

DIGITAL ALLY INC  
Form SC 13G  
July 24, 2015

CUSIP No. 25382P109

13G

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

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**SCHEDULE 13G**

(Rule 13d-102)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO § 240.13d-1(b), (c) AND (d) AND AMENDMENTS THERETO FILED  
PURSUANT TO § 240.13d-2.**

(Amendment No. )\*

**Digital Ally, Inc.**

(Name of Issuer)

**Common Stock, \$.001 par value per share**

(Title of Class of Securities)

**25382P109**

(CUSIP Number)

**July 17, 2015**

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

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\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 ( Act ) 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).

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- |      |   |   |
|------|---|---|
| (1)  | Names of Reporting Persons<br>Capital Ventures International  |   |
| (2)  | Check the Appropriate Box if a Member of a Group (See Instructions)   |   |
|      | (a) <input type="radio"/>   |   |
|      | (b) <input type="radio"/>   |   |
| (3)  | SEC Use Only  |   |
| (4)  | Citizenship or Place of Organization<br>Cayman Islands  |   |
| (5)  | Sole Voting Power<br>0  | Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person With |
| (6)  | Shared Voting Power **<br>439,883   |   |
| (7)  | Sole Dispositive Power<br>0   |   |
| (8)  | Shared Dispositive Power **<br>439,883  |   |
| (9)  | Aggregate Amount Beneficially Owned by Each Reporting Person<br>439,883                                       |   |
| (10) | Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) <input type="radio"/> |   |
| (11) | Percent of Class Represented by Amount in Row (9)<br>8.7%   |   |
| (12) | Type of Reporting Person (See Instructions)<br>CO   |   |

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\*\* Heights Capital Management, Inc. is the investment manager to Capital Ventures International and as such may exercise voting and dispositive power over these shares.

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- |   |   |  |
|---|---|--|
| (1)   | Names of Reporting Persons<br>Heights Capital Management, Inc.  |  |
| (2)   | Check the Appropriate Box if a Member of a Group (See Instructions)   |  |
|   | (a)   | <input type="radio"/>                  |
|   | (b)   | <input type="radio"/>                  |
| (3)   | SEC Use Only  |  |
| (4)   | Citizenship or Place of Organization<br>Delaware  |  |
| Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person With | (5)   | Sole Voting Power<br>0                 |
|   | (6)   | Shared Voting Power **<br>439,883      |
|   | (7)   | Sole Dispositive Power<br>0            |
|   | (8)   | Shared Dispositive Power **<br>439,883 |
| (9)   | Aggregate Amount Beneficially Owned by Each Reporting Person<br>439,883                                       |  |
| (10)  | Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) <input type="radio"/> |  |
| (11)  | Percent of Class Represented by Amount in Row (9)<br>8.7%   |  |
| (12)  | Type of Reporting Person (See Instructions)<br>CO   |  |

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**Item 1.**

- (a) Name of Issuer  
Digital Ally, Inc.
- (b) Address of Issuer's Principal Executive Offices  
9705 Loiret Blvd., Lenexa, KS 66219

**Item 2(a).**

Name of Person Filing

This statement is filed by the entities listed below, who are collectively referred to herein as Reporting Persons, with respect to the shares of Common Stock of the Company, \$.001 par value per share (the Shares ).

- (i) Capital Ventures International

**Item 2(b).**

- (ii) Heights Capital Management, Inc.  
Address of Principal Business Office or, if none, Residence

The address of the principal business office of Capital Ventures International is:

The Harbour Trust Co. Ltd.  
Windward 1, Regatta Office Park  
West Bay Road  
Grand Cayman KY1-1103  
Cayman Islands

The address of the principal business office of Heights Capital Management, Inc. is:

101 California Street, Suite 3250  
San Francisco, California 94111  
Citizenship

**Item 2(c).**

Citizenship is set forth in Row 4 of the cover page for each Reporting Person hereto and is incorporated herein by reference for each such Reporting Person.

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Item 2(d)

Title of Class of Securities

Item 2(e)

Common Stock, \$.001 par value per share

CUSIP Number

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Item 3.

**If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:**

(a)

Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).

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- (b)  Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c)  Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- (d)  Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- (e)  An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
- (f)  An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
- (g)  A parent holding company or control person in accordance with §240.13d-1(b)(1)(ii)(G);
- (h)  A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i)  A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j)  A non-U.S. institution in accordance with § 240.13d 1(b)(1)(ii)(J);
- (k)  Group, in accordance with Rule 13d 1(b)(1)(ii)(K). If filing as a non-U.S. institution in accordance with § 240.13d 1(b)(1)(ii)(J), please specify the type of institution: \_\_\_\_\_

**Item 4.**

**Ownership**

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

The information required by Items 4(a) (c) is set forth in Rows 5 11 of the cover page for each Reporting Person hereto and is incorporated herein by reference for each such Reporting Person.

The Company's Prospectus Supplement to the Prospectus dated May 18, 2015 (Registration No. 333-202944), filed on July 20, 2015, indicates there were 5,055,999 Shares outstanding as of the completion of the offering of the Shares referred to therein.

Heights Capital Management, Inc., which serves as the investment manager to Capital Ventures International, may be deemed to be the beneficial owner of all Shares owned by Capital Ventures International. Each of the Reporting Persons hereby disclaims any beneficial ownership of any such Shares, except for their pecuniary interest therein.

**Item 5.**

**Ownership of Five Percent or Less of a Class**

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following:

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**Item 6. Ownership of More than Five Percent on Behalf of Another Person**

Not applicable.

**Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person**

Not applicable.

**Item 8. Identification and Classification of Members of the Group**

Not Applicable

**Item 9. Notice of Dissolution of Group**

Not applicable.



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**Item 10. Certification**

By signing below each of the undersigned certifies that, to the best of its knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURES

After reasonable inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information with respect to it set forth in this statement is true, complete, and correct.

Dated: July 24, 2015

CAPITAL VENTURES INTERNATIONAL

By: Heights Capital Management, Inc. pursuant to a Limited Power of Attorney, a copy of which is attached as Exhibit I hereto.

By: /s/ Brian Sopinsky  
Name: Brian Sopinsky  
Title: Secretary

HEIGHTS CAPITAL MANAGEMENT, INC.

By: /s/ Brian Sopinsky  
Name: Brian Sopinsky  
Title: Secretary

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**EXHIBIT INDEX**

| <b>EXHIBIT</b> |                           | <b>DESCRIPTION</b> |
|----------------|---------------------------|--------------------|
| I              | Limited Power of Attorney |                    |
| II             | Joint Filing Agreement    |                    |

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**Exhibit I**

**LIMITED POWER OF ATTORNEY**

THIS LIMITED POWER OF ATTORNEY given on the 3rd day of April, 1999 by Capital Ventures International (hereinafter called the Company ), whose Registered Office is situated at Second Floor, One Capital Place, P.O. Box 1781, Grand Cayman Islands, B.W.I.

WHEREAS, by agreement dated March 10, 1997, by and between the Company and Heights Capital Management, the Company expressly authorized Heights Capital Management to enter into transactions in certain designated areas as defined in the Agreement attached hereto marked Appendix 1.

NOW THIS DEED WITNESSETH that Ian A.N. Wight (Director) and Woodburne Associates (Cayman) Limited (Secretary) of the Company, hereby appoint on behalf of the Company the firm of HEIGHTS CAPITAL MANAGEMENT which through its officers, directors and employees is hereby formally granted limited power of attorney for the purpose of entering into transactions on behalf of and for the account of the Company and to take any actions on behalf of the Company as may be necessary to consummate such transactions, including but not limited to instructing the transfer of funds where necessary and executing required documentation.

IN WITNESS WHEREOF, the Company has caused its common seal to be hereunto affixed the day and year above written.

THE COMMON SEAL OF CAPITAL VENTURES  
INTERNATIONAL  
was hereunto affixed in the presence of:

/s/ Ian A.N. Wight  
Ian A.N. Wight  
(Director)

/s/ Woodburne Associates  
Woodburne Associates  
(Cayman) Limited

Secretary

EXHIBIT II

JOINT FILING AGREEMENT

This will confirm the agreement by and among the undersigned that the Schedule 13G filed with the Securities and Exchange Commission on or about the date hereof with respect to the beneficial ownership by the undersigned of the shares of Common Stock of Digital Ally, Inc., \$.001 par value per share is being filed, and all amendments thereto will be filed, on behalf of each of the persons and entities named below in accordance with Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Dated as of July 24, 2015

CAPITAL VENTURES INTERNATIONAL

HEIGHTS CAPITAL MANAGEMENT, INC.

By: Heights Capital Management, Inc.  
pursuant to a Limited Power of Attorney

By: /s/ Brian Sopinsky  
Name: Brian Sopinsky  
Title: Secretary

By: /s/ Brian Sopinsky  
Name: Brian Sopinsky  
Title: Secretary

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