

ACACIA RESEARCH CORP
Form 10-Q
November 14, 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 SEPTEMBER 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 November 9, 2016, 50,463,380 shares of the registrant's common stock, \$0.001 par value, were issued and outstanding.

ACACIA RESEARCH CORPORATION
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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)

	September 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 116,016	\$ 135,223
Restricted cash	14,041	10,725
Short-term investments	30,326	—
Accounts receivable	53,700	33,500
Deferred income taxes	210	210
Prepaid expenses and other current assets	3,773	4,219
Total current assets	218,066	183,877
Loan receivable and accrued interest (Note 5)	8,474	—
Investment at cost (Note 5)	1,720	—
Property and equipment, net	155	272
Patents, net	94,716	162,642
Other assets	365	1,110
	\$ 323,496	\$ 347,901
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 22,688	\$ 17,347
Accrued patent investment costs	225	1,000
Royalties and contingent legal fees payable	25,009	14,878
Total current liabilities	47,922	33,225
Deferred income taxes	210	210
Other liabilities	362	311
Total liabilities	48,494	33,746
Commitments and contingencies (Note 6)		
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; 50,460,880 and 50,651,239 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively	50	51
Treasury stock, at cost, 1,729,408 shares as of September 30, 2016 and December 31, 2015	(34,640) (34,640)
Additional paid-in capital	639,118	633,146
Accumulated comprehensive loss	(59) (215)
Accumulated deficit	(331,587) (288,131)

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Total Acacia Research Corporation stockholders' equity	272,882	310,211
Noncontrolling interests in operating subsidiaries	2,120	3,944
Total stockholders' equity	275,002	314,155
	\$ 323,496	\$ 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 September 30, 2016		Nine Months Ended September 30, 2016	
	2015	2016	2015	2016
Revenues	\$64,658	\$12,994	\$130,730	\$87,540
Operating costs and expenses:				
Cost of revenues:				
Inventor royalties	17,844	116	19,417	10,706
Contingent legal fees	7,709			