

CYANOTECH CORP
Form SC 13D/A
May 25, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 13D
Under the Securities Exchange Act of 1934
(Amendment No. 3)*
Cyanotech Corporation
(Name of Issuer)
Common Stock,
par value \$0.02 per share
(Title of Class of Securities)
232437-301 (CUSIP Number)
Scott A Shuda
Meridian OHC Partners, LP
425 Weed Street
New Canaan, CT 06840

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)
May 24, 2016

(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 §§240.13d-1(e), 240.13d-1(f) or 240.13d-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 §240.13d-7 for other parties to whom copies are to be sent.

* 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 disclosures provided in a prior cover page.

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 ("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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NAMES OF
REPORTING PERSONS

I.R.S.
IDENTIFICATION
NOS. OF ABOVE

1. PERSONS (ENTITIES
ONLY)

Meridian OHC Partners,
LP
46-3724228

2. CHECK THE
APPROPRIATE BOX IF
A MEMBER OF A
GROUP

(see instructions)

(a)

(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS

(see instructions)

5. WC

CHECK BOX IF
DISCLOSURE OF
LEGAL PROCEEDINGS
IS REQUIRED
PURSUANT TO ITEMS

2(d) or 2(e)

CITIZENSHIP OR

PLACE OF

6. ORGANIZATION

Delaware

NUMBER	SOLE VOTING
OF	POWER
SHARES	7.
BENEFICIALLY	0
OWNED	SHARED
BY	VOTING POWER
EACH	8.
REPORTING	662,125

PERSON WITH	9.	SOLE DISPOSITIVE POWER
	10.	0 SHARED DISPOSITIVE POWER
		662,125

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

734,395

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

(see instructions)

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

12.94%

14. TYPE OF REPORTING PERSON (see instructions)

PN

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NAMES OF
REPORTING PERSONS

1. I.R.S.
IDENTIFICATION
NOS. OF ABOVE
PERSONS (ENTITIES
ONLY)

Meridian TSV II, LP
45-2531394

2. CHECK THE
APPROPRIATE BOX IF
A MEMBER OF A
GROUP

(see instructions)

(a)

(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS

(see instructions)

5. WC

CHECK BOX IF
DISCLOSURE OF
LEGAL PROCEEDINGS

IS REQUIRED
PURSUANT TO ITEMS
2(d) or 2(e)

CITIZENSHIP OR

PLACE OF

6. ORGANIZATION

Delaware

NUMBER	SOLE VOTING
OF	POWER
SHARES	
7. BENEFICIALLY	0
OWNED	SHARED
BY	VOTING POWER
8. EACH	
REPORTING	25,000
9. PERSON	

WITH
SOLE
DISPOSITIVE
POWER

0
10. SHARED
DISPOSITIVE
POWER

25,000

11. AGGREGATE
AMOUNT
BENEFICIALLY
OWNED BY EACH
REPORTING PERSON

734,395
12. CHECK BOX IF THE
AGGREGATE
AMOUNT IN ROW (11)
EXCLUDES CERTAIN
SHARES

(see instructions)
13. PERCENT OF CLASS
REPRESENTED BY
AMOUNT IN ROW (11)

12.94%
14. TYPE OF REPORTING
PERSON (see
instructions)

PN

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 Pages

NAMES OF
 REPORTING PERSONS

I.R.S.
 IDENTIFICATION
 NOS. OF ABOVE

1. PERSONS (ENTITIES
 ONLY)

TSV Investment Partners,
 LLC
 27-1033220

2. CHECK THE
 APPROPRIATE BOX IF
 A MEMBER OF A
 GROUP

(see instructions)
 (a)
 (b)

3. SEC USE ONLY

SOURCE OF FUNDS
 (see instructions)

4.

WC
 CHECK BOX IF
 DISCLOSURE OF
 LEGAL PROCEEDINGS
 IS REQUIRED
 PURSUANT TO ITEMS
 2(d) or 2(e)

5.

CITIZENSHIP OR
 PLACE OF

6. ORGANIZATION

Delaware

NUMBER OF SHARES	7.	SOLE VOTING POWER
BENEFICIALLY OWNED BY EACH REPORTING PERSON	8. 9.	0 SHARED VOTING POWER 687,125

WITH SOLE
DISPOSITIVE
POWER

10. 0
SHARED
DISPOSITIVE
POWER

687,125

11. AGGREGATE
AMOUNT
BENEFICIALLY
OWNED BY EACH
REPORTING PERSON

734,395

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

(see instructions)

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

12.94%

14. TYPE OF REPORTING
PERSON (see
instructions)

PN

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NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE

1. PERSONS (ENTITIES ONLY)

BlueLine Capital Partners II, LP
 20-4921646

CHECK THE APPROPRIATE BOX IF A MEMBER OF A

2. GROUP (see instructions)

(a)
 (b)

3. SEC USE ONLY

SOURCE OF FUNDS (see instructions)

4.

WC CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS

5.

2(d) or 2(e) CITIZENSHIP OR PLACE OF

6. ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING	7.	SOLE VOTING POWER
		0
	8.	SHARED VOTING POWER
		47,270

PERSON WITH	9.	SOLE DISPOSITIVE POWER
	10.	0 SHARED DISPOSITIVE POWER
		47,270

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

734,395

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

(see instructions)

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

12.94%

14. TYPE OF REPORTING PERSON (see instructions)

PN

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NAMES OF REPORTING PERSONS

1. I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

BlueLine Partners, LLC
 20-2141854

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
 (see instructions)

(a)
 (b)

3. SEC USE ONLY

4. SOURCE OF FUNDS
 (see instructions)

5. WC CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON	7.	SOLE VOTING POWER
		0
	8.	SHARED VOTING POWER
	9.	47,270

WITH SOLE
DISPOSITIVE
POWER

10. 0
SHARED
DISPOSITIVE
POWER

47,270

11. AGGREGATE
AMOUNT
BENEFICIALLY
OWNED BY EACH
REPORTING PERSON

734,395

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

(see instructions)

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

12.94%

14. TYPE OF REPORTING
PERSON (see
instructions)

PN

Item 1. Security and Issuer.

No change.

Item 2. Identity and Background.

No change.

Item 3. Source or Amount of Funds or Other Consideration.

No change.

Item 4. Purpose of Transaction.

The following supplements the information provided in prior Schedule 13D filings by the Reporting Entities.

On May 24, 2016, Meridian filed a shareholder derivative action on behalf of Cyanotech's stockholders against the Company, its Chairman of the board of directors and the Rudolf Steiner Foundation ("RSF"). The civil complaint, filed in the United States District Court for the District of Nevada, seeks Declaratory and Injunctive Relief under the Securities Exchange Act of 1934 and the Nevada Control Share Statute due to the undisclosed group created by the Chairman and RSF, and that group's ability to control Cyanotech.

Meridian also claims that the misrepresentations or omissions of material facts by the Chairman caused Cyanotech to violate Section 10(b)(5) of the Securities Exchange Act of 1934. Finally, Meridian claims that the Chairman's actions breached his fiduciary duties as a member of the board of directors of Cyanotech.

A copy of Meridian's complaint may be obtained at the following address:

<https://drive.google.com/open?id=0B8MjSICzQPrKaEZrTEtHdXQtQUU>.

Meridian brought its claims in Federal court after Cyanotech's board of directors failed to take action with respect to numerous securities disclosure and corporate governance deficiencies detailed by Meridian in a letter to the board of directors. On May 6, 2016, Meridian delivered the letter to Cyanotech's interim CEO, who is also a board member, and encouraged him to first share the letter with the chairman of the Company's audit committee and then for these two directors to consider engaging legal counsel independent of Cyanotech's Chairman to consider the contents of the letter and appropriate next steps. Meridian believed the Company's audit committee chairman would be the person on the board with the most relevant experience and greatest ability to investigate the matters described in the letter.

Since delivering the May 6, 2016 letter, Meridian has received no indication that Cyanotech's board of directors has taken action to address the issues raised by the letter. To the contrary, on May 23, 2016, the Company issued a press release reporting that the chairman of its audit committee had resigned from the board of directors on May 17, 2016. One possible interpretation of this news is that the audit chairman attempted to take the appropriate actions in response to Meridian's May 6, 2016 letter, was blocked and therefore considered it impossible to continue to serve on Cyanotech's board of directors. Meridian believes the audit chairman's resignation is further evidence of the inability of the Cyanotech board to function properly under the leadership of its current Chairman.

Once again, Meridian must emphasize that the four directors serving on Cyanotech's board with the Chairman, as they comprise a majority of the board, have the ability to exercise control over the Company. Meridian continues to believe that the first step should involve these four directors engaging legal counsel that is independent of the Chairman. Meridian believes that the newly appointed audit committee chairman, having prior experience as the CEO of one public company and the CFO of another, has the experience, the standing, and the ability to access independent outside legal counsel that could make him the catalyst to launching a reform process at Cyanotech. Given the historical practices of Cyanotech's board, we cannot assume the new audit committee chairman accepted that position fully informed of the legal and governance issues that have been raised by Meridian. Should the new audit committee chairman begin to address these concerns, he will have Meridian's support and gratitude.

Meridian is always interested in hearing from fellow stockholders and has created a special email address to help Cyanotech stockholders contact us.

Email Meridian at: moredalgae@meridian.com

Item 5. Interest in Securities of the Issuer.

No change.

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

Pursuant to Rule 13d-1(k) promulgated under the Act, the Reporting Entities have entered into an agreement with respect to the joint filing of this statement, and any amendment or amendments hereto. A copy of such agreement was filed as Exhibit A to the Schedule 13D filing of the Reporting entities on May 9, 2016.

Item 7. Material to Be Filed as Exhibits.

No change.

SIGNATURE

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.

Meridian OHC Partners, L.P.

By: TSV Investment Partners, L.L.C.

Its: General Partner

By: /s/ Scott Shuda

Name: Scott Shuda

Title: Managing Director

Meridian TSV II, L.P.

By: TSV Investment Partners, L.L.C.

Its: General Partner

By: /s/ Scott Shuda

Name: Scott Shuda

Title: Managing Director

TSV Investment Partners, L.L.C.

By: /s/ Scott Shuda

Name: Scott Shuda

Title: Managing Director

BlueLine Capital Partners II, L.P.

By: BlueLine Partners, L.L.C.

Its: General Partner

By: /s/ Scott Shuda

Name: Scott Shuda

Title: Managing Director

BlueLine Partners, L.L.C.

By: /s/ Scott Shuda

Name: Scott Shuda

Title: Managing Director