

**UNITED STATES
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): October 16, 2015

Catasys, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-31932
(Commission File Number)

88-0464853
(IRS Employer
Identification No.)

11601 Wilshire Boulevard, Suite 1100
Los Angeles, California
(Address of principal executive offices)

90025
(Zip Code)

Registrant's telephone number, including area code **(310) 444-4300**

(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 (see General Instructions A.2. below):

- 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))
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Item 1.01 Entry into a Material Definitive Agreement.

On October 16, 2015, Catasys, Inc. (the “**Company**”) entered into Stock Purchase Agreements (the “**Purchase Agreements**”) with each of Acuitas Group Holdings, LLC (“**Acuitas**”), 100% owned by Terren S. Peizer, Chairman and Chief Executive Officer of the Company, Shamus, LLC (“**Shamus**”), a company owned by David E. Smith, a member of the Company’s board of directors, and Steve Gorlin, a member of the Company’s board of directors (the “**Investors**”), pursuant to which the Company received gross proceeds of \$2,000,000 for the sale of approximately 6.7 million shares of the Company’s common stock, par value \$0.0001 per share (the “**Common Stock**”), each at a purchase price of \$0.30 per share.

In addition, the Company and Acuitas entered into an amendment to the 12% Original Issue Discount Convertible Debenture (the “**Convertible Debenture**”) dated July 30, 2015 which extended the maturity date of the Convertible Debenture from January 18, 2016 to January 18, 2017 and extended the date the Company must consummate a qualified public offering from December 31, 2015 to June 30, 2016.

The foregoing description of the Purchase Agreements does not purport to be complete and is qualified in its entirety by reference to the Purchase Agreements. A copy of the form of the Purchase Agreement is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

The information contained in Item 1.01 of this Current Report on Form 8-K is hereby incorporated by reference. The securities were issued pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
Exhibit 10.1	Form of Stock Purchase Agreement, dated October 16, 2015.
Exhibit 10.2	Amendment to 12% Original Issue Discount Convertible Debenture.

SIGNATURES

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

CATASYS, INC.

Date: October 16, 2015

By: /s/ SUSAN E. ETZEL
Susan E. Etzel
Chief Financial Officer

STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (the "Agreement") is entered into as of October 16, 2015, by and between Catasys, Inc., a Delaware corporation (the "Company") and _____ (the "Purchaser").

WITNESSETH THAT:

WHEREAS, the Company desires to issue _____ shares of its common stock (the "Shares"), par value \$0.0001 per share (the "Common Stock"), to Purchaser; and

WHEREAS, Purchaser desires to purchase from the Company the Shares on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Issuance and Acquisition of the Shares.

- a. Purchase Price. Subject to the terms and conditions of this Agreement, the Company agrees to issue to the Purchaser and the Purchaser agrees to acquire from the Company the Shares, at an aggregate purchase price of \$_____.
- b. Closing. On the date hereof and subject to the terms and conditions of this Agreement, the Company shall issue and deliver to the Purchaser and the Purchaser shall purchase, for the purchase price set forth in Section 1.(a) hereof, the Shares (the "Closing"). The purchase price shall be paid in immediately available funds by wire transfer to the bank account of the Company.

2. Representations and Warranties of the Company. The Company represents and warrants to the Purchaser as follows:

- a. Organization. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to transact business as a foreign corporation in each other jurisdiction in which the nature and the character of its business requires such qualification, except where the failure to so qualify would not have a material adverse effect on the business, operations, condition (financial or otherwise) of the Company.
 - b. Power and Authority. The Company has the power and authority to execute, deliver and perform this Agreement and the other documents and instruments contemplated hereby. The execution, delivery and performance of this Agreement and the documents contemplated hereby and the consummation of the transactions contemplated hereby and thereby have been duly authorized and approved by the Company and its Board of Directors. This Agreement has been, and each of the other agreements, documents and instruments to be executed and delivered by the Company will be at the Closing, duly executed and delivered by, and constitute the legal, valid and binding obligation of the Company enforceable against the Company in accordance with their terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application relating to creditors' rights or by the application of equitable principles when equitable remedies are sought.
 - c. Issuance of the Securities. The Shares to be issued hereunder are duly authorized and, when issued and paid for in accordance with this Agreement, will be duly and validly issued, fully paid and nonassessable, free and clear of all liens imposed by the Company.
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3. Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants to the Company as follows:

- a. Reliance on Exemptions. The Purchaser understands that the Shares are being issued and sold hereby in reliance upon specific exemptions from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), and state securities laws and that the Company is relying upon the truth and accuracy of, and the Purchaser's compliance with, the representations, warranties, covenants, agreements, acknowledgments and understandings of the Purchaser contained in this Agreement in order to determine the availability of such exemptions and the eligibility of the Purchaser to acquire the Shares.
- b. Accredited Investor Status. The Purchaser is an "Accredited Investor" as such term is defined in Regulation D under the Securities Act of 1933, as amended (the "Securities Act").
- c. Experience and Suitability. The Purchaser has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Shares, and has so evaluated the merits and risks of such investment. The Purchaser is able to bear the economic risk of an investment in the Shares and is able to afford a complete loss of such investment.
- d. Investment Purpose. The Purchaser is acquiring the Shares for his or her own account for the purpose of investment and not with a view to, or for resale in connection with, the distribution thereof, nor with any present intention of distributing or selling the Shares. The Purchaser understands that the Shares have not been registered under the Securities Act or the securities laws of any state, and the Purchaser hereby agrees not to make any sale, transfer or other disposition of any such Shares unless either (i) the Shares first shall have been registered under the Securities Act and all applicable state securities laws, or (ii) an exemption from such registration is available.
- e. Legends. The Purchaser understands that until the Shares have been registered under the Securities Act and applicable state securities laws each certificate representing such Shares shall bear a legend substantially similar to the following:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"), or any state securities law and they may not be sold or otherwise transferred by any person, unless (1) either (a) a registration statement with respect to such securities shall be effective under the Act or (b) the company shall have received an opinion of counsel satisfactory to the company than an exemption from registration under such Act is then available and (2) there shall have been compliance with all applicable securities laws."

- f. Authority and Non-contravention. The execution and performance hereof violates no order, judgment, injunction, agreement or controlling document to which the Purchaser is a party or by which the Purchaser is bound. If an organization, (i) the Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it has been formed; (ii) the Purchaser has the right and power under its organizational instruments to execute, deliver and perform its obligations hereunder; (iii) this Agreement has been duly authorized by all necessary action on the part of all officers, directors, partners, stockholders and trustees and will not violate any agreement to which the Purchaser is a party; and (iv) the individual executing and delivering this Agreement has the requisite right, power, capacity and authority to do so on behalf of the organization.

4. Miscellaneous.

- a. Prior Agreements; Amendments. This Agreement supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof. This Agreement shall not be amended except by a writing signed by both parties or their respective successors or assigns.
- b. Modifications and Amendments. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the parties hereto.
- c. Waivers and Consents. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar.

- d. Headings and Captions. The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and shall in no way modify, or affect the meaning or construction of any of the terms or provisions hereof.
- e. Severability. In the event that any court of competent jurisdiction shall determine that any provision, or any portion thereof, contained in this Agreement shall be unenforceable in any respect, then such provision shall be deemed limited to the extent that such court deems it enforceable, and as so limited shall remain in full force and effect. In the event that such court shall deem any such provision, or portion thereof, wholly unenforceable, the remaining provisions of this Agreement shall nevertheless remain in full force and effect.
- f. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflicts of law thereof.
- g. Counterparts. This Agreement may be executed in one or more counterparts and by transmission of a facsimile or digital image containing the signature of an authorized person, each of which shall be deemed and accepted as an original, and all of which together shall constitute a single instrument. Each party represents and warrants that the person executing on behalf of such party has been duly authorized to execute this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the Company and the Purchaser on the date first written above.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first written above.

COMPANY:

CATASYS, INC.

By: _____
Name: Susan Etzel
Title: Chief Financial Officer

PURCHASER:

By: _____
Name:
Title:

October 16, 2015

AMENDMENT TO 12% ISSUE DISCOUNT CONVERTIBLE DEBENTURE DATED JULY 29, 2015

Definitions. For the purposes hereof, in addition to the terms defined elsewhere in these Amendments, capitalized terms not otherwise defined herein shall have the meanings set forth in the 12% Original Issue Discount Convertible Debenture (the “Debenture”) and in the Securities Purchase Agreement (the “Purchase Agreement”).

Reference is made to the Debenture, with an original issue date of July 29, 2015 (the “Original Issue Date”), pursuant to which Catasys, Inc., a Delaware corporation (the “Company”), has promised to pay to Acuitas Group Holdings, LLC, or its registered assigns (the “Holder”), the principal sum of \$3,553,030.10.

The Debenture is hereby amended so that the maturity date is January 18, 2017, instead of January 18, 2016.

This Amendment also confirms that, pursuant to Section 4 of the Debenture, at any time after the Original Issue Date until the Debenture is no longer outstanding, the Debenture shall be convertible, in whole or in part, into shares of Common Stock at the option of the Holder, at any time and from time to time. Pursuant to Section 6(e) of the Debenture, if at any time the Company provides the Holder with a Mandatory Redemption Notice in accordance with Section 6(d), until such time as the Mandatory Redemption Price is paid in full, the principal amount subject to redemption may be converted, in whole or in part, by the Holder into Common Stock.

Except as amended herein, the Debenture remains in full force and effect.

AMENDMENT TO SECURITIES PURCHASE AGREEMENT

Reference is made to the Purchase Agreement, dated July 29, 2015, between the Company and each Purchaser identified on the signature pages thereto.

Section 4.17 of the Purchase Agreement is hereby amended so that the date by which the Company must consummate a qualified public offering with gross proceeds of at least \$5 million without incurring liquidated damages (the “Offering Failure Date”) is extended from December 31, 2015 to June 30, 2016.

Except as amended herein, the Purchase Agreement remains in full force and effect

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized signatories as of the date first indicated above.

CATASYS, INC.

By: /s/ Susan Etzel
Name: Susan Etzel
Title: Chief Financial Officer

With a copy to (which shall not constitute notice):

ACUITAS GROUP HOLDINGS, LLC

By: /s/ Terren Peizer
Name: Terren Peizer
Title: Managing Member

With a copy to (which shall not constitute notice):