

THORP JEFFREY
Form SC 13G/A
February 16, 2010

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G
(RULE 13d - 102)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO 13d-1(b), (c) AND (d)
AND AMENDMENTS THERETO FILED PURSUANT TO 13d-2(b)

(Amendment No.3)*

Virtus Investment Partners, Inc.

(Name of Issuer)

Common Stock
(Title of Class of Securities)

92828Q109
(CUSIP Number)

December 31, 2009
(Date of Event which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)
 Rule 13d-1(c)
 Rule 13d-1(d)

*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).

(Continued on the Following Pages)

1.NAMES OF REPORTING PERSONS

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

Sonoma Capital, LP

2.CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3.SEC USE ONLY

4.CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5.SOLE VOTING POWER

0

6.SHARED VOTING POWER

377,500

7.SOLE DISPOSITIVE POWER

0

8.SHARED DISPOSITIVE POWER

377,500

9.AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

377,500

10.CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9)

EXCLUDES CERTAIN SHARES*

11.PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

6.5%

12.TYPE OF REPORTING PERSON*

PN

***SEE INSTRUCTIONS BEFORE FILLING OUT!**

1.NAMES OF REPORTING PERSONS

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

Sonoma Capital, LLC

2.CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3.SEC USE ONLY

4.CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5.SOLE VOTING POWER

0

6.SHARED VOTING POWER

377,500

7.SOLE DISPOSITIVE POWER

0

8.SHARED DISPOSITIVE POWER

377,500

9.AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

377,500

10.CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9)

EXCLUDES CERTAIN SHARES*

11.PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

6.5%

12.TYPE OF REPORTING PERSON*

00

***SEE INSTRUCTIONS BEFORE FILLING OUT!**

1.NAMES OF REPORTING PERSONS

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

Sonoma Capital Management, LLC

2.CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)[x]

(b)[]

3.SEC USE ONLY

4.CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5.SOLE VOTING POWER

0

6.SHARED VOTING POWER

377,500

7.SOLE DISPOSITIVE POWER

0

8.SHARED DISPOSITIVE POWER

377,500

9.AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

377,500

10.CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9)

EXCLUDES CERTAIN SHARES*[]

11.PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

6.5%

12.TYPE OF REPORTING PERSON*

OO

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*SEE INSTRUCTIONS BEFORE FILLING OUT!

1.NAMES OF REPORTING PERSONS

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

Jeffrey Thorp IRA, HSBC Bank USA, N.A. as Custodian

2.CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)[x]

(b)[]

3.SEC USE ONLY

4.CITIZENSHIP OR PLACE OF ORGANIZATION

New York

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5.SOLE VOTING POWER

0

6.SHARED VOTING POWER

377,500

7.SOLE DISPOSITIVE POWER

0

8.SHARED DISPOSITIVE POWER

377,500

9.AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

377,500

10.CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9)

EXCLUDES CERTAIN SHARES*[]

11.PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

6.5%

12.TYPE OF REPORTING PERSON*

OO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

1.NAMES OF REPORTING PERSONS

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

Jeffrey Thorp

2.CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)[x]

(b)[]

3.SEC USE ONLY

4.CITIZENSHIP OR PLACE OF ORGANIZATION

United States

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5.SOLE VOTING POWER

0

6.SHARED VOTING POWER

755,000

7.SOLE DISPOSITIVE POWER

0

8.SHARED DISPOSITIVE POWER

755,000

9.AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

755,000

10.CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9)

EXCLUDES CERTAIN SHARES*[]

11.PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

13.0%

12.TYPE OF REPORTING PERSON*

IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

This statement is filed to correct the Amendment filed earlier today by the Reporting Persons (as defined below) which incorrectly reported a change in the Reporting Persons' beneficial ownership of the common stock (the "Common Stock") of Virtus Investment Partners, Inc. (the "Issuer") from Amendment No.1 filed by them on April 17, 2009. This statement reflects the Reporting Persons' beneficial ownership of Common Stock as of February 15, 2010, which remains unchanged from the April 17, 2009 filing.

The names of the persons filing this statement on Schedule 13G (the "Reporting Persons") are:

- Sonoma Capital, LP;
- Sonoma Capital, LLC;
- Sonoma Capital Management, LLC;
- Jeffrey Thorp IRA, HSBC Bank USA, N.A. as Custodian (the "HSBC IRA"); and
- Jeffrey Thorp.

Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

Collectively, the Reporting Persons beneficially own 755,000 shares of Common Stock, representing 13.0% of the outstanding shares of Common Stock.

I. Sonoma Capital, LP

- (a) Amount beneficially owned: 377,500
- (b) Percent of class: 6.5%
- (c) Number of Common Shares as to which the Reporting Person has:
 - (i) Sole power to vote or direct the vote: 0
 - (ii) Shared power to vote or direct the vote: 377,500 (See Note 1.)
 - (iii) Sole power to dispose or direct the disposition: 0
 - (iv) Shared power to dispose or direct the disposition: 377,500 (See Note 1.)

II. Sonoma Capital, LLC

- (a) Amount beneficially owned: 377,500
- (b) Percent of class: 6.5%
- (c) Number of Common Shares as to which the Reporting Person has:
 - (i) Sole power to vote or direct the vote: 0
 - (ii) Shared power to vote or direct the vote: 377,500 (See Note 1.)
 - (iii) Sole power to dispose or direct the disposition: 0
 - (iv) Shared power to dispose or direct the disposition: 377,500 (See Note 1.)

III. Sonoma Capital Management, LLC

- (a) Amount beneficially owned: 377,500
- (b) Percent of class: 6.5%
- (c) Number of Common Shares as to which the Reporting Person has:

- (i) Sole power to vote or direct the vote: 0
 - (ii) Shared power to vote or direct the vote: 377,500 (See Note 1.)
 - (iii) Sole power to dispose or direct the disposition: 0
 - (iv) Shared power to dispose or direct the disposition: 377,500 (See Note 1.)
-

IV. HSBC IRA

- (a) Amount beneficially owned: 377,500
- (b) Percent of class: 6.5%
- (c) Number of Common Shares as to which the Reporting Person has:
 - (i) Sole power to vote or direct the vote: 0
 - (ii) Shared power to vote or direct the vote: 377,500 (See Note 1.)
 - (iii) Sole power to dispose or direct the disposition: 0
 - (iv) Shared power to dispose or direct the disposition: 377,500 (See Note 1.)

V. Jeffrey Thorp

- (a) Amount beneficially owned: 755,000
- (b) Percent of class: Less than 13.0%
- (c) Number of Common Shares as to which the Reporting Person has:
 - (i) Sole power to vote or direct the vote: 0
 - (ii) Shared power to vote or direct the vote: 755,000 (See Note 1.)
 - (iii) Sole power to dispose or direct the disposition: 0
 - (iv) Shared power to dispose or direct the disposition: 755,000 (See Note 1.)

Note 1: Sonoma Capital, LLC is the general partner of Sonoma Capital, LP. Jeffrey Thorp is the managing member of Sonoma Capital, LLC. Sonoma Capital Management, LLC is the investment manager of Sonoma Capital, LP. Jeffrey Thorp is the managing member of Sonoma Capital Management, LLC. As a result, Sonoma Capital, LP, Sonoma Capital Management, LLC, Sonoma Capital LLC and Jeffrey Thorp may be deemed to have shared power to vote or to direct the vote and shared power to dispose or to direct the disposition of the shares of Common Stock owned by Sonoma Capital, LP

Jeffrey Thorp is the controlling person of the HSBC IRA. As a result, Jeffrey Thorp may be deemed to have shared power to vote or to direct the vote and shared power to dispose or to direct the disposition of the shares of Common Stock owned by the HSBC IRA.

Item 10. Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURES

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

Dated: February 16, 2010

SONOMA CAPITAL, LP

By: Sonoma Capital, LLC, as General Partner

By: /s/ Jeffrey Thorp
Jeffrey Thorp,
Managing Member

SONOMA CAPITAL MANAGEMENT, LLC

By: /s/ Jeffrey Thorp
Jeffrey Thorp,
Managing Member

SONOMA CAPITAL, LLC

By: /s/ Jeffrey Thorp
Jeffrey Thorp,
Managing Member

JEFFREY THORP IRA, HSBC BANK USA, N.A. AS CUSTODIAN

By: /s/ Jeffrey Thorp
Jeffrey Thorp

/s/ Jeffrey Thorp
Jeffrey Thorp

do not expect SFAS No. 151 to have a material impact on our financial condition or results of operations.

In December 2004, the FASB issued Statement No. 123R, Share-Based Payment, which requires companies to measure and recognize compensation expense for all stock-based payments at fair value. SFAS No. 123R is effective for all interim periods beginning after June 15, 2005. We are currently evaluating the impact of SFAS No. 123R on our financial position and results of operations as well as alternative

transition methods under SFAS No. 123R. In addition, we have not determined whether the adoption of SFAS No. 123R will result in amounts that are similar to the current pro forma disclosures under SFAS 123. See *Stock-Based Compensation* in Note 2 to Consolidated Financial Statements for information related to the pro forma effects on our net income (loss) and basic and diluted income (loss) per share if we had applied the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, to stock-based employee compensation.

In December 2004, the FASB issued two Staff Positions (FSPs) that provide accounting guidance on how companies should account for the effects of the American Jobs Creation Act of 2004 (the Act) that was signed into law on October 22, 2004. The Act could affect how companies report their deferred income tax balances. The first FSP is FSP FAS 109-1 (FSP 109-1); the second is FSP FAS 109-2 (FSP 109-2). In FSP 109-1, the FASB concludes that the tax relief (special tax deduction for domestic manufacturing) from the Act should be accounted for as a special deduction instead of a tax rate reduction. FSP 109-2 gives a company additional time to evaluate the effects of the Act on any plan for reinvestment of repatriation of foreign earnings for purposes of applying SFAS No. 109, *Accounting for Income Taxes*. However, a company must provide certain disclosures if it chooses to utilize the additional time granted by the FASB. We are evaluating the impact, if any, these FSPs may have on our consolidated financial statements.

Risk Factors

We Have Experienced Significant Losses and Our Losses May Continue

We have incurred significant net losses in prior periods. These losses were primarily attributable to our former Internet video programming business, which we discontinued in 2001, and to our former disk storage business, which we discontinued in 2000. We no longer operate either of these businesses and we have provided reserves for all known costs of closure.

Our continuing operations include the results of our manufacturing subsidiary, Data Systems, and the results of our corporate patent licensing division. In the three months ended March 31, 2004, we generated operating income and net income. In the three months ended March 31, 2003, we generated operating income but due to Interest Expense we reported a net loss. In 2002 and 2001, we reported an operating loss and net loss. Although we have restructured much of our senior debt whereby the amount of interest that we need to pay in cash through 2006 is limited to Available Cash Flow, as defined, we continue to incur substantial interest expense on our indebtedness and this interest, if not paid in cash, is added to the outstanding debt balance which will increase our interest expense in future periods.

Although Data Systems reported operating income and net income in the three months ended March 31, 2004 and in 2003 and 2002, its business is dependent on the funding of government defense programs, which we believe will come under increased pressure in the future. Revenues from our licensing operations in the three months ended March 31, 2004 improved over the comparable period in 2003 and we continue to attempt to negotiate new license agreements for use of our patents in digital camcorders as well as in digital cameras, DVDs and other consumer products not previously licensed by us. We have recently negotiated our first license for DVD recorders with a multi-billion dollar Japanese manufacturer of

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consumer electronic products. They expect to begin production later this year of certain new products that will use our patents. Since these products have not been marketed, it is not possible to forecast the revenue impact on Ampex. Also, we are in advanced negotiations with one of the largest manufacturers of digital still cameras for our first patent license in this market, but we are at present far apart on financial terms. While we hope to arrive at a satisfactory agreement, we may be required to pursue litigation if negotiations are not successful. Even if we are successful, there can be no assurance that licensing revenues will attain levels comparable to prior years or levels sufficient to repay our debt.

Accordingly, there is a material risk that we may not continue to be profitable in future periods. See Management's Discussion and Analysis of Financial Condition and Results of Operations, above and the other Risk Factors included in this section.

Risks of Limited Liquidity

We have limited liquidity with which to conduct our operations. Our cash and short-term investments totaled \$14.9 million at March 31, 2004, substantially all of which was generated by Data Systems and is available to be reinvested in that business. Substantially all cash generated by our licensing activities in excess of operating expenses and certain other expenses is to be applied to reduce debt.

While we have recently restructured our senior debt to extend maturities and modify certain covenants that have improved our liquidity, we may be required to use our funds in litigation to enforce our patents. Our Management believes that our liquidity, coupled with our ability to borrow pension contributions from Hillside Capital Incorporated, (Hillside), a member of a group under common control for purposes of the Employee Retirement Income Security Act (ERISA), should be sufficient to satisfy our projected cash obligations through March 2005, but there can be no assurance in this regard. If Hillside is unable to fund future pension contributions our financial position could be materially and adversely affected.

We Have Significant Indebtedness, Which May Affect Our Financial Condition, as restated

As of March 31, 2004 we had outstanding approximately \$75.5 million of total borrowings, which includes approximately \$62.8 million under our 12% Senior Notes due 2008, \$9.4 million under our 20% Senior Discount Notes due 2006 and \$3.3 million of Hillside Notes. Such indebtedness is secured by liens on a substantial portion of our assets. We may incur additional indebtedness from time to time in the future, subject to certain restrictions imposed by our debt agreements. In March 2004, we received consent from the holders of our senior debt securities (i) to extend the maturity date of our Senior Discount Notes from January 5, 2005 to January 5, 2006, (ii) to extend the measurement date from December 31, 2004 to December 31, 2006, by which we are required to generate at least \$30 million of Available Cash Flow, as defined in the Senior Note indenture, and (iii) to defer scheduled principal repayments on our pension notes through December 31, 2006. Substantial pension contributions are projected to be required beginning in 2004 and thereafter. Pension contributions totaling \$7.9 million for plan year 2003 and \$2.8 million for plan year 2004 are projected to be paid in 2004 and significant contributions are projected to be required over the next several years which may total as high as \$81 million. The determination of our obligation is dependent on our selection of certain assumptions used by actuaries in calculating such amounts. Hillside funded the April 15, 2004 pension contribution due of \$2.0 million and it is anticipated that Hillside will fund other scheduled contributions as they become due. In that event, we would issue additional notes to Hillside in an equivalent amount, which will correspondingly increase the amount of our outstanding debt.

As recently amended, the Senior Notes require that we generate a minimum of \$30 million of Available Cash Flow (as defined) during the five-year period ending December 31, 2006. From March 2002 to March 2004, we have generated \$5 million of Available Cash Flow. To satisfy this covenant, we will be required to increase our revenues from licensing operations substantially above current levels. If we fail to generate the required revenues or if we default in our other obligations under the relevant loan agreements, the Noteholders would have the right to accelerate

the indebtedness and foreclose on their liens, which would materially and adversely affect our financial condition.

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We are the plan sponsor and are liable to provide funding for plan benefits under a pension plan of a former affiliate, Media, which was sold in 1995. Presently the unfunded accumulated benefit liability is \$19.1 million which is recorded in liabilities on our balance sheet at December 31, 2003. During 2003, the Company and Media entered into the Retirement Plan Funding and Settlement Agreement, which provides for monthly payments of \$74,000 by Media to us in settlement of future pension contributions that may be required under the Media Plan that would be funded by us.

The degree to which we are leveraged could have other important consequences to investors, including the following:

a substantial portion of our cash flow from licensing operations must be dedicated to the payment of principal of and interest on our outstanding indebtedness, and therefore will not be available for other purposes;

recent restructurings of our senior debt and borrowings to fund our pension plan contributions have increased our interest expense and, although we have endeavored to refinance a portion of this debt by entering into a mortgage or sale and leaseback of our Colorado facility in order to lower these costs, to date we have not been successful in these efforts;

our ability to obtain additional financing in the future for working capital needs, capital expenditures, acquisitions and general corporate purposes may be materially limited or impaired by the terms of our existing debt agreements, and even if existing lenders consent to the issuance of new debt, such financing may not be available on terms favorable to us;

we may be more highly leveraged than our competitors, which may place us at a competitive disadvantage;

our leverage may make us more vulnerable to a downturn in our business or the economy in general; and

the financial covenants and other restrictions contained in our indentures and other agreements relating to our indebtedness also restrict our ability to make new investments, dispose of assets or to pay dividends on or repurchase common stock.

We expect that our cash balances and cash flow from operations as well as our ability to borrow pension contributions from Hillside, a former affiliate, will be sufficient to fund anticipated operating expenses, capital expenditures and our debt service requirements as they become due, at least through March 2005. However, we cannot assure you that the amounts available from these sources will be sufficient for such purposes in future periods. Also, we cannot assure you that additional sources of funding will be available if we need them or, if available, will be on satisfactory terms. If we cannot service our indebtedness, we will be forced to adopt alternative strategies. These strategies may include reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness, or seeking additional equity capital. We cannot give any assurance that any of these strategies will be successful or that they will be permitted under our debt indentures.

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Risks Associated With a Decline in U.S. Government Spending

Data Systems' business depends materially on continued U.S. government expenditures on intelligence and defense programs. The loss or significant decline in spending on various imaging and intelligence gathering programs where we are subcontractors to prime government contractors could materially adversely affect our business. U.S. intelligence and defense budgets have experienced declines from time to time in recent years, resulting in program delays, program cancellations and deferral of funding for approved programs. Although several intelligence programs have received government funding which has led to increased sales by Data Systems, we cannot be assured that sales of new systems will continue at these levels. If sales of new systems decline in the future, we may be increasingly dependent upon revenues from the sale of spare parts, service and tape.

Our Royalty Income is Subject to Material Fluctuations

Royalty income has historically fluctuated widely due to a number of factors that we cannot predict, such as the extent to which third parties use our patented technology, the extent to which we must pursue litigation in order to enforce our patents, and the ultimate success of our licensing and litigation activities. The cost of patent litigation can be material. Also, a court may rule that our patents are invalid, causing existing licensees to discontinue payments to us. Our royalty income fluctuates significantly from quarter to quarter and from year to year, and we cannot give any assurance as to the level of royalty income that will be realized in future periods.

We cannot assure you that we will be able to develop patentable technology that will generate significant patent royalties in future years to replace patents as they expire. Our expenditures for research and development are less than what we spent in prior years, which are likely to have a long-term adverse effect on our ability to maintain a significant portfolio of patented technologies.

Our Stock Price May be Subject to Continued Volatility

The trading price of our Common Stock has been and can be expected to be subject to significant volatility, reflecting a variety of factors, including:

fluctuations in patent royalty revenues and developments in our patent licensing program;

quarterly fluctuations in operating results;

modifications to our senior debt agreements and other events that affect our liquidity;

announcements of the introduction of new products, technologies or services by us or our competitors;

announcements by us of acquisitions of, or investments in, new businesses or other events;

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reports and predictions concerning us by analysts and other members of the media; and

general economic or market conditions.

The stock market in general, and technology companies in particular, have experienced a high degree of price volatility, which has had a substantial effect on the market prices of many such companies for reasons that often are unrelated or disproportionate to operating performance. These broad market and industry fluctuations may adversely affect the price of the Class A Common Stock, regardless of our operating performance.

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Risks Associated With Acquisition Strategy

We are not currently seeking to make any acquisitions of a controlling interest in new businesses. At present, the terms of our principal debt instruments substantially restrict our ability to make acquisitions or investments in new businesses. However, we have made, and may under certain circumstances in the future make, acquisitions of, and/or investments in, other businesses. These entities may be involved in new businesses in which we have not historically been involved. In 2003, our unrestricted subsidiary invested \$1 million to acquire a minority interest in a private investment limited partnership that has purchased common shares of a British promotional products company. Our CEO, Edward Bramson, acquired shares in this company in concert with the limited partnership and he controls the corporate general partner of the limited partnership. Mr. Bramson has been appointed the temporary, non-executive Chairman of the Board of the British company. See Note 11 of Notes to unaudited Consolidated Financial Statements elsewhere herein. We may not be able to identify or acquire additional acquisition candidates in the future, or complete any further acquisitions or investments on satisfactory terms.

Acquisitions and investments involve numerous additional risks, including difficulties in the management of operations, services and personnel of the acquired companies, and of integrating acquired companies with us and/or each other's operations. We may also encounter problems in entering markets and businesses in which we have limited or no experience. Acquisitions can also divert Management's attention from other business concerns. We have made and may make additional investments in companies in which we own less than a 100% interest. Such investments involve additional risks, including the risk that we may not be in a position to control the management or policies of such entities, and the risk of potential conflicts with other investors.

Accordingly, there can be no assurance that any acquisitions or investments that we have made, or may make in the future, will result in any return, or as to the timing of any return. All of our acquisitions of Internet companies have been written off during 2000 and 2001. In addition, we elected to discontinue the operations of MicroNet, which we acquired in 1998. It is possible that we could lose all or a substantial portion of any future investments.

Our Operating Results Are Subject to Quarterly Fluctuations

Our sales and results of operations are generally subject to quarterly and annual fluctuations. Various factors affect our operating results, some of which are not within our control, including:

customer ordering patterns;

availability and market acceptance of new products and services;

timing of significant orders and new product announcements;

order cancellations;

receipt of royalty income;

the amount and timing of capital expenditures and other costs relating to our operations;

the availability of critical raw materials and inventory subassembly components from our suppliers; and

general economic and industry conditions.

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Results of a given quarter or year may not necessarily be indicative of results to be expected for future periods. In addition, fluctuations in operating results may negatively affect our debt service coverage, or our ability to issue debt or equity securities should we wish to do so, in any given fiscal period. Material fluctuations in our operating results in future periods could have a material adverse effect on the price of the Class A Common Stock.

Seasonal Customer Ordering Patterns May Affect Our Business

A substantial portion of our backlog at a given time is normally shipped within one or two quarters thereafter. Therefore, sales in any quarter are heavily dependent on orders received in that quarter and the immediately preceding quarter.

We May be Unable to Respond to Rapid Technological Change and the Need to Develop New Products

All the industries and markets, from which we derive or expect to derive revenues, directly or through our licensing program, are characterized by continual technological change and the need to introduce new products, product upgrades and patentable technology. This has required, and will continue to require, that we spend substantial amounts for the research, development and engineering of new products and advances to existing products. We cannot assure you that our existing products, technologies and services will not become obsolete or that any new products, technologies or services will win commercial acceptance. Obsolescence of existing product lines, or inability to develop and introduce new products and services, could have a material adverse effect on our sales and results of operations in the future. The development and introduction of new technologies, products and services are subject to inherent technical and market risks, and there can be no assurance that we will be successful in this regard. Our expenditures for research and development have been declining in recent years, which is likely to have a long-term adverse effect on our ability to maintain a significant portfolio of patented technologies. In addition, further reductions in our research and development programs could adversely affect our ability to remain competitive.

We Encounter Significant Competition in All of Our Businesses

Data Systems encounters significant competition in all the markets for its products and services. Many of its competitors have greater resources and access to capital than us. In the mass data storage market, Data Systems competes with a number of well-established competitors such as IBM Corporation, Storage Technology Corporation, Sony Corporation and ADIC, as well as smaller companies. In addition, other manufacturers of scanning video recorders may seek to enter the mass data storage market in competition with us. In addition, price declines in competitive storage systems, such as magnetic or optical disk drives, can negatively impact sales of Data Systems' tape-based DST products.

In the instrumentation market, Data Systems competes primarily with companies that depend on government contracts for a major portion of their sales in this market, including Calculex, L-3 Communications Corporation and Sypris Solutions, Inc. The number of competitors in this market has decreased in recent years as the level of government spending in many areas has declined.

We Are Dependent on Certain Suppliers

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Data Systems purchases certain components from a single domestic or foreign manufacturer. Significant delays in deliveries or defects in such components could adversely affect our manufacturing operations, pending qualification of an alternative supplier. In addition, we produce highly engineered products in relatively small quantities. As a result, our ability to cause suppliers to continue production of certain products on which we depend may be limited. We do not generally enter into long-term raw materials or components supply contracts.

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We Are Subject to Certain Risks Related to Our International Operations

Although we significantly curtailed Data Systems' international operations in prior years, sales to foreign customers (including U.S. export sales) continue to be significant to our results of operations. International operations are subject to a number of special risks, including limitations on repatriation of earnings, restrictive actions by local governments, and nationalization. Additionally, export sales are subject to export regulation and restrictions imposed by U.S. government agencies. Fluctuations in the value of foreign currencies can affect our results of operations. We do not normally seek to mitigate our exposure to exchange rate fluctuations by hedging our foreign currency positions.

We Are Dependent on Certain Key Personnel

We are highly dependent on our Management. Our success depends upon the availability and performance of our executive officers and directors. We have not entered into employment agreements with any of our key employees, and the loss of their services could have a material adverse effect on us. We do not maintain key man life insurance on any of these individuals.

Our Charter Documents and Certain of Our Governing Instruments May Prevent a Takeover

Our Certificate of Incorporation provides for a classified Board of Directors, with members of each class elected for a three-year term. It also provides for nullification of voting rights of certain foreign stockholders in certain circumstances involving possible violations of security regulations of the United States Department of Defense.

The indenture governing our outstanding Senior Notes requires us to offer to repurchase the Senior Notes at a purchase price equal to 101% of the outstanding principal amount thereof together with accrued and unpaid interest in the event of a change of control. Under the indenture, a change of control includes the following events: a person or group of people acting together acquires 50% or more of our outstanding voting stock; or the transfer of substantially all of our assets to any such person or group, other than to certain of our subsidiaries and affiliates.

The Note Purchase Agreement governing our outstanding Senior Discount Notes requires us to repay such notes in full upon the occurrence of a change of control. Under the agreement, a change of control includes, among other things: any person or group becomes the beneficial owner of more than 50% of our outstanding voting stock, or any merger or consolidation of Ampex with or into any other entity. The agreement also requires us to repay the notes if we sell Data Systems or sell its Colorado Springs, CO manufacturing facility.

These provisions could have anti-takeover effects by making an acquisition of us by a third party more difficult or expensive in certain circumstances.

We do not Expect to Pay Dividends on Our Common Stock

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We have not declared dividends on our Common Stock since our incorporation in 1992 and we have no present intention of paying dividends on our Common Stock. We are also restricted by the terms of certain debt and other agreements as to the declaration of dividends.

We Are Dependent on Licensed Patents and Proprietary Technology

Our success depends, in part, upon our ability to establish and maintain the proprietary nature of our technology through the patent process. There can be no assurance that one or more of our patents will not be successfully challenged, invalidated or circumvented or that we will otherwise be able to rely on such patents for any reason. In addition, our competitors, many of whom have substantial resources and have made

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substantial investments in competing technologies, may seek to apply for and obtain patents that restrict our ability to make, use and sell our products either in the United States or in foreign markets. If any of our patents are successfully challenged, invalidated or circumvented or our right or ability to manufacture our products becomes restricted, our ability to continue to manufacture and market our products could be adversely affected, which would likely have a material adverse effect upon our business, financial condition and results of operations.

Litigation may be necessary to enforce our patents, to protect trade secrets or know-how owned by us or to determine the enforceability, scope and validity of the proprietary rights of others. Any litigation or interference proceedings brought against, initiated by, or otherwise involving us, may require us to incur substantial legal and other fees and expenses and may require some of our employees to devote all or a substantial portion of their time to the prosecution or defense of such litigation or proceedings.

We Are Subject to Environmental Regulation and Our Business Could be Negatively Affected by the Costs of Compliance

Our facilities are subject to numerous federal, state and local laws and regulations designed to protect the environment from waste emissions and hazardous substances. Owners and occupiers of sites containing hazardous substances, as well as generators and transporters of hazardous substances, are subject to broad liability under various federal and state environmental laws and regulations, including liability for investigative and cleanup costs and damages arising out of past disposal activities. We have been named from time to time as a potentially responsible party by the United States Environmental Protection Agency with respect to contaminated sites that have been designated as Superfund sites, and are currently engaged in various environmental investigation, remediation and/or monitoring activities at several sites located off our facilities. There can be no assurance we will not ultimately incur a liability in excess of amounts currently reserved for pending environmental matters, or that additional liabilities with respect to environmental matters will not be asserted. In addition, changes in environmental regulations could impose the need for additional capital equipment or other requirements. Such liabilities or regulations could have a material adverse effect on us in the future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have an investment in a limited partnership that holds shares in a publicly-held British promotional products company, and which we account for under the equity method. During the quarter ended March 31, 2004, the limited partnership sold 62.4% of its holdings. See Note 11 of Notes to Unaudited Consolidated Financial Statements. There has been no other material change to the disclosure made in the 2003 Form 10-K/A.

ITEM 4. CONTROLS AND PROCEDURES

This item 4 has been restated to correct the accounting for our obligations under the Media pension plan in accordance with SFAS No. 87, Employers Accounting for Pensions.

Management's Report on Assessment of Internal Control Over Financial Reporting

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Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined under Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934, as amended. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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A material weakness is a control deficiency (within the meaning of PCAOB Auditing Standard No. 2), or combination of control deficiencies, that results in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by employees in the normal course of their assigned functions. As of March 31, 2004 we did not maintain effective controls over the application of generally accepted accounting principles related to the complex non-routine pension obligations of a disposed subsidiary sold in 1995.

This control deficiency resulted in the following adjustments of our financial statements.

On February 18, 2005, the Audit Committee of the Board of Directors of Ampex Corporation concluded that the previously issued financial statements contained in our Annual Report on Form 10-K as of December 31, 2003 and December 31, 2002 and for each of the years in the three year period ended December 31, 2003, as well as our interim financial statements contained on Form 10-Q as of and for the periods ending March 31, 2004, June 30, 2004 and September 30, 2004, should no longer be relied upon because of errors in those financial statements. These errors relate to how we accounted for our obligations with respect to a pension plan of our former magnetic tape manufacturing subsidiary (Media), which we sold in 1995. These errors are the subject of recent communications with the Office of the Chief Accountant of the Securities and Exchange Commission (the SEC), after which we revised our views with respect to the appropriate accounting for the Media pension plan.

We have restated our financial statements in this Form 10-Q/A as of March 31, 2004 and December 31, 2003 and for the three months ended March 31, 2004 and 2003 to correct the accounting for our obligations under a pension plan of Media which we disposed of in 1995.

The agreement for the sale of Media required the buyer, Quantegy Corporation, to pay directly or to reimburse us for required contributions to the Media pension plan. However, we remained the Plan Sponsor of the Media pension plan and we are obligated to make pension contributions to that Plan.

The ineffective control over the application of generally accepted accounting principles in relation to complex, non-routine transactions in the financial reporting process could result in a material misstatement to the annual or interim financial statements that would not be prevented or detected. As a result, management has determined that this control deficiency constituted a material weakness, as defined by the PCAOB as of March 31, 2004. Management communicated its conclusions to the Audit Committee of the Company's Board of Directors.

Changes in Internal Control Over Financial Reporting

Our management has identified the steps necessary to address the material weakness described above, as follows:

Engaging outside contractors with technical accounting expertise, as needed, and reorganizing the accounting and finance department to ensure that accounting personnel with adequate experience, skills and knowledge relating to complex, non-routine transactions are directly involved in the review and accounting evaluation of our complex, non-routine transactions;

Involving both internal accounting personnel and outside contractors with technical accounting expertise, as needed, early in the evaluation of complex, non-routine transactions to obtain additional guidance as to the application of generally accepted accounting principles to such transactions;

Documenting to standards established by senior accounting personnel and the principal accounting officer the review, analysis and related conclusions with respect to complex, non-routine transactions; and

Requiring senior accounting personnel and the principal accounting officer to review complex, non-routine transactions to evaluate and approve the accounting treatment for such transactions.

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We began to execute the remediation plans identified above in the first quarter of 2005.

We have also implemented policies and procedures to assure adequate and timely involvement of outside accounting contractors, as needed; to obtain guidance as to the application of generally accepted accounting principles to complex, non-routine transactions. We believe that these corrective actions, taken as a whole, have mitigated the control deficiencies with respect to our preparation of our 2004 Annual Report on Form 10-K and that these measures have been effective to ensure that information required to be disclosed in the 2004 Form 10-K has been recorded, processed, summarized and reported correctly. We are in the process of developing procedures for the testing of these controls to determine if the material weakness has been remediated and expect that testing of these controls will be substantially completed by the end of our fiscal second quarter of 2005. We will continue the implementation of policies, processes and procedures regarding the review of complex, non-routine transactions. Management believes that our controls and procedures will continue to improve as a result of the further implementation of these measures.

In designing and evaluating the disclosure controls and procedures, Management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and Management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

There were no changes in our internal control over financial reporting identified in the evaluation described above that occurred during our last fiscal quarter that have during the three months ended March 31, 2004 materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Evaluation of Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chairman and Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on that evaluation, our Chairman and Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were ineffective as of March 31, 2004 because of the material weakness identified above.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are a party to routine litigation incidental to our business. In the opinion of Management, no such current or pending lawsuits, either individually or in the aggregate, are likely to have a material adverse effect on our financial condition, results of operations or cash flows.

Our facilities are subject to numerous federal, state and local laws and regulations designed to protect the environment from waste emissions and hazardous substances. We are also subject to the federal Occupational Safety and Health Act and other laws and regulations affecting the safety

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and health of employees in its facilities. Management believes that we are generally in compliance in all material respects with all applicable environmental and occupational safety laws and regulations or have plans to bring operations into compliance. Management does not anticipate that capital expenditures for pollution control equipment for fiscal 2004 or 2005 will be material.

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Owners and occupiers of sites containing hazardous substances, as well as generators and transporters of hazardous substances, are subject to broad liability under various federal and state environmental laws and regulations, including liability for investigative and cleanup costs and damages arising out of past disposal activities. We are engaged in a total of seven environmental investigations, remediation and/or monitoring activities at sites located off our facilities, including the removal of solvent contamination from subsurface aquifers at a site in Sunnyvale, California. Some of these activities involve the participation of state and local government agencies. We have been named as a potentially responsible party by the United States Environmental Protection Agency with respect to five contaminated sites that have been designated as Superfund sites on the National Priorities List under the Comprehensive Environmental Response, Compensation and Liability Act of 1980. Five sites (including four Superfund sites) are associated with the operations of the Media subsidiaries formerly owned by us. Although we sold Media in November 1995, we may have continuing liability with respect to environmental contamination at these sites if Media fails to discharge its responsibilities with respect to such sites. In October 2003, the California Regional Water Quality Control Board issued us a letter, which rescinds continued cleanup requirements for the Sunnyvale, California site, allowing us to shut down and remove all remediation equipment and substantially reduce any further obligation. During 2003, we spent a total of approximately \$0.1 million in connection with environmental investigation, remediation and monitoring activities and we expect to spend a similar amount in fiscal 2004 for such activities.

Because of the inherent uncertainty as to various aspects of environmental matters, including the extent of environmental damage, the most desirable remediation techniques and the time period during which cleanup costs may be incurred, it is not possible for us to estimate with any degree of certainty the ultimate costs that we may incur with respect to the currently pending environmental matters referred to above. Nevertheless, at March 31, 2004, we had an accrued liability of \$0.4 million for pending environmental liabilities associated with the Sunnyvale site and certain other sites currently owned or leased by us. We have not accrued any liability for contingent liabilities we may incur with respect to former Media sites discussed above. Based on facts currently known to Management, they believe we have no contingent liability in connection with such pending matters, either individually, or in the aggregate, that are material to our financial condition or cash flow or results of operations or material to investors.

While we believe that we are generally in compliance with all applicable environmental laws and regulations or have plans to bring operations into compliance, it is possible that we will be named as a potentially responsible party in the future with respect to additional Superfund or other sites. Furthermore, because we conduct our business in foreign countries as well as in the U.S., it is not possible to predict the effect that future domestic or foreign regulation could have on our business, operating results, financial condition or cash flow. There can be no assurance that we will not ultimately incur liability in excess of amounts currently reserved for pending environmental matters, or that additional liabilities with respect to environmental matters will not be asserted. In addition, changes in environmental regulations could impose the need for additional capital equipment or other requirements. Such liabilities or regulations could have a material adverse effect on us in the future.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Ampex did not sell any securities during the first fiscal quarter of 2004 that were not registered under the Securities Act of 1933.

ISSUER PURCHASES OF EQUITY SECURITIES

<u>Period</u>	<u>Total</u>	<u>Average Price</u>	<u>Total Number of</u>	<u>Maximum Number</u>
	<u>Number of Shares</u>	<u>Paid per Share</u>	<u>Shares Purchased as</u>	<u>of Shares that May</u>
	<u>Purchased</u>		<u>Part of Publicly</u>	<u>Yet Be Purchased</u>
			<u>Announced Plans</u>	<u>Under the Plans or</u>
			<u>or Programs</u>	<u>Programs</u>

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January 1-31, 2004				
February 1-29, 2004				
March 1-31, 2004	85,500 ⁽¹⁾	\$	1.80	
	<hr/>	<hr/>	<hr/>	<hr/>
Total	85,500	\$	1.80	
	<hr/>	<hr/>	<hr/>	<hr/>

- (1) On March 17, 2004, Ampex foreclosed on two promissory notes previously issued to Ampex by First Jeffson Corporation (FJC), an affiliated corporation controlled by our CEO, Edward J. Bramson. In connection with the foreclosure, Ampex acquired 85,500 shares of Class A Common Stock, with a market value of \$1.80 per share, and \$12,600 in cash, all of which represented substantially all of FJC s assets.

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ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 5. OTHER INFORMATION

There were no matters required to be disclosed in a current report on Form 8-K during the fiscal quarter covered by this report that were not so disclosed.

There were no material changes to the procedures by which security holders may recommend nominees to the Company's Board of Directors that were implemented since Ampex last provided such disclosure in its 2004 Proxy Statement, dated April 29, 2004.

ITEM 6(a). EXHIBITS

The Exhibits filed with this Report are listed in the Exhibit Index included elsewhere herein and which is hereby incorporated by reference in this Item 6(a).

ITEM 6(b). REPORTS ON FORM 8-K

During our fiscal quarter ended March 31, 2004, we filed the following reports on Form 8-K:

- (i) Current Report on Form 8-K dated April 1, 2004, attaching our earnings release for the year ended December 31, 2003, including related financial statements, under Items 7 and 12.

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SIGNATURES

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

Date: April 15, 2005

AMPEX CORPORATION

/s/ EDWARD J. BRAMSON

Edward J. Bramson
Chairman and Chief Executive Officer

Date: April 15, 2005

/s/ CRAIG L. McKIBBEN

Craig L. McKibben
Vice President, Chief Financial Officer and Treasurer

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AMPEX CORPORATION

FORM 10-Q/A FOR THE QUARTER ENDED

March 31, 2004

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Description</u>
31.1	Chief Executive Officer certification pursuant to Rules 13a 14(a) and 15d 14(a) of the Exchange Act.
31.2	Chief Financial Officer certification pursuant to Rules 13a 14(a) and 15d 14(a) of the Exchange Act.
32.1	Chief Executive Officer and Chief Financial Officer certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.