

HURLEY DAVID C
Form 4
January 17, 2007

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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 *
HURLEY DAVID C

(Last) (First) (Middle)

3716 EAST COLUMBIA STREET

(Street)

TUCSON, AZ 85714

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
IONATRON, INC. [IOTN]

3. Date of Earliest Transaction
(Month/Day/Year)
01/16/2007

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 Ownership (Instr. 4)
				(A) or (D)	Code V Amount (D) Price		

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

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	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	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)
--	------------------------------------	--------------------------------------	--	--------------------------------	--	--	---

Edgar Filing: HURLEY DAVID C - Form 4

Derivative Security			Disposed of (D)		Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (right to buy)	\$ 4.25	01/16/2007	A				100,000		01/16/2007	01/16/2012	Common Stock	100,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HURLEY DAVID C 3716 EAST COLUMBIA STREET TUCSON, AZ 85714			X	

Signatures

/s/ David C. Hurley 01/17/2007

**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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. January 4, 2005, the Corporation's subsidiary, MorAmerica, and three other SBICs reached a settlement agreement regarding arbitration proceedings. The settlement required the SBICs to pay a monetary award to the other party to the proceedings and also required approval by the United States Small Business Administration ("SBA"). In approving the settlement, the SBA required the SBICs to agree, jointly and severally, to be liable to SBA for up to one-half of the SBA's potential losses on SBA debentures issued by the SBICs, up to a maximum payment of \$7.5 million. The SBA will incur losses under this agreement only following full and final liquidation of any of these SBICs whose SBA debentures are not repaid in full. Should MorAmerica ever be required to make a payment under this agreement, it will have a claim against the other three SBICs. **We operate in a highly competitive market for investment opportunities.** A large number of entities and individuals compete for the kinds of investments made by the Corporation. Many of these entities and individuals have greater financial resources than the resources of the Corporation. As a result of this competition, the Corporation may, from time to time, be precluded from entering into attractive transactions on terms considered by the Investment Adviser to be prudent in light of the risks to be assumed. **We may not be able to elect pass-through tax treatment in the future as planned.** Currently, the Corporation is a taxable entity (a "C corporation") in order to utilize net operating loss carryforwards generated from a predecessor company as well as the Corporation's operating losses. In the future the Corporation may elect to qualify for pass-through tax treatment contained in Subchapter M of the Internal Revenue Code of 1986, as amended ("Code"). Subchapter M treatment essentially means that certain income is taxed at the shareholder level only with no tax at the corporate level, although the Corporation may be subject to a corporate level tax on certain built-in gains in existence at the time the Corporation would first become subject to Subchapter M. It is possible that, for a number of reasons,

the Corporation may be unable to meet Subchapter M requirements, or that it may also cease to qualify for pass-through treatment, or be subject to a four percent excise tax, if it fails to make certain distributions. Under the 1940 Act, the Corporation is not permitted to make distributions to shareholders unless it meets certain asset coverage requirements with respect to money borrowed and senior securities issued. Non-availability of pass-through tax treatment may potentially have a materially adverse effect on the total return, if any, obtainable from an investment in the Corporation's shares, once net operating loss carryforwards are no longer available and the Subchapter M election has become advantageous. **We are dependent upon the Investment Advisor's key personnel for our future success.** The Corporation is wholly dependent for the selection, structuring, closing and monitoring of its investments on the diligence and skill of its officers and of its investment advisor, InvestAmerica Investment Advisors, Inc. ("InvestAmerica"), subject to supervision by the Board. However, the advisory agreement with InvestAmerica is short-term in nature and are subject to cancellation on sixty days' notice. InvestAmerica's management believes that performance is attributable largely to the abilities and experiences of certain key individuals. The loss to InvestAmerica of these individuals could have a material adverse effect on the Corporation's performance. -6-

Potential significant conflicts of interest may impact our investment returns.

All of our officers also serve in similar capacities with InvestAmerica, and with its affiliates, which include investment advisors to other investment funds. Accordingly, our officers may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of the Corporation or its stockholders or that may require them to devote time to services for such other entities, which could interfere with the time available to provide services to the Corporation. Nonetheless, InvestAmerica is of the opinion that the efforts of its officers relative to the Corporation will be synergistic with and beneficial to the affairs of both the Corporation and InvestAmerica.

As a result of regulatory restrictions, we are not permitted to invest in any portfolio company in which the advisor or any affiliate currently has an investment. However, under the terms of an exemptive order granted by the SEC, under certain specified circumstances, the Corporation may invest (and make follow on investments) in portfolio companies at the same time and on the same terms as InvestAmerica's affiliates. All such investments are reviewed by the Corporation's independent directors to assure conformity to the exemptive order.

If we issue senior securities, including debt, we will be exposed to additional risks, including the typical risks associated with leverage.

The Corporation may borrow funds from and issue senior debt securities to banks, insurance companies or other lenders up to the limit permitted by the 1940 Act. Currently, through MorAmerica, the Corporation has borrowed funds through the SBIC programs established by the SBA. Such borrowings cause the Corporation to be leveraged. When such borrowings are incurred, the lenders of these funds will have fixed dollar claims on the Corporation's assets superior to the claims of the Corporation's shareholders. Decreases in the value of the investments below their value at the time of acquisition would cause the Corporation's net asset value to decline more sharply than it would if the funds had not been borrowed. Any decrease in the rate of income would cause net income to decline more sharply than it would had the funds not been borrowed and invested. Leverage is thus generally considered a speculative investment technique. Conversely, however, the ability of the Corporation to achieve its investment objectives may depend in part on its ability to acquire leverage on favorable terms by borrowing through the SBA, banks or insurance companies and there can be no assurance that such leverage can in fact be acquired. Changes in legislation applicable to or Congressional funding for the SBA, or changes in the SBA regulations, may have an adverse impact on the future ability of either the Corporation or MorAmerica to acquire such leverage.

Edgar Filing: HURLEY DAVID C - Form 4

The Corporation, on a consolidated basis through its wholly-owned subsidiary MorAmerica, had outstanding \$16,790,000 in subordinated debentures issued to various parties and guaranteed by the SBA on September 30, 2005. The following describes the maturities and interest rates of these debentures:

Due Year Ending September 30	Principal Amount	Fixed Interest Rate
2010	\$3,500,000	8.45%
2011	\$5,835,000	6.89%
2012	\$7,455,000	7.03%

The Corporation is currently using proceeds of portfolio liquidity events to reduce its SBA debt and does not currently anticipate drawing new SBA leverage.

To protect or maintain our existing portfolio investments, we may need to increase our investments in existing portfolio companies.

Following its initial investment, the Corporation may make additional debt and equity investments in portfolio companies ("follow-on investments") in order to increase its investment in a successful portfolio company, to exercise securities that were acquired in the original financing, to preserve the Corporation's proportionate ownership when a subsequent financing is planned or to protect the Corporation's initial investment when such portfolio company's performance does not meet expectations. The failure or inability to make such follow-on investments may, in certain circumstances, jeopardize the continued viability of a portfolio company and the Corporation's initial investment in that company.

-7-

Changes in the law or regulations that govern us could have a material impact on us or our operations.

We are regulated by the SEC and our subsidiary, MorAmerica, is regulated by the SBA. In addition, changes in the laws or regulations that govern BDCs, regulated investment companies and SBICs may significantly affect our business. Any change in the law or regulations that govern our business could have a material impact on us or our operations. Laws and regulations may be changed from time to time, and the interpretations of the relevant laws and regulations also are subject to change, which may have a material effect on our operations.

Results may fluctuate and may not be indicative of future performance.

Our operating results may fluctuate and, therefore, you should not rely on current or historical period results to be indicative of our performance in future reporting periods. Factors that could cause operating results to fluctuate include, but are not limited to, variations in the investment origination volume and fee income earned, variation in timing of prepayments, variations in and the timing of the recognition of net realized gains or losses and changes in unrealized appreciation or depreciation, the level of our expenses, the degree to which we encounter competition in our markets, and general economic conditions.

Our Common Stock price may be volatile.

Edgar Filing: HURLEY DAVID C - Form 4

The trading price of our Common Stock may fluctuate substantially. The price of the Common Stock may be higher or lower than the price you pay for your shares, depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include, but are not limited to, the following:

price and volume fluctuations in the overall stock market from time to time;

significant volatility in the market price and trading volume of securities of BDCs or other financial services companies;

changes in laws or regulatory policies or tax guidelines with respect to BDCs or regulated investment companies;

actual or anticipated changes in our earnings or fluctuations in our operating results or changes in the expectations of securities analysts;

risks associated with possible disruption in our operations due to terrorism;

general economic conditions and trends;

loss of a major funding source;

departures of key personnel; or

other risks and uncertainties as may be detailed from time to time in our public announcements and SEC filings.

Item 2. Properties.

The Corporation does not own or lease any properties or other tangible assets. Its business premises and equipment are furnished by InvestAmerica (the "Investment Advisor"), the investment advisor to the Companies. The Investment Advisor is compensated for its provision of the business premises and equipment to the Company through the management fees paid by the Companies to the Investment Advisor.

-8-

Item 3. Legal Proceedings.

As previously disclosed, MorAmerica, along with other parties, was a defendant in a suit filed by BFS Diversified Products, LLC ("BFS") in the Iowa District Court of Polk County, Iowa on March 26, 2004. A settlement agreement among BFS, MorAmerica and all of the other defendants was executed on October 31, 2005, and MorAmerica funded its portion of the settlement amount, \$78,487.50, on that date.

Item 4. Submission of Matters to a Vote of Security Holders.

The Corporation held its annual shareholders meeting on July 19, 2005 (the "Shareholders Meeting"). The following table lists the matters voted upon

Edgar Filing: HURLEY DAVID C - Form 4

at the Shareholders Meeting, the number of votes cast for, against or withheld, and the number of abstentions for each matter.

Matter	Votes for	Votes against	Vo with
Election of Benjamin Jiaravanon as Director:	1,719,443	--	22,
Election of Gordon Roth as Director:	1,719,642	--	22,
Election of Paul Bass as Director:	1,719,616	--	22,
Election of Jasja Kotterman as Director:	1,702,088	--	39,
Election of Geoffrey Woolley as Director:	1,719,607	--	22,
Election of Michael Dunn as Director:	1,719,642	--	22,
Election of Martin Walton as Director:	1,719,549	--	22,
Proposed amendment to the Corporation's Amended and Restated By-Laws to provide for the classification of the Corporation's Board of Directors:	658,249	838,090	816
Approval of the Investment Advisory Agreement between MorAmerica and InvestAmerica:	1,465,344	16,794	816
Approval of the Investment Advisory Agreement between the Corporation and InvestAmerica:	1,467,331	16,480	816
Authorization for the Corporation to issue rights to acquire authorized shares of Common Stock of the Corporation:	1,354,722	129,109	816
Ratification of the Board of Director's appointment of KPMG LLP as the Corporation's independent registered public accounting firm:	1,718,206	4,920	587

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Information in response to this Item is incorporated by reference to the "Shareholder Information" section of the Corporation's Annual Report to Shareholders for the fiscal year ended September 30, 2005 (the "2005 Annual Report").

Item 6. Selected Financial Data.

Information in response to this Item is incorporated by reference to the "Selected Financial Data" section of the 2005 Annual Report.

-9-

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Information in response to this Item is incorporated by reference to the "Management's Discussion and Analysis" section of the 2005 Annual Report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Information in response to this Item is incorporated by reference to the "Quantitative and Qualitative Disclosures About Market Risk" section of the 2005 Annual Report.

Item 8. Financial Statements and Supplementary Data.

Information in response to this Item is incorporated by reference to

Edgar Filing: HURLEY DAVID C - Form 4

the Consolidated Financial Statements, notes thereto and report thereon contained in the 2005 Annual Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

There are no items to report.

Item 9A. Controls and Procedures.

In accordance with Item 307 of Regulation S-K promulgated under the Securities Act, the Chief Executive Officer and Chief Financial Officer of the Corporation (the "Certifying Officers") have conducted evaluations of the Corporation's disclosure controls and procedures. As defined under Sections 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the term "disclosure controls and procedures" means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Certifying Officers have reviewed the Corporation's disclosure controls and procedures and have concluded that those disclosure controls and procedures are effective as of the date of this Annual Report on Form 10-K. In compliance with Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), each of the Certifying Officers executed an Officer's Certification included in this Annual Report on Form 10-K.

As of the date of this Annual Report on Form 10-K, there have not been any significant changes in the Corporation's internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 9B. Other Information.

There are no items to report.

-10-

PART III

Item 10. Directors and Executive Officers of the Registrant.

Information in response to this Item is incorporated by reference to the identification of directors and nominees contained in the "Election of Directors" section and the subsection captioned "Section 16(a) Beneficial Ownership Reporting Compliance" of the Corporation's definitive proxy statement in connection with its 2006 Annual Meeting of Stockholders, scheduled to be held on February 28, 2006 (the "2006 Proxy Statement").

Audit Committee Financial Expert

Edgar Filing: HURLEY DAVID C - Form 4

The Corporation's Board of Directors has determined that Gordon J. Roth is an audit committee financial expert and that Mr. Roth is independent, as that term is used in Item 7(d)(3)(iv) of Schedule 14A under the Exchange Act.

Audit Committee

The Audit Committee of the Board of Directors of the Corporation (the "Audit Committee") is a separately-designated standing audit committee established in accordance with section 3(a)(58)(A) of the Exchange Act, and is composed of three directors and operates under a written charter originally adopted by the Board of Directors and annually updated by the Audit Committee. The current charter of the Audit Committee was attached to the Proxy Statement for the 2004 Annual Shareholders Meeting. The current members of the Audit Committee are Michael W. Dunn (Chair), Paul M. Bass and Gordon J. Roth. Under the terms of the charter and the listing standards of The Nasdaq Stock Market, Inc., all of the Audit Committee members are considered to be independent.

Section 16(a) Beneficial Ownership Reporting Compliance

Pursuant to Section 16(a) of the Exchange Act, officers and directors of the Corporation and persons beneficially owning 10% or more of the Corporation's Common Stock (collectively, "reporting persons") must file reports on Forms 3, 4 and 5 regarding changes in their holdings of the Corporation's equity securities with the SEC. Based solely upon a review of copies of these reports sent to the Secretary of the Corporation, the Corporation believes that all Forms 3, 4, and 5 required to be filed by all reporting persons have been properly and timely filed with the SEC.

Code of Ethics

The Corporation has adopted a Code of Business Conduct and Ethics that applies to all of the Corporation's officers, directors and employees. The Corporation's Code of Business Conduct and Ethics is filed with the SEC as an exhibit to its 2003 Annual Report on Form 10-K.

If the Corporation makes any substantive amendments to the Code of Business Conduct and Ethics or grant any waiver, including any implicit waiver, from a provision of the Code of Business Conduct and Ethics to its principal executive or principal financial officer, the Corporation will disclose the nature of such amendment or waiver in a report on Form 8-K. A copy of the Code of Business Conduct and Ethics will be mailed to persons without charge upon written request to Secretary, MACC Private Equities Inc., 101 Second Street, S.E., Suite 800, Cedar Rapids, Iowa 52401 or by calling (319) 363-8249.

Item 11. Executive Compensation.

Information in response to this Item is incorporated by reference to the subsection captioned "Compensation of Directors and Executive Officers" of the 2006 Proxy Statement.

-11-

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Information in response to this Item is incorporated by reference to the subsection captioned "Section 16(a) Beneficial Ownership Reporting

Edgar Filing: HURLEY DAVID C - Form 4

Compliance" of the 2006 Proxy Statement.

Item 13. Certain Relationships and Related Transactions.

Information in response to this Item is incorporated by reference to the subsection captioned "Director Nominee Interests in Affiliates of the Corporation" of the 2006 Proxy Statement.

Item 14. Principal Accounting Fees and Services.

Information in response to this Item is incorporated by reference to the subsection captioned "Independent Auditor Fees and Services" of the 2006 Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) Documents filed as part of this Report:

- (1) A. The following financial statements are incorporated by reference to the 2005 Annual Report.
 - Consolidated Balance Sheet at September 30, 2005
 - Consolidated Statement of Operations for the year ended September 30, 2005
 - Consolidated Statements of Changes in Net Assets for the years ended September 30, 2005 and September 30, 2004
 - Consolidated Statement of Cash Flows for the year ended September 30, 2005
 - Notes to Consolidated Financial Statements
 - Consolidated Schedule of Investments as of September 30, 2005
 - Notes to the Consolidated Schedule of Investments

- B. The Report of the Registered Independent Public Accounting Firm with respect to the financial statements listed in A. above is incorporated by reference to the 2005 Annual Report.

- (2) No financial statement schedules of the Corporation are filed herewith because (i) such schedules are not required or (ii) the information required has been presented in the aforementioned financial statements and schedule of investments.

(3) The following exhibits are filed herewith or incorporated by reference as set forth below:

- | | |
|-----------|---|
| 3(i).1(1) | Certificate of Incorporation of the Corporation. |
| 3(i).2(2) | Articles of Amendment to the Certificate of Incorporation of the Corporation. |
| 3(ii)(3) | Amended and Restated By-Laws of the Corporation. |
| 4. | See Exhibits 3(i).1 and 3(i).2. |
| 10.1(4) | Investment Advisory Agreement between MACC Private Equities Inc. and InvestAmerica Investment Advisors, Inc. dated July 21, 2005. |
| 10.2(4) | Investment Advisory Agreement between MorAmerica Capital Corporation and InvestAmerica Investment Advisors, Inc. dated July 21, 2005. |
| 13 | 2005 Annual Report to Stockholders. |

-
- 14(5) Code of Business Conduct and Ethics
21(5) Subsidiary of the Corporation and jurisdiction of incorporation.
31.1 Section 302 Certification of David R. Schroder (President).
31.2 Section 302 Certification of Robert A. Comey (CFO).
32.1 Section 906 Certification of David R. Schroder (President).
32.2 Section 906 Certification of Robert A. Comey (CFO).

(1) Incorporated by reference to the Corporation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1997, as filed with the SEC on May 14, 1997.
(2) Incorporated by reference to the Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2005, as filed with the SEC on August 15, 2005.
(3) Incorporated by reference to the Corporation's Annual Report on Form 10-K for the period ended September 30, 2002, as filed with the SEC on December 27, 2002
(4) Incorporated by reference to the Corporation's report on Form 8-K as filed with the SEC on July 21, 2005.
(5) Incorporated by reference to the Corporation's Annual Report on Form 10-K for the period ended September 30, 2003, as filed with the SEC on December 29, 2003.

(b) Exhibits

See (a) (3) above.

(c) Financial Statement Schedules

See (a) (1) and (a) (2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on December 29, 2005.

/s/ David R. Schroder

David R. Schroder
President and Secretary

/s/ Robert A. Comey

Edgar Filing: HURLEY DAVID C - Form 4

Robert A. Comey
Chief Financial Officer and Treasurer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<u>Signature</u>	<u>Date</u>
/s/ Geoffrey T. Woolley ----- Geoffrey T. Woolley, Chairman of the Board	December 29, 2005 -----
/s/ Paul M. Bass ----- Paul M. Bass, Jr., Director	December 29, 2005 -----
/s/ Michael W. Dunn ----- Michael W. Dunn, Director	December 29, 2005 -----
/s/ Benjamin Jiaravanon ----- Benjamin Jiaravanon, Director	December 29, 2005 -----
/s/ Jasja Kotterman ----- Jasja Kotterman, Director	December 29, 2005 -----
/s/ Gordon J. Roth ----- Gordon J. Roth, Director	December 29, 2005 -----
----- Martin Walton, Director	-----