

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 9, 2019

USA TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania

001-33365

232679963

(State or other jurisdiction of incorporation or
organization)

(Commission File Number)

(I.R.S. Employer Identification No.)

100 Deerfield Lane, Suite 300
Malvern, Pennsylvania 19355
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: 610-989-0340

n/a

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	USAT	The NASDAQ Stock Market LLC
Series A Convertible Preferred Stock, no par value	USATP	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(c) The Board of Directors of USA Technologies, Inc. (the “Company”), has appointed Matthew W. McConnell, age 50, as the Chief Operating Officer of the Company, effective May 22, 2019. The Chief Operating Officer is a newly created function resulting from the recent reorganization of the Company’s senior management. Mr. McConnell will be responsible for managing the Company’s day-to-day operations and will report to the Chief Executive Officer of the Company.

From June 2012 to January 2018, Mr. McConnell had been employed by Comcast NBCUniversal as Senior Vice President and General Manager where he was responsible for operating Comcast Technology Solutions, a global division of Comcast Cable, which provides B2B products and services to the marketplace. From April 2009 to May 2011, Mr. McConnell was the President, Chief Executive Officer, and was a founder, of Troppus Software Corporation (“Troppus”), a SaaS business providing customer care and technical support software and services to the multiple-systems operator and telecommunications marketplace. Troppus was sold to EchoStar Corporation (NASDAQ: SATS) in 2011. From June 2008 through December 2008, he was Executive Vice President, Corporate Strategy and Business Development for NextAction Corporation, and from December 2006 through February 2008, he served in various capacities for Level 3 Communications, Inc., including as Senior Vice President, Offer Management, Content Markets Group. From May 2000 through October 2006, Mr. McConnell held various positions with America Online, Inc., including Vice President, Business Affairs and Corporate Development. Since November 2011, Mr. McConnell has been an adjunct professor at the University of Denver where he teaches graduate level courses in ethics and leadership as well as technology strategy and management.

Pursuant to the terms of the employment agreement entered into on May 9, 2019 between the Company and Mr. McConnell, Mr. McConnell will receive an annual base salary of \$400,000 and participate in the short-term incentive bonus plan and long-term incentive stock plan established for the executive officers of the Company. If all of Mr. McConnell’s target goals are achieved under the short-term incentive plan, he would earn a cash bonus equal to 45% of his base salary, and if all the target goals are achieved under the long-term incentive stock plan, Mr. McConnell would be awarded equity having a value equal to 100% of his base salary. Mr. McConnell was also awarded non-qualified stock options to purchase up to 50,000 shares exercisable at \$5.72 per share, which would vest as follows: one-third on September 30, 2019; one-third on September 30, 2020; and one-third on September 30, 2021. Mr. McConnell’s employment will be for a one year period and will continue thereafter for consecutive one year periods unless terminated by either Mr. McConnell or the Company upon at least 90-days prior notice.

The foregoing summary of the employment agreement does not purport to be complete and is qualified in its entirety by reference to the employment agreement and the amendment thereto which are filed hereto as Exhibit 10.1 and Exhibit 10.2, respectively, and are incorporated herein by reference.

There is no arrangement or understanding with any other person pursuant to which Mr. McConnell was appointed as the Chief Operating Officer, and there are no family relationships between Mr. McConnell and any director or executive officer of the Company. Additionally, there are no transactions involving Mr. McConnell that would be required to be reported under Item 404(a) of Regulation S-K.

Item 8.01 Other Events

On May 23, 2019, the Company issued a press release announcing the appointment of Mr. McConnell as Chief Operating Officer. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The information in Item 8.01 in this Current Report on Form 8-K and Exhibit 99.1 attached hereto shall not be deemed “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

Item 9.01. Financial Statements and Exhibits

[Exhibit 10.1](#) Employment Agreement dated May 3, 2019, by and between the Company and Matthew W. McConnell

[Exhibit 10.2](#) Amendment to Employment Agreement dated May 17, 2019, between the Company and Matthew W. McConnell

[Exhibit 99.1](#) Press Release of the Company dated May 23, 2019

SIGNATURES

Pursuant to the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 23, 2019

USA TECHNOLOGIES, INC.

By: /s/ Stephen P. Herbert
Stephen P. Herbert,
Chief Executive Officer

April 30, 2019

Mr. Matthew McConnell
1092 White Hawk Ranch Drive
Boulder, CO 80303

Dear Matt:

We are pleased to extend to you an offer of employment to join USA Technologies, Inc. (“USA”) as Chief Operating Officer. In your role as Chief Operating Officer you will report to me. Your first day of employment will be May 20, 2019.

This offer is contingent upon approval of this letter by our Board of Directors which is expected to be no later than May 8, 2019.

The following are the terms of your employment:

- Your annual base salary will be \$400,000.
 - For the first six months of your employment, you will be located at and will work out of USA’s Malvern, Pennsylvania office. You will be reimbursed by USA for all necessary business expenses reasonably incurred and documented per USA’s expense policy.
 - You will participate in the Short-Term Incentive (“STI”) Plan for USA’s executive officers. If the target goals would be achieved, you would earn a cash bonus equal to 45% of your base salary. For fiscal year 2019, your STI award would be pro-rated from your start date through the end of USA’s fiscal year ended June 30, 2019. This award is subject to the terms and conditions of the STI Plan.
 - You will participate in the Long-Term Incentive Stock Plan (“LTI”) for USA’s executive officers. If the year-over-year percentage target goals would be achieved, you would earn an equity award with a value on the last day of the applicable fiscal year equal to 100% of your base salary. For fiscal year 2019, your LTI award would be pro-rated from your start date through the end of USA’s fiscal year ended June 30, 2019. The shares would vest over the two-year period following the end of the applicable fiscal year. This award is subject to the terms and conditions of the LTI Plan.
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- You will receive an equity grant of non-qualified options to purchase up to 50,000 shares with an exercise price equal to the closing price of the shares on the date of the grant. The options would vest as follows, provided that you are employed by USA on the respective vesting dates: one-third on September 30, 2019; one-third on September 30, 2020; and one-third on September 30, 2021. The options would be exercisable for a period of seven years following commencement of employment. The options would not be exercisable in any event unless or until USA would be eligible to utilize a Form S-8 registration statement under the Securities Act of 1933.
 - The Compensation Committee of USA's Board of Directors, in consultation with the Chief Executive Officer, shall annually review your compensation.
 - You would be covered by and entitled to all of the fringe benefits that are generally available to USA employees, including health insurance, dental insurance, group life and disability insurance, and matching 401(k) plan. Please note that USA's benefits program is subject to change and any such change would supersede this letter.
 - You will be covered as an executive officer of USA under our Directors and Officers liability insurance policy.
 - The term of your employment with USA would be for a period of one year or until May 6, 2020, and would continue thereafter for consecutive one year periods unless terminated by you or USA upon at least 90-days' notice prior to the end of the initial one year employment period or any one year extension thereof. Your employment could also be terminated at any time upon notice to you from USA for "cause" or upon your death. The term "cause" shall mean any of the following have occurred or exist as determined by USA: (A) your fraud, gross malfeasance, or willful misconduct, with respect to USA's business; (B) any material breach by you of this letter or any policy of USA; (C) any violation by you of any law, rule or regulation, which violation results or could reasonably be expected to result in material harm to the business or reputation of USA; (D) conviction of or the entry of a guilty plea or plea of no contest to any felony or to any other crime involving moral turpitude; (E) any intentional misapplication by you of USA's funds, or any material act of dishonesty committed by you; or (F) any other action by you that, in the reasonable judgment of USA, is damaging or detrimental in a significant way to USA's business or reputation. For the purposes of the foregoing sentence, the term USA shall mean and include any affiliate (as such term is defined in Rule 144 under the Securities Act of 1933) of USA, whether on the date of this letter or in the future, including but not limited to Cantaloupe Systems, Inc.
 - You will devote your full time, energy, skills and attention to the business of USA, and shall not be engaged or employed in any other business activity whatsoever, whether or not such activity is pursued for gain, profit or other pecuniary advantage. Nothing contained in the prior sentence shall prohibit you from serving as a member of boards of directors or boards of trustees of non-profit organizations, provided that such activities shall not detrimentally impact your duties at USA, that USA approves such activities in advance, and that you shall coordinate such activities with USA.
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- Except in connection with your duties as Chief Operating Officer, you shall not, directly or indirectly, at any time from and after the date hereof, and whether or not your employment with USA has been terminated or has expired for any reason whatsoever, make any use of, exploit, disclose, or divulge to any other person, firm, or corporation, any confidential information, including but not limited to, proprietary information, trade secret, business secret, financial information, financial projections, documents, process, procedures, know-how, data, marketing information, marketing method, marketing means, software information, intellectual property, special arrangement, or any other confidential information concerning the business or policies of USA, or concerning USA' s customers, clients, accounts, or suppliers, that you learned as a result of, in connection with, through your employment with, or through your affiliation with USA, but not information that can be shown through documentary evidence to be in the public domain, or information that falls into the public domain, unless such information falls into the public domain by your direct or indirect disclosure or other acts. You agree to use your best endeavors to prevent the unauthorized disclosure or publication of confidential information and not to copy nor remove confidential information from USA's premises, whether physically or electronically, without the express written permission of USA. For any and all purposes of this paragraph, the term USA shall mean and include any affiliate (as such term is defined in Rule 144 under the Securities Act of 1933) of USA, whether on the date of this letter or in the future, including but not limited to Cantaloupe Systems, Inc.
 - Nothing in this letter prohibits or prevents you from filing a charge with or participating, testifying, or assisting in any investigation, hearing, or other proceeding before any federal, state, or local government agency. You further understand that this letter does not limit your ability to make any disclosures that are protected under the whistleblower provisions of federal law or regulation. This letter does not limit your right to receive an award for information provided to any governmental agencies.
 - For a one-year period following the termination or expiration of your employment with USA for any reason whatsoever, you will be prohibited from competing within any geographic area in which USA's business was conducted as of the date of termination or expiration of your employment, with the business of USA, as presently or as hereinafter conducted as of the termination or expiration of your employment, including but not limited to, delivering services or products to unattended retail locations, and any related production, promotion, marketing, or sales activities. The term "competing" means acting, directly or indirectly, as a partner, principal, stockholder, joint venturer, associate, independent contractor, creditor of, consultant, trustee, lessor to, sub-lessor to, employee or agent of, or to have any other involvement with, any person, firm, corporation, or other business organization which is engaged in the businesses described in this paragraph. For any and all purposes of this paragraph, the term USA shall mean and include any affiliate (as such term is defined in Rule 144 under the Securities Act of 1933) of USA, whether on the date of this letter or in the future, including but not limited to, Cantaloupe Systems, Inc.
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- For a one-year period following termination or expiration of your employment with USA for any reason whatsoever, you will not (a) directly or indirectly, solicit for hire for any business entity other than USA, any person employed by USA as of the date of termination or expiration of your employment; or (b) directly or indirectly interfere with USA's relations with any person employed by USA as of the date of termination or expiration of your employment with USA. Such restriction shall not limit any employee or candidate responding to a general job posting. For all purposes of this paragraph, the term USA shall mean and include any affiliate (as such term is defined in Rule 144 under the Securities Act of 1933) of USA, whether on the date of this letter or in the future, including but not limited to, Cantaloupe Systems, Inc.
 - For a one-year period following termination or expiration of your employment with USA for any reason whatsoever, you will be prohibited from soliciting any of USA's customers in connection with engaging in a business competing with or similar to that of USA as conducted as of the date of the termination or expiration of your employment, including but not limited to, delivering services or products to unattended retail locations, and any related production, promotion, marketing, or sales activities relating thereto. For all purposes of this paragraph, the term USA shall mean and include any affiliate (as such term is defined in Rule 144 under the Securities Act of 1933) of USA, whether on the date of this letter or in the future, including but not limited to, Cantaloupe Systems, Inc.
 - You acknowledge that any breach by you of the obligations set forth in this letter would substantially and materially impair and irreparably harm your business and goodwill; that such impairment and harm would be difficult to measure; and, therefore, total compensation in solely monetary terms would be inadequate. Consequently, you agree that in the event of any breach or any threatened breach by you of any of the provisions of this letter, USA shall be entitled, in addition to monetary damages or other remedies, and without posting bond, to equitable relief, including injunctive relief, and to the payment by you of all costs and expenses incurred by USA in enforcing the provisions thereof, including attorneys' fees. The remedies granted to USA in this letter are cumulative and are in addition to remedies otherwise available to USA at law or in equity.
 - You acknowledge that you will be subject to the following policies of USA: Employee Manual, Code of Business Conduct and Ethics; Blackout Period and Notification Policy; and Stock Ownership Guidelines for Directors and Executive Officers as well as any other policies that may be adopted by USA from time to time. As Chief Operating Officer, you would also be required to file statements of beneficial ownership of USA securities pursuant to Section 16(a) of the Securities Exchange Act of 1934.
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- If any term or provision of this letter or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this letter or the application of any such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this letter shall be valid and enforceable to the fullest extent permitted by law.
- You represent and warrant to USA that you are not as of the date of this letter a party to or subject to any employment, non-compete, or similar agreement that would limit or prohibit, in whole or in part, the performance of your employment duties or responsibilities.

This letter constitutes our entire agreement and understanding regarding the matters addressed herein, and merges and supersedes all prior or contemporaneous discussions, agreements and understandings of every nature between us regarding these matters. This letter may only be modified by an agreement in writing executed by both USA and you.

This letter will be governed by, and enforced in accordance with, the laws of the Commonwealth of Pennsylvania, without regard to the application of the principles of conflicts of laws.

The rights and obligations of both parties under this Agreement shall inure to the benefit of, and shall be binding upon, their respective personal representatives, heirs, successors and assigns. This Agreement, or any part hereof, may be assigned by USA without your consent. This Agreement, or any part thereof, may not be assigned by you.

Your employment with USA will also be subject to a satisfactory background investigation to be conducted by USA.

Matt, we are very much looking forward to your joining the USA team! Please indicate your written acceptance by signing this letter and returning it to me by email.

Sincerely,

USA Technologies, Inc.

By: /s/Stephen P. Herbert
Stephen P. Herbert, Chief Executive Officer

Accepted and Agreed to:

/s/ Matthew McConnell
Matthew McConnell

Dated: May 3, 2019

May 17, 2019

Mr. Matthew McConnell
1902 White Hawk Ranch Drive
Boulder, CO 80303

Dear Matt:

This letter sets forth a change to the letter agreement between you and USA Technologies, Inc. (“USAT”) dated April 30, 2019 (the “Letter”) pursuant to which you were offered employment as Chief Operating Officer of USAT:

- The date of your first day of employment, May 20, 2019, appearing in the first paragraph, shall be changed to May 22, 2019.
- The date of May 6, 2020 appearing in the ninth bullet point of the Letter shall be changed to May 22, 2020.
- The second sentence in the tenth bullet point shall be amended to state:

“Nothing contained in the prior sentence shall prohibit you from serving as a member of boards of directors, or boards of trustees of non-profit organizations, provided that such activities shall not detrimentally impact your duties at USA, that USA approves such activities in advance, and that you shall coordinate such activities with USA.”

Except as specifically set forth above, all of the terms and conditions in the Letter shall not be amended or modified in any respect whatsoever and shall remain in full force and effect.

Please indicate your written acceptance by signing this letter where indicated below and returning it to me.

Sincerely,

USA Technologies, Inc.

By: /s/ Stephen P. Herbert
Stephen P. Herbert, Chief Executive Officer

Accepted and Agreed to:

/s/ Matthew McConnell
Matthew McConnell

Dated: May 17, 2019

FOR IMMEDIATE RELEASE**USA Technologies, Inc. Appoints Matthew W. McConnell as Chief Operating Officer**

MALVERN, Pa. – May 23, 2019 -- USA Technologies, Inc. (NASDAQ:USAT) (the “Company”), a premier digital payment, consumer engagement and logistics service provider for the self-service retail market, today announced the appointment of Matthew W. McConnell as Chief Operating Officer, effective May 22, 2019. In this newly created position, Mr. McConnell will be responsible for managing USAT’s day-to-day operations, including delivery of world class service to the Company’s nearly 16,000 customers who represent approximately 1,000,000 connections to USAT’s ePort Connect Service. Mr. McConnell will report to Stephen P. Herbert, Chief Executive Officer of USA Technologies.

Mr. McConnell is an accomplished senior executive who brings more than 30 years of experience driving growth through the commercialization of technology across a variety of organizations. Most recently, Mr. McConnell held the role of Senior Vice President and General Manager at Comcast NBCUniversal, where he was responsible for operating Comcast Technology Solutions, a global division of Comcast Cable. In this role, he oversaw significant growth and international expansion of the division. Previously, Mr. McConnell co-founded Troppus Software Corporation, a SaaS business providing customer care and technical support software and services to the multiple-systems operator and telecommunications marketplace, which was sold to EchoStar Corporation (NASDAQ: SATS) in 2011. Earlier in his career, Mr. McConnell held various corporate development positions at NextAction Corporation, Level 3 Communications, Inc., and America Online, Inc. Mr. McConnell is an adjunct professor at the University of Denver where he teaches graduate level courses in leadership and ethics as well as technology strategy and management.

“Matt brings a proven track record of building high-performing global organizations, launching new and impactful technology, and developing and implementing go-to-market strategies to expand revenue growth,” said Stephen P. Herbert, Chief Executive Officer, USA Technologies. “His significant operational expertise and deep knowledge of technology-based commercialization opportunities make him an ideal addition to our senior team, particularly as we work to enrich control functions and processes in line with best practices. We know Matt shares a strong commitment to delivering exceptional customer service similar to our own, and are pleased to welcome someone with Matt’s experience and expertise to the newly created role of Chief Operating Officer.”

Mr. McConnell said, “I’m excited and energized to join an organization leading the way in cashless payments and logistics software, and with such a clear focus on delivering for their customers. I look forward to working with Steve and the management team to support USA Technologies as it drives operational excellence and efficiency across the organization.”

About USA Technologies, Inc.

USA Technologies, Inc. is a premier digital payment technology service provider of integrated cashless and mobile transactions in the self-service retail market. The company also provides a broad line of cashless acceptance technologies including its NFC-ready ePort® G-series, ePort Mobile® for customers on the go, ePort® Interactive, and QuickConnect, an API Web service for developers. Through its acquisition of Cantaloupe Systems, Inc. (“Cantaloupe”), the company also offers logistics, dynamic route scheduling, automated pre-kitting, responsive merchandising, inventory management, warehouse and accounting management solutions. Cantaloupe is a premier provider of cloud and mobile solutions for vending, micro markets, and office coffee services.

Contacts

Media:

Joele Frank, Wilkinson Brimmer Katcher

Tim Lynch / Meaghan Repko

212-355-4449

or

Investors:

Blueshirt Group

Monica Gould, +1 212-871-3927

monica@blueshirtgroup.com

Lindsay Savarese, +1 212-331-8417

lindsay@blueshirtgroup.com