

Orbital Tracking Corp.  
Form 10-Q  
August 13, 2015

---

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE  
ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 000-25097

ORBITAL TRACKING CORP.

(Exact name of small business issuer as specified in its charter)

Nevada  
(State or other jurisdiction of incorporation or  
organization)

65-0783722  
(I.R.S. Employer Identification No.)

18851 NE 29th Avenue, Suite 700  
Aventura, FL 33180

Telephone: (305)-560-5355

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

Edgar Filing: Orbital Tracking Corp. - Form 10-Q

company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input checked="" type="radio"/>

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

The number of shares of the Registrant’s Common Stock outstanding as of August 13, 2015 was 11,489,259.

---

---

---

FORM 10-Q

INDEX

	Page
<u>PART I: FINANCIAL INFORMATION</u>	1
<u>ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)</u>	1
<u>CONDENSED CONSOLIDATED BALANCE SHEETS</u>	1
<u>CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS</u>	2
<u>CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS</u>	3
<u>NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</u>	4
<u>ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	15
<u>ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	22
<u>ITEM 4. CONTROLS AND PROCEDURES</u>	22
<u>PART II. OTHER INFORMATION</u>	23
<u>ITEM 1. LEGAL PROCEEDINGS</u>	23
<u>ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	23
<u>ITEM 3. DEFAULTS UPON SENIOR SECURITIES</u>	23
<u>ITEM 4. MINE SAFETY DISCLOSURES</u>	23
<u>ITEM 5. OTHER INFORMATION</u>	23
<u>ITEM 6. EXHIBITS</u>	23
<u>SIGNATURES</u>	24

Table of Contents

## Part I Financial Information

## Item 1. Financial Statements

The Company's unaudited financial statements for the six months ended June 30, 2015 and for comparable periods in the prior year are included below. The financial statements should be read in conjunction with the notes to financial statements that follow.

**ORBITAL TRACKING CORP AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS AS OF**

	June 30, 2015 (unaudited)	December 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash	\$ 406,199	\$ 65,892
Accounts receivable, net	162,372	82,986
Inventory	296,959	183,780
Unbilled revenue	52,529	25,612
Prepaid expenses - current portion	222,222	-
Other current assets	163,675	25,764
<b>Total current assets</b>	<b>1,303,956</b>	<b>384,034</b>
Property and equipment, net	90,364	58,413
Intangible Assets, net	287,500	-
Prepaid expenses - long term portion	1,876,344	-
<b>Total assets</b>	<b>\$ 3,558,164</b>	<b>\$ 442,447</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 797,012	\$ 299,877
Deferred revenue	2,016	28,891
Related party payable	121,770	59,308
Derivative liabilities	4,773	-
Liabilities from discontinued operations	112,397	-
<b>Total current liabilities</b>	<b>1,037,968</b>	<b>388,076</b>
<b>Total Liabilities</b>	<b>1,037,968</b>	<b>388,076</b>
Stockholders' Equity:		
Preferred Stock, \$0.0001 par value; 20,000,000 shares authorized		
Series A (\$0.0001 par value; 20,000 shares authorized, 20,000 and none shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively)	2	-
Series B (\$0.0001 par value; 30,000 shares authorized, 6,666 and none shares issued and outstanding as of	1	-

Edgar Filing: Orbital Tracking Corp. - Form 10-Q

June 30, 2015 and December 31, 2014, respectively)

Series C (\$0.0001 par value; 4,000,000 shares authorized, 3,337,442 and none shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively)	334	-
Series D (\$0.0001 par value; 5,000,000 shares authorized, 5,000,000 and none shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively)	500	-
Series E (\$0.0001 par value; 8,746,000 shares authorized, 8,746,000 and none shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively)	875	875
Common Shares, \$0.0001 par value; 200,000,000 shares authorized, 11,198,172 and 2,540,000 issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	1,120	254
Additional paid-in capital	3,114,447	1,363
Accumulated (deficit) earning	(601,874)	52,728
Accumulated other comprehensive income (loss)	4,791	(849)
Total stockholder equity	2,520,196	54,371
Total liabilities and stockholders' equity	\$ 3,558,164	\$ 442,447

See the accompanying notes to the unaudited condensed consolidated financial statements.

Table of Contents

ORBITAL TRACKING CORP AND SUBSIDIARIES  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
 AND COMPREHENSIVE (LOSS) INCOME  
 FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015 AND 2014

Three Months Ended	Three Months Ended	Six Months Ended
June 30, 2015	June 30, 2014	June 30, 2015

Net sales \$1,188,867 \$613,072 \$ This Amendment No. 4 to Schedule 13D (this Amendment ) relates to shares of common Common Stock ), of Lands End, Inc., a Delaware corporation (the Issuer ). This Am previously amended, filed with the Securities and Exchange Commission by ESL Partners, L (Partners ), SPE I Partners, LP, a Delaware limited partnership (SPE I ), SPE Master I, I (Master I ), RBS Partners, L.P., a Delaware limited partnership (RBS ), ESL Institutional partnership (Institutional ), RBS Investment Management, L.L.C., a Delaware limited liabil LLC, a Delaware limited liability company (CRK LLC ), ESL Investments, Inc., a Delawa Lampert, a United States citizen, by furnishing the information set forth below. Except Amendment, all previous Items are unchanged. Capitalized terms used herein which are not given to them in the Schedule 13D, as previously amended, filed with the Securities a

**Item 3. Source and Amount of Funds or Other Considerati**

Item 3 is hereby amended and supplemented as follows:

In various open market purchases between September 18, 2015 and September 23, 2015, M 421,462 shares of Common Stock for aggregate consideration of approximately \$11,232,66 personal funds.

**Item 5. Interest in Securities of the Issuer.**

Item 5 is hereby amended and restated in its entirety as follow

(a)-(b) Each Reporting Person declares that neither the filing of this statement nor anything admission that such person is, for the purposes of Section 13(d) or 13(g) of the Act or any oth any securities covered by this statement.

Each Reporting Person may be deemed to be a member of a group with respect to the Issuer purposes of Section 13(d) or 13(g) of the Act. Each Reporting Person declares that neither anything herein shall be construed as an admission that such person is, for the purposes of S any other purpose, (i) acting (or has agreed or is agreeing to act) with any other person as a syndicate, or other group for the purpose of acquiring, holding, or disposing of securities of th to the Issuer or any securities of the Issuer or (ii) a member of any syndicate or group with re of the Issuer.

As of the time of filing on September 24, 2015, the Reporting Persons may be deemed to b Common Stock of the Issuer set forth in the table below.

<b>REPORTING PERSON</b>	<b>NUMBER OF SHARES BENEFICIAALLY OWNED</b>	<b>PERCENTAGE OF OUTSTANDING SHARES</b>	<b>SOLE VOTING POWER</b>	<b>SHARES VOTING POWER</b>
ESL Partners, L.P.	15,395,753 (1)	48.1%	6,615,280	0
SPE I Partners, LP	45,156	0.1%	45,156	0
SPE Master I, LP	58,156	0.2%	58,156	0
RBS Partners, L.P.	15,499,065 (1)(2)	48.5%	6,718,592 (2)	0
ESL Institutional Partners, L.P.	3,077	0.0%	3,077	0
RBS Investment Management, L.L.C.	3,077 (3)	0.0%	3,077 (3)	0
CRK Partners, LLC	224	0.0%	224	0
ESL Investments, Inc.	15,502,366 (1)(4)	48.5%	6,721,893 (4)	0
Edward S. Lampert	15,502,366 (1)(5)	48.5%	15,502,366 (1)(5)	0

- (1) This number includes 8,780,473 shares of Common Stock held by Mr. Lampert. Partners Agreement with Mr. Lampert that restricts the purchase and sale of securities owned by Mr. Lampert. Lock-Up Agreement, Partners may be deemed to have shared dispositive power over, and to indirectly beneficially own, securities beneficially owned by Mr. Lampert. RBS, ESL and Mr. Lampert may also be deemed to have shared dispositive power over, and to indirectly beneficially own, such securities.
- (2) This number includes 6,615,280 shares of Common Stock held by Partners, 45,156 shares of Common Stock held by SPE Master I. RBS is the general partner of Partners, and may be deemed to indirectly beneficially own securities beneficially owned by, Partners, SPE I and SPE Master I.
- (3) This number includes 3,077 shares of Common Stock held by Institutional. RBSIM is the general partner of Institutional, and may be deemed to indirectly beneficially own securities beneficially owned by, Institutional.
- (4) This number includes 6,615,280 shares of Common Stock held by Partners, 45,156 shares of Common Stock held by SPE Master I, 58,156 shares of Common Stock held by SPE Master I, 3,077 shares of Common Stock held by CRK LLC. ESL is the general partner of, and may be deemed to indirectly beneficially own securities beneficially owned by, RBS. ESL is the manager of, and may be deemed to indirectly beneficially own securities beneficially owned by, RBSIM. ESL is the sole member of, and may be deemed to indirectly beneficially own securities beneficially owned by, CRK LLC.
- (5) This number includes 6,615,280 shares of Common Stock held by Partners, 45,156 shares of Common Stock held by SPE Master I, 58,156 shares of Common Stock held by SPE Master I, 3,077 shares of Common Stock held by CRK LLC. Mr. Lampert is the Chairman, Chief Executive Officer of Orbital Tracking Corp., and may be deemed to indirectly beneficially own securities beneficially owned by, ESL.

(c) Other than as set forth on Annex B hereto, there have been no transactions in the class of securities effected by the Reporting Persons during the past sixty days or since the most recent filing of the Report.

(d) Not applicable.

(e) Not applicable.

**Item 7. Material to be Filed as Exhibits.**

Item 7 is hereby amended and restated in its entirety as follows:

The following exhibits are filed as exhibits hereto:

<b>Exhibit</b>	<b>Description of Exhibit</b>
99.1	Joint Filing Agreement (incorporated by reference to Exhibit 99.1 to the Schedule 13D filed on April 8, 2014).
99.2	Letter Agreement, dated June 2, 2010, by and between ESL Partners, L.P. and RBS Partners, L.P. (incorporated by reference to Exhibit 99.2 to the Schedule 13D filed on April 8, 2014).
99.3	Form of Purchase and Sale Agreement, dated as of July 2, 2015, by and among RBS Partners, L.P. and RBS Partners, L.P., in its capacity as general partner of SPE Master I, LP (incorporated by reference to Exhibit 99.3 to the Amendment to the Schedule 13D filed on July 6, 2015).
99.4	Rule 10b5-1(c) Plan, dated July 2, 2015, by SPE I Partners, LP and RBS Partners, L.P. (incorporated by reference to Exhibit 99.4 to the Amendment to the Schedule 13D filed on July 6, 2015).
99.5	Rule 10b5-1(c) Plan, dated July 2, 2015, by SPE Master I, LP and RBS Partners, L.P. (incorporated by reference to Exhibit 99.5 to the Amendment to the Schedule 13D filed on July 6, 2015).



**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information furnished in this report is true, complete and correct.

Date: September 24, 2015

**ESL PARTNERS, L.P.**

By: RBS Partners, L.P., a

By: ESL Investments, Inc

By: /s/ Edward S. Lampert

Name: Edward S. Lampert

Title: Chief Executive Officer

**SPE I PARTNERS, LP**

By: RBS Partners, L.P., a

By: ESL Investments, Inc

By: /s/ Edward S. Lampert

Name: Edward S. Lampert

Title: Chief Executive Officer

**SPE MASTER I, LP**

By: RBS Partners, L.P., a

By: ESL Investments, Inc

By: /s/ Edward S. Lampert

Name: Edward S. Lampert

Title: Chief Executive Officer

**RBS PARTNERS, L.P.**

By: ESL Investments, Inc

By: /s/ Edward S. Lampert

Name: Edward S. Lampert

Title: Chief Executive Officer

**ESL INSTITUTIONAL PA**

By: RBS Investment Man  
partner

By: ESL Investments, Inc

By: /s/ Edward S. Lampe

Name: Edward S. Lampert

Title: Chief Executive Offi

**RBS INVESTMENT MAN**

By: ESL Investments, Inc

By: /s/ Edward S. Lampe

Name: Edward S. Lampert

Title: Chief Executive Offi

**CRK PARTNERS, LLC**

By: ESL Investments, Inc

By: /s/ Edward S. Lampe

Name: Edward S. Lampert

Title: Chief Executive Offi

**ESL INVESTMENTS, INC**

By: /s/ Edward S. Lampe

Name: Edward S. Lampert

Title: Chief Executive Offi

**EDWARD S. LAMPERT**

By: /s/ Edward S. Lampe

**ANNEX B**

**RECENT TRANSACTIONS BY THE REPORTING PERSONS IN THE**

**LANDS END, INC.**

<b>Entity</b>	<b>Date of Transaction</b>	<b>Description of Transaction</b>	<b>A</b>
Edward S. Lampert	09/18/2015	Open Market Purchases	
Edward S. Lampert	09/21/2015	Open Market Purchases	
Edward S. Lampert	09/22/2015	Open Market Purchases	
Edward S. Lampert	09/23/2015	Open Market Purchases	

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description of Exhibit</b>
99.1	Joint Filing Agreement (incorporated by reference to Exhibit 99.1 to the Schedule 13D filed on April 8, 2014).
99.2	Letter Agreement, dated June 2, 2010, by and between ESL Partners, L.P. and RBS Partners, L.P. (incorporated by reference to Exhibit 99.2 to the Schedule 13D filed on April 8, 2014).
99.3	Form of Purchase and Sale Agreement, dated as of July 2, 2015, by and among RBS Partners, L.P. and RBS Partners, L.P., in its capacity as general partner of Master I, LP (incorporated by reference to Exhibit 99.3 to the Amendment to the Schedule 13D filed on July 6, 2015).
99.4	Rule 10b5-1(c) Plan, dated July 2, 2015, by SPE I Partners, LP and RBS Partners, L.P. (incorporated by reference to Exhibit 99.4 to the Amendment to the Schedule 13D filed on July 6, 2015).
99.5	Rule 10b5-1(c) Plan, dated July 2, 2015, by SPE Master I, LP and RBS Partners, L.P. (incorporated by reference to Exhibit 99.5 to the Amendment to the Schedule 13D filed on July 6, 2015).