

ION NETWORKS INC
Form 4
January 04, 2006

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
MARXE AUSTIN W &
GREENHOUSE DAVID M

(Last) (First) (Middle)

C/O SPECIAL SITUATIONS
FUNDS, 527 MADISON AVENUE,
SUITE 2600

(Street)

NEW YORK, NY 10022

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
ION NETWORKS INC [IONN]

3. Date of Earliest Transaction
(Month/Day/Year)
12/31/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director 10% Owner
____ Officer (give title below) ____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
____ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) | | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|-----------------------------|------------------|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 12/31/2005 | | P | | 35,000 ⁽¹⁾ <u>(2)</u> | A | \$ 0.15 <u>(1) (2)</u> | 3,325,247 <u>(1) (2)</u> | I <u>(1) (2)</u> | By Limited Partnerships <u>(1) (2)</u> |
| Common Stock | 12/31/2005 | | J ⁽¹⁾⁽²⁾ | | 3,401,250 <u>(1) (2)</u> | A | \$ 0 <u>(1) (2)</u> | 6,726,597 <u>(1) (2)</u> | I <u>(1) (2)</u> | By Limited Partnerships <u>(1) (2)</u> |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|------------------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount |
| Warrant | \$ 0.95 | 12/31/2005 | | J ⁽¹⁾⁽²⁾ | 539,325 <u>(1)</u> <u>(2)</u> | 02/14/2002 | 02/14/2007 | Common Stock | 539,325 <u>(1)</u> <u>(2)</u> |
| Warrant | \$ 0.23 | 12/31/2005 | | J ⁽¹⁾⁽²⁾ | 1,054,615 <u>(1)</u> <u>(2)</u> | 03/31/2005 | 03/31/2010 | Common Stock | 1,054,615 <u>(1)</u> <u>(2)</u> |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

MARXE AUSTIN W & GREENHOUSE DAVID M
C/O SPECIAL SITUATIONS FUNDS
527 MADISON AVENUE, SUITE 2600
NEW YORK, NY 10022

X

Signatures

/s/ Austin W.
Marxe 01/04/2006

**Signature of Reporting Person Date

/s/ David M.
Greenhouse 01/04/2006

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This is a joint filing by Austin W. Marxe (Marxe) and David M. Greenhouse (Greenhouse). They share voting and investment control over all securities owned by Special Situations Cayman Fund, L.P. (Cayman), Special Situations Private Equity Fund, LP (PE), Special Situations Technology Fund, L.P. (Tech), Special Situations Technology II, L.P. (Tech II) and Special Situations Fund III QP, L.P. (QP), respectively. 1,292,147 shares of Common Stock and 604,324 Wts are held by Cayman, 1,390,253 shares of Common Stock and 666,476 Wts are held by PE, 100,821 shares of Common Stock and 50,780 Wts are held by Tech, 542,126 shares of Common Stock and 270,644 Wts are held by Tech II and 3,401,250 shares of Common Stock and 1,593,940 Wts are held by QP.

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- (2) Pursuant to that certain Exchange Tender Offer described in the Schedule TO-I of Special Situations Fund III, L.P. (SSF III), as filed by SSF III with the Securities and Exchange Commission on November 17, 2005, SSF III transferred the securities included in this Form 4 to QP on December 31, 2005. The interest of each of Marx and Greenhouse in the shares of Common Stock owned by Cayman, PE, Tech, Tech II and QP is limited to the extent of his pecuniary interest.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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