

Edgar Filing: QUALITY SYSTEMS INC - Form SC 13D/A

QUALITY SYSTEMS INC  
Form SC 13D/A  
December 16, 2002

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

SCHEDULE 13D  
Under the Securities Exchange Act of 1934  
(Amendment No.3)\*

Quality Systems Inc.

-----  
(Name of Issuer)

Common Stock

-----  
(Title of Class Securities)

747582104

-----  
(CUSIP Number)

Mark R. Diamond  
Cannell Capital, LLC, 150 California Street, 5th Floor, San Francisco, CA  
94111 (415) 835-8300

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

August 21, 2002

-----  
(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 ss.ss.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. Seess.240.13d-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 the disclosure provided in a prior cover page.

The information required in 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).

Potential persons who are to respond to the collection of information contained

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in this form are not required to respond unless the form displays a current valid OMB control number.

CUSIP No. 747582104

1. Name of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

Cannell Capital, LLC  
94-3366999

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) [X].....

(b) .....

3. SEC Use Only.....

4. Source of Funds (See Instructions) 00.....

5. Check if Disclosure of Legal Proceeding Is Required Pursuant to Items 2(d) or 2(e).....

6. Citizenship or Place of Organization California.....

Number of 7. Sole Voting Power 0.....

Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person  
With:

8. Shared Voting Power 302,900.....

9. Sole Dispositive Power 0.....

10. Shared Dispositive Power 302,900.....

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11. Aggregate Amount Beneficially Owned by Each Reporting Person 302,900  
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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares  
(See Instructions)

13. .... Percent of Class Represented by Amount in Row (11) 4.9%  
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14. .... Type of Reporting Person (See Instructions)  
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CUSIP No. 747582104

1. Name of Reporting Persons.  
I.R.S. Identification Nos. of above persons (entities only).

J. Carlo Cannell  
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2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) [X] .....  
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(b) .....  
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3. SEC Use Only.....  
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4. Source of Funds (See Instructions) OO.....  
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5. Check if Disclosure of Legal Proceeding Is Required Pursuant to Items  
2(d) or 2(e) .....  
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6. Citizenship or Place of Organization USA.....

Number of 7. Sole Voting Power 0 .....

Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person  
With:

8. Shared Voting Power 302,900.....

9. Sole Dispositive Power 0.....

10. Shared Dispositive Power 302,900.....

11. Aggregate Amount Beneficially Owned by Each Reporting Person 302,900

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares  
(See Instructions)

13.....Percent of Class Represented by Amount in Row (11) 4.9%

14.....Type of Reporting Person (See Instructions)

IN/HC.....

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CUSIP No. 747582104

1. Name of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

The Cuttyhunk Fund Limited

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ☒ [X].....

(b) .....  
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3. SEC Use Only.....  
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4. Source of Funds (See Instructions) WC.....  
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5. Check if Disclosure of Legal Proceeding Is Required Pursuant to Items  
2(d) or 2(e).....  
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6. Citizenship or Place of Organization Bermuda.....  
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Number of 7. Sole Voting Power 0 .....  
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Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person  
With:

8. Shared Voting Power 40,500.....  
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9. Sole Dispositive Power 0 .....  
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10. Shared Dispositive Power 40,500.....  
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11. Aggregate Amount Beneficially Owned by Each Reporting Person 40,500  
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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares  
(See Instructions)

13. ....Percent of Class Represented by Amount in Row (11) 0.7%  
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14. ....Type of Reporting Person (See Instructions)  
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CUSIP No. 747582104

1. Name of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

The Anegada Fund Limited  
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2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) [X] .....  
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(b) .....  
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3. SEC Use Only.....  
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4. Source of Funds (See Instructions) WC.....  
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5. Check if Disclosure of Legal Proceeding Is Required Pursuant to Items  
2(d) or 2(e).....  
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6. Citizenship or Place of Organization Cayman Islands.....  
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Number of 7. Sole Voting Power 0 .....

Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person  
With:

8. Shared Voting Power 39,200.....

9. Sole Dispositive Power 0 .....

10. Shared Dispositive Power 39,200.....

11. Aggregate Amount Beneficially Owned by Each Reporting Person 39,200

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares  
(See Instructions)

13.....Percent of Class Represented by Amount in Row (11) 0.6%

14.....Type of Reporting Person (See Instructions)

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CUSIP No. 747582104

1. Name of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

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GS Cannell, LLC  
98-0232642

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ☒ .....  
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(b) .....  
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3. SEC Use Only.....  
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4. Source of Funds (See Instructions) WC.....  
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5. Check if Disclosure of Legal Proceeding Is Required Pursuant to Items  
2(d) or 2(e).....  
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6. Citizenship or Place of Organization Delaware.....  
.....

Number of 7. Sole Voting Power 0.....  
.....

Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person  
With:

8. Shared Voting Power 48,200.....  
.....

9. Sole Dispositive Power 0 .....  
.....

10. Shared Dispositive Power 48,200.....  
.....

11. Aggregate Amount Beneficially Owned by Each Reporting Person 48,200  
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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares  
(See Instructions)

13.....Percent of Class Represented by Amount in Row (11) 0.8%



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14.....Type of Reporting Person (See Instructions)

OO.....

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CUSIP No. 747582104

1. Name of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only).

Tonga Partners, L.P.

94-3164039

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) [X].....

(b) .....

3. SEC Use Only.....

4. Source of Funds (See Instructions) WC.....

5. Check if Disclosure of Legal Proceeding Is Required Pursuant to Items  
2(d) or 2(e).....

6. Citizenship or Place of Organization Delaware.....

Number of 7. Sole Voting Power 0 .....

Shares

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Beneficially  
Owned by  
Each  
Reporting  
Person  
With:

8.	Shared Voting Power	157,200.....
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9.	Sole Dispositive Power	0.....
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10.	Shared Dispositive Power	157,200.....
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11. Aggregate Amount Beneficially Owned by Each Reporting Person 157,200  
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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares  
(See Instructions)

13.....Percent of Class Represented by Amount in Row (11) 2.6%  
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14.....Type of Reporting Person (See Instructions)

PN.....

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CUSIP No. 747582104

1. Name of Reporting Persons.  
I.R.S. Identification Nos. of above persons (entities only).

Pleiades Investment Partners, LP  
23-2688812

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2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) ☒.....

(b) .....  
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3. SEC Use Only.....  
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4. Source of Funds (See Instructions) WC.....  
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5. Check if Disclosure of Legal Proceeding Is Required Pursuant to Items  
2(d) or 2(e).....  
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6. Citizenship or Place of Organization Delaware.....  
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Number of 7. Sole Voting Power 0 .....

Shares  
Beneficially  
Owned by  
Each  
Reporting  
Person  
With:

8. Shared Voting Power 17,800.....  
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9. Sole Dispositive Power 0.....  
-----

10. Shared Dispositive Power 17,800.....  
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11. Aggregate Amount Beneficially Owned by Each Reporting Person 17,800  
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12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares  
(See Instructions)

13.....Percent of Class Represented by Amount in Row (11) 0.3%  
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14.....Type of Reporting Person (See Instructions)  
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Item 1 Security and Issuer  
This statement relates to Common Stock ("Common Stock"), issued by Quality Systems Inc., a California Corporation ("QSI"). The address of the principal executive offices of QSI is 17822 E 17th Street, Suite 210, Tustin CA 92780

Item 2 Identity and Background

Name: Cannell Capital, LLC ("Adviser")  
Place of Organization: California  
Principal Business: Investment Adviser  
Address: 150 California Street, 5th Floor, San Francisco, CA 94111  
Criminal Proceedings: None  
Applicable Civil, Judicial or Administrative Proceedings: None

Name: The Cuttyhunk Fund Limited ("Cuttyhunk")  
Place of Organization: Bermuda  
Principal Business: Investment  
Address: 73 Front Street, Hamilton, Bermuda HM 12  
Criminal Proceedings: None  
Applicable Civil, Judicial or Administrative Proceedings: None

Name: The Anegada Fund Limited ("Anegada")  
Place of Organization: Cayman Islands  
Principal Business: Investment  
Address: c/o Bank of Butterfield International (Cayman) Ltd., 68 Fort Street, PO Box 705, George Town, Grand Cayman, Cayman Islands  
Criminal Proceedings: None  
Applicable Civil, Judicial or Administrative Proceedings: None

Name: Tonga Partners, L.P. ("Tonga")  
Place of Organization: Delaware  
Principal Business: Investment  
Address: 150 California Street, 5th Floor, San Francisco, CA 94111  
Criminal Proceedings: None  
Applicable Civil, Judicial or Administrative Proceedings: None

Name: GS Cannell, LLC ("GSC")  
Place of Organization: Delaware  
Principal Business: Investment  
Address: 701 Mount Lucas Road, CN 850, Princeton, NJ 08542  
Criminal Proceedings: None  
Applicable Civil, Judicial or Administrative Proceedings: None

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Name: Pleiades Investment Partners, LP ("Pleiades")  
Place of Organization: Delaware  
Principal Business: Investment  
Address: 6022 West Chester Pike, Newtown Square, PA 19073  
Criminal Proceedings: None  
Applicable Civil, Judicial or Administrative Proceedings: None

Name: J. Carlo Cannell  
Address: 150 California Street, 5th Floor, San Francisco, CA 94111  
Criminal Proceedings: None  
Applicable Civil, Judicial or Administrative Proceedings: None  
Citizenship: United States

J Carlo Cannell is the controlling and managing member of Adviser. Adviser serves as investment adviser to Cuttyhunk, Anegada, GSC, and Pleiades. Adviser is general partner and investment adviser to Tonga.

### Item 3 Source and amount of Funds or other Consideration

The aggregate amount of funds used by Cuttyhunk to purchase 40,500 shares of Common Stock owned by it was approximately \$437,677. Such amount was derived from working capital.

The aggregate amount of funds used by Anegada to purchase 39,200 shares of Common Stock owned by it was approximately \$406,918. Such amount was derived from working capital.

The aggregate amount of funds used by GSC to purchase 48,200 shares of Common Stock owned by it was approximately \$438,411. Such amount was derived from working capital.

The aggregate amount of funds used by Tonga to purchase 157,200 shares of Common Stock owned by it was approximately \$1,310,118. Such amount was derived from working capital.

The aggregate amount of funds used by Pleiades to purchase 17,800 shares of Common Stock owned by it was approximately \$163,955. Such amount was derived from working capital.

### Item 4 Purpose of Transaction

The Common Stock was sold in the ordinary course of the Adviser's management of the accounts of its investment advisory clients.

Subject to availability at prices deemed favorable, the Reporting Persons may acquire shares of Common Stock of the Company from time to time in the open market, in privately negotiated transactions or otherwise. The Reporting Persons may dispose of shares of Common Stock of the Company from time to time in the open market, in privately negotiated transactions or otherwise.

Except as set forth above, the Reporting Persons has no present plans or intentions that relate to or that would result in any of the transactions described in clauses (a) through (j) of item 4 of Schedule 13D.

### Item 5 Interest in Securities of the Issuer

(a) As of August 21, 2002, the Reporting Persons directly or indirectly beneficially owned 302,900 shares, or 4.9%, of Common Stock of Quality Systems Inc. (the approximate of the shares of Common Stock owned is based on 6,123,000 shares of common stock outstanding by Quality Systems

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Inc., on August 21, 2002).

(1) Cuttyhunk owned 40,500 shares (0.7%) (2) Anegada owned 39,200 shares (0.6%) (3) GSC owned 48,200 shares (0.8%) (4) Tonga owned 157,200 shares (2.6%) (5) Pleiades owned 17,800 shares (0.3%)

(b) The responses of the Reporting Persons to Items 7 through 11 of the portions of the cover page of this Schedule D which relate to beneficial ownership of shares of the Common Stock are incorporated herein by reference.

(c) A list of transactions in the past 60 days.

Party	Date	Price		
		Amount (Sold)	Per Share	Where & How Effectuated
ANEGADA	7/24/2002	100	16.190	Open Market
ANEGADA	7/29/2002	400	16.190	Open Market
ANEGADA	7/31/2002	400	16.210	Open Market
ANEGADA	8/1/2002	100	16.290	Open Market
ANEGADA	8/5/2002	100	16.290	Open Market
ANEGADA	8/15/2002	100	16.290	Open Market
ANEGADA	8/16/2002	100	16.290	Open Market
ANEGADA	8/19/2002	200	16.290	Open Market
ANEGADA	8/19/2002	500	16.290	Open Market
ANEGADA	8/20/2002	100	16.390	Open Market
ANEGADA	8/21/2002	300	16.960	Open Market
ANEGADA	8/21/2002	300	16.960	Open Market
ANEGADA	8/21/2002	300	16.960	Open Market
ANEGADA	8/21/2002	1300	16.960	Open Market
CUTTYHUNK	7/24/2002	100	16.190	Open Market
CUTTYHUNK	7/29/2002	400	16.190	Open Market
CUTTYHUNK	7/31/2002	500	16.210	Open Market
CUTTYHUNK	8/1/2002	100	16.290	Open Market
CUTTYHUNK	8/5/2002	100	16.290	Open Market
CUTTYHUNK	8/15/2002	100	16.290	Open Market
CUTTYHUNK	8/16/2002	100	16.290	Open Market
CUTTYHUNK	8/19/2002	400	16.290	Open Market
CUTTYHUNK	8/19/2002	300	16.290	Open Market
CUTTYHUNK	8/20/2002	100	16.390	Open Market
CUTTYHUNK	8/21/2002	1100	16.960	Open Market
CUTTYHUNK	8/21/2002	1000	16.960	Open Market
CUTTYHUNK	8/21/2002	200	16.960	Open Market
GS CANNELL	7/24/2002	100	16.190	Open Market
GS CANNELL	7/29/2002	500	16.190	Open Market
GS CANNELL	7/31/2002	600	16.210	Open Market
GS CANNELL	8/1/2002	100	16.290	Open Market
GS CANNELL	8/5/2002	100	16.290	Open Market
GS CANNELL	8/15/2002	100	16.290	Open Market
GS CANNELL	8/16/2002	100	16.290	Open Market
GS CANNELL	8/19/2002	200	16.290	Open Market
GS CANNELL	8/19/2002	400	16.290	Open Market
GS CANNELL	8/19/2002	200	16.290	Open Market
GS CANNELL	8/20/2002	200	16.390	Open Market
GS CANNELL	8/21/2002	2600	16.960	Open Market
GS CANNELL	8/21/2002	200	16.960	Open Market
PLEIADES	7/24/2002	100	16.190	Open Market
PLEIADES	7/29/2002	200	16.190	Open Market
PLEIADES	7/31/2002	200	16.210	Open Market
PLEIADES	8/15/2002	100	16.290	Open Market
PLEIADES	8/19/2002	300	16.290	Open Market

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PLEIADES	8/20/2002	100	16.390	Open Market
PLEIADES	8/21/2002	400	16.960	Open Market
PLEIADES	8/21/2002	300	16.960	Open Market
PLEIADES	8/21/2002	300	16.960	Open Market
TONGA	7/24/2002	500	16.190	Open Market
TONGA	7/29/2002	1500	16.190	Open Market
TONGA	7/31/2002	1800	16.210	Open Market
TONGA	8/1/2002	200	16.290	Open Market
TONGA	8/5/2002	200	16.290	Open Market
TONGA	8/15/2002	500	16.290	Open Market
TONGA	8/16/2002	200	16.290	Open Market
TONGA	8/19/2002	2700	16.290	Open Market
TONGA	8/20/2002	600	16.390	Open Market
TONGA	8/21/2002	4600	16.960	Open Market
TONGA	8/21/2002	2300	16.960	Open Market
TONGA	8/21/2002	1000	16.960	Open Market
TONGA	8/21/2002	1100	16.960	Open Market

(d) Not Applicable

(e) Not Applicable

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

J. Carlo Cannell controls and manages the Adviser who makes voting and dispositive decisions for the Cuttyhunk, Anegada, GSC, Tonga, and Pleiades.

Item 7 Material to Be Filed as Exhibits

N/A

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

Date: December 13, 2002

J. Carlo Cannell

/s/ J. Carlo Cannell

J. Carlo Cannell

Cannell Capital, LLC

/s/ J. Carlo Cannell

J. Carlo Cannell, Managing Member

The Anegada Fund, Limited

/s/ J. Carlo Cannell

J. Carlo Cannell, Managing Member

Cannell Capital, LLC, Investment Adviser

The Cuttyhunk Fund Limited

/s/ J. Carlo Cannell

J. Carlo Cannell, Managing Member

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Cannell Capital, LLC, Investment Adviser

GS Cannell, LLC

/s/ J. Carlo Cannell

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J. Carlo Cannell, Managing Member  
Cannell Capital, LLC, Investment Adviser

Tonga Partners, L.P.

/s/ J. Carlo Cannell

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J. Carlo Cannell, Managing Member  
Cannell Capital, LLC, General Partner

Pleiades Investment Partners, LP

/s/ J. Carlo Cannell

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J. Carlo Cannell, Managing Member  
Cannell Capital, LLC, Investment Adviser