

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

August 13, 2021
Date of Report (date of earliest event reported)

Steel Connect, Inc.
(Exact name of registrant as specified in its charter)

Delaware	001-35319	04-2921333
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)
2000 Midway Ln Smyrna Tennessee		37167
(Address of Principal Executive Offices)		(Zip Code)

(914) 461-1276
Registrant's telephone number, including area code

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	STCN	Nasdaq Capital Market
Rights to Purchase Series D Junior Participating Preferred Stock	--	Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

This section includes, via incorporation by reference, the disclosure in Item 8.01 below regarding the surrender by Warren Lichtenstein, Interim Chief Executive Officer and Executive Chairman of Steel Connect, Inc. (the “Company”), of vested and unvested shares of the Company’s common stock, par value \$0.01 per share (the “Common Stock”).

Item 8.01. Other Events.

On August 13, 2021, the Company, together with certain of its current and former directors of the Board, Warren Lichtenstein, Glen Kassan, William Fejes, Jr., Jack Howard, Jeffrey Fenton and Jeffrey Wald, as well as other named defendants (collectively, the “Defendants”), entered into a memorandum of understanding (the “MOU”) with Donald Reith (the “Plaintiff”) in connection with the settlement of the Reith v. Lichtenstein, et al., C.A. No. 2018-0277-MTZ (Del. Ch. 2018) class and derivative action. Pursuant to the MOU, the Defendants agreed to cause their directors’ and officers’ liability insurance carriers to pay to the Company \$2.75 million in cash. The payment shall be paid into an escrow account within 14 business days of the later of (i) the entry of the scheduling order in connection with the stipulation of the settlement; or (ii) the date on which Plaintiff’s counsel provides to the Defendants’ counsel written payment and wire instructions.

Additionally, under the MOU and separate letter agreements between the Company and such individuals (the “Surrender Agreements”), Messrs. Lichtenstein, Howard and Fejes agreed to surrender to the Company an aggregate 3.3 million shares which they had initially received in December 2017 in consideration for services to the Company. The surrenders and cancellations are in the following amounts: for Mr. Lichtenstein, 1,833,333 vested shares and 300,000 unvested shares; for Mr. Howard, 916,667 vested shares and 150,000 unvested shares; and for Mr. Fejes, 100,000 vested shares. Such amounts to be adjusted to give effect to the one-for-ten reverse stock split voted on by the Company’s shareholders at the annual meeting on July 26, 2021 (if such reverse stock split is effected prior to the surrender of such shares). The surrenders and cancellations shall be completed no later than seven calendar days following final approval of the settlement by the court and the exhaustion of any appeals therefrom or the expiration of time to appeal. Pursuant to the MOU, the Company has also agreed to pay the Plaintiff’s counsel legal fees for this matter.

The settlement requires court approval, and there can be no assurances that such approval will be granted.

The foregoing description of the Surrender Agreements do not purport to be complete and are qualified in their entirety by reference to the form of Surrender Agreement, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Form of Equity Grant Surrender and Cancellation Agreement.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

August 19, 2021

Steel Connect, Inc.

By: /s/ Jason Wong
Name: Jason Wong
Title: Chief Financial Officer

EQUITY GRANT SURRENDER AND CANCELLATION AGREEMENT

This Equity Grant Surrender and Cancellation Agreement (hereinafter “**Agreement**”), dated as of August [●], 2021 (the “**Effective Date**”), is made between Steel Connect, Inc. (the “**Company**”) and [●] (the “**Grantee**”).

WHEREAS, on December 15, 2017, the Board of Directors of Steel Connect, Inc. (the “**Board**”) approved a grant of equity awards, including [●] shares of restricted stock, to the Grantee in connection with, and effective upon, the closing of the Company’s acquisition of IWCO and in consideration for the Grantee’s services to the Company (the “**Subject Awards**”); and

WHEREAS, [●] shares of the Subject Awards have vested and [●] shares remain unvested as of the date hereof; and

WHEREAS, pursuant to a Memorandum of Understanding (the “**MOU**”) entered into on August 13, 2021 between and among (i) Donald Reith, as plaintiff, (ii) Warren G. Lichtenstein, William T. Fejes, Jr., Jack L. Howard, Glen Kassan, Jeffrey J. Fenton, Jeffrey S. Wald, Steel Partners Holdings L.P., SPH Group Holdings LLC, as individual defendants and (ii) the Company, as nominal defendant (collectively, the “**Parties**”), to memorialize the terms and conditions of the settlement of *Reith v. Lichtenstein, et al.*, C.A. No. 2018-0277-MTZ, the Parties have agreed that the Grantee will surrender the Subject Awards to the Company, and the Company will cancel the Subject Awards, no later than the Effective Date.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and the Grantee agree as follows:

1. **Subject Award Surrender and Cancellation.** The Grantee hereby surrenders the Subject Awards, and the Company hereby cancels such Subject Awards, effective as of the Effective Date. Upon such cancellation, the Grantee shall have no further rights with respect to such Subject Awards. The Grantee hereby agrees to surrender, effective as of the Effective Date, all vested shares of such Subject Awards already received and all rights to receive any unvested shares of such Subject Awards. The amount of the Subject Awards to be surrendered by the Grantee as set forth in this Section 1 shall be adjusted proportionally to reflect the one-for-ten reverse stock split, which was voted on and approved by the Company’s shareholders at the Annual Meeting of Stockholders on July 26, 2021, provided such reverse stock split is effected prior to the surrender of the Subject Awards.

2. **Grantee Release.** The Grantee hereby waives his rights under, and releases and discharges fully and forever the Company and its officers, directors and shareholders and each of its and their predecessors and successors from any and all present or future claims, demands, and causes of action arising from or in connection with, the Subject Awards.

3. **Binding Effect.** This Agreement shall be binding upon and shall inure to the benefit of the Company and the Grantee and their respective successors, heirs and legal representatives. The signature of the Grantee below on this Agreement affirms that the Grantee has read and understands all provisions of this Agreement and agrees to comply with all terms hereof.

4. **Further Assurances.** Each party to this Agreement will use its best efforts to take all action and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement (including, but not limited to, the execution and delivery of such other documents and agreements as may be necessary to effectuate the surrender and cancellation of the Subject Awards).

5. **Entire Agreement.** This Agreement constitutes the entire agreement between the Company and the Grantee and contains all the agreements between them with respect to the subject matter hereof; provided, however, that except to the extent set forth herein, this Agreement shall not affect any other agreements existing between the Company and the Grantee, including but not limited to the MOU, and provided further that, notwithstanding anything to the contrary herein, the Grantee shall remain eligible to receive future equity compensation awards from the Company.

6. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable therein, without reference to principles of conflict of laws.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto as of the day, month and year first set forth above.

COMPANY:

Steel Connect, Inc.

By: _____
Name: [●]
Title: [●]

GRANTEE:

[●]

By: _____
Name: [●]