

ACACIA RESEARCH CORP
Form 10-Q
August 09, 2016

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number: 0-26068

(Exact name of registrant as specified in its charter)

DELAWARE 95-4405754
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
520 Newport Center Drive, Newport Beach, California 92660
(Address of principal executive offices, Zip Code)

(949) 480-8300
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of August 5, 2016, 50,383,318 shares of the registrant's common stock, \$0.001 par value, were issued and outstanding.

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PART I--FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

ACACIA RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share information)

(Unaudited)

	June 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 139,772	\$ 135,223
Restricted cash	14,036	10,725
Short-term investments	32,243	—
Accounts receivable	4,325	33,500
Deferred income taxes	210	210
Prepaid expenses and other current assets	4,310	4,219
Total current assets	194,896	183,877
Property and equipment, net	189	272
Patents, net	100,958	162,642
Other assets	365	1,110
	\$ 296,408	\$ 347,901
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 11,424	\$ 17,347
Accrued patent investment costs	—	1,000
Royalties and contingent legal fees payable	17,854	14,878
Total current liabilities	29,278	33,225
Deferred income taxes	210	210
Other liabilities	354	311
Total liabilities	29,842	33,746
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Preferred stock, par value \$0.001 per share; 10,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock, par value \$0.001 per share; 100,000,000 shares authorized; 50,392,241 and 50,651,239 shares issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	50	51
Treasury stock, at cost, 1,729,408 shares as of June 30, 2016 and December 31, 2015	(34,640)	(34,640)
Additional paid-in capital	636,332	633,146
Accumulated comprehensive loss	(171)	(215)
Accumulated deficit	(338,669)	(288,131)
Total Acacia Research Corporation stockholders' equity	262,902	310,211
Noncontrolling interests in operating subsidiaries	3,664	3,944
Total stockholders' equity	266,566	314,155
	\$ 296,408	\$ 347,901

The accompanying notes are an integral part of these consolidated financial statements.

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ACACIA RESEARCH CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share information)

(Unaudited)

	Three Months Ended June 30, 2016		Six Months Ended June 30, 2015	
Revenues	\$41,351	\$40,336	\$66,072	\$74,546
Operating costs and expenses:				
Cost of revenues:				
Inventor royalties	—	1,265	1,573	10,590
Contingent legal fees	10,418	5,512	14,527	10,296
Litigation and licensing expenses - patents	7,324	9,012	15,047	17,687
Amortization of patents	10,759	13,228		