

CAPTARIS INC  
Form SC 13D/A  
March 31, 2008

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

**SCHEDULE 13D**

**Under the Securities Exchange Act of 1934  
(Amendment No. 5)\***

**CAPTARIS, INC.**

(Name of Issuer)

**Common Stock, \$0.01 par value per share**

(Title of Class of Securities)

**14071N104**

(CUSIP Number)

**Vector Capital III, L.P.**

**Vector Entrepreneur Fund III, L.P.**

**Vector Capital Partners III, L.L.C.**

**Alexander R. Slusky**

**c/o Vector Capital Corporation**

**456 Montgomery Street, 19th Floor**

**San Francisco, CA 94104**

**Telephone: (415) 293-5000**

**Attn: Alexander R. Slusky**

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with a copy to:

**Michael J. Kennedy/Steve L. Camahort**

**O Melveny & Myers LLP**

**275 Battery Street, Suite 2600**

**San Francisco, CA 94111**

**Telephone: (415) 984-8700**

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

**March 28, 2008**

(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. o

**Note:** Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 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 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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CUSIP No. 14071N104

1. Names of Reporting Persons  
Vector Capital III, L.P.  
87-0729513
2. Check the Appropriate Box if a Member of a Group (See Instructions)  
(a)   
(b)
3. SEC Use Only
4. Source of Funds (See Instructions)  
WC
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
6. Citizenship or Place of Organization  
Delaware
- |   |     |  |
|---|-----|--|
| Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person With | 7.  | Sole Voting Power<br>0                                       |
|   | 8.  | Shared Voting Power<br>2,582,361 shares of Common Stock      |
|   | 9.  | Sole Dispositive Power<br>0                                  |
|   | 10. | Shared Dispositive Power<br>2,582,361 shares of Common Stock |
11. Aggregate Amount Beneficially Owned by Each Reporting Person  
2,582,361
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
13. Percent of Class Represented by Amount in Row (11)  
9.802%(1)
14. Type of Reporting Person (See Instructions)  
PN

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(1) Based on 26,345,044 shares of the issuer outstanding on February 29, 2008 per the Form 10-K filed by the issuer on March 17, 2008.

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CUSIP No. 14071N104

1. Names of Reporting Persons  
Vector Entrepreneur Fund III, L.P.  
71-1004492
2. Check the Appropriate Box if a Member of a Group (See Instructions)  
(a)   
(b)
3. SEC Use Only
4. Source of Funds (See Instructions)  
WC
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
6. Citizenship or Place of Organization  
Delaware
- |   |     |  |
|---|-----|--|
| Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person With | 7.  | Sole Voting Power<br>0                                     |
|   | 8.  | Shared Voting Power<br>107,599 shares of Common Stock      |
|   | 9.  | Sole Dispositive Power<br>0                                |
|   | 10. | Shared Dispositive Power<br>107,599 shares of Common Stock |
11. Aggregate Amount Beneficially Owned by Each Reporting Person  
107,599 shares of Common Stock
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
13. Percent of Class Represented by Amount in Row (11)  
0.408%(2)
14. Type of Reporting Person (See Instructions)  
PN

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(2) Based on 26,345,044 shares of the issuer outstanding on February 29, 2008 per the Form 10-K filed by the issuer on March 17, 2008.

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CUSIP No. 14071N104

1. Names of Reporting Persons  
Vector Capital Partners III, L.L.C.  
20-2659379
2. Check the Appropriate Box if a Member of a Group (See Instructions)  
(a)   
(b)
3. SEC Use Only
4. Source of Funds (See Instructions)  
AF
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
6. Citizenship or Place of Organization  
Delaware
- |   |     |  |
|---|-----|--|
| Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person With | 7.  | Sole Voting Power<br>0                                       |
|   | 8.  | Shared Voting Power<br>2,689,960 shares of Common Stock      |
|   | 9.  | Sole Dispositive Power<br>0                                  |
|   | 10. | Shared Dispositive Power<br>2,689,960 shares of Common Stock |
11. Aggregate Amount Beneficially Owned by Each Reporting Person  
2,689,960 shares of Common Stock
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
13. Percent of Class Represented by Amount in Row (11)  
10.210%(3)
14. Type of Reporting Person (See Instructions)  
OO

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(3) Based on 26,345,044 shares of the issuer outstanding on February 29, 2008 per the Form 10-K filed by the issuer on March 17, 2008.

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CUSIP No. 14071N104

1. Names of Reporting Persons  
Alexander R. Slusky  
Not applicable
2. Check the Appropriate Box if a Member of a Group (See Instructions)  
(a)   
(b)
3. SEC Use Only
4. Source of Funds (See Instructions)  
AF
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
6. Citizenship or Place of Organization  
United States
- |   |     |  |
|---|-----|--|
| Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person With | 7.  | Sole Voting Power<br>0                                       |
|   | 8.  | Shared Voting Power<br>2,689,960 shares of Common Stock      |
|   | 9.  | Sole Dispositive Power<br>0                                  |
|   | 10. | Shared Dispositive Power<br>2,689,960 shares of Common Stock |
11. Aggregate Amount Beneficially Owned by Each Reporting Person  
2,689,960 shares of Common Stock
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)
13. Percent of Class Represented by Amount in Row (11)  
10.210%(4)
14. Type of Reporting Person (See Instructions)  
IN

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(4) Based on 26,345,044 shares of the issuer outstanding on February 29, 2008 per the Form 10-K filed by the issuer on March 17, 2008.

This Amendment No. 5 (this Amendment No. 5) to the Schedule 13D filed with the Securities and Exchange Commission on behalf of Vector Capital III, L.P., a Delaware limited partnership ( VC III ), Vector Entrepreneur Fund III, L.P., a Delaware limited partnership ( Entrepreneur Fund ), Vector Capital Partners III, L.L.C., a Delaware limited liability company ( VCP III and, together with VC III and Entrepreneur Fund, Vector ) and Alexander R. Slusky, an individual ( Mr. Slusky and, together with Vector, the Reporting Persons ) on August 20, 2007, as amended by Amendment No. 1 to Schedule 13D filed by the Reporting Persons on September 13, 2007, Amendment No. 2 to Schedule 13D filed by the Reporting Persons on January 25, 2008, Amendment No. 3 to Schedule 13D filed by the Reporting Persons on March 18, 2008 and Amendment No. 4 to Schedule 13D filed by the Reporting Persons on March 25, 2008 (together, the Schedule 13D ) is being filed pursuant to Rule 13d-2 of the Securities Exchange Act, as amended, on behalf of the Reporting Persons to amend certain information previously reported by the Reporting Persons in the Schedule 13D by adding the information set forth below to the items indicated. Unless otherwise stated herein, all capitalized terms used in this Amendment No. 5 have the same meanings as those set forth in the Schedule 13D.

**Item 4. Purpose of Transaction.**

Item 4 is hereby amended and supplemented to add the following:

On March 28, 2008, VCC issued a press release announcing that its proposal to acquire the Company for \$4.75 per share in cash had expired, and that should VCC make an offer for the Company in the future, the price and other terms of any such offer would reflect future market conditions, the Company's future performance and prospects as well as the additional time, expense and risk faced by VCC. The announcement was communicated on March 28, 2008 in a letter from VCC to the Company's Board of Directors. The letter from VCC to the Company's Board of Directors is attached hereto as Exhibit 7 and incorporated herein by reference. The VCC press release is attached hereto as Exhibit 8 and incorporated herein by reference. The descriptions of the letter from VCC to the Company's Board of Directors and the VCC press release are qualified in their entirety by reference to Exhibit 7 and Exhibit 8.

**Item 7. Material to be Filed as Exhibits.**

Item 7 is hereby amended and supplemented to add the following:

7 Letter from Vector Capital Corporation to the Board of Directors of Captaris, Inc., dated March 28, 2008.

8 Press Release, dated March 28, 2008.

**SIGNATURE**

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

Dated: March 31, 2008

VECTOR CAPITAL III, L.P.

By:

Vector Capital Partners III, L.L.C.,  
its General Partner

By:

/s/ Alexander R. Slusky

Name: Alexander R. Slusky

Title: Managing Member

VECTOR ENTREPRENEUR FUND III, L.P.

By:

Vector Capital Partners III, L.L.C.,  
its General Partner

By:

/s/ Alexander R. Slusky

Name: Alexander R. Slusky

Title: Managing Member

VECTOR CAPITAL PARTNERS III, L.L.C.

By:

/s/ Alexander R. Slusky

Name: Alexander R. Slusky

Title: Managing Member

ALEXANDER R. SLUSKY

/s/ Alexander R. Slusky

Alexander R. Slusky



**INDEX TO EXHIBITS**

<b>Exhibit Number</b>	<b>Document</b>
1	Joint Filing Agreement dated August 20, 2007, by and among Vector Capital III, L.P., Vector Entrepreneur Fund III, L.P., Vector Capital Partners III, L.L.C. and Alexander R. Slusky. (Incorporated by reference to Exhibit 1 to the Reporting Persons Schedule 13D filed with the Securities and Exchange Commission on August 20, 2007).
2	Confidentiality/Non-Disclosure Agreement by and between Vector Capital Corporation and Captaris, Inc., dated September 12, 2007. (Incorporated by reference to Exhibit 2 to the Reporting Persons Amendment No. 1 to Schedule 13D filed with the Securities and Exchange Commission on September 13, 2007).
3	Letter from Vector Capital Corporation to the Board of Directors of Captaris, Inc., dated March 17, 2008. (Incorporated by reference to Exhibit 3 to the Reporting Persons Amendment No. 3 to Schedule 13D filed with the Securities and Exchange Commission on March 18, 2008).
4	Press Release, dated March 17, 2008. (Incorporated by reference to Exhibit 4 to the Reporting Persons Amendment No. 3 to Schedule 13D filed with the Securities and Exchange Commission on March 18, 2008).
5	Letter from Vector Capital Corporation to the Board of Directors of Captaris, Inc., dated March 25, 2008. (Incorporated by reference to Exhibit 5 to the Reporting Persons Amendment No. 4 to Schedule 13D filed with the Securities and Exchange Commission on March 25, 2008).
6	Press Release, dated March 25, 2008. (Incorporated by reference to Exhibit 6 to the Reporting Persons Amendment No. 4 to Schedule 13D filed with the Securities and Exchange Commission on March 25, 2008).
7	Letter from Vector Capital Corporation to the Board of Directors of Captaris, Inc., dated March 28, 2008.
8	Press Release, dated March 28, 2008.