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BOS BETTER ONLINE SOLUTIONS LTD
Form SC 13D/A
May 07, 2007

SCHEDULE 13D
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS TO BE FILED PURSUANT
TO RULE 13D-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
RULE 13D-2(a)

(Amendment No. 2*)

B.O.S. BETTER ONLINE SOLUTIONS LTD.

(Name of Issuer)

Ordinary

(Title of Class of Securities)

M20115107

(CUSIP Number)

Catalyst Investments L.P.
3 Daniel Frish Street
Tel-Aviv ISRAEL 64731
Telephone: 972 (3) 695-0666

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

April 16, 2007

(Date of Event which Requires Filing of this Statement)

If filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 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 Rule 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 that 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 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).

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1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)

CATALYST INVESTMENTS L.P.

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

(a) [X]
(b) []

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

AF

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d)
OR 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

ISRAEL

	7	SOLE VOTING POWER
		-0-
NUMBER OF	-----	
SHARES	8	SHARED VOTING POWER
BENEFICIALLY		1,882,459
OWNED BY	-----	
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		-0-
PERSON	-----	
WITH	10	SHARED DISPOSITIVE POWER
		1,882,459

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,882,459

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE
INSTRUCTIONS) []

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

21.64%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

CUSIP NO. M20115107

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1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)

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CATALYST FUND L.P.

-
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)
-
- 3 SEC USE ONLY
-
- 4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
WC
-
- 5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d)
OR 2(e)
-
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION
ISRAEL
-
- | | | |
|--|----|--------------------------|
| | 7 | SOLE VOTING POWER |
| | | -0- |
| NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH | 8 | SHARED VOTING POWER |
| | | 941,814 |
| | 9 | SOLE DISPOSITIVE POWER |
| | | -0- |
| | 10 | SHARED DISPOSITIVE POWER |
| | | 941,814 |
-
- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
941,814
-
- 12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE
INSTRUCTIONS)
-
- 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
10.96%
-
- 14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
PN
-

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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SCHEDULE 13D

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-
- 1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)

CATALYST FUND II L.P.
-
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)
-

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3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
WC

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

6 CITIZENSHIP OR PLACE OF ORGANIZATION
ISRAEL

	7	SOLE VOTING POWER
		-0-
NUMBER OF	8	SHARED VOTING POWER
SHARES		653,388
BENEFICIALLY		
OWNED BY		
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		-0-
PERSON		
WITH	10	SHARED DISPOSITIVE POWER
		653,388

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
653,388

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
7.63%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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SCHEDULE 13D

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1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)

CATALYST FUND III L.P.

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

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)
WC

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

6 CITIZENSHIP OR PLACE OF ORGANIZATION
ISRAEL

	7	SOLE VOTING POWER	-0-
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	8	SHARED VOTING POWER	287,257
	9	SOLE DISPOSITIVE POWER	-0-
	10	SHARED DISPOSITIVE POWER	287,257

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
287,257

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
3.37%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

This Amendment No. 2 to Schedule 13D amends certain information set forth in the Schedule 13D filed by Catalyst Investments L.P. ("Catalyst Investments"), Catalyst Fund L.P. ("Catalyst Fund"), Catalyst Fund II L.P. ("Catalyst Fund II") and Catalyst Fund III L.P. ("Catalyst Fund III", and together with Catalyst Investments, Catalyst Fund, Catalyst Fund II, Cukierman & Co. (defined below) and Mr. Cukierman (defined below), collectively referred to as the "Reporting Persons") on May 13, 2003, as previously amended on August 17, 2005 (the "previous 13D") with respect to ownership of the ordinary shares of B.O.S. Better Online Solutions Ltd.

Except as set forth in this Amendment No. 2 (or where otherwise inapplicable), all information included in the previous 13D is incorporated herein by reference. On May 29, 2003, the Company effected a one-for-four reverse stock split. All share numbers herein reflect this reverse stock split.

ITEM 1. SECURITIES AND ISSUER

The class of equity securities to which this statement relates is the ordinary shares nominal value of 4.00 NIS (New Israeli Shekels) ("Ordinary Shares"), of B.O.S. Better Online Solutions Ltd. ("Issuer"), an Israeli corporation, whose principal executive offices are located at 20 Freiman St., Rishon Lezion, 75101, Israel. The Issuer's activities are focused on two segments: (i) Supply-Chain Solutions segment, which provides solutions in the RFID, semiconductors, electronic components, CCD, imaging, networking, telecom and automation fields; and (ii) Software Solutions segment, with products marketed under the BOSaNOVA brand name, that deliver instant and transparent connectivity from IBM iSeries

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computers to personal computers, thin clients and Mobile devices.

ITEM 2. IDENTITY AND BACKGROUND

Catalyst Investments business address is 3 Daniel Frish St. Tel-Aviv Israel 64731. Catalyst Investments is a limited partnership organized and existing under the laws of Israel. The principal business of Catalyst Investments is to act as the sole general partner of Catalyst Fund, Catalyst Fund II and Catalyst Fund III. Cukierman & Co. Investment House Ltd. ("Cukierman & Co.") may be deemed a controlling person of Catalyst Investments, and is (indirectly) controlled by Mr. Edouard Cukierman ("Mr. Cukierman"), the Issuer's Chairman of the Board, and the Chief Executive Officer of the general managing partner of Catalyst Investments.

Catalyst Fund's business address is 3 Daniel Frish St., Tel-Aviv Israel 64731. Catalyst Fund is a limited partnership organized and existing under the laws of Israel. The principal business of Catalyst Fund is making investments. The general partner of Catalyst Fund is Catalyst Investments.

Catalyst Fund II's business address is 3 Daniel Frish St., Tel-Aviv Israel 64731. Catalyst Fund II is a limited partnership organized and existing under the laws of Israel. The principal business of Catalyst Fund II is making investments. The general partner of Catalyst Fund II is Catalyst Investments.

Catalyst Fund III's business address is 3 Daniel Frish St., Tel-Aviv Israel 64731. Catalyst Fund III is a limited partnership organized and existing under the laws of Israel. The principal business of Catalyst Fund III is making investments. The general partner of Catalyst Fund III is Catalyst Investments.

None of the Reporting Persons has been a party to any civil proceeding of a judicial or administrative body of competent jurisdiction resulting in any judgment, decree or final order enjoining them from engaging in 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.

None of the Reporting Persons has been convicted in any criminal proceeding (excluding traffic violations or similar misdemeanors) during the last five years.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

In April 2007, the Reporting Persons purchased 289,786 Ordinary Shares from the Issuer, in consideration for \$724,465, pursuant to the Issuer's Right Offering. The source of funds was the Reporting Persons working capital.

ITEM 4. PURPOSE OF TRANSACTION

The Reporting Persons have acquired the securities for investment purposes in the ordinary course of their business of investing in securities for their own accounts or for one or more accounts over which the Reporting Persons have investment or voting power, respectively.

Each of the Reporting Persons may further purchase, trade, lend, vote, dispose or otherwise deal in the securities at times and in such manner, including in the market or in private transactions, as they deem advisable in pursuit of such investment purposes to benefit from temporary changes in the market price of such securities, including changes resulting from actual or perceived developments in the Issuer's operations, business strategy or

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prospects, management, or from the sale or merger of the Issuer, or its subsidiaries. To evaluate such alternatives, the Reporting Persons will perform ongoing analysis of the Issuer's operations, prospects, business development, management, competitive and strategic position, capital structure, and prevailing market conditions, as well as alternative investment opportunities, and may periodically discuss such matters with the Issuer's management or directors, other shareholders, industry analysts, investment and financing professionals, existing or potential strategic partners, acquirors or competitors, sources of credit or investment banking firms. Such factors, analysis and discussions may result in the Reporting Persons' modifying their ownership of the securities, exchanging information with the Issuer or other persons pursuant to appropriate confidentiality or similar agreements and in compliance with applicable law, or holding discussions with third parties or with management in which the Reporting Persons may suggest or take a position with respect to potential changes in the Issuer's operations, management, board of directors, charter or by-laws, governance or capital structure as a means of enhancing shareholder value. Such matters may relate to one or more of the actions described in this Item 4, including, without limitation, the acquisition of other businesses by the Issuer, disposing of certain assets of the Issuer, election of one or more new directors, merger or sale of the Issuer, or adopting or not adopting, certain types of anti-takeover measures.

The Reporting Persons reserve the right to formulate plans and/or make proposals, and take such actions with respect to their investment in the Issuer, including subject to applicable law, to (i) hold its securities as a passive investor or as an active investor (whether or not as a member of a "group" with other beneficial owners of securities or otherwise), (ii) acquire beneficial ownership of additional securities in the open market, in privately negotiated transactions or otherwise, (iii) dispose of all or part of its holdings of securities, (iv) take other actions which could involve one or more of the types of transactions or have one or more of the results described in Item 4 of this Schedule 13D, or (v) change its intention with respect to any or all of the matters referred to in this Item 4.

Notwithstanding the foregoing, except as discussed above, none of the Reporting Persons have any plans or proposals to effect an extraordinary corporate transaction, such as a merger, reorganization or liquidation involving the Issuer or any of its subsidiaries, cause a sale or transfer of a material amount of the assets of the Issuer or any of its subsidiaries, cause any material change in the present capitalization or dividend policy of the Issuer, cause any other material change in the Issuer's business or corporate structure, cause any changes in the Issuer's charter or bylaws or other actions that may impede the acquisition of control of the Issuer by any person, cause a class of securities of the Issuer to be delisted from a national securities exchange or to cease to be authorized to be quoted on an inter-dealer quotation system of a registered national securities association, cause a class of equity securities of the Issuer to become eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, or take any other action similar to any of those enumerated above.

Two individuals affiliated with the Reporting Persons are currently serving as directors on the Issuer's Board of Directors.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

(a) - (b) Catalyst Fund is the beneficial owner of 838,250 Ordinary Shares of the Issuer and of 103,564 Warrants; such Shares and Warrants represent beneficial ownership of 10.96% of the Ordinary Shares of the Issuer. Catalyst Fund II is the beneficial owner of 581,540 Ordinary Shares of the Issuer and of

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71,848 Warrants; such Shares and Warrants represent beneficial ownership of 7.63% of the Ordinary Shares of the Issuer. Catalyst Fund III is the beneficial owner of 255,669 Ordinary Shares of the Issuer and of 31,587 Warrants; such shares and warrants represent beneficial ownership of 3.37% of the Ordinary Shares of the Issuer.

Catalyst Fund, Catalyst Fund II and Catalyst Fund III invest together, pro rata, in the framework of a venture capital fund, which is managed by Catalyst Investments. The pro-rata allocation among such entities is as follows: Catalyst Fund - 50.57%; Catalyst Fund II - 33.88%; Catalyst Fund III - 15.55%.

Catalyst Investments, in its capacity of being the sole general partner of Catalyst Fund, Catalyst Fund II and Catalyst Fund III, controls and manages Catalyst Fund, Catalyst Fund II and Catalyst Fund III. Accordingly, Catalyst Investments is the beneficial owner of the shares held by Catalyst Fund, Catalyst Fund II and Catalyst Fund III. Catalyst Investments, in its capacity as the general partner of Catalyst Fund, Catalyst Fund II and Catalyst Fund III, has the voting and dispositive power over the shares held by Catalyst Fund, Catalyst Fund II and Catalyst Fund III. Cukierman & Co. Investment House Ltd. may be deemed a controlling person of Catalyst Investments, and is (indirectly) controlled by Mr. Edouard Cukierman, the Issuer's Chairman of the Board, and the Chief Executive Officer of the general managing partner of Catalyst Investments. Mr. Cukierman disclaims beneficial ownership in such shares, except to the extent of his proportionate interest in them as an indirect shareholder in the general partner of Catalyst Investments.

Mr. Edouard Cukierman holds 21,666 Ordinary Shares and options to purchase 248,876 Ordinary Shares of the Issuer. In addition, Mr. Cukierman holds, through a wholly owned company, E.D.I European Development and Investments Ltd. an additional 6,424 ordinary shares of the Issuer. The Reporting Person disclaims beneficial ownership in such Ordinary shares and options.

Catalyst Investments is the registered owner of all 1,675,459 Ordinary Shares and 207,000 Warrants owned by Catalyst Fund, Catalyst Fund II and Catalyst Fund III pursuant to a trust arrangement by and among Catalyst Investments and such beneficial owners. Therefore, Catalyst Investments beneficially owns said Ordinary Shares and Warrants, which represent beneficial ownership of 21.64% of the Issuer's Ordinary Shares.

(c)-(d)-(e) N/A

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SECURITIES OF THE ISSUER

None.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

1. Joint Filing Agreement, dated as of May 15, 2003, by and among Catalyst Investments L.P., Catalyst Fund L.P., Catalyst Fund II L.P. and Catalyst Fund III L.P.*
2. Trust Agreement dated as of January, 2001 by and among Catalyst Investments L.P., Catalyst Fund L.P., Catalyst Fund II L.P. and Catalyst Fund III L.P. *

* Incorporated by reference to the Schedule 13D filed by the Reporting Persons

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on May 19, 2003.

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: May 7, 2007

CATALYST INVESTMENTS L.P.
By its General Partner, Catalyst Venture Capital Ltd.

/s/ Edouard Cukierman /s/ Avishai Gluck

By: Edouard Cukierman and Avishai Gluck

CATALYST FUND L.P.
By its General Partner, Catalyst Investments L.P.
By its General Partner, Catalyst Venture Capital Ltd.

/s/ Edouard Cukierman /s/ Avishai Gluck

By: Edouard Cukierman and Avishai Gluck

CATALYST FUND II L.P.
By its General Partner, Catalyst Investments L.P.
By its General Partner, Catalyst Venture Capital Ltd.

/s/ Edouard Cukierman /s/ Avishai Gluck

By: Edouard Cukierman and Avishai Gluck

CATALYST FUND III L.P.
By its General Partner, Catalyst Investments L.P.
By its General Partner, Catalyst Venture Capital Ltd.

/s/ Edouard Cukierman /s/ Avishai Gluck

By: Edouard Cukierman and Avishai Gluck