

U.S. Auto Parts Network, Inc.
Form SC 13D
October 23, 2018

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.)¹

U.S. Auto Parts Network, Inc.

(Name of Issuer)

Common Stock, \$0.001 par value

(Title of Class of Securities)

90343C100

(CUSIP Number)

MR. DAVID L. KANEN

KANEN WEALTH MANAGEMENT, LLC

5850 Coral Ridge Drive, Suite 309

Coral Springs, FL 33076

(631) 863-3100

ANDREW M. FREEDMAN, ESQ.

OLSHAN FROME WOLOSKY LLP

1325 Avenue of the Americas

Edgar Filing: U.S. Auto Parts Network, Inc. - Form SC 13D

New York, New York 10019

(212) 451-2300

(Name, Address and Telephone Number of Person

Authorized to Receive Notices and Communications)

October 12, 2018

(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.

1 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*).

CUSIP NO. 90343C100

1 NAME OF REPORTING PERSON

PHILOTIMO FUND, LP

2 CHECK THE APPROPRIATE BOX IF A MEMBER (a) OF A GROUP

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF 7 SOLE VOTING POWER

SHARES BENEFICIALLY - 0 -

OWNED BY 8 SHARED VOTING POWER

EACH REPORTING 1,100,292

PERSON WITH 9 SOLE DISPOSITIVE POWER

10 SHARED DISPOSITIVE POWER

1,100,292

11

AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON

1,100,292

12 CHECK BOX IF
THE AGGREGATE
AMOUNT IN ROW
(11) EXCLUDES
CERTAIN SHARES

13 PERCENT OF CLASS
REPRESENTED BY
AMOUNT IN ROW (11)

3.2%

14 TYPE OF REPORTING
PERSON

IA, PN

CUSIP NO. 90343C100

1 NAME OF REPORTING PERSON

KANEN WEALTH MANAGEMENT, LLC

2 CHECK THE APPROPRIATE BOX (a) IF A MEMBER OF A GROUP

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

OO; AF
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

FLORIDA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7 SOLE VOTING POWER

- 0 -

8 SHARED VOTING POWER

2,068,546

9 SOLE DISPOSITIVE POWER

- 0 -

10 SHARED DISPOSITIVE POWER

2,068,546

11 AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON

2,068,546

12 CHECK BOX IF THE
AGGREGATE
AMOUNT IN ROW
(11) EXCLUDES
CERTAIN SHARES

13 PERCENT OF CLASS
REPRESENTED BY AMOUNT
IN ROW (11)

5.9%

14 TYPE OF REPORTING
PERSON

IA, OO

CUSIP NO. 90343C100

1 NAME OF REPORTING PERSON

DAVID L. KANEN

2 CHECK THE APPROPRIATE BOX IF A MEMBER (a) OF A GROUP

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

PF; OO
CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF	7	SOLE VOTING POWER
SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		25,391
	8	SHARED VOTING POWER
		2,068,546
	9	SOLE DISPOSITIVE POWER
		25,391
	10	SHARED DISPOSITIVE POWER

2,068,546

11 AGGREGATE AMOUNT
BENEFICIALLY OWNED BY
EACH REPORTING PERSON

2,093,937

12 CHECK BOX IF
THE AGGREGATE
AMOUNT IN ROW
(11) EXCLUDES
CERTAIN SHARES

13 PERCENT OF CLASS
REPRESENTED BY
AMOUNT IN ROW (11)

6.0%

14 TYPE OF REPORTING
PERSON

IN

CUSIP NO. 90343C100

The following constitutes the Schedule 13D filed by the undersigned (the "Schedule 13D").

Item 1.

Security and Issuer.

This statement relates to the common stock, \$0.001 par value per share (the "Shares"), of U.S. Auto Parts Network, Inc., a Delaware corporation (the "Issuer"). The address of the principal executive offices of the Issuer is 16941 Keegan Avenue, Carson, CA 90746.

Item 2.

Identity and Background.

(a) This statement is filed by:

- (i) Philotimo Fund, LP, a Delaware limited partnership ("Philotimo"), with respect to the Shares directly and beneficially owned by it;
- (ii) Kanen Wealth Management, LLC, a Florida limited liability company ("KWM"), as the general partner of Philotimo and with respect to the Shares directly and beneficially owned by it; and
- (iii) David L. Kanen, as the managing member of KWM and with respect to the Shares directly and beneficially owned by him.

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 further described in Item 6. Accordingly, the Reporting Persons are hereby filing a joint Schedule 13D.

- (b) The address of the principal office of each of Philotimo, KWM and Mr. Kanen is 5850 Coral Ridge Drive, Suite 309, Coral Springs, Florida 33076.
- (c) The principal business of each of KWM and Philotimo is investing in securities. The principal occupation of Mr. Kanen is serving as the managing member of KWM.
- (d) No Reporting Person, has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).
- (e) 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.
- (f) Mr. Kanen is a citizen of the United States of America.

CUSIP NO. 90343C100

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

The Shares purchased by Philotimo were purchased with working capital (which may, at any given time, include margin loans made by brokerage firms in the ordinary course of business) in open market transactions. The Shares purchased by KWM were purchased with the funds for the accounts of its customers (which may, at any given time, include margin loans made by brokerage firms in the ordinary course of business) in open market transactions. The Shares purchased by Mr. Kanen were purchased with personal funds (which may, at any given time, include margin loans made by brokerage firms in the ordinary course of business) in open market transactions. The aggregate purchase price of the 968,254 Shares beneficially owned by KWM is approximately \$1,453,171, including brokerage commissions. The aggregate purchase price of the 1,100,292 Shares beneficially owned by Philotimo is approximately \$1,661,331, including brokerage commissions. The aggregate purchase price of the 25,391 Shares beneficially owned by Mr. Kanen is approximately \$38,106, including brokerage commissions.

Item 4. Purpose of Transaction.

The Reporting Persons purchased the Shares based on the Reporting Persons' belief that the Shares, when purchased, were undervalued and represented an attractive investment opportunity. Depending upon overall market conditions, other investment opportunities available to the Reporting Persons, and the availability of Shares at prices that would make the purchase or sale of Shares desirable, the Reporting Persons may endeavor to increase or decrease their position in the Issuer through, among other things, the purchase or sale of Shares on the open market or in private transactions or otherwise, on such terms and at such times as the Reporting Persons may deem advisable.

The Reporting Persons plan to engage in discussions with management and the Board of the Issuer regarding Board representation and the composition of the Issuer's Board, generally, and the Reporting Persons remain prepared to engage in a continued constructive dialogue with the Board.

No Reporting Person has any present plan or proposal which would relate to or result in any of the matters set forth in subparagraphs (a) - (j) of Item 4 of Schedule 13D except as set forth herein or such as would occur upon or in connection with completion of, or following, any of the actions discussed herein. The Reporting Persons intend to review their investment in the Issuer on a continuing basis. Depending on various factors including, without limitation, the Issuer's financial position and investment strategy, the price levels of the Shares, conditions in the securities markets and general economic and industry conditions, the Reporting Persons may in the future take such actions with respect to their investment in the Issuer as they deem appropriate including, without limitation, engaging in communications with management and the Board of Directors of the Issuer, engaging in discussions with stockholders of the Issuer or other third parties about the Issuer and the Reporting Persons' investment, including potential business combinations or dispositions involving the Issuer or certain of its businesses, making recommendations or proposals to the Issuer concerning changes to the capitalization, ownership structure, board structure (including board composition), potential business combinations or dispositions involving the Issuer or certain of its businesses, or suggestions for improving the Issuer's financial and/or operational performance, purchasing additional Shares, selling some or all of their Shares, engaging in short selling of or any hedging or similar transaction with respect to the Shares, including swaps and other derivative instruments, or changing their intention with respect to any and all matters referred to in Item 4.

Item 5. Interest in Securities of the Issuer.

The aggregate percentage of Shares reported owned by each person named herein is based upon 34,984,454 Shares outstanding as of August 4, 2018 as reported in the Issuer's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 9, 2018.

A. Philotimo

- (a) As of the close of business on October 22, 2018, Philotimo beneficially owned 1,100,292 Shares.

Percentage: Approximately 3.2%

6

CUSIP NO. 90343C100

- (b)
1. Sole power to vote or direct vote: 0
 2. Shared power to vote or direct vote: 1,100,292
 3. Sole power to dispose or direct the disposition: 0
 4. Shared power to dispose or direct the disposition: 1,100,292

(c) The transactions in the Shares by Philotimo during the past sixty days are set forth in Schedule A and are incorporated herein by reference.

B. KWM

(a) As of the close of business on October 22, 2018, KWM beneficially owned 968,254 Shares. KWM, as the general partner of Philotimo, may be deemed the beneficial owner of the 1,100,292 Shares owned by Philotimo.
Percentage: Approximately 5.9%

- (b)
1. Sole power to vote or direct vote: 0
 2. Shared power to vote or direct vote: 2,068,546
 3. Sole power to dispose or direct the disposition: 0
 4. Shared power to dispose or direct the disposition: 2,068,546

(c) The transactions in the Shares by KWM during the past sixty days are set forth in Schedule A and are incorporated herein by reference. The transactions in the Shares on behalf of Philotimo during the past sixty days are set forth in Schedule A and are incorporated herein by reference.

C. Mr. Kanen

(a) As of the close of business on October 22, 2018, Mr. Kanen directly beneficially owned 25,391 Shares. Mr. Kanen, as the managing member of KWM, may be deemed the beneficial owner of the (i) 968,254 Shares owned by KWM and (ii) 1,100,292 Shares owned by Philotimo.
Percentage: Approximately 6.0%

- (b)
1. Sole power to vote or direct vote: 25,391
 2. Shared power to vote or direct vote: 2,068,546
 3. Sole power to dispose or direct the disposition: 25,391
 4. Shared power to dispose or direct the disposition: 2,068,546

(c) The transactions in the Shares by Mr. Kanen during the past sixty days are set forth in Schedule A and are incorporated herein by reference. The transactions in the Shares on behalf of each of Philotimo and KWM during the past sixty days are set forth in Schedule A and are incorporated herein by reference.

CUSIP NO. 90343C100

KWM, in its role as investment manager to several customer accounts (collectively, the "Accounts") to which it furnishes investment advice, and Mr. Kanen, as the managing member of KWM, may each be deemed to beneficially own shares of the Issuer's Shares held in the Accounts.

Each Reporting Person, as a member of a "group" with the other Reporting Persons for the purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, may be deemed the beneficial owner of the Shares directly owned by the other Reporting Persons. Each Reporting Person disclaims beneficial ownership of such Shares except to the extent of his or its pecuniary interest therein.

(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) Not applicable.

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

On October 22, 2018, the Reporting Persons entered into a Joint Filing Agreement in which the Reporting Persons agreed to the joint filing on behalf of each of them of statements on Schedule 13D with respect to the securities of the Issuer to the extent required by applicable law. The Joint Filing Agreement is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Other than as described herein, there are no contracts, arrangements, understandings or relationships among the Reporting Persons, or between the Reporting Persons and any other person, with respect to the securities of the Issuer.

Item 7. Material to be Filed as Exhibits.

99.1 Joint Filing Agreement by and between Kanen Wealth Management, LLC, Philotimo Fund, LP and David L. Kanen, dated October 22, 2018.

CUSIP NO. 90343C100

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: October 22, 2018

KANEN WEALTH
MANAGEMENT, LLC

By: /s/ David L. Kanen
Name: David L. Kanen
Title: Managing Member

PHILOTIMO FUND, LP

By: Kanen Wealth
Management, LLC
its general partner

By: /s/ David L. Kanen
Name: David L. Kanen
Title: Managing Member

/s/ David L. Kanen
DAVID L. KANEN

CUSIP NO. 90343C100

SCHEDULE A**Transactions in the Shares of the Issuer During the Past Sixty Days**

<u>Nature of the Transaction</u>	Amount of Shares	Date of
	<u>Purchased/(Sold)</u>	<u>Purchase/Sale</u>

philotimo fund, lp

Purchase of Common Stock	126,708	1.496208/22/2018
Purchase of Common Stock	100,000	1.500008/22/2018
Purchase of Common Stock	56,912	1.490008/23/2018
Purchase of Common Stock	34,456	1.496808/24/2018
Purchase of Common Stock	128,859	1.487808/27/2018
Purchase of Common Stock	86,102	1.492908/28/2018
Purchase of Common Stock	36,468	1.492608/29/2018
Purchase of Common Stock	32,050	1.470408/30/2018
Purchase of Common Stock	51,950	1.468208/31/2018

KANEN WEALTH MANAGEMENT, IIC

Purchase of Common Stock	44,600	1.494509/04/2018
Purchase of Common Stock	54,915	1.496309/05/2018
Purchase of Common Stock	8,765	1.500009/06/2018
Purchase of Common Stock	44,260	1.489309/07/2018
Purchase of Common Stock	9,600	1.500009/10/2018
Purchase of Common Stock	100	1.500009/12/2018
Purchase of Common Stock	6,666	1.500009/26/2018
Purchase of Common Stock	72	1.500009/27/2018
Purchase of Common Stock	100	1.500009/28/2018
Purchase of Common Stock	1,200	1.500010/01/2018
Purchase of Common Stock	16,219	1.500010/02/2018
Purchase of Common Stock	12,430	1.500010/03/2018
Purchase of Common Stock	31,286	1.500010/04/2018
Purchase of Common Stock	24,930	1.499210/05/2018
Purchase of Common Stock	31,253	1.500010/08/2018
Purchase of Common Stock	37,204	1.499910/09/2018
Purchase of Common Stock	126,629	1.499710/10/2018
Purchase of Common Stock	15,411	1.499310/11/2018

Edgar Filing: U.S. Auto Parts Network, Inc. - Form SC 13D

Purchase of Common Stock 190,620 1.5000 10/12/2018
Purchase of Common Stock 34,350 1.4998 10/15/2018
Purchase of Common Stock 39,040 1.4990 10/16/2018
Purchase of Common Stock 10,737 1.4998 10/17/2018
Purchase of Common Stock 36,847 1.4993 10/18/2018
Purchase of Common Stock 119,991 1.5000 10/19/2018
Purchase of Common Stock 71,026 1.4950 10/22/2018

CUSIP NO. 90343C100

DAvid L. Kanen

Purchase of Common Stock	787	1.4997	10/10/2018
Purchase of Common Stock	948	1.5000	10/12/2018
Purchase of Common Stock	18,261	1.4998	10/15/2018
Purchase of Common Stock	1,800	1.4990	10/16/2018
Purchase of Common Stock	2,773	1.5000	10/19/2018
Purchase of Common Stock	822	1.4950	10/22/2018