

Precipio, Inc.
Form SC 13D/A
July 03, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D
(Amendment No. 7)*
Under the Securities Exchange Act of 1934

PRECIPIO, INC.
(Name of Issuer)

Common Stock
(Title of Class of Securities)

74019L107
(CUSIP Number)

Third Security, LLC
1881 Grove Avenue
Radford, Virginia 24141
Attention: Marcus E. Smith, Esq.
(540) 633-7900
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

Copy to:
David I. Meyers, Esq.
Troutman Sanders LLP
Troutman Sanders Building
1001 Haxall Point
Richmond, Virginia 23219
(804) 697-1239

June 29, 2017
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box .

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 (“Act”) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

RANDAL J. KIRK

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)

2

(b)

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4

PF

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

1,356,896

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

SHARED VOTING POWER

8

0

SOLE DISPOSITIVE POWER

9

1,356,896

SHARED DISPOSITIVE POWER

10

0

11 AGGREGATE AMOUNT
BENEFICIALLY OWNED BY EACH
REPORTING PERSON

1,356,896

12 CHECK BOX IF THE AGGREGATE
AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (SEE
INSTRUCTIONS)

13 PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (11)

16.3%

14 TYPE OF REPORTING PERSON
(SEE INSTRUCTIONS)

IN

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

THIRD SECURITY, LLC
I.R.S. IDENTIFICATION NO.:
54-1923091

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)

2

(b)

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4

WC

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Virginia

SOLE VOTING POWER

7

1,356,896

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

SHARED VOTING POWER

8

0

SOLE DISPOSITIVE POWER

9

1,356,896

SHARED DISPOSITIVE POWER

10

0

11 AGGREGATE AMOUNT
BENEFICIALLY OWNED BY EACH
REPORTING PERSON

1,356,896

12 CHECK BOX IF THE AGGREGATE
AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (SEE
INSTRUCTIONS)

13 PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (11)

16.3%

14 TYPE OF REPORTING PERSON
(SEE INSTRUCTIONS)

OO – limited liability company

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

THIRD SECURITY SENIOR STAFF
2008 LLC
I.R.S. IDENTIFICATION NO.:
26-1868899

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)
(b)

2

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4

WC

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Virginia

SOLE VOTING POWER

7

542,759

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

SHARED VOTING POWER

8

0

SOLE DISPOSITIVE POWER

9

542,759

SHARED DISPOSITIVE POWER

10
0

AGGREGATE AMOUNT
BENEFICIALLY OWNED BY EACH
REPORTING PERSON

11

542,759

CHECK BOX IF THE AGGREGATE
AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (SEE
INSTRUCTIONS)

12

PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (11)

13

6.5%

TYPE OF REPORTING PERSON
(SEE INSTRUCTIONS)

14

OO – limited liability company

NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

1

THIRD SECURITY STAFF 2010 LLC
I.R.S. IDENTIFICATION NO.:
27-3853493

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)

2

(b)

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(D) OR 2(E)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Virginia

SOLE VOTING POWER

7

515,107

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

SHARED VOTING POWER

8

0

SOLE DISPOSITIVE POWER

9

515,107

SHARED DISPOSITIVE POWER

10

0

11 AGGREGATE AMOUNT
BENEFICIALLY OWNED BY EACH
REPORTING PERSON

515,107

12 CHECK BOX IF THE AGGREGATE
AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (SEE
INSTRUCTIONS)

13 PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (11)

6.2%

14 TYPE OF REPORTING PERSON
(SEE INSTRUCTIONS)

OO – limited liability company

This Amendment No. 7 (this “Amendment”) amends and supplements the Statement on Schedule 13D, dated December 29, 2010 and filed on January 11, 2011, as amended by Amendment No. 1 dated February 3, 2012 and filed on February 7, 2012, Amendment No. 2 dated January 25, 2013 and filed on January 31, 2013, Amendment No. 3 dated March 5, 2014 and filed on March 7, 2014, Amendment No. 4 dated January 6, 2016 and filed on January 12, 2016, Amendment No. 5 dated April 7, 2017 and filed on April 11, 2017, and Amendment No. 6 dated June 8, 2017 and filed on June 12, 2017 (the “Original Schedule 13D”), relating to the Common Stock, par value \$0.01 per share (the “Common Stock”), of Precipio, Inc., formerly known as Transgenomic, Inc., a Delaware corporation (the “Company”). Mr. Randal J. Kirk (“Mr. Kirk”), Third Security, LLC, a Virginia limited liability company that is managed by Mr. Kirk (“Third Security”), Third Security Senior Staff 2008 LLC, a Virginia limited liability company that is managed by Third Security (“Senior Staff”), and Third Security Staff 2010 LLC, a Virginia limited liability company that is managed by Third Security (“Staff 2010” and, together with Senior Staff, the “Investors” and the Investors, together with Mr. Kirk and Third Security, the “Reporting Persons”), are filing this Amendment to disclose (i) the conversion of all outstanding indebtedness owed to the Investors and to Third Security Incentive 2010 LLC, a Virginia limited liability company that is managed by Third Security (“Incentive 2010”), into 352,630 shares of Common Stock and 802,925 shares of Series A Senior Convertible Preferred Stock of the Company (“New Preferred Stock”), and (ii) the conversion of Series A-1 Convertible Preferred Stock held by the Investors, Incentive 2010 and Third Security Staff 2014 LLC, a Virginia limited liability company that is managed by Third Security (“Staff 2014”), into 7,155 shares of Common Stock, all in connection with the closing of the merger between Transgenomic, Inc. (“Transgenomic”), New Haven Labs, Inc. and Precipio Diagnostics, LLC on June 29, 2017 (the “Merger”).

Except as set forth below, there are no changes to the information set forth in the Original Schedule 13D.

Item 4. Purpose of Transaction.

Item 4 of the Original Schedule 13D is hereby amended and supplemented as follows:

The information set forth in Items 3 and 6 is incorporated herein by reference.

On June 29, 2017, Transgenomic, New Haven Labs Inc., and Precipio Diagnostics, LLC closed the Merger. In connection with the Merger, Transgenomic filed the Third Amended and Restated Certificate of Incorporation (“Certificate of Incorporation”), changing its name to that of the Company, a copy of which is filed as Exhibit 27 hereto.

In connection with the Merger and pursuant to the terms of the Loan and Security Agreement, dated March 13, 2013, as amended by the Termination and Tenth Amendment dated as of February 2, 2017 and filed as Exhibit 29 hereto, between Transgenomic, the Investors and Incentive 2010 (the “Loan Agreement”), all of the outstanding indebtedness consisting of \$7.243 million of principal and \$1.046 million of accrued interest and fees owed under the Loan Agreement was converted (the “Loan Conversion”) into 352,630 shares of Common Stock and 802,925 shares of New Preferred Stock on the terms set forth in the Certificate of Designation contained within the Certificate of Incorporation, filed herewith as Exhibit 27 and incorporated herein by reference.

In connection with the Loan Conversion: Senior Staff received 141,052 shares of Common Stock and 321,170 shares of New Preferred Stock; Staff 2010 received 141,052 shares of Common Stock and 321,170 shares of New Preferred Stock; and Incentive 2010 received 70,526 shares of Common Stock and 160,585 shares of New Preferred Stock. In connection with the issuance of the shares of Common Stock and New Preferred Stock pursuant to the Loan Conversion, the Investors and Incentive 2010 became party to an Investors' Rights Agreement, which agreement is filed herewith as Exhibit 28 and is incorporated herein by reference. The Investors' Rights Agreement provides registration rights, piggyback registration rights, preemptive rights and rights of first refusal with respect to the securities issued in connection with the Merger.

In connection with the closing of the Merger, the Investors, Incentive 2010 and Staff 2014 also converted all shares of Series A-1 Convertible Preferred Stock held by them into an aggregate of 7,155 shares of Common Stock (the "Preferred Conversion"). Pursuant to the Preferred Conversion, Senior Staff received 2,862 shares of Common Stock, Staff 2010 received 1,431 shares of Common Stock, Incentive 2010 received 1,431 shares of Common Stock, and Staff 2014 received 1,431 shares of Common Stock.

Item 5. Interest in Securities of the Issuer.

Item 5 of the Original Schedule 13D is hereby amended and restated in its entirety as follows:

The information contained on the cover pages to this Statement and the information set forth or incorporated in Items 2, 3, 4 and 6 is incorporated herein by reference.

(a) and (b) See Items 11 and 13 of the cover pages to this Statement for the aggregate number of shares and percentage of issued and outstanding shares of Common Stock beneficially owned by the Investors. The percentage ownership is calculated based on 26,863,062 shares of Common Stock issued and outstanding as reported on the Company's Form 10-Q for the period ending March 31, 2017 and filed with the SEC on May 18, 2017, adjusted to reflect a 1:30 reverse stock split that became effective on June 13, 2017, and increased by: (i) 7,155 shares of Common Stock issued pursuant to the Preferred Conversion; (ii) 352,630 shares of Common Stock issued pursuant to the Loan Conversion; (iii) 1,712,901 shares of Common Stock issuable upon conversion of the New Preferred Stock; (iv) 5,352,847 shares of Common Stock issued in the Merger; and (v) 8,332 shares of Common Stock, which is the aggregate number of shares of Common Stock issuable upon the exercise of all warrants to purchase Common Stock held by the Investors and Incentive 2010 that are exercisable within 60 days.

| Reporting Person | Amount of Common Stock Beneficially Owned ⁽¹⁾⁽³⁾ | Percent of Class | Sole Power to Vote or Direct the Vote ⁽¹⁾⁽³⁾ | Shared Power to Vote or Direct the Vote | Sole Power to Dispose or to Direct the Disposition ⁽¹⁾⁽³⁾ | Shared Power to Dispose or to Direct the Disposition |
|--------------------------------------|---|------------------|---|---|--|--|
| Randal J. Kirk ⁽²⁾ | 1,356,896 | 16.3% | 1,356,896 | — | 1,356,896 | — |
| Third Security, LLC ⁽²⁾ | 1,356,896 | 16.3% | 1,356,896 | — | 1,356,896 | — |
| Third Security Senior Staff 2008 LLC | 542,759 | 6.5% | 542,759 | — | 542,759 | — |
| Third Security Staff 2010 LLC | 515,107 | 6.2% | 515,107 | — | 515,107 | — |

(1) Assumes (i) the full exercise of all warrants to purchase Common Stock held by the Investors and Incentive 2010 that may be exercised within 60 days, and (ii) the full conversion into shares of Common Stock of shares of New

Preferred Stock held by the Investors and Incentive 2010.

(2) Includes shares of Common Stock held by Incentive 2010 and Staff 2014.

(3) The indicated shares amounts reflect a 1-for-30 reverse stock split effected by the Company on June 13, 2017.

CUSIP No. 74019L107 Page 8 of 9

Mr. Kirk could be deemed to have indirect beneficial ownership of the shares of Common Stock directly beneficially owned by the Investors and set forth in the table above.

(c) Except as disclosed in Amendment No. 6 to the Original Schedule 13D, dated June 8, 2017 and filed on June 12, 2017, none of the Reporting Persons have engaged in any transactions in the Company's Common Stock in the past 60 days.

(d)-(e) Not Applicable

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Item 6 of the Original Schedule 13D is hereby amended and supplemented to include the responses in Item 4 above.

Item 7. Material to be Filed as Exhibits.

Item 7 of the Original Schedule 13D is hereby amended and supplemented by the following:

Exhibit Certificate of Designation of Series A Senior Convertible Preferred Stock contained within the Third Amended and Restated Certificate of Incorporation, as amended (filed as Exhibit 3.1 to Item 5.03 to the Company's Current Report on Form 8-K, dated June 29, 2017 and filed June 30, 2017)
27

Exhibit Investors' Rights Agreement, dated as of June 28, 2017, by and among Transgenomic, Inc., the Investors and Incentive 2010 (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K, dated June 29, 2017 and filed June 30, 2017)
28

Exhibit Termination and Tenth Amendment to Loan and Security Agreement, by and among the Company, Third Security Senior Staff 2008 LLC, Third Security Staff 2010 LLC, and Third Security Incentive 2010 LLC dated February 2, 2017 (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K, dated and filed February 2, 2017)
29

Exhibit Joint Filing Agreement, dated as of July 3, 2017, by and among Randal J. Kirk, Third Security, LLC, Third Security Senior Staff 2008 LLC and Third Security Staff 2010 LLC
30

SIGNATURES

After reasonable inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Date: July 3, 2017

/s/
Randal
J. Kirk
Randal
J. Kirk