

VEPF III AIV V, L.P.  
Form SC 13D  
July 26, 2012

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

**SCHEDULE 13D**

**Under the Securities Exchange Act of 1934**

**DIGITAL RIVER, INC.**

(Name of Issuer)

**Common Stock, \$0.01 par value per share**

(Title of Class of Securities)

**25388B104**

(CUSIP Number)

**Kirkland & Ellis LLP**

**555 California Street**

**San Francisco, CA 94104**

**Attn: David Breach**

**Jeffrey Golden**

**(415) 439-1400**

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

**July 16, 2012**

(Date of Event Which Requires Filing of this Statement)

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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 Rule 13d-1(e), Rule 13d-1(f) or Rule 13d-1(g), check the following box o.

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, as amended ("Exchange Act") or otherwise subject to the liabilities of that section of the Exchange Act but shall be subject to all other provisions of the Exchange Act (however, see the Notes).

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1. Name of Reporting Person  
S.S. or I.R.S. Identification No. of Above Person  
VEPF III AIV V, L.P. (Federal Identification Number: 99-0376541)
2. Check the Appropriate Box if a Member of a Group  
(a)    
(b)
3. SEC Use Only
4. Source of Funds  
OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
6. Citizenship or Place of Organization  
Delaware
7. Sole Voting Power  
None
8. Shared Voting Power  
3,114,946
9. Sole Dispositive Power  
None
10. Shared Dispositive Power  
3,114,946
11. Aggregate Amount Beneficially Owned by Each Reporting Person  
3,114,946
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares
13. Percent of Class Represented by Amount in Row (11)  
Approximately 8.44%(1)
14. Type of Reporting Person  
PN

Number of  
Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person With

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(1) The percentage reported in this Schedule 13D is based upon 36,909,439 shares of Common Stock, par value \$0.01, of Issuer outstanding as of April 1, 2012 (as reported in Issuer's Form 10-Q for the quarter ended March 31, 2012).

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1. Name of Reporting Person  
S.S. or I.R.S. Identification No. of Above Person  
Vista Equity Partners Fund III GP, LLC (Federal Identification Number: 26-0434685)
2. Check the Appropriate Box if a Member of a Group  
(a)  o  
(b)  o
3. SEC Use Only
4. Source of Funds  
AF
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)  o
6. Citizenship or Place of Organization  
Delaware
- |   |     |                                       |
|---|-----|---------------------------------------|
| Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person With | 7.  | Sole Voting Power<br>None             |
|   | 8.  | Shared Voting Power<br>3,114,946      |
|   | 9.  | Sole Dispositive Power<br>None        |
|   | 10. | Shared Dispositive Power<br>3,114,946 |
11. Aggregate Amount Beneficially Owned by Each Reporting Person  
3,114,946
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares  o
13. Percent of Class Represented by Amount in Row (11)  
Approximately 8.44%(2)
14. Type of Reporting Person  
OO, HC

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(2) The percentage reported in this Schedule 13D is based upon 36,909,439 shares of Common Stock, par value \$0.01, of Issuer outstanding as of April 1, 2012 (as reported in Issuer's Form 10-Q for the quarter ended March 31, 2012)..

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1. Name of Reporting Person  
S.S. or I.R.S. Identification No. of Above Person  
VEFIIGP, LLC (Federal Identification Number: 52-4171595)
2. Check the Appropriate Box if a Member of a Group  
(a)  o  
(b)  o
3. SEC Use Only
4. Source of Funds  
AF
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)  o
6. Citizenship or Place of Organization  
Delaware
- |   |     |                                       |
|---|-----|---------------------------------------|
| Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person With | 7.  | Sole Voting Power<br>None             |
|   | 8.  | Shared Voting Power<br>3,114,946      |
|   | 9.  | Sole Dispositive Power<br>None        |
|   | 10. | Shared Dispositive Power<br>3,114,946 |
11. Aggregate Amount Beneficially Owned by Each Reporting Person  
3,114,946
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares  o
13. Percent of Class Represented by Amount in Row (11)  
Approximately 8.44%(3)
14. Type of Reporting Person  
OO, HC

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(3) The percentage reported in this Schedule 13D is based upon 36,909,439 shares of Common Stock, par value \$0.01, of Issuer outstanding as of April 1, 2012 (as reported in Issuer's Form 10-Q for the quarter ended March 31, 2012).

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1. Name of Reporting Person  
S.S. or I.R.S. Identification No. of Above Person  
Robert F. Smith
2. Check the Appropriate Box if a Member of a Group  
(a)   
(b)
3. SEC Use Only
4. Source of Funds  
AF
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
6. Citizenship or Place of Organization  
U.S.A.
- |   |     |                                       |
|---|-----|---------------------------------------|
| Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person With | 7.  | Sole Voting Power<br>None             |
|   | 8.  | Shared Voting Power<br>3,114,946      |
|   | 9.  | Sole Dispositive Power<br>None        |
|   | 10. | Shared Dispositive Power<br>3,114,946 |
11. Aggregate Amount Beneficially Owned by Each Reporting Person  
3,114,946
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares
13. Percent of Class Represented by Amount in Row (11)  
Approximately 8.44%(4)
14. Type of Reporting Person  
IN, HC

The information set forth in response to each separate Item below shall be deemed to be a response to all Items where such information is relevant.

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(4) The percentage reported in this Schedule 13D is based upon 36,909,439 shares of Common Stock, par value \$0.01, of Issuer outstanding as of April 1, 2012 (as reported in Issuer's Form 10-Q for the quarter ended March 31, 2012).

**Item 1. Security and Issuer.**

This Statement on Schedule 13D (this Statement ) relates to the shares of common stock, \$0.01 par value per share (the Common Stock ), of Digital River, Inc., a Delaware corporation ( Digital River ). The principal executive offices of Digital River are located at 10380 Bren Road West, Minnetonka, MN 55343.

**Item 2. Identity and Background.**

(a) This Statement is being filed jointly by (i) VEPF III AIV V, L.P ( Vista AIV ), (ii) Vista Equity Partners Fund III GP, LLC ( Vista III GP ), (iii) VEFIIGP, LLC ( VEFIIGP ) and (iv) Robert F. Smith (the foregoing, collectively, the Reporting Persons ).

(b) The address of the principal business and principal office of Vista AIV, Vista III GP and VEFIIGP is c/o Vista Equity Partners, 150 California Street, 19th Floor, San Francisco, California 94111. The principal business address of Mr. Smith is c/o Vista Equity Partners, 401 Congress Drive, Suite 3100, Austin, Texas, 78701.

(c) The principal business of Vista AIV is to make investments primarily in equity or equity-oriented securities and debt securities of companies in the middle-market software and technology-enabled solutions sector, to dispose of such investments and to distribute the proceeds therefrom. The principal business of Vista III GP consists of performing the functions of, and serving as, the General Partner of Vista AIV, making capital contributions to Vista AIV and doing all things necessary or incidental thereto. The principal business of VEFIIGP consists of performing the functions of, and serving as, the Senior Managing Member of Vista III GP, as well as the Managing General Partner of one other private equity fund and the Senior Managing Member of the General Partner of two other private equity funds. The principal occupation of Mr. Smith is serving as a Senior Managing Member of Vista Equity Partners III, LLC, a San Francisco-based private equity management firm. Mr. Smith is the sole member of VEFIIGP.

(d) During the last five years, none of the Reporting Persons has been convicted of any criminal proceeding (excluding traffic violations or other similar misdemeanors).

(e) During the last five years, none of the Reporting Persons has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which proceeding he or she was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Vista AIV is a Delaware limited partnership. Vista III GP is a Delaware limited liability company. VEFIIGP is a Delaware limited liability company. Mr. Smith is a citizen of the United States.

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

The aggregate purchase price of the shares of Common Stock covered by this Statement is \$51,555,591.09. The shares of Common Stock covered by this Statement were acquired through open market transactions and private transfers. Vista AIV conducted a capital call and drew on its margin facility with Citi to source the funds for purchase of Issuer Common Stock covered by





this Statement. Vista AIV acquired 1,772,946 shares of Issuer Common Stock through a transfer from three other affiliated Vista Equity Partners Funds, Vista Equity Partners Fund III, L.P., Vista Equity Partners Fund III (Parallel), L.P., and VEPF III FAF, L.P. (collectively, the Vista Funds ) on June 29, 2012. The Vista Funds transferred all of their shares of Issuer Common Stock to Vista AIV, and no longer own any shares of Issuer Common Stock.

**Item 4. Purpose of Transaction.**

The Reporting Persons purchased the Common Stock of Digital River for investment purposes. The Reporting Persons intend to exercise fully their rights as stockholders.

The Reporting Persons are engaged in the investment business. In pursuing this business, the Reporting Persons will routinely monitor Digital River with regard to a wide variety of factors that affect their investment considerations, including, without limitation, current and anticipated future trading prices for Digital River's Common Stock and other securities, Digital River's operations, assets, prospects, financial position, and business development, Digital River's management, Digital River-related competitive and strategic matters, general economic, financial market and industry conditions, as well as other investment considerations.

Depending on their evaluation of various factors, including those indicated above, the Reporting Persons may take such actions with respect to their holdings in Digital River as they deem appropriate in light of circumstances existing from time to time. Such actions may include the purchase of additional shares of Common Stock in the open market, through privately negotiated transactions with third parties or otherwise, or the sale at any time, in the open market, through privately negotiated transactions with third parties or otherwise, of all or a portion of the shares of Common Stock now owned or hereafter acquired by any of them. In addition, the Reporting Persons may from time to time enter into or unwind hedging or other derivative transactions with respect to the Common Stock or otherwise pledge their interests in the Common Stock of Digital River as a means of obtaining liquidity. The Reporting Persons may from time to time cause Vista AIV to distribute in kind to its investors shares of Common Stock of Digital River owned by Vista AIV. In addition, from time to time, the Reporting Persons and their representatives and advisers may communicate with other stockholders, industry participants and other interested parties concerning Digital River. The Reporting Persons may wish to engage in a constructive dialogue with officers, directors and other representatives of Digital River, as well as Digital River's stockholders; topics of discussion may include, but are not limited to, Digital River's markets, operations, competitors, prospects, strategy, personnel, directors, ownership and capitalization. Further, the Reporting Persons reserve the right to act in concert with any other stockholders of Digital River, or other persons, for a common purpose should they determine to do so, and/or to recommend courses of action to Digital River's management, directors and stockholders. The Reporting Persons may also enter into confidentiality or similar agreements with Digital River and, subject to such an agreement or otherwise, exchange information with the Digital River.

Any of the foregoing actions could involve one or more of the events referred to in paragraphs (a) through (j), inclusive, of Item 4 of Schedule 13D, including, potentially, one or more mergers, consolidations, sales or acquisitions of assets, change in control, issuances, purchases, dispositions or pledges of securities or other changes in capitalization.

Except as set forth in this Schedule 13D, the Reporting Persons do not presently have any additional plans or proposals that relate to or would result in any of the transactions, events or actions described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

**Item 5. Interest in Securities of the Issuer.**

(a) Based on Digital River's Form 10-Q quarterly report for the quarterly period ended March 31, 2012, Digital River had 36,909,439 shares of Common Stock outstanding as of April 1, 2012.

(b) Based on the foregoing, as of July 25, 2012, the 3,114,946 shares of Common Stock (the Subject Shares) beneficially owned by the Reporting Persons represent approximately 8.44% of the shares of Common Stock issued and outstanding.

	No. of Shares Beneficially Owned	% of Shares Beneficially Owned	Shares Subject to Sole Voting Power	Shares Subject to Shared Voting Power	Shares Subject to Sole Dispositive Power	Shares Subject to Shared Dispositive Power
Vista AIV (1)	3,114,946	8.44%	0	3,114,946	0	3,114,946
Vista III GP (2)	3,114,946	8.44%	0	3,114,946	0	3,114,946
VEFIIGP (3)	3,114,946	8.44%	0	3,114,946	0	3,114,946
Robert F. Smith (4)	3,114,946	8.44%	0	3,114,946	0	3,114,946

(1) Listed shares held of record by Vista AIV. Vista AIV has shared voting and dispositive power with respect to such shares with (i) Vista III GP, as General Partner of Vista AIV, (ii) VEFIIGP, as the Senior Managing Member of Vista III GP, and (iii) Robert F. Smith, as the sole member of VEFIIGP.

(2) Vista III GP is the General Partner of Vista AIV. Listed shares reflect shares held of record by Vista AIV. Vista III GP has shared voting and dispositive power with respect to such shares with (i) Vista AIV, (ii) VEFIIGP, as the Senior Managing Member of Vista III GP, and (iii) Robert F. Smith, as the sole member of VEFIIGP.

(3) VEFIIGP is the Senior Managing Member of Vista III GP. Listed shares reflect shares held of record by Vista AIV. VEFIIGP has shared voting and dispositive power with respect to such shares with (i) Vista AIV, (ii) Vista III GP, as the General Partner of Vista AIV, and (iii) Robert F. Smith, as the sole member of VEFIIGP.

(4) Robert F. Smith is the sole member of VEFIIGP. Listed shares reflect shares held of record by Vista AIV. Robert F. Smith has shared voting and dispositive power with respect to such shares with (i) Vista AIV, (ii) Vista III GP, as the General Partner of Vista AIV, and (iii) VEFIIGP, as the Senior Managing Member of Vista III GP.

Each of Vista III GP, VEFIIGP and Mr. Smith, in their respective capacities as the General Partner of Vista AIV, the Senior Managing Member of Vista III GP and the sole member of VEFIIGP, may be deemed to have the shared power to vote or direct the vote of (and the shared power to dispose or direct the disposition of) the shares held by Vista AIV.

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(c) Except as set forth herein, the Reporting Persons do not have beneficial ownership of, and have not engaged in any transaction during the past 60 days in, any shares of Common Stock. A detailed listing of the brokered open market purchases and trading data of Vista AIV with respect to the Common Stock is attached hereto as Exhibit 99.3.

(d) Not applicable.

(e) Not applicable.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.**

Vista III GP is the General Partner of Vista AIV. VEFIIGP is the Senior Managing Member of Vista III GP. Mr. Smith is the sole member of VEFIIGP. Accordingly, securities owned by Vista AIV may be regarded as being beneficially owned by Vista III GP, and securities owned by Vista III GP may be regarded as being beneficially owned by VEFIIGP. Securities owned by VEFIIGP may be regarded as being beneficially owned by Mr. Smith. Vista III GP, VEFIIGP and Mr. Smith each disclaim beneficial ownership of the shares of Common Stock of Digital River held by Vista AIV, except to the extent of their pecuniary interests in the shares, if any.

Except for the above-mentioned exceptions and as set forth in this Schedule 13D or filed in the Exhibits hereto, none of the Reporting Persons has any contract, arrangement, understanding or relationship (legal or otherwise) with any person with respect to securities of the Company, including, but not limited to, transfer or voting of any such securities, finder's fees, joint ventures, loans or option arrangements, puts or calls, guarantees of profits, division of profits or losses or the giving or withholding of proxies.

**Item 7. Material to be Filed as Exhibits.**

<b>Exhibit Number</b>	<b>Document</b>
99.1.	Joint Filing Agreement, dated July 25, 2012, by and among the Reporting Persons
99.2.	Power of Attorney
99.3.	Trading Data

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

Dated: July 26, 2012

VEPF III AIV V, L.P.

By: /s/ John Warnken-Brill  
Name: John Warnken-Brill  
Title: Attorney-in-Fact

VISTA EQUITY PARTNERS FUND III GP, LLC

By: /s/ John Warnken-Brill  
Name: John Warnken-Brill  
Title: Attorney-in-Fact

VEFIIGP, LLC

By: /s/ John Warnken-Brill  
Name: John Warnken-Brill  
Title: Attorney-in-Fact

ROBERT F. SMITH

By: /s/ John Warnken-Brill  
Name: John Warnken-Brill  
Title: Attorney-in-Fact

**INDEX TO EXHIBITS**

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