

PFSWEB INC
Form S-4
December 01, 2005

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As filed with the Securities and Exchange Commission on December 1, 2005

Registration No. 333-

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

**Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

PFSWEB, INC.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

7389

*(Primary Standard Industrial
Classification Code Number)*

75-2837058

*(I.R.S. Employer
Identification No.)*

500 North Central Expressway

Plano, Texas 75074

(972) 881-2900

*(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)*

Mark C. Layton

Chief Executive Officer

PFSweb, Inc.

500 North Central Expressway

Plano, Texas 75074

(972) 881-2900

*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

Copies to:

Morris Bienenfeld

Wolff & Samson PC

One Boland Drive

West Orange, New Jersey 07052

(973) 530-2013

Adam Shaffer

Chief Executive Officer

eCOST.com, Inc.

Suite 106

**2555 West 190th Street
Torrance, California 90504**

(310) 225-4044

Steven B. Stokdyk

Latham & Watkins LLP

Suite 4000

**633 West Fifth Street
Los Angeles, CA 90071-2007**

(213) 891-7421

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and upon completion of the merger described in the enclosed joint proxy

statement/ prospectus.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, par value \$0.001 per share, and associated Series A Preferred Stock purchase rights	18,980,039	\$26,002,653	\$26,002,653	\$2,782

(1) Represents the maximum number of shares of PFSweb common stock estimated to be issuable in connection with the merger described in this registration statement, calculated as the product of one share of PFSweb common stock multiplied by 18,980,039, the estimated maximum number of shares of eCOST common stock that may be exchanged for the PFSweb common stock being registered (which amount represents the sum of (i) 17,755,202 shares of eCOST common stock outstanding as of November 29, 2005, and (ii) 1,224,837 shares of eCOST common stock issuable upon the exercise of in-the-money options outstanding as of November 29, 2005). The associated Series A Preferred Stock purchase rights, which are attached to the shares of PFSweb common stock being registered hereunder, will not be exercisable or evidenced separately from the common stock prior to the occurrence of certain events.

(2) Pursuant to Rules 457(c) and 457(f) under the Securities Act of 1933, the Proposed Maximum Aggregate Offering Price is calculated as the product of (i) \$1.37, the average of the high and low sale prices of eCOST common stock as reported on the Nasdaq National Market on November 29, 2005, multiplied by (ii) 18,980,039, the estimated maximum number of eCOST shares that may be exchanged for the PFSweb common stock being registered.

(3) Computed in accordance with Rule 457(f) under the Securities Act of 1933.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this joint proxy statement/ prospectus is not complete and may be changed. PFSweb may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/ prospectus shall not constitute an offer to sell these securities nor the solicitation of an offer to buy these securities in any jurisdiction where such offer, solicitation or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 1, 2005

[PFSweb logo]

[eCOST logo]

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

On behalf of the boards of directors and management teams of both PFSweb, Inc. and eCOST.com, Inc., we are pleased to deliver our joint proxy statement/ prospectus for the proposed merger involving PFSweb and eCOST. We are proposing the merger because we believe it will provide substantial strategic and financial benefits to the stockholders of each of our respective companies by creating more stockholder value than either company could create individually and allowing stockholders to participate in a larger, more diversified company.

In the merger, a subsidiary of PFSweb will merge with and into eCOST, with eCOST surviving as a wholly owned subsidiary of PFSweb. As a result of the merger, eCOST stockholders will be entitled to receive one share of PFSweb common stock for each share of eCOST common stock they own. PFSweb stockholders will continue to own their existing shares, which will not be affected by the merger. On November 9, 2005, the last trading day before we announced our letter of intent to pursue a merger, the closing price of PFSweb common stock as reported on the Nasdaq Capital Market was \$1.67. PFSweb expects to issue approximately 18,980,000 shares of PFSweb common stock to eCOST stockholders in connection with the merger. Accordingly, we expect that eCOST stockholders will, as a group, own approximately 46% of the outstanding shares of PFSweb common stock immediately after the merger. Upon completion of the merger, PFSweb shares will continue to trade on the Nasdaq Capital Market under the trading symbol PFSW.

We cannot complete the merger unless PFSweb stockholders approve the issuance of PFSweb common stock in the merger and a charter amendment to increase the number of PFSweb authorized shares of common stock and eCOST stockholders approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger. The obligations of PFSweb and eCOST to complete the merger are also subject to the satisfaction or waiver of several other conditions to the merger. Additional information about PFSweb, eCOST and the proposed merger is contained in this joint proxy statement/ prospectus. **We encourage you to read this entire document carefully, including the section entitled Risk Factors beginning on page 28.**

After careful consideration, the PFSweb board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and unanimously recommends that PFSweb stockholders vote FOR the proposal to issue PFSweb common stock pursuant to the merger agreement. In addition, in order to complete the merger, PFSweb must amend its charter to increase the number of authorized shares of PFSweb common stock. Accordingly, the board of directors of PFSweb also recommends a vote FOR the proposed amendment to the PFSweb Amended and Restated Certificate of Incorporation to increase the number of authorized shares of PFSweb common stock from 40 million shares to 75 million shares.

Similarly, the eCOST board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are advisable and unanimously recommends that eCOST stockholders vote FOR the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Your vote is very important. Whether or not you plan to attend the special meeting of stockholders of PFSweb or eCOST, please take the time to vote by completing and mailing the enclosed proxy card and returning it in the accompanying pre-paid envelope as soon as possible. If your shares are held in street name, you must instruct your broker in order to vote.

Sincerely,

Mark C. Layton
Chairman of the Board of Directors,
Chief Executive Officer
PFSweb, Inc.

Sincerely,

Adam Shaffer
Chairman of the Board of Directors,
Chief Executive Officer
eCOST.com, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/ prospectus or passed upon the adequacy or accuracy of this joint proxy statement/ prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/ prospectus is dated _____, and is first being mailed to PFSweb and eCOST stockholders on or about _____.

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ADDITIONAL INFORMATION

This joint proxy statement/ prospectus incorporates by reference important business and financial information about PFSweb and eCOST from documents that are not included in or delivered with this joint proxy statement/ prospectus. For a more detailed description of the information incorporated by reference into this joint proxy statement/ prospectus and how you may obtain it, see **Where You Can Find More Information** on page 171.

Each of PFSweb and eCOST is an SEC reporting company and it files annual, quarterly, current reports and other information with the SEC. You can obtain any of these documents from the SEC through the SEC's website at <http://www.sec.gov>. You may also obtain copies of these documents, without charge, by requesting them in writing or by telephone from the appropriate company at the following addresses.

PFSweb, Inc.
Suite 500
500 North Central Expressway
Plano, Texas 75074
(972) 881-2900
Attention: Investor Relations

eCOST.com, Inc.
Suite 106
2555 West 190th Street
Torrance, California 90504
(310) 225-4044
Attention: Investor Relations

In order to receive timely delivery of the documents in advance of the respective PFSweb and eCOST meetings, any request for any additional documents should be received no later than _____, .

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[PFSweb logo]

PFSWEB, INC.
500 North Central Expressway
Plano, Texas 75074
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held On _____, 2006

To the Stockholders of PFSweb, Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of PFSweb, Inc. will be held on _____, 2006 at 10:00 a.m., local time, at PFSweb's principal offices at 500 North Central Expressway, Plano, Texas 75074 for the following purposes:

1. to consider and vote upon a proposal to approve the issuance of PFSweb common stock, \$0.001 par value, pursuant to the Agreement and Plan of Merger, dated as of November 29, 2005, by and among PFSweb, Inc., Red Dog Acquisition Corp., a wholly owned subsidiary of PFSweb, and eCOST.com, Inc.;
2. to consider and vote upon a proposal to approve the amendment to the PFSweb Amended and Restated Certificate of Incorporation to increase the number of authorized shares of PFSweb common stock, \$0.001 par value, from 40 million shares to 75 million shares;
3. to grant discretionary authority to adjourn the meeting, if necessary, to solicit additional proxies with respect to proposals 1 and/or 2; and
4. to transact such other business as may properly come before the special meeting or any adjournment or postponement of the meeting.

Please refer to the attached joint proxy statement/ prospectus for further information with respect to the business to be transacted at the special meeting. Only stockholders of record of PFSweb common stock at the close of business on _____, 2006, the record date for the PFSweb special meeting, are entitled to notice of and to vote at this special meeting or any adjournment or postponement of the special meeting.

Your vote is important. Whether or not you expect to attend the PFSweb special meeting in person, please complete, sign, date and return the enclosed proxy card as soon as possible to ensure that your shares are represented at the special meeting. If your shares are held in street name, which means your shares are held of record by a broker, bank or other nominee, you must provide your broker, bank or other nominee with instructions on how to vote your shares. For specific instructions on voting procedures, please refer to the section entitled "The PFSweb Special Meeting - Voting Procedures and Revocation of Proxies" beginning on page 50 of this joint proxy statement/ prospectus and the instructions on the proxy card.

The PFSweb board of directors has unanimously approved the merger agreement and unanimously recommends that PFSweb stockholders vote FOR the proposal to issue PFSweb common stock pursuant to the merger agreement. In addition, in order to complete the merger, PFSweb must amend its charter to increase the number of authorized shares of PFSweb common stock. Accordingly, the board of directors of PFSweb also recommends a vote FOR the proposed amendment to the PFSweb Amended and Restated Certificate of Incorporation to increase the number of authorized shares of PFSweb common stock from 40 million shares to 75 million shares.

By order of the Board of Directors,

Harvey Achatz
Secretary

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[eCost logo]

**eCOST.com, Inc.
Suite 106
2555 West 190th Street
Torrance, California 90504
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held On _____, 2006**

To the Stockholders of eCOST.com, Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of eCOST.com, Inc. will be held on _____, 2006 at 10:00 a.m., local time, at eCOST's principal offices at 2555 West 190 Street, Suite 106, Torrance, California 90504 for the following purposes:

1. to consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated as of November 29, 2005, by and among eCOST.com, Inc., PFSweb, Inc. and Red Dog Acquisition Corp., a wholly owned subsidiary of PFSweb, and the transactions contemplated by the merger agreement, including the merger, pursuant to which Red Dog Acquisition Corp. would merge with and into eCOST and each outstanding share of eCOST common stock would be converted into one share of PFSweb common stock;
2. to consider and vote upon a proposal to grant discretionary authority to adjourn the special meeting, if necessary, to solicit additional proxies with respect to proposal 1; and
3. to transact such other business as may properly come before the special meeting or any adjournment or postponement of the meeting.

Please refer to the attached joint proxy statement/ prospectus for further information with respect to the business to be transacted at the special meeting. Only stockholders of record of eCOST common stock at the close of business on _____, 2006, the record date for the eCOST special meeting, are entitled to notice of and to vote at this special meeting or any adjournment or postponement of the special meeting.

Your vote is important. Whether or not you expect to attend the eCOST special meeting in person, please complete, sign, date and return the enclosed proxy card as soon as possible to ensure that your shares are represented at the special meeting. If your shares are held in street name, which means your shares are held of record by a broker, bank or other nominee, you must provide your broker, bank or other nominee with instructions on how to vote your shares. For specific instructions on voting procedures, please refer to the section entitled "The eCOST Special Meeting - Voting Procedures and Revocation of Proxies" beginning on page 54 of this joint proxy statement/ prospectus and the instructions on the proxy card.

The eCOST board of directors has unanimously approved the merger agreement and unanimously recommends that eCOST stockholders vote FOR the proposal to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Please do not send any certificates representing your eCOST common stock at this time.

By order of the Board of Directors,

Adam Shaffer
Chief Executive Officer

_____, 2006

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QUESTIONS AND ANSWERS ABOUT THE MERGER

The following are some questions that you, as a stockholder of PFSweb or eCOST, may have regarding the merger and the other matters being considered at the respective special meetings of stockholders of PFSweb and eCOST and brief answers to those questions. PFSweb and eCOST urge you to read carefully the remainder of this joint proxy statement/ prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at their respective special meetings of stockholders. Additional important information is also contained in the annexes to this joint proxy statement/ prospectus.

Q: Why am I receiving this joint proxy statement/ prospectus?

A: PFSweb and eCOST have agreed to combine pursuant to the terms of a merger agreement that is described in this joint proxy statement/ prospectus. A copy of the merger agreement is attached to this joint proxy statement/ prospectus as *Annex A*.

In order to complete the merger, PFSweb stockholders must vote to approve the issuance of shares of PFSweb common stock in the merger and to amend the PFSweb charter to increase the number of authorized shares of PFSweb common stock, and eCOST stockholders must vote to approve and adopt the merger agreement and the transactions contemplated by the merger agreement, including the merger.

PFSweb and eCOST will hold separate meetings of their respective stockholders to obtain these approvals. This joint proxy statement/ prospectus contains important information about the merger and the special meetings of the respective stockholders of each of PFSweb and eCOST, and you should read it carefully. The enclosed voting materials allow you to vote your shares without attending your special meeting.

Your vote is important. We encourage you to vote as soon as possible.

Q: Why are we proposing the merger?

A: PFSweb and eCOST believe the merger will provide substantial strategic benefits to the stockholders of PFSweb and eCOST by combining eCOST's key supplier relationships, growing customer base and expansive e-commerce platform with PFSweb's advanced technology and operational infrastructure thereby providing the combined company with the enhanced ability to expand its market share in the fast growing web commerce market. We also believe that the combined company will benefit from a number of synergies that, as implemented, will reduce or eliminate certain eCOST operating costs.

Q: What will happen in the merger?

A: The businesses of PFSweb and eCOST will be combined. At the closing, Red Dog Acquisition Corp., a newly formed and wholly owned subsidiary of PFSweb, will merge with and into eCOST, with eCOST surviving the merger as a wholly owned subsidiary of PFSweb.

Q: What will I receive for my shares of eCOST stock?

A: Upon completion of the merger of Red Dog with and into eCOST, eCOST stockholders will be entitled to receive one share of PFSweb common stock for each share of eCOST common stock owned immediately prior to the closing of the merger. Instead of any fractional shares of PFSweb common stock, eCOST stockholders will receive cash equal to the value of any fractional shares remaining. Please see *The Merger Agreement - Conversion of Securities* on page 84.

Q: How will PFSweb's stockholders be affected by the merger and issuance of PFSweb common stock in the merger?

A: After the merger, PFSweb's stockholders will continue to own their existing shares of PFSweb common stock. Accordingly, PFSweb's stockholders will hold the same number of shares of PFSweb common stock that they held immediately prior to the merger. However, because PFSweb will be issuing new shares of PFSweb common stock to the eCOST stockholders in the merger, each outstanding share of

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PFSweb common stock immediately prior to the merger will represent a smaller percentage of the total number of shares of PFSweb common stock outstanding after the merger.

Q: When and where are the special meetings?

A: The PFSweb special meeting will take place on _____, 2006 at 10:00 a.m., local time, at 500 North Central Expressway, Plano, Texas 75074.

The eCOST special meeting will take place on _____, 2006 at 10:00 a.m., local time, at 2555 West 190th Street, Torrance, California 90504.

Q: What vote of PFSweb stockholders is required to approve the issuance of shares of PFSweb common stock pursuant to the merger agreement and to amend the PFSweb charter to increase the number of authorized shares?

A: Approval of the proposal to issue shares of PFSweb common stock pursuant to the merger agreement requires the affirmativ