

BURNETT GERALD J
 Form 4
 March 31, 2011

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 BURNETT GERALD J

2. Issuer Name and Ticker or Trading Symbol
 AVISTAR COMMUNICATIONS CORP [AVSR]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
 03/29/2011

Director 10% Owner
 Officer (give title below) Other (specify below)

C/O AVISTAR COMMUNICATIONS CORPORATION, 1875 SOUTH GRANT ST., 10TH FLOOR

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

SAN MATEO, CA 94402

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
4.5% Convertible Subordinated Secured Notes due 2013 ⁽¹⁾	\$ 0.7 ⁽²⁾	03/29/2011	03/29/2011	P	\$ 3,000,000	03/29/2012 03/29/2013	Common Stock ⁽¹⁾

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BURNETT GERALD J C/O AVISTAR COMMUNICATIONS CORPORATION 1875 SOUTH GRANT ST., 10TH FLOOR SAN MATEO, CA 94402	X	X		

Signatures

By: Elias A. Murray Metzger For: Gerald J. Burnett 03/31/2011

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The Note was sold pursuant to a Convertible Note Purchase Agreement, dated as of March 29, 2011, among the Issuer and the Reporting Person. The Note has two year term and will be due on March 29, 2013. The Note may not be prepaid or redeemed prior to maturity. In the event certain circumstances as described the Purchase Agreement occur prior to March 29, 2012, the Company has the option, at its sole discretion, to prepay the Note without the consent of the Purchaser. The pre-payment fee would be \$50,000 for every one million dollars that is pre-paid. Interest on the Note will accrue at the rate of 4.5% per annum and will be payable semi-annually in arrears on March 29 and September 29 of each year, commencing on September 29, 2011. From the one year anniversary of the issuance of the Note until maturity, the holder of the Note will be entitled to convert the Note into shares of common stock of the Company at an initial conversion price per share of \$0.70.

(2) The conversion price of the Note is subject to adjustment in certain events described in the agreement. In addition, the Note contains a broad-based weighted average anti-dilution provision pursuant to which the conversion price of the Note is subject to adjustment in the event that the Company issues shares of its common stock or securities convertible into common stock for a price per share less than the then effective conversion price of the Note. The Note further provides that unless and until the Company receives any necessary stockholder approval, no anti-dilution adjustment shall cause the conversion price to be less than \$0.35 (as adjusted for stock splits, combinations, reclassifications or similar events).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.