

ION NETWORKS INC
Form SC 13D/A
March 09, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 13D
Under the Securities Exchange Act of 1934
(Amendment No. 5)

Ion Networks, Inc.

(Name of Issuer)

Common Stock,
(Title of Class of Securities)

46205P100
(CUSIP Number)

with a copy to:

Austin W. Marxe Allen B. Levithan, Esq.
527 Madison Avenue, Suite 2600 Lowenstein Sandler PC
New York, New York 10022 65 Livingston Avenue
 Roseland, New Jersey 07068
 (973) 597-2424

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

February 28, 2007
(Date of Event which Requires Filing of this Statement)
* Amending percentages owned.

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 section 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 section 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).

Cusip No. 46205P100
1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only):

Austin W. Marxe and David M. Greenhouse

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2. Check the Appropriate Box if a Member of a Group (See Instructions):
(a) [] Not Applicable
(b) []
3. SEC Use Only
4. Source of Funds (See Instructions): 00
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to
Items 2(d) or 2(e):
Not Applicable
6. Citizenship or Place of Organization: United States
- | | | | |
|---------------------|-----|---------------------------|-------------|
| Number of | 7. | Sole Voting Power: | 0* |
| Shares Beneficially | 8. | Shared Voting Power: | 11,258,068* |
| Owned by | | | |
| Each Reporting | 9. | Sole Dispositive Power: | 0* |
| Person With | 10. | Shared Dispositive Power: | 11,258,068* |
11. Aggregate Amount Beneficially Owned by Each Reporting Person:
11,258,068*
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares
(See Instructions): Not Applicable
13. Percent of Class Represented by Amount in Row (11): 34.3% *
14. Type of Reporting Person (See Instructions): IA, IN

* This is a joint filing by Austin W. Marxe (?Marxe?) and David M. Greenhouse (?Greenhouse?). Marxe and Greenhouse share sole voting and investment power over 1,929,971 shares of Common Stock owned by Special Situations Cayman Fund, L.P., 1,213,957 shares of Common Stock owned by Special Situations Fund III, L.P., 5,052,040 shares of Common Stock owned by Special Situations Fund III QP, L.P., 2,084,729 shares of Common Stock owned by Special Situations Private Equity Fund, L.P., 153,901 shares of Common Stock owned by Special Situations Technology Fund, L.P. and 823,470 shares of common stock owned by Special Situations Technology Fund II, L.P. See Items 2 and 5 of this Schedule 13D for additional information.

Item 1. Security and Issuer.

This schedule related to the Common Stock of ION Networks, Inc. (the ?Issuer?). The Issuer?s principal executive officers are located at 120 Corporate Blvd., S. Plainfield, NJ 07080

Item 2. Identity and Background.

The persons filing this report are Austin W. Marxe (?Marxe?) and David M. Greenhouse (?Greenhouse?), who are the controlling principals of AWM Investment Company, Inc. (?AWM?), the general partner of and investment adviser to Special Situations Cayman Fund, L.P. (?Cayman?). AWM also serves as the general partner of MGP Advisers Limited Partnership (?MGP?), the general partner of and investment adviser to Special Situations Fund III, L.P. (?SSF3?) and general partner of Special Situations Fund III QP, L.P. (SSFQP). Marxe and Greenhouse are also members of MG Advisers L.L.C. (?MG?), the general partner of Special Situations Private Equity Fund, L.P. (?SSPE?), and members of SST Advisers, L.L.C. (?SSTA?), the general partner of Special Situations Technology Fund, L.P. (?Technology?) and Special Situations Technology Fund II, L.P. (?Tech II?). AWM serves as the investment adviser to SSFQP,

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SSPE, Technology, and Tech II. (SSF3, SSFQP, Cayman, SSPE, Technology and Tech II will hereafter be referred to as, the "Funds").

The principal office and business address of the Reporting Persons, is 527 Madison Avenue, Suite 2600, New York NY 10022.

The principal business of each Fund is to invest in equity and equity-related securities and other securities of any kind or nature.

Mr. Marxe and Mr. Greenhouse have never been convicted in any criminal proceeding (excluding traffic violations or similar misdemeanors), nor have either of them been a party to any civil proceeding commenced before a judicial or administrative body of competent jurisdiction as a result of which he was or is now 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. Mr. Marxe and Mr. Greenhouse are citizens of the United States.

Item 3. Source and Amount of Funds or Other Consideration.

Each Fund utilized its own available net assets to purchase the securities referred to in this Schedule.

Item 4. Purpose of Transaction.

The securities referred to in this Schedule have been acquired by each of the Funds for investment purposes and not with the purpose or effect of changing or influencing control of the Issuer. Each Fund acquired the securities in the ordinary course of business and is holding the securities for the benefit of its investors.

Item 5. Interest in Securities of the Issuer.

Cayman owns 1,929,971 shares of Common Stock or 5.9% of the shares outstanding, SSF3 owns 1,213,957 shares of Common Stock or 3.7% of the shares outstanding, SSFQP owns 5,052,040 shares of Commons Stock or 15.4% of the shares outstanding, SSPE owns 2,084,729 shares of Common Stock or 6.4% of the shares outstanding, Technology owns 153,901 shares of Common Stock or 0.5% of the shares outstanding, and Tech II owns 823,470 shares of common stock or 2.5% of the outstanding shares. Messrs. Marxe and Greenhouse share the power to vote and direct the disposition of all shares of Common Stock owned by each of the Funds. Messrs. Marxe and Greenhouse are deemed to beneficially own a total of 11,258,068 shares of Common Stock or 34.3% of the outstanding shares.

The following table reflects the Common Stock purchased during the past 60 days. No other transactions occurred during the sixty days preceding the date of the event that requires the filing of this statement:

A. Special Situations Cayman Fund, L.P.

Date
Quantity
Average Price

(Sales)

Date
Quantity
Average Price

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(Purchases)

B. Special Situations Private Equity Fund, L.P.

Date
Quantity
Average Price

(Sales)

Date
Quantity
Average Price

(Purchases)

C. Special Situations Technology Fund, L.P.

Date
Quantity
Average Price

(Sales)

Date
Quantity
Average Price

(Purchases)

D Special Situations Technology Fund II, L.P.

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Date
Quantity
Average Price

(Sales)

Date
Quantity
Average Price

(Purchases)

E. Special Situations Fund III, L.P.

Date
Quantity
Average Price

(Sales)

Date
Quantity
Average Price

(Purchases)

During January 2007
246,800
\$0.10
During February 2007
92,000
\$0.10

F. Special Situations Fund III QP, L.P.

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Date
Quantity
Average Price

(Sales)

Date

Quantity

Average Price

(Purchases)

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

No contracts, arrangements, understandings or similar relationships exist with respect to the securities of the Company between Messrs. Marx and Greenhouse and any other individual or entity.

Item 7. Material to be Filed as Exhibits.

Joint Filing Agreement.

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 6, 2007

/s/_Austin W. Marx
Austin W. Marx

/s/_David M. Greenhouse_____

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David M. Greenhouse

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (See 18 U.S.C. 1001).

JOINT FILING AGREEMENT

Austin W. Marxe and David M. Greenhouse hereby agree that the Schedule 13D to which this agreement is attached is filed on behalf of each of them.

/s/_Austin W. Marxe
Austin W. Marxe

/s/_David M. Greenhouse
David M. Greenhouse

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