

L-1 IDENTITY SOLUTIONS, INC.

Form POS AM

March 03, 2009

As filed with the Securities and Exchange Commission on March 3, 2009

Registration No. 333-152783

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 1

TO

FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

L-1 Identity Solutions, Inc.

(Exact name of registrant as specified in its charter)

Delaware

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

02-08087887

*(I.R.S. Employer
Identification Number)*

177 Broad Street

Stamford, Connecticut 06901

(203) 504-1100

(Address, including zip code, and telephone number, including

area code, of registrant's principal executive offices)

Mark S. Molina

Executive Vice President, Chief Legal Officer and Secretary

L-1 Identity Solutions, Inc.

177 Broad Street

Stamford, Connecticut 06901

(203) 504-1100

(Name, address, including zip code, and telephone

number, including area code, of agent for service)

Copy to:

Marita A. Makinen, Esq.

Weil Gotshal & Manges LLP

767 Fifth Avenue

New York, New York 10153

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

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

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, other than securities offered only in connection with dividend or interest reinvestment plans, 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.

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If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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
(Do not check if a smaller reporting
company)

Smaller reporting
company

EXPLANATORY NOTE

On August 5, 2008, L-1 Identity Solutions, Inc. (the "Registrant") filed an automatic registration statement with the Securities and Exchange Commission on Form S-3 (Registration No. 333-152783, the "Registration Statement") as a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933, as amended, to register the resale of up to 8,083,472 shares of its common stock by the selling stockholders identified in the accompanying prospectus. Due to recent adverse equity market conditions and a decline in the trading price of the Registrant's common stock, the Registrant does not at this time qualify as a well-known seasoned issuer, and this Post-Effective Amendment No. 1 to Form S-3 is being filed by the Registrant to convert the automatic shelf registration statement on Form S-3 into a non-automatic registration statement on Form S-3. All filing fees payable in connection with the registration of the shares of common stock covered by the Registration Statement were paid by the Registrant at the time of the initial filing of the Registration Statement.

PROSPECTUS

L-1 IDENTITY SOLUTIONS, INC.

8,083,472 SHARES OF COMMON STOCK, PAR VALUE

\$0.001 PER SHARE

This prospectus relates solely to the resale by the selling stockholders identified in this prospectus of up to 8,083,472 shares of common stock, par value \$0.001 per share (the "Common Stock"), of L-1 Identity Solutions, Inc. ("L-1" or the "Company"), to be issued to the selling stockholders. The selling stockholders entered into securities purchase agreements with the Company pursuant to which they purchased shares of Common Stock on August 5, 2008 in a private placement transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") pursuant to Regulation D. This prospectus will be used by the selling stockholders to resell the shares of Common Stock to be acquired by them pursuant to the securities purchase agreements.

The selling stockholders identified in this prospectus may offer the shares from time to time as they may determine through public or private transactions or through other means described in the section entitled "Plan of Distribution." The prices at which the selling stockholders may sell the shares may be determined by the prevailing market price for the shares at the time of sale, may be different than such prevailing market prices or may be determined through privately negotiated transactions with third parties.

L-1 will not receive any of the proceeds from the sale of these shares by the selling stockholders. L-1 has agreed to pay all expenses relating to registering these shares. The selling stockholders will pay any brokerage commissions and/or similar charges incurred for the sale of these shares of Common Stock.

L-1's Common Stock is quoted on the New York Stock Exchange under the symbol "ID." On March 2, 2009, the last quoted sale price of L-1's Common Stock was \$4.05 per share.

Investing in L-1's Common Stock involves significant risks. See "Risk Factors" section in the documents we incorporate by reference in this prospectus for the description of the risks you should consider before buying shares of L-1's Common Stock.

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.

Prospectus dated March 3, 2009

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC, using a “shelf” registration or continuous offering process. Under this shelf process, certain selling stockholders may from time to time sell the shares of our Common Stock described in this prospectus in one or more offerings.

You should rely only on the information contained or incorporated by reference in this prospectus. Neither we nor the selling stockholders have authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The selling stockholders are not making an offer to sell these securities in any jurisdiction where the offer or sale of these securities is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since these dates.

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PROSPECTUS SUMMARY

This summary highlights key aspects of our business that are described in more detail in our reports filed with the SEC. This summary does not contain all of the information that you should consider before investing in our Common Stock. For a more complete understanding of this offering, you should read this entire prospectus carefully, including the “Risk Factors” contained in Part I, Item IA of our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, the consolidated financial statements and the other documents we have filed with the SEC that are incorporated by reference in this prospectus.

In this prospectus, the terms “Company,” “L-1,” “we,” “our” and “us” refer to L-1 Identity Solutions, Inc. and its direct and indirect subsidiaries, unless otherwise indicated or the context otherwise requires.

Our Company

We are the trusted provider of technology, products, systems and solutions that protect and secure personal identities and assets. Together, our growing portfolio of companies deliver the full range of offerings required for solving the problems associated with managing human identity. These offerings are the cornerstone for building convenient and secure identification solutions. L-1 companies have a 15-year history of serving domestic and international governments, law enforcement and border management agencies, military branches and commercial businesses.

Because of threats to national security and significant economic loss facilitated by identity-based fraud and theft, the market is requiring a more secure and tamper-proof means of validating a claimed identity as well as issuing credentials that grant privileges for travel, physical and logical access to facilities and networks, and performing financial transactions. We believe that the best means available today is through an end-to-end, integrated multi-biometric (finger, face, iris) recognition solution. Our strategy is to provide these products, solutions and services by creating or acquiring the best and most promising technologies and companies in the market today.

We are a leader in multi-modal, state-of-the-art end-to-end solutions with modular components. Through our corporate research center and ongoing development efforts, we remain at the forefront of the latest advances in multi-biometric recognition, imaging and document authentication technology. When used together to form an end-to-end solution, our modular products, services and solutions stand apart as a comprehensive approach to protecting and securing identities.

We offer a full range of biometric solutions, including facial, fingerprint and iris recognition solutions and technologies, both hardware and software based, that enable our customers to deal with a single entity for a wide range of identity applications. Our solutions provide the means to collect, manage and use identity data and enable our customers to manage the entire life cycle of an individual’s identity for a variety of applications including civil identification programs, criminal identification, military applications, homeland security, including border management, and commercial applications. We believe that consumers of identity protection solutions are demanding end-to-end solutions with increased functionality that can solve their spectrum of needs across the identity life cycle. Our objective is to meet those growing needs by continuing to broaden our product and solution offerings, leveraging our existing customer base to provide additional products and services, expanding our customer base both domestically and abroad, and augmenting our competitive position through strategic acquisitions. We also provide comprehensive government consulting, training, security, technology development, and information technology solutions to the U.S. intelligence community.

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We operate in two reportable segments: the Identity Solutions segment and the Services segment. The Identity Solutions segment provides credentialing solutions and biometric-based identity solutions to federal agencies, state and local government agencies, including law enforcement and departments of corrections, foreign governments and commercial entities, such as financial, casinos and health care institutions. Customers, depending on their specific needs, may order solutions that include hardware, equipment, consumables, software products or services or combine hardware products, consumables, equipment, software products and services to create a multiple element arrangement. Our Identity Solutions revenues include products and related services, which comprise hardware, components, consumables and software, as well as maintenance, consulting and training services integral to sales of hardware and software. The Services segment provides enrollment services to federal and state government agencies and commercial enterprises, including financial institutions, as well as comprehensive consulting, program management, information analysis, training, security, technology development and information technology solutions

to the U.S. intelligence community. Depending upon customer needs, our services can be bundled with identity solution, product and services offerings to create multiple element arrangements.

Our Identity Solutions and Services offerings have four main areas of focus:

- Credentialing Solutions, part of our Identity Solutions segment, includes: production of passports, HSPD-12 common access cards, drivers licenses and credential verifications;
- Multi-biometric Solutions, also part of our Identity Solutions segment, includes: sale of fingerprint and palm print scanners, mobile fingerprint scanners, third party digital video cameras with embedded L-1 software, iris based capture devices, integrated multi-biometric (finger, face and iris) devices, biometric access control, automated biometric identification system, system oriented architectural workflow and database management software and multi-modal algorithms including automated fingerprint and palmprint identification systems, automatic facial recognition systems both static (digital photo or mug shot) and dynamic (video) and automated iris recognition systems;
- Enrollment Solutions, includes provision of enrollment stations and software for fingerprinting and facial data collection and processing, which is part of our Identity Solutions segment, and fingerprint services for background checks for federal, state and local governments, which is part of in the Services segment; and
- Intelligence Services, part of our Services segment, provide training, program management, security, technical development and IT support to the intelligence community.

We evaluate our business primarily through operating and financial metrics such as revenues, operating income (loss), and earnings before interest, depreciation and amortization, intangible asset impairments, in-process research and development charges, and stock-based compensation expense and free cash flow.

Our headquarters are located at 177 Broad Street, Stamford, Connecticut 06901, and our telephone number at that address is (203) 504-1100. Our Internet website is <http://www.L1id.com>. The information contained on our website or that can be accessed through our website does not constitute part of this prospectus.

The Offering

The summary below contains basic information about this offering and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of our Common Stock, please refer to the section of this prospectus entitled "Description of Capital Stock."

Common Stock outstanding prior to this offering, excluding the shares being offered for resale to the public by the selling stockholders

86,615,859 shares of our Common Stock.

Common Stock being offered for resale to the public by the selling stockholders

8,083,472 shares of our Common Stock.

Common Stock to be outstanding after this offering(1)

94,699,331 shares of our Common Stock.

Listing of our Common Stock

Our Common Stock is traded on the New York Stock Exchange.

Total proceeds raised by this offering

We will not receive any proceeds from the resale of our Common Stock pursuant to this offering.

New York Stock Exchange symbol

"ID."

Risk Factors

See "Risk Factors" contained in Part I, Item IA of our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and the other information included or incorporated by reference in this prospectus for a discussion of factors that should be considered with respect to an investment in our Common Stock.

(1) The number of shares of our Common Stock to be outstanding prior to this offering is based on the number of shares of our Common Stock outstanding as of December 31, 2008, and does not include, as of such date, (i) 7,221,655 shares of our Common Stock reserved for issuance upon exercise of options under various stock incentive plans; (ii) 160,000 shares of our Common Stock reserved for issuance upon exercise of our outstanding warrants; (iii) 1,145,337 shares of our Common Stock reserved for issuance upon conversion of the shares of Series A Convertible Preferred Stock issued pursuant to the terms of the Securities Purchase Agreement dated as of June 29, 2008, by and between the Company and Robert V. LaPenta; or (iv) 5,468,750 shares of our Common Stock issuable pursuant to the 3.75% Convertible Senior Notes due May 15, 2027.

RISK FACTORS

An investment in our Common Stock involves risks. You should carefully consider the risks described in our filings with the SEC referred to under the heading “Where You Can Find More Information,” as well as the risks included and incorporated by reference in this prospectus, including the risk factors incorporated by reference herein from our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, as updated by annual, quarterly and other reports and documents we file with the SEC after the date of this prospectus and that are incorporated by reference herein. The risks incorporated by reference in this prospectus are the material risks of which we are currently aware; however, they may not be the only material risks that we face. Additional risks and uncertainties not currently known to us or that we currently view as immaterial may also impair our business operations. Any of these risks could materially and adversely affect our business, financial condition, results of operations and cash flows. In that case, you may lose all or part of your investment.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This prospectus contains or incorporates forward-looking statements within the meaning of section 27A of the Securities Act and section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward-looking statements are management’s beliefs and assumptions. In addition, other written or oral statements that constitute forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which we operate and statements may be made by or on our behalf. Words such as “should,” “could,” “may,” “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. There are a number of important factors that could cause our actual results to differ materially from those indicated by such forward-looking statements.

We describe material risks, uncertainties and assumptions that could affect our business, including our financial condition and results of operations, under “Risk Factors” and the documents incorporated by reference in this prospectus and may update our descriptions of such risks, uncertainties and assumptions in any prospectus supplement or future filings made by us with the SEC pursuant to Sections 13, 14 or 15(d) of the Exchange Act. We base our forward-looking statements on our management’s beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that actual outcomes and results may differ materially from what is expressed, implied or forecast by our forward-looking statements. Accordingly, you should be careful about relying on any forward-looking statements. Reference is made in particular to forward-looking statements regarding growth strategies, financial results, product development, expected backlog, regulatory approvals, competitive strengths, intellectual property rights, litigation, mergers and acquisitions, market acceptance or continued acceptance of our products, accounting estimates, financing activities, ongoing contractual obligations and sales efforts. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward-looking statements after the distribution of this prospectus, whether as a result of new information, future events, changes in assumptions, or otherwise.

USE OF PROCEEDS

We are registering these shares pursuant to the registration rights granted to the selling stockholders in connection with the issuance of our Common Stock to the selling stockholders in a private placement transaction exempt from the registration requirements of the Securities Act pursuant to Regulation D. All sales of such Common Stock will be by or for the account of the selling stockholders. We will not receive any proceeds from the resale by any selling stockholder of the shares of our Common Stock. The proceeds from the original issuance and sale of such Common Stock to the selling stockholders were used by the Company to finance in part its acquisition of Digimarc in August 2008. The selling stockholders will not cover any of the expenses that are incurred by us in connection with the registration of our Common Stock, but the selling stockholders will pay any commissions, discounts and other compensation to any broker-dealers through whom any such selling stockholders sells any of our Common Stock.

DIVIDEND POLICY

We currently intend to retain any future earnings to finance the growth, development and expansion of our business. Accordingly, we do not intend to declare or pay any dividends on our Common Stock for the foreseeable future. The declaration, payment and amount of future dividends, if any, will be at the sole discretion of our board of directors after taking into account various factors, including our financial condition, results of operations, cash flow from operations, and expansion plans. In addition, our credit facility prevents us from paying dividends or making other distributions to our stockholders.

SELLING STOCKHOLDERS

The selling stockholders may from time to time offer and sell any or all of the shares of our Common Stock set forth below pursuant to this prospectus. When we refer to “selling stockholders” in this prospectus, we mean the persons listed in the table below, and the pledges, donees, permitted transferees, assignees, successors and others who later come to hold any of the selling stockholders’ interests in shares of our Common Stock other than through a public sale.

The following table sets forth, as of the date of this prospectus, the name of the selling stockholders for whom we are registering shares for resale to the public, and the number of shares of our Common Stock that each selling stockholder may offer pursuant to this prospectus. The shares of our Common Stock offered by the selling stockholders were issued pursuant to exemptions from the registration requirements of the Securities Act. The selling stockholders represented to us that they were accredited investors or qualified institutional buyers, as applicable, and were acquiring our Common Stock for investment and had no present intention of distributing the Common Stock. We have agreed to file a registration statement covering the Common Stock received by the selling stockholders. We filed with the SEC, under the Securities Act, a registration statement on Form S-3 with respect to the resale of the Common Stock from time to time by the selling stockholders, and this prospectus forms a part of that registration statement.

Based on the information provided to us by the selling stockholders and as of the date the same was provided to us, assuming that the selling stockholders sell all of the shares of our Common Stock beneficially owned by them that have been registered by us and do not acquire any additional shares during the offering, the selling stockholders will not own any shares other than those appearing in the column entitled “Number of Shares of Common Stock Owned After the Offering.” We cannot advise you as to whether the selling stockholders will in fact sell any or all of such shares of Common Stock. In addition, the selling stockholders may have sold, transferred or otherwise disposed of, or may sell, transfer or otherwise dispose of, at any time and from time to time, the shares of our Common Stock in transactions exempt from the registration requirements of the Securities Act after the date on which it provided the information set forth on the table below.

Name of Selling Stockholder	Number of			
	Number of Shares of Common Stock Owned Prior to the Offering	Shares of Common Stock Offered for Resale Pursuant to the Offering	Number of Shares of Common Stock Owned After the Offering(1)	Percentage of Common Stock Owned After the Offering(2)
MHR Capital Partners Master Account LP(3) 40 West 57 th Street, 24 th Floor New York, NY 10019	851,816	481,324	370,492	*
MHR Capital Partners (100) LP(4) 40 West 57 th Street, 24 th Floor New York, NY 10019	78,528	63,175	15,353	*
MHR Institutional Partners III LP(5) 40 West 57 th Street, 24 th Floor New York, NY 10019	4,859,112	4,859,112	0	*
Iridian Partners Fund, L.P.(6) 276 Post Road West	166,884	151,984	14,900	*

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Westport, CT 06880				
First Eagle Fund of America(7)				
1345 Avenue of the Americas	1,924,377	1,777,877	146,500	*
23rd Floor				
New York, NY 10105				
Robert V. LaPenta(8)				
177 Broad Street, 12th floor	11,166,658	750,000	10,416,658	11.0 %
Stamford, CT 06901				

* Represents less than 1%.

- (1) Assumes that each selling stockholder will resell all of the shares of our Common Stock offered hereunder.
- (2) Applicable percentage of ownership is based on 86,615,859 shares of our Common Stock outstanding as of December 31, 2008, together with securities exercisable for, or convertible into, shares of Common Stock within 60 days of December 31, 2008 and the 8,083,472 shares of Common Stock offered for resale pursuant to this registration statement.
- (3) MHR Capital Partners Master Account LP (“Master Account”) will have voting and investment control over 370,492 shares of our Common Stock after this offering, which amount comprises less than 1% of our Common Stock outstanding as of December 31, 2008, together with securities exercisable for, or convertible into, shares of Common Stock within 60 days of December 31, 2008. MHR Advisors LLC (“Advisors”) is the general partner of Master Account and, accordingly, may be deemed to be the beneficial owner of shares held for the account of Master Account. Dr. Mark H. Rachesky (“Dr. Rachesky”) is the managing member of Advisors. In such capacity, Dr. Rachesky may be deemed to be a beneficial owner of shares held for the account of Master Account. MHR Fund Management LLC (“Fund Management”) is an affiliate of and has an investment management agreement with Master Account pursuant to which it has the power to vote or direct the vote and to dispose or to direct the disposition of the shares held for the account of Master Account and, accordingly, may be deemed to be the beneficial owner of shares held for the account of Master Account.
- (4) MHR Capital Partners (100) LP (“Capital Partners (100)”) will have voting and investment control over 15,353 shares of our Common Stock after this offering, which amount comprises less than 1% of our Common Stock outstanding as of December 31, 2008, together with securities exercisable for, or convertible into, shares of Common Stock within 60 days of December 31, 2008. Advisors is the general partner of Capital Partners (100) and, accordingly, may be deemed to be the beneficial owner of shares held for the account of Capital Partners (100). Dr. Rachesky is the managing member of Advisors. In such capacity, Dr. Rachesky may be deemed to be a beneficial owner of shares held for the account of Capital Partners (100). Fund Management is an affiliate of and has an investment management agreement with Capital Partners (100) pursuant to which it has the power to vote or direct the vote and to dispose or to direct the disposition of the shares held for the account of Capital Partners (100) and, accordingly, may be deemed to be the beneficial owner of shares held for the account of Capital Partners (100).
- (6) Iridian Asset Management LLC has voting and investment control over Iridian Partners Fund L.P. (“Iridian LP”) and will have voting and investment control over 14,900 shares of our Common Stock after this offering, which amount comprises less than 1% of our Common Stock outstanding as of December 31, 2008, together with