

RADCOM LTD
Form F-3
August 07, 2008

As filed with the Securities and Exchange Commission on August 7, 2008
Registration No. 333-_____

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

**FORM F-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

RADCOM Ltd.
(Exact Name of Registrant as Specified in Its Charter)

Israel
(State or Other Jurisdiction of
Incorporation or Organization)

Not Applicable
(I.R.S. Employer
Identification No.)

**24 Raoul Wallenberg Street
Tel-Aviv 69719, Israel
(972) 3-645-5055**
(Address and Telephone Number of Registrant's Principal Executive Offices)

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(201) 518-0033**
(Name, Address and Telephone Number of Agent for Service)

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Approximate date of commencement of proposed sale to the public: From time to time after the Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, please check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. o

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Amount To Be Registered (1)	Proposed Maximum Aggregate Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Ordinary shares, par value NIS 0.20 per share	976,564(2)\$	1.54(4)\$	1,503,908.60	\$ 59.10(7)
Ordinary shares, par value NIS 0.20 per share, issuable upon exercise of warrants	325,520(3)\$	3.20(5)\$	1,041,664	\$ 40.94(7)
Ordinary shares, par value NIS 0.20 per share, issuable upon exercise of warrant granted to Plenus	175,781(3)\$	2.56(6)\$	449,999.36	\$ 17.68(7)
Total	1,477,865	N/A	\$ 2,995,571.90	\$ 117.72

(1) Pursuant to Rule 416 under the Securities Act of 1933, as amended (the "Securities Act"), all amounts of ordinary shares include an indeterminable number of additional ordinary shares that may be issued to prevent dilution resulting from stock splits, stock dividends or similar transactions affecting the ordinary shares to be offered by the selling shareholders.

(2) Represents ordinary shares being registered for resale by certain selling shareholders.

(3) Represents ordinary shares being registered for resale by certain selling shareholders issuable upon exercise of warrants pursuant to an agreement between the registrant and those selling shareholders.

(4) Estimated solely for the purpose of determining the registration fee pursuant to Rule 457(c) of the Securities Act, based on the average of the reported high and low prices of the ordinary shares as reported by the NASDAQ Capital Market on August 4, 2008. The ordinary shares being registered are to be sold by the selling shareholders.

(5) Calculated in accordance with Rule 457(g)(1) under the Securities Act based on the warrant exercise price of \$3.20 per share.

(6)

Calculated in accordance with Rule 457(g)(1) under the Securities Act based on the warrant exercise price of \$2.56 per share.

(7) Determined in accordance with Section 6(b) of the Securities Act and equal to 0.00003930 multiplied by the proposed maximum aggregate offering price of each class of securities.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. NO SELLING SHAREHOLDER MAY SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED August 7, 2008

PROSPECTUS

1,477,865 Ordinary Shares

RADCOM Ltd.

This prospectus relates to the resale from time to time of up to 1,477,865 ordinary shares, as follows:

- up to 976,564 ordinary shares held by the selling shareholders; and
- up to 501,301 ordinary shares issuable upon exercise of warrants held by the selling shareholders.

We will not receive any proceeds from sales of the ordinary shares offered pursuant to this prospectus, but we will receive the proceeds from the exercise of warrants. The selling shareholders identified in this prospectus, or their pledgees, donees, transferees or other successors-in-interest, may offer the ordinary shares from time to time through public or private transactions at fixed prices, at prevailing market prices at the time of sale, at prices related to prevailing market prices or at privately negotiated prices.

The selling shareholders and any agent or broker-dealer that participates with the selling shareholders in the distribution of the ordinary shares may be considered “underwriters” within the meaning of the Securities Act of 1933, as amended (the “Securities Act”), and, in that event, any commissions received by them and any profit on the resale of the shares may be considered underwriting commissions or discounts under the Securities Act.

Our ordinary shares are listed for quotation on the NASDAQ Capital Market and the Tel Aviv Stock Exchange under the symbol “RDCM.” On July 31, 2008, the closing sale price of our ordinary shares on the NASDAQ Capital Market was \$1.60 per share and on the Tel Aviv Stock Exchange was NIS 6.17 per share. You are urged to obtain the current market quotations for our ordinary shares.

Investing in our ordinary shares involves a high degree of risk. See “Risk Factors” on page 7 to read about factors you should consider before buying our ordinary shares.

Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated August 7, 2008

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You should rely only on the information contained or incorporated by reference in this prospectus or any supplement. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and any underwriter or agent is not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

ABOUT THIS PROSPECTUS

This prospectus is part of a Registration Statement that we filed with the United States Securities and Exchange Commission (the “SEC”), utilizing a “shelf” registration process. Under this shelf process, the selling shareholders may offer up to a total of 1,477,865 ordinary shares, from time to time, in one or more offerings in any manner described under the section in this prospectus entitled “Plan of Distribution.”

Unless the context otherwise requires, all references in this prospectus to “RADCOM,” “we,” “our,” “our company,” “us” and the “Company” refer to RADCOM Ltd. and its consolidated subsidiaries, unless otherwise indicated. References to “RADCOM” refer to RADCOM Ltd.

All references in this prospectus to “ordinary shares” refer to our ordinary shares, par value 0.20 NIS per share.

All references in this prospectus to “dollars” or “\$” are to United States dollars.

All references in this prospectus to “shekels” or “NIS” are to New Israeli Shekels.

REVERSE SHARE SPLIT

In May 2008, our shareholders approved a one-to-four reverse share split. The purpose of the reverse share split was to enable the Company to continue to comply with the minimum \$1.00 bid price of the NASDAQ Capital Market. We effected this reverse share split in June 2008. All figures cited in this prospectus reflect the impact of such reverse share split.

PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information regarding us and the securities being sold in this offering, including the risks discussed under the heading “Risk Factors,” contained in this prospectus. You should also read carefully the consolidated financial statements and notes thereto and the other information about us that is incorporated by reference into this prospectus, including our annual report on Form 20-F for the fiscal year ended December 31, 2007, filed with the SEC on June 30, 2008, referred to as “our Form 20-F for 2007,” and our Forms 6-K regarding our 2008 financial results through June 30, 2008 and recent transactions, all incorporated by reference into this prospectus.

Our Company

RADCOM Ltd. was incorporated in 1985 under the laws of the State of Israel, and we commenced operations in 1991. The principal legislation under which we operate is the Israeli Company Laws 1999 (the “Israeli Companies Law”). Our principal executive offices are located at 24 Raoul Wallenberg Street, Tel-Aviv 69719, Israel, and our telephone and fax numbers are 972-3-645-5055 and 972-3-647-4681, respectively.

In 1993, we established a wholly-owned subsidiary in the United States, RADCOM Equipment, Inc. (“RADCOM Equipment, Inc.”), a New Jersey corporation, which serves as our agent for service of process in the United States. RADCOM Equipment is located at 6 Forest Avenue, Paramus, New Jersey 07652, and its telephone number is (201) 518-0033. In 1996, we incorporated a wholly-owned subsidiary in Israel, RADCOM Investments (1996) Ltd. (“RADCOM Investments”), located at our office in Tel-Aviv, Israel; its telephone number is the same as ours (972-3-645-5055). In 2001, we established a wholly-owned subsidiary in the United Kingdom, RADCOM (UK) Ltd., a United Kingdom corporation. RADCOM (UK) Ltd. is located at 2440 The Quadrant, Aztec West, Almondsbury, Bristol, BS32 4AQ England, and its telephone number is 44-1454-878827.

We develop, manufacture, market and support innovative network test and service assurance solutions for communications service providers and equipment vendors. We specialize in next generation cellular as well as voice, data and video over IP networks. Our solutions are used in the development and installation of network equipment and in the maintenance of operational networks. Our products facilitate fault management, network service performance monitoring and analysis, troubleshooting and pre-mediation (the ability to collect network information for a third-party application). We currently offer the following solutions: (i) Network monitoring and (ii) Protocol Analyzers.

(i) *Network Monitoring*: Our award-winning Omni-Q is a unique, next-generation network testing, monitoring and performance management solution. The Omni-Q system consists of a powerful and user-friendly central management module and a broad range of intrusive and non-intrusive probes covering various networks and services, including VoIP, UMTS, CDMA, IPTV, IMS data and others. The Omni-Q's central management module is designed to exploit the unique capabilities and feature set of our probes. It consolidates captured information into a comprehensive, integrated network service view that facilitates performance monitoring, fault detection, and network and service troubleshooting.

(ii) *Protocol Analyzers*: Our award-winning network protocol analyzers offer a powerful network analysis and test solutions available to the Cellular, VoIP and data communications industry. Our network analyzers support over 700 protocols with multiple interfaces, allowing users to troubleshoot and analyze the most complex and advanced networks, quickly and simply.

We categorize our products into two primary lines: (i) the Omni-Q network monitoring solution and (ii) the Performer family.

(i) *The Omni-Q Network Monitoring Solution*: The Omni-Q is a unique, comprehensive, next-generation probe base service assurance solution for network and service monitoring. The Omni-Q solution consists of a powerful and user-friendly central management server and a broad range of intrusive and non-intrusive probes covering various networks and services, including VoIP, UMTS, CDMA and data. These probes are based on the R70 probe and Performer family platforms, enabling the Omni-Q to deliver full visibility at the session and application level (and not only at the single packet or message level), with full 7-layer analysis. The R70 probe platform is an embedded Linux platform, based on our GearSet technology. The GearSet is a technology extension of our successful GEAR chip technology, allowing a full session tracing and analysis in a chip set and permitting wirespeed analysis of network services. In addition, the Omni-Q benefits global telecommunications carriers, by providing end-to-end voice quality monitoring and management.

(ii) *The Performer Family*: The Performer family is an open platform that supports a wide range of test applications over a variety of technologies. With simplified control from a central console, the Performer hardware and software suite tests the quality and grade of service of a real-world network environment. The Performer family is a PC-based system, utilizing our generic analyzer processor, or GEAR-based, hardware. Our GEAR (GenEric AnalyzeR processor) chip is our main differentiating technology. It is a proprietary, one-chip analyzer processor designed to provide on all layers wirespeed testing performance, independent of protocols and technologies. The GEAR processor positions us as the industry leader in the high-performance, communication test-equipment market. It allows one platform to carry out both network troubleshooting and analysis as well as packet and cell analysis in real time, at up to 2.5 gigabytes per second (Gbps), with no limitation on interface type or protocols. The GEAR technology also allows us to rapidly develop and roll out new interfaces by merely adding a new interface with the appropriate functionality. The Performer family is unique for its combination of strong hardware performance and flexible software use.

Our objective is to become a market leader in network test and service monitoring solutions. To this end, we seek to deliver customer-oriented, technically advanced and cost-effective products and to support them according to world-class standards. Key elements of our strategy include:

- Capitalizing on the growth in the Cellular network and the move of wireline networks to IP technology markets and their associated monitoring needs;
- Leveraging and expanding our top-tier customer base and distribution channels to gain access to the service providers who are offering these new technologies;

· Broadening our penetration of major service providers and vendors;

· Extending our sales capabilities and distribution channels;

Repeating sales to our existing customers;

·Leveraging our experience and knowledge in the area of converged networks and technology platforms to produce comprehensive testing and analysis solutions for triple-play networks;

· Maintaining technological leadership while addressing the needs of emerging technology markets;

· Partnering with companies that offer complementary solutions and applications; and

·Carrying out synergistic strategic transactions with companies in tangent markets to broaden our solution portfolio and our sales and marketing reach.

Our sales network includes RADCOM Equipment, our wholly-owned subsidiary in the United States, as well as nine independent representatives, and more than 35 independent distributors in over 35 other countries. No single customer accounted for more than 10% of our sales in the year ended December 31, 2007 or in the six months ended June 30, 2008.

THE TRANSACTIONS

Background

Following are the sequence of events relating to the offering of securities described in this prospectus:

- On December 19, 2007, we entered into a Share and Warrant Purchase Agreement (defined below) with the selling shareholders relating to the issuance of ordinary shares and PIPE Warrants (defined below). On February 3, 2008, we completed the transaction pursuant to the Share and Warrant Purchase agreement and issued to the selling shareholders 976,564 ordinary shares and PIPE Warrants exercisable into an aggregate of 325,520 ordinary shares.
- On April 1, 2008, we entered into a Loan Agreement (defined below) with Plenus (defined below) pursuant to which we issued to Plenus one Plenus Warrant (defined below) exercisable into an aggregate of 175,781 ordinary shares.

· On June 16, 2008, we effected a one-for-four reverse share split.

Share and Warrant Purchase Agreement

On December 19, 2007, we entered into an agreement (the “Share and Warrant Purchase Agreement”) with the selling shareholders (described under the section in this prospectus entitled “Selling Shareholders”) pursuant to which we agreed to issue to the selling shareholders an aggregate of 976,564 ordinary shares and warrants (the “PIPE Warrants”) exercisable into an aggregate of 325,520 ordinary shares. On February 3, 2008, we completed the private investment in public equity transaction (the “PIPE” or “private placement”) pursuant to the Share and Warrant Purchase Agreement, and we issued to the selling shareholders an aggregate of 976,564 ordinary shares and the PIPE Warrants. The PIPE Warrants are exercisable at an exercise price of \$3.20 per warrant. The PIPE Warrants are exercisable during a three-year period ending on February 3, 2011.

Loan Agreement

On April 1, 2008, we entered into an agreement with Plenus II, Limited Partnership, Plenus II (D.C.M.), Limited Partnership, Plenus III, Limited Partnership, Plenus III (D.C.M.), Limited Partnership, Plenus III (2), Limited Partnership and Plenus III (C.I.), L.P. (collectively, “Plenus”) (the agreement, the “Loan Agreement”) pursuant to which Plenus provided us a loan in the amount of \$2.5 million; the loan is for a period of three years, and it bears interest at the rate of 10% per annum. Under the Loan Agreement, we granted Plenus a single warrant, and registration rights with respect to the ordinary shares underlying the warrant, to purchase \$450,000 of our ordinary shares (the “Plenus Warrant” and together with the PIPE Warrants, the “Warrants”). The Plenus Warrant is exercisable for a period of five years, and its exercise price is \$2.56 per share. The Plenus Warrant is exercisable until April 14, 2013, which is five years from the date of closing.

The Warrants are subject to (i) adjustment for share dividends, share splits, reclassification, reorganization and other similar events, and (ii) anti-dilution adjustment.

We agreed with the recipients of our ordinary shares and Warrants to register for public resale the 976,564 ordinary shares issued to them in the PIPE and the 501,301 ordinary shares issuable to them upon exercise of the Warrants. This prospectus has been prepared, and the Registration Statement of which this prospectus is a part has been filed with the SEC, to satisfy our obligations to the recipients