

**DIGIRAD CORP**  
Filed by  
**LONE STAR VALUE MANAGEMENT LLC**

**FORM SC 13D/A**  
(Amended Statement of Beneficial Ownership)

Filed 09/14/17

Address	1048 INDUSTRIAL COURT SUWANEE, GA, 30024
Telephone	(858) 726-1600
CIK	0000707388
Symbol	DRAD
SIC Code	3845 - Electromedical and Electrotherapeutic Apparatus
Industry	Advanced Medical Equipment & Technology
Sector	Healthcare
Fiscal Year	12/31

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

SCHEDULE 13D  
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO  
§ 240.13d-2(a)

(Amendment No. 3) <sup>1</sup>

Digirad Corporation  
(Name of Issuer)

Common Stock, par value \$0.0001 per share  
(Title of Class of Securities)

253827109  
(CUSIP Number)

JEFFREY E. EBERWEIN  
LONE STAR VALUE MANAGEMENT, LLC  
53 Forest Avenue, 1st Floor  
Old Greenwich, Connecticut 06870  
(203) 489-9500  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

September 14, 2017  
(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 §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-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 § 240.13d-7 for other parties to whom copies are to be sent.

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<sup>1</sup> 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* ).

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1	NAME OF REPORTING PERSON LONE STAR VALUE INVESTORS, LP	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER - 0 -
	8	SHARED VOTING POWER - 0 -
	9	SOLE DISPOSITIVE POWER - 0 -
	10	SHARED DISPOSITIVE POWER - 0 -
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON - 0 -	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0%	
14	TYPE OF REPORTING PERSON PN	

1	NAME OF REPORTING PERSON  LONE STAR VALUE INVESTORS GP, LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  2,811
	8	SHARED VOTING POWER  - 0 -
	9	SOLE DISPOSITIVE POWER  2,811
	10	SHARED DISPOSITIVE POWER  - 0 -
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  2,811	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  Less than 1%	
14	TYPE OF REPORTING PERSON  OO	

1	NAME OF REPORTING PERSON  LONE STAR VALUE MANAGEMENT, LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  CONNECTICUT	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  - 0 -
	8	SHARED VOTING POWER  - 0 -
	9	SOLE DISPOSITIVE POWER  - 0 -
	10	SHARED DISPOSITIVE POWER  - 0 -
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  - 0 -	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  0%	
14	TYPE OF REPORTING PERSON  OO	

1	NAME OF REPORTING PERSON  JEFFREY E. EBERWEIN	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  AF, PF, OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  506,652
	8	SHARED VOTING POWER  -0-
	9	SOLE DISPOSITIVE POWER  506,652
	10	SHARED DISPOSITIVE POWER  -0-
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  506,652	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  2.5%	
14	TYPE OF REPORTING PERSON  IN	

The following constitutes Amendment No. 3 to the Schedule 13D filed by the undersigned (“Amendment No. 3”). This Amendment No. 3 amends the Schedule 13D as specifically set forth herein.

Responses to each item below are incorporated by reference into each other item, as applicable.

Item 2. Identity and Background.

Item 2 is hereby amended and restated to read as follows:

- (a) This statement is filed by:
  - (i) Lone Star Value Investors, LP, a Delaware limited partnership (“Lone Star Value Investors”);
  - (ii) Lone Star Value Investors GP, LLC, a Delaware limited liability company (“Lone Star Value GP”), which serves as the general partner of Lone Star Value Investors;
  - (iii) Lone Star Value Management, LLC, a Connecticut limited liability company (“Lone Star Value Management”), which serves as the investment manager of Lone Star Value Investors and a certain managed account (the “Lone Star Value Account”); and
  - (iv) Jeffrey E. Eberwein, who serves as the manager of Lone Star Value GP and sole member of Lone Star Value Management.

Each of the foregoing is referred to as a “Reporting Person” and collectively as the “Reporting Persons.” Each of the Reporting Persons is party to that certain Joint Filing Agreement, as filed with the Schedule 13D. Accordingly, the Reporting Persons are hereby filing a joint Schedule 13D.

(b) The address of the principal office of each of the Reporting Persons is 53 Forest Avenue, 1st Floor, Old Greenwich, Connecticut 06870.

(c) The principal business of Lone Star Value Investors is investing in securities. The principal business of Lone Star Value GP is serving as the general partner of Lone Star Value Investors. The principal business of Lone Star Value Management is serving as the investment manager of Lone Star Value Investors and the Lone Star Value Account. The principal occupation of Mr. Eberwein is serving as the manager of Lone Star Value GP and the sole member of Lone Star Value Management.

(d) No Reporting Person has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

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(e) Other than as set forth herein, no Reporting Person has, during the last five years, been 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. Lone Star Value Management and Mr. Eberwein are each subject to a Securities and Exchange Commission (“SEC”) administrative order, dated February 14, 2017 (File No. 3-17847), relating to alleged violations of Section 13(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules promulgated thereunder, including failing to disclose the members of a stockholder group, and further allegations that Mr. Eberwein violated Section 16(a) of the Exchange Act and the rules promulgated thereunder, including failing to timely file initial statements of beneficial ownership on Form 3 and changes thereto on Form 4. Without admitting or denying any violations, (i) Lone Star Value Management agreed to cease and desist from committing or causing any violations of Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 promulgated thereunder, and paid a civil penalty of \$120,000 to the SEC and (ii) Mr. Eberwein agreed to cease and desist from committing or causing any violations of (x) Section 13(d) of the Exchange Act and Rules 13d-1 and 13d-2 promulgated thereunder and (y) Section 16(a) of the Exchange Act and Rules 16a-2 and 16a-3 promulgated thereunder, and paid a civil penalty to the SEC in the amount of \$90,000 .

(f) Mr. Eberwein is a citizen of the United States of America.

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

Item 3 is hereby amended and restated to read as follows:

The 2,811 Shares directly owned by Lone Star Value GP were acquired upon a pro rata in-kind distribution from Lone Star Value Investors to its partners.

Of the 503,841 Shares directly owned by Mr. Eberwein (i) 378,841 Shares were acquired upon a pro rata in-kind distribution from Lone Star Value Investors to its partners, (ii) 112,500 Shares were acquired upon a transfer of such Shares from Lone Star Value Co-Invest I, LP (“Lone Star Value Co-Invest I”), of which Mr. Eberwein is the sole investor and sole owner, and (iii) 12,500 Shares were acquired upon the vesting of certain Restricted Stock Units awarded to Mr. Eberwein in connection with his service as the Chairman of the Issuer’s Board of Directors (the “Board”). In addition, Mr. Eberwein has been awarded 12,500 Restricted Stock Units in connection with his service as Chairman of the Board, which do not vest until August 8, 2018.

Item 5. Interest in Securities of the Issuer.

Item 5 is hereby amended and restated to read as follows:

The aggregate percentage of Shares reported owned by each person named herein is based upon 19,977,984 Shares outstanding as of August 1, 2017, as reported in the Issuer’s Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on August 4, 2017.

A. Lone Star Value Investors

(a) As of September 14, 2017, Lone Star Value Investors did not beneficially own any Shares.

Percentage: 0%

- (b)
1. Sole power to vote or direct vote: 0
  2. Shared power to vote or direct vote: 0
  3. Sole power to dispose or direct the disposition: 0
  4. Shared power to dispose or direct the disposition: 0
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- (c) Except as otherwise disclosed herein, there have been no transactions in securities of the Issuer by Lone Star Value Investors during the past sixty days. On September 14, 2017, Lone Star Value Investors engaged in a pro rata in-kind distribution of 1,000,090 Shares to its partners for no consideration (the “Lone Star Value Distribution”).

B. Lone Star Value GP

- (a) As of September 14, 2017, Lone Star Value GP directly beneficially owned 2,811 Shares.

Percentage: Less than 1%

- (b)
  1. Sole power to vote or direct vote: 2,811
  2. Shared power to vote or direct vote: 0
  3. Sole power to dispose or direct the disposition: 2,811
  4. Shared power to dispose or direct the disposition: 0

- (c) Except as otherwise disclosed herein, there have been no transactions in securities of the Issuer by Lone Star Value GP during the past sixty days. Lone Star Value GP received 2,811 Shares in connection with the Lone Star Value Distribution.

C. Lone Star Value Management

- (a) As of September 14, 2017, no Shares were held in the Lone Star Value Account and Lone Star Value Management did not beneficially own any Shares.

Percentage: 0%

- (b)
  1. Sole power to vote or direct vote: 0
  2. Shared power to vote or direct vote: 0
  3. Sole power to dispose or direct the disposition: 0
  4. Shared power to dispose or direct the disposition: 0

- (c) Except as otherwise disclosed herein, there have been no transactions in securities of the Issuer by Lone Star Value Management during the past sixty days. On September 14, 2017, the 70,000 Shares previously held in the Lone Star Value Account were transferred directly to the owner of the Lone Star Value Account.

D. Mr. Eberwein

- (a) As of September 14, 2017, Mr. Eberwein beneficially owned directly 503,841 Shares. Mr. Eberwein, as the manager of Lone Star Value GP, may be deemed the beneficial owner of the 2,811 Shares owned by Lone Star Value GP.

Percentage: Approximately 2.5%

- (b)
    1. Sole power to vote or direct vote: 506,652
    2. Shared power to vote or direct vote: 0
    3. Sole power to dispose or direct the disposition: 506,652
    4. Shared power to dispose or direct the disposition: 0
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- (c) Except as otherwise disclosed herein, there have been no transactions in securities of the Issuer by Mr. Eberwein during the past sixty days. Mr. Eberwein received 378,841 Shares in connection with the Lone Star Value Distribution. On September 14, 2017, Lone Star Value Co-Invest I transferred 112,500 Shares to Mr. Eberwein for no consideration. On August 2, 2017, Mr. Eberwein received 12,500 Shares from the Issuer in connection with the vesting of certain Restricted Stock Units. On August 8, 2017, Mr. Eberwein was awarded 12,500 Restricted Stock Units from the Issuer in connection with his service as Chairman of the Board, which vest on August 8, 2018.
- (d) No person other than the Reporting Persons is known to have the right to receive, or the power to direct the receipt of dividends from, or proceeds from the sale of, the Shares.
- (e) As of September 14, 2017, the Reporting Persons ceased to be the beneficial owners of more than 5% of the Shares of the Issuer.

SIGNATURES

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

Dated: September 14, 2017

Lone Star Value Investors, LP

By: Lone Star Value Investors GP, LLC  
General Partner

By: /s/ Jeffrey E. Eberwein  
Name: Jeffrey E. Eberwein  
Title: Manager

Lone Star Value Investors GP, LLC

By: /s/ Jeffrey E. Eberwein  
Name: Jeffrey E. Eberwein  
Title: Manager

Lone Star Value Management, LLC

By: /s/ Jeffrey E. Eberwein  
Name: Jeffrey E. Eberwein  
Title: Sole Member

/s/ Jeffrey E. Eberwein  
JEFFREY E. EBERWEIN