

MILLER LLOYD I III
Form SC 13D
September 27, 2012

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 13D

(Rule 13d-101)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND
AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)**

Qualstar Corporation
(Name of Issuer)

Common Stock
(Title of Class of Securities)

74758R109
(CUSIP Number)

Lloyd I. Miller, III, 222 Lakeview Avenue, Suite 160-365,
West Palm Beach, Florida, 33401 (Tel.) (561) 832-3490
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

September 21, 2012
(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 Rule 13d-1(e), 13d-1(f) or 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* Rule 13d-7 for other parties to whom copies are to be sent.

(Continued on following pages)

Page 1 of 7 pages

¹ 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 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. 74758R10913D Page 2 of 7

NAME OF REPORTING PERSON

1

Lloyd I. Miller, III

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

2

(b)

SEC USE ONLY

3

4 SOURCE OF FUNDS*

PF-AF-OO

CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED

5 PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

NUMBER OF **7** **SOLE VOTING POWER**

648,903

SHARES

BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

8 SHARED VOTING POWER
20,000

OWNED BY

EACH

9 SOLE DISPOSITIVE POWER
648,903

REPORTING

PERSON

10 SHARED DISPOSITIVE POWER
20,000

WITH

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
668,903

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
5.5%

14 TYPE OF REPORTING PERSON*
IN-IA-OO

ORIGINAL REPORT ON SCHEDULE 13D

Item 1. Security and Issuer

This Statement on Schedule 13D ("Schedule 13D") relates to the common stock (the "Common Stock") of Qualstar Corporation, a California corporation (the "Issuer"), whose principal executive offices are located at 3990-B Heritage Oak Court, Simi Valley, CA 93063.

Item 2. Identity and Background

This statement is filed by Lloyd I. Miller, III ("Mr. Miller" or the "Reporting Person"). Mr. Miller's principal business address is 222 Lakeview Avenue, Suite 160-365, West Palm Beach, Florida 33401. Mr. Miller's principal occupation is investing assets held by or on behalf of his family. During the past five years, Mr. Miller has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) and has not been a party to civil proceedings of a judicial or administrative body of competent jurisdiction, as a result of which Mr. Miller 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. Mr. Miller is a United States citizen.

Item 3. Source and Amount of Funds or Other Consideration

Mr. Miller is the managing member of Milfam LLC ("Milfam LLC"), an Ohio limited liability company established pursuant to the Operating Agreement of Milfam LLC dated as of December 10, 1996, and Milfam LLC is the advisor to Trust A-1 ("Trust A-1"), Trust A-3 ("Trust A-3"), Trust A-4 ("Trust A-4") and Trust C ("Trust C" and, collectively with Trust A-1, Trust A-3 and Trust A-4, the "Trusts"). The Trusts were created pursuant to an Amended and Restated Trust Agreement, dated September 20, 1983 (the "Trust Agreement"). Pursuant to a Declaratory Judgment Order, entered on November 20, 1992 in the Court of Common Pleas, Probate Division, Hamilton County, Ohio, Trust A was split into four separate trusts, three of which are Trust A-1, Trust A-3 and Trust A-4. The Trusts were further reformed by Order of the Delaware Chancery Court dated December 29, 2010 pursuant to which Milfam LLC was appointed advisor to the Trusts. All of the shares of Common Stock purchased by Trust A-1 were purchased with funds generated and held by Trust A-1. The aggregate purchase price for the shares of Common Stock purchased by Trust A-1 was approximately \$272.00. All of the shares of Common Stock purchased by Trust A-3 were purchased with funds generated and held by Trust A-3. The aggregate purchase price for the shares of Common Stock purchased by Trust A-3 was approximately \$11,444.00. All of the shares of Common Stock purchased by Trust A-4 were purchased with funds generated and held by Trust A-4. The aggregate purchase price for the shares of Common Stock purchased by Trust A-4 was approximately \$372,381.00. All of the shares of Common Stock purchased by Trust C were purchased with funds generated and held by Trust C. The aggregate purchase price for the shares of Common Stock purchased

by Trust C was approximately \$74,566.00.

Milfam LLC is the general partner of Milfam II L.P. ("Milfam II"), a Georgia limited partnership established pursuant to the Partnership Agreement for Milfam II L.P., dated December 11, 1996. All of the shares of Common Stock Mr. Miller is deemed to beneficially own as the manager of the general partner of Milfam II were purchased with money contributed to Milfam II by its partners or money generated and held by Milfam II. The aggregate purchase price for the shares of Common Stock purchased by Milfam II was approximately \$1,068,803.00.

Mr. Miller is the co-member and co-manager of Milfam NG LLC (“Milfam NG”). All of the shares of Common Stock Mr. Miller is deemed to beneficially own as the co-manager for Milfam NG were purchased with funds generated and held by Milfam NG. The aggregate purchase price for the shares of Common Stock Mr. Miller is deemed to beneficially own as co-manager of Milfam NG was \$35,280.00.

The aggregate purchase prices set forth in this Item 3 include brokerage commissions and reflect certain cost basis adjustments.

Item 4. Purpose of the Transaction

The shares of Common Stock covered by this Schedule 13D were acquired by Mr. Miller for investment purposes in the ordinary course of his business as an investor. Mr. Miller now believes that it would be in his best interest, and those of other shareholders, to attempt to influence the governance and business strategies of the Issuer.

Except as described above in this Item 4 and herein, Mr. Miller does not currently have any specific plans or proposals that relate to or would result in any of the actions or events specified in clauses (a) through (j) of Item 4 of Schedule 13D. Mr. Miller reserves the right to change plans and take any and all actions that the Mr. Miller may deem appropriate to maximize the value of his investments, including, among other things, purchasing or otherwise acquiring additional securities of the Issuer, selling or otherwise disposing of any securities of the Issuer beneficially owned by him, in each case in the open market or in privately negotiated transactions or formulating other plans or proposals regarding the Issuer or its securities to the extent deemed advisable by Mr. Miller in light of his general investment policies, market conditions, subsequent developments affecting the Issuer and the general business and future prospects of the Issuer. Mr. Miller may take any other action with respect to the Issuer or any of the Issuer’s debt or equity securities in any manner permitted by applicable law.

Item 5. Interest in Securities of the Issuer

(a) Mr. Miller may be deemed to beneficially own 668,903 shares of Common Stock, which is equal to approximately 5.5% of the outstanding shares, based on 12,253,117 shares of Common Stock outstanding, as reported in the Issuer’s Form 10-K filed on September 21, 2012. As of the date hereof, 150 of the shares of Common Stock beneficially owned by Mr. Miller are owned of record by Trust A-1, 6,295 of the shares of Common Stock beneficially owned by Mr. Miller are owned of record by Trust A-3, 157,947 of the shares of Common Stock beneficially owned by Mr. Miller are owned of record by Trust A-4, 41,900 of such beneficially owned shares of Common Stock are owned of record by Trust C, 442,611 of such beneficially owned shares of Common Stock are owned of record by Milfam II, and 20,000 of such beneficially owned shares of Common Stock are owned of record by Milfam NG.

(b) Mr. Miller may be deemed to have sole voting and dispositive power for all such shares of Common Stock held of record by Trust A-1, Trust A-3, Trust A-4, Trust C and Milfam II. Mr. Miller may be deemed to have shared voting and dispositive power for all such shares of Common Stock held of record by Milfam NG.

(c) The following table details the transactions effected by Mr. Miller in the past 60 days.

Trust A-4

Date of Transaction	Number of Shares Purchased	Price Per Share
August 17, 2012	8,108	\$1.65

Milfam II

Date of Transaction	Number of Shares Purchased	Price Per Share
August 1, 2012	2,300	\$1.81
August 3, 2012	5,100	\$1.81
August 7, 2012	2,700	\$1.81
August 8, 2012	6,300	\$1.81
August 16, 2012	1,000	\$1.81
August 17, 2012	10,500	\$1.80
September 21, 2012	55,400	\$1.3964
September 24, 2012	2,300	\$1.40
September 25, 2012	29,200	\$1.40

(d) Persons other than Mr. Miller have the right to receive and the power to direct the receipt of dividends from, or the proceeds from the sale of, the reported securities.

(e) Not Applicable.

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

N/A

Item 7. Material to be Filed as Exhibits.

N/A

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: September 27, 2012

By: /s/ Lloyd I. Miller, III
Lloyd I. Miller, III