

INTELLIGENT SYSTEMS CORP
Form SD
May 25, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM SD

Specialized Disclosure Report

INTELLIGENT SYSTEMS CORPORATION

(Exact name of Registrant as specified in its charter)

Georgia
(State or other jurisdiction

1-9330

58-1964787

of incorporation or organization) Commission file number (I.R.S. Employer Identification No.)

4355
Shackleford
Road, 30093
Norcross,
Georgia
(Address of
principal
executive
offices) (Zip Code)

**Bonnie
Herron,
770-381-2900**

(Name and
telephone
number,
including area
code, of the
person to
contact in
connection
with this
report.)

Check the appropriate box to indicate the rule pursuant to which this form is being filed and provide the period to which the information in this form applies.

Rule 13p-1 under the Securities Exchange Act (17 CFR 240.13p-1) for the reporting period from January 1 to December 31, 2015.

Item 1.01 Conflict Minerals Disclosure and Report

During the period January 1, 2015 through March 31, 2015, the Registrant's wholly owned subsidiary, ChemFree Corporation, manufactured certain products that it believes may contain one or more conflict minerals that are necessary to the functionality of the manufactured product. The Registrant sold ChemFree Corporation effective as of March 31, 2015. Since March 31, 2015, the Registrant no longer manufactures any products. Based on the Registrant's reasonable country of origin inquiry, during the period January 1, 2015 through December 31, 2015, the Registrant has no reason to believe that any conflict minerals used in its products may have originated in the Democratic Republic of the Congo or any adjoining country. Our conclusion is based upon the inquiry described below.

Conflict Minerals Disclosure

ChemFree Corporation, a subsidiary of the Registrant prior to its sale to a third party on March 31, 2015, manufactured bio-remediating parts washer systems. The Registrant believes that certain necessary parts used in the manufacture of these products may contain conflict minerals, specifically tantalum, tin, tungsten or gold. Based on the Registrant's reasonable country of origin inquiry, the Registrant has no reason to believe that any conflict minerals used in its products may have originated in the Democratic Republic of the Congo or any adjoining country.

This belief is based on a reasonable inquiry and due diligence process initially conducted by the Registrant in 2013. Since that time, in calendar year 2014 and through March 31, 2015 when the ChemFree subsidiary was sold, there were no material changes (i) in the suppliers used by the company to procure its parts and subassemblies or (ii) in the parts and assemblies that were sourced by the company. The due diligence process involved the following steps:

1. Analysis of its bills of material and suppliers to identify parts and subassemblies that it believes could contain one or more conflict minerals, specifically tantalum, tin, tungsten and gold which may be used in certain electronic components or mechanical subassemblies.
2. The analysis identified 26 suppliers that supplied 81 parts or subassemblies that may contain conflict minerals. Most of the parts acquired are off-the-shelf components although several are made to the company's specifications (primarily concerned with physical dimensions)
 3. Sent letters of enquiry to each of the identified suppliers asking for written confirmation of any conflict materials used in the part supplied and, if present, whether the country of origin for the conflict minerals was the Democratic Republic of the Congo or an adjacent country.
4. Reviewed the website of suppliers for any publicly available Conflict Minerals Report.
5. For suppliers that did not reply to the first enquiry, made two additional attempts including by email and telephone over a four month period, to solicit a response.
 6. Received replies from all but 4 suppliers, representing an 85% response rate with all replies received confirming that no conflict minerals were used in and/or sourced from the Democratic Republic of Congo or adjacent countries.

The Registrant believes that its due diligence process was conducted in good faith, that it was reasonable in scope given the relatively small size of its manufacturing operations (which were sold in March 31, 2015) and that the results provide a reasonable basis for its conclusion.

The Registrant has posted this Conflict Minerals Disclosure on its website at www.intelsys.com.

SIGNATURE

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: May 25, 2016 INTELLIGENT SYSTEMS CORPORATION
(Registrant)

/s/ Bonnie L. Herron
By: Bonnie L. Herron
Chief Financial Officer