

# SECURITIES AND EXCHANGE COMMISSION

## FORM SC 13D/A

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities [amend]

Filing Date: **2012-04-30**  
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(HTML Version on [secdatabase.com](http://secdatabase.com))

### SUBJECT COMPANY

#### **SIGMA DESIGNS INC**

CIK:[790715](#) | IRS No.: [942848099](#) | State of Incorporation: **CA** | Fiscal Year End: **0131**  
Type: **SC 13D/A** | Act: **34** | File No.: [005-37977](#) | Film No.: [12792378](#)  
SIC: **3674** Semiconductors & related devices

Mailing Address  
*1778 MCCARTHY BLVD.  
MILPITAS CA 95035*

Business Address  
*1778 MCCARTHY BLVD.  
MILPITAS CA 95035  
4082629003*

### FILED BY

#### **POTOMAC CAPITAL MANAGEMENT LLC**

CIK:[1233369](#) | IRS No.: [133984298](#) | State of Incorporation: **DE**  
Type: **SC 13D/A**

Mailing Address  
*825 THIRD AVENUE  
33RD FLOOR  
NEW YORK NY 10022*

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*825 THIRD AVENUE  
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2125215115*

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

**SCHEDULE 13D**  
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO  
§ 240.13d-2(a)

(Amendment No. 4)<sup>1</sup>

Sigma Designs, Inc.  
(Name of Issuer)

Common Stock, no par value  
(Title of Class of Securities)

826565103  
(CUSIP Number)

PAUL J. SOLIT  
POTOMAC CAPITAL MANAGEMENT LLC  
825 Third Avenue, 33rd Floor  
New York, New York 10022

With copies to:

STEVEN WOLOSKY, ESQ.  
OLSHAN GRUNDMAN FROME ROSENZWEIG & WOLOSKY LLP  
Park Avenue Tower  
65 East 55th Street  
New York, New York 10022  
(212) 451-2300  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

April 30, 2012  
(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 .

*Note:* Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See § 240.13d-7 for other parties to whom copies are to be sent.

<sup>1</sup> The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the *Notes*).



1	NAME OF REPORTING PERSON  POTOMAC CAPITAL PARTNERS III, L.P.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  WC, OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  1,788,886
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  1,788,886
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  1,788,886	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  5.5%	
14	TYPE OF REPORTING PERSON  PN	

1	NAME OF REPORTING PERSON  POTOMAC CAPITAL MANAGEMENT III, L.L.C.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  1,788,886
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  1,788,886
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  1,788,886	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  5.5%	
14	TYPE OF REPORTING PERSON  OO	

1	NAME OF REPORTING PERSON  POTOMAC CAPITAL PARTNERS L.P.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  631,066
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  631,066
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  631,066	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  1.9%	
14	TYPE OF REPORTING PERSON  PN	

1	NAME OF REPORTING PERSON  POTOMAC CAPITAL MANAGEMENT, L.L.C.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  631,066
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  631,066
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  631,066	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  1.9%	
14	TYPE OF REPORTING PERSON  OO	

1	NAME OF REPORTING PERSON  PAUL J. SOLIT	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  2,419,952
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  2,419,952
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  2,419,952	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  7.4%	
14	TYPE OF REPORTING PERSON  IN	



1	NAME OF REPORTING PERSON  ERIC SINGER	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  AF, PF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  45,000
	8	SHARED VOTING POWER  1,788,886
	9	SOLE DISPOSITIVE POWER  45,000
	10	SHARED DISPOSITIVE POWER  1,788,886
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  1,833,886	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  5.6%	
14	TYPE OF REPORTING PERSON  IN	

1	NAME OF REPORTING PERSON  MARK J. BONNEY	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  -0-**
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  -0-**
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  -0-**	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  0%	
14	TYPE OF REPORTING PERSON  IN	

\*\*See Item 5.

1	NAME OF REPORTING PERSON  MARK F. FITZGERALD	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  -0-**
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  -0-**
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  -0-**	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  0%	
14	TYPE OF REPORTING PERSON  IN	

\*\*See Item 5.

The following constitutes Amendment No. 4 to the Schedule 13D filed by the undersigned (“Amendment No. 4”). This Amendment No. 4 amends the Schedule 13D as specifically set forth.

Item 3. Source and Amount of Funds or Other Consideration.

Item 3 is hereby amended and restated to read as follows:

The aggregate purchase price of the 1,788,886 Shares owned directly by PCP III is approximately \$9,169,606, including brokerage commissions. Of the 1,788,886 Shares owned directly by PCP III, 373,700 Shares were contributed by limited partners to PCP III pursuant to its limited partnership agreement and 1,415,186 Shares were acquired with its working capital.

The aggregate purchase price of the 631,066 Shares owned directly by PCP is approximately \$3,506,062, including brokerage commissions. The Shares owned directly by PCP were acquired with its working capital.

PCP III and PCP each effect purchases of securities primarily through margin accounts maintained for them with prime brokers, which may extend margin credit to them as and when required to open or carry positions in the margin accounts, subject to applicable federal margin regulations, stock exchange rules and the prime brokers’ credit policies. In such instances, the positions held in the margin accounts are pledged as collateral security for the repayment of debit balances in the accounts.

The aggregate purchase price of the 45,000 Shares owned directly by Mr. Singer is approximately \$248,975. Such Shares were acquired with personal funds.

Item 4. Purpose of Transaction.

Item 4 is hereby amended to add the following:

On the date hereof, PCP III delivered a letter to the Board, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference. In the letter, PCP III stated its disappointment with the Board’s decision to lower the beneficial ownership threshold of the shareholder rights plan from 15% to 10%. PCP III further expressed its concern regarding the Board and management’s lack of significant ownership of the Issuer and its belief that without “skin in the game” the interests of the Board and management are not aligned with those of the Issuer’s shareholders. PCP III also noted its lack of confidence in the current Board and its belief that a reconstituted Board with a majority of new, highly-qualified independent directors is necessary to end erosion of shareholder value. PCP III concluded the letter by stating its desire to continue discussions with the Board to reach a mutually agreeable resolution that will serve the best interest of all shareholders.

Item 5. Interest in Securities of the Issuer.

Items 5(a) - (c) are hereby amended and restated to read as follows:

(a) The aggregate percentage of Shares reported owned by each Reporting Person is based upon 32,659,899 Shares outstanding, which is the total number of Shares outstanding as of February 24, 2012, as reported in the Issuer’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 29, 2012.

As of the close of business on April 27, 2012, PCP III beneficially owned 1,788,886 Shares, constituting approximately 5.5% of the Shares outstanding. By virtue of their relationships with PCP III discussed in further detail in Item 2, each of Potomac Management III and Messrs. Solit and Singer may be deemed to beneficially own the Shares beneficially owned by PCP III.

As of the close of business on April 27, 2012, PCP beneficially owned 631,066 Shares, constituting approximately 1.9% of the Shares outstanding. By virtue of their relationships with PCP discussed in further detail in Item 2, each of Potomac Management and Mr. Solit may be deemed to beneficially own the Shares beneficially owned by PCP.

As of the close of business on April 27, 2012, Mr. Singer directly owned 45,000 Shares, constituting less than 1% of the Shares outstanding.

Neither Messrs. Bonney nor Fitzgerald directly owns any Shares.

Each of the Reporting Persons, as a member of a "group" with the other Reporting Persons for purposes of Rule 13d-5(b)(1) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), may be deemed to beneficially own the Shares owned by the other Reporting Persons. The filing of this Schedule 13D shall not be deemed an admission that the Reporting Persons are, for purposes of Section 13(d) of the Exchange Act, the beneficial owners of any Shares he or it does not directly own. Each of the Reporting Persons specifically disclaims beneficial ownership of the securities reported herein that are not directly owned by such Reporting Person, except to the extent of their pecuniary interest therein.

(b) PCP III, Potomac Management III and Messrs. Solit and Singer share the power to vote and dispose of the Shares beneficially owned by PCP III. PCP, Potomac Management and Mr. Solit share the power to vote and dispose of the Shares beneficially owned by PCP. Mr. Singer has the sole power to vote and dispose of the Shares directly owned by Mr. Singer.

(c) Schedule A annexed hereto lists all transactions in the Shares by the Reporting Persons since the filing of Amendment No. 3 to the Schedule 13D. All of such transactions were effected in the open market.

Item 7. Material to be Filed as Exhibits.

Item 7 is hereby amended to add the following exhibit:

99.1 Letter to the Board of Directors of the Issuer, dated April 30, 2012.

SIGNATURES

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

Dated: April 30, 2012

POTOMAC CAPITAL PARTNERS III, L.P.

By: Potomac Capital Management III, L.L.C.  
General Partner

By: /s/ Paul J. Solit

Name: Paul J. Solit

Title: Co-Managing Member

POTOMAC CAPITAL MANAGEMENT III, L.L.C.

By: /s/ Paul J. Solit

Name: Paul J. Solit

Title: Co-Managing Member

POTOMAC CAPITAL PARTNERS L.P.

By: Potomac Capital Management, L.L.C.  
General Partner

By: /s/ Paul J. Solit

Name: Paul J. Solit

Title: Managing Member

POTOMAC CAPITAL MANAGEMENT, L.L.C.

By: /s/ Paul J. Solit

Name: Paul J. Solit

Title: Managing Member

/s/ Paul J. Solit

PAUL J. SOLIT

/s/ Eric Singer

ERIC SINGER

Individually and as attorney-in-fact for Mark J. Bonney and  
Mark F. Fitzgerald

SCHEDULE A

Transactions in the Shares Since the Filing of Amendment No. 3 to the Schedule 13D

<u>Shares of Common Stock Purchased</u>	<u>Price Per Share(\$)</u>	<u>Date of Purchase</u>
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POTOMAC CAPITAL PARTNERS III, L.P.

None

POTOMAC CAPITAL MANAGEMENT III, L.L.C.

11,500	5.1834	4/18/2012
25,000	5.1500	4/17/2012
17,547	4.8539	4/16/2012
50,000	4.9600	4/16/2012
17,447	4.8539	4/16/2012
30,000	4.8730	4/13/2012
2,000	4.9653	4/12/2012

POTOMAC CAPITAL PARTNERS L.P.

None

POTOMAC CAPITAL MANAGEMENT, L.L.C.

None

PAUL J. SOLIT

None

ERIC SINGER

None

MARK J. BONNEY

None

MARK F. FITZGERALD

None

**POTOMAC CAPITAL PARTNERS III, L.P.**  
**825 Third Ave, 33<sup>rd</sup> Floor**  
**New York, New York 10022**

April 30, 2012

Sigma Designs, Inc.  
1778 McCarthy Boulevard  
Milpitas, California 95035  
Attn: Board of Directors

Gentlemen:

Potomac Capital Partners III, L.P., together with its affiliates (collectively, the “Potomac Group,” “we” or “us”), owns an aggregate of 2,464,952 shares of Common Stock of Sigma Designs, Inc. (the “Company”), representing approximately 7.5% of the outstanding shares. We are writing to express our serious concerns with the recent action taken by the Board of Directors of the Company (the “Board”).

We are very disappointed with the Board’s decision to lower the beneficial ownership threshold of the shareholder rights plan (or Poison Pill) from 15% to 10%. On April 5, 2012, we delivered notice to the Company nominating three nominees for election to the Board at the Company’s 2012 annual meeting of shareholders (including any other meeting of shareholders held in lieu thereof, and any adjournments, postponements, reschedulings or continuations thereof, the “2012 Annual Meeting”). We were dismayed that within two business days of receipt of such notice the Board’s response was to amend the Poison Pill without engaging in any discussions with us. It appears to us that the Board’s true intent in reducing the Poison Pill to such a low threshold is entrenchment.

Institutional Shareholder Services and other leading governance advisory firms have repeatedly expressed their concerns about Poison Pills given the significant risk of a board and management team using them to entrench themselves at the expense of shareholders. As a matter of good corporate governance, the Board should immediately redeem the Poison Pill.

In addition, we are greatly concerned by the Board and management’s lack of significant “skin in the game.” Based upon our review of the Company’s public filings, we believe as a group the Board and management own approximately 2% of the outstanding shares of the Company (not counting interest in stock option grants, the overwhelming majority of which are under-water). We believe that with the Board and management’s lack of ownership of the Company, their interests are not aligned with those of shareholders, the true owners of the Company. We therefore remind the Board of its fiduciary duties to shareholders and urge the Board not to engage in any ill-advised transactions or other actions that erode shareholder value until shareholders have had the opportunity to express their views by voting at the 2012 Annual Meeting. To the extent that the Board does not act in the best interests of shareholders or takes any actions that destroy shareholder value we will hold the Board accountable. As one of the Company’s largest shareholders our sole interest is to maximize value for all shareholders.



Two of the four members of the Board have served for eighteen or more years, with the other two members serving for nearly twelve and nine years, respectively. We believe this Board, as currently constituted, has categorically failed in its duties to create value for shareholders and has overseen the destruction of approximately 75% of the share value over the past five years. As a consequence we have lost confidence in this Board and believe a reconstituted Board with a majority of new, highly-qualified independent directors is necessary to end this erosion of shareholder value.

It is in the best interests of shareholders to avoid the disruption and expense of a protracted proxy fight. Therefore, we urge the Board to continue to engage in discussions with us regarding the composition of the Board in hopes of ultimately reaching a mutually agreeable resolution that will serve the best interests of all shareholders. However, we reserve all rights to take any action we deem necessary to ensure the best interests of all shareholders are represented.

We urge the Board to demonstrate that it is indeed working for shareholders, rather than solely to entrench itself.

POTOMAC CAPITAL PARTNERS III, L.P.

By: Potomac Capital Management III, L.L.C.  
General Partner

By: /s/ Eric Singer  
Name: Eric Singer  
Title: Co-Managing Member

By: /s/ Paul J. Solit  
Name: Paul J. Solit  
Title: Co-Managing Member