

PFSWEB INC  
Form SC 13D  
August 29, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 13D**

(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO  
§ 240.13d-2(a)

(Amendment No. )<sup>1</sup>

PFSweb, Inc.

(Name of Issuer)

Common Stock, \$0.001 par value

(Title of Class of Securities)

717098206

(CUSIP Number)

ANDREW FREEDMAN, ESQ.

OLSHAN FROME WOLOSKY LLP

1325 Avenue of the Americas

New York, New York 10019

(212) 451-2300

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

August 20, 2018

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(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 that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), 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.

1 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*).

CUSIP NO. 717098206

1 NAME OF REPORTING PERSON

ENGINE CAPITAL, L.P.

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

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC  
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF	7	SOLE VOTING POWER
SHARES BENEFICIALLY		850,819

OWNED BY	8	SHARED VOTING POWER
EACH REPORTING		- 0 -

PERSON WITH	9	SOLE DISPOSITIVE POWER
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		850,819
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT  
BENEFICIALLY OWNED  
BY EACH REPORTING  
PERSON

850,819

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

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

4.4%

14 TYPE OF REPORTING  
PERSON

PN

CUSIP NO. 717098206

1 NAME OF REPORTING PERSON

ENGINE JET CAPITAL,  
L.P.

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

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC  
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF	7	SOLE VOTING POWER
SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		224,510
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		224,510
	10	SHARED DISPOSITIVE POWER

- 0 -

11

AGGREGATE AMOUNT  
BENEFICIALLY OWNED  
BY EACH REPORTING  
PERSON

224,510

12

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

13

PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

1.2%

14

TYPE OF REPORTING  
PERSON

PN

3

CUSIP NO. 717098206

1	NAME OF REPORTING PERSON	
	ENGINE CAPITAL MANAGEMENT, LP	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)	
	(b)	
3	SEC USE ONLY	
4	SOURCE OF FUNDS	
	OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)	
6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		1,075,329
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		1,075,329
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT  
BENEFICIALLY OWNED BY  
EACH REPORTING PERSON

1,075,329

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

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

5.6%

14 TYPE OF REPORTING  
PERSON

OO



CUSIP NO. 717098206

1 NAME OF REPORTING PERSON  
  
ENGINE CAPITAL MANAGEMENT GP, LLC

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

3 SEC USE ONLY

4 SOURCE OF FUNDS

5 OO  
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		1,075,329
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		1,075,329
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT  
BENEFICIALLY OWNED BY  
EACH REPORTING PERSON

1,075,329

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

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

5.6%

14 TYPE OF REPORTING  
PERSON

OO

CUSIP NO. 717098206

1 NAME OF REPORTING PERSON  
ENGINE INVESTMENTS, LLC  
2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)  
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS  
OO  
5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER
		1,075,329
	8	SHARED VOTING POWER
		- 0 -
	9	SOLE DISPOSITIVE POWER
		1,075,329
	10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT  
BENEFICIALLY OWNED BY  
EACH REPORTING PERSON

1,075,329

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

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

5.6%

14 TYPE OF REPORTING  
PERSON

OO

CUSIP NO. 717098206

1	NAME OF REPORTING PERSON
	ARNAUD AJDLER
2	CHECK THE APPROPRIATE BOX IF A MEMBER (a) OF A GROUP (b)
3	SEC USE ONLY
4	SOURCE OF FUNDS
	OO
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)
6	CITIZENSHIP OR PLACE OF ORGANIZATION
	BELGIUM
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER
	1,075,329
8	SHARED VOTING POWER
	- 0 -
9	SOLE DISPOSITIVE POWER
	1,075,329
10	SHARED DISPOSITIVE POWER

- 0 -

11 AGGREGATE AMOUNT  
BENEFICIALLY OWNED BY  
EACH REPORTING PERSON

1,075,329

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

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

5.6%

14 TYPE OF REPORTING  
PERSON

IN

CUSIP NO. 717098206

The following constitutes the Schedule 13D filed by the undersigned (the "Schedule 13D").

Item 1.

Security and Issuer.

This statement relates to the common stock, \$0.001 par value per share (the "Shares"), of PFSweb, Inc., a Delaware corporation (the "Issuer"). The address of the principal executive offices of the Issuer is 505 Millennium Drive, Allen, Texas 75013.

Item 2.

Identity and Background.

(a)

This statement is filed by:

- (i) Engine Capital, L.P., a Delaware limited partnership ("Engine Capital"), with respect to the Shares directly and beneficially owned by it;
- (ii) Engine Jet Capital, L.P., a Delaware limited partnership ("Engine Jet"), with respect to the Shares directly and beneficially owned by it;
- (iii) Engine Capital Management, LP, a Delaware limited partnership ("Engine Management"), as the investment manager of each of Engine Capital and Engine Jet;
- (iv) Engine Capital Management GP, LLC, a Delaware limited liability company ("Engine GP"), as the general partner of Engine Management;
- (v) Engine Investments, LLC, a Delaware limited liability company ("Engine Investments"), as the general partner of each of Engine Capital and Engine Jet; and
- (vi) Arnaud Ajdler, as the managing partner of Engine Management, and the managing member of each of Engine GP and Engine Investments.

Each of the foregoing is referred to as a "Reporting Person" and collectively as the "Reporting Persons." Each of the Reporting Persons is party to that certain Joint Filing Agreement, as further described in Item 6. Accordingly, the Reporting Persons are hereby filing a joint Schedule 13D.

(b) The address of the principal office of each of Engine Capital, Engine Jet, Engine Management, Engine GP, Engine Investments, and Mr. Ajdler is 1345 Avenue of the Americas, 33rd Floor, New York, New York 10105.

(c) The principal business of each of Engine Capital and Engine Jet is investing in securities. Engine Management is the investment manager of each of Engine Capital and Engine Jet. Engine GP serves as the general partner of Engine Management. Engine Investments serves as the general partner of each of Engine Capital and Engine Jet. Mr. Ajdler serves as the managing partner of Engine Management and the managing member of each of Engine GP and Engine Investments.

(d) No Reporting Person has, during the last five (5) years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

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(e) No Reporting Person has, during the last five (5) years, been party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Mr. Ajdler is a citizen of Belgium.

Item 3. Source and Amount of Funds or Other Consideration.

The Shares purchased by each of Engine Capital and Engine Jet were purchased with working capital (which may, at any given time, include margin loans made by brokerage firms in the ordinary course of business) in open market purchases. The aggregate purchase price of the 850,819 Shares beneficially owned by Engine Capital is approximately \$6,449,480, including brokerage commissions. The aggregate purchase price of the 224,510 Shares beneficially owned by Engine Jet is approximately \$1,682,503, including brokerage commissions.

Item 4. Purpose of Transaction.

The Reporting Persons purchased the Shares based on the Reporting Persons' belief that the Shares, when purchased, were undervalued and represented an attractive investment opportunity. Depending upon overall market conditions, other investment opportunities available to the Reporting Persons, and the availability of Shares at prices that would make the purchase or sale of Shares desirable, the Reporting Persons may endeavor to increase or decrease their position in the Issuer through, among other things, the purchase or sale of Shares on the open market or in private transactions or otherwise, on such terms and at such times as the Reporting Persons may deem advisable.

No Reporting Person has any present plan or proposal which would relate to or result in any of the matters set forth in subparagraphs (a) - (j) of Item 4 of Schedule 13D except as set forth herein or such as would occur upon or in connection with completion of, or following, any of the actions discussed herein. The Reporting Persons intend to review their investment in the Issuer on a continuing basis. Depending on various factors, including, without limitation, the Issuer's financial position and investment strategy, the price levels of the Shares, conditions in the securities markets and general economic and industry conditions, the Reporting Persons may in the future take such actions with respect to their investment in the Issuer as they deem appropriate, including, without limitation, engaging in communications with management and the Board, engaging in discussions with stockholders of the Issuer and others about the Issuer and the Reporting Persons' investment, making proposals to the Issuer concerning strategic alternatives, the calling of special meeting(s), changes to the capitalization, ownership structure, board structure (including board composition) or operations of the Issuer, purchasing additional Shares, selling some or all of their Shares, engaging in short selling of or any hedging or similar transaction with respect to the Shares, or changing their intention with respect to any and all matters referred to in Item 4.

Item 5. Interest in Securities of the Issuer.

The aggregate percentage of Shares reported owned by each person named herein is based upon 19,258,092 Shares outstanding, as of August 6, 2018, which is the total number of Shares outstanding as reported in the Issuer's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 9, 2018.



A. Engine Capital

(a) As of the close of business on August 29, 2018, Engine Capital directly owned 850,819 Shares.  
Percentage: Approximately 4.4%

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- (b)
1. Sole power to vote or direct vote: 850,819
  2. Shared power to vote or direct vote: 0
  3. Sole power to dispose or direct the disposition: 850,819
  4. Shared power to dispose or direct the disposition: 0

(c) The transactions in the Shares by Engine Capital during the past sixty (60) days are set forth in Schedule A and are incorporated herein by reference.

B. Engine Jet

(a) As of the close of business on August 29, 2018, Engine Jet directly owned 224,510 Shares.  
Percentage: Approximately 1.2%

- (b)
1. Sole power to vote or direct vote: 224,510
  2. Shared power to vote or direct vote: 0
  3. Sole power to dispose or direct the disposition: 224,510
  4. Shared power to dispose or direct the disposition: 0

(c) The transactions in the Shares by Engine Jet during the past sixty (60) days are set forth in Schedule A and are incorporated herein by reference.

C. Engine Management

(a) Engine Management, as the investment manager of each of Engine Capital and Engine Jet, may be deemed to beneficially own the Shares owned directly by Engine Capital and Engine Jet. As of the date hereof, Engine Management may be deemed to beneficially own 1,075,329 Shares.  
Percentage: Approximately 5.6%

- (b)
1. Sole power to vote or direct vote: 1,075,329
  2. Shared power to vote or direct vote: 0
  3. Sole power to dispose or direct the disposition: 1,075,329
  4. Shared power to dispose or direct the disposition: 0

(c) Engine Management has not entered into any transactions in the Shares during the past (60) sixty days. The transactions in the Shares on behalf of each of Engine Capital and Engine Jet during the past sixty (60) days are set forth in Schedule A and are incorporated herein by reference.

D. Engine GP

(a) Engine GP, as the general partner of Engine Management, may be deemed to beneficially own the Shares owned directly by Engine Capital and Engine Jet. As of the date hereof, Engine GP may be deemed to beneficially own 1,075,329 Shares.  
Percentage: Approximately 5.6%

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- (b)
1. Sole power to vote or direct vote: 1,075,329
  2. Shared power to vote or direct vote: 0
  3. Sole power to dispose or direct the disposition: 1,075,329
  4. Shared power to dispose or direct the disposition: 0

Engine GP has not entered into any transactions in the Shares during the past (60) sixty days. The transactions in (c)the Shares on behalf of each of Engine Capital and Engine Jet during the past sixty (60) days are set forth in Schedule A and are incorporated herein by reference.

F. Engine Investments

Engine Investments, as the general partner of each of Engine Capital and Engine Jet, may be deemed to (a)beneficially own the Shares owned directly by Engine Capital and Engine Jet. As of the date hereof, Engine Investments may be deemed to beneficially own 1,075,329 Shares.

Percentage: Approximately 5.6%

- (b)
1. Sole power to vote or direct vote: 1,075,329
  2. Shared power to vote or direct vote: 0
  3. Sole power to dispose or direct the disposition: 1,075,329
  4. Shared power to dispose or direct the disposition: 0

Engine Investments has not entered into any transactions in the Shares during the past (60) sixty days. The (c)transactions in the Shares on behalf of each of Engine Capital and Engine Jet during the past sixty (60) days are set forth in Schedule A and are incorporated herein by reference.

G. Arnaud Ajdler

Mr. Ajdler, as the managing partner of Engine Management, and the managing member of each of Engine GP and (a)Engine Investments, may be deemed to beneficially own the 1,075,329 Shares owned beneficially by Engine Management, Engine GP and Engine Investments.

Percentage: Approximately 5.6%

- (b)
1. Sole power to vote or direct vote: 1,075,329
  2. Shared power to vote or direct vote: 0
  3. Sole power to dispose or direct the disposition: 1,075,329
  4. Shared power to dispose or direct the disposition: 0

Mr. Ajdler has not entered into any transactions in the Shares during the past sixty (60) days. The transactions in (c)the Shares on behalf of each of Engine Capital and Engine Jet during the past sixty (60) days are set forth in Schedule A and are incorporated herein by reference.

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Each Reporting Person, as a member of a “group” with the other Reporting Persons for the purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, may be deemed the beneficial owner of the Shares directly owned by the other Reporting Persons. Each Reporting Person disclaims beneficial ownership of such Shares except to the extent of his or its pecuniary interest therein.

(d) No person other than the Reporting Persons is known to have the right to receive, or the power to direct the receipt of dividends from, or proceeds from the sale of, the Shares.

(e)

Not applicable.

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

On August 29, 2018, the Reporting Persons entered into a Joint Filing Agreement in which the Reporting Persons agreed to the joint filing on behalf of each of them of statements on Schedule 13D with respect to the securities of the Issuer to the extent required by applicable law. A copy of the Joint Filing Agreement is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Other than as described herein, there are no contracts, arrangements, understandings or relationships among the Reporting Persons, or between the Reporting Persons and any other person, with respect to the securities of the Issuer.

Item 7.

Material to be Filed as Exhibits.

Joint Filing Agreement by and between Engine Capital, L.P., Engine Jet Capital, L.P., Engine Capital 99.1 Management, LP, Engine Capital Management GP, LLC, Engine Investments, LLC and Arnaud Ajdler, dated August 29, 2018.

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**SIGNATURES**

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

Dated: August 29, 2018

Engine Capital, L.P.

By: Engine Investments, LLC  
General Partner

By: /s/ Arnaud Ajdler  
Name: Arnaud Ajdler  
Title: Managing Member

Engine Jet Capital, L.P.

By: Engine Investments, LLC  
General Partner

By: /s/ Arnaud Ajdler  
Name: Arnaud Ajdler  
Title: Managing Member

Engine Capital Management,  
LP

Engine Capital  
By: Management GP, LLC  
General Partner

By: /s/ Arnaud Ajdler  
Name: Arnaud Ajdler  
Title: Managing Member

Engine Capital Management  
GP, LLC

By: /s/ Arnaud Ajdler  
Name: Arnaud Ajdler  
Title: Managing Member

Engine Investments, LLC

By: /s/ Arnaud Ajdler  
Name: Arnaud Ajdler  
Title: Managing Member

/s/ Arnaud Ajdler  
Arnaud Ajdler

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**SCHEDULE A****Transactions in the Shares During the Past Sixty (60) Days**

<u>Nature of Transaction</u>	<u>Securities</u>	<u>Price Per Date of</u>
	<u>Purchased/(Sold) Share(\$)</u>	<u>Purchase/Sale</u>

**Engine Capital, L.P.**

Sale of Common Stock	(6,562)	10.503607/19/2018
Sale of Common Stock	(5,000)	10.005508/10/2018
Sale of Common Stock	(3,328)	10.005508/10/2018
Purchase of Common Stock	61,226	8.3496 08/20/2018
Purchase of Common Stock	46,490	8.3898 08/27/2018
Purchase of Common Stock	950	8.5205 08/28/2018
Purchase of Common Stock	57	8.4500 08/28/2018

**Engine JET Capital, L.P.**

Sale of Common Stock	(1,738)	10.503607/19/2018
Sale of Common Stock	(872)	10.005508/10/2018
Purchase of Common Stock	16,138	8.3496 08/20/2018
Purchase of Common Stock	12,254	8.3898 08/27/2018
Purchase of Common Stock	250	8.5205 08/28/2018
Purchase of Common Stock	15	8.4500 08/28/2018