

SCM MICROSYSTEMS INC

Form S-4

October 22, 2009

Table of Contents

As filed with the Securities and Exchange Commission on October 22, 2009
Registration No. 333-

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

Form S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

SCM MICROSYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

3577

*(Primary Standard Industrial
Classification Code Number)*

77-0444317

*(I.R.S. Employer
Identification No.)*

1900-B Carnegie Ave.
Santa Ana, CA 92705
(949) 250-8888

*(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive
Offices)*

Lawrence W. Midland
1900-B Carnegie Ave.
Santa Ana, CA 92705
(949) 250-8888

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Michael L. Reed
Gibson, Dunn & Crutcher LLP
555 Mission Street, Suite 3000
San Francisco, California 94105
Facsimile: (415) 374-8459

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective and the satisfaction or waiver of all other conditions to the exchange offer described in the proxy statement and prospectus.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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(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 smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, par value \$0.001 per share	18,597,706	N/A	\$ 46,851,913	\$ 2,616.50

(1) Represents the maximum number of shares of SCM Microsystems, Inc. common stock, par value \$0.001 per share (SCM common stock), expected to be issued in the transaction described herein, which is equal to the product obtained by multiplying (i) (a) 32,023,797 bearer shares with a nominal value of CHF 1.00 each, of Bluehill ID AG (bearer shares in Bluehill ID) expected to be outstanding immediately prior to the closing of the offer described in this Registration Statement, (b) less 173,768 bearer shares in Bluehill ID held in the treasury, plus (c) 3,914,790 bearer shares in Bluehill ID subject to stock options that are expected to be exercisable immediately prior to the closing of the offer described in this Registration Statement, by (ii) an exchange ratio of 0.52 shares of SCM common stock for each bearer share in Bluehill ID.

(2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended, and computed pursuant to Rule 457(c) and 457(f) of the Securities Act of 1933, as amended. The estimated maximum offering price is equal to the product of (a) \$1.31, the Xetra average of the high and low prices per bearer share in Bluehill ID as reported on Xetra and the Deutsche Boerse AG website and Wertpapier-Informationssystem of Boersen-Zeitung on October 16, 2009 (converted into U.S. dollars based upon the prevailing exchange rate of 0.6712 Euros per U.S. dollar as of October 16, 2009), and (b) 35,764,819, the maximum number of bearer shares in Bluehill ID expected to be eligible for tender in the offer described in this Registration Statement.

(3) Based on 0.00005580 of the proposed maximum aggregate offering price calculated as described in note 2 above.

The Registrant hereby further 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.

Table of Contents

THE INFORMATION IN THIS PROXY STATEMENT AND PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THE SECURITIES DISCUSSED HEREIN UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROXY STATEMENT/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 OCTOBER 22, 2009

PRELIMINARY PROXY STATEMENT AND PROSPECTUS

Dear SCM Stockholder:

We are pleased to report that the board of directors of SCM Microsystems, Inc. (*SCM*) has approved a business combination transaction with Bluehill ID AG, a stock corporation incorporated in Switzerland (*Bluehill ID*). To effect the transaction, *SCM* will make an offer to the *Bluehill ID* shareholders to acquire all of the issued and outstanding bearer shares in *Bluehill ID*, in exchange for shares of *SCM* common stock. Shareholders of *Bluehill ID* who accept and tender their shares in the offer will receive 0.52 shares of *SCM* common stock for every one bearer share in *Bluehill ID*. Before we can complete the proposed business combination, including the offer, we must obtain the approval of *SCM*'s stockholders, and we are sending you the accompanying proxy statement and prospectus for this purpose.

SCM is holding a special meeting of its stockholders in order to obtain the stockholder approval necessary to complete the business combination with *Bluehill ID*. The *SCM* special meeting will be held at [], local time, on [], 2009, at *SCM*'s U.S. office located at 1900-B Carnegie Ave., Santa Ana, CA 92705, unless postponed or adjourned to a later date. At the *SCM* special meeting, *SCM* will ask its stockholders to approve, among other proposals, the offer and specifically the issuance of shares of *SCM* common stock to the shareholders of *Bluehill ID* that tender their shares in connection with the offer, as described in the accompanying proxy statement and prospectus.

After careful consideration, the *SCM* board of directors has approved the business combination and the related offer, including the issuance of shares of *SCM* common stock in connection with the offer, and has determined that the business combination, the offer and such issuance of shares is in the best interests of *SCM* and its stockholders.

Accordingly, the SCM board of directors unanimously recommends that the SCM stockholders vote FOR each of the proposals put to the SCM stockholders at the SCM special meeting.

SCM common stock is listed on the NASDAQ Stock Market's Global Market under the symbol *SCMM* and on the regulated market (Prime Standard) of the Frankfurt Stock Exchange under the symbol *SMY*. On [], 2009, the last practicable trading day before the date of this proxy statement and prospectus, the closing sale price of *SCM* common stock was \$[] per share as reported on the NASDAQ Stock Market. Bearer shares in *Bluehill ID* are traded over-the-counter on the Open Market at the Frankfurt Stock Exchange under the symbol *BUQ*. On [], 2009, the last practicable trading day before the date of this proxy statement and prospectus, the closing sale price of a bearer share in *Bluehill ID* was \$[] per share as reported on the Open Market at the Frankfurt Stock Exchange.

More information about *SCM*, *Bluehill ID*, the proposed business combination and the offer is contained in the accompanying proxy statement and prospectus. ***SCM urges you to read the accompanying proxy statement and***

prospectus carefully and in its entirety. In particular, you should carefully consider the matters discussed in the section entitled Risk Factors, beginning on page 9 of the accompanying proxy statement and prospectus.

SCM's board of directors has set [], 2009 as the record date for determining holders of SCM common stock entitled to execute and deliver written consents with respect to this solicitation. If you are a record holder of outstanding SCM common stock on that date, you are urged to complete, date and sign the enclosed proxy card and promptly return it to SCM. **Your vote is very important, regardless of the number of shares you own of SCM. Please read the accompanying proxy statement and prospectus carefully and cast your proxy vote as promptly as possible.**

SCM is excited about the opportunities the proposed business combination may bring to SCM stockholders, and thanks you for your consideration and continued support.

Felix Marx
Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the business combination or the securities of SCM to be issued in connection with the offer, or determined if this proxy statement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The accompanying proxy statement and prospectus is dated [], 2009, and is first being mailed to SCM stockholders on or about [], 2009.

Table of Contents

**SCM Microsystems, Inc.
1900-B Carnegie Ave.
Santa Ana, CA 92705**

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On [], 2009

To Stockholders of SCM Microsystems, Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of SCM Microsystems, Inc., a Delaware corporation ("SCM"), will be held at SCM's principal executive offices located at 1900-B Carnegie Ave., Santa Ana, CA 92705, on [], 2009 at [], local time to consider and vote on the following proposals:

1. To consider and vote upon a proposal to approve SCM's offer to the Bluehill ID shareholders to acquire all of the issued and outstanding bearer shares in Bluehill ID (the "Offer") and, specifically, the issuance of new shares of SCM common stock, par value \$0.001 per share, in connection with the Offer to effect the business combination proposed under the Business Combination Agreement, dated as of September 20, 2009, as amended (the "Business Combination Agreement") by and among SCM and Bluehill ID AG, a stock corporation incorporated in Switzerland ("Bluehill ID");
2. To consider and vote upon any motion to adjourn or postpone the SCM special meeting to a later date or dates, if necessary, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal described immediately above; and

To transact such other business that properly comes before the SCM special meeting or any adjournment or postponement thereof.

The foregoing proposals and the Business Combination Agreement are more fully described in the proxy statement and prospectus accompanying this Notice. Only SCM stockholders of record at the close of business on [], 2009 will be entitled to notice of, and a vote at, the SCM special meeting. At the close of business on [], 2009, [] shares of SCM common stock were outstanding and entitled to vote. A list of SCM stockholders entitled to vote at the SCM special meeting will be available for inspection at SCM's principal executive offices in Santa Ana, California, and at its German offices in Ismaning, Germany.

All SCM stockholders of record as of the record date are cordially invited to attend the SCM special meeting in person. **Whether or not you plan to attend the SCM special meeting in person, please vote your SCM shares as soon as possible to ensure that your shares of SCM common stock will be represented at the SCM special meeting.** Instructions for voting by mail, telephone, and the Internet are included with your SCM proxy card. You may revoke your SCM proxy card at any time prior to the SCM special meeting by following the instructions in the accompanying proxy statement and prospectus. If you attend the SCM special meeting and vote by ballot, then your proxy vote will be revoked automatically and only your vote by ballot at the SCM special meeting will be counted. **Regardless of the number of shares of SCM that you own or whether or not you plan to attend the SCM special meeting, it is important that your shares of SCM common stock be represented and voted. No postage need be affixed if your proxy card is mailed in the United States.**

By Order of the SCM Board of Directors,

Felix Marx
Chief Executive Officer

Ismaning, Germany
[], 2009

**SCM S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU
VOTE FOR PROPOSALS 1 AND 2.**

Table of Contents

ADDITIONAL INFORMATION

This proxy statement and prospectus incorporates important business and financial information about SCM that is not included or delivered with this proxy statement and prospectus. You can obtain this information by requesting it in writing or by telephone from SCM at the following addresses:

In the United States:
SCM Microsystems, Inc.
1900-B Carnegie Ave.
Santa Ana, CA 92705
+1-949-250-8888 Ext. 106
ir@scmmicro.com

In Europe:

SCM Microsystems GmbH
Oskar-Messter-Straße 13
85737 Ismaning, Germany
+49 89 9595-5000
ir@scmmicro.com

You will not be charged for any information that you request. **In order to ensure timely delivery of the documents in advance of the SCM special meeting, any request should be made at least five (5) business days before the SCM special meeting, or [], 2009. See the section entitled "Where You Can Find More Information" for additional details about where you can find information about SCM.**

ABOUT THIS PROXY STATEMENT AND PROSPECTUS

This proxy statement and prospectus forms a part of a Registration Statement on Form S-4 (Registration No. 333-), filed by SCM Microsystems, Inc. with the U.S. Securities and Exchange Commission, and constitutes a prospectus of SCM under Section 5 of the Securities Act of 1933, as amended (the Securities Act of 1933), and the rules thereunder, with respect to the shares of SCM common stock to be issued to shareholders of Bluehill ID in connection with the proposed business combination and the related transactions, including the offer.

In addition, this proxy statement and prospectus constitutes:

A notice of meeting with respect to the SCM special meeting at which SCM's stockholders will consider and vote on certain proposals, including the proposal to approve the Offer and, specifically, the issuance of new shares of SCM common stock in connection with the Offer to effect the business combination proposed under the Business Combination Agreement; and

A proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended (the Securities Exchange Act of 1934), and the rules thereunder, with respect to the SCM special meeting.

NOTE REGARDING TRADEMARKS

The SCM logo is a trademark of SCM and the Bluehill ID logo is a trademark of Bluehill ID or its affiliates in the United States and certain other countries. Additional company and product names may be trademarks or registered

trademarks of the individual companies and are respectfully acknowledged.

This proxy statement and prospectus may also include trademarks and trade names owned by other parties, and all other such trademarks and trade names mentioned in this proxy statement and prospectus are the property of their respective owners.

Table of Contents

TABLE OF CONTENTS

<u>QUESTIONS AND ANSWERS ABOUT THE BUSINESS COMBINATION, THE OFFER, AND THE SCM SPECIAL MEETING</u>	iii
<u>SUMMARY</u>	1
<u>RISK FACTORS</u>	9
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	36
<u>SELECTED HISTORICAL AND PRO FORMA COMBINED FINANCIAL DATA</u>	37
<u>MARKET PRICE AND DIVIDEND INFORMATION</u>	43
<u>THE OFFER</u>	45
<u>Background of the Business Combination and Offer</u>	45
<u>SCM's Reasons for the Business Combination and Offer; Recommendation of the SCM Board of Directors</u>	47
<u>SCM Financial Projections</u>	49
<u>Bluehill ID Financial Projections</u>	51
<u>Opinion of Jupiter to the Board of Directors of SCM</u>	54
<u>Interests of SCM Directors and Executive Officers in the Offer</u>	61
<u>Bluehill ID's Reasons for the Business Combination and Offer; Recommendation of the Bluehill ID Board of Directors</u>	62
<u>Interests of Bluehill ID Directors and Executive Officers in the Offer</u>	63
<u>Offer Consideration</u>	64
<u>Treatment of Options</u>	64
<u>No Appraisal Rights</u>	65
<u>Regulatory Matters</u>	65
<u>NASDAQ and Frankfurt Stock Exchange Listing of SCM Common Stock</u>	65
<u>Tax Considerations</u>	66
<u>Anticipated Accounting Treatment</u>	66
<u>Federal Securities Laws Consequences</u>	66
<u>Consummation of the Offer</u>	66
<u>The Board of Directors and Management of SCM and Bluehill ID Following the Offer</u>	66
<u>Ownership of SCM Following the Offer</u>	66
<u>THE BUSINESS COMBINATION AGREEMENT</u>	68
<u>General</u>	68
<u>The Offer</u>	68
<u>Preparation of the Offer</u>	69
<u>Conditions to the Closing of the Offer</u>	69
<u>Recommendations of the Offer by the Boards of Directors</u>	70
<u>Representations and Warranties</u>	70
<u>Conduct of Business Prior to Closing</u>	71
<u>Exclusivity</u>	72
<u>Post-Closing Corporate Governance and Restructuring</u>	73
<u>Termination</u>	73
<u>Effect of Termination</u>	73
<u>Confidentiality; Communication</u>	74
<u>Costs</u>	74
<u>Governing Law and Jurisdiction</u>	74
<u>Amendments</u>	74
<u>CERTAIN AGREEMENTS RELATED TO THE OFFER</u>	75

Amendment to Rights Agreement

75

Confidentiality Agreement

75

Table of Contents

<u>INFORMATION ABOUT SCM MICROSYSTEMS</u>	76
<u>SCM S MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	92
<u>INFORMATION ABOUT BLUEHILL ID</u>	114
<u>BLUEHILL ID MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATION</u>	128
<u>DESCRIPTION OF SCM MICROSYSTEMS CAPITAL STOCK</u>	139
<u>DESCRIPTION OF BLUEHILL ID CAPITAL STOCK</u>	140
<u>PRINCIPAL STOCKHOLDERS OF SCM MICROSYSTEMS</u>	141
<u>PRINCIPAL SHAREHOLDERS OF BLUEHILL ID</u>	144
<u>MANAGEMENT</u>	147
<u>SCM s Board of Directors</u>	147
<u>Independence of SCM s Current Board of Directors</u>	150
<u>Compensation of SCM Directors</u>	150
<u>The Board of Directors and Management of Bluehill ID Following the Offer</u>	152
<u>Current Executive Officers of SCM</u>	154
<u>SCM Compensation Discussion and Analysis</u>	155
<u>Summary of SCM Executive Compensation in 2008</u>	161
<u>Compensation Committee Interlocks and Insider Participation</u>	167
<u>Equity Compensation Plan Information</u>	168
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	169
<u>MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE BUSINESS COMBINATION</u>	171
<u>COMPARISON OF SCM MICROSYSTEMS STOCKHOLDERS AND BLUEHILL ID SHAREHOLDERS RIGHTS AND CORPORATE GOVERNANCE MATTERS</u>	176
<u>THE SCM SPECIAL MEETING OF STOCKHOLDERS</u>	187
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	191
<u>LEGAL MATTERS</u>	192
<u>EXPERTS</u>	192
<u>SCM MICROSYSTEMS, INC. INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	F-1
<u>HIRSCH ELECTRONICS CORPORATION INDEX TO FINANCIAL STATEMENTS</u>	F-51
<u>BLUEHILL ID AG INDEX TO FINANCIAL STATEMENTS</u>	F-85
<u>SCM MICROSYSTEMS, INC. UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u>	F-158
<u>PART II INFORMATION NOT REQUIRED IN PROSPECTUS</u>	II-1
<u>UNDERTAKINGS</u>	II-2
<u>EXHIBITS</u>	II-3
<u>SIGNATURES</u>	II-4
<u>INDEX TO EXHIBITS</u>	
<u>EX-5.1</u>	
<u>EX-21.1</u>	
<u>EX-23.1</u>	
<u>EX-23.2</u>	
<u>EX-23.3</u>	
<u>EX-99.2</u>	
<u>EX-99.3</u>	

ANNEXES

Annex A Business Combination Agreement
Annex B Written Opinion of Jupiter Capital Services GmbH

Table of Contents

**QUESTIONS AND ANSWERS ABOUT THE BUSINESS COMBINATION,
THE OFFER, AND THE SCM SPECIAL MEETING**

SCM and Bluehill ID are proposing to combine the businesses of SCM and Bluehill ID pursuant to the terms of the Business Combination Agreement, dated as of September 20, 2009, as amended, by and among SCM and Bluehill ID (the Business Combination Agreement). This combination is referred to in this proxy statement and prospectus as the business combination and the post-closing combined businesses of SCM and Bluehill ID as the combined companies. To effect the business combination, SCM will make an offer to the Bluehill ID shareholders to acquire all of the issued and outstanding bearer shares in Bluehill ID in exchange for newly issued shares of SCM common stock. This exchange offer is referred to in this proxy statement and prospectus as the Offer. This proxy statement and prospectus contains important information about the business combination, the Business Combination Agreement, the Offer and the SCM special meeting. The following section provides answers to certain anticipated questions about the proposed business combination, the Offer, and the SCM special meeting of stockholders. Please note that this section may not address all issues that may be important to you as an SCM stockholder. Accordingly, you should carefully read this entire proxy statement and prospectus, including each of the annexes.

Q. Why am I receiving this proxy statement and prospectus?

- A. You are receiving this proxy statement and prospectus because you are a stockholder of SCM as of [], 2009, the record date of SCM's special meeting of its stockholders.

Q. Who is soliciting my proxy?

- A. This proxy statement and prospectus is being used by the board of directors of SCM to solicit your proxy for use at the SCM special meeting. This proxy statement and prospectus also serves as the prospectus for shares of SCM common stock to be issued in exchange for bearer shares in Bluehill ID tendered in the Offer.

Q. What am I being asked to approve?

- A. You are being asked to approve the Offer and, specifically, the issuance of new shares of SCM common stock, par value \$0.001 per share, in connection with the Offer to effect the business combination.

About the Business Combination and Offer

Q. Why is SCM proposing to combine with Bluehill ID?

- A. The board of directors of SCM has determined that the business combination and the Offer are in the best interests of SCM and its stockholders in part because it presents a compelling strategic opportunity for SCM to accelerate the development of a leadership position in contactless security and identity solutions markets and technology and to further diversify its business geographically. For a complete discussion of SCM's reasons for the business combination, see the section entitled "The Offer - SCM's Reasons for the Business Combination Agreement and Offer" in this proxy statement and prospectus.

Q. What vote is required to consummate the Offer?

- A. To consummate the Offer and effect the business combination, SCM stockholders must approve the Offer and, specifically, the issuance of shares of SCM common stock in connection with the Offer. The approval of the

Offer and such issuance requires the affirmative vote of a majority of the shares of SCM common stock present in person or represented by proxy and entitled to vote at the SCM special meeting at which a quorum is present, whether voting in person or represented by proxy at the SCM special meeting. Each of Lincoln Vale European Partners (Lincoln Vale), which beneficially owned approximately 6.1% of the outstanding shares of SCM common stock and approximately 9.8% of the outstanding bearer shares in Bluehill ID as of September 30, 2009 and October 1, 2009, respectively, and Bluehill ID, which together with its affiliates, including Ayman S. Ashour, beneficially owned approximately 5.2% of the outstanding shares of SCM common stock as of September 30, 2009, will have the right to vote at the SCM special meeting.

Table of Contents

Q. Are there other conditions that need to be satisfied to consummate the Offer?

A. In addition to the requirement of obtaining SCM stockholder approval and certain other conditions, at least 75% of the outstanding bearer shares in Bluehill ID must be tendered in the Offer. For a summary of the conditions that need to be satisfied to consummate the Offer, see the section entitled "The Business Combination Agreement Conditions to the Closing of the Offer" in this proxy statement and prospectus.

Q. What will Bluehill ID shareholders receive if they accept the Offer?

A. Shareholders of Bluehill ID who accept the Offer and tender their shares will receive 0.52 shares of SCM common stock for every one bearer share in Bluehill ID. No fractional shares of SCM common stock will be issued in the Offer. In lieu of fractional shares, tendering shareholders of Bluehill ID will receive adequate consideration.

Q. Will the number of shares of SCM common stock issuable to Bluehill ID shareholders in connection with the Offer be subject to any adjustment, for example if SCM's stock price fluctuates?

A. No. The share exchange ratio is fixed at 0.52 shares of SCM common stock for every one bearer share in Bluehill ID tendered in the Offer.

Q. What will be the relative ownership of SCM after the Offer?

A. If all of the bearer shares in Bluehill ID currently outstanding (which excludes any bearer shares in Bluehill ID that may be issued or issuable after the date of this proxy statement and prospectus) are tendered in the Offer, post-Offer the current stockholders of SCM will hold approximately 60% of the outstanding shares of SCM common stock and the current shareholders of Bluehill ID will hold approximately 40% of the outstanding shares of SCM common stock. This includes 1,201,004 shares of SCM common stock, representing 4.8% of the currently outstanding shares of SCM common stock, that Bluehill ID holds. In addition, it is currently anticipated that (i) Lincoln Vale will beneficially own approximately 7.8% of the outstanding shares of SCM common stock; (ii) Mountain Partners AG, together with its affiliates and certain related parties, including BH Capital Management AG, Daniel S. Wenzel and Dr. Cornelius Boersch, will directly or indirectly beneficially own approximately 25.2% of the outstanding shares of SCM common stock; and (iii) Ayman S. Ashour, Bluehill ID's Chief Executive Officer and President of its board of directors, will directly or indirectly beneficially own, including through BH Capital Management AG, approximately 10.8% of the outstanding shares of SCM common stock.

Q. Will SCM common stock issued in connection with the Offer be registered and listed on an exchange?

A. Yes. The SCM common stock issued in exchange for the bearer shares in Bluehill ID tendered will be registered under the Securities Act of 1933, and are expected to be listed on the NASDAQ Stock Market's Global Market under the symbol "SCMM" and on the regulated market (Prime Standard) of the Frankfurt Stock Exchange under the symbol "SMY".

Q. Will there be any contractual transfer restrictions affecting the shares of SCM common stock issued in connection with the Offer?

A. No, the shares of SCM common stock received pursuant to the Offer will not be subject to any contractual transfer restrictions.

Q. What will happen to the Bluehill ID options and other rights to acquire or receive bearer shares in Bluehill ID?

- A.** After the closing of the Offer, it is expected that each option or other right to acquire or receive bearer shares in Bluehill ID will be converted into the right to acquire or receive a number of shares of SCM common stock calculated according to the share exchange ratio. For more information regarding the treatment of the Bluehill ID options and other rights to acquire or receive bearer shares in Bluehill ID, see the section entitled "The Offer Treatment of Options" in this proxy statement and prospectus.

Table of Contents

Q. Will there be any change to the shares of SCM common stock held by SCM's stockholders?

A. No. The Offer does not result in any changes to the existing shares of SCM common stock. The current stockholders of SCM will continue to be stockholders of SCM after the Offer.

Q. Who will be the directors of SCM following the Offer?

A. Upon closing of the Offer, the board of directors of SCM is expected to expand from seven directors to nine directors, and be composed of six current SCM directors and three current Bluehill ID directors. For more information see the section entitled, Management SCM's Board of Directors The Board of Directors of SCM Following the Offer.

Q. Do SCM stockholders have appraisal or dissenters' rights in connection with the Offer?

A.: No. SCM stockholders do not have appraisal or dissenters' rights in connection with the business combination or the issuance of the shares of SCM common stock in connection with the Offer.

Q. As an SCM stockholder, how does the SCM board of directors recommend that I vote?

A. The SCM board of directors has determined that the Business Combination Agreement and the transactions contemplated thereby, including the Offer and the issuance of shares of SCM common stock in connection therewith, are advisable and in the best interests of SCM and its stockholders. After careful consideration, the SCM board of directors recommends that SCM stockholders vote:

FOR Proposal No. 1 to approve the Offer and, specifically, the issuance of new shares of SCM common stock in connection with the Offer to effect the business combination; and

FOR Proposal No. 2 to approve any motion to adjourn or postpone the SCM special meeting, if necessary, to solicit additional proxies if there are not sufficient votes at the time of the special meeting in favor of Proposal No. 1.

Q. What risks should I consider in deciding how to vote?

A. You should carefully read this entire proxy statement and prospectus, including each of the annexes, and pay specific attention to the section entitled Risk Factors, which sets forth certain risks and uncertainties related to the Offer and the businesses of SCM and Bluehill ID.

Q. When do you expect the Offer to close?

A. SCM cannot predict the exact timing of the closing of the Offer and the related transactions. SCM expects to launch the Offer in accordance with applicable German and Swiss law following the effectiveness of the Registration Statement on Form S-4 of which this proxy statement and prospectus is a part, and the filing and approval of a German prospectus with the German Federal Financial Supervisory Authority. The Business Combination Agreement provides that the Offer period will last between four and twelve weeks, although the Offer period may be extended in the event a superior offer is made for Bluehill ID during the Offer period. The offer period can also be shortened or prolonged with the consent of Bluehill ID. The closing of the Offer is also subject to the satisfaction of certain conditions, including that the required stockholder approval be obtained at the SCM special meeting to be held on [] 2009. For more information regarding timing, see the section

entitled The Business Combination Agreement Conditions to the Closing of the Offer in this proxy statement and prospectus.

Q. What do SCM stockholders need to do now?

- A.** SCM urges its stockholders to read this proxy statement and prospectus carefully and in its entirety, including its annexes, and to consider how the Offer affects them. If you are a stockholder of SCM as of the record date, you are further urged to provide your proxy instructions by mailing your signed SCM proxy card in the enclosed return envelope or by voting by telephone or via the Internet following the instructions on your proxy card. Please provide your proxy instructions only once, unless you are revoking a previously delivered proxy instruction, and as soon as possible so that your shares can be voted at the SCM special meeting.

Table of Contents

About the SCM Special Meeting

Q. When and where is the SCM special meeting of stockholders?

- A. The SCM special meeting will be held at SCM's U.S. office, located at 1900-B Carnegie Ave., Santa Ana, CA 92705, at [], local time, on [], 2009.

Q. Who can attend and vote at the SCM special meeting of stockholders?

- A. Only holders of record of SCM common stock at the close of business on [], 2009 (the record date), are entitled to notice of, and to vote at, the SCM special meeting. All SCM stockholders as of the record date, or their duly appointed proxies, may attend the SCM special meeting. As of the record date, there were [] shares of SCM common stock outstanding and entitled to vote at the SCM special meeting, held by approximately [] holders of record. Each holder of SCM common stock is entitled to one vote for each share of SCM common stock owned as of the SCM record date. If your shares of SCM common stock are held in a brokerage account or by another nominee, then you are considered the beneficial owner of shares held in street name, and as the beneficial owner, you are also invited to attend the SCM special meeting.

Q. What happens if I do not return a proxy card or otherwise provide proxy instructions, as applicable?

- A. If you are an SCM stockholder, the failure to return your proxy card or otherwise provide proxy instructions or vote your shares in person will result in your shares not being counted for purposes of determining whether a quorum is present at the SCM special meeting. In the event that a quorum is not reached or the necessary votes are not received, the SCM special meeting will have to be adjourned to provide more time to obtain a quorum and the necessary votes.

Q. May I vote in person at the SCM special meeting of stockholders?

- A. If your shares of SCM common stock are registered directly in your name with the SCM transfer agent, then you are considered to be the stockholder of record with respect to those shares, and the proxy materials and SCM proxy card are being sent directly to you by SCM. If you are an SCM stockholder of record, you may attend the SCM special meeting and vote your shares in person. However, even if you plan to attend the SCM special meeting in person, SCM requests that you sign and return the enclosed SCM proxy card or vote your shares by telephone or via the Internet to ensure that your shares will be represented at the SCM special meeting, if you are unable to attend.

If you own your shares of SCM common stock in street name, the proxy materials are being forwarded to you by your broker or other nominee together with a voting instruction card to return to your broker or other nominee to direct them to vote on your behalf. If you own your shares of SCM common stock in street name, you are not the stockholder of record, and you may not vote these shares in person at the SCM special meeting unless you obtain a proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting.

Q. If my shares are held in street name by my broker, will my broker vote my shares for me?

- A. Unless your broker has discretionary authority to vote on certain matters, your broker will not be able to vote your shares of SCM stock without instructions from you. Brokers are not expected to have discretionary authority to vote for the SCM proposals. Therefore, in order to make sure that your vote is counted, you should instruct

your broker to vote your shares following the procedures provided by your broker.

Q. May I change my vote after I have submitted a proxy or provided proxy instructions?

- A.** SCM stockholders of record may change their vote at any time before their proxy is voted at the SCM special meeting in either of the following manners: First, a stockholder of record of SCM can send a written notice to the Secretary of SCM stating that he or she would like to revoke his or her prior proxy submission. Second, a stockholder of record of SCM can attend the SCM special meeting and vote in person. Attendance alone will not revoke a proxy. If a stockholder who owns shares of SCM common stock in street name has instructed a broker to vote his or her shares of SCM common stock, the stockholder must follow directions received from his or her broker to change those instructions.

Table of Contents

Q. What should I do if I receive more than one set of voting materials?

A. As an SCM stockholder, you may receive more than one set of voting materials, including multiple copies of this proxy statement and prospectus and multiple SCM proxy cards or voting instruction cards. For example, if you hold your shares of SCM common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares of SCM common stock. If you are a holder of record and your shares of SCM common stock are registered in more than one name, you will receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this proxy statement and prospectus in the sections entitled The SCM Special Meeting of Stockholders.

Q. Who can help answer my questions?

A. If you are an SCM stockholder or Bluehill ID shareholder and would like additional copies, without charge, of this proxy statement and prospectus, or if you have questions about the Offer, including the procedures for voting your shares of SCM common stock, you should contact:

In the United States:

SCM Microsystems, Inc.
1900-B Carnegie Ave.
Santa Ana, CA 92705
+1-949-250-8888 Ext. 106
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In Europe:

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Table of Contents

SUMMARY

This summary highlights selected information from this proxy statement and prospectus. It does not contain all of the information that may be important to you. We encourage you to carefully read this entire proxy statement and prospectus, including annexes, and the other documents to which this proxy statement and prospectus refers, to fully understand the proposals to be considered at the SCM special meeting.

Information About SCM Microsystems and Bluehill ID

SCM Microsystems, Inc.

SCM Microsystems, Inc.
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SCM Microsystems GmbH
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Founded in 1990 in Munich, Germany, incorporated in Delaware in 1996 and publicly traded on both the NASDAQ Stock Market and the regulated market (Prime Standard) of the Frankfurt Stock Exchange, SCM is a global provider of security and identity solutions for secure access, secure identity and secure exchange. SCM designs, develops and sells hardware and system solutions that enable people to conveniently and securely access digital content and services and sells its solutions into two market segments: Security and Identity Solutions and Digital Media and Connectivity. SCM's Security and Identity Solutions products include a range of contact, contactless and mobile smart card reader technology, access control products and digital identity and transaction platforms and are used in a wide variety of industries for security, identity, contactless payment, e-health and electronic government services. In the Digital Media and Connectivity market, SCM offers commercial digital media readers that are used in digital photo kiosks to transfer digital content to and from various flash media. SCM sells and licenses its products through a direct sales and marketing organization, as well as through distributors, value added resellers and systems integrators worldwide. SCM's distribution partners and customers include top-tier computer manufacturers, OEMs, smart card manufacturers, security application providers, distributors, system integrators, specialized resellers and VARs, financial institutions, enterprises and government agencies.

Bluehill ID AG

Bluehill ID AG
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CH-9001 St. Gallen, Switzerland
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Incorporated in March 2007 in Switzerland and publicly traded over-the-counter on the Open Market at the Frankfurt Stock Exchange since December 2007, Bluehill ID is an industrial holding group for investments in the radio frequency identification (RFID)/identification and security industries. Bluehill ID targets controlling stakes in small to medium-sized companies in the RFID/identification and security space to support its "buy, build and grow" strategy on

a global scale. Bluehill ID has a global customer base that includes companies in many industries and applications. These include companies utilizing cards and readers in loyalty programs, ticketing, stadiums, skiing, corporate identification, physical and logical access control, passport control, and other applications. To date, Bluehill ID has acquired and integrated the following businesses and brands into its group of companies: ACiG Technology, Arygon Technologies, Multicard, TagStar Systems, and Syscan ID, which are individually referred to in this proxy statement and prospectus as a Bluehill ID Group Company and, collectively, as the Bluehill ID Group Companies. Multicard GmbH, Multicard AG, and TagStar Systems GmbH, which were all acquired by Bluehill ID effective as of June 30, 2008, represented Bluehill ID's first acquisitions and are referred to herein as Bluehill ID's predecessor companies.