

FALCONSTOR SOFTWARE INC
 Form 4
 March 15, 2017

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 *
HALE MARTIN M JR

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)

3. Date of Earliest Transaction
 (Month/Day/Year)
03/13/2017

Director 10% Owner
 Officer (give title below) Other (specify below)
 See Remarks

**C/O HALE CAPITAL
 PARTNERS, 17 STATE STREET,
 SUITE 3230**

(Street)

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

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

NEW YORK, NY 10004

(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 Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount (D) Price | | |
| Common Stock | 03/13/2017 | | A | | 13,019 (1) | A | \$ 0 |
| Common Stock | | | | | 58,094 (2) | D | |
| Common Stock | | | | | 1,450,391 | I | See footnotes (3) (4) |

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

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number.

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Beneficially Owned Following Reported Transaction (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|---|

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------------|
| | Director | 10% Owner | Officer | Other |
| HALE MARTIN M JR C/O HALE CAPITAL PARTNERS 17 STATE STREET, SUITE 3230 NEW YORK, NY 10004 | X | X | | See Remarks |

Signatures

/s/ Martin M.
Hale, Jr. 03/15/2017

**Signature of Reporting Person Date

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) Represents shares of Restricted Stock granted to Martin Hale, Jr. ("MH") under the Issuer's 2016 Outside Directors Equity Compensation Plan in consideration for services performed as a member of the Board of Directors of the Issuer for the fourth quarter of 2016. The shares of Restricted Stock were fully vested on the date of grant.
 - (2) MH holds these shares for the benefit of Hale Capital Partners, LP, a Delaware limited partnership ("HCP"), via HCP-FVA, LLC, a Delaware limited liability company ("HCP-FVA").
 - (3) The shares of Common Stock reported herein are held by HCP and HCP-FVA.
 - (4) MH is the Chief Executive Officer of HCP. MH is also (i) the sole owner and managing member of Hale Fund Partners, LLC, a Delaware limited liability company ("HFP"), the general partner of HCP and (ii) the sole owner and Chief Executive Officer of Hale Fund Management, LLC, a Delaware limited liability company ("HFM"). HFM is (i) the general partner of Hale Capital Management, LP ("HCM"), the manager of HCP and (ii) the manager of HCP-FVA. Each of MH, HFP, HFM and HCM disclaims beneficial ownership of the securities reported herein, except to the extent of his or its pecuniary interest.

Remarks:

MH serves as a director on the board of directors of the Issuer as a representative of HCP-FVA. Accordingly, HCP, HFP, HFM

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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