

ROSETTA STONE INC
Form SC 13D/A
May 17, 2017

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

SCHEDULE 13D
Under the Securities Exchange Act of 1934
(Amendment No. 5)

ROSETTA STONE INC.
(Name of Issuer)

Common Stock
(Title of Class of Securities)

777780107
(CUSIP Number)

David Nierenberg
The D3 Family Funds
19605 NE 8th Street
Camas, WA 98607
(360) 604-8600

With a copy to:

Christopher P. Davis
Kleinberg, Kaplan, Wolff & Cohen, P.C.
551 Fifth Avenue
New York, NY 10176
(212) 986-6000

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

May 15, 2017
(Date of Event which Requires Filing of this Statement)

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 §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box [x].

1 NAME OF REPORTING PERSONS
The D3 Family Fund, L.P.
CHECK THE APPROPRIATE BOX
2 IF A MEMBER OF A GROUP (See
Instructions)
(a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See
Instructions)
WC
CHECK BOX IF DISCLOSURE OF
5 LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEMS
2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF
ORGANIZATION
Washington

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

7 SOLE VOTING POWER
0

8 SHARED VOTING POWER
321,177 common shares (1.4%)

9 SOLE DISPOSITIVE POWER
0

10 SHARED DISPOSITIVE POWER
321,177

11 AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON
For the reporting person listed on this
page, 321,177; for all reporting
persons as a group, 1,223,024 shares
(5.5%)

12 CHECK BOX IF THE
AGGREGATE AMOUNT IN ROW
(11) EXCLUDES CERTAIN
SHARES (See Instructions)
PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (11)

13 For the reporting person listed on this
page, 1.4%; for all reporting persons
as a group, 5.5%

14

TYPE OF REPORTING PERSON
(See Instructions)
PN

1 NAME OF REPORTING PERSONS
The D3 Family Bulldog Fund, L.P.
CHECK THE APPROPRIATE BOX
IF A MEMBER OF A GROUP (See
2 Instructions)
(a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See
Instructions)
WC
CHECK BOX IF DISCLOSURE OF
LEGAL PROCEEDINGS IS
5 REQUIRED PURSUANT TO ITEMS
2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF
ORGANIZATION
Washington

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

7 SOLE VOTING POWER
0

8 SHARED VOTING POWER
838,861 common shares (3.8%)

9 SOLE DISPOSITIVE POWER
0

10 SHARED DISPOSITIVE POWER
838,861

11 AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON
For the reporting person listed on this
page, 838,861; for all reporting
persons as a group, 1,223,024 shares
(5.5%)

12 CHECK BOX IF THE
AGGREGATE AMOUNT IN ROW
(11) EXCLUDES CERTAIN
SHARES (See Instructions)
PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (11)

13 For the reporting person listed on this
page, 3.8%; for all reporting persons
as a group, 5.5%

14

TYPE OF REPORTING PERSON
PN

1
2
3
4
5
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7
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10
11
12
13

NAME OF REPORTING PERSONS
The DIII Offshore Fund, L.P.
CHECK THE APPROPRIATE BOX
IF A MEMBER OF A GROUP (See
Instructions)
(a) (b)

SEC USE ONLY

SOURCE OF FUNDS (See
Instructions)
WC
CHECK BOX IF DISCLOSURE OF
LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEMS
2(d) or 2(e)

CITIZENSHIP OR PLACE OF
ORGANIZATION
Bahamas

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

7 SOLE VOTING POWER
0
8 SHARED VOTING POWER
62,986 common shares (0.3%)
9 SOLE DISPOSITIVE POWER
0
10 SHARED DISPOSITIVE POWER
62,986

AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON
For the reporting person listed on this
page, 62,986; for all reporting persons
as a group, 1,223,024 shares (5.5%)

CHECK BOX IF THE
AGGREGATE AMOUNT IN ROW
(11) EXCLUDES CERTAIN
SHARES (See Instructions)
PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (11)

For the reporting person listed on this
page, 0.3%; for all reporting persons
as a group, 5.5%

14

TYPE OF REPORTING PERSON
PN

1 NAME OF REPORTING PERSONS
Nierenberg Investment Management
Company, Inc.

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)
AF

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

6 CITIZENSHIP OR PLACE OF
ORGANIZATION
Washington

NUMBER OF
SHARES 7 SOLE VOTING POWER
BENEFICIALLY 0

OWNED BY 8 SHARED VOTING POWER
EACH 1,223,024 common shares (5.5%)
REPORTING

PERSON 9 SOLE DISPOSITIVE POWER
WITH 0

10 SHARED DISPOSITIVE POWER
1,223,024

AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON

11 For the reporting person listed on this
page, 1,223,024; for all reporting
persons as a group, 1,223,024 shares
(5.5%)

12 CHECK BOX IF THE
AGGREGATE AMOUNT IN ROW
(11) EXCLUDES CERTAIN
SHARES (See Instructions)

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

For the reporting person listed on this
page, 5.5%; for all reporting persons

as a group, 5.5%

TYPE OF REPORTING PERSON

CO

14

1 NAME OF REPORTING PERSONS
Nierenberg Investment Management
Offshore, Inc.

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)
AF

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

6 CITIZENSHIP OR PLACE OF
ORGANIZATION
Bahamas

NUMBER OF
SHARES 7 SOLE VOTING POWER
BENEFICIALLY 0

OWNED BY 8 SHARED VOTING POWER
EACH 62,986 common shares (0.3%)
REPORTING

PERSON 9 SOLE DISPOSITIVE POWER
WITH 0

10 SHARED DISPOSITIVE POWER
62,986

11 AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON

For the reporting person listed on this
page, 62,986; for all reporting persons
as a group, 1,223,024 shares (5.5%)

12 CHECK BOX IF THE
AGGREGATE AMOUNT IN ROW
(11) EXCLUDES CERTAIN
SHARES (See Instructions)
PERCENT OF CLASS
REPRESENTED BY AMOUNT IN
ROW (11)

13 For the reporting person listed on this
page, 0.3%; for all reporting persons
as a group, 5.5%

14

TYPE OF REPORTING PERSON
CO

1 NAME OF REPORTING PERSONS
David Nierenberg
CHECK THE APPROPRIATE BOX
2 IF A MEMBER OF A GROUP (See
Instructions)
(a) (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See
Instructions)
AF
CHECK BOX IF DISCLOSURE OF
5 LEGAL PROCEEDINGS IS
REQUIRED PURSUANT TO ITEMS
2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF
ORGANIZATION
United States of America

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

7 SOLE VOTING POWER
0

8 SHARED VOTING POWER
1,223,024 common shares (5.5%)

9 SOLE DISPOSITIVE POWER
0

10 SHARED DISPOSITIVE POWER
1,223,024

11 AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON
For the reporting person listed on this
page, 1,223,024; for all reporting
persons as a group, 1,223,024 shares
(5.5%)

12 CHECK BOX IF THE
AGGREGATE AMOUNT IN ROW
(11) EXCLUDES CERTAIN
SHARES (See Instructions)

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

For the reporting person listed on this
page, 5.5%; for all reporting persons

as a group, 5.5%
TYPE OF REPORTING PERSON
IN

14

This Amendment No.5 to Schedule 13D (this "Amendment") amends the below-indicated items from the Schedule 13D with respect to the shares of common stock (the "Common Stock") of Rosetta Stone Inc., ("RST" or the "Company") previously filed by or on behalf of the Reporting Persons (as defined below), as previously amended (collectively, the "Schedule 13D"), by supplementing such Items with the information below.

The names of the persons filing this Amendment (collectively, the "Reporting Persons") are: The D3 Family Fund, L.P. (the "Family Fund"), The D3 Family Bulldog Fund, L.P. (the "Bulldog Fund"), The DIII Offshore Fund, L.P. (the "Offshore Fund"), Nierenberg Investment Management Company, Inc. ("NIMCO"), Nierenberg Investment Management Offshore, Inc. ("NIMO") and David Nierenberg ("Mr. Nierenberg").

Item 5. Interest in Securities of the Issuer.

Item 5 is hereby amended and restated to read as follows:

(a) The aggregate percentage of Shares reported owned by each person named herein is based upon 22,198,125 Shares outstanding as of May 3, 2017 which is the total number of Shares outstanding as reported in the Issuer's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 9, 2017.

As of the close of business on the date hereof, the Family Fund individually beneficially owned 321,177 Shares, constituting approximately 1.4% of all of the outstanding Shares.

As of the close of business on the date hereof, the Bulldog Fund individually beneficially owned 838,861 Shares, constituting approximately 3.8% of all of the outstanding Shares.

As of the close of business on the date hereof, the Offshore Fund individually beneficially owned 62,986 Shares, constituting approximately 0.3% of all of the outstanding Shares.

By virtue of its relationships with each of the Family Fund, the Bulldog Fund and the Offshore Fund discussed in further detail in Item 2, NIMCO may be deemed to be the beneficial owner of the 1,223,024 Shares, beneficially owned in the aggregate by the Family Fund, the Bulldog Fund and the Offshore Fund, constituting approximately 5.5% of all of the outstanding Shares.

By virtue of its relationship with the Offshore Fund discussed in further detail in Item 2, NIMO may be deemed to be the beneficial owner of the 62,986 Shares owned by the Offshore Fund, constituting approximately 0.3% of all of the outstanding Shares.

By virtue of his relationship with NIMCO and NIMO discussed in further detail in Item 2, Mr. Nierenberg may be deemed to be the beneficial owner of the 1,223,024 Shares beneficially owned by NIMCO and NIMO, constituting approximately 5.5% of all of the outstanding Shares.

The Reporting Persons, in the aggregate, beneficially own 1,223,024 Shares, constituting approximately 5.5% of the outstanding Shares.

(b) The Family Fund, NIMCO and Mr. Nierenberg have shared power (i) to vote or direct the vote of, and (ii) to dispose or direct the disposition of, the 321,177 shares of Common Stock held by the Family Fund.

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The Bulldog Fund, NIMCO and Mr. Nierenberg have shared power (i) to vote or direct the vote of, and (ii) to dispose or direct the disposition of, the 838,861 shares of Common Stock held by the Bulldog Fund.

The Offshore Fund, NIMO, NIMCO and Mr. Nierenberg have shared power (i) to vote or direct the vote of, and (ii) to dispose or direct the disposition of, the 62,986 shares of Common Stock held by the Offshore Fund.

(c) During the past sixty (60) days the following sale of Shares of Common Stock were made by the Reporting Persons named below in open market transaction:

Fund	Transaction Date	Shares Sold	Price
D3 Family Bulldog Fund LP	5/11/2017	92,059	12.09
DIII Offshore Fund LP	5/11/2017	9,930	12.09
D3 Family Bulldog Fund LP	5/12/2017	75,959	12.12
DIII Offshore Fund LP	5/12/2017	7,052	12.12
D3 Family Bulldog Fund LP	5/15/2017	92,402	12.19
DIII Offshore Fund LP	5/15/2017	7,598	12.19
D3 Family Bulldog Fund LP	5/16/2017	5,339	12.01
DIII Offshore Fund LP	5/16/2017	432	12.01

(d) No other transactions with respect to the Common Stock that are required to be reported on Schedule 13D were effected by any of the Reporting Person during the past sixty (60) days.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, each of the undersigned certifies that the information set forth in the Statement is true, complete and correct.

D3 Family Fund, L.P., D3 Family Bulldog Fund, L.P.

By: Nierenberg Investment Management Company, Inc.

Its: General Partner

By: /s/ David Nierenberg

May 17, 2017 David Nierenberg, President

DIII Offshore Fund, L.P.

By: Nierenberg Investment Management Offshore, Inc.

Its: General Partner

By: /s/ David Nierenberg

May 17, 2017 David Nierenberg, President

Nierenberg Investment Management
Company, Inc.

By: /s/ David Nierenberg

May 17, 2017 David Nierenberg, President

Nierenberg Investment Management
Offshore, Inc.

By: /s/ David Nierenberg

May 17, 2017 David Nierenberg, President

/s/ David Nierenberg

May 17, 2017 David Nierenberg