Capnia, Inc.
Form 4
August 12, 2015

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
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(Print or Type Responses)

1. Name and Address of Reporting Person *
MARIO ERNEST

(Last) (First) (Middle)

3 TWIN DOLPHIN DRIVE, SUITE 160

(Street)

REDWOOD CITY, CA 94065

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Capnia, Inc. [CAPN]

3. Date of Earliest Transaction (Month/Day/Year)
08/11/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director __X__ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	08/11/2015		J (1) (2)		786,645	A	$ 0 (3)	1,267,520 (4)	D	
Common Stock	08/11/2015		P		50,000	A	$ 1.77 (5)	1,317,520	D	
Common Stock								10,416	I	See Footnote (6)
Common Stock								10,416	I	See Footnote (7)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amo Underlying Secu (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	A N Sh
Warrant (right to buy)	$ 6.5 (1) (2)	08/11/2015		J (1)(2)			205,188 (3) (4)	11/12/2014 (1)(2)	02/12/2016	Common Stock	2

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MARIO ERNEST 3 TWIN DOLPHIN DRIVE, SUITE 160 REDWOOD CITY, CA 94065	X	X		

Signatures

/s/ David O'Toole, attorney in fact	08/12/2015
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The warrant to purchase Common Stock is exercisable, at the holder's option, into shares of Capnia's Common Stock as follows: (i) at any time until the 15-month anniversary of the date of issuance, the holder is entitled to purchase one share of Capnia Common Stock at a cash exercise price equal to $6.50 per share, or (ii) if, on any trading day after the four-month anniversary of the date of issuance of the warrant, and ending on the 15-month anniversary of the date of issuance of the warrant, the "market price" of a share of Capnia Common Stock is less than $6.50, then the holder of the warrant may exercise the warrant in a cashless exercise to obtain a number of shares of Capnia Common Stock equal to: 125% of the difference between (a) the quotient of (i) the product of (A) the number of warrant shares being exercised

(2) (Continued from Footnote 1) and (B) $6.50, divided by (ii) 85% of the arithmetic average of the sum of the five lowest per share volume weighted average prices for the 15 trading days on the Nasdaq Capital Market (or if not on the Nasdaq Capital Market, on Capnia's then principal trading market) immediately prior to the date of exercise, and (b) the number of warrant shares being exercised. The five lowest per share volume weighted average prices for the 15 trading days on the Nasdaq Capital Market ranged from $1.5042 to $2.06, inclusive.

The reporting person undertakes to provide to Capnia, any security holder of Capnia, or the staff of the Securities and Exchange Commission, upon request, full information regarding the five lowest per share volume weighted average prices for the 15 trading days on the Nasdaq Capital Market set forth in these Footnotes 1 and 2.

(3) The shares of Common Stock reported in Column 5 and 7 are the number of shares of Common Stock issuable upon cash exercise of the warrant. The reporting person elected to cashless exercise the warrant. See Footnotes 1 and 2 regarding the calculation for determining the number of shares of Common Stock issued upon cashless exercise of the warrant.

(4) The holder cashless exercised the warrant for 786,645 shares of Common Stock as disclosed in Footnotes 1 and 2 in lieu of cash exercising the warrant for an aggregate of 205,188 shares at a cash exercise price per share of $6.50.

(5) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from $1.730 to $1.790, inclusive. The reporting person undertakes to provide to Capnia, any security holder of Capnia, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the ranges set forth in this Footnote 5.

(6) These shares are held directly by Ernest Mario 2008 Annuity Trust III ("E. Mario 2008 Trust"). Ernest Mario serves as trustee of the E. Mario 2008 Trust and may be deemed to be the beneficial owner of the shares held directly by E. Mario 2008 Trust. Ernest Mario disclaims beneficial ownership of the securities held by E. Mario 2008 Trust, except to the extent of such individual's pecuniary interests in the securities.

(7) These shares are held directly by Mildred Mario 2008 Annuity Trust III ("M. Mario 2008 Trust"). Ernest Mario and Ernest Mario's spouse, Mildred Mario, serves as trustees of the M. Mario 2008 Trust and may be deemed to be the beneficial owner of the shares held directly by M. Mario 2008 Trust. Ernest Mario disclaims beneficial ownership of the securities held by M. Mario 2008 Trust, except to the extent of such individual's pecuniary interests in the securities.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ts its inventory for estimated obsolescence or unmarketable inventory based upon assumptions about future demand and market conditions. If actual future demand or market conditions are less favorable than those projected by management, additional inventory write-downs may be required. To estimate the recoverability of the Company's property and equipment, management must make assumptions regarding estimated future cash flows and other factors to determine the value of the assets. If these estimates or their related assumptions change, the Company may be required to record impairment charges not previously recorded for these assets. Deferred tax assets and liabilities are determined based on the difference between the financial statement and income tax bases of assets and liabilities and carryforwards using currently enacted tax rates. The Company estimates its tax valuation allowance by assessing the future recoverability of the deferred tax assets. The allowance is based on estimates of taxable income in each jurisdiction the Company operates and the period over which the assets will be recoverable. In the event that actual results differ from those estimates, the Company may need to establish additional valuation allowances. LIQUIDITY AND CAPITAL RESOURCES The primary sources of liquidity historically have been and are expected to continue to be cash flow generated from operations and available borrowings under short-term lines of credit. The Company increased its borrowing capacity under its domestic line of credit to $16.5 million in January 2001. The Company also continues to have lines of credit in Ecuador and Europe totaling approximately $4.7 million. In September 2001, the Company utilized a portion of its equipment line of credit to finance the previous purchase of $370,000 of equipment. Future capital expenditures are expected to be funded by a combination of cash generated from operations and outside financing, if necessary. In September 2001, the Company decided to exit the seafood import business. Primarily as a result of that decision, borrowing requirements were lower in the fourth quarter compared to peak levels earlier in the year. It is expected that average borrowings in 2002 will be lower than 2001. The Company believes its financial position remains strong. At December 31, 2001, the Company had working capital of $16.8 million compared to $16.6 million at December 31, 2000. Cash was provided and used in varying amounts during the two-year period, principally as a result of changes in the elements of current assets and current liabilities and in the amount of cash provided by net income. Inventories and accounts receivable increased in 2000 due to the Company's expansion into the seafood import business and decreased in 2001 as a result of the exit from that business. The Company's short-term borrowings decreased in 2001. Cash used in investing activities for the three-year period was due to investments in balsa plantations, purchases of new equipment and the replacement of old equipment. At this time the Company has no material commitments for capital expenditures. At December 31, 2001, the Company had unused lines of credit of approximately $9.8 million with a domestic bank, approximately $2.0 million with Ecuadorian banks and approximately $0.5 million with European banks for working capital purposes. The Company

expects that future operations and its unused lines of credit will provide sufficient resources to support its planned expansion and maintain its favorable liquid position. RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999 Total sales decreased 12% in 2001 and increased 4% in 2000. The decrease in 2001 is due to lower core material and seafood sales. The gains in 2000 were due to increased core materials sales and higher seafood sales. Core material sales were $57,871,000, $63,175,000 and $58,938,000 in 2001, 2000 and 1999, respectively. Domestic sales were lower in 2001 compared to 2000. This reduction was partly offset by a strong increase in sales in Europe. The reduction in domestic sales was primarily due to lower demand from the Company's largest end user group, the boating industry. According to published reports in the industry, wholesale boat shipments in the domestic marine market decreased by 20 percent or more for the year. The increase in European sales resulted from higher shipments to manufacturers of windmill blades. Revenues increased in 2000 due to strong demand in many industries, including the boating industry. The generally robust economy during 2000 resulted in strong demand in the boating industry. Many of the Company's end user markets, including boating, are highly cyclical. Demand within those industries is dependent upon, among other factors, discretionary income, inflation, interest rates and consumer confidence. Fluctuating interest rates and other changes in economic conditions make it difficult to forecast short or long range trends. Management believes that the Company's revenues for the year ended December 31, 2001 were negatively affected by the fluctuation of foreign currencies, particularly those of its European subsidiaries, compared to the U.S. dollar. Seafood sales were $20,197,000, $25,885,000 and $27,089,000 in 2001, 2000 and 1999, respectively. Management believes that the decrease in 2001 is due to: 1) lower demand in the entire seafood industry, 2) production levels at the Company's shrimp farms and 3) the Company's decision to terminate its seafood import business during the third quarter of 2001. A downturn in the entire seafood industry negatively affected prices for many seafood products, including shrimp produced at the farms and products sold through the Company's import subsidiary. Unfavorable economic conditions in the U.S. and Japan during 2001 resulted in lower consumption and therefore lesser demand for seafood products. The White Spot virus continued to affect the shrimp farms negatively, resulting in lower production and revenues compared to historical levels. The amount of shrimp produced at the Company's farms in 2001 was approximately the same as 2000; production in 2000 declined by 62% compared to 1999 and 66% compared to 1998. The decrease in revenues in 2000 was the result of a significant decline in sales of shrimp, partially offset by improved sales of seafood products from the Company's import business. During the third quarter of 2001, the Company decided to terminate its seafood import business. As a result, revenues in the fourth quarter of 2001 were significantly lower than the comparable period in 2000 and are expected to be significantly lower in 2002 compared to 2001. The overall gross margin as a percentage of sales increased slightly in 2001 and remained the same in 2000 compared to 1999. It is the Company's experience that the typical margin in the seafood import business is lower than its historical margins realized as a core materials producer/distributor and shrimp producer. The overall margin is therefore determined not only by the margins in each segment but also by the mix of seafood and core material sales. The margin for the Company's core products decreased in 2001 and improved in 2000. The margins decreased in 2001 due primarily to higher costs in Ecuador. The margins improved in 2000 due to the one-time benefit realized from the devaluation of the sucre when Ecuador converted its national currency to the U.S. dollar. The margins from seafood sales decreased in 2001 and 2000 because of the continuing effects of the White Spot virus and a decline in commodity selling prices for seafood products. Subsequent to its decision to terminate the seafood import business, the Company recorded losses of approximately $316,000 upon the sale or final disposition of the seafood import inventory. Selling, general and administrative expenses ("SG&A") as a percentage of sales increased in 2001 and 2000. The seafood import business has a lower percentage of SG&A expenses to revenues as compared to the Company's core materials segment. The overall percentage is therefore influenced by the amount of SG&A in each segment and the relationship of each segment's revenues and SG&A to aggregate amounts. In dollar terms, SG&A expenses increased in 2001 as a result of increases in commercial insurance, medical insurance and expenses related to the closure of the seafood import business. "SG&A" expenses increased in 2000 primarily as a result of increases in selling expenses. Sales and expenses were affected in all three years by the different exchange rates applied in remeasuring the books of accounts of the Company's foreign subsidiaries. Interest expense increased in 2001 and decreased in 2000. The average borrowings were higher in 2001 compared to 2000. The interest rates on U.S. dollar loans in Ecuador were lower and average rates in the U.S. were lower in 2001 compared to 2000. In both periods, interest rates on dollar denominated loans in Ecuador were significantly higher than rates available to the Company in the U.S. In 2000, the Company's short-term borrowings for working capital purposes in Ecuador were primarily U.S. dollar denominated loans. The Company's interest rate on U.S. loans was higher in 2000 and its average borrowings were lower in 2000 as compared to 1999. The level of borrowing in all periods is related to the Company's working capital needs and cash flows generated from operations. The Company had a foreign exchange gain of $53,000 in 2001 and losses of $328,000 and $336,000 in 2000 and 1999, respectively. Remeasurement gains and losses are mainly caused by the relationship of the U.S. dollar to the foreign currencies in the countries where the Company operates, and arise when remeasuring foreign currency balance sheets into U.S. dollars. The Company utilizes foreign exchange contracts to hedge certain inventory purchases and may also employ certain strategies whose objective is to reduce earnings and cash flow volatility associated with foreign exchange rate changes. The Company has not and does not intend to enter into foreign currency transactions for speculative purposes. Management is unable to forecast the impact of remeasurement gains or losses on future periods due to the unpredictability in the fluctuation of foreign exchange. The effective income tax rate amounted to 32% in 2001, 37% in 2000 and 27% in 1999. Reconciliation of the effective rate with the U.S. statutory rate is detailed in Note 8 to the Notes to Consolidated Financial Statements. New Accounting Pronouncements In October 2001, the Financial Accounting Standards Board ("FASB"), issued Statement of Financial Accounting Standard ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses financial accounting and reporting for long-lived assets. The Company expects to adopt this Standard during the first quarter of fiscal 2002. Management does not believe that the adoption of this standard will have a material impact on the Company's financial position or results of operations. * * * * * Forward Looking Statements - Cautionary Factors The foregoing discussion and analysis contains forward-looking statements regarding the Company. Because such statements include risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, economic conditions in the United States, Europe and Ecuador that affect relative interest rates, foreign exchange rates and other costs and prices related to the Company's business. Item 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK The Company is exposed to various market risks, including changes in commodity prices, foreign currency fluctuations and interest rates. To manage the volatility associated with foreign currency purchases of materials created in the normal course of business the Company enters into a limited number of derivative hedging transactions. The majority of the Company's working capital borrowings at December 31, 2001 were subject to variable interest rates. The Company entered into two interest rate swaps in 2001 to manage a portion of its exposure to fixed versus floating interest rates. The Company's policy is to use foreign currency and interest rate derivative instruments to the extent necessary to manage exposures. The Company does not hold or issue derivative financial instruments for speculative purposes. For quantitative disclosure regarding the Company's derivative instruments see Note 12 to the Consolidated Financial Statements. Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA The consolidated financial statements of the registrant and subsidiaries and supplemental schedule are annexed hereto and made part hereof. Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE None. PART III Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT. Omitted from this Report since a definitive Proxy Statement, pursuant to Regulation 14A, containing the required information, will be filed with the Commission not later than 120 days after the close of registrant's fiscal year. Item 11. EXECUTIVE COMPENSATION Omitted from this Report since a definitive Proxy Statement, pursuant to Regulation 14A, containing the required information, will be filed with the Commission not later than 120 days after the close of registrant's fiscal year. Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT Omitted from this Report since a definitive Proxy Statement, pursuant to Regulation 14A, containing the required information, will be filed with the Commission not later than 120 days after the close of registrant's fiscal year. Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS Inapplicable. PART IV Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (a)(1) and (2) Consolidated Financial Statements and Financial Statement Schedule See Index to Consolidated Financial Statements and Financial Statement Schedule annexed hereto and made part hereof. (b) Reports on Form 8-K No reports on Form 8-K were filed by or on behalf of the registrant for the quarter ended December 31, 2001, the last quarter in the period covered by this Annual Report on Form 10-K. EXHIBIT INDEX 3.2 Articles of Incorporation (By-laws), filed as Exhibit 3.2 to Registration Statement on Form S-1(Reg. No. 2-44764) is incorporated herein by reference. 10.1 Revolving Loan and Security Agreement between the Company and Summit Bank, dated December 21, 1999 (incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 1999). 10.1.1 First Amendment to Revolving Loan and Security Agreement dated September 30, 2000 between Baltek Corporation and Crustacea Corporation, collectively, as Borrower, and Summit Bank, as Lender (incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2000). 10.1.2 Substitute Revolving Credit Note dated September 30, 2000 between Baltek Corporation and Crustacea Corporation, collectively, as Borrower, and Summit Bank, as Lender (incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2000). 10.1.3 Second Amendment to Revolving Loan and Security Agreement dated December 31, 2000 between Baltek Corporation and Crustacea Corporation, collectively, as Borrower, and Summit Bank, as Lender (incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2000). 10.1.4 Second Substitute Revolving Credit Note dated December 31, 2000 between Baltek Corporation and Crustacea Corporation, collectively, as Borrower, and Summit Bank, as Lender (incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2000). 10.1.5 Third Amendment to Revolving Loan and Security Agreement dated September 28, 2001 between Baltek Corporation and Crustacea Corporation, collectively, as Borrower, and Fleet National Bank, as Lender. * 10.2 Lease Agreement dated September 18, 2000 between the Company, as Tenant, and Edro Associates, as Landlord (incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2000). 10.3 Amendment to Lease dated August 17, 2000 between the Company, as Tenant, and Northvale 1997 Associates, L.L.C., as Landlord (incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2000). 10.4 Executive Employment Agreement dated June 1, 2000 between the Company and Ronald Tassello (incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2000). 10.5 Executive Employment Agreement dated June 1, 2000 between the Company and Thomas Preisel (incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2000). 10.6 Executive Employment Agreement dated June 1, 2000 between the Company and Antonio R. Diaz (incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2000). 10.7 Agreement dated March 5, 2001 between the Company and Jacques Kohn, Jean Kohn and Bernard Kohn (incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2000). 10.8 Executive Employment Agreement dated May 1, 2001 between the Company and Antonio L. Diaz * 10.9 Executive Employment Agreement dated January 1, 2002 between the Company and Harold Gutmann * 21 Subsidiaries * * Filed herewith SIGNATURES Pursuant to the requirements of Section 13 of 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. BALTEK CORPORATION Registrant By /s/ Jacques Kohn ----------------------- Jacques Kohn, President Director By /s/ Ronald Tassello ----------------------- Ronald Tassello, Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer) Dated: March 29, 2002 Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated: By /s/ Jacques Kohn By /s/ Benson J. Zeikowitz --------------------- ---------------------- Jacques Kohn, Benson J. Zeikowitz Director Director By /s/ Margot W. Kohn By /s/ William F. Nicklin --------------------- ---------------------- Margot W. Kohn, William F. Nicklin Director Director By /s/ Henri-Armand Kohn By /s/ Jean J. Kohn --------------------- ---------------------- Henri-Armand Kohn, Jean J. Kohn Director Director By /s/ Bernard J. Wald --------------------- ---------------------- Bernard J. Wald Director Dated: March 29, 2002