

DST SYSTEMS INC
Form SC 13D/A
March 25, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 9)*

DST SYSTEMS, INC.
(Name of Issuer)

COMMON STOCK
(Title of Class of Securities)

233326107
(CUSIP Number)

Julia A. Argyros

c/o Arnel Development Company

949 South Coast Drive, Suite 600

Costa Mesa, California 92626

Tel. No.: (714) 481-5000

**(Name, Address and Telephone Number of
Person Authorized to Receive Notices
and Communications)**

with a copy to:

John M. Williams, Esq.

Gibson, Dunn & Crutcher LLP

3161 Michelson Drive

Tel. No.: (949) 451-3923

Irvine, California 92612

**(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)**

**March 23, 2014
(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.

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).

Name of Reporting Person Identification Nos. of above persons (entities only):

1.

George Inapplicable.

Check the Appropriate Box if a Member of a Group (See Instructions):

2. (a) " (b) "

SEC Use Only:

3.

Source of Funds (See Instructions):

4.

OO

Check if Disclosure of Legal Proceedings Is Required Pursuant to Items

5. 2(d) or 2(e): "

Citizenship or Place of Organization:

6.

United States

Number of 7. Sole Voting Power:

Shares

Beneficially 900

Owned by

Each

Reporting

Person

With

Shared Voting Power:

8.

355,731

Sole Dispositive Power:

9.

900

Shared Dispositive Power:

10.

355,731

Aggregate Amount Beneficially Owned by Each Reporting Person:

11.

356,631

Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions):

12.

Percent of Class Represented by Amount in Row (11):

13.

0.85% ⁽¹⁾

Type of Reporting Person (See Instructions):

14.

IN

⁽¹⁾ Based upon 41,867,584 shares of common stock outstanding on January 31, 2014, as reported in the Issuer's Annual Report on Form 10-K filed on February 27, 2014.

Name of Reporting Person:
I.R.S. Identification Nos. of above persons (entities only):

1.

Julia Inapplicable.
A. Argyros

Check the Appropriate Box if a Member of a Group (See Instructions):

2. (a) " (b) "

SEC Use Only:

3.

Source of Funds (See Instructions):

4.

OO
Check if Disclosure of Legal Proceedings Is Required Pursuant to Items
2(d) or 2(e): "

5.

Citizenship or Place of Organization:

6.

United States

Number of

Shares

Beneficially

Sole Voting Power:

Owned by

7.

Each

8,847,570

Reporting

Person

With

8. Shared Voting Power:

355,731

Sole Dispositive Power:

9.

8,847,570

Shared Dispositive Power:

10.

355,731

Aggregate Amount Beneficially Owned by Each Reporting Person:

11.

9,203,301

Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions):

12.

Percent of Class Represented by Amount in Row (11):

13.

21.98% ⁽¹⁾

Type of Reporting Person (See Instructions):

14.

IN

⁽¹⁾ Based upon 41,867,584 shares of common stock outstanding on January 31, 2014, as reported in the Issuer's Annual Report on Form 10-K filed on February 27, 2014.

Item 1. Security and Issuer

This Amendment No. 9 (“Amendment 9”) updates and supplements the statement on Schedule 13D filed by Julia A. Argyros and George L. Argyros with the Securities and Exchange Commission on December 21, 1998, as amended by Amendment No. 1 thereto, dated March 18, 2004, by Amendment No. 2 thereto, dated May 11, 2010, by Amendment No. 3 thereto, dated November 21, 2011, by Amendment No. 4 thereto, dated February 6, 2012, by Amendment No. 5 thereto, dated January 22, 2013, by Amendment No. 6 thereto, dated November 1, 2013, by Amendment No. 7 thereto, dated February 3, 2014, and by Amendment No. 8 thereto, dated February 12, 2014, with respect to the Common Stock, par value \$0.01 per share (the “Common Stock”), of DST Systems, Inc., a Delaware corporation (the “Issuer”) having its principal executive offices at 333 West 11th Street, Fifth Floor, Kansas City, Missouri 64105.

This Amendment No. 9 is being filed primarily to update the Reporting Persons’ disclosures under Items 4, 6 and 7 with respect to entry into a settlement agreement with the Issuer.

Identity and Background

Item 2.

(a)-(f) of Item 2 is hereby amended as follows:

(a) This Schedule 13D is filed on behalf of Julia A. Argyros and her spouse George L. Argyros (collectively, the “Reporting Persons”).

(b) The business address of the Reporting Persons is c/o Arnel Development Company, 949 South Coast Drive, Suite 600, Costa Mesa, California 92626.

(c) Julia A. Argyros’ present principal occupation is Chair of the Board and Chief Executive Officer of Arnel and Affiliates. George L. Argyros is retired and serves as the Chairman of the Argyros Family Foundation.

(d) Neither of the Reporting Persons has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) during the last five years.

(e) None of the Reporting Persons has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which either of the Reporting Persons 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 during the last five years.

(f) Each Reporting Person is a citizen of the United States of America.

Item 3. Source and Amount of Funds or Other Consideration

All of the Common Stock reported as beneficially owned by the Reporting Persons was acquired by the Reporting Persons and affiliated entities of the Reporting Persons either:

- pursuant to the merger of USCS International, Inc. into a wholly owned subsidiary of the Issuer in a stock-for-stock transaction on December 21, 1998;
- as annual grants of Common Stock from the Issuer in consideration of George L. Argyros' prior service on the Issuer's Board of Directors (the "Board");
- upon exercise of options to purchase the Common Stock by payment of the exercise price in cash from personal funds; or
- in open market purchases using personal funds.

Item 4. Purpose of Transaction

The information under this Item 4 is hereby amended and supplemented to add the following text:

On March 23, 2014, the Issuer entered into an agreement (the "Settlement Agreement") with Julia A. Argyros, the Argyros Family Trust, GLA Financial Corporation, and HBI Financial, Inc. (collectively, the "Argyros Members") in connection with the Issuer's 2014 annual meeting of shareholders (the "Annual Meeting").

The Settlement Agreement provides that: (1) the Issuer and the Argyros Members will take all necessary actions to nominate John W. Clark and Lynn Dorsey Bleil (the "Nominees") for election to the Issuer's board of directors at the Annual Meeting; (2) the parties will also take all other actions necessary to implement the election of the Nominees; (3) the Argyros Members will withdraw their notice of director nominations and shareholder proposals for the Annual Meeting; and (4) the Argyros Members will support the Issuer's recommendations regarding voting for the shareholder proposals that will be considered at the Annual Meeting.

The Settlement Agreement also provides that the parties will negotiate in good faith a definitive agreement pursuant to which: (1) the Issuer would collaborate with the Argyros Members to facilitate a registered, secondary offering of

\$450 million (before any overallotment option) of the Issuer's Common Stock beneficially owned by the Argyros Members (the "Offering"); (2) concurrent with the closing of the Offering, the Issuer would purchase \$200 million of the Issuer's Common Stock beneficially owned by the Argyros Members (the "Repurchase"); (3) in the event that the Argyros Members have not consummated the Offering within nine months following execution of the definitive agreement and the Issuer has complied with its obligations to the Argyros Members, the Issuer would no longer have any obligation to facilitate the Offering or the Repurchase; (4) the Argyros Members would agree to certain standstill provisions; and (5) Brent L. Law would resign from the Issuer's board of directors under certain agreed upon circumstances, including the consummation of the Repurchase.

The foregoing description of the Settlement Agreement is qualified in its entirety by reference to the full text of the Settlement Agreement, which is attached as Exhibit 99.1 hereto and incorporated herein by reference.

Other than as described in the preceding paragraphs, the Reporting Persons have no present plans or proposals that relate to or would result in any of the matters referred to in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer

(a) George L. Argyros beneficially owns 356,631 shares of Common Stock of the Issuer, which represents approximately 0.85% of the outstanding shares of Common Stock of the Issuer and Julia A. Argyros beneficially owns 9,203,301 shares of Common Stock of the Issuer, which represents approximately 21.98% of the outstanding shares of Common Stock of the Issuer (based on the 41,867,584 shares of Common Stock outstanding on January 31, 2014, as reported in the Issuer's Annual Report on Form 10-K for the fiscal year ending on December 31, 2013).

Of the 356,631 shares beneficially owned by George L. Argyros, (i) 355,731 shares are held by the Argyros Family Foundation, of which George L. Argyros is the Chairman, (ii) 450 shares are held by the Lenore Trigonis Trust Established under the Leon and Olga Argyros 1986 Trust, of which George L. Argyros is the trustee, and (iii) 450 shares are held by the Selia Poulos Trust Established under the Leon and Olga Argyros 1986 Trust, of which George L. Argyros is the trustee. George L. Argyros has no pecuniary interest in shares held by the Argyros Family Foundation, which is a charitable foundation. George L. Argyros disclaims beneficial ownership of the shares held by the Argyros Family Foundation, the Lenore Trigonis Trust Established under the Leon and Olga Argyros 1986 Trust and the Selia Poulos Trust Established under the Leon and Olga Argyros 1986 Trust.

Of the 9,203,301 shares beneficially owned by Julia A. Argyros, (i) 4,715,384 shares are held by the Argyros Family Trust, of which Julia A. Argyros is the sole trustee, (ii) 4,130,500 shares are held by HBI Financial, Inc., for which Julia A. Argyros is the Chief Executive Officer and the Argyros Family Trust is the sole shareholder, (iii) 1,686 shares are held by GLA Financial Corporation, of which the Argyros Family Trust is the sole shareholder, and (iv) 355,731 shares are held by the Argyros Family Foundation, of which Julia A. Argyros is the President and Chief Executive Officer. Julia A. Argyros has no pecuniary interest in shares held by the Argyros Family Foundation, which is a charitable foundation, and disclaims beneficial ownership of the shares held by the Argyros Family Foundation.

(b) Number of shares as to which George L. Argyros has:

1. Sole power to vote or direct the vote: 900
2. Shared power to vote or direct the vote: 355,731
3. Sole power to dispose or direct the disposition: 900
4. Shared power to dispose or direct the disposition: 355,731

Number of shares as to which Julia A. Argyros has:

1. Sole power to vote or direct the vote: 8,847,570
2. Shared power to vote or direct the vote: 355,731
3. Sole power to dispose or direct the disposition: 8,847,570
4. Shared power to dispose or direct the disposition: 355,731

(c) During the past 60 days, the Reporting Persons have not engaged in any transactions in the Common Stock of the Issuer.

(d) All of the shares beneficially owned by the Reporting Persons are owned by family trusts in which Julia A. Argyros or George L. Argyros is the sole trustee, corporations in which the Argyros Family Trust is the sole shareholder, or the Argyros Family Foundation of which George L. Argyros is the Chairman and Julia A. Argyros is the President and Chief Executive Officer. In each case, the Reporting Persons have the sole or shared power to vote and dispose of the shares of Common Stock as indicated above.

(e) Not applicable.

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

On March 23, 2014, the Argyros Members and the Issuer entered into the Settlement Agreement, defined and described in Item 4 above. The description of the Settlement Agreement above is incorporated herein by reference and similarly qualified in its entirety by reference to the full text of the Settlement Agreement, which is attached as Exhibit 99.1 hereto.

Item 7. Material to be Filed as Exhibits

Exhibit 99.1 Settlement Agreement, dated March 23, 2014, by and among the Argyros Members and the Issuer.

Exhibit 99.2 Joint Filing Agreement, dated November 1, 2013 (previously filed as Exhibit 99.2 to Amendment 6 on November 1, 2013).

SIGNATURE

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: March 23, 2014

/s/ Julia A. Argyros
Julia A. Argyros as attorney-in-fact for George L. Argyros *

/s/ Julia A. Argyros
Julia A. Argyros

* Julia A. Argyros, by her signature, executes this Schedule 13D on behalf of George L. Argyros pursuant to a Joint Filing Agreement previously filed with the SEC as Exhibit 99.2 to Amendment 6 on November 1, 2013.

INDEX TO EXHIBITS

Exhibit No. Description

Exhibit 99.1 Settlement Agreement, dated March 23, 2014, by and among the Argyros Members and the Issuer.