

ESW Capital, LLC
 Form 4
 October 12, 2018

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 ESW Capital, LLC

2. Issuer Name and Ticker or Trading Symbol
 FALCONSTOR SOFTWARE INC
 [FALC]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 401 CONGRESS AVE., SUITE
 2650
 (Street)

3. Date of Earliest Transaction
 (Month/Day/Year)
 10/10/2018

____ Director
 ____ Officer (give title below)
 ___X___ 10% Owner
 ____ Other (specify below)

AUSTIN, TX 78701

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 ___ Form filed by One Reporting Person
 ___X___ Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date	7. Title and Am Underlying Sec
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)	
			Code V	(A) (D)	Date Exercisable	Expiration Date	Title
Warrants	\$ 0.001	10/10/2018	P	122,214,132	(1)	02/23/2028	Common Stock
Series A Convertible Preferred Stock	(4)	10/10/2018	P	224,786	(5)	(5)	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ESW Capital, LLC 401 CONGRESS AVE., SUITE 2650 AUSTIN, TX 78701		X		
LIEMANDT JOSEPH 401 CONGRESS AVE., SUITE 2650 AUSTIN, TX 78701		X		

Signatures

/s/ Andrew Price, Chief Financial Officer of ESW Capital, LLC
10/12/2018
Date

__Signature of Reporting Person

/s/ Andrew Price, Attorney-in-Fact for Mr. Joseph Liemandt
10/12/2018
Date

__Signature of Reporting Person

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The warrants reported herein were issued by the Issuer to ESW Capital, LLC ("ESW") in connection with its purchase of 9,990,506 units (each, a "Unit") in a private placement ("Financing"). The warrants are exercisable at any time prior to the expiration date.

(2) The reported securities are included with 9,990,506 Units purchased by the reporting person for \$0.371063 per Unit. Each Unit consists of (a) \$0.10 in Issuer's senior secured debt, (b) warrants to purchase 12.233 shares of the Issuer's common stock, and (c) 0.0225 shares of the Company's Series A Convertible Preferred Stock at a per Unit price of \$0.271063 (subject to certain adjustment).

(3) The reported securities are held directly by ESW. Joseph Liemandt is the sole voting member of ESW and may be deemed to have beneficial ownership, for purposes of Section 13(d) of the Securities Exchange Act of 1934, of the securities held by ESW. Mr. Liemandt disclaims Section 16 beneficial ownership of the securities held by ESW, except to the extent, if any, of his pecuniary interest therein.

(4) Each share of Series A Convertible Preferred Stock (the "Preferred Stock") of the Issuer has a stated value of \$10 (the "Stated Value"). Each share of Preferred Stock is initially convertible into such number of shares of Common Stock determined by dividing the Stated Value by \$1.02488, the initial conversion price of the Preferred Stock. The conversion price of the Preferred Stock is subject to adjustment from time to time in accordance with the terms of the Certificate of Designations of the Preferred Stock, including for accrued

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but unpaid dividends.

- (5) The Preferred Stock is convertible at any time, at the holder's election, into common stock of the Issuer and has no expiration date. The Preferred Stock accrues dividends which may, under circumstances, be paid in shares of Common Stock.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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