

QUADRANT 4 SYSTEM CORP

FORM 8-K (Current report filing)

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Address	1501 E. WOODFIELD ROAD, SUITE 205 S SCHAUMBURG, IL 60173
Telephone	732-798-3000
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Symbol	QFOR
SIC Code	3669 - Communications Equipment, Not Elsewhere Classified
Industry	IT Services & Consulting
Sector	Technology
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): December 12, 2016

QUADRANT 4 SYSTEM CORPORATION

(Exact name of Registrant as Specified in its Charter)

Illinois

(State or other jurisdiction of
incorporation or organization)

33-42498

(Commission File Number)

65-0254624

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

1501 E. Woodfield Road, Suite 205 S
Schaumburg, IL
(Address of Principal Executive Offices)

60173
(Zip Code)

(855) 995-7367

Registrant's telephone number, including area code

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2-(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 4.02. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review

(a) On December 14, 2016, the Board of Directors of Quadrant 4 System Corporation (the “Company”) concluded that certain of the Company’s previously issued financial statements should no longer be relied upon in light of the matters previously disclosed in Item 8.01 of the Company’s Current Report on Form 8-K, filed on December 6, 2016, which is incorporated by reference into this Item 4.02(a), specifically the following financial statements:

- (i) for the fiscal year ended December 31, 2015, as filed in the Company’s Annual Report on Form 10-K on March 28, 2016 and on Form 10-K/A on September 23, 2016;
- (ii) for the fiscal year ended December 31, 2014, as filed in the Company’s Annual Report on Form 10-K on August 21, 2015;
- (iii) for the fiscal year ended December 31, 2013, as filed in the Company’s Annual Report on Form 10-K on March 17, 2014;
- (iv) for the quarterly period ended September 30, 2016, as filed in the Company’s Quarterly Report on Form 10-Q on November 14, 2016;
- (v) for the quarterly period ended June 30, 2016, as filed in the Company’s Quarterly Report on Form 10-Q on August 15, 2016;
- (vi) for the quarterly period ended March 31, 2016, as filed in the Company’s Quarterly Report on Form 10-Q on May 16, 2016;
- (vii) for the quarterly period ended September 30, 2015, as filed in the Company’s Quarterly Report on Form 10-Q on November 4, 2015;
- (viii) for the quarterly period ended June 30, 2015, as filed in the Company’s Quarterly Report on Form 10-Q on September 18, 2015;
- (ix) for the quarterly period ended March 31, 2015, as filed in the Company’s Quarterly Report on Form 10-Q on September 9, 2015;
- (x) for the quarterly period ended September 30, 2014, as filed in the Company’s Quarterly Report on Form 10-Q on November 12, 2014;
- (xi) for the quarterly period ended June 30, 2014, as filed in the Company’s Quarterly Report on Form 10-Q on August 13, 2014;
- (xii) for the quarterly period ended March 31, 2014, as filed in the Company’s Quarterly Report on Form 10-Q on May 14, 2014;
- (xiii) for the quarterly period ended September 30, 2013, as filed in the Company’s Quarterly Report on Form 10-Q on November 13, 2013;
- (xiv) for the quarterly period ended June 30, 2013, as filed in the Company’s Quarterly Report on Form 10-Q on August 13, 2013; and
- (xv) for the quarterly period ended March 31, 2013, as filed in the Company’s Quarterly Report on Form 10-Q on May 15, 2013 (collectively, the “Previously Issued Financial Statements”).

The Previously Issued Financial Statements do not fairly present the financial condition of the Company and will require restatement. Similarly, all earnings releases, press releases, regulatory filings and investor communications referencing the Previously Issued Financial Statements should no longer be relied upon.

The Board of Directors has discussed the matters disclosed in this Item 4.02(a) with the Company’s independent auditors, L J Soldinger Associates, LLC. The Board has also informed the Company’s prior auditors for the affected periods, Schulman Lobel Zand Katzen Williams & Blackman LLP and Sassetti, LLC, of its determination.

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

On December 12, 2016, the Company announced that the Board of Directors appointed two current officers of the Company to new executive officer positions, in each case effective immediately: Robert Steele, formerly the President of the Company’s Health Division, has been appointed as Chief Executive Officer and Shekhar Iyer, formerly the President of the Company’s Education Division, has been appointed as Chief Operating Officer. In their new roles, Mr. Steel and Mr. Iyer will report directly to the Board of Directors.

Mr. Steele, age 60, has served as President of the Company’s Health Division since June 2013, where he was responsible for providing IT services for healthcare, media, retail, and financial services clients. He is a technology industry veteran with over 30 years of experience focused on the insurance, employee benefits, and health care sectors. He has founded several technology companies including the first Section 125 administration system to serve small and mid-market employers. Mr. Steele was named by the *Atlanta Business Chronicle* in the “Twenty Techies to Know” in a 2001 publication. He also served in the Georgia General Assembly as an elected state representative in 1988. He created the marketing magazine, “The SMAC Report,” which promoted the Company’s social, mobile, analytic, and cloud capabilities. From 2008 until 2013, prior to joining the Company, Mr. Steele was Senior Vice President of Verisk Health located in Salt Lake City, Utah. During his tenure at Verisk, he oversaw the development of a payer pipeline for claim overpayment and fraud prevention; closed over \$150 million in contract revenues; and created a health plan industry magazine, *Profiler*, promoting strategies to prevent fraud, waste, and abuse. Mr. Steele was Vice President of Med-Vantage from 2006-2008, a technology firm focused on “Pay for Performance” and “Transparency” for health plans. Mr. Steele is a Chartered Financial Consultant and a Chartered Life Underwriter. He earned a B.S. from the University of North Alabama. Mr. Steele’s current employment terms provide for a base salary of \$210,000 and a potential of up to \$190,000 per year. There are no reportable transactions between the Company or its affiliates and Mr. Steele, and he has no other business or family relationships with other officers or directors of the Company.

Mr. Iyer, age 64, has worked in the education technology sector for more than 35 years. He served as President of the Company’s Education Division since January 2015, providing educational technology to assist local school districts and state programs. From October 2014 until December 2014, he was a consultant to the Company. He has been responsible for development of the Company’s Education Platform and Exchange, as well as instruction and intervention programs for K-12 students. From January 2006 until June 2014, Mr. Iyer was CEO of CORE ECS, Inc. USA. During his tenure at CORE, he directed the R&D of virtual reality 3D Immersive Visualization applications for higher education as well as K-12, a joint effort with the Center of Higher Learning at Stennis Space Center. He oversaw the total operations of CORE’s 700+ employees with over \$115 million annual revenues. From January 1993 to December 2005, Mr. Iyer was the Founder and President of Enterprise Computer Services, a multimillion dollar firm focused on IT software solutions. He earned a Master of Science degree from the University of Bombay in 1974. Mr. Iyer’s base salary is \$250,000 annually. There are no reportable transactions between the Company and Mr. Iyer, and he does not have any other business or family relationships with other officers or directors of the Company.

A copy of the Company’s press release announcing these officer appointments is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

Exhibit No.	Description of Exhibit
99.1	<u>Press Release, dated December 12, 2016</u>

SIGNATURE

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

QUADRANT 4 SYSTEM CORPORATION

By: /s/ Philip Firrek
Philip Firrek, Chairman

Date: December 15, 2016

Index to Exhibits

Exhibit No.	Description of Exhibit
99.1	Press Release, dated December 12, 2016

Quadrant 4 System Corporation Announces New Executive Officers

Schaumburg, IL. December 12, 2016 /Globe Newswire/ -- Quadrant 4 System Corporation (“Quadrant 4,” “Q4,” or the “Company”) (OTC: QFOR) is pleased to announce the appointments of Robert Steele as Chief Executive Officer and Shekhar Iyer as Chief Operating Officer.

Steele has been serving as President of Q4’s Health Division and Iyer has been serving as President of Q4’s Education Division. This new management team will report directly to the Board of Directors.

“Robert is a strong and experienced executive with a thorough understanding of Quadrant 4’s existing core business and operations,” said Dr. Thomas E. Sawyer, Independent Director. “He has successfully led Q4’s Health Division and we are confident that under Robert’s leadership, Q4 is well-positioned to build on our core competencies, drive financial and operational performance, and ultimately increase shareholder value.”

Steele has served as President of Quadrant 4’s Health Division since June 2013. He is a technology industry veteran with over 30 years of experience focused on the insurance, employee benefits, and health care sectors. Steele has founded several technology companies including the first Section 125 administration system to serve small and mid-market employers. Steele was named by the *Atlanta Business Chronicle* in the “Twenty Techies to Know” in a 2001 publication. Steele also served in the Georgia General Assembly as an elected state representative in 1988.

“It is an honor to be appointed Chief Executive Officer of Q4,” said Mr. Steele. “Since joining Quadrant 4, it was apparent to me that we had talented, dedicated, and passionate staff. I am confident we are well positioned to successfully move the Company forward. While there are challenges, I intend to create the best company possible, working with all our employees to serve our clients’ needs. We are implementing improvements in Q4’s operations, finances, and corporate governance. Senior leadership, with the support of our skilled global workforce, will continue to effectively support our current client base while optimizing new opportunities and delivering value to our stakeholders.”

Iyer has worked at the leading edge of technology in the education sector for more than 35 years. Before coming to Q4, Iyer founded ECS, an education technology company that was acquired by Core Education and Technologies. As President and CEO of that company, he created enterprise solutions for numerous state education departments and local school districts. While serving as President of Q4’s Education Division, Iyer contributed to the strategic planning of the entire Company.

“As COO, Shekhar brings a wealth of experience in managing operation growth within an organization. He has led a team to develop a world class product for the education business unit. We are convinced his knowledge and experience will be most helpful in successfully

navigating the Company's path forward," said Philip M. Firrek, Chairman of the Board of Directors.

Stated Iyer, "I am humbled by the opportunity to serve as the Chief Operating Officer of Q4 and the trust the Board has placed in me. I am confident that with our team of loyal, talented, and dedicated employees, we will satisfactorily serve our customers and stakeholders. With the strong support of our Board, and our team's demonstrated experience and leadership, we will deliver sustained growth."

About Quadrant 4 System Corporation

Quadrant 4 System Corporation empowers digital transformation in education and healthcare through robust Software-as-a-Service (SaaS) platforms and highly specialized professional service. Please visit <http://qfor.com> for more information.

Quadrant 4's Health Division provides consumer engagement, shopping, enrollment, and benefits administration solutions in a way that brings together a typically disjointed collection of stakeholders, vendors, partners, and users into a cohesive whole. Together, it is greater efficiency through technology, brought to you by QHIX™ – a platform converging consumer friendly purchasing, decision-making support, engagement services, benefits administration, and financial management. Explore more at <http://quadrant4health.com>.

Quadrant 4's Education Division delivers a suite of connected cloud-based applications that brings students, families, teachers, and administrators together to ensure a student's learning process is meaningful, flexible, and complete. EmpowerED Solutions™ is a central, secure platform that combines and transforms data from multiple databases into highly usable information that supports effective academic assessment and intervention, real-time reporting and decision support. Explore more at <http://quadrant4edu.com>.

Corporate Website: www.qfor.com

Corporate Contact: Lauren Jack (Email lauren.jack@qfor.com)

Forward-Looking Statements

This press release contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. Any statements that are not statements of historical fact should be considered to be forward-looking statements. Certain factors could cause actual results and conditions to differ materially from those projected in such forward-looking statements. We do not undertake any obligation to release publicly revised or updated forward-looking information, and such information included in this press release is based on information currently available and may not be reliable after this date.