

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2006-01-05** | Period of Report: **2006-01-03**

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ISSUER

ION NETWORKS INC

CIK: **754813** | IRS No.: **222413505** | State of Incorporation: **DE** | Fiscal Year End: **1202**
SIC: **3577** Computer peripheral equipment, nec

Mailing Address

*120 CORPORATE BLVD
SOUTH PLAINFIELD NJ 07080*

Business Address

*120 CORPORATE BLVD
SOUTH PLAINFIELD NJ 07080
9085463900*

REPORTING OWNER

MARXE AUSTIN W & GREENHOUSE DAVID M

CIK: **1044321**

Type: **4** | Act: **34** | File No.: **000-13117** | Film No.: **06514314**

Mailing Address

*C/O SPECIAL SITUATIONS
FUNDS
527 MADISON AVENUE,
SUITE 2600
NEW YORK NY 10022*

Business Address

*C/O SPECIAL SITUATIONS
FUNDS
527 MADISON AVENUE,
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NEW YORK NY 10022
2122076500*

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

1. Name and Address of Reporting Person MARXE AUSTIN W & GREENHOUSE DAVID M			2. Issuer Name and Ticker or Trading Symbol ION NETWORKS INC [IONN]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title) <input type="checkbox"/> Other (specify below)		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 01/03/2006			6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person		
C/O SPECIAL SITUATIONS FUNDS, 527 MADISON AVENUE, SUITE 2600			4. If Amendment, Date Original Filed(Month/Day/Year)					
(Street) NEW YORK, NY 10022								
(City)	(State)	(Zip)						

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	01/03/2006		P		20,000	A	\$0.16	6,746,597	I	By Limited Partnerships
Common Stock	01/04/2006		P		3,900 (1)	A	\$0.15	9,936,661 (1)	I (1)	By Limited Partnerships (1)

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 Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					

Explanation of Responses:

1. This is a joint filing by Austin W. Marx (Marx) and David M. Greenhouse (Greenhouse). They share voting and investment control over all securities owned by Special Situations Fund III QP, L.P. (QP), Special Situations Cayman Fund, L.P. (Cayman), Special Situations Private Equity Fund, LP (PE), Special Situations Technology Fund, L.P. (Tech) and Special Situations Technology II, L.P. (Tech II). 3,405,150 shares of Common Stock and 1,593,940 Wts are held by QP, 1,300,147 shares of Common Stock and 604,324 Wts are held by Cayman, 1,398,253 shares of Common Stock and 666,476 Wts are held by PE, 101,521 shares of Common Stock and 50,780 Wts are held by Tech and 545,426 shares of Common Stock and 270,644 Wts are held by Tech II. The interest of Marx and Greenhouse in the shares of Common Stock owned by QP, Cayman, PE, Tech, and Tech II is limited to the extent of his pecuniary interest.

Signatures

Austin W. Marx

01/05/2006

David M. Greenhouse

01/05/2006

** Signature of Reporting Person

Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.