

DIGIRAD CORP
Form SC 13D
March 18, 2013
CUSIP No. 253827109

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No.)*

Digirad Corporation

(Name of Issuer)

Common Stock, \$0.0001 par value

(Title of Class of Securities)

253827109

(CUSIP Number)

RED OAK PARTNERS, LLC

Attn: David Sandberg

304 Park Avenue South, 11th Floor

Edgar Filing: DIGIRAD CORP - Form SC 13D

New York, NY 10010

(212) 614-8952

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

March 7, 2013

(Date of Event which Requires Filing of this Statement)

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), 13d-1(f) or 13d-1(g), check the following box

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

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

CUSIP No. 253827109

1 NAME OF REPORTING PERSONS

Red Oak Partners, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

AF

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

New York

NUMBER OF	7	SOLE VOTING POWER
	8	SHARED VOTING POWER
SHARES		1,041,619
BENEFICIALLY	9	SOLE DISPOSITIVE POWER
OWNED BY	10	SHARED DISPOSITIVE POWER
		1,041,619
EACH		

REPORTING

PERSON

WITH:

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,041,619

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.41%¹

14 TYPE OF REPORTING PERSON (See Instructions)

OO

1 Based on 19,266,685 shares of common stock outstanding at March 8, 2013, as reported by the Company on its Form 10-K for the fiscal year ended December 31, 2012, filed with the United States Securities and Exchange Commission on March 13, 2013.

CUSIP No. 253827109

1 NAME OF REPORTING PERSON

The Red Oak Fund, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF	7	SOLE VOTING POWER
SHARES	8	SHARED VOTING POWER
		581,433
BENEFICIALLY	9	SOLE DISPOSITIVE POWER
OWNED BY	10	SHARED DISPOSITIVE POWER
EACH		581,433

REPORTING

PERSON

WITH:

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

581,433

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

3.02%¹

14 TYPE OF REPORTING PERSON (See Instructions)

PN

CUSIP No. 253827109

1 NAME OF REPORTING PERSON

Pinnacle Partners, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

AF

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Colorado

NUMBER OF	7	SOLE VOTING POWER
SHARES	8	SHARED VOTING POWER
		460,186
BENEFICIALLY	9	SOLE DISPOSITIVE POWER
OWNED BY	10	SHARED DISPOSITIVE POWER
		460,186
EACH		

REPORTING

PERSON

WITH:

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

460,186

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.39%¹

14 TYPE OF REPORTING PERSON (See Instructions)

OO

CUSIP No. 253827109

1 NAME OF REPORTING PERSON

Pinnacle Fund, LLLP

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

WC

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Colorado

NUMBER OF	7	SOLE VOTING POWER
	8	SHARED VOTING POWER
SHARES		460,186
BENEFICIALLY	9	SOLE DISPOSITIVE POWER
OWNED BY	10	SHARED DISPOSITIVE POWER
		460,186
EACH		

REPORTING

PERSON

WITH:

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

460,186

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.39%¹

14 TYPE OF REPORTING PERSON (See Instructions)

PN

1 NAME OF REPORTING PERSONS

David Sandberg

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

AF

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

NUMBER OF

7

SOLE VOTING POWER

SHARES

8

SHARED VOTING POWER

1,041,619

BENEFICIALLY

9

SOLE DISPOSITIVE POWER

OWNED BY

10

SHARED DISPOSITIVE POWER

EACH 1,041,619

REPORTING

PERSON

WITH:

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,041,619

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (See Instructions)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.41%¹

14 TYPE OF REPORTING PERSON (See Instructions)

IN

Item 1. Security and Issuer.

This statement on Schedule 13D (this Statement) relates to the common stock (Common Stock), of Digirad Corporation (the Issuer), with its principal executive offices located at 13950 Stowe Drive, Poway, California 92064.

Item 2. Identity and Background.

(a)-(c) and (f) The names of the persons filing this Statement (the Reporting Persons) are:

The Red Oak Fund, LP, a Delaware limited partnership (Red Oak Fund);

Pinnacle Fund, LLLP, a Colorado limited liability limited partnership (Pinnacle Fund);

Red Oak Partners, LLC, a New York limited liability company (Red Oak Partners);

Pinnacle Partners, LLC, a Colorado limited liability company (Pinnacle Partners); and

David Sandberg, a United States citizen.

This Statement is being filed by David Sandberg, the controlling member of Red Oak Partners, which manages each of Red Oak Fund and Pinnacle Fund (each a Fund and, collectively, the Funds). The Funds are private investment vehicles formed for the purpose of investing and trading in a wide variety of securities and financial instruments. The Funds directly own the shares as reported in this Statement. Each of the filers hereto disclaims beneficial ownership with respect to any shares other than shares owned directly by such filer.

The principal office or business address of the Red Oak Fund, Red Oak Partners and David Sandberg is 304 Park Avenue South, 11th Floor, New York, NY 10010. The principal office or business address of Pinnacle Partners and Pinnacle Fund is 2810 North Speer Boulevard, Denver, CO 80211.

(d)-(e)

During the last five years, none of the Reporting Persons have been (a) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding 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.

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

The source of cash funds for the purchased securities was the working capital of the Funds, and the amount of funds totaled \$2,015,661.89.

Item 4. Purpose of Transaction.

The Reporting Persons have submitted to the Issuer the notifications required to permit them to nominate five (5) directors at the Issuer's next annual meeting. This, by implication, would result in changes to the incumbent board of directors if the nominees were elected.

On February 26, 2013, Red Oak Partners sent a letter, attached as Exhibit A, to the Board of Directors of the Issuer, listing its slate of Board nominees and their biographies. Included with the letter was a copy of a DRS statement, attached as Exhibit B, for part of Red Oak Fund's holdings. Also included were the nominees' letters of consent.

The Reporting Persons purchased the Common Stock subject to this Statement for investment purposes. The Reporting Persons will review their investments in the Common Stock from time to time, and, subject to applicable law and regulation and depending upon certain factors, including, without limitation, the financial performance of the Company, the availability and price of the Common Stock or other securities related to the Company, and other general market and investment conditions, the Reporting Persons may determine to:

.
acquire additional Common Stock through open market purchases or otherwise;

.
sell Common Stock through the open market or otherwise; or

.
otherwise engage or participate in a transaction with the purpose or effect of changing or influencing the control of the Company.

Such transactions may take place at any time and without prior notice. There can be no assurance, however, that any Reporting Person will take any such actions.

Item 5. Interest in Securities of the Issuer.

(a)
The aggregate percentage of the Company's outstanding shares of Common Stock reported owned by each Reporting Person is based on 19,266,685 shares of common stock outstanding at March 8, 2013, as reported by the Company on its Form 10-K for the fiscal year ended December 31, 2012, filed with the United States Securities and Exchange Commission on March 13, 2013. Each Reporting Person disclaims beneficial ownership with respect to any shares of Common Stock other than the shares owned directly and of record by such Reporting Person.

Red Oak Partners beneficially owns 1,041,619 shares of Common Stock, representing 5.41% of all the outstanding shares of Common Stock. The Funds are each controlled by Red Oak Partners. Therefore, Red Oak Partners may be deemed to beneficially own (i) the 581,433 shares of Common Stock held by the Red Oak Fund, and (ii) the 460,186 shares of Common Stock held by Pinnacle Fund.

Mr. Sandberg beneficially owns 1,041,619 shares of Common Stock, representing 5.41% of all the outstanding shares of Common Stock. Mr. Sandberg, as the managing member of Red Oak Partners may be deemed to beneficially own the 1,041,619 shares of Common Stock beneficially owned by Red Oak Partners through the Funds.

Red Oak Fund may be deemed to beneficially own 581,433 shares of Common Stock, representing 3.02% of all the outstanding shares of Common Stock. Pinnacle Fund may be deemed to beneficially own 460,186 shares of Common Stock, representing 2.39% of all the outstanding shares of Common Stock.

(b)

Each of Red Oak Partners and Mr. Sandberg may be deemed to have shared voting and dispositive power with respect to (i) the 581,433 shares of Common Stock held by the Red Oak Fund, and (ii) the 460,186 shares of Common Stock held by Pinnacle Fund. No Fund shares with any other Fund voting or dispositive power with respect to the shares such Fund beneficially owns.

(c)

Transactions by the Reporting Persons effected in Common Stock that have taken place in the last sixty days are attached as Exhibit C.

(d)

Not applicable.

(e)

Not applicable.

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

The relationships between Mr. Sandberg, Red Oak Partners and the Funds are described above under Item 2.

Item 7. Material to be Filed as Exhibits.

Exhibit A Letter to the Board of Directors.

Exhibit B DRS Statement.

Exhibit C Transactions In the Past 60 Days.

SIGNATURE

After reasonable inquiry and to best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: March 18, 2013

By:
/s/ David Sandberg

Name:
David Sandberg

RED OAK PARTNERS, LLC

By:
/s/ David Sandberg

Name:
David Sandberg

Title:
Managing Member

THE RED OAK FUND, L.P.

By:
RED OAK PARTNERS, LLC,

its general partner

By:
/s/ David Sandberg

Name:
David Sandberg

Title:
Managing Member

PINNACLE PARTNERS, LLC

By:
RED OAK PARTNERS, LLC,

its managing member

By:
/s/ David Sandberg

Name:
David Sandberg

Title:
Managing Member

PINNACLE FUND, LLLP

By:
PINNACLE PARTNERS, LLC,

its general partner

By:
/s/ David Sandberg

Name:
David Sandberg

Title:
Managing Member

Footnotes

1