

Stereotaxis, Inc.
Form S-1
October 26, 2016
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As filed with the Securities and Exchange Commission on October 26, 2016.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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

STEREOTAXIS, INC.

Delaware
(State or other jurisdiction of
incorporation or organization)

3845
(Primary Standard Industrial
Classification Code number)
4320 Forest Park Avenue, Suite 100

94-3120386
(I.R.S. Employer
Identification No.)

St. Louis, Missouri 63108

(314) 678-6100

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Karen Witte Duros

Sr. Vice President & General Counsel

Stereotaxis, Inc.

4320 Forest Park Avenue, Suite 100

St. Louis, Missouri 63108

(314) 678-6100

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to public: From time to time after this registration statement becomes effective.

If any of the 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, 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, please 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 smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

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

Accelerated filer

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 Unit (2)	Proposed Maximum Aggregate Offering Price	Amount Of Registration Fee
Common Stock, par value \$0.001 per share, underlying Series A Convertible Preferred Stock	48,000,001 (3)	\$0.78	\$37,440,000.78	\$4,339.30
Common Stock, par value \$0.001 per share, underlying SPA Warrants	36,923,078 (4)	\$0.78	\$28,800,000.84	\$3,337.92
Common Stock, par value \$0.001 per share, underlying 2013 Warrants	100,578 (5)	\$0.78	\$78,450.84	\$9.09
	1,041,357 (6)	\$0.78	\$812,258.46	\$94.14

Common Stock, par value \$0.001 per share,
underlying Exchange Warrants

Total	86,065,014	\$67,130,710.92	\$7,780.45
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- (1) This registration statement shall also cover any additional shares of common stock which become issuable by reason of any stock dividend, stock split, recapitalization or other similar transactions effected without the receipt of consideration which results in an increase in the number of outstanding shares of our common stock.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act. The calculation of the fee is based upon the average of the high and low sales prices of our common stock as reported by the OTCQX[®] Best Market on October 21, 2016.
- (3) Consists of 130% of the shares of common stock initially issuable upon conversion of 24,000 shares of Series A Convertible Preferred Stock, with each share of Series A Convertible Preferred Stock having a stated value of \$1,000 per share and an initial conversion price into shares of common stock of \$0.65 per share.
- (4) Consists of the shares of common stock issuable upon the exercise of SPA Warrants issued to the selling stockholders at an initial warrant exercise price of \$0.70 per share.
- (5) Consists of the shares of common stock issuable upon exercise of 2013 Warrants issued to selling stockholders at warrant exercise prices ranging from \$1.55 per share to \$5.24 per share.
- (6) Consists of the shares of common stock issuable upon exercise of Exchange Warrants issued to selling stockholders at a warrant exercise price of \$3.361 per share.

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 SEC, 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 SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT 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 October 26, 2016

PROSPECTUS

COMMON STOCK, \$0.001 PAR VALUE

86,065,014 SHARES

This prospectus relates to the resale, from time to time, of 86,065,014 shares of our common stock by the selling stockholders named herein. On September 26, 2016, we entered into a securities purchase agreement with the investors listed on the Schedule of Buyers thereto (together the "Buyers"), pursuant to which we sold in a private placement sale to the Buyers (i) a total of 24,000 shares of our Series A Convertible Preferred Stock, par value \$0.001 with a stated value of \$1,000 per share (the "Series A Convertible Preferred Stock"), initially convertible into 36,923,078 shares of common stock based upon an initial conversion price of \$0.65 per share, subject to certain adjustments, and (ii) related warrants (the "SPA Warrants") to purchase an aggregate of 36,923,078 shares of our common stock at an initial warrant exercise price of \$0.70 per share subject to certain adjustments and for a term of five (5) years.

Pursuant to the terms of the Registration Rights Agreement we entered into with the Buyers, we are required to register (a) 100% of the number of shares of common stock underlying the Series A Convertible Preferred Stock and (b) 100% of the number of shares of common stock issuable upon exercise of the SPA Warrants. Due to the dividend accrual provisions of the Series A Convertible Preferred Stock which will increase the number of shares of common stock issuable upon conversion, we are registering shares of common stock representing 130% of the number of shares initially issuable upon exercise of all issued and outstanding shares of Series A Convertible Preferred Stock.

We have also agreed to register the resale of 100% of the number of shares of common stock currently underlying (i) warrants (the "2013 Warrants") to purchase an aggregate of 100,578 shares of our common stock at warrant exercise prices ranging from \$1.55 per share to \$5.24 per share and for a term of five (5) years, issued pursuant to certain amendments to the Note and Warrant Purchase Agreement dated February 21, 2008, by and among the Company and certain purchasers named therein, and (ii) warrants (the "Exchange Warrants") to purchase 1,041,357 shares of common stock at a warrant exercise price of \$3.361 per share pursuant to an Amendment and Exchange Agreement, dated August 7, 2013, by and among the Company and certain holders named therein.

We are not selling any securities under this prospectus and will not receive any of the proceeds from the sale of shares by any selling stockholder; however, we will receive proceeds upon any exercise of the SPA Warrants, the 2013 Warrants or the Exchange Warrants for cash. Assuming all the SPA Warrants, 2013 Warrants and Exchange Warrants to which the shares relate are exercised for cash, we will receive \$29.6 million in proceeds from the exercise of such warrants prior to those sales, which proceeds would be used for general corporate purposes. The selling stockholders may sell their respective shares of common stock described in this prospectus in a number of different ways and at varying prices. We provide more information about how the selling stockholders may resell their respective shares of our common stock in the section titled Plan of Distribution beginning on page 15. We will pay the expenses incurred in registering the shares, including legal and accounting fees.

Our common stock is traded on the OTCQX[®] Best Market under the symbol STXS. On October 25, 2016, the last reported sale price for our common stock on the OTCQX[®] Best Market was \$0.72 per share.

Investing in our securities involves a high degree of risk. Before buying any securities, you should read the discussion of material risks of investing in our common stock under the heading Risk Factors beginning on page 5 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2016.

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PROSPECTUS SUMMARY

This summary highlights selected information about Stereotaxis, Inc. and a general description of the securities that may be offered for resale or other disposition by the selling stockholders. This summary is not complete and does not contain all of the information that may be important to you. For a more complete understanding of us and the securities offered by the selling stockholders, you should carefully read this entire prospectus, including the Risk Factors section, any applicable prospectus supplement for these securities and the other documents we refer to and incorporate by reference. In particular, we incorporate important business and financial information into this prospectus by reference.

The Company

Stereotaxis designs, manufactures, and markets the Epoch[®] Solution, an advanced remote robotic navigation system for use in a hospital's interventional surgical suite or interventional lab, that we believe revolutionizes the treatment of arrhythmias and coronary artery disease by enabling enhanced safety, efficiency, and efficacy for catheter-based or interventional procedures. The Epoch Solution is comprised of the Niobe[®] ES Magnetic Navigation System (Niobe ES system), Odyssey[®] Information Management Solution (Odyssey Solution), and the Vdrive[®] Robotic Navigation System (Vdrive system) and related devices.

The Niobe ES system is designed to enable physicians to complete more complex interventional procedures by providing image-guided delivery of catheters and guidewires through the blood vessels and chambers of the heart to treatment sites. This is achieved using externally applied magnetic fields that govern the motion of the working tip of the catheter or guidewire, resulting in improved navigation, efficient procedures, and reduced X-ray exposure.

In addition to the Niobe ES system and its components, Stereotaxis has also developed the Odyssey Solution, which consolidates all lab information, enabling doctors to focus on the patient for optimal procedure efficiency. The platform also features a remote viewing and recording capability called the Odyssey Cinema system, an innovative system delivering synchronized content for optimized workflow, advanced care, and improved productivity. This tool includes an archiving capability that allows clinicians to store and replay entire procedures or segments of procedures. This information can be accessed from locations throughout the hospital's local area network and over the global Odyssey Network, providing physicians with a tool for clinical collaboration, remote consultation, and training.

Our Vdrive system provides navigation and stability for diagnostic and therapeutic devices designed to improve interventional procedures. The Vdrive system complements the Niobe ES system's control of therapeutic catheters for fully remote procedures and enables single-operator workflow. It is sold as two options, the Vdrive system and the Vdrive Duo system. In addition to the Vdrive system and the Vdrive Duo system, we also manufacture and market various disposable components which can be manipulated by these systems.

We promote the full Epoch Solution in a typical hospital implementation, subject to regulatory approvals or clearances. The full Epoch Solution implementation requires a hospital to agree to an upfront capital payment and recurring payments. The upfront capital payment typically includes equipment and installation charges. The recurring payments typically include disposable costs for each procedure, equipment service costs beyond the warranty period, and software licenses. In hospitals where the full Epoch Solution has not been implemented, equipment upgrade or expansion may be implemented upon purchase of the necessary components. As of June 30, 2016, the Company has an installed base of 129 Niobe ES systems.

The core components of Stereotaxis systems have received regulatory clearance in the United States, European Union, Canada, China, Japan and various other countries. We have received regulatory clearance, licensing and/or CE Mark

approvals necessary for us to market the *Vdrive* and *Vdrive Duo* systems with the *V-CAS*, *V-Loop* and *V-Sono* devices in the U.S., Canada and European Union. The *V-CAS* Deflect catheter

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advancement system has been CE Marked for sale in the European Union. We have received Food and Drug Administration (FDA) clearance and the CE Mark necessary for us to market our suite of Pegasus coronary peripheral guidewires in the United States and Europe.

Since our inception, we have generated significant losses. As of June 30, 2016, we have incurred cumulative net losses of approximately \$470.6 million. In 2016, we plan to continue developing the *Niobe* ES system with the goal of furthering clinical adoption and new system placements. We expect to incur additional losses in 2016 as we continue the development and commercialization of our products, conduct our research and development activities, advance new products into clinical development from our existing research programs and fund additional sales and marketing initiatives. During 2016, we will continue to monitor operating expenses and make additional investments in certain targeted areas.

We were incorporated in Delaware in June 1990. Our principal executive offices are located at 4320 Forest Park Avenue, Suite 100, St. Louis, Missouri 63108, and our telephone number is (314) 678-6100. Our website address is www.stereotaxis.com. Information contained on our website is not incorporated by reference into and does not form any part of this prospectus. As used in this prospectus, references to Company , we , our , us and Stereotaxis refer to Stereotaxis, Inc. unless the context requires otherwise. Epoch®, Niobe®, Odyssey®, Odyssey Cinema , Vdrive®, Vdrive Duo , V-CAS , V-Loop , V-Sono , V-CAS Deflect , QuikCAS , Cardiodrive and Pegasus are trademarks of Stereotaxis, Inc. All other trademarks that may appear in this prospectus are the property of their respective owners.

Securities Being Offered

This prospectus relates to the offer, resale or other disposition of 86,065,014 shares of our common stock issuable (i) upon the conversion of our Series A Convertible Preferred Stock (as defined below); (ii) upon exercise of certain related warrants; and (iii) upon exercise of other warrants issued in March, June, July and August 2013 as described below, in each case held by the selling stockholders named in this prospectus or their transferees. The shares of Series A Convertible Preferred Stock and the warrants were issued in the transactions described below, and the selling stockholders are identified in the section entitled *Selling Stockholders* on page 10, below. We are registering the offer, resale or other disposition of these securities by the selling stockholders or their transferees. We will not receive any proceeds from the sale of the shares of common stock by the selling stockholders, but will receive proceeds upon any exercise for cash of the warrants held by the selling stockholders. The registration of these shares of common stock does not necessarily mean that any of them will be offered or sold by the selling stockholders. The securities may be sold directly or through brokers, dealers or agents in private or market transactions. In connection with any sales, the selling stockholders and any brokers, dealers or agents participating in such sales may be deemed to be underwriters within the meaning of the Securities Act of 1933 (the *Securities Act*). See *Plan of Distribution*.

One of the Buyers (as defined below) in the Financing Transaction described below, Fred A. Middleton, has served on our Board of Directors since 1990 and also serves as a General Partner in Sanderling Ventures, affiliates of which own over 5% of our common stock. Another affiliate of Sanderling Ventures, Sanderling Venture Partners VI Co-Investment Fund LP, holds 2013 Warrants and is named as a selling stockholder in this prospectus. Two additional Buyers in the Financing Transaction, Joseph Kiani and Arun S. Menawat, Ph.D., joined our Board of Directors in connection with the closing of the Financing Transaction. David Fischel, who also joined our Board of Directors in connection with the closing of the Financing Transaction, is a Principal of DAFNA Capital Management, LLC. DAFNA Capital Management, LLC is the investment manager and general partner of two of the Buyers in the Financing Transaction and another entity that is a holder of Exchange Warrants, which entities collectively own, as of October 11, 2016, approximately 6% of our common stock and are each named as selling stockholders in this prospectus. Alafi Capital Company LLC, which owns over 5% of our common stock, holds 2013 Warrants and is named as a selling stockholder in this prospectus.

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On September 26, 2016, we entered into a Securities Purchase Agreement (the "SPA"), pursuant to which we sold in a private placement sale to the investors identified on the Schedule of Buyers thereto (together the "Buyers") (i) a total of 24,000 shares of our Series A Convertible Preferred Stock, par value \$0.001 with a stated value of \$1,000 per share (the "Series A Convertible Preferred Stock"), initially convertible into 36,923,078 shares of common stock based upon an initial conversion price of \$0.65 per share, subject to certain adjustments, and (ii) related warrants (the "SPA Warrants") to initially purchase an aggregate of 36,923,078 shares of our common stock at an initial warrant exercise price of \$0.70 per share subject to certain adjustments and for a term of five (5) years. The Series A Convertible Preferred Stock and the SPA Warrants were sold at an aggregate price of \$24 million. This transaction (the "Financing Transaction") closed on September 29, 2016.

Net proceeds from the sale of the securities under the SPA were approximately \$23.1 million, after offering expenses.

In connection with the Financing Transaction, we entered into a registration rights agreement with the purchasers of the Series A Convertible Preferred Stock and the SPA Warrants (the "Registration Rights Agreement"), under which we agreed to undertake to file one or more registration statements on behalf of the selling stockholders with respect to the offer, resale or other disposition of the common stock issuable upon the conversion of the Series A Convertible Preferred Stock and upon the exercise of the SPA Warrants.

2013 Warrants

We issued warrants (the "2013 Warrants") to purchase an aggregate of 176,339 shares of our common stock at warrant exercise prices ranging from \$1.55 per share to \$5.24 per share, pursuant to the Seventh Amendment dated March 29, 2013, the Eighth Amendment dated June 28, 2013, and the extension of guaranty obligation dated July 31, 2013, to the Note and Warrant Purchase Agreement dated February 21, 2008, by and among the Company and certain purchasers named therein, as amended. Under a letter agreement dated November 12, 2014, among us, Alafi Capital Company LLC and entities affiliated with Sanderling Ventures, we agreed to file a registration statement relating to the resale of the shares underlying the 2013 Warrants. Two of the selling stockholders own 2013 Warrants exercisable for an aggregate of 100,578 shares of our common stock as of September 30, 2016 that are not covered by existing resale registration statements as of September 30, 2016.

Exchange Warrants

On May 10, 2012, we sold approximately \$8.5 million in aggregate principal amount of unsecured, subordinated, convertible debentures (the "Debentures") to several investors, including three of the selling stockholders named herein, under a Securities Purchase Agreement (the "Convertible Debt SPA"). The Debentures became convertible into shares of our common stock at a conversion price of \$3.361 per share (or 2,521,571 shares in the aggregate), on July 10, 2012, the date we received certain required stockholder approvals. The purchasers of the Debentures also received six-year warrants to purchase 2,521,571 shares of our common stock at an exercise price of \$3.361 per share (the "Convertible Debt Warrants"). In addition, we had the ability to issue shares of our common stock in lieu of cash interest payments under certain circumstances, and were required to do so under the subordination agreement described below until the senior debt to which that agreement relates is repaid in full.

The Debentures had an interest rate of 8% per year and were set to mature in May 2014. The Company was required to, and did, make interest payments in shares of common stock prior to the termination of the Debentures in August 2013. The Convertible Debt Warrants became exercisable on the six month and first day anniversary following their issuance.

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In August 2013, \$8,090,000 of the Debentures remained outstanding. The holders of the Debentures (i) converted \$7,990,000 aggregate principal amount of such Debentures into 2,377,269 shares of our common stock

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at a conversion price of \$3.361 per share and (ii) cash exercised all of the outstanding Convertible Debt Warrants for an aggregate of 2,521,571 shares of our common stock at an exercise price of \$3.361 per share, for an aggregate of \$8.475 million of gross proceeds to us. In addition, pursuant to an Amendment and Exchange Agreement dated August 7, 2013, the holders also exchanged the remaining \$100,000 principal amount of our Debentures for an aggregate of 333,182 shares of our common stock and new warrants to purchase an aggregate of 2,521,571 shares of our common stock, having an exercise price of \$3.361 per share (the Exchange Warrants), and certain other terms of the Convertible Debt SPA were amended. This prospectus covers the resale of 1,041,357 shares of our common stock issuable upon exercise of Exchange Warrants held by three selling stockholders named herein.

HRP Transaction

Concurrent with the closing of the Financing Transaction, we paid to Healthcare Royalty Partners II, L.P. (HRP) the sum of \$13,000,000, in full satisfaction of any and all of our obligations and the obligations of our subsidiaries owed to HRP (the HRP Transaction). The concurrent consummation of the HRP Transaction was a condition to the Buyers respective obligations to consummate the closing of the Financing Transaction.

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RISK FACTORS

Investing in our securities involves a high degree of risk. Prior to making a decision about investing in our securities, you should carefully consider the risks described in, or incorporated by reference in, this prospectus, including the risks described below and under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015, and in any other reports that we file with the Securities and Exchange Commission (the "SEC"), along with the other information included or incorporated by reference in this prospectus, in evaluating an investment in our common stock. The information included or incorporated by reference in this prospectus may be amended, supplemented or superseded from time to time by other reports we file with the SEC in the future. For a description of these reports and documents, and information about where you can find them, see the sections entitled "Where You Can Find Additional Information" and "Incorporation of Certain Documents by Reference" in this prospectus.

The risks and uncertainties described in this prospectus and the documents incorporated by reference in this prospectus represent all the material risks known to us, but they are not the only ones facing us. Additional risks and uncertainties that we do not presently know about or that we currently believe are not material may also adversely affect our business. If any of the risks and uncertainties described in this prospectus or the documents incorporated by reference herein actually occur, our business, financial condition and results of operations could be adversely affected in a material way. As a result, the trading price of our common stock and/or the value of any other securities we may issue may decline, and you might lose part or all of your investment.

We may not generate cash from operations or be able to raise the necessary capital to continue operations.

We may require additional funds to meet our operational, working capital and capital expenditure needs in the future. We cannot be certain that we will be able to obtain additional funds on favorable terms or at all. If we cannot raise capital on acceptable terms, we will not be able to, among other things:

service our debt obligations and meet our financial covenants;

maintain customer and vendor relationships;

hire, train and retain employees;

maintain or expand our operations;

enhance our existing products or develop new ones; or

respond to competitive pressures.

Our failure to do any of these things could result in lower revenue and adversely affect our financial condition and results of operations, and we may have to curtail or cease operations.

We may not be able to comply with debt covenants and may have to repay outstanding indebtedness.

We have financed our operations through equity transactions as well as bank and other borrowings. Our revolving line of credit with our primary lender matures on March 31, 2018. The credit agreement contains various covenants, including financial covenants. If we violate our covenants, we could be required to repay the indebtedness pursuant to the agreement. We could be unable to make these payments, which could lead to insolvency. Even if we are able to make these payments, it will lead to the lack of availability for additional borrowings under our bank loan agreement due to our borrowing capacity. We may be unable to maintain compliance with these covenants or to replace this source of liquidity if these covenants were to be violated and our loans and other borrowed amounts were forced to be repaid.

Future issuances of our securities could dilute current stockholders' ownership.

We are registering for offer, resale or other disposition 86,065,014 shares of our common stock issuable (i) upon the conversion of our Series A Convertible Preferred Stock; (ii) upon exercise of the SPA Warrants; (iii) upon exercise of the 2013 Warrants; and (iv) upon exercise of the Exchange Warrants, in each case held by

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the selling stockholders identified in this prospectus or their transferees. Shares of Series A Convertible Preferred Stock bear dividends at a rate of six percent (6.0%) per annum, which are cumulative and accrue daily from the date of issuance on the \$1,000 stated value. Such dividends will not be paid in cash, except in connection with any liquidation, dissolution or winding up of the Company or any redemption of the Series A Convertible Preferred Stock. Instead, the value of the accrued dividends is added to the liquidation preference of the Series A Convertible Preferred Stock and will increase the number of shares of common stock issuable upon conversion, which will dilute the ownership of our common stockholders.

In addition, a significant number of shares of our common stock are subject to stock options and stock appreciation rights, and we may request the ability to issue additional such securities to our employees. We may also decide to raise additional funds through public or private debt or equity financing to fund our operations. While we cannot predict the effect, if any, that future sales of debt, our common stock, other equity securities or securities convertible into our common stock or other equity securities or the availability of any of the foregoing for future sale, will have on the market price of our common stock, it is likely that sales of substantial amounts of our common stock (including shares issued upon the exercise of stock options, stock appreciation rights or the conversion of any convertible securities outstanding now or in the future) will dilute the ownership interest of our existing stockholders and that the perception that such sales could occur could adversely affect prevailing market prices for our common stock.

Nasdaq delisted our common stock from The Nasdaq Capital Market and our common stock began trading on the OTCQX® Best Market in August 2016. Trading of our shares on the over-the-counter markets could negatively impact the liquidity of our common stock and our ability to access the capital markets and, in turn, could impair the value of your investment.

On August 4, 2016, trading in our common stock on The Nasdaq Capital Market (Nasdaq) was suspended as a result of a determination from Nasdaq to delist our common stock due to our failure to meet certain applicable requirements. On August 4, 2016, shares of our common stock commenced trading on the OTCQX® Best Market under the Company's existing ticker symbol of STXS. Trading of our shares on the over-the-counter markets could negatively impact the liquidity of our common stock and our ability to access the capital markets, which could impair the value of your investment. The Nasdaq Hearings Panel (the Panel) made the determination to delist our common stock because we did not demonstrate compliance with the minimum \$35 million market value of listed securities requirement for a period of ten consecutive trading days by August 1, 2016, as required by a decision previously issued by the Panel on May 2, 2016.

The delisting of our common stock from Nasdaq could have negative consequences, including the potential loss of confidence by suppliers, customers and employees, the loss of investor interest and fewer business development opportunities. The trading of our common stock on the over-the-counter market, including the OTCQX® Best Market, may adversely affect the market liquidity of our common stock, limit or prohibit the use of our Controlled Equity Offering program, limit our ability to issue additional securities (including pursuant to registration statements on Form S-3) and adversely affect our ability to obtain financing for the continuation of our operations, which could harm our business or cause us to cease operations.

Furthermore, our common stock may not continue to trade on the OTCQX® Best Market in the future, broker-dealers may cease to provide public quotes of our common stock on this market, or the trading volume of our common stock may be insufficient to provide for an efficient trading market. Any such developments could impair the value of your investment.

We are not eligible to use Form S-3, which could impair our capital raising activities.

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As of the date of this prospectus, we cannot use Form S-3 to register resales of our securities. Our public float is below \$75 million and is expected to remain below \$75 million for the foreseeable future. As a result, we will likely continue to be ineligible to use Form S-3 for primary offerings. We previously relied significantly on

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shelf registration statements on SEC Form S-3 for most of our financings, and accordingly any such limitations may harm our ability to raise the capital we need. Under these circumstances, until we are again eligible to use Form S-3, we will be required to use a registration statement on Form S-1 to register securities with the SEC or issue such securities in a private placement, which could increase the cost of raising capital.

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FORWARD-LOOKING STATEMENTS

The prospectus contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1985. These statements relate to, among other things:

our business strategy;

our value proposition;

our ability to fund operations;

our ability to convert backlog to revenue;

the ability of physicians to perform certain medical procedures with our products safely, effectively and efficiently;

the adoption of our products by hospitals and physicians;

the market opportunity for our products, including expected demand for our products;

the timing and prospects for regulatory approval of our additional disposable interventional devices;

the success of our business partnerships and strategic alliances;

our estimates regarding our capital requirements;

our plans for hiring additional personnel; and

any of our other plans, objectives, expectations and intentions contained or incorporated into this prospectus that are not historical facts.

These statements relate to future events or future financial performance, and involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as may , will , should , could , expects , plans , intends , anticipates , believes , estimates , predicts , po

negative of such terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. These statements are only predictions.

Factors that may cause our actual results to differ materially from our forward-looking statements include, among others, changes in general economic and business conditions and the risks and other factors set forth in Risk Factors in this prospectus and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2015.

Our actual results may be materially different from what we expect. We undertake no duty to update these forward-looking statements after the date of this prospectus, even though our situation may change in the future. We qualify all of our forward-looking statements by these cautionary statements.

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USE OF PROCEEDS

We will not receive any proceeds from the selling stockholders' sales of our common stock. However, at the time the shares of Series A Convertible Preferred Stock, the SPA Warrants, the 2013 Warrants and the Exchange Warrants were originally issued to the selling stockholders, we did receive payment for the purchase price for those securities. We could receive up to \$29.6 million in proceeds from the cash exercise of all the SPA Warrants, the 2013 Warrants and the Exchange Warrants held by the selling stockholders and covered by this prospectus, based on the current exercise prices, which proceeds would be used for general corporate purposes. However, all of the SPA Warrants, 2013 Warrants and Exchange Warrants may not be exercised for cash. To date, no SPA Warrants, 2013 Warrants or Exchange Warrants exercisable for shares of our common stock to which this prospectus relates have been exercised by the selling stockholders.

We will pay for expenses of this offering, except that the selling stockholders will pay any underwriting discounts or commissions or equivalent expenses applicable to the sale of their shares.

Table of Contents**SELLING STOCKHOLDERS**

The shares of common stock being offered by the selling stockholders are those issuable to the selling stockholders (i) upon the conversion of our Series A Convertible Preferred Stock; (ii) upon the exercise of the SPA Warrants; (iii) upon the exercise of the 2013 Warrants; and (iv) upon the exercise of the Exchange Warrants. For additional information regarding the issuance of the Series A Convertible Preferred Stock, the SPA Warrants, the 2013 Warrants and the Exchange Warrants, see Prospectus Summary Securities Being Offered above. We are registering the shares of common stock in order to permit the selling stockholders to offer the shares for resale from time to time. Except for the ownership of the Series A Convertible Preferred Stock and the SPA Warrants issued pursuant to the SPA and as disclosed below, the selling stockholders have not had any material relationship with us within the past three years.

The table below lists the selling stockholders and other information regarding their beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the rules and regulations thereunder) of shares of our common stock. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof, or has the right to acquire such powers within 60 days. The second column lists the number of shares of common stock beneficially owned by the selling stockholders as of September 30, 2016 (without giving effect to any limitations on conversion or exercise with respect to the applicable securities), including shares representing dividends accruing on the Series A Convertible Preferred Stock within 60 days of September 30, 2016. The third column lists the shares of common stock being offered by this prospectus by the selling stockholders.

In accordance with a registration rights agreement with the holders of the Series A Convertible Preferred Stock and the SPA Warrants, this prospectus covers the offer, resale or other disposition of the sum of (i) 130% of the number of shares of common stock initially issuable upon conversion of the Series A Convertible Preferred Stock and (ii) 100% of the number of shares of common stock currently issuable upon the exercise of the SPA Warrants, in each case, determined as if the outstanding Series A Convertible Preferred Stock and SPA Warrants were converted or exercised (as the case may be) in full (without regard to any limitations on conversion or exercise contained in the Certificate of Designations for the Series A Convertible Preferred Stock or the SPA Warrants) as of September 30, 2016. Because the conversion price of the Series A Convertible Preferred Stock will be adjusted as a result of dividend accrual, and because the conversion price of the Series A Convertible Preferred Stock and the exercise price of the SPA Warrants may be adjusted upon the occurrence of certain other events, the number of shares that will actually be issued may be more or less than the number of shares being offered by this prospectus. In addition, in accordance with the terms of agreements between us and the relevant holders, we have agreed to register the resale of 100,578 shares of common stock issuable upon exercise of the 2013 Warrants and 1,041,357 shares of common stock issuable upon exercise of the Exchange Warrants (without regard to any limitation on exercise contained in the Exchange Warrants). The fourth column assumes the sale of all of the shares offered by the selling stockholders pursuant to this prospectus. Percentage ownership is based on 21,891,191 shares of common stock outstanding as of September 30, 2016. The selling stockholders may sell all, some or none of their shares in this offering. See Plan of Distribution. This information is based upon our review of public filings, our stockholder, optionholder and warrant holder registers and information furnished by the selling stockholders.

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Name and Address of Selling Stockholder	Shares Beneficially Owned Prior to the Offering (1)	Maximum Number of Shares Offered by This Prospectus (2)	Shares Beneficially Owned Subsequent to the Offering (1)(3)	
			Shares	Percent
DAFNA LifeScience LP (4) 10990 Wilshire Blvd, Suite 1400 Los Angeles, CA 90024	13,503,137	14,510,883	777,712	3.6%
DAFNA LifeScience Select LP (4) 10990 Wilshire Blvd, Suite 1400 Los Angeles, CA 90024	13,394,957	14,585,265	595,150	2.7%
DAFNA Market Neutral LP (4) 10990 Wilshire Blvd, Suite 1400 Los Angeles, CA 90024	252,901	252,901	0	0%
Alafi Capital Company LLC (5) 9 Commodore Drive, Suite 405 Emeryville, CA 94608	2,078,113	58,778	2,019,335	8.9%
Sanderling Venture Partners VI Co-Investment Fund LP (6) 400 S. El Camino Real, Suite 1200 San Mateo, CA 94402	1,404,832	41,800	1,363,032	6.2%
Fred A. Middleton (7) 400 S. El Camino Real Suite 1200 San Mateo, CA 94402	1,812,023	353,846	1,461,014	6.7%
Piedmont Partners, L.P. 3295 River Exchange Dr., Suite 400 Peachtree Corners, GA 30092	10,203,920	11,676,923	0	0%
GLL Investors, L.P. 3200 North Lake Shore Dr., Suite 201 Chicago, IL 60657	3,092,098	3,538,462	0	0%
GLL Investors II, L.P. 3200 North Lake Shore Dr., Suite 201 Chicago, IL 60657	3,092,098	3,538,462	0	0%
GLL Investors, LTD 3200 North Lake Shore Dr., Suite 201 Chicago, IL 60657	1,546,049	1,769,231	0	0%

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Joseph Kiani 2007 Dynasty Trust, dated March 20, 2008 (8) 52 Discovery Irvine, CA 92618	12,368,388	14,153,846	0	0%
Arbiter Partners QP LP 530 Fifth Ave., 20th Floor New York, NY 10017	9,276,292	10,615,386	0	0%

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Name and Address of Selling Stockholder	Shares Beneficially Owned Prior to the Offering (1)	Maximum Number of Shares Offered by This Prospectus (2)	Shares Beneficially Owned Subsequent to the Offering (1)(3)	
			Shares	Percent
Nana Associates LLC 530 Fifth Ave., 20th Floor New York, NY 10017	3,092,098	3,538,462	0	0%
Arun S. Menawat (9) 2412 Eighth Line Oakville, Ontario, Canada L6H659	309,209	353,846	0	0%
2012 Revocable Trust of Andrew Redleaf Attention: Andrew Redleaf Whitebox Advisors LLC 3033 Excelsior Blvd., Suite 300 Minneapolis, MN 55416	6,184,194	7,076,923	0	0%
Total Number of Shares Offered		86,065,014		

- (1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Includes 100% of the shares of common stock issuable upon conversion of the Series A Convertible Preferred Stock and exercise of the SPA Warrants, the 2013 Warrants and/or the Exchange Warrants, as applicable, in each case at the current conversion or exercise price, plus shares representing dividends accruing on the Series A Convertible Preferred Stock within 60 days of September 30, 2016.
- (2) Pursuant to the Certificate of Designations, Preferences and Rights of Series A Convertible Preferred Stock of Stereotaxis, Inc., a selling stockholder may not convert shares of Series A Convertible Preferred Stock if as a result of such conversion such selling stockholder, its affiliates and any other person whose beneficial ownership of shares of common stock would be aggregated with the selling stockholder's for purposes of Section 13(d) of the Exchange Act, would beneficially own more than 4.99% of our common stock (or 9.99% if such selling stockholder has previously provided not less than 61 days' prior notice to the Company of such increase). Under the terms of the SPA Warrants, a selling stockholder may not exercise such SPA Warrant to the extent that as a result of such exercise such selling stockholder, its affiliates and any other person whose beneficial ownership of shares of common stock would be aggregated with the selling stockholder's for purposes of Section 13(d) of the Exchange Act, would beneficially own more than 4.99% of our common stock (or 9.99% if such selling stockholder has previously provided not less than 61 days' prior notice to the Company of such increase). Under the terms of the Exchange Warrants, a selling stockholder may not exercise such Exchange Warrant to the extent that, upon such exercise, the number of shares of common stock beneficially owned by such selling stockholder and its affiliates would exceed 4.99% of the total number of shares of our common stock then outstanding, subject to increase on not less than 61 days' notice as provided in such Exchange Warrants. For purposes of the Selling Stockholder table, we have disregarded these limitations. Represents 130% of the shares of common stock issuable upon conversion of the Series A Convertible Preferred Stock and 100% of the shares of common stock issuable upon exercise of the SPA Warrants, the 2013 Warrants and/or the Exchange Warrants, as applicable, in each case at the current conversion or exercise price.

- (3) Assumes for each stockholder the conversion in full of all shares of Series A Convertible Preferred Stock and exercise in full of all SPA Warrants, 2013 Warrants and/or Exchange Warrants, as applicable, held by such stockholder and the sale of all shares offered hereby.
- (4) Based on the Company's records and a Schedule 13D filed on October 11, 2016, by DAFNA Capital Management, LLC, in its capacity as investment manager and general partner of DAFNA LifeScience, LP, DAFNA Market Neutral LP, and DAFNA LifeScience Select, LP (collectively, the Funds), each of which

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Funds is a Delaware limited partnership. In such capacity, DAFNA Capital Management, LLC may be deemed to be the beneficial owner of the shares of our common stock owned by the Funds, as it has the power to vote or direct the voting of, or dispose or direct the disposition of, the shares owned by the Funds. Nathan Fischel is the Chief Executive Officer of DAFNA Capital Management, LLC, and Fariba Ghodsian is the Chief Investment Officer of DAFNA Capital Management, LLC. In such capacities, Nathan Fischel and Fariba Ghodsian may be deemed to beneficially own the shares of our common stock owned by the Funds, as they have the power to dispose or direct the disposition of the shares owned by the Funds. Pursuant to Rule 13d-4, Drs. Fischel and Ghodsian disclaim beneficial ownership of the securities owned by the Funds. David Fischel, who also joined our Board of Directors in connection with the closing of the Financing Transaction, is a Principal of DAFNA Capital Management, LLC.

The ownership information of each Fund included in the Selling Stockholder table does not include the ownership information for the other Funds.

- (5) Includes 1,266,628 shares held by and 811,485 shares issuable upon exercise of warrants held by Alafi Capital Company LLC (Alafi Capital). Christopher Alafi and Moshe Alafi are the managing partners of Alafi Capital and have full voting and investment power with respect to the shares owned by Alafi Capital. All information regarding ownership of Alafi Capital and its affiliates is based on a Schedule 13D filed by Alafi Capital on March 18, 2009, all Form 4 reports filed by Christopher Alafi to date, and the Company s records.
- (6) Includes: (a) 5,335 shares held by and 703 shares issuable upon exercise of warrants held by Sanderling VI Beteiligungs GmbH & Co. KG; (b) 6,357 shares held by and 837 shares issuable upon exercise of warrants held by Sanderling VI Limited Partnership; (c) 53,275 shares held by Sanderling IV Biomedical Co-Investment Fund, L.P.; (d) 22,451 shares held by Sanderling Venture Partners IV Co-Investment Fund, L.P.; (e) 67,790 shares held by Sanderling Venture Partners V Co-Investment Fund, L.P.; (f) 11,097 shares held by Sanderling V Beteiligungs GmbH & Co. KG; (g) 11,956 shares held by Sanderling V Limited Partnership; (h) 39,716 shares held by Sanderling V Biomedical Co-Investment Fund, L.P.; and (i) 1,107,189 shares held by and 78,126 shares issuable upon exercise of warrants held by Sanderling Venture Partners VI Co-Investment Fund, L.P.

Middleton-McNeil Associates IV, LLC is the general partner of Sanderling IV Biomedical Co-Investment Fund, L.P. and has voting and dispositive authority over the shares owned by Sanderling IV Biomedical Co-Investment Fund, L.P. Middleton-McNeil Associates IV, LLC is managed by its members, Fred A. Middleton and Robert G. McNeil. Such individuals disclaim beneficial ownership of all such shares held by the foregoing funds, except to the extent of their proportionate pecuniary interests therein.

Middleton-McNeil Associates IV, L.P. is the general partner of Sanderling Venture Partners IV Co-Investment Fund, L.P. and has voting and dispositive power over the shares owned by Sanderling Venture Partners IV Co-Investment Fund, L.P. Middleton-McNeil Associates IV, L.P. is managed by its general partners, Fred A. Middleton and Robert G. McNeil. Such individuals disclaim beneficial ownership of all such shares held by the foregoing funds, except to the extent of their proportionate pecuniary interests therein.

Middleton, McNeil & Mills Associates V, LLC is the Investment General Partner of Sanderling V Limited Partnership and Sanderling V Beteiligungs GmbH & Co. KG and the General Partner of Sanderling V Biomedical Co-Investment Fund, L.P. and Sanderling Venture Partners V Co-Investment Fund, L.P. and has voting and dispositive authority over the shares owned by such entities. Middleton, McNeil & Mills Associates V, LLC is managed by its managing directors, Fred A. Middleton and Robert G. McNeil, Timothy C. Mills and Timothy J. Wollaeger. Such individuals disclaim beneficial ownership of all such shares held by the foregoing funds, except to the extent of their proportionate pecuniary interests therein.

Sanderling Ventures Management V is managed by Fred A. Middleton and Robert G. McNeil, Timothy C. Mills and Timothy J. Wollaeger, the individuals who have invested under the d/b/a Sanderling Ventures Management V, which individuals have voting and dispositive power over the shares owned by Sanderling Ventures Management V. Such individuals disclaim beneficial ownership of all such shares held by the

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foregoing funds, except to the extent of their proportionate pecuniary interests therein. Sanderling Ventures Management VI is managed by Fred A. Middleton, Robert G. McNeil, Timothy C. Mills and Timothy J. Wollaeger, the individuals who have invested under the d/b/a Sanderling Ventures Management VI, which individuals have voting and dispositive power over the shares owned by Sanderling Ventures Management VI. Such individuals disclaim beneficial ownership of all such shares held by the foregoing funds, except to the extent of their proportionate pecuniary interests therein.

Middleton, McNeil, Mills & Associates, VI, LLC is the Investment General Partner of Sanderling Venture Partners VI Co-Investment Fund, L.P., Sanderling VI Beteiligungs GmbH & Co. KG and Sanderling VI Limited Partnership and has voting and dispositive power over the shares owned by such entity. Sanderling Venture Partners VI Co-Investment Fund, L.P. is managed by its managing directors, Fred A. Middleton, Robert G. McNeil, Timothy C. Mills and Timothy J. Wollaeger. Such individuals disclaim beneficial ownership of all such shares held by the foregoing funds, except to the extent of their proportionate pecuniary interests therein.

All information regarding ownership of Sanderling Ventures and its affiliates is based on a Schedule 13D filed by Sanderling Ventures on March 18, 2009, and all Form 4 reports filed by Mr. Middleton to date.

- (7) Mr. Middleton has served on our Board of Directors since 1990 and also serves as a General Partner in Sanderling Ventures, affiliates of which collectively own over 5% of our common stock. Includes 1,404,832 shares held by the entities affiliated with Sanderling Ventures. Mr. Middleton disclaims beneficial ownership of the shares and warrants held by the entities affiliated with Sanderling Ventures. Also includes options to purchase 18,300 shares of common stock.
- (8) Mr. Kiani joined our Board of Directors in connection with the closing of the Financing Transaction.
- (9) Dr. Menawat joined our Board of Directors in connection with the closing of the Financing Transaction.

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PLAN OF DISTRIBUTION

The selling stockholders, which as used herein includes donees, pledgees, transferees or other successors-in-interest selling shares of common stock or interests in shares of common stock received after the date of this prospectus from a selling stockholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices.

The selling stockholders may use any one or more of the following methods when disposing of shares or interests therein:

transactions on any national securities exchange or U.S. inter-dealer quotation system of a registered national securities association on which the shares may be listed or quoted at the time of sale;

over-the-counter market transactions;

transactions otherwise than on these exchanges or systems or in the over-the-counter market;

ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

block trades in which the broker-dealer will atte