

**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) **July 13, 2016**

LIQUIDITY SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-51813
(Commission
File Number)

52-2209244
(IRS Employer
Identification No.)

1920 L Street, N.W., 6th Floor, Washington, D.C.
(Address of principal executive offices)

20036
(Zip Code)

Registrant's telephone number, including area code **(202) 467-6868**

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))

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

Effective as of July 13, 2016, the Company appointed Mr. Mark A. Shaffer as the Company's Vice President, General Counsel and Corporate Secretary. Mr. Shaffer, age 43, reports to Mr. William P. Angrick, III, the Company's Chairman and Chief Executive Officer. In this role, Mr. Shaffer is responsible for all legal, commercial contracts, compliance and corporate secretary functions of Liquidity Services and its subsidiaries. Mr. Shaffer previously served as Senior Associate General Counsel and Assistant General Counsel, contributing to the Company's market leadership by enhancing the legal, compliance and risk management processes required to help grow the Company's business. Prior to joining Liquidity Services in September 2012, Mr. Shaffer served as Senior Counsel and Global Compliance Officer for Barnes Group, Inc., an international industrial and aerospace manufacturer and service provider. Prior to that, he served as Senior Counsel at the law firm of Miller Canfield where he focused on industrial and automotive mergers and acquisitions and commercial negotiations. Mr. Shaffer also served as Senior Counsel for Kmart Corporation and as an associate at the law firms of LeBoeuf, Lamb, Greene & MacRae LLP and Latham & Watkins LLP.

Mr. Shaffer holds a Bachelor of Science in Foreign Service and a Juris Doctorate from Georgetown University. In connection with his appointment, Mr. Shaffer's base salary has been increased to \$220,000 and his target bonus percentage has been increased to 40% of his base salary based on the achievement of certain performance milestones. In addition, Mr. Shaffer will receive a grant of 15,000 shares of restricted stock that will vest over a four-year period. The Executive Employment Agreement by and between the Company and Mr. Shaffer is attached hereto as Exhibit 10.1.

There are no family relationships between Mr. Shaffer and any other director or executive officer of the Company. The Company had no transactions, and has no transaction proposed, in which Mr. Shaffer, or any member of his immediate family, has a direct or indirect material interest.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Executive Employment Agreement by and between the Company and Mark A. Shaffer

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.

LIQUIDITY SERVICES, INC.
(Registrant)

Date: July 13, 2016

By: /s/ Mark A. Shaffer
Name: Mark A. Shaffer
Title: VP, General Counsel and Corporate Secretary

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Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	Executive Employment Agreement by and between the Company and Mark A. Shaffer.

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**LIQUIDITY SERVICES, INC.
EXECUTIVE EMPLOYMENT AGREEMENT**

THIS EXECUTIVE EMPLOYMENT AGREEMENT (“**Agreement**”) is entered into as of July 13, 2016 (the “**Effective Date**”), by and between Liquidity Services, Inc., a Delaware corporation (“**LSI**” or the “**Company**”), and Mark Shaffer (the “**Executive**”).

1. **Employment Agreement.** On the terms and conditions set forth in this Agreement, the Company agrees to employ the Executive and the Executive agrees to be employed by the Company for the Employment Period set forth in Section 2 hereof and in the position and with the duties set forth in Section 3 hereof. Terms used herein with initial capitalization are defined in Section 10.12 below.
2. **Term.** The term of employment under this Agreement shall be the period set forth in Schedule 1 attached hereto commencing on the Effective Date (the “**Employment Period**”).
3. **Position and Duties.** The Executive shall serve in the position and with the duties and title set forth in Schedule 1 attached hereto during the Employment Period. In such capacity, the Executive shall have the normal duties, responsibilities, and authority of such position, subject to the power of the Executive’s “**Reporting Officer**” as designated in Schedule 1, the Company’s Chairman of the Board of Directors (the “**Board**”) or the Board to reasonably expand or limit such duties, responsibilities and authority. The Executive shall report to the Reporting Officer designated in Schedule 1. The Executive shall devote the Executive’s best efforts and full business time and attention to the business and affairs of the Company; *provided, however*, that Executive may, to the extent such participation or service does not materially interfere with the performance of the obligations described in this Agreement, (i) participate in charitable, civic, political, social, trade, or other non-profit organizations and (ii) with the consent of the Board such consent not to be unreasonably withheld, serve as a non-management director of business corporations (or in a like capacity in other for-profit organizations).
4. **Place of Performance.** In connection with the Executive’s employment by the Company, the Executive shall be based at the principal executive offices of the Company, except as otherwise agreed by the Executive and the Company and except for reasonable travel on Company business.
5. **Compensation.**
 - 5.1. **Base Salary.** During the Employment Period, the Company shall pay to the Executive an annual base salary (the “**Base Salary**”), which initially shall be at the rate per year as set forth in Schedule 1. The Base Salary shall be payable semi-monthly or in such other installments as shall be consistent with the Company’s payroll procedures. The Base Salary may be increased at any time or from time to time, but it may not be decreased without the consent of the Executive.
 - 5.2. **Bonus.** The Executive shall be eligible for a performance bonus as set forth in Schedule 1.
 - 5.3. **Equity Awards.**

 - 5.3.1. **Annual Award.** Executive shall be eligible to receive an annual equity award, subject to the terms of the Liquidity Services, Inc. Amended and Restated 2006 Omnibus Long-Term Incentive Plan or successor plan, as determined by the Board or any committee thereof.
 - 5.3.2. **Special Award.** In consideration of Executive entering into this Agreement and subject to approval by the Board or any committee thereof, the Company shall grant Executive 15,000 shares of Restricted Stock pursuant to the Liquidity Services, Inc. Amended and Restated 2006 Omnibus Long-Term Incentive Plan, which grant date shall be the date the grant is approved by the Board or any committee thereof (the “**Special Award**”). The restrictions on the Special Award shall lapse equally over three years, with twenty five percent (25%) of the Restricted Stock vesting each year on the anniversary of the grant date. All other terms and conditions of such award shall be governed by the Liquidity Services, Inc. Amended and Restated 2006 Omnibus Long-Term Incentive Plan and the applicable award agreements.
 - 5.4. **Benefits.** During the Employment Period, the Executive will be entitled to receive such other benefits approved by the Reporting Officer and made available to similarly situated senior executives of the Company, including health insurance, disability insurance, and 401(K) benefits. At all times the Company agrees to maintain Director’s and Officer’s Liability coverage for the Executive. Nothing contained in this Agreement shall prevent the Company from changing insurance carriers or otherwise modifying the Company’s employee benefit programs.
 - 5.5. **Employee Leave.** The Executive shall be entitled to all public holidays observed by the Company in addition to a total of 26 days of paid time off in accordance with the applicable policies of the Company, which shall be taken at a reasonable time or times per year.
6. **Expenses.** The Executive is expected and is authorized to incur reasonable expenses in the performance of his duties hereunder, including the costs of entertainment, travel, and similar business expenses incurred in the performance of his duties. The Company shall reimburse the Executive for all such expenses promptly upon periodic presentation by the Executive of an itemized account of such expenses and appropriate receipts. Any reimbursements provided under this Agreement that constitute deferred compensation within the meaning of Code Section 409A shall be made or provided in accordance with the requirements of Code Section 409A, including that (i) in no event shall any fees, expenses or other amounts eligible to be reimbursed by the Company under this Agreement be paid later than the last day of the calendar year next following the calendar year in which the applicable fees, expenses or other amounts were incurred; and (ii) the amount of expenses eligible for reimbursement that the Company is obligated to pay or provide, in any given calendar year shall not affect the expenses that the Company is obligated to reimburse in any other calendar year.

7. **Termination of Employment.**

- 7.1. **Termination.** The Executive’s employment by the Company during the Employment Period will continue until Executive’s death, Disability, resignation or until Executive’s termination by the Board at any time.
- 7.2. **Notice of Termination.** Any termination of the Executive’s employment by the Company or the Executive (other than because of the Executive’s death) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 10.1 hereof. For purposes of this Agreement, a “**Notice of Termination**” shall mean a notice which shall indicate the specific termination provision in this Agreement relied

8. **Compensation Upon Termination.**

8.1. **Death.** If the Executive's employment is terminated during the Employment Period as a result of the Executive's death, the Company shall pay to the Executive's estate, or as may be directed by the legal representatives of such estate, the Executive's full Base Salary through the next full calendar month following the Date of Termination and all other unpaid amounts, if any, to which the Executive is entitled as of the Date of Termination in connection with any fringe benefits pursuant to Section 5.4 and expenses pursuant to Section 6. Subject to Section 8.5 below, the payments contemplated by this Section 8.1 shall be paid at the time they are due, and the Company shall have no further obligations to the Executive or his or her estate under this Agreement.

8.2. **Disability.** If the Company terminates the Executive's employment during the Employment Period because of the Executive's Disability, the Company shall pay the Executive the Executive's full Base Salary through the third full calendar month following the Date of Termination and all other unpaid amounts, if any, to which the Executive is entitled as of the Date of Termination in connection with any fringe benefits pursuant to Section 5.4 and expenses pursuant to Section 6. Subject to Section 8.5 below, the payments contemplated by this Section 8.2 shall be paid at the time they are due, and the Company shall have no further obligations to the Executive under this Agreement; *provided, however*, that the Base Salary shall be reduced by the amount of any disability benefit payments made to the Executive during a period of Disability from any insurance or other policies provided by the Company.

8.3. **By the Company with Cause or by the Executive without Good Reason.** If the Company terminates the Executive's employment during the Employment Period for Cause or if the Executive voluntarily terminates the Executive's employment during the Employment Period other than for Good Reason, the Company shall pay the Executive the Executive's full Base Salary through the Date of Termination and all other unpaid amounts, if any, to which Executive is entitled as of the Date of Termination in connection with any fringe benefits pursuant to Section 5.4 and expenses pursuant to Section 6. Subject to Section 8.5 below, the payments contemplated by this Section 8.3 shall be paid at the time such payments are due, and the Company shall have no further obligations to the Executive under this Agreement.

8.4. **By the Company without Cause or by the Executive for Good Reason.** If the Company terminates the Executive's employment during the Employment Period other than for Cause, Death, or Disability or the Executive terminates his employment during the Employment Period for Good Reason, the Company shall pay the Executive: (A) the Executive's full Base Salary through the Date of Termination and all other unpaid amounts, if any, to which the Executive is entitled as of the Date of Termination in connection with any fringe benefits pursuant to Section 5.4 and expenses pursuant to Section 6; and (B) a lump-sum severance package equal to (i) twelve months of the Executive's Base Salary and (ii) an amount equal to the average annual target incentive bonus earned by the Executive during the previous two fiscal years (collectively the "**Severance Payment**"). Subject to Section 8.5 below, the Severance Payment shall be payable to the Executive within 60 days of the Date of Termination, provided the Executive timely executes and returns a separation agreement and release of claims in a form acceptable to the Company, and such release has become irrevocable by such date.

8.5. **Code Section 409A Matters.** Anything in this Agreement to the contrary notwithstanding, if (A) on the date of Executive's "separation from service" (within the meaning of Section 409A(a)(2)(A)(i) of the Internal Revenue Code of 1986, as amended (the "Code")) with the Company, Executive is a "specified employee" (within the meaning of Section 409A(a)(2)(B)(i) of the Code) and (B) as a result of such separation from service, Executive would receive any payment under this Agreement that, absent the application of this Section 8.5, would be subject to the

additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(2)(B)(i) of the Code, then no such payment shall be payable prior to the date that is the earliest of (1) six months after the Executive's separation from service, (2) the Executive's death or (3) such other date as will cause such payment not to be subject to such additional tax. Any payments which are required to be delayed as a result of this Section 8.5 shall be accumulated and paid as a lump-sum on the earliest possible date determined in accordance the preceding sentence.

9. **Other Agreements.** Executive previously executed an Employee Agreement Regarding Confidentiality, Intellectual Property, and Competitive Activities dated September 4, 2012 (the "Employee Agreement"), and the terms and conditions of the Employee Agreement are specifically incorporated herein by reference.

10. **Miscellaneous.**

10.1. **Notices.** All notices, demands, requests or other communications required or permitted to be given or made hereunder shall be in writing and shall be delivered, telecopied or mailed by first class registered or certified mail, postage prepaid, addressed as follows:

10.1.1. If to the Company:

Liquidity Services, Inc.
1920 L Street, NW, 6th Floor
Washington DC 20036
ATTN: William P. Angrick, III, Chairman and CEO
Fax: (202) 467-6868
Phone: (202) 558-6205

10.1.2. If to the Executive:

at the address set forth in Schedule 1.

or to such other address as may be designated by either party in a notice to the other. Each notice, demand, request or other communication that shall be given or made in the manner described above shall be deemed sufficiently given or made for all purposes three days after it is deposited in the U.S. mail, postage prepaid, or at such time as it is delivered to the addressee (with the return receipt, the delivery receipt, the answer back, the confirmation (if telecopy) or the affidavit of messenger being deemed conclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

10.2. **Representations.** Executive agrees to execute any proper oath or verify any proper document required to carry out the terms of this Agreement. Executive represents that performance of all the terms of this Agreement and the Employee Agreement will not breach any existing non-compete or similar agreement. Executive has not entered into, and Executive agrees not to enter into, any oral or written agreement in conflict herewith.

10.3. **Severability.** The invalidity or unenforceability of any one or more provisions of this Agreement shall not affect the validity or enforceability of the other provisions of this Agreement, which shall remain in full force and effect.

10.4. **Survival.** It is the express intention and agreement of the parties hereto that the provisions of Section 8 hereof shall survive the termination of employment of the Executive.

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In addition, all obligations of the Company to make payments hereunder shall survive any termination of this Agreement on the terms and conditions set forth herein.

10.5. **Assignment.** The rights and obligations of the parties to this Agreement shall not be assignable or delegable, except that (i) in the event of the Executive's death, the personal representative or legatees or distributees of the Executive's estate, as the case may be, shall have the right to receive any amount owing and unpaid to the Executive hereunder and (ii) the rights and obligations of the Company hereunder shall be assignable and delegable to any Affiliate of the Company or in connection with any subsequent merger, consolidation, sale of all or substantially all of the assets of the Company or similar reorganization of a successor corporation.

10.6. **Binding Effect.** Subject to any provisions hereof restricting assignment, this Agreement shall be binding upon the parties hereto and shall inure to the benefit of the parties and their respective heirs, devisees, executors, administrators, legal representatives, successors and assigns.

10.7. **Amendment; Waiver.** This Agreement shall not be amended, altered or modified except by an instrument in writing duly executed by the parties hereto; provided, that the parties may amend Schedule 1 hereto by executing and delivering a revised version of Schedule 1 and attaching such revised version to this Agreement. Neither the waiver by either of the parties hereto of a breach of or a default under any of the provisions of this Agreement, nor the failure of either of the parties, on one or more occasions, to enforce any of the provisions of this Agreement or to exercise any right or privilege hereunder, shall thereafter be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of any such provisions, rights or privileges hereunder.

10.8. **Headings.** Section and subsection headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

10.9. **Governing Law.** This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the District of Columbia not including the choice of law rules thereof.

10.10. **Entire Agreement.** This Agreement, including Schedule 1 hereto and the Employee Agreement, constitute the entire agreement between the parties respecting the employment of Executive, there being no representations, warranties or commitments except as set forth herein.

10.11 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which shall be deemed to constitute one and the same instrument.

10.12. **Definitions.**

“**Affiliate**” means as to a specified Person any other person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the specified Person.

“**Agreement**” means this Executive Employment Agreement.

“**Base Salary**” is defined in Section 5.1 above.

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“**Beneficial Owner**” means a beneficial owner within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended.

“**Cause**” means (i) the commission of a felony or a crime involving moral turpitude (specifically excluding felonies or crimes under any applicable state or federal vehicle code) or the commission of any other act or omission involving dishonesty or fraud with respect to the Company or any of its Subsidiaries or any of their customers or suppliers, or (ii) recurring violations of material Company rules, regulations policies or any material provisions of this Agreement (which are not inconsistent with or in violation of any of the provisions of this Agreement) after written notice to Executive from the Company specifically enumerating all of the facts and circumstances constituting the violation, the conduct or action which can be taken by Executive to cure the violation, and a reasonable opportunity for Executive to take corrective action, or (iii) gross negligence or willful misconduct with respect to the Company or any of its Subsidiaries.

“**Company**” means Liquidity Services, Inc. and its successors and assigns.

“Date of Termination” means (i) if the Executive’s employment is terminated by the Executive’s death, the date of the Executive’s death; (ii) if the Executive’s employment is terminated because of the Executive’s Disability, 30 days after Notice of Termination; (iii) if the Executive’s employment is terminated by the Company with or without Cause, the date specified in the Notice of Termination; (iv) if the Executive’s employment is terminated by the Executive with or without Good Reason, the date specified in the Executive’s Notice of Termination, which shall be no less than 30 days following the date on which the Notice of Termination is delivered; provided that the Company may waive all or any of the notice period for no consideration and the Executive’s Termination Date shall be determined by the Company; and (v) if the Executive’s employment is terminated during the Employment Period other than pursuant to Section 7.1, the date on which Notice of Termination is given.

“Disability” means the Executive’s inability to perform all of the Executive’s duties hereunder by reason of illness, physical or mental disability or other similar incapacity, as determined by a competent medical doctor appointed by the Reporting Officer after a complete and thorough medical examination and evaluation, which inability shall continue for more than three consecutive months or for such shorter periods that when aggregated exceed six (6) months in any twelve (12) month period.

“Effective Date” means the date as of which this Agreement is executed as set out above.

“Employee Agreement” is defined in Section 9 above.

“Employment Period” is defined in Section 2 above.

“Good Reason” means (i) the Company’s failure to perform or observe any of the material terms or provisions of this Agreement (including the provisions of Schedule 1) or the Employee Agreement, and the failure of the Company to cure such default within 30 days after written demand for performance has been given to the Company by the Executive, which demand shall describe specifically the nature of such alleged failure to perform or observe such material terms or provisions; or (ii) a material reduction in the scope of the Executive’s responsibilities and duties without the written consent of Executive; or (iii) any change to the job title given to Executive without his written consent; (iv) any reduction in Base Salary or any other material change in benefits provided to Executive hereunder; or (v) any constructive termination of Executive; (vi) any request, instruction, directive or order, whether direct or indirect, to Executive by the Board, the Company or any executive officer of the Company to perform any act which is unlawful; or (vii) a

requirement by the Company for the Executive to relocate outside of the Washington DC metropolitan region to retain his position without the written consent of the Executive.

“Notice of Termination” is defined in Section 7.2 above.

“Person” means an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“Severance Payment” is defined in Section 8.4 above.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement, or have caused this Agreement to be duly executed on their behalf, as of the day and year first hereinabove written.

LIQUIDITY SERVICES, INC.

By: /s/ William P. Angrick, III
William P. Angrick, III
Chairman and CEO

EXECUTIVE:

/s/ Mark A. Shaffer
Mark A. Shaffer

SCHEDULE 1

CERTAIN TERMS OF EMPLOYMENT

All capitalized but undefined terms in this Schedule shall have the meaning ascribed to them in the Agreement.

Name: Mark Shaffer

Position/Title: Vice President, General Counsel and Corporate Secretary

Duties: You will be responsible for supervising and managing LSI’s legal, regulatory and compliance activities. As a member of the Company’s senior management team you will work closely with LSI’s Chief Financial Officer and business unit heads regarding key decisions involving operating policy and corporate development. Specific responsibilities are summarized below.

- A. Supervise and manage all legal affairs for the LSI organization, including but not limited to regulatory compliance, commercial contracts, securities filings, insurance matters, human resources matters and disputes with third parties, to protect the Company's interests;
- B. Supervise and manage the Company's relationship with its outside counsel to ensure quality control and efficiencies;
- C. Interface with the Company's Board and special committees as necessary to provide advice regarding legal and regulatory affairs, including but not limited to public company legal compliance and disclosure matters;
- D. Serve in the role of Corporate Secretary and maintain all appropriate documentation in the corporate record book;
- E. Support the Company's capital raising activities and communications with interested parties, such as shareholders, investors and analysts, to comply with all relevant regulatory requirements;
- F. Support and review all regulatory filings and disclosures associated with public company status;
- G. Manage and approve all insurance plans to mitigate company risk, including Directors and Officers liability, property and casualty policies;
- H. Serve as chief compliance officer with respect to employer-employee matters, investor relations, and proper documentation of all corporate contracts and business relationships;
- I. Promote effective intellectual property documentation and systems to protect and enhance the intellectual property assets of the Company;
- J. Support the Company's development of business monitors, controls and documentation as appropriate to ensure the Company becomes compliant, and maintains compliance, with Sarbanes Oxley requirements;

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- K. Support the evaluation, due diligence, documentation and closing process for Company acquisitions, joint ventures and overall corporate development;
 - L. Maintain financial discipline across LSI through cost analysis, expense controls and risk management techniques related to legal and regulatory affairs.

Employment Term: One Year from the Effective Date, automatically renewable for successive one year terms unless earlier terminated by either party.

Reporting Officer: Chairman and CEO

Base Salary: \$220,000 per annum

Bonus: Executive shall be eligible for an annual incentive bonus one year from the Effective Date up to 40% of his Base Salary based upon the achievement of certain deliverables or goals as agreed to by the Executive and the Reporting Officer. The Board's Compensation Committee reserves the right to award a discretionary bonus based on the Executive's performance and contributions.

COMPANY:

/s/ William P. Angrick, III
William P. Angrick, III
Chairman and CEO

EXECUTIVE:

/s/ Mark A. Shaffer
Mark A. Shaffer
