

QUALITY SYSTEMS, INC

FORM 8-K (Current report filing)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

**Date of Report
(Date of earliest event reported):
November 27, 2017**

QUALITY SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

CALIFORNIA
(State or other jurisdiction of
incorporation)

001-12537
(Commission File Number)

95-2888568
(IRS Employer
Identification Number)

**18111 Von Karman, Suite 800
Irvine, California 92612
(Address of Principal Executive Offices)**

**(949) 255-2600
(Registrant's Telephone Number, Including Area Code)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of Jeffrey D. Linton as Executive Vice President, General Counsel and Secretary

On November 30, 2017, the Board of Directors (the "Board") of Quality Systems, Inc. (the "Company") appointed Jeffrey D. Linton to serve as the Company's Executive Vice President, General Counsel and Secretary, effective December 4, 2017.

Prior to joining the Company, Mr. Linton, age 54, served from November 2016 to November 2017 as General Counsel and Secretary of Applied Proteomics, Inc., a company that develops noninvasive, blood-based tests for monitoring and early detection of disease, where he was responsible for all legal, intellectual property, compliance, and human resources activities. Previously, Mr. Linton was Senior Vice President, General Counsel and Secretary of Sequenom, Inc., a life sciences company, from September 2014 to October 2016. Before joining Sequenom, Mr. Linton served as Senior Vice President and General Counsel at Beckman Coulter, Inc., a biomedical testing products company, from July 2011 to September 2014. He previously served in various roles with Serologicals Corporation, a company that developed, manufactured and sold life science research products and technologies, diagnostic kits and drug discovery services. His prior experience also includes various other positions in law, government and public affairs and human resources. Mr. Linton earned a Bachelor of Arts, magna cum laude, from Butler University and a Juris Doctorate, cum laude, from the University of Notre Dame Law School.

In connection with his appointment, Mr. Linton accepted an offer of terms for at-will employment with the Company, effective December 4, 2017 (the "Employment Terms"). Pursuant to the Employment Terms, Mr. Linton will report to the President and Chief Executive Officer of the Company and his compensation will consist of the following components:

- Mr. Linton will be paid an annual base salary of \$350,000.
- Mr. Linton is eligible to receive a fiscal year 2018 cash bonus of up to 60% of his base salary, subject to the Company's attainment of the financial objectives and achievement of certain performance targets established under the fiscal year 2018 Executive Compensation Program previously approved by the Compensation Committee of the Board and described in the Company's 2017 Proxy Statement, provided that Mr. Linton continues to be employed by the Company on the date such bonus is payable. Any bonus payable for the Company's 2018 fiscal year will be pro-rated for the number of full months of Mr. Linton's employment during such fiscal year.
- On the first day of his employment with the Company, Mr. Linton will receive a non-qualified stock option grant to purchase 135,000 shares of the Company's common stock, pursuant to the terms and provisions of the Company's 2015 Equity Incentive Plan, as amended, (the "2015 Plan") filed with the Securities and Exchange Commission (the "Commission") as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 23, 2017, and incorporated herein by reference. The options will have an exercise price equal to the closing price of a share of the Company's common stock on the date of the grant, a term of eight years from the date of grant, and will vest in equal, annual, 25% installments over a four-year period, beginning on the one-year anniversary of the date of grant. The options will be subject to accelerated vesting in full in accordance with the "double trigger" change of control provisions of the 2015 Plan and the Company's standard form of stock option agreement for the 2015 Plan filed with the Commission as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on August 14, 2015 and incorporated herein by reference.
- Mr. Linton and his family will be eligible for participation in the Company's health and welfare benefit plans to the same extent generally applicable to all executive officers of the Company.
- Mr. Linton will be entitled to three weeks of paid vacation leave per year, prorated for calendar year 2017, and will be entitled to accrue a maximum of four weeks of paid vacation leave.

Mr. Linton will also be required to acquire and hold shares of the Company's common stock in accordance with the Company's Executive Stock Ownership Program in order to better align his interests with the interests of the shareholders of the Company.

All compensatory arrangements in the Employment Terms were approved by the Compensation Committee of the Board.

The foregoing summary of the Employment Terms is qualified in its entirety by the text of the offer letter accepted by Mr. Linton, which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

In accordance with the Company's standard practices for executive officers, effective December 4, 2017, the Company will enter into an indemnification agreement with Mr. Linton, which will be substantially consistent with the Company's form of Indemnification Agreement, filed with the Commission as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 28, 2013, and incorporated herein by reference.

Other than the Employment Terms, there are no arrangements or understandings between Mr. Linton and any other person pursuant to which Mr. Linton was appointed to serve as the Executive Vice President, General Counsel and Secretary of the Company. There are no family relationships between Mr. Linton and any director or executive officer of the Company, and Mr. Linton has no direct or indirect material interest in any "related party" transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Item 7.01 Regulation FD Disclosure.

The Company issued a press release on December 1, 2017, announcing the appointment of Jeffrey D. Linton as the Executive Vice President, General Counsel and Secretary of the Company. The press release making this announcement is attached hereto as Exhibit 99.1.

In accordance with General Instruction B.2 of Form 8-K, the information in this Item 7.01, including such portions of Exhibit 99.1 relating to Mr. Linton's appointment, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Employment Offer Letter, dated November 27, 2017, between Jeffrey D. Linton and Quality Systems, Inc.
99.1	Press Release dated December 1, 2017

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 1, 2017

QUALITY SYSTEMS, INC.

/s/ Jocelyn A. Leavitt

By:

Jocelyn A. Leavitt

Executive Vice President, General Counsel & Secretary

EXHIBITS ATTACHED TO THIS REPORT ON FORM 8-K

Exhibit No.	Description
10.1	Employment Offer Letter, dated November 27, 2017, between Jeffrey D. Linton and Quality Systems, Inc.
99.1	Press Release dated December 1, 2017

Jeffrey D. Linton

November 27, 2017

Page 1



November 27, 2017

Jeffrey D. Linton

Re: Employment Offer Letter

Dear Mr. Linton:

On behalf of Quality Systems, Inc. ("QSI"), I am pleased to extend to you an offer of employment to join QSI in the full-time position of Executive Vice President, General Counsel & Secretary. This letter will convey the proposed terms and conditions of your employment with QSI. In addition to the other items specified in paragraph 10 below, this offer is conditioned upon final approval by QSI's Board of Directors (the "Board").

Following your acceptance of these terms and subject to satisfaction of the other conditions specified herein, your employment start date will be December 4, 2017. Your title will be EVP, General Counsel & Secretary and your principal place of employment will be at QSI's corporate headquarters in Irvine, California. Subject to necessary business travel requirements, you will perform your employment duties at Irvine, California. You will report directly to John ("Rusty") Frantz, the Chief Executive Officer of QSI, and your duties and responsibilities will be commensurate with your title.

The terms and conditions of your employment with QSI are summarized below:

1. You will receive an initial base salary of \$350,000 per year (\$14,583.33 semi-monthly), payable in accordance with QSI's normal payroll practices and subject to all legally required deductions.
2. You will be eligible to receive a 2018 fiscal year cash bonus opportunity of up to 60% of your base salary, subject to QSI's attainment of the financial objectives and achievement of certain performance targets established under the 2017 Executive Compensation Program previously approved by QSI's Compensation Committee, provided that you continue to be employed by QSI on the date such bonus is payable. Any bonus payable for QSI's 2018 fiscal year will be pro-rated for the number of full months of your employment during such fiscal year.
3. On your first day of employment, you will receive a non-qualified stock option grant to purchase 135,000 shares of QSI's common stock, pursuant to the terms and provisions of the 2015 Incentive Plan. The option will have an exercise price equal to the closing price of a share of QSI common stock on the date of grant, a term of eight years from the date of grant, and will vest in equal, annual, 25% installments over a four-year period beginning on the one-year anniversary of the date of grant. The option will be subject to accelerated

November 27, 2017

Page 2

vesting in full in accordance with the “double trigger” change of control provisions of the 2015 Incentive Plan and QSI’s standard form of option grant award.

4. To align your interests with those of QSI’s shareholders, you will be required to comply with the terms and conditions of QSI’s Executive Stock Ownership Program and to acquire and hold the minimum number of shares of QSI common stock set forth in such policy.
5. You will be entitled to accrue three weeks of vacation time per year, which may be used in accordance with QSI’s current policy as described in the Employee Handbook. Pursuant to QSI’s current policy, you will be entitled to accrue a maximum of four weeks of paid vacation leave.
6. You will be eligible for group insurance coverage (with a participant eligibility date to be determined by the plan documents currently in effect), together with such other employment benefits generally made available to other similarly situated QSI employees.
7. By undertaking employment with QSI, you agree to abide by all current and future employment policies, rules and regulations of QSI. You also acknowledge that your position with QSI is a full-time position, and accordingly, you agree that you will not accept, during your employment with QSI, employment with any other person or entity without the prior written consent of QSI’s Chief Executive Officer. As with all QSI employees, on your first day of employment, you will be required to execute (i) an Acknowledgement and Certification of your receipt of, and agreement with, QSI’s Employee Handbook and (ii) the Agreement for Protection of Company Information, which, among other things, requires you to protect QSI’s confidential information and includes certain non-solicitation provisions. As required by the Immigration Reform and Control Act of 1986 (“IRCA”), you also must establish your identity and authorization to work in the United States. You will be required to complete the Employment Verification Form (I-9) on your first day of employment.
8. You and QSI expressly understand and agree that your employment with QSI is in all respects “at will,” meaning that either you or QSI can terminate the employment relationship at any time without advance notice to the other, with or without Cause, for any reason or no reason. QSI also can discipline, demote or alter the terms of employment of its employees at any time, with or without Cause or advance notice. This letter and the employment documents referenced in preceding paragraph 8 will be our entire understanding concerning the subjects contained herein (including the at-will nature of your employment and the possible termination of the employment relationship), and QSI’s policy of at-will employment cannot be changed or modified in any way except that it may be superseded by one or more written agreements between you and QSI, authorized in advance by specific resolution of QSI’s Board of Directors and signed by both you and QSI’s Chief Executive Officer.
9. This offer is conditioned upon: (i) final approval of your offer for employment and the terms of this offer letter by the Board, (ii) the Board’s satisfaction with the results of a background check to be performed on behalf of QSI, (iii) your written acceptance of this offer letter, and (iv) your execution of the Agreement for Protection of Company Information

Jeffrey D. Linton

November 27, 2017

Page 3

and other documents described in paragraph 8. If you provide materially false or misleading information in your employment application or other documents submitted in connection with your seeking employment with QSI, you will be subject to immediate termination.

I am delighted with the prospect of you joining QSI, and we all look forward to you making a tremendous contribution to the company.

Very truly yours,

/s/ John R. Frantz

John R. Frantz

Chief Executive Officer

AGREED TO AND ACCEPTED BY:

/s/ Jeffrey D. Linton

Jeffrey D. Linton

FOR IMMEDIATE RELEASE

NextGen Healthcare Announces Jeffrey D. Linton as Executive Vice President, General Counsel, and Secretary

Irvine, Calif. – December 1, 2017 – Quality Systems, Inc. (NASDAQ: QSII), known to its clients as NextGen Healthcare, today announced the appointment of Jeffrey D. Linton as Executive Vice President, General Counsel, and Secretary effective December 4. Linton, bringing extensive healthcare experience, will oversee all legal-related matters of NextGen Healthcare. He assumes the role from Jocelyn Leavitt, who has been serving as general counsel since June 2013.

“Jeff has an impressive legal career within complex healthcare landscapes. His expertise will continue to strengthen our NextGen Healthcare leadership team as we continue to evolve our portfolio of solutions within the healthcare information technology ecosystem,” said Rusty Frantz, President and Chief Executive Officer, NextGen Healthcare.

Linton will report to Rusty Frantz and will lead the company’s legal affairs, regulatory and compliance groups.

Most recently, Linton served as General Counsel and Secretary of Applied Proteomics, Inc., a company that develops noninvasive, blood-based tests for monitoring and early detection of disease, where he was responsible for all legal, intellectual property, compliance, and human resources activities. Previously, Linton served as Senior Vice President, General Counsel and Secretary of Sequenom, Inc., a life sciences company, from September 2014 to October 2016. Before joining Sequenom, Linton served as Senior Vice President and General Counsel at Beckman Coulter, Inc., a biomedical testing products company, from July 2011 to September 2014, in addition to various roles with Serologicals Corporation, a company that developed, manufactured and sold life science research products and technologies, diagnostic kits and drug discovery services. His prior experience also includes various other positions in law, government and public affairs and human resources. Linton holds a Bachelor of Arts, magna cum laude, from Butler University and a Juris Doctorate, cum laude, from the University of Notre Dame Law School.

Frantz added, "I would like to thank Jocelyn Leavitt for her more than four years of outstanding leadership at NextGen Healthcare. During her time with us, Jocelyn built an exceptional legal organization that oversaw multiple acquisitions, including HealthFusion, Entrada and EagleDream Health, and helped transform our business from an EHR software company to a complete solutions provider. We wish Jocelyn the best in her next chapter."

About Quality Systems, Inc.

Quality Systems, Inc., known to its clients as NextGen Healthcare, provides a range of software, services, and analytics solutions to medical and dental group practices. The company's portfolio delivers foundational capabilities to empower physician success, enrich the patient care experience, and enable the transition to value-based healthcare. Visit www.qsii.com and www.nextgen.com for additional information.

For Media and Public Relations Inquiries:

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