of $100,000 and the payment of $530,000, reduced by a $130,000 in costs to complete the Transfer, approximated $300,000 and was recorded as other income in the accompanying consolidated statement of operations for the year ended December 31, 2011 in Form 10-K included elsewhere in this Prospectus.

Pursuant to the Merger Agreement, on or before August 25, 2011, we were to have an audit performed on the balance sheet of Comamtech as of June 15, 2011 (the "Opening Balance Sheet"). Prior to August 25, 2011, we prepared a statement (the "Purchase Price Statement") setting forth our good faith computation of the shareholders' equity of Comamtech as of August 15, 2011. During August 2011, both parties accepted the Purchase Price Statement and agreed to forego an audit.

Pursuant to the Merger Agreement, if the final shareholders' equity balance reflected in the Opening Balance Sheet was less than $7,233,000, then the shareholders of Old DecisionPoint at the date of the Merger were entitled to receive, on a pro rata basis, common shares according to a schedule set forth in the Merger Agreement. The final shareholders' equity balance reflected in the Opening Balance Sheet was $3,947,687 (see table above) and as a result, we issued the maximum number of additional common shares of 487,310 to the Old DecisionPoint shareholders on September 30, 2011. These shares were included in total common shares issued and outstanding as of the Effective Date of the transaction, as reflected in our Form 10-Q for the period ending June 30, 2011. This had the effect of reducing the exchange ratio from one for every eight shares tendered (1:8) to one for every seven point two three shares tendered (1:7.23273). The additional common shares have been accounted for as a reduction in the exchange ratio for all other securities, including the preferred stock, stock options and warrants to purchase shares of our securities.

As a result, after the adjustment to the exchange ratio, we had acquired all of the issued and outstanding capital stock of Old DecisionPoint from its shareholders by exchanging 36,749,286 of Old DecisionPoint common shares for 5,080,970 shares of our common stock and by exchanging 975 and 380 shares of Old DecisionPoint Series A and Series B Cumulative Convertible Preferred Shares, for 269,608 and 131,347 shares of our Series A and Series B Cumulative Convertible Preferred Shares, respectively.

Business Combinations

Illume Mobile Acquisition

On July 31, 2012 ("Illume Closing Date"), we consummated an asset purchase agreement ("Asset Purchase Agreement") with MacroSolve, Inc. Pursuant to the Asset Purchase Agreement, we purchased the business (including substantially all the related assets) of the seller's Illume Mobile division ("Illume Mobile"), based in Tulsa, Oklahoma.

Founded in 1996, Illume Mobile is a mobile business solutions provider that services mobile products and platforms. Illume Mobile's initial core business is the development and integration of business applications for mobile environments. Today, Illume Mobile serves the mobile application development needs of a wide range of customers, from Fortune 500s to small and medium-sized businesses. It delivers advanced, mobile apps for many device platforms including iPad, iPhone and Android with functionality including 3D animation, mobile video, augmented reality, GPS, and more. Illume Mobile seeks to leverage its combination of creativity, technical savvy, years of mobile experience, and market insight to enable customers to envision their mobile applications and bring them to reality, providing the most value in the shortest amount of time. For more information regarding this acquisition, (see "Note 4 – Acquisitions" in the accompanying Notes to the Form 10-K Consolidated Financial Statements included elsewhere in this Prospectus for additional details) .

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Apex Systems Integrators Acquisition

On June 4, 2012 ("Closing Date"), pursuant to a Stock Purchase Agreement ("Purchase Agreement"), we acquired all of the issued and outstanding shares of Apex Systems Integrators Inc. ("Apex"), a corporation organized under the laws of the Province of Ontario, Canada. Apex is a provider of wireless mobile work force software solutions. Its suite of products utilizes the latest technologies to empower the mobile worker in many areas including merchandising, sales and delivery; field service; logistics and transportation; and, warehouse management. Its clients are North American companies that are household names whose products and services are used daily to feed, transport, entertain and care for people throughout the world. For more information regarding this acquisition, see "Note 4 – Acquisitions" in the accompanying Notes to the Form 10-K Consolidated Financial Statements included elsewhere in this Prospectus for additional details.

The operating results of Illume Mobile have been included in our results of operations beginning August 1, 2012 and operating results of Apex have been included in our results of operations beginning June 5, 2012.

Pro Forma Disclosure of Financial Information (unaudited)

The following table summarizes our unaudited consolidated results of operations for the years ended December 31, 2012 and 2011, as if the Apex and Illume acquisitions had occurred on January 1, 2011 (in thousands):

	December 31, 2012 as reported	2011	2012 pro forma	2011
Net sales	$ 71,501	$ 58,359	$ 73,703	$ 62,024
Net loss attributable to common shareholders	(4,820)	(5,654)	(6,887)	(8,441)
Net loss per share - basic and diluted	(0.61)	(0.94)	(0.87)	(1.21)

Included in the pro forma combined results of operations are the following adjustments for Apex: (i) amortization of intangible assets for the years ended December 31, 2012 and 2011 of $572,000 and $1,392,000, respectively, (ii) a net increase in interest expense for the years ended December 31, 2012 and 2011 of $291,000 and $708,000, respectively.

Included in the pro forma combined results of operations are the following adjustments for Illume Mobile: (i) amortization of intangible assets for the years ended December 31, 2012 and 2011 of $125,000 and $214,000, respectively. Net loss per share assumes the 325,000 shares issued in connection with the Apex acquisition and the 617,284 shares issued in connection with the Illume Mobile acquisition are outstanding for each period presented, see "Note 4 – Acquisitions" in the accompanying Notes to the Form 10-K Consolidated Financial Statements included elsewhere in this Prospectus for additional details.

The historical financial information of Apex has been extracted for the periods required from the historical financial statements of Apex Systems Integrators, Inc. which were prepared in accordance with U.S. generally accepted accounting principles. The historical financial information of Illume Mobile has been derived from using internally generated management reports for the periods required. Historical financial information from both Apex and Illume Mobile were combined with the operations of the Company for the corresponding periods for purposes of pro forma presentation.

The unaudited pro forma financial information is not intended to represent or be indicative of the Company's consolidated results of operations that would have been reported had the Apex and Illume Mobile acquisitions been completed as of the beginning of the period presented, nor should it be taken as indicative of the Company's future consolidated results of operations.

Results of Operations

For comparison purposes, all dollar amounts have been rounded to nearest million while all percentages are actual.

	Year ended December 31, 2012	2011	Increase/(Decrease)	
Total revenue	$ 71.5	$ 58.4	$ 13.1	22.5 %
Gross profit	$ 15.6	$ 12.0	$ 3.6	29.7 %
Total operating expenses	$ 18.7	$ 13.6	$ 5.1	37.2 %
Loss from operations	$ (3.1)	$ (1.6)	$ 1.5	93.8 %
Loss before provision for income taxes	$ (4.0)	$ (5.1)	$ (1.1)	-21.3 %

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Total Revenue

Revenues for the years ended December 31, 2012 and 2011 is summarized below:

	Year ended December 31, 2012	2011	Increase (Decrease)
Hardware	$ 48.5	$ 40.3	20.4 %
Professional services	16.4	13.5	21.3 %
Software	4.5	2.0	120.1 %
Other	2.1	2.5	-16.6 %
	$ 71.5	$ 58.4	22.5 %

Revenues were $71.5 million for the year ended December 31, 2012, compared to $58.4 million for the same period ended December 31, 2011, an increase of $13.1 million or 22.5%. The increase in revenue was partially due to the inclusion of the operating results of our Apex acquisition from June 5, 2012 and Illume Mobile from August 1, 2012. Revenues for Apex were $1.1 million and revenues for Illume Mobile were $0.4 million. Excluding the impact of Apex and Illume Mobile acquisitions in 2012, revenues increased by $11.5 million, or 20.0% over the prior year with the largest increase occurring in hardware sales where sales increased by 18.9%.

The improved economic conditions in the U.S. which had begun in the first half of 2010, and continued improvement throughout 2011 and 2012 have had a positive effect on our sales. In prior years, major retail chains had deferred new technology implementation and delayed systems' refresh. Conversely, the economic environment in 2012 stabilized whereupon we benefitted from renewed interest and more importantly, fundamental need to implement new cost saving technology. As a result, the 20.4% increase in hardware revenues for the year ended December 31, 2012 compared to the same period in 2011 was due to the increase in system upgrades of mobile computing at the retail level. The increase in professional services for the year ended December 31, 2012 compared to the same period in 2011 of 21.3% relates to deployment and staging services to support our customer's technology upgrades. Our increase in software revenues for the year ended December 31, 2012 compared to the same period in 2011 is attributable to the increased implementation activity as well as the contributions of software revenues from the Apex and Illume Mobile acquisitions. The decrease in other revenues relates to a reallocation of corporate resources away from the lower volume for consumables and towards the professional services business.

Cost of Sales

Cost of sales for the years ended December 31, 2012 and 2011 is summarized below:

	Year ended December 31, 2012	2011	Increase (Decrease)
Hardware	$ 40.2	$ 33.0	21.5 %
Professional services	11.3	10.2	10.7 %
Software	3.2	1.6	100.7 %
Other	1.3	1.5	-15.3 %
	$ 56.0	$ 46.4	20.7 %

The types of expenses included in the cost of sales line are hardware costs, third party licenses, costs associated with third party professional services, salaries and benefits for project managers and software engineers, freight, consumables and accessories.

Cost of sales were $56.0 million for the year ended December 31, 2012, compared to $46.4 million for the same period ended December 31, 2011, an increase of $9.6 million or 20.7%. The increase in cost of sales for hardware of 21.5% for the year ended December 31, 2012 compared to the same period in 2011 was slightly higher than the hardware revenue increase due to reduced pricing associated with larger technology purchases. The increase in cost of sales for professional services from the year ended December 31, 2011 to the year ended December 31, 2012 was 10.7%, much lower than the revenue growth rate of 21.3% and was due to better utilization of professional service personnel associated with the growth in revenues. The increase in cost of sales for software of 100.7% for the year ended December 31, 2012 compared to the same period in 2011 was lower than the software revenue increase due to a change in product mix associated with the Apex and Illume Mobile acquisitions. The decrease in other cost of sales relates to the decrease in the other revenues in approximately the same percentage.

Gross Profit

Our gross profit was $15.6 million for the year ended December 31, 2012, compared to $12.0 million for the same period ended December 31, 2011, an increase of $3.6 million or 29.7%. Our gross margin percentage increased by 1.3% to 21.8% in 2012, from 20.5% in the comparable period of 2011. The increase in gross profit is directly due to the higher gross profit from professional services revenue. Additionally, we have continued to implement increased cost control for the products and services which we resell, our professional service costs were positively impacted by our better utilization associated with greater recognized revenue from these services in the current twelve months and therefore, we realized higher margins on those services.

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Selling, General and Administrative Expenses

	Year ended December 31, 2012		2011		Increase/(Decrease)		
Selling, general and administrative expenses	$ 18.7		$ 13.6		$ 5.1	37.2	%
As a percentage of sales	26.1	%	23.3	%		2.8	%

Selling, general and administrative expenses were $18.7 million for the year ended December 31, 2012, compared to $13.6 million for the same period in the prior year. This represents an increase of $5.1 million, or 37.2%.The increase was partially due to $2.2 million in costs to acquire the Apex and Illume Mobile businesses. Further, the addition of those businesses in 2012 added $1.7 million in selling, general and administrative expenses to operate those businesses. Additionally, the Company had severance expenses of $0.4 million in 2012 which it didn't have in 2011.

	Year ended December 31, 2012	2011	Increase/(Decrease)		
Depreciation and amortization	$ 1.6	$ 0.6	$ 1.0	177.2	%

Finance and administration expenses were also higher due to amortization of intangible assets as a result of the Apex and Illume acquisitions in 2012. Amortization expense of intangible assets for the years ended December 2012 and 2011, totaled $1.5 million and $0.5 million, respectively.

Interest Expense

Interest expense, which is related to our line of credit, subordinated debt and our obligations with related parties, was $1.0 million for the year ended December 31, 2012, compared to $1.2 million for the same period ended December 31, 2011. The $0.2 million decrease in interest expense was the result of the exchange of our subordinated notes for preferred stock in June 2011, and lower amounts outstanding on our lines of credit and term loans in the first five months of 2012, prior to the issuance of term debt for the Apex financing. On June 4, 2012 Apex entered in to the RBC Credit Agreement, borrowing CDN $2,500,000 at an interest rate of Royal Bank Prime (“RBP”) plus 4%. The RBC Credit Agreement also includes a revolving demand facility with an authorized limit of CDN $200,000 at an interest rate of RBP plus 1.5%. On June 4, 2012 Apex also entered in to the BDC Loan Agreement, borrowing CDN $1,700,000 at the rate of 12% per annum. Due to these additional borrowings, interest expense was higher during the second half of 2012.

Other (Income) Expense

Other (income) expense for the years ended December 31, 2012 and 2011, totaled $(116,000) and $(363,000), respectively. During 2011, we satisfied our receivable from Empresario for a net gain of $0.3 included as ‘other income’.

Liquidity and Capital Resources

Cash and Cash Flow

Although we have historically experienced losses, a material part of those losses were from non-cash transactions (refer to the accompanying Form 10-K Consolidated Statements of Cash Flows included elsewhere in this

Prospectus). In connection with these losses, we have accumulated substantial net operating loss carry-forwards to off-set future taxable income. In order to maintain normal operations for the foreseeable future, we must continue to have access to our line of credit, become profitable and/or access additional equity capital. There can be no assurance that we will become profitable or that we can continue to raise additional funds required to continue our normal operations. The accompanying Form 10-K consolidated financial statements included elsewhere in this Prospectus, do not include any adjustments that would be required should we not be successful with these activities.

Funds generated by operating activities and our credit facilities continue to be our most significant sources of liquidity. For the year ended December 31, 2012, our revenue increased approximately 22.4%, compared to the year ended December 31, 2011, partially due to the inclusion of our Apex acquisition in June 2012 and Illume Mobile in July 2012. Our higher gross margin offset by increased selling, general and administrative expenses due to inclusion of the results from Apex and Illume Mobile for the part of the year along with increased selling expenses, professional expenses and investor relations expenses related to being a public company along with a significant increase in amortization expense of intangible assets of $1 million, all resulted in lower operating income for the year.

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We believe that our strategic shift to higher margin field mobility solutions with additional APEXWare™ software and professional service revenues will improve our results as economic conditions continue to improve.

As a matter of course, we do not maintain significant cash balances on hand since we are financed by a line of credit. Typically, we use any excess cash to repay the then outstanding line of credit balance. As long as we continue to generate revenues, we are permitted to draw down on our line of credit to fund our normal working capital needs. As of December 31, 2012, there was $5.0 million available under the line of credit. On February 27, 2013, we obtained an additional $1.0 million term loan from SVB (see below under "2013 Financing.") In connection with our Preferred Series D Private Placement in December 2012, 25% of the net proceeds are to be restricted for the Apex payment of the contingent consideration and the additional bonus consideration. These funds have not been placed into escrow pending agreement between the Company and former owners of Apex regarding the financial institution that will escrow the funds, the amount of funds to be escrowed and the escrow agreement itself.

We believe that our cash flow from operations, available cash and available borrowing capacity under our credit facilities will be sufficient to meet our liquidity needs, including normal levels of capital expenditures, for the foreseeable future; however, there can be no assurance that this will be the case.

In the last four complete years of operations from 2009 through 2012, we have not experienced any significant effects of inflation on our product and service pricing, revenues or our income from continuing operations.

As of December 31, 2012 and 2011, we had cash of approximately $1.1 million and $0.4 million, respectively. We have used, and plan to use, such cash for general corporate purposes, including working capital.

As of December 31, 2012, we have negative working capital of $9.1 million and total stockholders' equity of $0.9 million. As of December 31, 2011, we had negative working capital of $3.8 million and total stockholders' equity of $2.5 million. At December 31, 2012, included in current liabilities is unearned revenue of $7.4 million, which reflects services that are to be performed in future periods but that have been paid and/or accrued for and therefore, would represent additional future cash inflow. At December 31, 2012, included in current assets are deferred costs of $3.9 million which reflect costs paid for third party extended maintenance services that are being amortized over their respective service periods, which do not generally represent future cash outflows. The increase in the unearned revenue, offset by the deferred costs, continues to provide a benefit in future periods as the amounts convert to net realized revenue.

As explained above in the discussion of our use of "non-GAAP financial measures," we monitor our 'cash' working capital position after removing the accrual effect of the current deferred assets and liabilities. For the reasons set forth above, we believe this non-GAAP measure provides investors with a better understanding of operating financial position of our company.

Adjusted Working Capital at December 31, 2012 and 2011 are computed as follows (in thousands):

	December 31, 2012	2011
Current assets	$ 18,708	$ 20,342
Current liabilities	27,801	24,104
Working capital - GAAP	(9,093)	(3,762)
Deferred cost	(3,955)	(3,469)
Deferred revenue	7,409	6,756

Adjusted working capital - non-GAAP measure	$ (5,639)	$ (475)

2013 Financing

On February 27, 2013, we and Silicon Valley Bank ("SVB"), entered into an Amendment (the "Amendment") to Loan and Security Agreement, which amended the terms of the Loan and Security Agreement dated as of December 15, 2006 (as amended, the "Loan Agreement"). Pursuant to the Amendment, SVB made a new term loan to us on February 27, 2013, of $1,000,000 ("Term Loan II"). Repayment of Term Loan II, together with accrued interest thereon, is due in 36 monthly installments commencing on the first day of the month following the month in which the funding date of Term Loan II occurred.

Pursuant to the Amendment, the Loan Agreement was amended to provide that the revolving credit line thereunder will accrue interest at an annual rate equal to 3.75 percentage points above the Prime Rate, which may be further reduced to 3.25 percentage points above the Prime Rate after we achieve two consecutive fiscal quarters (beginning with any fiscal quarter ending on or after March 31, 2013) of profitability. In addition, the maturity date of the revolving credit line under the Loan Agreement was extended to February 28, 2015, the principal amount outstanding under the Term Loan under the Loan Agreement will accrue interest at a fixed annual rate equal to 9.0%, the principal amount outstanding under the Term Loan II will accrue interest at a fixed annual rate equal to 7.5%, and we agreed to pay an anniversary fee of $100,000 on February 28, 2014.

The Loan Agreement includes customary covenants, limitations and events of default. Financial covenants which may materially impact our liquidity, include minimum liquidity and fixed charge coverage ratios (1.5 to 1), minimum tangible net worth requirements ($9.7 million) and limitations on indebtedness. Additionally, the Agreement has customary cross-default covenants which will cause us to be in default if we are in default in other loan agreements. As of December 31, 2012, we were in compliance with all of our SVB covenants.

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2012 Financing and Preferred Series D Private Placement

On June 4, 2012, Apex entered into a Credit Agreement (“RBC Credit Agreement”) with Royal Bank of Canada (“RBC”), pursuant to which RBC made available certain credit facilities in the aggregate amount of up to CDN$2,750,000 (US$2,641,000 at the Closing Date), including a revolving demand facility with an authorized limit of CDN$200,000 (US$192,000 at the Closing Date). The RBC Term Loan accrues interest at RBP plus 4% (7% at December 31, 2012). Principal and interest is payable over a three year period at a fixed principal amount of CDN $69,444 a month beginning in July 2012 and continuing through June 2015. Apex paid approximately $120,000 in financing costs, which has been recorded as deferred financing costs and is being amortized to interest expense over the term of the loan.

In addition, the RBC Term Loan calls for mandatory repayments based on 20% of Apex’s free cash flow as defined in the RBC Credit Agreement, before discretionary bonuses based on the annual year end audited financial statements of Apex, beginning with the fiscal year ended December 31, 2012, and payable within 30 days of the delivery of the annual audited financial statements, and continuing every six months through December 31, 2014. As of December 31, 2012, the Company estimates that the mandatory repayment based on 20% of Apex’s free cash flow will be $0.

The RBC Term Loan has certain financial covenants and other non-financial covenants, including a minimum Fixed Charge Coverage ratio, minimum Funded Debt to EBITDA ratio, and limitations on granting liens on and disposing of assets outside the ordinary course of business. As of December 31, 2012, Apex was not in compliance with the minimum Fixed Charge Coverage ratio (as defined by the RBC Credit Agreement) of 1.25:1. The Fixed Charge Coverage ratio is calculated as the ratio of the trailing twelve months of earnings before interest, taxes, depreciation and amortization (“EBITDA”) to loan payments and interest charges for the RBC Credit Agreement and the BDC Term Loan. Our calculation of the Fixed Charge Coverage ratio at December 31, 2012 is 0.86:1 (compared to required minimum of 1.25:1, as set forth above). Under the RBC Credit Agreement, violation of this covenant is an Event of Default which grants RBC the right to demand immediate payment of outstanding balances. In March 2013, we received a waiver for non-compliance of this covenant through March 31, 2013 and have received a non-binding communication from the bank that it will work with the Company to reset this specific covenant commencing with the quarter ending June 30, 2013; however there are no assurances that this will occur. Because the ratio is calculated on a quarterly basis, and we received a waiver through the March 31, 2013 quarter, we are not currently in default under this agreement.

On June 4, 2012, Apex also entered into the BDC Loan Agreement with BDC Capital Inc. (“BDC”), a wholly-owned subsidiary of Business Development Bank of Canada, pursuant to which BDC made available to Apex a term credit facility (“BDC Credit Facility”) in the aggregate amount of CDN $1,700,000 (USD $1,632,340 at the Closing Date). The BDC Term Loan accrues interest at the rate of 12% per annum, and matures on June 23, 2016, with an available one year extension for a fee of 2%, payable at the time of extension. In addition to the interest payable, consecutive quarterly payments of CDN$20,000 as additional interest are due beginning on June 23, 2012, and subject to compliance with bank covenants, Apex will make a mandatory annual principal payment in the form of a cash flow sweep which will be equal to 50% of the Excess Available Funds (as defined by the BDC Loan Agreement) before discretionary bonuses based on the annual year end audited financial statements of Apex. The maximum annual cash flow sweep in any year will be CDN$425,000. As of December 31, 2012, the Company estimates that the cash sweep will be approximately $0. Such payments will be applied to reduce the outstanding principal payment due on the maturity date. In the event that Apex’s annual audited financial statements are not received within 120 days of its fiscal year end, the full CDN$425,000 becomes due and payable on the next payment date. Apex paid approximately $70,000 in financing costs which has been recorded as deferred financing costs in the accompanying Form 10-K consolidated balance sheet as of December 31, 2012 included elsewhere in this Prospectus, and is being amortized to interest expense over the term of the loan.

The BDC Loan Agreement contains certain financial and non-financial covenants, including minimum working capital requirements, tangible net worth requirements and limitations on additional indebtedness. As of December 31, 2012, Apex was not in compliance with the minimum working capital financial covenant. Our calculation of the covenants at December 31, 2012 indicates we are $500,000 under the minimum working capital requirement. Under the BDC Loan Agreement, violation of this covenant is an Event of Default which grants BDC the right to demand immediate payment of outstanding balances. In March 2013, we received a waiver for non-compliance of this covenant through March 31, 2013 and have received a non-binding communication from the bank that it will work with the Company to reset this specific covenant commencing with the quarter ending June 30, 2013; however there are no assurances that this will occur. Because the ratio is calculated on a quarterly basis, and we received a waiver for the March 31, 2013 quarter, we are not currently in default under this agreement.

In connection with the BDC Loan Agreement, BDC executed a subordination agreement in favor of Silicon Valley Bank, pursuant to which BDC agreed to subordinate any security interest in assets of the Company granted in connection with the BDC Loan Agreement to Silicon Valley Bank's existing security interest in assets of the Company. The subordination agreement contains cross-default provisions which may materially impact our liquidity.

Preferred Series D Private Placement

On December 20, 2012, we entered into and closed a securities purchase agreement (the "Series D Purchase Agreement") with accredited investors (the "Investors"), pursuant to which we sold an aggregate of 633,600 shares of Series D Convertible Preferred Stock (the "Series D Preferred Shares") for a purchase price of $10.00 per share, for aggregate gross proceeds of $6,336,000 (the "Series D First Closing").

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We retained Taglich Brothers, Inc. (the "Placement Agent") as the placement agent for the Series D First Closing. We paid the Placement Agent $506,880 in commissions (equal to 8% of the gross proceeds), and issued to the Placement Agent five-year warrants (the "Placement Agent Warrants") to purchase 633,600 shares of our common stock (equal to 10% of the number of shares of common stock underlying the Series D Preferred Shares sold under the Purchase Agreement) at an exercise price of $1.10 per share, in connection with the Series D First Closing. The Investors included certain of our officers, directors and employees, who purchased an aggregate of 20,700 Series D Preferred Shares. We used $4.7 million of the proceeds from the Series D Closing to redeem all of our outstanding shares of Series C Preferred Stock.

On December 31, 2012, we sold an additional 70,600 shares of Series D Preferred Stock for a purchase price of $10.00 per share, for aggregate gross proceeds of $706,000 (the "Series D Second Closing", and together with the Series D First Closing, the "Series D Closings") pursuant to the Series D Purchase Agreement for an aggregate of 704,200 shares of Series D Preferred Stock sold. The Placement Agent acted as the placement agent for the Series D Second Closing as well. We paid the Placement Agent $56,480 in commissions (equal to 8% of the gross proceeds), and issued to the Placement Agent Placement Agent Warrants to purchase 70,600 shares of common stock (equal to 10% of the number of shares of common stock underlying the Series D Preferred Shares sold under the Series D Purchase Agreement) at an exercise price of $1.10 per share, in connection with the Series D Second Closing for an aggregate of 704,200 such Placement Agent Warrants. The Investors included one of our officers who purchased an aggregate of 2,500 Series D Preferred Shares.

The table below presents the use of proceeds from the Series D Preferred Shares:

Gross Proceeds		$ 7,042,000
Less:		
Redemption of Preferred Series C Shares	4,732,567	
Payment of placement agent fees, including other estimated costs	1,019,682	
		5,752,249
Funds available for general corporate purposes		$ 1,289,751

Our proceeds from the Series D Closings, before deducting placement agent fees and other expenses, were approximately $7.0 million. We used $4.7 million for redemption of all of our outstanding shares of Series C Preferred Stock. Approximately $1.0 million was used to pay fees and expenses of the offering, and $1.3 million are funds are available for general corporate purposes. Pursuant to the Stock Purchase Agreement, we are required to place 25% of net offering proceeds, as defined, in an escrow account to satisfy our payment obligations of certain earn-out provisions. These funds have not been placed into escrow pending agreement between the Company and the sellers under the stock purchase agreement regarding the financial institution that will escrow the funds, the amount of funds that are to be placed in escrow and the escrow agreement itself.

In connection with the Series D First Closing, on December 20, 2012, we filed a Certificate of Designation of Series D Preferred Stock (the "Series D Certificate of Designation") with the Secretary of State of Delaware. Pursuant to the Series D Certificate of Designation, we designated 4,000,000 shares of our preferred stock as Series D Preferred Stock. The Series D Preferred Stock has a Stated Value of $10.00 per share, votes on an as-converted basis with the common stock, and is convertible, at the option of the holder, into such number of shares of our common stock equal to the number of shares of Series D Preferred Stock to be converted, multiplied by the Stated Value, divided by the Conversion Price in effect at the time of the conversion. The initial Conversion Price is $1.00, subject to adjustment in the event of stock splits, stock dividends and similar transactions, and in the event of subsequent equity sales at a lower price per share, subject to certain exceptions. The Series D Preferred Stock entitles the holder to cumulative dividends, payable quarterly, at an annual rate of (i) 8% of the Stated Value during the three year period commencing on the date of issue, and (ii) 12% of the Stated Value commencing three years after the date of issue. We may, at our option, pay dividends in PIK Shares, in which event the applicable dividend rate will be 12% and the number of such PIK Shares issuable will be equal to the aggregate dividend payable divided by the lesser of (x) the then effective Conversion Price or (y) the average volume weighted average price of the Company's common stock for the five prior consecutive trading days.

Upon any liquidation, dissolution or winding-up of our Company, holders of Series D Preferred Stock will be entitled to receive, for each share of Series D Preferred Stock, an amount equal to the Stated Value of $10.00 per share plus any accrued but unpaid dividends thereon before any distribution or payment may be made to the holders of any common stock, Series A Preferred Stock, Series B Preferred Stock, or subsequently issued preferred stock.

In addition, commencing on the trading day on which the closing price of the common stock is greater than $2.00 for thirty consecutive trading days with a minimum average daily trading volume of at least 5,000 shares for such period, and at any time thereafter, we may, in our sole discretion, effect the conversion of all of the outstanding shares of Series D Preferred Stock to common stock (subject to the condition that, all of the shares issuable upon such conversion may be re-sold without limitation under an effective registration statement or pursuant to Rule 144 under the Securities Act).

Pursuant to the Series D Certificate of Designation, commencing two years from the termination or expiration of the offering of the Series D Preferred Stock (which termination occurred on December 31, 2012), and at any time thereafter, the Company in its sole discretion may redeem all of the outstanding shares of Series D Preferred Stock at a purchase price of $10.00 per share plus any accrued but unpaid dividends

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The holders of the Series D Preferred Stock also have registration right, pursuant to which the Company was required to file a registration statement with the SEC within 60 days of the final closing date (December 31, 2012), and requires the registration statement to become effective within 90 days thereafter. The initial registration statement was filed on February 12, 2013. If the registration statement is not declared effective by May 12, 2013, a partial liquidated damage equal to 0.1% of the purchase price paid by each investor shall be payable on each monthly anniversary until the registration statement becomes effective. In no event shall the partial liquidated damage exceed 0.6% of the purchase price paid by each investor.

2011 Financing and Preferred Series C Private Placement

During May 2011, we entered into a Note Purchase Agreement (the "Purchase Agreement"), pursuant to which we issued a $4,000,000 Senior Subordinated Secured Note (the "Note"). Principal and interest at a rate of 12% was originally due and payable on August 31, 2011. Pursuant to the Purchase Agreement, on June 15, 2011, the consummation date of the Merger, the maturity date of the Note was extended to May 31, 2012, and the interest rate was increased to 24% retroactive to the issuance date. Total cash received under the Purchase Agreement was approximately $3,700,000, net of fees. In conjunction with and as a condition of the Purchase Agreement, we entered into an advisory services agreement with the Note holder pursuant to which we paid $150,000 in cash on the effective date of the agreement and $80,000 in cash upon consummation of the Merger. Upon the consummation of the Merger on June 15, 2011, we issued 25,000 common shares as settlement of the $80,000 cash payment. The fair value of the common shares of $2.30 or $57,500 was recorded as equity, and the difference of $22,500 was included as a reduction in the loss on debt extinguishment as described below.

In June 2011, we entered into an Exchange Agreement (the "Exchange Agreement") with the Note holder pursuant to which we issued 1,286,667 shares of our Series C Cumulative Convertible Preferred Stock ("Series C Preferred") with a fair value of $3.73 per share, or $4,799,268, in exchange for the surrender and cancellation of the Note and payment of accrued interest of $117,333. In connection with the Exchange Agreement, we also issued 505,000 shares of common stock on June 30, 2011, with a closing market price of $2.30 per share, or $1,161,500, for no additional consideration. In addition, the Note holder received protective anti-dilution rights which entitles it to receive additional shares if at any time we are required, pursuant solely to the Merger Agreement as described Note 1, to issue additional shares of common stock to the shareholders as is necessary for the Note holder to maintain the same beneficial ownership percentage, on a fully diluted basis, as they had before any such additional shares were issued.

In September 2011, pursuant to these protective anti-dilution rights, we issued 105,700 shares with a value of $243,110. The shares were valued at $2.30 per share, the closing price of our common stock on June 30, 2011. The expense related to the issuance of the shares was recorded as a loss on debt extinguishment in the accompanying Form 10-K consolidated statements of operations for the year ended December 31, 2011 included elsewhere in this Prospectus.

Pursuant to the Exchange Agreement, we had a contingent obligation to issue up to a maximum of 500,000 shares of its common stock to the Note holder. The contingency was dependent upon the receipt by the Company of payments on the note receivable and other receivable acquired pursuant to the Merger with Comamtech. The Exchange Agreement defined certain thresholds for the amounts of these payments, the receipt of which would lower the number of common shares to be contingently issued on an incremental basis. Based upon the probability at the time, that the threshold amount expected to be received would result in no additional shares being issued, the fair value per share was estimated to be $0.

In conjunction with the Exchange Agreement, we also entered into an agreement between us, the Note holder, and our former Chief Financial Officer, ("former CFO"). Pursuant to this agreement, we issued 128,667 shares of Series C Preferred and 49,000 shares of common stock to the former CFO as settlement of $400,000 of accrued expenses and

$11,733 of accrued interest owed to the former CFO. In addition, the former CFO was issued shares of common stock in an amount equal to an aggregate of ten percent (10%) of any additional shares of common stock issued to the Note holder as described above. We expensed $23,920 for the issuance of an additional 10,400 common shares to the former CFO. The shares were valued at $2.30 per share, the closing price of our common stock on June 30, 2011. The expense related to the issuance of the shares was recorded as a loss on debt extinguishment in the accompanying Form 10-K consolidated statement of operations for the year ended December 31, 2011 included elsewhere in this Prospectus. In conjunction with Exchange Agreement, the interest rate on the balance of the payable to the former CFO was reduced from 25% to 12% per annum until such time as the annual dividend rate on the Series C Preferred is increased to 12% and 20% per annum as defined, at which time the interest rate on the amount payable shall be increased to 16% and 25%, respectively.

The Exchange Agreement was accounted for as a debt extinguishment as the exchange was effected by issuance of common and preferred stock that did not represent the exercise of a conversion right contained in the terms of the debt at issuance. We determined that the loss on exchange of debt was substantial by comparing the carrying value of the debt extinguished to the fair value of the consideration tendered, and recorded $2,665,157 as a loss on debt extinguishment.

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The loss was the result of the difference between the fair value of the consideration given and the carrying value of the senior subordinated secured note extinguished, as follows:

Fair value of consideration tendered in extinguishment	
Series C Preferred	$ 5,279,195
Common stock	1,331,700
Expense related to issuance of anti-dilution shares	267,030
Expenses related to senior subordinated secured note	396,298
	7,274,223
Carrying value of debt extinguished	
Senior subordinated secured note and related accrued interest	4,117,333
Related party accounts payable and accrued interest	411,733
Advisory services payable related to senior subordinated secured note	80,000
	4,609,066
Total loss on extinguishment of debt	$ 2,665,157

Merger/Reverse Capitalization

DecisionPoint Systems, Inc., formerly known as Comamtech, Inc. (the "Company", “DecisionPoint”, “we”, “our” or “us”), wa incorporated on August 16, 2010, in Canada under the laws of the Ontario Business Corporations Act (“OCBA”). On June 15, 2011, we entered into a Plan of Merger (the “Merger Agreement”) among the Company, its wholly owned subsidiary, 2259736 Ontario Inc., incorporated under the laws of the Province of Ontario, Canada (the “Purchaser”) and DecisionPoint Systems, Inc., (“Old DecisionPoint”). Pursuant to the Merger Agreement, under Section 182 of the OCBA, on June 15, 2011 (the “Effective Date”) Old DecisionPoint merged (the “Merger”) into the Purchaser and became a wholly owned subsidiary of the Company. Prior to the Merger, Comamtech was a “shell company” (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). In connection with the Merger, the Company changed its name to DecisionPoint Systems, Inc., and the Purchaser changed its name to DecisionPoint Systems International, Inc. (“DecisionPoint Systems International”). On June 15, 2011, both companies were reincorporated in the State of Delaware.

Pursuant to the terms of the Merger Agreement, we acquired all of the issued and outstanding capital stock of Old DecisionPoint from its shareholders in exchange for 4,593,660 shares of our common stock, resulting in an exchange ratio of one share for every eight shares of common stock tendered (1:8). We also acquired all of the issued and outstanding Series A Cumulative Convertible Preferred Shares and Series B Cumulative Convertible Preferred Shares in exchange for 243,750 and 118,750 Cumulative Convertible Preferred Shares, respectively. Immediately after the Merger, there were 6,934,412 shares of our common stock outstanding and 243,750 and 118,750 shares of our Series A Cumulative Convertible Preferred Shares and Series B Cumulative Convertible Preferred Shares outstanding, respectively. In addition, we assumed all of Old DecisionPoint’s obligations under its outstanding stock option plans and warrant agreements.

The estimated fair values of the financial assets received and liabilities assumed from Comamtech in the Merger are comprised of the following as of June 15, 2011:

Cash	$ 2,361,742
Note receivable	100,000
Other receivables	1,488,850
Other curent assets	150,545

Accounts payable	(153,450)
Net asset value	$ 3,947,687

Pursuant to the Merger Agreement, on or before August 25, 2011, we were to have an audit performed on the balance sheet of Comamtech as of June 15, 2011 (the "Opening Balance Sheet"). Prior to August 25, 2011, we prepared a statement (the "Purchase Price Statement") setting forth our good faith computation of the shareholders' equity of Comamtech as of August 15, 2011. During August 2011, both parties accepted the Purchase Price Statement and agreed to forego an audit.

Pursuant to the Merger Agreement, if the final shareholders' equity balance reflected in the Opening Balance Sheet was less than $7,233,000, then the shareholders of Old DecisionPoint at the date of the Merger were entitled to receive, on a pro rata basis, common shares according to a schedule set forth in the Merger Agreement. The final shareholders' equity balance reflected in the Opening Balance Sheet was $3,947,687 (see table above) and as a result, we issued the maximum number of additional common shares of 487,310 to the Old DecisionPoint shareholders on September 30, 2011. These shares were included in total common shares issued and outstanding as of the Effective Date of the transaction. This had the effect of reducing the exchange ratio from one for every eight shares tendered (1:8) to one for every seven point two three shares tendered (1:7.23273). The additional common shares have been accounted for as a reduction in the exchange ratio for all of our other securities, including the preferred stock, stock options and warrants to purchase shares of our securities.

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As a result, after the adjustment to the exchange ratio, we had acquired all of the issued and outstanding capital stock of Old DecisionPoint from its shareholders by exchanging 36,749,286 of Old DecisionPoint common shares for 5,080,970 shares of our common stock and by exchanging 975 and 380 shares of Old DecisionPoint Series A and Series B Cumulative Convertible Preferred Shares, for 269,608 and 131,347 shares of our Series A and Series B Cumulative Convertible Preferred Shares, respectively.

The accompanying Form 10-K consolidated financial statements included elsewhere in this Prospectus present the previously issued shares of Comamtech common stock as having been issued pursuant to the Merger on June 15, 2011, in exchange for the net assets of Comamtech totaling $3,947,687 as consideration received. The shares of common stock of the Company issued to Old DecisionPoint's stockholders in the Merger are presented as having been outstanding since the original issuance of the shares. Further, the exchange ratio, as adjusted above, has been retroactively applied to all share, weighted average share, loss per share, and stock option and warrant disclosures.

Cash Flows from Operating, Investing and Financing Activities

Information about our cash flows, by category, is presented in the accompanying Form 10-K Consolidated Statement of Cash Flows included elsewhere in this Prospectus. The following table summarizes our cash flows for the years ended December 31, 2012 and 2011 (in millions):

	Year ended December 31,			
	2012	2011	Increase/(Decrease)	
Operating activities	$ 1.7	$ (2.4)	$ 4.1	170.8 %
Investing activities	(5.1)	(1.7)	3.4	200.0 %
Financing activities	4.1	4.2	(0.1)	-2.4 %

Cash provided by operating activities for 2012 increased by $4.1 million over the prior year. The increase in cash from operations was primarily driven by the changes in net working capital and other balance sheet changes, most notably from $1.6 million decrease in accounts receivable due to timing of receivable collections.

For the year ended December 31, 2012, net cash provided by operating activities was $1.7 million. Our net loss was $3.9 million in 2012, a portion of which was the result of non-cash transactions during the year. Specifically, we had a $0.7 million non-cash expense related to employee and non-employee stock based compensation and $1.5 million of other non-cash transactions such as depreciation and amortization. Additionally, our cash position was positively affected by the net change in our unearned revenue of $0.1 million associated with increased deferred revenues and associated costs.

For the year ended December 31, 2011, net cash used in operating activities was $2.4 million. Our net loss was $5.2 million in 2011, most of which was the result of non-cash transactions during the year. Specifically, we had a $2.3 million non-cash loss on debt extinguishment as it related to the exchange of the $4.0 million subordinated debt for preferred stock and $1.3 million of other non-cash transactions such as depreciation and amortization, employee and non-employee stock-based compensation, and deferred taxes. Additionally, our cash position was positively affected by the net change in our unearned revenue of $1.4 million associated with increased deferred revenues and associated costs.

Net cash used in investing activities was $5.1 million for the year ended December 31, 2012, and was primarily related to the combined cash payment for the acquisition of Apex Systems Integrators, Inc. and Illume Mobile in June and July 2012, respectively, of $5.0 million along with $0.1 million for purchases or property and equipment.

Net cash used in investing activities was $1.7 million for the year ended December 31, 2011, and was related to the cash payment to the shareholders of CMAC in January 2011 of $2.2 million offset by the $0.5 million collection of a note receivable in connection with the Merger in September 2011.

During the year ended December 31, 2012, net cash provided by financing activities was $4.1 million, primarily due to $4.0 million due to the issuance of term loans, $6.0 million related to the issuance of Series D Preferred (net of expenses), and $1.5 million in cash received in our reverse recapitalization (net of expenses). Cash used in financing activities was a result of $4.5 million in Series C Preferred Stock retirement, $0.6 million of net repayments on the line of credit, $1.4 million of senior long-term debt repayment, $0.6 million for the Series C Preferred Stock dividends and $0.3 million in financing costs.

During the year ended December 31, 2011, net cash provided by financing activities was $4.2 million, primarily due to the $4.0 million in proceeds from sale of subordinated debt and the $2.0 million of cash received from the Merger. Cash used in financing activities was the result of $1.0 million of senior long-term debt repayment, $0.3 million of net repayments on the line of credit, $0.2 million for the purchase of treasury stock, payment of $0.1 million for the Series C Preferred Stock dividend and $0.1 million of financing costs.

Critical Accounting Policies

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Critical accounting policies are those that require the application of management’s most difficult, subjective, or complex judgments, often because of the need to make estimates about the effect of matters that are inherently uncertain and that may change in subsequent periods. In preparing the consolidated financial statements, management has utilized available information, including our past history, industry standards and the current economic environment, among other factors, in forming its estimates and judgments, giving due consideration to materiality. Actual results may differ from these estimates. In addition, other companies may utilize different estimates, which may impact the comparability of our results of operations to those of companies in similar businesses. We believe that the following critical accounting policies involve a high degree of judgment and estimation:

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Accounts Receivable and Allowance for Doubtful Accounts

We have policies and procedures for reviewing and granting credit to all customer accounts, including:

- Credit reviews of all new customer accounts,
- Ongoing credit evaluations of current customers,
- Credit limits and payment terms based on available credit information,
- Adjustments to credit limits based upon payment history and the customer's current credit worthiness, and
- An active collection effort by regional credit functions, reporting directly to the corporate financial officers.

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. These allowances are highly judgmental and require assumptions based on both recent trends of certain customers estimated to be a greater credit risk, as well as historical trends of the entire customer pool. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. To mitigate this credit risk we perform periodic credit evaluations of our customers.

Inventory

Inventory is stated at the lower of cost or market. Cost is determined under the first-in, first-out (FIFO) method. We periodically review our inventory and make provisions as necessary for estimated obsolete and slow-moving goods. We mark down inventory by an amount equal to the difference between cost of inventory and the estimated market value based upon assumptions about future demands, selling prices and market conditions. The creation of such provisions results in a write-down of inventory to net realizable value and a charge to cost of sales.

Goodwill and Long-Lived Assets

Goodwill represents the excess purchase price paid over the fair value of the net assets of acquired companies. Goodwill is subject to impairment testing as necessary, (at least once annually at December 31) if changes in circumstances or the occurrence of certain events indicate potential impairment. In assessing the recoverability of our goodwill, identified intangibles, and other long-lived assets, significant assumptions regarding the estimated future cash flows and other factors to determine the fair value of the respective assets must be made, as well as the related estimated useful lives. The fair value of goodwill and long-lived assets is estimated using a discounted cash flow valuation model and observed earnings and revenue trading multiples of identified peer companies. If these estimates or their related assumptions change in the future as a result of changes in strategy or market conditions, we may be required to record impairment charges for these assets in the period such determination was made.

Intangible Assets

We make judgments about the recoverability of purchased finite-lived intangible assets whenever events or changes in circumstances indicate that impairment may exist. Recoverability of finite-lived intangible assets is measured by comparing the carrying amount of the asset to the future undiscounted cash flows that the asset is expected to generate. If it is determined that an individual asset is impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

The assumptions and estimates used to determine future values and remaining useful lives of our intangible are complex and subjective. They can be affected by various factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our forecasts.

Comprehensive Loss

Comprehensive loss consists of net loss and accumulated other comprehensive loss, which includes certain changes in equity that are excluded from net income. Comprehensive loss for the year ended December 31, 2012 is equal to the net loss of $3,866,000 plus other comprehensive income totaling $22,000 (relating to exchange translation adjustments arising from the consolidation of our Canadian Apex subsidiary) to arrive at comprehensive loss of $3,844,000. Comprehensive loss for the year ended 2011 is equal to the net loss reported.

Income Taxes

We account for income taxes in accordance with the Financial Accounting Standards Board ("FASB") guidance, which requires deferred tax assets and liabilities, be recognized using enacted tax rates to measure the effect of temporary differences between book and tax bases on recorded assets and liabilities. FASB guidance also requires that deferred tax assets be reduced by a valuation allowance, if it is more likely than not some portion or all of the deferred tax assets will not be recognized.

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We evaluate on an annual basis its ability to realize deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are forecasts of future taxable income and available tax planning strategies that could be implemented to realize the net deferred tax assets.

In accordance with FASB guidance on accounting for uncertainty in income taxes, we evaluate tax positions to determine whether the benefits of tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, we recognize the largest amount of the benefit that is greater than 50% likely of being realized upon ultimate settlement. For tax positions that are not more likely than not of being sustained upon audit, we do not recognize any portion of the benefit. If the more likely than not threshold is not met in the period for which a tax position is taken, we may subsequently recognize the benefit of that tax position if the tax matter is effectively settled, the statute of limitations expires, or if the more likely than not threshold is met in a subsequent period.

Translation of Foreign Currencies

The Company's functional currency is the U.S. dollar. The financial statements of the Company's foreign subsidiary is measured using the local currency, in this case the Canadian dollar (CDN$), as its functional currency and is translated to U.S. dollars for reporting purposes. Assets and liabilities of the subsidiary are translated at exchange rates as of the balance sheet dates. Revenues and expenses of the subsidiary are translated at the rates of exchange in effect during the year.

Revenue recognition

Revenues are generated through product sales, warranty and maintenance agreements, software customization, and professional services. Product sales are recognized when the following criteria are met (1) there is persuasive evidence that an arrangement exists; (2) delivery has occurred and title has passed to the customer, which generally happens at the point of shipment provided that no significant obligations remain; (3) the price is fixed and determinable; and (4) collectability is reasonably assured. We generate revenues from the sale of extended warranties on wireless and mobile hardware and systems. Revenue related to extended warranty and service contracts is recorded as unearned revenue and is recognized over the life of the contract and we may be liable to refund a customer for amounts paid in certain circumstances. This has not been an issue for us historically.

We also generate revenue from software customization and professional services on either a fee-for-service or fixed fee basis. Revenue from software customization and professional services that is contracted as fee-for-service, also referred to as per-diem billing, is recognized in the period in which the services are performed or delivered. Adjustments to contract price and estimated labor costs are made periodically, and losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined.

We enter into revenue arrangements that contain multiple deliverables. Judgment is required to properly identify the accounting units of the multiple deliverable transactions and to determine the manner in which revenue should be allocated among the accounting units. Moreover, judgment is used in interpreting the commercial terms and determining when all criteria of revenue recognition have been met for each deliverable in order for revenue recognition to occur in the appropriate accounting period. While changes in the allocation of the arrangement consideration between the units of accounting will not affect the amount of total revenue recognized for a particular sales arrangement, any material changes in these allocations could impact the timing of revenue recognition, which could affect the Company's results of operations. When we enter into an arrangement that includes multiple elements, the allocation of value to each element is derived based on management's best estimate of selling price when vendor specific objective evidence or third party evidence is unavailable.

Revenue from software licenses is recognized when all of the software revenue recognition criteria are met and, if applicable, when vendor specific objective evidence, or VSOE, exists to allocate the total license fee to each element of multiple-element software arrangements, including post-contract customer support. Post-contract support is recognized ratably over the support period. When a contract contains multiple elements wherein the only undelivered element is post-contract customer support and VSOE of the fair value of post-contract customer support does not exist, revenue from the entire arrangement is recognized ratably over the support period. Software royalty revenue is recognized in arrears on a quarterly basis, based upon reports received from licensees during the period, unless collectability is not reasonably assured, in which case revenue is recognized when payment is received from the licensee.

Stock-based compensation

We record the fair value of stock-based payments as an expense in our consolidated financial statements. We determine the fair value of stock options using the Black-Scholes option-pricing model. This valuation model requires us to make assumptions and judgments about the variables used in the calculation. These variables and assumptions include the weighted-average period of time that the options granted are expected to be outstanding, the volatility of our common stock, the risk-free interest rate and the estimated rate of forfeitures of unvested stock options. Additional information on the variables and assumptions used in our stock-based compensation are described in Note 13 of the accompanying Notes to our Form 10-K Consolidated Financial Statements included elsewhere in this Prospectus.

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Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements as of December 31, 2012.

New Accounting Standards

In July 2012, the FASB has issued ASU No. 2012-02, Intangibles--Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment. This ASU states that an entity has the option first to assess qualitative factors to determine whether the existence of events and circumstances indicates that it is more likely than not that the indefinite-lived intangible asset is impaired. If, after assessing the totality of events and circumstances, an entity concludes that it is not more likely than not that the indefinite-lived intangible asset is impaired, then the entity is not required to take further action. However, if an entity concludes otherwise, then it is required to determine the fair value of the indefinite-lived intangible asset and perform the quantitative impairment test by comparing the fair value with the carrying amount in accordance with Codification Subtopic 350-30, Intangibles--Goodwill and Other, General Intangibles Other than Goodwill.

Under the guidance in this ASU, an entity also has the option to bypass the qualitative assessment for any indefinite-lived intangible asset in any period and proceed directly to performing the quantitative impairment test. An entity will be able to resume performing the qualitative assessment in any subsequent period.

The amendments in this ASU are effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted, including for annual and interim impairment tests performed as of a date before July 27, 2012, if a public entity's financial statements for the most recent annual or interim period have not yet been issued or, for nonpublic entities, have not yet been made available for issuance. We do not believe that the adoption of this pronouncement will have a material effect on the consolidated financial statements.

In October 2012, the FASB issued ASU 2012-04, "Technical Corrections and Improvements." ASU 2012-04 contains amendments to clarify the ASC, correct unintended application of guidance, or make minor improvements to the ASC that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. Additionally, the amendments are intended to make the ASC easier to understand and the fair value measurement guidance easier to apply by eliminating inconsistencies and providing needed clarifications. The amendments that do not have transition guidance were effective upon issuance. The amendments that are subject to the transition guidance will be effective for fiscal periods beginning after December 15, 2012. The adoption of ASU 2012-04 will not have a material impact on our results of operations or our financial position.

In February 2013, the FASB issued ASU 2013-02, "Comprehensive Income (Topic 220): Reporting of Amounts Reclassified out of Accumulated Other Comprehensive Income." ASU 2013-02 requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required to be reclassified in its entirety to net income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures that provide additional detail about those amounts. The amendments do not change the current requirements for reporting net income or other comprehensive income in financial statements. For public entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2012. Early adoption is permitted. The adoption of ASU 2013-02 will not have a material impact on our results of operations or our financial position.

Remediation of Weaknesses in Internal Controls

Management's assessment of the effectiveness of our disclosure controls and procedures as of June 30, 2012 and September 30, 2012 reported that such controls and procedures were ineffective as a result of a material weakness in our internal control over financial reporting related to the supervision and review of our financial closing and reporting process and in our ability to account for complex transactions as described in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 and September 30, 2012. The complex transactions related to purchase accounting for acquisitions made in 2012. During the fourth quarter of 2012, we devoted significant time and resources to the remediation of the material weakness that included, but was not limited to:

· evaluating of Finance Department's management and staff qualifications, which resulted in us making certain personnel changes in the Accounting and Finance department.

· Implementation of further process and control procedures surrounding review of significant transactions within the financial closing process

· Implementing new control procedures over the utilization of external resources

Although further and ongoing efforts will continue in 2013 and beyond to enhance our internal control over financial reporting, we believe that our remediation efforts now provide the foundation for compliance.

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BUSINESS

History

DecisionPoint Systems, Inc., formerly known as Comamtech, Inc. (the "Company", "DecisionPoint", "we", "our" or "us"), wa incorporated on August 16, 2010, in Canada under the laws of the Ontario Business Corporations Act ("OCBA"). On June 15, 2011, we entered into a Plan of Merger (the "Merger Agreement") among the Company, its wholly owned subsidiary, 2259736 Ontario Inc., incorporated under the laws of the Province of Ontario, Canada (the "Purchaser") and DecisionPoint Systems, Inc. ("Old DecisionPoint"). Pursuant to the Merger Agreement, under Section 182 of the OCBA, on June 15, 2011 (the "Effective Date") Old DecisionPoint merged (the "Merger") into the Purchaser and became a wholly owned subsidiary of the Company. Prior to the Merger, Comamtech was a "shell company" (as such term is defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). In connection with the Merger, the Company changed its name to DecisionPoint Systems, Inc., and the Purchaser changed its name to DecisionPoint Systems International, Inc. ("DecisionPoint Systems International"). On June 15, 2011, both companies were reincorporated in the State of Delaware.

DecisionPoint has two wholly owned subsidiaries, DecisionPoint Systems International and Apex Systems Integrators Inc. DecisionPoint Systems International has two wholly owned subsidiaries, DecisionPoint Systems Group Inc. ("DPS Group") and CMAC, Inc. ("CMAC"). DecisionPoint Systems International acquired CMAC on December 31, 2010. CMAC was founded and incorporated in March 1996, and is a logistics consulting and systems integration provider focused on delivering operational and technical supply chain solutions, headquartered in Alpharetta, Georgia.

DPS Group has two wholly owned subsidiaries, DecisionPoint Systems CA, Inc. and DecisionPoint Systems CT, Inc. DecisionPoint Systems CA, Inc., formerly known as Creative Concepts Software, Inc. ("CCS") was founded in 1995 and is a provider of Enterprise Mobility Solutions. Enterprise Mobility Solutions are those computer systems that give an enterprise the ability to connect to people, control assets, and transact business from any location by using mobile computers, tablet computers, and smartphones to securely connect the mobile worker to the back office software systems that run the enterprise. Technologies that support Enterprise Mobility Solutions include national wireless carrier networks, Wi-Fi, local area networks, mobile computers, smartphones and tablets, mobile software applications, middleware and device security and management software. DecisionPoint Systems CT, Inc. formerly known as Sentinel Business Systems, Inc. ("SBS") was founded in 1976 and has developed over time a family of powerful enterprise data collection software solutions, products and services. The combined company is a data collection systems integrator that sells and installs mobile devices, software, and related bar coding equipment, radio frequency identification ("RFID") systems technology and provides custom solutions and other professional services.

Following the Merger, the business conducted by us is now the business conducted by Old DecisionPoint prior to the Merger.

Recent Developments

Preferred Series D Private Placement

On December 20, 2012, we entered into and closed a securities purchase agreement (the "Series D Purchase Agreement") with accredited investors (the "Investors"), pursuant to which we sold an aggregate of 633,600 shares of Series D Convertible Preferred Stock (the "Series D Preferred Shares") for a purchase price of $10.00 per share, for aggregate gross proceeds of $6,336,000 (the "Series D First Closing").

We retained Taglich Brothers, Inc. (the "Placement Agent") as the placement agent for the Series D First Closing.We paid the Placement Agent $506,880 in commissions (equal to 8% of the gross proceeds), and issued to the Placement

Agent five-year warrants (the “Placement Agent Warrants”) to purchase 633,600 shares of our common stock (equal to 10% of the number of shares of common stock underlying the Series D Preferred Shares sold under the Purchase Agreement) at an exercise price of $1.10 per share, in connection with the Series D First Closing. The Investors included certain of our officers, directors and employees, who purchased an aggregate of 20,700 Series D Preferred Shares. We used $4.7 million of the proceeds from the Series D Closing to redeem all of our outstanding shares of Series C Preferred Stock.

On December 31, 2012, we sold an additional 70,600 shares of Series D Preferred Stock for a purchase price of $10.00 per share, for aggregate gross proceeds of $706,000 (the “Series D Second Closing”, and together with the Series D First Closing, the “Series D Closings”) pursuant to the Series D Purchase Agreement for an aggregate of 704,200 shares of Series D Preferred Stock sold. The Placement Agent acted as the placement agent for the Series D Second Closing as well. We paid the Placement Agent $56,480 in commissions (equal to 8% of the gross proceeds), and issued to the Placement Agent Placement Agent Warrants to purchase 70,600 shares of common stock (equal to 10% of the number of shares of common stock underlying the Series D Preferred Shares sold under the Series D Purchase Agreement) at an exercise price of $1.10 per share, in connection with the Series D Second Closing for an aggregate of 704,200 such Placement Agent Warrants. The Investors included one of our officers who purchased an aggregate of 2,500 Series D Preferred Shares.

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The table below presents the use of proceeds from the Series D Preferred Shares:

Gross Proceeds		$ 7,042,000
Less:		
Redemption of Preferred Series C Shares	4,732,567	
Payment of placement agent fees, including other estimated costs	1,019,682	
		5,752,249
Funds available for general corporate purposes		$ 1,289,751

Our proceeds from the Series D Closings, before deducting placement agent fees and other expenses, were approximately $7.0 million. We used $4.7 million for redemption of all of our outstanding shares of Series C Preferred Stock. Approximately $1.0 million was used to pay fees and expenses of this offering, and $1.3 million are funds available for general corporate purposes. Pursuant to the Apex Stock Purchase Agreement, we are required to place 25% of the net offering proceeds, as defined, in an escrow account to satisfy our payment obligations of certain earn-out provisions. These funds have not been placed into escrow pending agreement between the Company and the sellers regarding the financial institution that will escrow the funds, the amount of funds that are to be placed in escrow and the escrow agreement itself (see Note 4 to the accompanying Form 10-K Consolidated Financial Statements included elsewhere in this Prospectus).

In connection with the Series D First Closing, on December 20, 2012, we filed a Certificate of Designation of Series D Preferred Stock (the "Series D Certificate of Designation") with the Secretary of State of Delaware. Pursuant to the Series D Certificate of Designation, we designated 4,000,000 shares of our preferred stock as Series D Preferred Stock. The Series D Preferred Stock has a Stated Value of $10.00 per share, votes on an as-converted basis with the common stock, and is convertible, at the option of the holder, into such number of shares of our common stock equal to the number of shares of Series D Preferred Stock to be converted, multiplied by the Stated Value, divided by the Conversion Price in effect at the time of the conversion. The initial Conversion Price is $1.00, subject to adjustment in the event of stock splits, stock dividends and similar transactions, and in the event of subsequent equity sales at a lower price per share, subject to certain exceptions. The Series D Preferred Stock entitles the holder to cumulative dividends, payable quarterly, at an annual rate of (i) 8% of the Stated Value during the three year period commencing on the date of issue, and (ii) 12% of the Stated Value commencing three years after the date of issue. We may, at our option, pay dividends in PIK Shares, in which event the applicable dividend rate will be 12% and the number of such PIK Shares issuable will be equal to the aggregate dividend payable divided by the lesser of (x) the then effective Conversion Price or (y) the average volume weighted average price of the Company's common stock for the five prior consecutive trading days.

Pursuant to the Series D Certificate of Designation, upon any liquidation, dissolution or winding-up of our Company, holders of Series D Preferred Stock will be entitled to receive, for each share of Series D Preferred Stock, an amount equal to the Stated Value of $10.00 per share plus any accrued but unpaid dividends thereon before any distribution or payment may be made to the holders of any common stock, Series A Preferred Stock, Series B Preferred Stock, or subsequently issued preferred stock.

Pursuant to the Series D Certificate of Designation, commencing on the trading day on which the closing price of the common stock is greater than $2.00 for thirty consecutive trading days with a minimum average daily trading volume of at least 5,000 shares for such period, and at any time thereafter, the Company in its sole discretion may effect the conversion of all of the outstanding shares of Series D Preferred Stock to common stock (subject to the condition that, all of the shares issuable upon such conversion may be re-sold without limitation under an effective registration statement or pursuant to Rule 144 under the Securities Act of 1933, as amended.

Pursuant to the Series D Certificate of Designation, commencing two years from the termination or expiration of the offering of the Series D Preferred Stock (which termination occurred on December 31, 2012), and at any time thereafter, the Company in its sole discretion may redeem all of the outstanding shares of Series D Preferred Stock at a purchase price of $10.00 per share plus any accrued but unpaid dividends.

Illume Mobile Acquisition

On July 31, 2012 (the “Illume Mobile Closing Date”), we entered into an asset purchase agreement (the “Illume Mobile Purchase Agreement”) with MacroSolve, Inc. (the “Seller”). Pursuant to the Illume Mobile Purchase Agreement, we purchased the business (including substantially all the related assets) of the Seller’s Illume Mobile division (“Illume Mobile”), for a purchase price of $1,000,000, of which $250,000 was paid in cash and $750,000 was paid in the form of 617,284 shares of our common stock. The number of shares to be issued was based on a value of $1.215 per share which was based on the volume weighted-average trading price of our common stock over the twenty trading days prior to the Illume Mobile Closing Date. Pursuant to the asset purchase agreement, we will be required to make an additional payment (“Additional Payment”) to the Seller of up to $500,000 based on the achievement of specified levels of net revenue during the twelve months ending July 31, 2013, of which 50% will be paid in cash, and 50% will be paid in shares of common stock. The value of the shares will be based on the closing price of our common stock on the one year anniversary of the Illume Mobile Closing Date. The Additional Payment will be paid within 30 days of the one year anniversary of the Closing Date. The Illume Mobile business acquired includes patent protected domain expertise in developing Enterprise mobile software for Android and Apple (iOS) mobile devices.

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Apex Systems Integrators, Inc. Acquisition

On June 4, 2012 (the "Apex Closing Date"), pursuant to a Stock Purchase Agreement, we acquired all of the issued and outstanding shares of Apex Systems Integrators Inc. ("Apex"), a corporation organized under the laws of the Province of Ontario, Canada. Apex is a provider of wireless mobile work force software solutions. Its suite of products utilizes the latest technologies to empower the mobile worker in many areas including merchandising, sales and delivery; field service; logistics and transportation; and, warehouse management. Its clients are North American companies that are household names whose products and services are used daily to feed, transport, entertain and care for people throughout the world.

In consideration for the shares of Apex, we paid CDN$5,000,000 (US$4,801,000 at the Apex Closing Date) in cash. We may be required to pay up to an undiscounted amount of CDN$3,500,000 (US$3,360,700 at the Apex Closing Date) in consideration for Apex achieving certain levels of adjusted earnings before interest, depreciation, taxes and amortization during the twelve months ending July 2013.

Overview

DecisionPoint enables our clients to "move decisions closer to the customer" by "empowering the mobile worker". We define the mobile worker as those individuals that are on the front line in direct contact with customers. These workers include field repair technicians, sales associates, couriers, public safety employees and millions of other workers that deliver goods and or services throughout the country. Whether they are blue or white collar, mobile workers have many characteristics in common. Mobile workers need information, access to corporate resources, decision support tools and the ability to capture and report information back to the organization.

DecisionPoint empowers these mobile workers through the implementation of various mobile technologies including specialized mobile business applications, wireless networks, mobile computers (for example, rugged, tablets, and smartphones) and a comprehensive suite of consulting, integration, deployment and support services.

Mobile computing capabilities and usage continue to grow. With choice comes complexity so helping our customers navigate the myriad of options is what we do best. The right choice may be an off-the-shelf application or a custom business application to fit a very specific business process. DecisionPoint has the specialized resources and support structure to address the needs of mobile applications in the retail, transportation, field workforce sales/service and the warehousing market segments. We continue to invest in building out our capabilities to support these markets and business needs. For example, in July 2012, we invested in the expansion of our custom software development capabilities through the acquisition of Illume Mobile in Tulsa, OK, which specializes in the custom development of specialized mobile business applications for Apple, Android and Windows Mobile devices. Additionally, through the acquisition of Illume Mobile we acquired a cloud-based, horizontal software application "ContentSentral" which manages and distributes multiple types of corporate content (for example, PDF, video, images, and spreadsheets) on mobile tablets used by field workers. We also dramatically increased our software products expertise with the acquisition in June 2012 of APEX in Canada. The APEXWare™ software suite significantly expanded our field sales/service software offerings. APEXWare™ is a purpose-built mobile application suite ideally suited to the automation of field sales/service and warehouse workers. Additionally, we continue to expand our deployment and MobileCare support offerings. In 2012 we moved our headquarters location to a larger facility in Irvine, CA in order to accommodate the expansion of our express depot and technical support organizations. We also continue to invest in our "MobileCare EMM" enterprise mobility management offering. In 2008, we recognized the need for customers to outsource their mobile device management ("MDM") needs, thus we invested in building out a MDM practice that offers these services under a comprehensive managed service model. We have extended this offering from our historically ruggedized mobile computer customer base to address the growth of consumer devices in the enterprise and support the Bring Your Own Device (BYOD) and Bring Your Own Application (BYOA) movement.

Recognizing that we cannot build every business application, we have developed an ‘ecosystem’ of partners which support our custom and off-the-shelf solutions. These partners include suppliers of mobile devices (Apple, Intermec, Motorola, among others), wireless carriers (AT&T, Sprint, T-Mobile, Verizon), mobile peripheral manufactures (Zebra Technologies Corporation, Datamax - O’Neil), in addition to a host of specialized independent software vendors such as AirWatch, VeriFone GlobalBay, XRS and Wavelink.

We are focused on several commercial enterprise markets. These include retail, field sales/service, warehousing and distribution and transportation. With the continued growth of the mobile internet, we expect to see our current markets growth in addition to the emergence of new markets. In order to identify these new markets we recently created a new internal organization whose sole purpose is to identify and nurture new market opportunities. We expect our customers to continue to embrace and deploy new technology to better enhance their own customers’ experiences and improve their own operations while lowering their operating costs. Our expertise and understanding of our customers’ operations and business operations in general, coupled with our expertise and understanding of mobile technology equipment and software offerings enables us to identify new trends and opportunities and provide these new solutions to our existing and potential customers.

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At DecisionPoint, we deliver to our customers the ability to make better, faster and more accurate business decisions by implementing industry-specific, enterprise wireless and mobile computing systems for their front-line mobile workers, inside and outside of the traditional workplace. It is these systems that provide the information to improve the hundreds of individual business decisions made each day. Historically, critical information has remained locked away in the organization's enterprise computing systems, accessible only when employees were at their desk. Our solutions unlock this information and deliver it to employees when needed regardless of their location. As a result, our customers are able to move their business decision points closer to their customers which we believe in turn improves customer service levels, reduces cost and accelerates business growth.

We have several offices throughout North America which allows us to serve our multi-location clients and their mobile workforces. We provide depot services through our West and East coast facilities. Additionally, we are always keenly aware of potential acquisition candidates that can provide complementary products and service offerings to our customer base.

Marketplace

Industry

The Enterprise Mobile Computing industry continues to grow on many fronts. The industry's early growth was fueled through the standardization of several key technologies such as the Windows Mobile operating system, 802.11 a/b/g "Wi-Fi" wireless local area networks, and robust nationwide wireless carrier data networks such as Sprint, T-Mobile and Verizon. The more recent advances in "consumer" class smartphones and tablets have enabled new applications and expanded the market's reach to field worker applications that previously could not justify the cost of traditional rugged mobile computers.

In the last 12 months we have seen an increase in the deployment of "consumer" smartphones and tablet computers in order to support a broadening set of mobile user needs. While a few of these deployments have been in response to reducing the deployment costs of traditional ruggedized mobile devices, the majority represent new deployments in markets which were previously under-serviced and thus represent new market opportunities.

The industry is comprised of companies that bring specific value to one or more elements of the overall customer solution. These specialized companies can be grouped into the following categories:

- Hardware manufacturers such as Motorola Solutions, Intermec Corporation and Zebra Technologies each provide specialized mobile computers and peripherals.
- Wireless Carriers such as Sprint, T-Mobile and Verizon provide robust data and voice networks.
- Specialized application providers (ISVs) that focus on providing mobile applications to meet specific industry and business requirements. Our APEXWare™ are solution set is one such example.
- Systems integrators such as DecisionPoint that work directly with the end user to define the business requirement and then design and develop the final solution using our existing intellectual property or components from other providers.

Determining which enterprise mobile solution we deliver to our customers depends on several key factors including the customer's industry, size and business objectives. Successful solution selection requires that providers possess industry domain expertise, business application expertise and mobile computing and wireless networking technical acumen. DecisionPoint possesses this knowledge and skillset in our target markets.

In addition to offering hardware and specialized mobile applications, we also provide a complete line of consulting, deployment and integration services, including site surveys, equipment configuration and staging, system installation, depot services, software support, training programs and project management.

Current Market Environment

Over the last several years, we have been repositioning ourselves to move up the solution value chain by focusing on higher margin software and consulting services along with customer-driven mobile wireless solutions rather than providing simply hardware and customized software as a reseller. This is the key to increasing our profitability and is also a major point of differentiation. The acquisitions of CMAC, Apex and Illume Mobile are instrumental in this repositioning. Small resellers and large catalog resellers simply do not want to, or cannot, provide the hands-on services and mobile application needs to make these systems successful. Our major ecosystem partners recognize this and have come to depend more on us to deliver the business value that their products enable.

The result is that our partners are referring more end-user demand to DecisionPoint than ever before because they require our deep domain knowledge in our chosen markets, our mobile application solutions, consulting services and our deployment and support capabilities. Today, a majority of Motorola, Intermec and Zebra Technologies' product sales are through the sales channel in which we participate.

We benefit from other advantages by participating in this sales channel. The industry leaders have established program rewards, such as a favorable pricing structure and promotional incentives for their top-tier partners such as DecisionPoint. As a result, we invest in training for our personnel, which differentiate us from other potential competitors whose personnel may not have the same training or experience as ours. Within our enterprise markets, we believe there continues to be long-term opportunity for growth as the global workforce continues to become more mobile and the industries and markets that purchase our products and services continue to expand. The markets in which we compete include mobile computing products and services, enterprise wireless services, bar code scanning and mobile network management platforms. Organizations looking to increase productivity and derive benefits from empowering their mobile workforce are driving adoption of our solutions.

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Our strategy in our target markets is to enable our customers to focus on their missions, not the technology. This is accomplished by providing mission-critical systems, seamless connectivity through highly reliable voice and data networks and a suite of advanced and/or custom applications that provide real-time information to mobile workers.

DecisionPoint Target Markets

The markets for enterprise wireless and mobile computing are very fragmented and extremely complex. But generally they can be characterized by the following attributes:

1. Vertical market industries which require specific domain expertise.
2. Industries which track goods or deliver a service in the field (or both).

3. Industries which have a significant group of mobile workers, whether they operate primarily in one place or in the field.

In the commercial enterprise market, we seek to deliver products and services that are designed to empower the mobile workforce to increase productivity, expand sales, drive cost effectiveness and promote faster execution of critical business processes.

Vertical Markets

The attractiveness of any vertical market depends directly on the size and nature of the problems which that market faces that can be addressed by enterprise wireless and mobile computing. Historically, retail, warehousing, and manufacturing were the largest industries. Each typically had large amounts of goods in constant motion which needed to be tracked. In addition, each had a workforce which primarily operated in one place (i.e. a retail store, a distribution center or a factory).

Although these markets are still attractive for us and comprise a sizeable portion of our business, we believe new markets are emerging which hold as great or even greater promise than our historical markets.

Transportation, logistics and field services such as repair and maintenance, delivery and inspections are now emerging as new markets. This is primarily due to the arrival of robust, national wireless carrier networks that can reach field-based mobile workers almost anywhere they are. The general term for this new group of markets is referred to as “Field Mobility”. Although it cuts across multiple industries and business applications, it has one common characteristic: goods are tracked or services are being performed by field-based workforces, not workers operating in a single location under one roof.

Our Field Mobility Practice

We established our Field Mobility practice in 2008 with the express purpose of replicating our historical success with a new set of customers together with a new ecosystem of partners including Sprint, T-Mobile and Verizon. We have an informal arrangement with these partners pursuant to which they provide referrals of their airtime customers that are interested in field mobility solutions. We, in turn, provide solutions which require cellular data networks. We have experienced year over year growth in this segment and believe this trend will continue due to the adoption of smartphones, tablet computers and the continued cost reductions and increased access of cellular data networks. The carriers not only bring potential new opportunities but also have attractive programs which allow us to earn additional revenue when we facilitate service of mobile computers and devices on their networks.

Our acquisitions of APEX and Illume Mobile further demonstrate our belief in this market. The APEXWare™ are product suite is ideally suited for empowering field based sales and service workers whereas ContentSentral provides a unique content delivery capability that enables a new class of mobile information empowerment to field workers that need real-time access to corporate content.

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Products and Services

Mobile Applications

We deploy mobile applications to address a wide variety of business processes, depending on the industry. Below is a brief overview of some of those applications by industry:

- Retail Store: Stock locator, shelf price marking, markdowns, inventory control, physical inventory, merchandising, customer service and mobile point-of-sale ("MPOS").

- Warehousing and Distribution: Order shipping, order picking and packing, stock move and replenishments, product receipt and put-away, labeling, physical inventory and cycle counts.

- Transportation and Logistics: Proof-of-delivery, commercial turn-by-turn directions, route optimization, cross-docking, returns and Department of Transportation driver hours of service and route logging.

- Field Mobility: Field service and repair, merchandising, field sales, work order management, asset management, inspection, preventative maintenance, surveys, rounds and readings.

Software

Unlike the market for standardized business software such as email or accounting, the market for enterprise mobile software is more specialized. One size does not fit all. Enterprise mobile software systems must support industry-specific and customer-specific business processes. For this reason, we utilize several avenues to provide mobile software solutions to meet our customers' unique requirements.

DecisionPoint owned and delivered solutions:

- APEXWare™ Field Service (FS) enables customers to capture lost revenue, provide proof of service delivery, reduce inventory shrinkage, and reduce back office administration. A field deployment of wireless handheld devices with integrated bar code scanners enables the business to run completely paperless. APEXWare™ FS is also offered as a hosted subscription service, thus eliminating the need for costly IT infrastructure (on-site server, IT resources).

- APEXWare™ Merchandising, Sales and Delivery (MSD) is a powerful solution that maintains and optimizes customers' efficiency in the field by automating processes that would otherwise be time consuming and error-prone. APEXWare™ MSD provides significant value by streamlining merchandising, sales and delivery business functions. Mobile devices with integrated bar code scanners enable workers to perform multiple job functions to help achieve new sales growth and reduce costs. The solution is ideally suited for business regardless of size or industry.

  APEXWare™ Warehouse Management System (WMS) transforms current warehouse operations to a paperless, real-time operation. With the use of wireless devices APEXWare™ WMS reduces errors, improves worker efficiencies and ensures greater transaction accuracy. Mobile devices such as handheld mobile computers and vehicle mounted computers with integrated bar code scanners ensure accurate and efficient pick and put-away functions. APEXWare™ WMS is a powerful warehouse management system that maintains accurate inventory throughout the warehouse to optimize efficiency.

ContentSentral is a content delivery service that enables mobile workers in virtually any industry to access corporate information which enables better customer interaction and a more satisfying customer experience. It also provides the added benefit of allowing companies to closely manage versions of key documents used in the field. ContentSentral easily connects to corporate data sources and delivers multiple content formats including:

Video
PDF

PowerPoint™
Images

Word Documents™
Spread sheets

DecisionPoint custom development: When one of our off-the-shelve solutions or an ISV solution is not available, custom software can be created in-house using standardized programming platforms like Microsoft.NET® framework, Java™, Android and Apple iOS. These are used when there is simply no other “off-the-shelf” way to meet the customer’s requirements or when a client believes their business requirements are so unique that only a custom solution will work. An increasingly popular requirement for many corporate clients, which we are able to fulfill, is a custom application that is written once, but supports multiple mobile operating systems.

Resold specialized ISV applications: The software produced by specialized ISVs is designed to fit a particular vertical market and application. Even still, it must be tailored to meet the needs of each customer and often requires integration to the customer’s enterprise system(s). Depending on the requirements, this tailoring is provided by DecisionPoint or by the ISV themselves under contract to DecisionPoint. We have built a network of market and application focused ISVs specializing in Field Mobility applications for this purpose. In short, an ISV application, ruggedized mobile hardware, a wireless network, deployment services, and ongoing system support can be delivered by DecisionPoint more effectively and with less risk than with any other combination of providers.

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Professional Services

Our professional services offerings fall into one of three categories: business consulting, technical consulting and technical development. Business consulting is where we engage with our customer to help them understand the potential return on investment (ROI), of implementing mobile computing, or supply chain services as examples, for a particular business process. Technical consulting services help determine the technology to be used and how it is to be implemented. We utilize our evaluation techniques, tools, and experience to recommend the optimal technology solution that provides organizational, operational and system improvements to our customers. We take advantage of our database and assessment methodology to quickly identify viable solutions for client operations. Once the solution is identified and selected, we apply our fast track "3D" (Define, Design, Deliver) implementation methodology to ensure project success. Technical development includes actual software programming and configuration of the mobile computing, WMS and TMS application solutions as well as interface software needed to connect to our customer's existing back-office systems.

Our full suite of professional services allow for many "areas of engagement" with our customer base. We can initiate and engage on an opportunity in several areas of the project lifecycle. The professional services listed below allow us to provide value to organizations regardless of where the customer is in their project evaluation/implementation or rollout:

· Engineering & Material Handling	· Back office integration development
· Facility Automation	· Site Surveys & Installation
· Supply Chain Strategy	· Change Management
· Six Sigma & Lean Six Sigma	· Resource Augmentation
· WMS/3PL Selection & Support	· Temp-to-Perm
· Call Center Outsourcing	· Contract-to-Hire or Direct Hire
· Project Management	· Work Flow Management
· WMS/ERP Implementation	· Transportation Management

Supply Chain Services

Supply Chain services include Pre-Contract, Pre Go-Live and Post Go-Live solutions. Our project team will engage and manage the project from end-to-end, allowing the customer resources to stay focused on their tasks. Many of the services that we provide are listed below:

Pre-Contract	Pre Go-Live	Post Go-Live
Project Management	CRP Execution	Post implementation audit
Solution Design	Training Documents	System re-configuration
Application Study	Job Aid Development	Custom report design and development
CRP Script Development	Training Execution	EDI Interface design and development
CRP Configuration & Setup	Software Configuration	Issues documentation and management
Current State Design	Technical Support	Training and certification
Future State Design	System Interface Development/Programming	Satisfaction surveys/ process improvement
Mobility Readiness Evaluation	Implementation Support	Enhancement management/ implementation
ROI Targets/Worksheet	Modification Specification & Design	Multi-site rollout

Proof of Concept Design	Testing	Service Level Agreement
Host application requirements	Vendor Management	ROI Analysis
Device application requirements	Custom Reports	Ongoing Support

Deployment and Support Services

These services involve installing a solution into the customer's environment ("implementation") and then replicating that implementation to all their operating locations ("rollout"). The rollout is critical because unless the mobile computing solution is rolled out across all operating locations, the desired ROI will be limited.

We offer a wide range of services in this category. They include assembling kits of everything needed for the system on a per location basis ("kitting") to providing logistical services for rollout ("staging"), to advanced exchange services for broken units in the field, to help desk support and to a self-service portal where a customer can check the status of a service case or equipment repair ticket.

For Field Mobility projects, carrier activation is a key service. Activation is where we actually activate mobile computers and/or devices to run on the carrier networks. Not only is this a key service to complete projects, but it is also a source of revenue for us when the carriers pay us to activate mobile computers and/or devices to operate on the carrier networks.

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In addition, we offer staff augmentation services to customers that allow for shorter term projects or implementations, workflow management teams for cyclical business customers, as well as contract-to-hire resources that engage on supply chain projects and can convert to a permanent position at the customer location, which helps significantly with the knowledge transfer as well as capital knowledge base. Contract-to-hire solutions have proven beneficial for customers to overcome workforce issues during hiring freezes by allowing them to deploy solutions and then convert resources to full-time status upon expiration of the hiring freeze.

Finally, we are continuing our investments in managed service offerings and software as a service, or SaaS categories. Increasingly, customers want to outsource various aspects of operating and maintaining their enterprise mobile systems. Our MobileCare™ EMM (enterprise mobility management) service offering allows us to remotely manage customers' mobile computers and applications on a SaaS subscription basis.

Hardware

Our hardware reseller sales strategy is designed to avoid competing for hardware sales based solely on price. Throughout the sales cycle, we are diligent to point out to a customer that hardware is only one component of the complete solution they are looking for. By bundling the software and services with the hardware, we position ourselves as the value-added solution provider. This positioning differentiates us from the low-price, 'discount' hardware resellers who do not have this capability.

We offer the following types of enterprise wireless and mobile computing hardware on a cost competitive basis:

- Handheld and vehicle mounted, ruggedized mobile computers
- 802.11 a/b/g/ wireless LAN ("Wi-Fi") infrastructure
- GPS receivers
- Two-way radios
- Handheld barcode scanners
- Barcode label and RFID printers and encoders
- Laptops and tablet computers for rugged environments
- Consumer smartphone and tablet computers

Consumables

We have extensive expertise in bar code consumables solutions. We offer a full line of high quality labels, RFID tags, and printer ribbons to meet the demands of every printing system. We select the right components from a wide range of products on the market from both independent and original equipment manufacturers of printers and RFID printers/encoders. Matching media to the unique application is what makes the system work. In addition, consumables are essentially a recurring revenue stream once a customer has their system up and running.

Sales and Marketing

Customer Base

Our historical success has largely followed the broad adoption of enterprise wireless and mobile computing technology industry by industry. As mentioned above, this adoption pattern started with retail stores and moved backward through the retail supply chain into distribution and then manufacturing. It also spread horizontally from the retail supply chain into the supply chain of industrial goods as well. Our products and services are sold nationwide to a diverse set of customers such as retail, utility, transportation and logistics, manufacturing, wholesale and distribution and other commercial customers.

A cross-section of our customers includes:

- Retailers in various categories and sizes, including "Tier-1" companies such as J. Crew Group, Inc., Liz Claiborne, Inc., PETCO Animal Supplies, Inc., Nike, Inc., Nordstrom, Inc. , and Grocery Outlet (Canned Foods, Inc.).

- Manufacturing companies such as Dade Behring (Division of Siemens), Mercedes Benz US International, Inc., BMW Manufacturing Company, KIA Motors Manufacturing Georgia, Inc., Sargent Manufacturing Co. (Division of ASSA Abloy), BASF Corp, Sanmina-SCI Corp, Orica USA, Inc., Timken Corp., Swiss Army Brands, Smith & Wesson and pharmaceutical companies such as Pfizer, Inc., Johnson & Johnson and Bristol-Myers Squibb.

- Transportation, warehousing and distribution, including logistics companies such as Con-way Freight, Ryder System, Inc., Exel, DHL Global Mail, Inc., SAIA, Inc. and Frontier Logistics LP.

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Now that the Field Mobility marketplace is starting to grow significantly, we are working with customers such as G4S, for security services for their patrol officers, Scientific Games Corp., for their field service technicians, and Mobile Mini, Inc., a provider of mobile temporary storage facilities. A common element of many customers in this marketplace is that they are new to mobile computing and thus have limited staff or expertise to deploy and support such programs. As such, DecisionPoint is an ideal partner for these customers in that our portfolio of development, deployment and support services ensure the success of their mobile and wireless projects.

We aim to deliver the 'entire solution' to our customers, from solution design through support. Our objective is to target markets that will permit the delivery of as many of these products and services as possible, so as to maximize the profit opportunity while minimizing the costs of sale and delivery.

Thus, we seek to classify the type of customer that we target in order to quickly and cost-effectively put the correct amount of resources on each opportunity. The three main customer classifications are:

- Full Solution Customer - This is a customer that wants us to provide not only the entire solution from initial consultation, design, development and deployment, but also the ongoing support of the system. Such an end-user views the entire system as critical to its business and wants to outsource it to industry professionals. This is the ideal customer for us, one that understands and values the cost effectiveness of the entire solution and ongoing support of the system.

- Customer as their own integrator - The customer sources all the parts and pieces of the system, programs it, installs it, commissions it and supports it. In effect, the customer is their own integrator, and wants to buy products and services only in a transactional relationship. DecisionPoint limits its resources to provide these customers with competitive product and service pricing.

- Hybrid Customer - Such customers have some systems integration capability themselves but have also recognized that "they know what they don't know" and are willing to contract for certain services as part of an enhanced transactional relationship. A Hybrid Customer is attractive on a case-by-case basis depending on the circumstances of the situation.

In each of the three scenarios above, we strive to position our software and professional services as a core value-added component to the customer. Through our ability to reliably test, configure, kit, stage, and deploy large rollouts of mobile computers for specialized applications, we seek to enable our customers to maximize the benefits of mobile computing while minimizing the risks associated with implementation.

Sales and Sales Support

We support our business model using field-based teams of seasoned account executives with both pre- and post- sale systems architects who are experienced in all areas of enterprise mobile computing. Their focus is to develop customers' enterprise mobile computing requirements in order to develop solutions for them and ultimately close business for our product and service set that fulfills those requirements.

We fulfill the need for application software both in-house and through ISVs depending on specific customer need. ISVs embrace this model because they are generally looking for sales, marketing and integration partners like us to expand their own reach.

We currently employ 95 people in our marketing, sales and professional services operation. They include 3 marketing professionals and 36 sales people, all of whom are qualified in system technology design, installation and integration. They receive substantial technical support and assistance from 37 systems engineers and technicians and 19 software engineers. Supporting the sales and marketing effort are 6 sales administrators, who are responsible for the detailed order entry and for the inputting of the related data into our accounting system.

Geographically, the sales team is spread throughout North America and can handle projects on a national and international basis from its East and West coast facilities. When a situation dictates, we may utilize independent contractors.

Sales System Support: SalesForce.com

We make extensive use of the salesforce.com customer relationship management (“CRM”) system to support our sales and marketing operations. All business processes from demand creation through closing orders are tracked using salesforce.com. This includes the following business processes: marketing campaign management, lead generation, sales opportunity and pipeline management, sales forecasting, sales territory and account management, and strategic account planning.

In addition, all professional services projects and time are tracked using salesforce.com. These tools allow us to get a better understanding of project profitability which helps us manage our key project resources.

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Marketing Activities

We address our target markets through a combination of our own marketing activities, relationship selling and vendor-supplied leads. The common aim is to establish our credibility in the space, and then definitively demonstrate to the potential customer that we can tailor solutions to that customer's needs.

Our seasoned sales team also provides many sales opportunities through past relationships and detailed domain knowledge of the operations of the top companies in the target market space. Given that enterprise wireless and mobile computing systems are a complex sale, it is very beneficial to have knowledge of how individual companies actually operate, how they address IT systems issues, and how they buy and manage complex technology. Our sales teams use such information to their advantage against some of the commodity-type resellers in the space.

Vendor-supplied leads play a part in our success as well, in that vendors see it to their advantage to funnel sales opportunities to us thereby minimizing their selling costs. They are also willing to spend a sizeable portion of their discretionary marketing development budget for demand generation activities.

Our investment in our Field Mobility practice is generating sales and the establishment of a new sales channel. We have established key wireless carrier relationships with Sprint, T-Mobile and Verizon and are now seeing benefits from those relationships. We have an informal arrangement with these carriers pursuant to which they provide us referrals of end users interested in field mobility solutions, and we,in turn, provide solutions which require cellular data networks.

Realizing that statistics show that the vast majority of B2B activity today starts with an Internet search, we have invested in some forward-thinking tools and technologies to help meet our future customers there. We continue to invest in our website, www.decisionpt.com, and we also have a complete online, closed-loop demand generation tool to track and manage leads to productively increase the sales pipeline. This includes email marketing with closed-loop feedback as well as email campaigns that track recipient behavior after their receipt in real time. This allows us to convert them into active prospects at the exact time they are investigating solutions for their particular problem.

Competition

The business in which we operate is highly competitive. Continued evolution in the industry, as well as technological advancements, is opening up the market to increased competition. Other key competitive factors include: industry consolidation; price; availability of financing; product and system performance; product quality, availability and warranty; the quality and availability of service; company reputation; and time-to-market. We believe we are uniquely positioned in the industry due to our strong customer and vendor relationships, our consultative and technological leadership and capabilities and our comprehensive range of offerings.

We compete with other VARs and System Integrators/engineering organizations ("SIs") in system design, integration and maintenance arenas. However, as a Tier-1 reseller for major equipment vendors including Motorola Solutions and Zebra, we encounter fewer than ten competitive Tier-1 VARs and SIs representing these manufacturers in the marketplace.

We typically win business from such competitors based on our turnkey software engineering skills and one-stop-shop technical capabilities. Recognizing us as a significant VAR within its universe of Tier-1 partners, Motorola Solutions has granted us variable pricing applicable to specific major customers. These price discounts give us an edge in the marketplace through greater margin flexibility. As a result, we do not typically lose contracts due to price sensitivity.

Large system integrators are seeking to move further into this segment in which we compete. Competitors in this segment may also serve as subcontractors to large system integrators and are selected based on a number of competitive factors and customer requirements. Where favorable to us, we may partner with other system integrators to make available our portfolio of advanced mission-critical services, applications and devices. Our MobileCare EMM offering is one such offering that we subcontract to leading IT outsourcing companies like HP.

We have identified the following ten companies as primary competitors in the VAR and SI spaces:

- Agilysys, Inc. (Nasdaq: AGYS) - Agilysys is a publicly traded NASDAQ company and is a leading provider of innovative technology solutions for the hospitality and retail markets. Agiliysys solutions include property and lodging management, inventory and procurement, point-of-sale (“POS”), document management, mobile, wireless and other types of guest-engagement software. Agilysys also provides support, maintenance, resold hardware products and software hosting services. Agilysys has annual revenue of $100 million. Agilysys operates extensively throughout North America, with additional sales and support offices in the United Kingdom and Asia. Agilysys has two operating segments: Hospitality Solutions Group (“HSG”) and Retail Solutions Group (“RSG”).

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- International Business Machines Corp. (NYSE: IBM) – Although significantly larger than us, IBM Mobility and Wireless Services seek to deliver the same type of value proposition to the market. IBM is a very large organization; enterprise wireless and mobile computing are just one of a large set of competencies and services they provide to the marketplace. To address growing needs of the mobile enterprise, IBM is expanding its software and services capabilities through acquisitions and organic innovation to provide customers with all the resources to develop a mobile computing strategy. In February 2012, IBM acquired Worklight, a privately held Israeli-based provider of mobile software for smartphones and tablets, an acquisitions that accelerates IBM's mobile portfolio helping corporations leverage the proliferation of mobile devices for B2C, B2E and B2B.

- Accenture plc (NYSE: ACN) – Accenture is a global management consulting, technology consulting and technology outsourcing company. Its global headquarters are in Dublin, Ireland. It is the largest consulting firm in the world, as well as being a global player within the technology consulting industry.

- Sedlak Management Consultants – Sedlak is a supply chain consulting firm specializing in distribution consulting. It is a privately-held Cleveland, Ohio-based company, and has been in business for over 50 years.

- Peak-Ryzex– Maryland based Peak-Ryzex is an integrator of Automated Identification and Data Collection ("AIDC") equipment including wireless RF, network and ERP integration solutions, enterprise printing, bar code scanning, mobile computing, and terminal and software technologies. Peak-Ryzex was originally built up by current DecisionPoint CEO Nicholas Toms and former DecisionPoint CFO Donald Rowley, and was then sold to Moore Corporation (now RR Donnelley) in 1997. RR Donnelley, as part of its strategy to focus on commercial printing, sold Peak to Platinum Equity in December 2005. Keystone Capital, Inc. acquired Peak in October 2011, from Platinum Equity. During December 2011, Peak Technologies acquired Washington based Ryzex, a mobile technology solutions company and subsequently changed its name to Peak-Ryzex in 2012. During August 2012, Peak-Ryzex acquired Catalyst from CDC Global Services. Catalyst is a highly specialized SAP services partner and a leader in the design and implementation of SAP Supply Chain Management (SAP SCM) solutions.

- Stratix, Inc. - Georgia based Stratix is a substantial competitor of DecisionPoint, especially in the South Eastern part of the U.S. Its customer base includes large nationally based Tier-1 retailers, distributors, major commercial airlines and general manufacturers. In December 2011, Stratix announced that Grey Mountain Partners had acquired a majority interest in the company. In 2012, Stratix, Inc. announced a strategic partnership with PiiComm, Inc., a provider of wireless and mobile workforce solutions for enterprise and government in Canada specializing in transportation & logistics, field services, warehouse and healthcare.

- Denali Advanced Integration - Washington based Denali Advanced Integration is a full system integration company with services ranging from IT Consulting, Managed Services and Enterprise Mobility Solutions. Denali is a substantial competitor of DecisionPoint in the North Western part of the U.S. Denali Advanced Integration partners with major mobility vendors Motorola, Intermec and Zebra.

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Group Mobile –Arizona based Group Mobile is exclusively focused on providing a total solution to customers within the area of rugged, mobile, and field-use computing products.

- Pariveda Solutions –Headquartered in Dallas Texas, Pariveda Solutions is an IT consulting company delivering both strategic consulting services and technical solutions to customers.

- Barcoding, Inc. – Maryland based Barcoding helps organizations streamline their operations with automatic identification and data collection systems (AIDC). Clients include manufacturing, distribution, healthcare and warehousing enterprises, as well as state, local and federal agencies.

- Other Competitors in the U.S. - Certain ‘catalog and online’ AIDC equipment resellers offer end-users deeply discounted, commodity oriented products; however, they typically offer limited or no maintenance support beyond the manufacturer’s warranty (which generally results in slower repair turnaround time). More importantly, as end users have become increasingly dependent on VARs and SIs to provide platform design, integration and maintenance, end users typically do not place major purchase orders with such resellers.

Employees

As of March 2013, we have a total of 112 full time employees and 5 part time employees. We have not experienced any work disruptions or stoppages and we consider relations with our employees to be good.

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DESCRIPTION OF PROPERTIES

We lease our office and warehouse facilities under various operating leases. Our corporate headquarters and sales operations, including sales administration, software development, depot operation and the financial management were previously located in Foothill Ranch, California where we leased 7,500 square feet of office space under a lease which expired in July 2012. In May 2012, we entered into a new office lease agreement for 10,325 square feet located in Irvine, California beginning in July 2012. The lease expires in July 2017. The current monthly rental expense is approximately $12,000.

In addition, we lease 4,100 square feet in Shelton, Connecticut for our East coast sales and operations under a lease which expires in April 2015. The current monthly rental expense is approximately $6,100. In September 2012, the Company notified the landlord of its early termination of the lease effective April 2013. We also lease 6,800 square feet in Edison, New Jersey under a lease which expires in December 2014. The current monthly rental expense is approximately $4,200. We have a sales and administrative office located in Alpharetta, Georgia where we lease 5,100 square feet for general office purposes under a lease which expires in April 2015. In addition, we lease 4,800 square feet in Alpharetta, Georgia for our technology lab center under a lease which expires in April 2015. The current monthly rental expense for the sales and administrative office and the technology lab is approximately $12,000.

Effective upon the Closing Date of the purchase of Apex in June 2012, we assumed Apex's lease of 7,800 square feet in Burlington, Ontario, Canada, which expires in March 2016. The current monthly rental expense is approximately CDN$10,000.

Effective upon the Illume Mobile Closing Date, we assumed the Illume Mobile lease of 10,000 square feet in Tulsa, Oklahoma which expires September 2013. The current monthly rental expense is approximately $12,000.

We believe that our properties are in good condition, adequately maintained and suitable for the conduct of our business. Certain of our lease agreements provide options to extend the lease for additional specified periods.

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LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

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MANAGEMENT

The names of our executive officers and directors and their age and title as of the date of this prospectus are set forth below:

Name	Age	Title
Nicholas R. Toms	64	Chief Executive Officer, President and Chairman
Dave Goodman	62	Chief Financial Officer
Donald Dalicandro	52	Chief Executive Officer of Apex, Director
Ralph S. Hubregsen	53	Chief Operating Officer
John E. Chis	56	Senior Vice President, Sales
Bryan E. Moss	46	Senior Vice President, Professional Services
David M. Rifkin	57	Director
Jay B. Sheehy	57	Director
Robert M. Chaiken	49	Director
Marc Ferland	68	Director
Lawrence Yelin	69	Director

Directors are elected annually and hold office until the next annual meeting of the stockholders of the Company and until their successors are elected. Officers are elected annually and serve at the discretion of the Board of Directors.

Set forth below is a brief description of the background and business experience of each of our executive officers and directors for the past five years.

Nicholas R. Toms, Chairman, Chief Executive Officer, President and Director

Mr. Toms became CEO of DecisionPoint as of December 2003, when an ESOP that he organized together with Donald Rowley, the former CFO of the Company, acquired DecisionPoint. As a former corporate finance/M&A attorney with Skadden Arps Slate Meagher & Flom, Mr. Toms is an entrepreneur and has been involved with middle market businesses for the past several years. He previously served as CEO of Cape Systems Group, Inc. (formerly Vertex Interactive, Inc.), a provider of warehouse management software systems. In 1989, Mr. Toms founded Peak Technologies where he served as Chairman, President and CEO. In 1997, Peak was sold to Moore Corporation in a transaction valued at approximately $300 million. In 1986, an investor group of which Mr. Toms was a principal, orchestrated the buyout of Thomson T-Line Plc, a publicly traded company based in London, England. Mr. Toms is a graduate of Stellenbosch University (South Africa) in economics and law (LL.B) and New York University (LL.M). Mr. Toms serves on the Board of Directors of Cape Systems Group.

Dave Goodman, Chief Financial Officer

Mr. Goodman was appointed Chief Financial Officer on February 19, 2013. Prior to joining DecisionPoint, from 2010 to 2012, Mr. Goodman served as the Chief Operating Officer and Chief Financial Officer of Mercury Capital Advisors, a start-up private equity backed global private placement and financial advisory firm. From 2008 to 2010, Mr. Goodman served as the executive Vice President and Chief Financial Officer of GoldenSource Corporation, a private equity backed provider of enterprise data management (EDM) solutions to the financial services industry and, until its sale to Glu Mobile, from 2006 to 2008, as the Chief Financial Officer and Executive Director of Superscape Group, plc, a publicly traded technology and mobile game publishing company. Mr. Goodman was, from 2002 to 2006, the International Finance Director and Senior VP Finance of Christie's International plc and, until its sale to Paradigm Health, the Senior Vice President and Chief Financial Officer of PersonalPath Systems/Franklin Health, a healthcare information technology and complex care management company. Mr. Goodman has also held senior financial positions with Sony Music Entertainment and Milbank, Tweed, Hadley and McCloy. Mr. Goodman began his career with PricewaterhouseCoopers after receiving an MBA in Finance and Accounting from New York University's Stern School of Business and a BA in Political Science from Cornell University. Mr. Goodman is a Certified Public Accountant in the State of New York.

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Don Dalicandro, Chief Executive Officer of Apex, Director

Mr. Dalicandro joined the Company upon the consummation of the acquisition of Apex Systems Integrators on June 4, 2012. Mr. Dalicandro founded Apex Systems Integrators in 1998. During his career he has founded, led and worked for companies in manufacturing, commercial property management and retail consulting services. In 2007, Mr. Dalicandro obtained his Chartered Director designation from The Directors College, Degroote School of Business. He currently holds Board positions with Joseph Brant Memorial Hospital, Vice-Chair and Governance Chair, Deposit Insurance Corporation of Ontario and Burlington Hydro Inc., Chair, Governance and Audit. Mr. Dalicandro has an honors engineering degree from the University of Waterloo and completed his MBA at McMaster University. He is a registered Professional Engineer in Ontario. Mr. Dalicandro is a Canadian citizen.

Ralph S. Hubregsen, Chief Operating Officer

Mr. Hubregsen joined the Company in September 2011, as Chief Operating Officer. From November 2010 until July 2011, Mr. Hubregsen was the Vice President of Worldwide Channels at Symplified, a cloud security company that provides a SaaS-based single sign-on and identity access management solution. From March 2009 until July 2011, Mr. Hubregsen was the President of Venado Technologies, a company that he founded, and which is an integrator of innovative software and service solutions for large commercial enterprise accounts, and Federal and State government agencies. Prior to that Mr. Hubregsen served as Vice President of Sales at MonoSphere, Inc., which he started in January 2006 until it was acquired by Quest Software in December 2008. In addition to founding Venado Technologies, Mr. Hubregsen founded the Saillant Consulting Group in 1998, which specialized in the delivery of content management and document management solutions for large Fortune 500 companies and federal agencies. Between 1995 and 1997, Mr. Hubregsen served as Vice President of Western Field Operations for Peak Technologies Group after Peak purchased Innovative Products and Peripherals (“IPPC”), a company also founded by Mr. Hubregsen and his partners. IPPC was a provider of mobility solutions for the industrial marketplace. Mr. Hubregsen holds an MBA from the University of Denver and BA from Saint Michael's College.

John E. Chis, Senior Vice President, Sales

Mr. Chis joined DecisionPoint in November 2004, as General Manager and Vice President of Sales. Mr. Chis has been an integral part of the senior management leadership from 2004 until present with responsibility in operations, marketing, strategic planning, and partner development. Mr. Chis has over thirty years of Senior Management experience beginning his career at Telxon. Mr. Chis also held senior management positions at Symbol Technologies in both Sales and Retail Vertical Lead. Mr. Chis is a graduate from The University Of Akron (College of Business) and has participated as an Advisor to the College of Business on their Advisory Board.

Bryan Moss, Senior Vice President, Professional Services

Mr. Moss joined DecisionPoint upon the consummation of the CMAC acquisition on December 31, 2010. He has 21 years of Information Technology, Logistics, Sales, and Engineering experience. Mr. Moss had been a principal along with being the President of CMAC Inc. for the past 13 years. Prior to CMAC, he was Senior Manager of the Supply Chain Practice for Accenture, responsible for Alliances and Supply Chain Execution Systems Implementations. Mr. Moss served in a management capacity for 8 years with UPS and Burnham Logistics in Information Technology, Engineering, and Operations. He attended Southern Tech receiving a Bachelor of Science degree in Industrial Engineering with a Minor in Technical Sales.

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David M. Rifkin, Director

Mr. Rifkin has been an investor in DecisionPoint and a Director since 2003. Mr. Rifkin is the President and CEO and co-owner of eGlobalfares, LLC, a software and solution provider to the travel industry since 2006. From 2003 to 2006, Mr. Rifkin was the SVP of Corporate Sales and a member of the executive team at Adelman Travel Group, a top 10 U.S. travel management company. Mr. Rifkin also worked in the family businesses in insurance, real estate and travel. Mr. Rifkin has served on the Board of Directors of the Greater Valley Chamber of Commerce, Valley United Way, Griffin Hospital, Spooner House (Homeless Shelter), Visiting Nurse Assoc. of South Central CT, Hewitt Memorial Hospital and Valley Community Foundation. Mr. Rifkin received a Bachelor of Science in Business Administration from Bucknell University.

Jay B. Sheehy, Director

Mr. Sheehy became associated with DecisionPoint as an early investor in 2003 and became a Director concurrent with the Merger. Mr. Sheehy has been the President and Principal of Kamco Supply of New England, a $100 million building materials distribution business since 1996. From 1984-1995, Mr. Sheehy was President and Principal of Stanley Svea Building Supply until he merged the company into Kamco. Previously, Mr. Sheehy held an internal audit position at Connecticut Bank and Trust, Budget Analyst post with Combustion Engineering and was a Manager of Financial Analysis with PepsiCo. After graduating Bucknell University in 1977 with a bachelor's degree in business administration he went on to earn an MBA from the University of Connecticut, APC from NYU and his CPA accreditation. Mr. Sheehy is a Trustee of The Gunnery School, a former Board Member of the Connecticut Business and Industry Association (CBIA) and a former officer of Churchill Casualty Insurance .

Robert M. Chaiken, Director

Mr. Chaiken became a Director and investor of DecisionPoint in November 2010. Mr. Chaiken has worked for Adelman Travel Group, a $600M privately-held travel management company, since 1991. Since 2008, he has served as Adelman Travel Group's President. In previous roles he served as Adelman's Chief Operating Officer, Chief Financial Officer and Controller. His additional experience includes acquisitions, strategic partnerships organizational design, and travel technology development. He is a Certified Public Accountant and holds a B.B.A. from the University of Wisconsin with majors in accounting and information systems.

Marc Ferland, Director

Mr. Ferland became a Director of DecisionPoint upon completion of the Merger. Mr. Ferland had served as President and Chief Executive Officer of Copernic Inc. from March 2008 and on its Board of Directors since September 2007. In November 2010, Copernic was sold to N. Harris Computer Corporation and he resigned his duties with Copernic and simultaneously assumed the position of Chairman of the Board and President/Chief Executive Officer of its successor, Comamtech. Prior to his affiliation with Copernic and Comamtech, Mr. Ferland worked in the venture capital industry in various capacities with Microcell Caisse de Depot et Placement du Quebec (Canada's largest pension fund), VantagePoint (a Silicon Valley venture capital fund) and Gen24 Capital, which he co-founded. Mr. Ferland also worked in the Telecommunications industry in senior roles with Cantel (now Rogers), Scotpage/Scotcom, Telesystem National and Microcell Telecom. Mr. Ferland also spend almost 20 years in a variety of management positions with Canadian General Electric. He graduated from the University of Montreal with a B.A. honors in economics and did post graduate work at McGill University and Harvard Business School. Mr. Ferland is a Canadian citizen.

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Lawrence Yelin, Director

Mr. Yelin became a Director of DecisionPoint upon completion of the Merger. Mr. Yelin is an attorney, who has had his own practice since February, 2009. From June 1980 until January 2009, he was attorney partner at the law firm of Fasken Martineau DuMoulin LLP. Mr. Yelin is a Canadian citizen.

Committees of the Board

The Audit Committee members are Jay B. Sheehy, David M. Rifkin, and Robert M. Chaiken. The Audit Committee Chairman is Jay B. Sheehy. The Audit Committee assists our board in fulfilling its responsibility for the oversight of the quality and integrity of our accounting, auditing, and reporting practices, and such other duties as directed by the board. The committee's purpose is to oversee our accounting and financial reporting processes, the audits of our financial statements, the qualifications of our public accounting firm engaged by us as our independent auditor to prepare or issue an audit report on our financial statements. Jay B. Sheehy is the "audit committee financial expert" within the meaning of SEC rules and regulations.

The Compensation and Governance Committee members are Jay B. Sheehy, David M. Rifkin and Robert M. Chaiken. The Compensation and Governance Committee Chairman is David M. Rifkin. The Compensation Committee's role is to discharge our board's responsibilities relating to compensation of our executives and to oversee and advise the board of directors on the adoption of policies that govern our compensation and benefit programs.

When considering whether directors and nominees have the experience, qualifications, attributes and skills, the Company and the Board focused primarily on the information discussed in each of the directors' individual biographies set forth above. Mr. Toms has experience as Chairman, President and CEO in growing middle market businesses, such as Cape Systems Group, Inc. and Peak Technologies, engaged in providing consultative solutions including professional services, software and equipment. In particular, with regard to Mr. Rifkin, the Board considered his background in software development and significant expertise and background as a CEO, President and director of both private companies, such as eGlobalfares LLC, and community groups, such as Greater Valley Chamber of Commerce and Griffin Hospital. With regard to Mr. Sheehy, the Board considered his position as President of similar revenue size and entrepreneurial companies to DecisionPoint and his financial experience as a CPA qualifying him for being the Audit Committee Chairman. With regard to Mr. Chaiken, the Board considered his extensive experience in positions of President, Chief Operating Officer and Chief Financial Officer in growing entrepreneurial companies, such as Kamco Supply of New England and Stanley Svea Building Supply, whereby his understanding of business operations of a growing company can be best utilized and also qualifies him as a finance expert. Messer's Ferland and Yelin were directors of our predecessor entity, Comamtech and therefore their experience in technology space proves invaluable to the Company.

Except as otherwise reported above, none of our directors have held directorships in other reporting companies and registered investment companies at any time during the past five years.

Involvement in Certain Legal Proceedings

To our knowledge, during the last ten years, none of our directors and executive officers has:

- Had a bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time.

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Been convicted in a criminal proceeding or been subject to a pending criminal proceeding, excluding traffic violations and other minor offenses.

- Been subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities.

- Been found by a court of competent jurisdiction (in a civil action), the SEC, or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated.
- Been the subject to, or a party to, any sanction or order, not subsequently reverse, suspended or vacated, of any self-regulatory organization, any registered entity, or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Employment Agreements

We have a standard three (3) year employment agreement with Mr. Bryan Moss, our Senior Vice President, as a result of the CMAC acquisition. The agreement calls for an annual bonus upon achieving certain results of operations at CMAC. None of the other terms of the agreement are out of the ordinary course of business.

We also have an employment agreement with Mr. Ralph S. Hubregsen, our Chief Operating Officer. Pursuant to the Agreement, Mr. Hubregsen will be entitled to an annual bonus calculated pursuant to terms set forth in the Agreement. Additionally, Mr. Hubregsen will be granted options to purchase 50,000 common shares of the Company. Such options will vest over three years. The agreement also calls for a severance provision ranging from two months to twelve months of salary.

We have an employment agreement with Donald Dalicandro, our Chief Executive Officer of Apex, as a result of the Apex acquisition. Under the employment agreement, the Company further agreed Mr. Dalicandro would be appointed to the Company’s board of directors effective June 4, 2012, and would not be removed from the Company’s board of directors during the Earn-Out Period (as defined in the employment agreement) and the Bonus Period (as defined in the employment agreement) except by except by death, bankruptcy, incapacity or voluntary resignation. The agreement calls for annual bonus upon achieving certain results of operation at Apex for the 12 months ending July 31, 2013, 2014, and 2015.

Family Relationships

There are no family relationships between any of our directors or executive officers and any other directors or executive officers.

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EXECUTIVE COMPENSATION

Executive Compensation

The following table summarizes all compensation recorded by DecisionPoint in each of the last two completed fiscal years for our principal executive officers and our three most highly compensated executive officers who were serving as executive officers as of the end of the last fiscal year. Such officers are referred to herein as our "Named Officers".

Name	Year	Salary	Bonus	Stock Award	Option Award (1)	Non-Equity Incentive Plan	Change in Pension Value & Nonqualified Deferred Comp	All Other	Total
Nicholas R. Toms									
	2012	$ 450,000	$ -	$ -	$ -	$ -	$ -	$ 9,800	$ 459,800
	2011	446,000	80,000	-	54,700	-	-	-	580,700
Donald W. Rowley (2)									
	2012	316,000	-	-	-	-	-	12,000	328,000
	2011	421,000	80,000	-	54,700	-	-	2,200	557,900
Ralph S. Hubregsen									
	2012	275,000	-	-	-	-	-	10,000	285,000
	2011	80,000	-	-	-	-	-	8,950	88,950
John E. Chis									
	2012	225,000	25,000	-	-	-	-	7,000	257,000
	2011	225,000	25,000	-	66,000	-	-	-	316,000
Bryan E. Moss									
	2012	240,000	-	-	-	-	-	2,000	242,000
	2011	230,000	-	-	-	-	-	-	230,000
Don Dalicandro									
	2012	105,000	-	-	-	-	-	-	105,000
	2011	-	-	-	-	-	-	-	-
Paul E. Ross (3)									
	2012	-	-	-	-	-	-	100,500	100,500
	2011	-	-	-	-	-	-	-	-

(1) The stock option awards represent the aggregate grant date fair value of the awards granted during the year completed in accordance with ASC718 – (see "Note 13 – Stock Option Plan" in our accompanying Notes to the Form 10-K Consolidated Financial Statements included elsewhere in this Prospectus). The Company grants stock options periodically to members of management. The table reflects awards granted to each of the Named Executive Officers. The greater value of the grant to Mr. Chis compared to those of Mr. Toms and Mr. Rowley reflects the board's decision to partially compensate Mr. Chis for the greater cash compensation provided to Mr.

Toms and Mr. Rowley.

(2) Mr. Rowley, former CFO, resigned from the Company effective July 23, 2012. The salary for Mr. Rowley includes $187,000 in separation expenses per his contract and $41,000 in vacation payout.

(3) Mr. Ross, interim CFO, is paid on a consulting basis at $30,000 per month which includes a placement agency fee.

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Outstanding Equity Awards at Fiscal Year-End

The following table sets forth certain information with respect to outstanding equity awards at December 31, 2012, for each of the executive officers.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (#)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Nicolas R. Toms									
	158,381	-	-	$ 1.45	1/2/2014	-	-	-	$ -
	13,542	-	-	1.90	12/31/2016	-	-	-	-
	8,019	32,077	-	2.17	6/15/2021	-	-	-	-
Ralph S. Hubregsen									
	-	-	-	-		-	-	-	-
John E. Chis									
	33,854	-	-	1.90	12/31/2016	-	-	-	-
	3,386	5,078	-	2.10	2/12/2019	-	-	-	-
	9,678	38,714	-	2.17	6/15/2021	-	-	-	-
Bryan E. Moss									
	-	-	-	-		-	-	-	-

Except as set forth above, no other named officer of DecisionPoint has received an equity award.

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Director Compensation

The following table sets forth with respect to the named director, compensation information inclusive of equity awards and payments made during the year ended December 31, 2012

Name	Fees Earned Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value & Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
David M. Rifkin	$ 53,000	$ -	$ -	$ -	$ -	$ -	$ 53,000
Jay B. Sheehy	58,000	-	-	-	-	-	58,000
Robert M. Chaiken	48,000	-	-	-	-	-	48,000
Sigma Capital Advisors, LLC	48,000	-	-	-	-	-	48,000
Marc Ferland	48,000	-	-	-	-	-	48,000
Lawrence Yelin	48,000	-	-	-	-	-	48,000

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We purchase and sell certain products and services from iTEK Services, Inc. (“iTEK”), a privately held company owned by an unrelated ESOP. iTEK was affiliated with us through limited overlapping management and Board representation by our Chief Executive Officer (“CEO”), Nicolas Toms and former Chief Financial Officer (“former CFO”), Donald Rowley.

Effective upon the resignation of the Company’s former CFO during July 2012, and the concurrent discontinuance of the CEO’s iTEK Board representation, the parties have no further overlapping management and therefore are no longer considered related parties effective August 2012.

During the years ended December 31, 2012 and 2011, we purchased products and services for $20,000 and $402,000, respectively, from iTEK. Sales to iTEK during the years ended December 31, 2012 and 2011 were $0 and $4,000, respectively. These sales to iTEK were at no incremental margin over our actual cost. Purchases from iTEK are on similar terms that we would have received from an unrelated third-party.

Amounts receivable from iTek included in accounts receivable in the consolidated balance sheets as of December 31, 2012 and 2011 are $5,000 and $0, respectively. Amounts due to iTEK included in accounts payable in the consolidated balance sheets as of December 31, 2012 and 2011, are $39,000 and $16,000, respectively.

We had accounts payable, including accrued interest, to our former CFO, Donald Rowley, of $0, $855,000, 1,227,335 and $1,225,000 at December 31, 2012, December 31, 2011, June 30, 2011 and December 31, 2010, respectively. The outstanding accounts payable balance accrued interest at 12% per annum, reduced from 25% in June 2011. The accounts payable consisted of purchases of products and services made by the former CFO on behalf of the Company, unreimbursed company travel expenses and interest on the accounts payable.

On June 30, 2011, the Company, Sigma Opportunity Fund II, LLC and Donald W. Rowley entered into an agreement pursuant to which Mr. Rowley converted $411,733 of the $1,227,335 in accounts payable owed to him by the Company (the "AP Amount") into 128,667 shares of the Company's Series C Preferred Stock and 49,000 shares of common stock. Pursuant to this agreement, Mr. Rowley also agreed that the interest rate of the balance of the AP Amount not covered by the agreement shall be reduced to 12% per annum until such time as the annual dividend rate on the Series C Preferred Stock is increased to 12% per annum (month 17) and 20% per annum (month 31), at which times the interest rate on the AP Amount then outstanding shall be 16% and 25%, respectively.

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On July 23, 2012, we entered into a Separation Agreement and General Release ("Separation Agreement") with Mr. Rowley pursuant to which Mr. Rowley resigned as our Chief Financial Officer as of July 23, 2012 and as an employee of ours on July 23, 2012. Pursuant to the Separation Agreement, we agreed to pay Mr. Rowley a total of $205,592 in equal installments in accordance with our payroll cycle beginning on August 1, 2012 through December 31, 2012. Additionally under the Separation Agreement, the Company also acknowledged that it owes Mr. Rowley an accounts payable in the amount of $890,633, which we agreed to pay in accordance with an Accounts Payable Payment Plan agreement, between the Company and Mr. Rowley dated July 23, 2012 ("Accounts Payable Agreement"). Pursuant to the Account Payable Agreement, the Company agreed to pay interest monthly in arrears (starting on August 1, 2012) to Mr. Rowley with interest computed daily on the outstanding balance at an annual interest rate of 25%. Under the Accounts Payable Agreement, the Company agreed to make payments of $36,000 per month due on the 1st of each month to Mr. Rowley towards the outstanding balance. In September 2012, the Company paid $921,000 to Mr. Rowley, including $30,367 of accrued interest in satisfaction of all amounts owed under the Accounts Payable Agreement.

On June 4, 2012 (the "Closing Date"), 2314505 Ontario Inc., a wholly-owned subsidiary of ours (the "Purchaser"), Karen Dalicandro ("KD"), Donald Dalicandro and 2293046 Ontario Inc. ("KD Co" and together with KD, the "Vendors") entered into a Share Purchase Agreement ("SPA"). Pursuant to the SPA, Purchaser purchased all of the issued and outstanding shares of Apex Systems Integrators Inc. ("Apex"), a corporation organized under the laws of the Province of Ontario, Canada. In consideration for the shares of Apex, on the Closing Date, the Purchaser paid CDN$5,000,000 ("Closing Amount"), of which CDN$240,000 (the "Escrow Amount") was placed in escrow with the Purchaser's attorney and CDN$10,000 is held by the Purchaser as a holdback. On the Closing Date, the Purchaser and Apex merged under the corporate name of Apex Systems Integrators Inc.. Mr. Dolicandro became a member of our board of directors on the Closing Date. Apex leases premises from an entity controlled by Don Dalicandro. Rent expense included in the consolidated financial statements was $84,000, for the year ended December 31, 2012. Additionally, at December 31, 2012 the Purchaser has a receivable of $201,908 from the Vendors in connection with the Working Capital requirement as defined in the Purchase Agreement and described in "Note 4 – Acquisitions" in our accompanying Notes to the Form 10-K Consolidated Financial Statements included elsewhere in this Prospectus.

On November 15, 2012, the Company entered into an agreement (the "Sigma Agreement") with Sigma Opportunity Fund II, LLC ("Sigma Opportunity Fund") and Sigma Capital Advisors, LLC ("Sigma Advisors").

Pursuant to the Sigma Agreement, the parties agreed to amend the Certificate of Designation of Series C Preferred Stock of the Company (the "Series C Certificate of Designation") to modify the definition of Conversion Value such that effective as of January 1, 2013, if the Series C Preferred Stock has not been redeemed as of such date, the Conversion Value will be equal to the lower of the Conversion Value then in effect or $0.61 (representing the closing price of the common stock on October 31, 2012) per share (subject to adjustments for stock splits, stock dividends, recapitalizations and the like).

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Pursuant to the Sigma Agreement, the Company paid to Sigma Advisors an administrative fee of $150,000 (which will be netted against amounts otherwise owed to Sigma Advisors by the Company in connection with any services provided or money owed to Sigma Advisors by the Company by December 31, 2012) and issued to the holders of the Series C Preferred Stock an aggregate of 175,364 shares of common stock as an antidilution adjustment.

Pursuant to the Sigma Agreement, Sigma Opportunity Fund and Sigma Advisors agreed to a standstill with respect to securities of the Company for the period from November 15, 2012 through December 31, 2012.

On October 3, 2012, the Company, Sigma Opportunity Fund II, LLC, Sigma Capital Advisors and Donald W. Rowley entered into Amendment No. 1 to the Consent and Waiver Agreement dated as of June 4, 2012 (“Consent and Waiver Amendment”).

Pursuant to the Consent and Waiver Amendment, the parties agreed to amend the Certificate of Designations of the Powers, Preferences, and Relative Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions thereof of Series C Cumulative Convertible Preferred Stock of the Company which was filed with the Secretary of State of Delaware on July 1, 2011 (“Certificate of Designations”) to increase the Dividend Rate (as defined therein) to 20% on the Stated Value (as defined therein) for each dividend period beginning June 4, 2012. The parties also agreed to amend the Certificate of Designations to modify the definition of Breach Event.

Pursuant to the Consent and Waiver Amendment, the parties agreed that if the Company does not redeem on a pro rata basis for cash at least $2,206,000, in Stated Value (as defined in the Certificate of Designations) of the Series C Preferred Stock on or before October 31, 2012, then the parties will negotiate in good faith until November 15, 2012, relating to changes to the Certificate of Designations and other related matters that the parties may wish to agree upon in order to protect the interests of the Series C Preferred Stock and the Company will file the amended Certificate of Designations within two weeks thereafter. If the Company and a majority in interest of the Series C Preferred Stock are unable to agree upon revised terms by November 15, 2012, the Company will file an amendment to the Certificate of Designations no later than November 15, 2012, to provide that the Conversion Value (as defined in the Certificate of Designations) will be equal to the lower of (i) the Conversion Value then in effect, (ii) $1.20 per share or (iii) the closing price of the Company’s common stock on October 31, 2012 (in each case subject to the continuing antidilution provisions contained in the Certificate of Designations).

Pursuant to the Consent and Waiver Amendment, the Company also agreed to issue an aggregate of 175,364 shares of its common stock to the holders of the Series C Preferred Stock on November 15, 2012.

On December 20, 2012, all outstanding shares of Series C Preferred Stock were redeemed by the Company for an aggregate redemption price (including accrued dividends) of $4,732,567.

Director Independence

The Board of Directors has determined that Messrs. Rifkin, Sheehy, Chaiken, Ferland and Yelin are each independent directors.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding our common stock, beneficially owned as of the date of this prospectus, by (i) each person known to us to beneficially own more than 5% of our common stock, (ii) each executive officer and director, and (iii) all directors and executive officers as a group. We calculated beneficial ownership according to Rule 13d-3 of the Exchange Act as of that date. Shares issuable upon exercise of options or warrants that are exercisable or convertible within 60 days after the date of this prospectus are included as beneficially owned by the holder. Beneficial ownership generally includes voting and dispositive power with respect to securities. Unless otherwise indicated below, the persons and entities named in the table have sole voting and sole dispositive power with respect to all shares beneficially owned. Unless otherwise noted below, the address of each person listed is care of our company at 8697 Research Drive Irvine, CA 92618. Percentages are 9,300,439 shares of common stock outstanding as of April 3, 2013.

Name of Beneficial Owner (1)	Common Stock Beneficially Owned		Percentage of Common Stock (2)
Named Executive Officers			
Nicholas R. Toms (*)	585,587	(3)	6.1%
Dave Goodman (**)	-	(4)	-
Ralph S. Hubregsen (**)	13,300	(5)	0.1
John E. Chis (**)	98,999	(6)	1.1
Bryan E. Moss (**)	243,876	(7)	2.6
Don Dalicandro (*)	78,865		0.8
Directors			
David M. Rifkin (***)	110,770	(8)	1.2
Jay B. Sheehy (***)	40,344	(9)	0.4
Robert M. Chaiken (***)	49,203	(14)	0.5
Marc Ferland (***)	-		-
Lawrence Yelin (***)	22,000	(10)	0.2
All Executive Officers and Directors as a group (11 people)	1,242,944		12.7
5% Shareholders			
North Star Trust Company	1,692,753	(11)	18.2
Macrosolve, Inc.	617,284	(12)	6.6
Donald W. Rowley	596,724	(13)	6.4
Paul Seid	540,000	(15)	5.6
Robert F. Taglich	506,781	(16)	5.3
Michael N. Taglich	791,869	(17)	8.0

(*) - Executive Officer and Director of the Company
(**) - Executive Officer of the Company
(***) - Director
All beneficial ownership percentages as they relate to the ESOP plan are as of December 31, 2012, the latest date of the ESOP share allocation.

(1)

Except as otherwise indicated, the address of each beneficial owner is 8697 Research Drive, Irvine, California 92618-4204.

(2) Applicable percentage ownership is based on 9,300,439 shares of common stock outstanding as of April 3, 2013, together with securities exercisable or convertible into shares of common stock within 60 days of April 3, 2013, for each stockholder. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock that are currently exercisable or exercisable within 60 days of April 3, 2013, are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage of ownership of such person, but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

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(3) Includes 56,467 shares of common stock held by the ESOP. The shareholder beneficially owns 3.3% of the ESOP. Of these shares, 179,942 are issuable upon the exercise of options, 66,365 are issuable upon conversion of Series A Preferred Stock and 100,000 are issuable upon conversion of Series D Preferred Stock.

(4) Reserved.

(5) Includes 3,300 shares of common stock held by the ESOP. The shareholder beneficially owns 0.2% of the ESOP. Also includes 10,000 shares of common stock underlying 1,000 shares of Series D Preferred Stock.

(6) Includes 36,845 shares of common stock held by the ESOP. The shareholder beneficially owns 2.2% of the ESOP. Also includes 51,998 shares issuable upon the exercise of options.

(7) Includes 6,390 shares of common stock held by the ESOP. The shareholder beneficially owns 0.4% of the ESOP. Also includes 25,000 shares of common stock underlying 2,500 shares of Series D Preferred stock.

(8) Includes 10,000 shares of common stock underlying 1,000 shares of Series D Preferred Stock. Also includes 25,973 shares issuable upon the exercise of options and 48,931 shares issuable upon conversion of Series A preferred stock.

(9) Includes 10,000 shares of common stock underlying 1,000 shares of Series D Preferred Stock. Also includes 10,032 shares issuable upon the exercise of options.

(10) Includes 22,000 shares of common stock underlying 2,200 shares of Series D Preferred Stock

(11) North Star Trust Company, the trustee of the ESOP, is deemed to have the dispositive and voting control over the shares held by the ESOP.

(12) The address of the shareholder is 1717 Boulder Avenue, #700, Tulsa, Oklahoma 74119

(13) The address of the shareholder is 25501 Arctic Ocean Drive, Lake Forest, CA 92630.

(14) Includes 4,840 shares issuable upon the exercise of options, 11,061 shares issuable upon conversion of series A Preferred Stock, and 27,652 shares issuable upon conversion of series B Preferred Stock.

(15)Includes 340,000 shares issuable upon conversion of 34,000 shares of Series D Preferred Stock (including 25,500 shares held directly by Paul Seid, 4,250 shares held by The SDM Irrevocable Trust FBO Lauren Seid UAD 11/05/04 Paul Seid TTEE and 4,250 shares held by The SDM Irrevocable Trust FBO Andrew Seid UAD 11/05/04 Paul Seid TTEE).

(16)Includes 200,000 shares issuable upon conversion of 20,000 shares of Series D Preferred Stock held by Ira FBO Robert F. Taglich Pershing LLC As Custodian Rollover Account and 151,344 shares issuable upon exercise of warrants.

(17)Includes 155,526 shares held by Michael Taglich Keogh-account, 151,343 shares issuable upon exercise of warrants and 185,000 shares issuable upon conversion of 18,500 shares of Series D Preferred Stock (including

1,500 shares held by Michael Taglich C/F Hope Taglich UGMA, 2,000 shares held by Michael Taglich Custodian FBO Stella Taglich UTMA NY Until Age 21, 2,000 shares held by Michael Taglich Custodian FBO Amanda Taglich UTMA NY Until Age 21, 3,000 shares held by Michael Taglich Custodian for Lucy Taglich UTMA NY, and 10,000 shares held by Michael Taglich POA TAG/KENT Partnership F/B/O Garlinghouse/M. Taglich B. Taglich), and 300,000 shares issuable upon conversion of 30,000 shares of Series D Preferred Stock held by Michael N. Taglich Claudia Taglich JTWROS.

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DESCRIPTION OF SECURITIES

COMMON STOCK

The Company is authorized to issue 100,000,000 shares of common stock, each having a par value of $0.001. The holders of our common stock are entitled to receive dividends if and when declared by our board of directors out of funds legally available for distribution. Any such dividends may be paid in cash, property or shares of our common stock. We have has not paid any dividends since our inception, and it is not likely that any dividends on our common stock will be declared in the foreseeable future. Any dividends will be subject to the discretion of our board of directors, and will depend upon, among other things, our operating and financial condition and our capital requirements and general business conditions.

Holders of common stock are entitled to one vote for each share held of record. There are no cumulative voting rights in the election of directors. With respect to any matter, other than the election of directors or a matter for which the affirmative vote of the holders of a specified portion of the shares entitled to vote is required by Delaware General Corporate Law, the affirmative vote of the holders of a majority of the shares entitled to vote on that matter and represented in person or by proxy at a meeting of shareholders at which a majority is present shall be required to take action. Directors shall be elected by a plurality of the votes cast by the holders of shares entitled to vote in the election of directors at a meeting of shareholders at which a majority is present. Thus the holders of more than 50% of the outstanding shares of common stock can elect all of our directors if they choose to do so.

The holders of our common stock have no preemptive, subscription, conversion or redemption rights. Upon our liquidation, dissolution or winding-up, the holders of our common stock are entitled to receive our assets pro rata.

PREFERRED STOCK

The Company is authorized to issue 10,000,000 shares of preferred stock, each having a par value of $0.001, of which 500,000 shares are designated as Series A Preferred Stock, of which 269,608 are issued and outstanding, 500,000 shares are designated as Series B Preferred Stock, of which 131,347 are issued and outstanding, 5,000,000 shares are designated as Series C Preferred Stock, of which 0 shares are issued and outstanding and, 4,000,000 shares are designated as Series D Preferred Stock, of which 704,200 shares are issued and outstanding.

Series A Preferred Stock and Series B Preferred Stock

The holders of the Series A and Series B Preferred Stock shall be entitled to receive, when, as, and if declared by the Board of Directors, dividends at an annual rate of 8% of the stated value. The stated value of the Series A Preferred is $4.00 per share and the stated value of the Series B Preferred is $3.20 per share. Dividends shall be cumulative and shall accrue on each share of the outstanding preferred stock from the date of its issue. The holders of the Series A and Series B Preferred Stock have no voting rights except on matters affecting their rights or preferences.

Subject to the rights of the Series D Preferred Stock, upon any liquidation, dissolution or winding-up of the Company, the holders of the Series A (subject to the rights of the Series B Preferred) and Series B Preferred Stock shall be entitled to receive an amount equal to the stated value per share of $4.00 and $3.20, respectively, plus any accrued and unpaid dividends before any payments shall be made to the holders of any common stock or hereinafter issued preferred stock. The Series A Preferred Stock has preference over the Series B Preferred Stock in liquidation.

Each share of Series A Preferred Stock is convertible, at the option of the holder, at a conversion price of $4.00 per share. Each share of Series B Preferred Stock is convertible, at the option of the holder, at a conversion price of $3.20 per share.

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Series C Preferred Stock

On December 20, 2012, all issued and outstanding shares of Series C Preferred Stock were redeemed using the proceeds generated from the sale of the Series D Preferred Stock.

Series D Preferred Stock

In connection with the Series D First Closing, on December 20, 2012, we filed a Certificate of Designation of Series D Preferred Stock (the "Series D Certificate of Designation") with the Secretary of State of Delaware. Pursuant to the Series D Certificate of Designation, we designated 4,000,000 shares of our preferred stock as Series D Preferred Stock. The Series D Preferred Stock has a Stated Value of $10.00 per share, votes on an as-converted basis with the common stock, and is convertible, at the option of the holder, into such number of shares of our common stock equal to the number of shares of Series D Preferred Stock to be converted, multiplied by the Stated Value, divided by the Conversion Price in effect at the time of the conversion. The initial Conversion Price is $1.00, subject to adjustment in the event of stock splits, stock dividends and similar transactions, and in the event of subsequent equity sales at a lower price per share, subject to certain exceptions. The Series D Preferred Stock entitles the holder to cumulative dividends, payable quarterly, at an annual rate of (i) 8% of the Stated Value during the three year period commencing on the date of issue, and (ii) 12% of the Stated Value commencing three years after the date of issue. We may, at our option, pay dividends in PIK Shares, in which event the applicable dividend rate will be 12% and the number of such PIK Shares issuable will be equal to the aggregate dividend payable divided by the lesser of (x) the then effective Conversion Price or (y) the average volume weighted average price of the Company's common stock for the five prior consecutive trading days.

Pursuant to the Series D Certificate of Designation, upon any liquidation, dissolution or winding-up of our Company, holders of Series D Preferred Stock will be entitled to receive, for each share of Series D Preferred Stock, an amount equal to the Stated Value of $10.00 per share plus any accrued but unpaid dividends thereon before any distribution or payment may be made to the holders of any common stock, Series A Preferred Stock, Series B Preferred Stock, or subsequently issued preferred stock.

Pursuant to the Series D Certificate of Designation, commencing on the trading day on which the closing price of the common stock is greater than $2.00 for thirty consecutive trading days with a minimum average daily trading volume of at least 5,000 shares for such period, and at any time thereafter, the Company in its sole discretion may effect the conversion of all of the outstanding shares of Series D Preferred Stock to common stock (subject to the condition that, all of the shares issuable upon such conversion may be re-sold without limitation under an effective registration statement or pursuant to Rule 144 under the Securities Act of 1933, as amended.

Pursuant to the Series D Certificate of Designation, commencing two years from the termination or expiration of the offering of the Series D Preferred Stock (which termination occurred on December 31, 2012), and at any time thereafter, the Company in its sole discretion may redeem all of the outstanding shares of Series D Preferred Stock at a purchase price of $10.00 per share plus any accrued but unpaid dividends.

INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Section 145 of the Delaware General Corporation Law, or the Delaware Law, provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with specified actions, suits or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation — a "derivative action"), if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses (including attorneys' fees) incurred in connection with defense or settlement of such action, and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. Under Section 145 of the Delaware Law, a corporation shall indemnify an agent of the corporation for expenses actually and reasonably incurred if and to the extent such person was successful on the merits in a proceeding or in defense of any claim, issue or matter therein.

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Section 145 of the Delaware Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended. Our amended and restated certificate of incorporation and bylaws provide for indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware Law. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling our company pursuant to such provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

PLAN OF DISTRIBUTION

We are registering the shares Series D Preferred Stock, including the PIK Shares, the shares of common stock previously issued and the shares of common stock issuable upon conversion of the Series D Preferred Stock, to permit the resale of these shares of stock by the holders thereof from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the selling stockholders of the shares of stock. We will bear all fees and expenses incident to our obligation to register the shares of stock.

No market currently exists for our Series D Preferred Stock. The price reflected in this prospectus of $10.00 per share is the initial offering price of the shares of Series D Preferred Stock upon the effectiveness of the registration statement of which this prospectus forms a part. The selling stockholders may, from time to time, sell any or all of their shares of Series D Preferred Stock covered by this prospectus in private transactions at a price of $10.00 per share or on any stock exchange, market or trading facility on which the shares may then be traded. If our shares of Series D Preferred Stock are quoted on the Over-the-Counter Bulletin Board ("OTCBB"), the selling stockholders may sell any or all of their shares of Series D Preferred Stock at prevailing market prices or privately negotiated prices.

The $10.00 per share offering price of the shares of Series D Preferred Stock being sold under this prospectus has been set based on the price at which the selling stockholders purchased the shares from the Company under the Series D Purchase Agreement. The price does not bear any relationship to our assets, book value, earnings or net worth and it is not an indication of actual value.

Our common stock is quoted on the OTCBB under the symbol "DPSI". The selling stockholders may sell all or a portion of the shares of common stock held by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares of common stock are sold through underwriters or broker-dealers, the selling stockholders will be responsible for underwriting discounts or commissions or agent's commissions. The shares of common stock may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions, pursuant to one or more of the following methods:

- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in transactions otherwise than on these exchanges or systems or in the over-the-counter market;
- through the writing or settlement of options, whether such options are listed on an options exchange or otherwise;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
-

block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;

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- in transactions through broker-dealers that agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

In addition, the selling stockholders may transfer the shares of stock by other means not described in this prospectus. If the selling stockholders effect such transactions by selling shares of stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the selling stockholders or commissions from purchasers of the shares of stock for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the shares of stock or otherwise, the selling stockholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the shares of stock in the course of hedging in positions they assume. The selling stockholders may also sell shares of stock short and deliver shares of stock covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The selling stockholders may also loan or pledge shares of stock to broker-dealers that in turn may sell such shares.

The selling stockholders may pledge or grant a security interest in some or all of the shares of stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of stock from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending, if necessary, the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer and donate the shares of stock in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

To the extent required by the Securities Act and the rules and regulations thereunder, the selling stockholders and any broker-dealer participating in the distribution of the shares of stock may be deemed to be “underwriters” within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the shares of stock is made, a prospectus supplement, if required, will be distributed, which will set forth the aggregate amount of shares of stock being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the selling stockholders and any discounts, commissions or concessions allowed or re-allowed or paid to broker-dealers.

There can be no assurance that any selling stockholder will sell any or all of the shares of stock registered pursuant to the registration statement, of which this prospectus forms a part.

The selling stockholders and any other person participating in such distribution will be subject to applicable provisions of the Exchange Act, and the rules and regulations thereunder, including, without limitation, to the extent applicable, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares of stock by the selling stockholders and any other participating person. To the extent applicable, Regulation M may also restrict the ability of any person engaged in the distribution of the shares of stock to engage in market-making activities with respect to the shares of stock. All of the foregoing may affect the marketability of the shares of stock and the ability of any person or entity to engage in market-making activities with respect to the shares of stock.

We will pay all expenses of the registration of the shares of stock.

Once sold under the registration statement, of which this prospectus forms a part, the shares of stock will be freely tradable in the hands of persons other than our affiliates.

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SELLING STOCKHOLDERS

This prospectus relates to the offering by the selling stockholders of up to 957,712 shares of Series D Preferred Stock and 11,839,592 shares of common stock. The shares of Series D Preferred Stock consist of (i) 704,200 such shares purchased under the Series D Purchase Agreement, and (ii) an additional 253,512 such shares issuable as dividends on the shares of Series D Preferred Stock sold under the Series D Purchase Agreement (the “PIK Shares”). The shares of common stock consist of (i) 7,042,000 such shares underlying the Series D Preferred Stock purchased under the Series D Purchase Agreement, (ii) 2,535,120 such shares underlying the PIK Shares, (iii) 704,200 such shares underlying the Placement Agent Warrants, and (iv) 1,558,272 additional shares held by certain selling stockholders.

The following table sets forth, based on information provided to us by the selling stockholders or known to us, the name of each selling stockholder, the nature of any position, office or other material relationship, if any, which the selling stockholder has had, within the past three years, with us or with any of our predecessors or affiliates, and the number of shares of our stock beneficially owned by the stockholder before this offering. The number of shares owned are those beneficially owned, as determined under the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes any shares of common stock as to which a person has sole or shared voting power or investment power and any shares of common stock which the person has the right to acquire within 60 days through the exercise of any option, warrant or right, through conversion of any security or pursuant to the automatic termination of a power of attorney or revocation of a trust, discretionary account or similar arrangement. Except as set forth below, none of the selling stockholders is a broker-dealer or affiliate of a broker-dealer.

We have assumed all shares of stock reflected on the table will be sold from time to time in the offering covered by this prospectus. Because the selling stockholders may offer all or any portions of the shares of stock listed in the table below, no estimate can be given as to the amount of those shares of stock covered by this prospectus that will be held by the selling stockholders upon the termination of the offering.

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Selling Stockholder	Shares of Series D Preferred Stock Beneficially Owned Before this Offering	Shares of Common Stock Beneficially Owned Before this Offering	Shares of Series D Preferred Stock Offered in this Offering	Shares of Common Stock Offered in this Offering	Shares of Common Stock Beneficially Owned After this Offering	Shares of Series D Preferred Stock Beneficially Owned After this Offering	Percentage of Common Stock Beneficially Owned After this Offering
Aldo Kokot C/F Ivanka Marie Kokot UGMA NY	1,000	10,000	1,360(1)	13,600(2)	0	0	0
Alexis J. Bruce	1,300	13,000	1,768(3)	17,680(4)	0	0	0
Alice Ann Corporation (5)	5,000	50,000	6,800(6)	68,000(7)	0	0	0
Allan F Shapiro	2,500	25,000	3,400(8)	34,000(9)	0	0	0
Allison Bibicoff	1,000	10,000	1,360(10)	13,600(11)	0	0	0
Andrew K Light	5,000	50,000	6,800(12)	68,000(13)	0	0	0
Angus Bruce Lauralee Bruce JT WROS	5,000	50,000	6,800(14)	68,000(15)	0	0	0
Arnold Income Fund LP (16)	12,225	122,250	16,626(17)	166,260(18)	0	0	0
Arnold Venture Fund LP (19)	20,375	203,750	27,710(20)	277,100(21)	0	0	0
Arthur H. Finnel	500	5,000	680(22)	6,800(23)	0	0	0
Ashok Kumar Narang	9,000	90,000	12,240(24)	122,400(25)	0	0	0
Austin Brown	2,500	25,000	3,400(26)	34,000(27)	0	0	0
Brigitte Ferrada - Stetson	5,000	50,000	6,800(28)	68,000(29)	0	0	0
Broms Financial LLC (30)	9,000	90,000	12,240(31)	122,400(32)	0	0	0
C. Mark Casey	1,500	15,000	2,040(33)	20,400(34)	0	0	0
Caroline & Nicholas R. Toms (281)	10,000	585,587	13,600(35)	136,000(36)	485,587	0	2.4%

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Claudia A. Ruggiero Family Trust UAD 09/26/90 Claudia Taglich TTEE (37)	10,000	100,000	13,600(38)	136,000(39)	0	0	0
David J. Moulder	4,000	40,000	5,440(40)	54,400(41)	0	0	0
David M. Rifkin	1,000	132,809	1,360(42)	13,600(43)	119,009	0	*
Dennis D.. Gonyea	3,500	35,000	4,760(44)	47,600(45)	0	0	0
Dennis Fortin	15,000	150,000	20,400(46)	204,000(47)	0	0	0
Donald V. Moline	1,000	10,000	1,360(48)	13,600(49)	0	0	0
Dorothy J. Hoel	3,500	35,000	4,760(50)	47,600(51)	0	0	0
Douglas E. Hailey (291)	5,000	126,050	6,800(52)	144,050(53)	0	0	0
Dr. Richard V. Nuttal & Annetta Mets Nuttall JTWROS	500	5,000	680(54)	6,800(55)	0	0	0
Dr. Thomas Heirigs	2,000	20,000	2,720(56)	27,200(57)	0	0	0
EBS Convertible Fund I L.P. (58)	81,500	815,000	110,840(59)	1,108,400(60)	0	0	0
EBS Partners, L.P. (61)	17,000	170,000	23,120(62)	231,200(63)	0	0	0
Edward J. Cook & Eleanor A. Cook JTWROS	4,000	40,000	5,440(64)	54,400(65)	0	0	0
Edward J. Hart	10,000	100,000	13,600(66)	136,000(67)	0	0	0
Eugene Szczepanski	5,000	50,000	6,800(68)	68,000(69)	0	0	0
Foutch Family Living Trust UAD 10/20/08 Carolyn Foutch TTEE (70)	4,000	40,000	5,440(71)	54,400(72)	0	0	0
Friedland Trust UAD 12/13/07 Stephen Friedland & Linda Friedland TTEES (73)	2,000	20,000	2,720(74)	27,200(75)	0	0	0
Gary A. Bergren	5,000	50,000	6,800(76)	68,000(77)	0	0	0
Gary A. Hafner and Leeann Hafner JT TEN	3,000	30,000	4,080(78)	40,800(79)	0	0	0

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Gary Kurnov Lauren Mazer JT TEN	1,500	15,000	2,040(80)	20,400(81)	0	0	0
Gary L. Gray	1,000	10,000	1,360(82)	13,600(83)	0	0	0
Gerald I. Rosenfeld Pc Profit Sharing Trust U A/D 7-1 Gerald I. Rosenfeld TTEE (84)	1,000	10,000	1,360(85)	13,600(86)	0	0	0
Grace M. Ziehler Trust DTD 10/8/98 (87)	1,500	15,000	2,040(88)	20,400(89)	0	0	0
Harvey Bibicoff and Jacqueline Bibicoff Trustees Of The Bibicoff Family Trust DTD 5/16/00 (90)	4,000	40,000	5,440(91)	54,400(92)	0	0	0
Heidi M. Smith	5,000	50,000	6,800(93)	68,000(94)	0	0	0
Herb B. Grimes	3,000	30,000	4,080(95)	40,800(96)	0	0	0
Hillson Partners LP (97)	22,500	225,000	30,600(98)	306,000(99)	0	0	0
Howard A Kalka	9,000	90,000	12,240(100)	122,400(101)	0	0	0
James & Susan Besselman (282)	1,000	10,000	1,360(102)	13,600(103)	0	0	0
James E. Puerner	2,000	20,000	2,720(104)	27,200(105)	0	0	0
Jay B. Sheehy (278)	1,000	30,312	1,360(106)	13,600(107)	16,712	0	*
Jeffrey L Sadar & Barbara A Sadar JTWROS	2,000	20,000	2,720(108)	27,200(109)	0	0	0
John & Christine Lauro JTWROS	500	5,000	680(110)	6,800(111)	0	0	0
John R Bertsch Trust DTD 12/4/2004 John R Bertsch Trustee (112)	17,000	170,000	23,120(113)	231,200(114)	0	0	0
John S. Tschohl TOD DTD 03/15/06 (115)	1,000	10,000	1,360(116)	13,600(117)	0	0	0

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Keith Liggett	1,500	15,000	2,040(118)	20,400(119)	0	0	0
Keith R. Schroeder	3,000	30,000	4,080(120)	40,800(121)	0	0	0
Kettle Hill Master Fund, Ltd (122)	22,700	227,000	30,872(123)	308,720(124)	0	0	0
Kettle Hill Partners II LP (125)	11,600	116,000	15,776(126)	157,760(127)	0	0	0
Kettle Hill Partners LP (128)	15,700	157,000	21,352(129)	213,520(130)	0	0	0
Kevin Conroy	1,000	10,000	1,360(131)	13,600(132)	0	0	0
Larry S. Kaplan Marla B Kaplan JT/WROS	2,500	25,000	3,400(133)	34,000(134)	0	0	0
Lawrence Yelin (278)	2,200	27,571	2,992(135)	29,920(136)	24,579	0	*
Michael D. Pearson Lisa M Pearson JT TEN	3,000	30,000	4,080(137)	40,800(138)	0	0	0
Michael N. Taglich Claudia Taglich JTWROS	30,000	300,000	40,800(139)	408,000(140)	0	0	0
Michael P. Hagerty	4,000	40,000	5,440(141)	54,400(142)	0	0	0
Michael Taglich C/F Hope Taglich UGMA	1,500	15,000	2,040(143)	20,400(144)	0	0	0
Michael Taglich Cust For Lucy Taglich Utma NY	3,000	30,000	4,080(145)	40,800(146)	0	0	0
Michael Taglich Custodian FBO Amanda Taglich Utma NY Until Age 21	2,000	20,000	2,720(147)	27,200(148)	0	0	0
Michael Taglich Custodian FBO Stella Taglich Utma NY Until Age 21	2,000	20,000	2,720(149)	27,200(150)	0	0	0
Mike Taglich Poa Tag/Kent Partnership F/B/O Garlinghouse/M Taglich B Taglich	10,000	100,000	13,600(151)	136,000(152)	0	0	0

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Mitchell Spearman	2,500	25,000	3,400(153)	34,000(154)	0	0	0
Nicholas Taglich & Juliana Taglich JT/WROS	6,000	60,000	8,160(155)	81,600(156)	0	0	0
Patricia Tschohl TOD DTD 05/04/06 (157)	3,000	30,000	4,080(158)	40,800(159)	0	0	0
Paul Seid	34,000	540,000	34,680(160)	546,800(161)	0	0	0
Peter C Murphy	20,000	200,000	27,200(162)	272,000(163)	0	0	0
Peter Mangiameli	5,000	50,000	6,800(164)	68,000(165)	0	0	0
Phillip L Burnett & Allyson Burnett JTWROS	1,000	10,000	1,360(166)	13,600(167)	0	0	0
Puddleglum Investments LLC (168)	2,000	20,000	2,720(169)	27,200(170)	0	0	0
R2MJ, LLC (171)	2,500	25,000	3,400(172)	34,000(173)	0	0	0
Rachel T. Baroni Trust UAD 12/31/94 P J Baroni & R. T. Baroni TTEES AMD 08/11/09 (174)	1,500	15,000	2,040(175)	20,400(176)	0	0	0
Ralph Hubregsen (280)	1,000	10,000	1,360(177)	13,600(178)	0	0	0
Richard Buchakjian	5,000	50,000	6,800(179)	68,000(180)	0	0	0
Robert Brooks	4,000	40,000	5,440(181)	54,400(182)	0	0	0
Robert G. Allison	8,000	80,000	10,880(183)	108,800(184)	0	0	0
Robert Schroeder (291)	4,000	166,750	5,440(185)	181,150(186)	0	0	0
Robert W. Allen Trust UAD 04/29/08 Robert W Allen TTEE (187)	8,500	85,000	11,560(188)	115,600(189)	0	0	0
Robert W. Main TTEE Under The Robert W Main Trust DTD 9/7/05 (190)	2,000	20,000	2,720(191)	27,200(192)	0	0	0

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Ronald A. Rayson	1,500	15,000	2,040(193)	20,400(194)	0	0	0
Rose Mary Heirigs Thomas Heirigs POA	5,000	50,000	6,800(195)	68,000(196)	0	0	0
Scot Holding Inc. (197)	2,500	25,000	3,400(198)	34,000(199)	0	0	0
Shadow Capital LLC (200)	15,000	150,000	20,400(201)	204,000(202)	0	0	0
Stephen Koppekin	1,500	15,000	2,040(203)	20,400(204)	0	0	0
Sterling Family Investment LLC (205)	17,000	170,000	23,120(206)	231,200(207)	0	0	0
Steven Farber	1,000	10,000	1,360(208)	13,600(209)	0	0	0
Susan M. Allen Trust UAD 04/29/08 Susan Allen TTEE (210)	8,500	85,000	11,560(211)	115,600(212)	0	0	0
Sushrut Parikh (279)	2,500	25,000	3,400(213)	34,000(214)	0	0	0
The Hillary Bibicoff Revocable Trust DTD 4/19/07 Hillary Bibicoff Trustee (215)	1,000	10,000	1,360(216)	13,600(217)	0	0	0
The SDM Irrevocable Trust FBO Andrew Seid UAD 11/05/04 Paul Seid TTEE (218)	4,250	42,500	5,780(219)	57,800(220)	0	0	0
The SDM Irrevocable Trust FBO Lauren Seid UAD 11/05/04 Paul Seid TTEE (221)	4,250	42,500	5,780(222)	57,800(223)	0	0	0
The Shirley J. Lewis Marital Trust B UAD 06/26/01 Guy W Lewis TTEE (224)	7,500	75,000	10,200(225)	102,000(226)	0	0	0
Three Treasures LP (227)	2,500	25,000	3,400(228)	34,000(229)	0	0	0

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William Chaney TOD DTD 4/20/04 (230)	1,500	15,000	2,040(231)	20,400(232)	0	0	0
Ira FBO Robert F Taglich Pershing LLC As Custodian Rollover Account	20,000	200,000	27,200(233)	272,000(234)	0	0	0
Gary Arnold And Patricia Arnold TEN COM	9,000	90,000	12,240(235)	122,400(236)	0	0	0
Ira FBO David Random Pershing LLC As Custodian	5,000	50,000	6,800(237)	68,000(238)	0	0	0
Ira FBO Steven A Boggs Pershing LLC As Custodian	4,000	40,000	5,440(239)	54,400(240)	0	0	0
Ira FBO Starr F Schlobohm Jr Pershing LLC As Custodian B/O Starr F Schlobohm SR DEC'D	3,500	35,000	4,760(241)	47,600(242)	0	0	0
Ar-And-Associates Individual(K)-Pershing As Cust FBO Arthur Resnikoff (243)	3,000	30,000	4,080(244)	40,800(245)	0	0	0
Bryan E. Moss	2,500	25,000	3,400(246)	34,000(247)	0	0	0
Mark J. Butler	2,500	25,000	3,400(248)	34,000(249)	0	0	0
Sullivan Associates Emp Ret Plan (250)	2,500	25,000	3,400(251)	34,000(252)	0	0	0
Ira FBO Arnold E. Needleman Pershing LLC As Custodian Rollover Account	2,500	25,000	3,400(253)	34,000(254)	0	0	0
Jeffrey G. Hipp & Mary Ann Hipp JT/WROS	2,500	25,000	3,400(255)	34,000(256)	0	0	0
Ira FBO Angel Rosario Pershing LLC As Custodian Rollover Account	2,000	20,000	2,720(257)	27,200(258)	0	0	0
Robert Koski	2,000	20,000	2,720(259)	27,200(260)	0	0	0
Bruce Newell	2,000	20,000	2,720(261)	27,200(262)	0	0	0

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Big Red Investments Partnership Ltd (263)	2,000	20,000	2,720(264)	27,200(265)	0	0	0
Ira FBO John C. Guttilla Pershing LLC As Custodian Roth Conversion Account	1,100	11,000	1,496(266)	14,960(267)	0	0	0
Ira FBO Samuel E. Leonard Pershing LLC As Custodian	1,000	10,000	1,360(268)	13,600(269)	0	0	0
Ira FBO Francine C. Massie Pershing LLC As Custodian Rollover Account	1,000	10,000	1,360(270)	13,600(271)	0	0	0
Joseph Martha	1,000	10,000	1,360(272)	13,600(273)	0	0	0
Tom C. Mina	1,000	10,000	1,360(274)	13,600(275)	0	0	0
Ira FBO Richard S. Smith Pershing LLC As Custodian Roth Account	500	5,000	680(276)	6,800(277)	0	0	0
Vincent M. Palmieri (290)	0	40,563	0	40,563(283)	0	0	0
Gary Kurnov (290)	0	10,150	0	10,150(283)	0	0	0
Leonard Schleicher (290)	0	35,000	0	35,000(283)	0	0	0
Michael N. Taglich (290)	48,500	491,869	0	151,343(283)	0	0	0
Robert F. Taglich (290)	20,000	506,781	0	306,871(289)	0	0	0
Michael Brunone (290)	0	20,000	0	20,000(283)	0	0	0
Russell Bernier (290)	0	20,000	0	20,000(283)	0	0	0
Christopher C. Schreiber (290)	0	3,000	0	3,000(283)	0	0	0
Richard Oh (290)	0	50,000	0	50,000(283)	0	0	0

Linda Trudden								
(290)	0	10,000	0	10,000	(283)	0	0	0

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Robert M. Lorenzo II (290)	0	6,000	0	6,000(283)	0	0	0
Gilda Gaertner (290)	0	4,000	0	4,000(283)	0	0	0
Lafitte Fund 1 LP (284)	0	425,000	0	425,000(285)	0	0	0
Michael Taglich Keogh-account (286)	0	155,526	0	155,526(285)	0	0	0
Donald Dalicandro (287)	0	78,865	0	78,865	0	0	0
Donald Rowley (288)	0	596,724	0	543,354	53,370	0	*

* Less than 1%.

(1) Represents (i) 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(2) Represents (i) 10,000 shares of common stock issuable upon conversion of the 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 shares of common stock issuable upon conversion of 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(3) Represents (i) 1,300 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 468 PIK Shares issuable as dividends on the Series D Preferred Stock.

(4) Represents (i) 13,000 shares of common stock issuable upon conversion of the 1,300 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 4,680 shares of common stock issuable upon conversion of 468 PIK Shares issuable as dividends on the Series D Preferred Stock.

(5) Richard C. Perkins has voting and investment power over the securities owned by the selling stockholder.

(6) Represents (i) 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(7) Represents (i) 50,000 shares of common stock issuable upon conversion of the 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 18,000 shares of common stock issuable upon conversion of 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(8) Represents (i) 2,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 900 PIK Shares issuable as dividends on the Series D Preferred Stock.

(9) Represents (i) 25,000 shares of common stock issuable upon conversion of the 2,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 9,000 shares of common stock issuable upon conversion of 900 PIK Shares issuable as dividends on the Series D Preferred Stock.

(10) Represents (i) 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(11) Represents (i) 10,000 shares of common stock issuable upon conversion of the 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 shares of common stock issuable upon conversion of 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(12) Represents (i) 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(13) Represents (i) 50,000 shares of common stock issuable upon conversion of the 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 18,000 shares of common stock issuable upon conversion of 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(14) Represents (i) 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(15) Represents (i) 50,000 shares of common stock issuable upon conversion of the 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 18,000 shares of common stock issuable upon conversion of 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(16) Edward H. Arnold has voting and investment power over the securities owned by the selling stockholder.

(17) Represents (i) 12,225 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 4,401 PIK Shares issuable as dividends on the Series D Preferred Stock.

(18) Represents (i) 122,250 shares of common stock issuable upon conversion of the 12,225 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 44,010 shares of common stock issuable upon conversion of 4,401 PIK Shares issuable as dividends on the Series D Preferred Stock.

(19) Edward H. Arnold has voting and investment power over the securities owned by the selling stockholder.

(20) Represents (i) 20,375 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 7,335 PIK Shares issuable as dividends on the Series D Preferred Stock.

(21) Represents (i) 203,750 shares of common stock issuable upon conversion of the 20,375 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 73,350 shares of common stock issuable upon conversion of 7,335 PIK Shares issuable as dividends on the Series D Preferred Stock.

(22) Represents (i) 500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 180 PIK Shares issuable as dividends on the Series D Preferred Stock.

(23) Represents (i) 5,000 shares of common stock issuable upon conversion of the 500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,800 shares of common stock issuable upon conversion of 180 PIK Shares issuable as dividends on the Series D Preferred Stock.

(24) Represents (i) 9,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,240 PIK Shares issuable as dividends on the Series D Preferred Stock.

(25) Represents (i) 90,000 shares of common stock issuable upon conversion of the 9,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 32,400 shares of common stock issuable upon conversion of 3,240 PIK Shares issuable as dividends on the Series D Preferred Stock.

(26) Represents (i) 2,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 900 PIK Shares issuable as dividends on the Series D Preferred Stock.

(27) Represents (i) 25,000 shares of common stock issuable upon conversion of the 2,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 9,000 shares of common stock issuable upon conversion of 900 PIK Shares issuable as dividends on the Series D Preferred Stock.

(28) Represents (i) 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(29) Represents (i) 50,000 shares of common stock issuable upon conversion of the 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 18,000 shares of common stock issuable upon conversion of 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(30) Richard A. Broms has voting and investment power over the securities owned by the selling stockholder.

(31) Represents (i) 9,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,240 PIK Shares issuable as dividends on the Series D Preferred Stock.

(32) Represents (i) 90,000 shares of common stock issuable upon conversion of the 9,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 32,400 shares of common stock issuable upon conversion of 3,240 PIK Shares issuable as dividends on the Series D Preferred Stock.

(33) Represents (i) 1,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 540 PIK Shares issuable as dividends on the Series D Preferred Stock.

(34) Represents (i) 15,000 shares of common stock issuable upon conversion of the 1,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 5,400 shares of common stock issuable upon conversion of 540 PIK Shares issuable as dividends on the Series D Preferred Stock.

(35) Represents (i) 10,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 PIK Shares issuable as dividends on the Series D Preferred Stock.

(36) Represents (i) 100,000 shares of common stock issuable upon conversion of the 10,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 36,000 shares of common stock issuable upon conversion of 3,600 PIK Shares issuable as dividends on the Series D Preferred Stock.

(37) Claudia Taglich has voting and investment power over the securities owned by the selling stockholder.

(38) Represents (i) 10,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 PIK Shares issuable as dividends on the Series D Preferred Stock.

(39) Represents (i) 100,000 shares of common stock issuable upon conversion of the 10,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 36,000 shares of common stock issuable upon conversion of 3,600 PIK Shares issuable as dividends on the Series D Preferred Stock.

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(40) Represents (i) 4,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,440 PIK Shares issuable as dividends on the Series D Preferred Stock.

(41) Represents (i) 40,000 shares of common stock issuable upon conversion of the 4,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 14,400 shares of common stock issuable upon conversion of 1,440 PIK Shares issuable as dividends on the Series D Preferred Stock.

(42) Represents (i) 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(43) Represents (i) 10,000 shares of common stock issuable upon conversion of the 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 shares of common stock issuable upon conversion of 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(44) Represents (i) 3,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,260 PIK Shares issuable as dividends on the Series D Preferred Stock.

(45) Represents (i) 35,000 shares of common stock issuable upon conversion of the 3,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 12,600 shares of common stock issuable upon conversion of 1,260 PIK Shares issuable as dividends on the Series D Preferred Stock.

(46) Represents (i) 15,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 5,400 PIK Shares issuable as dividends on the Series D Preferred Stock.

(47) Represents (i) 150,000 shares of common stock issuable upon conversion of the 15,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 54,000 shares of common stock issuable upon conversion of 5,400 PIK Shares issuable as dividends on the Series D Preferred Stock.

(48) Represents (i) 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(49) Represents (i) 10,000 shares of common stock issuable upon conversion of the 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 shares of common stock issuable upon conversion of 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(50) Represents (i) 3,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,260 PIK Shares issuable as dividends on the Series D Preferred Stock.

(51) Represents (i) 35,000 shares of common stock issuable upon conversion of the 3,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 12,600 shares of common stock issuable upon conversion of 1,260 PIK Shares issuable as dividends on the Series D Preferred Stock.

(52) Represents (i) 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(53) Represents (i) 50,000 shares of common stock issuable upon conversion of the 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement, (ii) 18,000 shares of common stock issuable upon conversion of 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock and (iii) 76,050 shares of

common stock issuable upon exercise of Placement Agent Warrants.

(54) Represents (i) 500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 180 PIK Shares issuable as dividends on the Series D Preferred Stock.

(55) Represents (i) 5,000 shares of common stock issuable upon conversion of the 500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,800 shares of common stock issuable upon conversion of 180 PIK Shares issuable as dividends on the Series D Preferred Stock.

(56) Represents (i) 2,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 720 PIK Shares issuable as dividends on the Series D Preferred Stock.

(57) Represents (i) 20,000 shares of common stock issuable upon conversion of the 2,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 7,200 shares of common stock issuable upon conversion of 720 PIK Shares issuable as dividends on the Series D Preferred Stock.

(58) Mark E. Brady has voting and investment power over the securities owned by the selling stockholder.

(59) Represents (i) 81,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 29,340 PIK Shares issuable as dividends on the Series D Preferred Stock.

(60) Represents (i) 815,000 shares of common stock issuable upon conversion of the 81,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 293,400 shares of common stock issuable upon conversion of 29,340 PIK Shares issuable as dividends on the Series D Preferred Stock.

(61) Mark E. Brady has voting and investment power over the securities owned by the selling stockholder.

(62) Represents (i) 17,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 6,120 PIK Shares issuable as dividends on the Series D Preferred Stock.

(63) Represents (i) 170,000 shares of common stock issuable upon conversion of the 17,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 61,200 shares of common stock issuable upon conversion of 6,120 PIK Shares issuable as dividends on the Series D Preferred Stock.

(64) Represents (i) 4,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,440 PIK Shares issuable as dividends on the Series D Preferred Stock.

(65) Represents (i) 40,000 shares of common stock issuable upon conversion of the 4,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 14,400 shares of common stock issuable upon conversion of 1,440 PIK Shares issuable as dividends on the Series D Preferred Stock.

(66) Represents (i) 10,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 PIK Shares issuable as dividends on the Series D Preferred Stock.

(67) Represents (i) 100,000 shares of common stock issuable upon conversion of the 10,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 36,000 shares of common stock issuable upon conversion of 3,600 PIK Shares issuable as dividends on the Series D Preferred Stock.

(68) Represents (i) 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(69) Represents (i) 50,000 shares of common stock issuable upon conversion of the 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 18,000 shares of common stock issuable upon conversion of 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(70) Carolyn Foutch has voting and investment power over the securities owned by the selling stockholder.

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(71) Represents (i) 4,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,440 PIK Shares issuable as dividends on the Series D Preferred Stock.

(72) Represents (i) 40,000 shares of common stock issuable upon conversion of the 4,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 14,400 shares of common stock issuable upon conversion of 1,440 PIK Shares issuable as dividends on the Series D Preferred Stock.

(73) Stephen Friedland has voting and investment power over the securities owned by the selling stockholder.

(74) Represents (i) 2,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 720 PIK Shares issuable as dividends on the Series D Preferred Stock.

(75) Represents (i) 20,000 shares of common stock issuable upon conversion of the 2,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 7,200 shares of common stock issuable upon conversion of 720 PIK Shares issuable as dividends on the Series D Preferred Stock.

(76) Represents (i) 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(77) Represents (i) 50,000 shares of common stock issuable upon conversion of the 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 18,000 shares of common stock issuable upon conversion of 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(78) Represents (i) 3,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,080 PIK Shares issuable as dividends on the Series D Preferred Stock.

(79) Represents (i) 30,000 shares of common stock issuable upon conversion of the 3,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 10,800 shares of common stock issuable upon conversion of 1,080 PIK Shares issuable as dividends on the Series D Preferred Stock.

(80) Represents (i) 1,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 540 PIK Shares issuable as dividends on the Series D Preferred Stock.

(81) Represents (i) 15,000 shares of common stock issuable upon conversion of the 1,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 5,400 shares of common stock issuable upon conversion of 540 PIK Shares issuable as dividends on the Series D Preferred Stock.

(82) Represents (i) 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(83) Represents (i) 10,000 shares of common stock issuable upon conversion of the 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 shares of common stock issuable upon conversion of 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(84) Gerald I. Rosenfeld has voting and investment power over the securities owned by the selling stockholder.

(85) Represents (i) 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

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(86) Represents (i) 10,000 shares of common stock issuable upon conversion of the 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 shares of common stock issuable upon conversion of 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(87) Grace M. Ziehler has voting and investment power over the securities owned by the selling stockholder.

(88) Represents (i) 1,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 540 PIK Shares issuable as dividends on the Series D Preferred Stock.

(89) Represents (i) 15,000 shares of common stock issuable upon conversion of the 1,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 5,400 shares of common stock issuable upon conversion of 540 PIK Shares issuable as dividends on the Series D Preferred Stock.

(90) Harvey Bibicoff has voting and investment power over the securities owned by the selling stockholder.

(91) Represents (i) 4,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,440 PIK Shares issuable as dividends on the Series D Preferred Stock.

(92) Represents (i) 40,000 shares of common stock issuable upon conversion of the 4,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 14,400 shares of common stock issuable upon conversion of 1,440 PIK Shares issuable as dividends on the Series D Preferred Stock.

(93) Represents (i) 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(94) Represents (i) 50,000 shares of common stock issuable upon conversion of the 5,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 18,000 shares of common stock issuable upon conversion of 1,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(95) Represents (i) 3,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,080 PIK Shares issuable as dividends on the Series D Preferred Stock.

(96) Represents (i) 30,000 shares of common stock issuable upon conversion of the 3,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 10,800 shares of common stock issuable upon conversion of 1,080 PIK Shares issuable as dividends on the Series D Preferred Stock.

(97) Daniel H. Abramowitz has voting and investment power over the securities owned by the selling stockholder.

(98) Represents (i) 22,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 8,100 PIK Shares issuable as dividends on the Series D Preferred Stock.

(99) Represents (i) 225,000 shares of common stock issuable upon conversion of the 22,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 81,000 shares of common stock issuable upon conversion of 8,100 PIK Shares issuable as dividends on the Series D Preferred Stock.

(100) Represents (i) 9,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,240 PIK Shares issuable as dividends on the Series D Preferred Stock.

(101) Represents (i) 90,000 shares of common stock issuable upon conversion of the 9,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 32,400 shares of common stock issuable upon conversion of 3,240 PIK Shares issuable as dividends on the Series D Preferred Stock.

(102) Represents (i) 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(103) Represents (i) 10,000 shares of common stock issuable upon conversion of the 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 shares of common stock issuable upon conversion of 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(104) Represents (i) 2,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 720 PIK Shares issuable as dividends on the Series D Preferred Stock.

(105) Represents (i) 20,000 shares of common stock issuable upon conversion of the 2,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 7,200 shares of common stock issuable upon conversion of 720 PIK Shares issuable as dividends on the Series D Preferred Stock.

(106) Represents (i) 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(107) Represents (i) 10,000 shares of common stock issuable upon conversion of the 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 shares of common stock issuable upon conversion of 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(108) Represents (i) 2,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 720 PIK Shares issuable as dividends on the Series D Preferred Stock.

(109) Represents (i) 20,000 shares of common stock issuable upon conversion of the 2,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 7,200 shares of common stock issuable upon conversion of 720 PIK Shares issuable as dividends on the Series D Preferred Stock.

(110) Represents (i) 500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 180 PIK Shares issuable as dividends on the Series D Preferred Stock.

(111) Represents (i) 5,000 shares of common stock issuable upon conversion of the 500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,800 shares of common stock issuable upon conversion of 180 PIK Shares issuable as dividends on the Series D Preferred Stock.

(112) John R. Bertsch has voting and investment power over the securities owned by the selling stockholder.

(113) Represents (i) 17,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 6,120 PIK Shares issuable as dividends on the Series D Preferred Stock.

(114) Represents (i) 170,000 shares of common stock issuable upon conversion of the 17,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 61,200 shares of common stock issuable upon conversion of 6,120 PIK Shares issuable as dividends on the Series D Preferred Stock.

(115) John S. Tschohl has voting and investment power over the securities owned by the selling stockholder.

(116) Represents (i) 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(117) Represents (i) 10,000 shares of common stock issuable upon conversion of the 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 shares of common stock issuable upon conversion of 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

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(118) Represents (i) 1,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 540 PIK Shares issuable as dividends on the Series D Preferred Stock.

(119) Represents (i) 15,000 shares of common stock issuable upon conversion of the 1,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 5,400 shares of common stock issuable upon conversion of 540 PIK Shares issuable as dividends on the Series D Preferred Stock.

(120) Represents (i) 3,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,080 PIK Shares issuable as dividends on the Series D Preferred Stock.

(121) Represents (i) 30,000 shares of common stock issuable upon conversion of the 3,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 10,800 shares of common stock issuable upon conversion of 1,080 PIK Shares issuable as dividends on the Series D Preferred Stock.

(122) Bryan Kiss has voting and investment power over the securities owned by the selling stockholder.

(123) Represents (i) 22,700 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 8,172 Shares issuable as dividends on the Series D Preferred Stock.

(124) Represents (i) 227,000 shares of common stock issuable upon conversion of the 22,700 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 81,720 shares of common stock issuable upon conversion of 8,172 PIK Shares issuable as dividends on the Series D Preferred Stock.

(125) Bryan Kiss has voting and investment power over the securities owned by the selling stockholder.

(126) Represents (i) 11,600 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 4,176 PIK Shares issuable as dividends on the Series D Preferred Stock.

(127) Represents (i) 116,000 shares of common stock issuable upon conversion of the 11,600 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 41,760 shares of common stock issuable upon conversion of 4,176 PIK Shares issuable as dividends on the Series D Preferred Stock.

(128) Bryan Kiss has voting and investment power over the securities owned by the selling stockholder.

(129) Represents (i) 15,700 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 5,652 PIK Shares issuable as dividends on the Series D Preferred Stock.

(130) Represents (i) 157,000 shares of common stock issuable upon conversion of the 15,700 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 56,520 shares of common stock issuable upon conversion of 5,652 PIK Shares issuable as dividends on the Series D Preferred Stock.

(131) Represents (i) 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(132) Represents (i) 10,000 shares of common stock issuable upon conversion of the 1,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 shares of common stock issuable upon conversion of 360 PIK Shares issuable as dividends on the Series D Preferred Stock.

(133) Represents (i) 2,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 900 PIK Shares issuable as dividends on the Series D Preferred Stock.

(134) Represents (i) 25,000 shares of common stock issuable upon conversion of the 2,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 9,000 shares of common stock issuable upon conversion of 900 PIK Shares issuable as dividends on the Series D Preferred Stock.

(135) Represents (i) 2,200 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 792 PIK Shares issuable as dividends on the Series D Preferred Stock.

(136) Represents (i) 22,000 shares of common stock issuable upon conversion of the 2,200 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 7,920 shares of common stock issuable upon conversion of 792 PIK Shares issuable as dividends on the Series D Preferred Stock.

(137) Represents (i) 3,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,080 PIK Shares issuable as dividends on the Series D Preferred Stock.

(138) Represents (i) 30,000 shares of common stock issuable upon conversion of the 3,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 10,800 shares of common stock issuable upon conversion of 1,080 PIK Shares issuable as dividends on the Series D Preferred Stock.

(139) Represents (i) 30,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 10,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(140) Represents (i) 300,000 shares of common stock issuable upon conversion of the 30,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 108,000 shares of common stock issuable upon conversion of 10,800 PIK Shares issuable as dividends on the Series D Preferred Stock.

(141) Represents (i) 4,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,440 PIK Shares issuable as dividends on the Series D Preferred Stock.

(142) Represents (i) 40,000 shares of common stock issuable upon conversion of the 4,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 14,400 shares of common stock issuable upon conversion of 1,440 PIK Shares issuable as dividends on the Series D Preferred Stock.

(143) Represents (i) 1,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 540 PIK Shares issuable as dividends on the Series D Preferred Stock.

(144) Represents (i) 15,000 shares of common stock issuable upon conversion of the 1,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 5,400 shares of common stock issuable upon conversion of 540 PIK Shares issuable as dividends on the Series D Preferred Stock.

(145) Represents (i) 3,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,080 PIK Shares issuable as dividends on the Series D Preferred Stock.

(146) Represents (i) 30,000 shares of common stock issuable upon conversion of the 3,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 10,800 shares of common stock issuable upon conversion of 1,080 PIK Shares issuable as dividends on the Series D Preferred Stock.

(147) Represents (i) 2,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 720 PIK Shares issuable as dividends on the Series D Preferred Stock.

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(148) Represents (i) 20,000 shares of common stock issuable upon conversion of the 2,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 7,200 shares of common stock issuable upon conversion of 720 PIK Shares issuable as dividends on the Series D Preferred Stock.

(149) Represents (i) 2,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 720 PIK Shares issuable as dividends on the Series D Preferred Stock.

(150) Represents (i) 20,000 shares of common stock issuable upon conversion of the 2,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 7,200 shares of common stock issuable upon conversion of 720 PIK Shares issuable as dividends on the Series D Preferred Stock.

(151) Represents (i) 10,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 3,600 PIK Shares issuable as dividends on the Series D Preferred Stock.

(152) Represents (i) 100,000 shares of common stock issuable upon conversion of the 2,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 36,000 shares of common stock issuable upon conversion of 3,600 PIK Shares issuable as dividends on the Series D Preferred Stock.

(153) Represents (i) 2,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 900 PIK Shares issuable as dividends on the Series D Preferred Stock.

(154) Represents (i) 25,000 shares of common stock issuable upon conversion of the 2,500 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 9,000 shares of common stock issuable upon conversion of 900 PIK Shares issuable as dividends on the Series D Preferred Stock.

(155) Represents (i) 6,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 2,160 PIK Shares issuable as dividends on the Series D Preferred Stock.

(156) Represents (i) 60,000 shares of common stock issuable upon conversion of the 6,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 21,600 shares of common stock issuable upon conversion of 2,160 PIK Shares issuable as dividends on the Series D Preferred Stock.

(157) Patricia Tschohl has voting and investment power over the securities owned by the selling stockholder.

(158) Represents (i) 3,000 shares of Series D Preferred Stock purchased under the Series D Purchase Agreement and (ii) 1,080 PIK Shares issuable as dividends on the Series D Preferred Stock.