

Edgar Filing: WATERSIDE CAPITAL CORP - Form NSAR-U

WATERSIDE CAPITAL CORP
Form NSAR-U
December 07, 2017

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

FORM N-SAR

SEMI-ANNUAL REPORT
FOR REGISTERED INVESTMENT COMPANIES

Report for six month period ending:

or fiscal year ending: 06/30/2016 (b)

Is this a transition report? (Y/N) N

Is this an amendment to a previous filing? (Y/N) N

Those items or sub-items with a box "[X]" after the item number should be completed only if the answer has changed from the previous filing on this form.

1. A. Registrant Name: Waterside Capital Corporation
B. File Number: 811-8387
C. Telephone Number: 212-686-1515
2. A. Street: 140 West 31st Street, 2nd Floor
B. City: New York C. State: NY D. Zip Code: 10001 Zip Ext:
E. Foreign Country: Foreign Postal Code:
3. Is this the first filing on this form by Registrant? (Y/N) N
4. Is this the last filing on this form by Registrant? (Y/N) N
5. Is Registrant a small business investment company (SBIC)? (Y/N) Y
[If answer is "Y" (Yes), complete only items 89 through 110.]
6. Is Registrant a unit investment trust (UIT)? (Y/N) N
[If answer is "Y" (Yes) complete only items 111 through 132.]
7. A. Is Registrant a series or multiple portfolio company? (Y/N) N
[If answer is "N" (No), go to item 8.]
B. How many separate series or portfolios did Registrant have at the end of the period? _____

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If filing more than one
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SMALL BUSINESS INVESTMENT COMPANIES

INVESTMENT ADVISER

89. A. [X] Adviser Name (If any):_None_____

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- B. File Number: 801- _____
- C. City: _____ State: _____ Zip Code: ____ Zip Ext.:____
 Foreign Country: _____ Foreign Postal Code: _____

89. A. Adviser Name (If any): _____
- B. File Number: 801- _____
 - C. City: _____ State: _____ Zip Code: ____ Zip Ext.:____
 Foreign Country: _____ Foreign Postal Code: _____

TRANSFER AGENT

90. A. Transfer Agent Name (If any): Computershare _____
- B. File Number: _____ - _____
 - C. City: _Canton_____ State: _MA_____ Zip Code: 02021 Zip Ext.:____
 Foreign Country: _____ Foreign Postal Code: _____

90. A. Transfer Agent Name (If any): _____
- B. File Number: _____ - _____
 - C. City: _____ State: _____ Zip Code: ____ Zip Ext.:____
 Foreign Country: _____ Foreign Postal Code: _____

INDEPENDENT PUBLIC ACCOUNTANT

91. A. Accountant Name: _____
- B. City: _____ State: _____ Zip Code: ____ Zip Ext.:____
 - C. Foreign Country: _____ Foreign Postal Code: _____

91. A. Accountant Name: _Deanna Jones, CPA_____
- B. City: _Hazlet_____ State: _NJ_____ Zip Code: 07730 Zip Ext.:____
 - C. Foreign Country: _____ Foreign Postal Code: _____

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CUSTODIAN

92. A. Custodian: _None_____
- B. City: _____ State: _____ Zip Code: _____ Zip Ext.:____
 - C. Foreign Country: _____ Foreign Postal Code: _____
 - D. Mark one of the following with an "X":

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TYPE OF CUSTODY

| Bank | Member Nat'l Sec. Exchg. | Self | Foreign Custodian | Insurance Co. Sponsor | Other |
|----------------|-----------------------------|------------|----------------------|--------------------------|-------|
| Sec. 17(f) (1) | Rule 17f-1 | Rule 17f-2 | Rule 17f-5 | Rule 26a-2 | |
| ----- | ----- | ----- | ----- | ----- | ----- |

NOTE: If self-custody, give name of safekeeping depository and location of assets in sub-items 92A and 92B.

E. [X] Does Registrant's custodian maintain some or all of registrant's securities in a central depository or book-entry system pursuant to Rule 17f-4? (Y/N) _____
Y/N

93. [X] Does Registrant's adviser(s) have advisory clients other than investment companies? (Y/N) N/A _____
Y/N

94. Family of investment companies information:

A. [X] Is Registrant part of a family of investment companies? (Y/N) N _____
Y/N

B. [X] If "Y" (Yes) state the number of registered management investment companies in the family: _____
(NOTE: count as a separate company each series of a series company and each portfolio of a multiple portfolio company; exclude all series of unit investment trusts from this number.)

C. [X] Identify the family using 10 letters: _____
(NOTE: In filing this form, use this identification consistently for all investment companies in the family including any unit investment trusts. This designation is for purposes of this form only.)

D. [X] Is Registrant a wholly-owned subsidiary of a business development company ("BDC")? (Y/N) N _____
Y/N

E. [X] If "Y" (Yes), identify the BDC as follows:

BDC name:

File Number: 2- or 33-

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95. Sales, repurchases, and redemptions of Registrant's securities during the period: NONE.

Net
Consideration
Number of Shares Received

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| Class of Security ----- | or Principal Amount of Debt (\$000's omitted) | or Paid (\$000's omitted) ----- |
|--|---|--|
| Common Stock: | | |
| A. <input checked="" type="checkbox"/> Sales | _____ | \$ _____ |
| B. <input checked="" type="checkbox"/> Repurchases | _____ | \$ _____ |
| Preferred Stock: | | |
| C. <input checked="" type="checkbox"/> Sales | _____ | \$ _____ |
| D. <input checked="" type="checkbox"/> Repurchases and redemptions | _____ | \$ _____ |
| Debt Securities: | | |
| E. <input checked="" type="checkbox"/> Sales | \$ _____ | \$ _____ |
| F. <input checked="" type="checkbox"/> Repurchases and redemptions | \$ _____ | \$ _____ |

96. Securities of Registrant registered on a National Securities Exchange or listed on NASDAQ:

| Title of each class of securities ----- | CUSIP or NASDAQ No. ----- | Ticker Symbol ----- |
|---|---------------------------------|---------------------------|
| A. <input checked="" type="checkbox"/> _Common Stock_____ | _941872103_____ | _WSCC_____ |
| B. <input checked="" type="checkbox"/> _____ | _____ | _____ |
| C. <input checked="" type="checkbox"/> _____ | _____ | _____ |

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FINANCIAL INFORMATION

97. A. How many months do the answers to items 97 and 98 cover? 12 Months

| | For period covered by this form ----- |
|-----------------------------------|--|
| INCOME | |
| B. Net interest income _____ | \$ <u>34,743</u> |
| C. Net dividend income _____ | \$ _____ |
| D. Account maintenance fees _____ | \$ _____ |
| E. Net other income _____ | \$ <u>10,000</u> |
| EXPENSES | |
| F. Gross advisory fees _____ | \$ _____ |

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G. Gross administrator(s) fees _____ \$ _____
 (Negative answers allowed for 97H through 97S)

H. Salaries and other compensation _____ \$ _____

I. Shareholder servicing agent fees _____ \$ 88,273

J. Custodian fees _____ \$ _____

K. Postage _____ \$ 1,490

L. Printing expenses _____ \$ _____

M. Directors' fees _____ \$ _____

N. Registration fees _____ \$ _____

O. Taxes _____ \$ 2,122

P. Interest _____ \$ 24,263

Q. Bookkeeping fees paid to anyone performing this
 service _____ \$ 50,157

R. Auditing fees _____ \$ _____

S. Legal fees _____ \$ 5,470

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If filing more than one
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| | For period covered by this form |
|--|---------------------------------------|
| Expenses (Negative answers allowed on this screen for 97T through 97W and 97Z only) | ----- |
| T. Marketing/distribution payments including payments pursuant to a Rule 12b-1 plan _____ | \$ _____ |
| U. Amortization of organization expenses _____ | \$ _____ |
| V. Shareholder meeting expenses _____ | \$ _____ |
| W. Other expenses _____ | \$ 916,674 |
| X. Total expenses _____ | \$ 1,088,449 |
| Y. Expense reimbursements _____ | \$ _____ |
| Z. Net investment income _____ | \$ _____ |
| AA. Realized capital gains _____ | \$ _____ |
| BB. Realized capital losses _____ | \$ 8,375,352 |

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CC. 1. Net unrealized appreciation during the period _____ \$ _____
 2. Unrealized loss on investments _____ \$ _____

DD. Total income dividends for which record date passed during the period _____ \$ _____

EE. Total capital gains distributions for which record date passed during the period _____ \$ _____

98. Payments per share outstanding during the entire current period:

A. Dividends from net investment income _____ \$ _____ **

NOTE: Show in fractions of a cent if so declared.

B. Distributions of capital gains _____ \$ _____ **

C. Other distributions _____ \$ _____

NOTE: Show in fractions of a cent if so declared.

* Negative answer permitted in this field.
 ** Items 98A and 98B should be of the form mn.nnnn (where n = integer).

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QUESTION 97 (W)
 DESCRIPTION OF OTHER EXPENSES

| ITEM ----- | AMOUNT ----- |
|---|-----------------|
| Delivery & Messenger | \$22 |
| Internet | \$114 |
| Travel | \$319 |
| Storage | \$741 |
| IT Systems Support | \$5,520 |
| Administrative Services | \$1,352 |
| Overhead Allocation | \$12,026 |
| Bank Service Fees | \$450 |
| Miscellaneous Expenses | \$2,140 |
| State Corporations Commissioner Annual Filing Fees | \$2,081 |
| | ----- |

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Total Other Expenses: \$24,765
 =====

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If filing more than one
 Page 42, "X" box: [X]

| | As of the end of current reporting period |
|--|---|
| 99. Assets, liabilities, shareholders' equity: | ----- |
| A. Cash _____ | \$ 458,486 |
| B. Repurchase agreements _____ | \$ _____ |
| C. Short-term debt securities other than repurchase agreements _____ | \$ _____ |
| D. Long-term debt securities including convertible debt _____ | \$ _____ |
| E. Preferred, convertible preferred and adjustable rate preferred stock _____ | \$ 74,701 |
| F. Common stock _____ | \$ 85,000 |
| G. Options on equities _____ | \$ _____ |
| H. Options on all futures _____ | \$ _____ |
| I. Other investments _____ | \$ _____ |
| J. Receivables from portfolio instruments sold _____ | \$ _____ |
| K. Receivables from affiliated persons _____ | \$ _____ |
| L. Other receivables _____ | \$ (28) |
| M. All other assets _____ | \$ 239,438 |
| N. Total assets _____ | \$ 857,597 |

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QUESTION 99(M)
 DESCRIPTION OF OTHER ASSETS

ITEM AMOUNT

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| | |
|--------------------------------|-----------|
| ----- | ----- |
| Fixed Assets | \$438 |
| Notes Receivable | \$75,000 |
| Assets Acquired in Liquidation | \$85,000 |
| Overhead Allocation Deposit | \$4,000 |
| | ----- |
| Total Other Assets: | \$164,438 |
| | ===== |

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Page 43, "X" box: []

| | As of the end of current reporting period |
|--|---|
| | ----- |
| O. Payables for portfolio instruments purchased _____ | \$____100,087 |
| P. Amounts owned to affiliated persons _____ | \$_____ |
| Q. Senior long-term debt _(SBA)_____ | \$10,701,304 |
| R. All other liabilities _____ | \$____45,922 |
| S. Senior equity _____ | \$_____ |
| T. Net assets of common shareholders _____ | \$(10,059,716) |
| U. Number of shares outstanding _____ | \$1,916,000 |
| V. Net asset value per share (to nearest cent) _____ | \$_____ |
| W. Mark-to-market net asset value per share for money market funds only (to 4 decimals) _____ | \$_____** |
| X. Total number of shareholder accounts _____ | \$_____320 |
| Y. Total value of assets in segregated accounts _____ | \$_____ |
| 100. Monthly average net assets during current reporting period (\$000's omitted) _____ | \$_____ |
| 101. Market price per share at end of period _____ | \$_____00 |

* Net asset value per share must be of the form nnn.nn (where n = integer).

** Value must be of the form nnn.nnnn (where n = integer).

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If filing more than one
Page 44, "X" box: [X]

102. A. Is the Registrant filing any of the following attachments with the current filing of Form N-SAR? _____ Y
Y/N
- NOTE: If answer is "Y" (Yes), mark those items below being filed as an attachment to this form _____ or incorporated by reference. Y/N
- B. Matters submitted to a vote of security holders _____ N
- C. Policies with respect to security investments _____ N
- D. Legal proceedings _____ Y
- E. Changes in security for debt _____ N
- F. Defaults and arrears on senior securities _____ N
- G. Changes in control of Registrant _____ N
- H. Terms of new or amended securities _____ N
- I. Revaluation of assets or restatement of capital share account _____ N
- J. Changes in Registrant's certifying accountant _____ N
- K. Changes in accounting principles and practices _____ N
- L. Mergers _____ N
- M. Actions required to be reported pursuant to Rule 2a-7 _____ N
- N. Transactions effected pursuant to Rule 10f-3 _____ N
- O. Information required to be filed pursuant to existing exemptive orders _____ N

Attachment Information (Cont. on Screen 53)

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QUESTION 102(D)
LEGAL PROCEEDINGS

As disclosed in Waterside Capital Corporation's (the "Company") Form 8-K filed on November 29, 2013, the United States Small Business Administration (the "SBA") filed a complaint in the United States District Court for the Eastern District of Virginia on November 20, 2013 seeking, among other things,

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receivership for the Company and a judgment in the amount outstanding under the Company's Loan Agreement with the SBA plus continuing interest (the "Complaint"). Thereafter, the Company took steps to contest the Complaint.

As disclosed in the Company's Form 8-K filed on May 05, 2014, on April 29, 2014 the Board of Directors of the Company (the "Board") met to reconsider the decision to contest the Complaint and also seek declaratory relief against the SBA. In light of developments occurring since December of 2013, including projections of its portfolio companies and also recent discussions with the SBA, the Board determined, after consultation with and advice of its counsel, that it was not currently in the best interests of the Company and its shareholders to continue to contest the Complaint and also seek declaratory relief. The SBA was informed of this determination. The Board also decided to consent to the receivership process.

As disclosed in the Company's Form 8-K filed on June 03, 2014, on May 28, 2014, with the Company's consent, the court for the action filed by the SBA (the "Court") entered a Consent Order and Judgment Dismissing Counterclaim, Appointing Receiver, Granting Permanent Injunctive Relief and Granting Money Judgment against the Company (the "Order"). The Order appointed the SBA receiver of the Company for the purpose of marshaling and liquidating in an orderly manner all of the Company's assets and entered judgment in favor of the United States of America, on behalf of the SBA, against the Company in the amount of \$11,770,722.31. Such amount represents \$11,700,000 in principal and \$70,722.31 in accrued interest. The Court assumed jurisdiction over the Company and the SBA was appointed receiver effective May 28, 2014.

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Attachment Information (Cont. from Screen 52)

- | | | |
|---------|---|----------------|
| 102. P. | 1. Exhibits _____ | N _____ Y/N |
| | 2. Any information called for by instructions to sub-item 102 P2 _____ | N _____ Y/N |
| | 3. Any information called for by instructions to sub-item 102 P3 _____ | N _____ Y/N |
| 103. | [X] Does the Registrant have any wholly-owned investment company subsidiaries whose operating & financial data are consolidated with that of Registrant in this report? (Y/N) _____ | N _____ Y/N |

[If answer is "N" (No), go to item 105]

104. [X] List the "811" numbers and names of Registrant's wholly-owned investment company subsidiaries consolidated in this report.

| | |
|-------------|-----------------|
| 811 Numbers | Subsidiary Name |
| ----- | ----- |

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SIGNATURE PAGE

The following form of signature shall follow items 79, 85, 88, 104, 110 or 132, as appropriate.

This report is signed on behalf of the registrant (or depositor or trustee).

City of: New York State of: New York Date: December 07, 2017

Name of Registrant, Depositor, or Trustee: WATERSIDE CAPITAL CORPORATION

By: /s/ Zindel Zelmanovitch

 ZINDEL ZELMANOVITCH,
 Chief Executive Officer

SEC's Collection of Information

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number. Filing of this Form is mandatory. Section 30 of the Investment Company Act of 1940 ("1940 Act") and the rules thereunder, and Sections 13 and 15(d) of the Securities Exchange Act of 1934 require investment companies to file annual and periodic reports with the Commission. The Commission has specified Form N-SAR for reports for investment companies. The Commission staff uses the information in performing inspections of investment companies, selectively reviewing registration documents filed under the 1940 Act and the Securities Act of 1933 and conducting studies and other types of analyses necessary to keep the Commission's regulatory program for investment companies current in relation to changing industry conditions. The information collected on Form N-SAR is publicly available. Any member of the public may direct to the Commission any comments concerning the accuracy of the burden estimate of this Form and any suggestions for reducing the burden of the Form. This collection of information has been reviewed by the Office of Management and Budget in accordance with the clearance requirements of 44 U.S.C.(S)3507.