

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

**SCHEDULE 13D**

(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO § 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO  
§ 240.13d-2(a)

(Amendment No. )<sup>1</sup>

Digirad Corporation  
(Name of Issuer)

Common Stock, par value \$0.0001 per share  
(Title of Class of Securities)

253827109  
(CUSIP Number)

JEFFREY E. EBERWEIN  
LONE STAR VALUE MANAGEMENT, LLC  
53 Forest Avenue, 1<sup>st</sup> Floor  
Old Greenwich, Connecticut 06870  
(203) 489-9500

STEVE WOLOSKY  
OLSHAN FROME WOLOSKY LLP  
Park Avenue Tower  
65 East 55<sup>th</sup> Street  
New York, New York 10022  
(212) 451-2300  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

May 7, 2014  
(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.

<sup>1</sup> 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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1	NAME OF REPORTING PERSON  LONE STAR VALUE INVESTORS, LP	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) o (b) x	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  WC	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  915,000
	8	SHARED VOTING POWER  - 0 -
	9	SOLE DISPOSITIVE POWER  915,000
	10	SHARED DISPOSITIVE POWER  - 0 -
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  915,000	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES o	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  4.9%	
14	TYPE OF REPORTING PERSON  PN	

1	NAME OF REPORTING PERSON  LONE STAR VALUE INVESTORS GP, LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) o (b) x	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  915,000
	8	SHARED VOTING POWER  - 0 -
	9	SOLE DISPOSITIVE POWER  915,000
	10	SHARED DISPOSITIVE POWER  - 0 -
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  915,000	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES o	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  4.9%	
14	TYPE OF REPORTING PERSON  OO	

1	NAME OF REPORTING PERSON  LONE STAR VALUE MANAGEMENT, LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) o (b) x	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  AF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  CONNECTICUT	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  915,000
	8	SHARED VOTING POWER  - 0 -
	9	SOLE DISPOSITIVE POWER  915,000
	10	SHARED DISPOSITIVE POWER  - 0 -
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  915,000	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES o	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  4.9%	
14	TYPE OF REPORTING PERSON  OO	

1	NAME OF REPORTING PERSON  JEFFREY E. EBERWEIN	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) o (b) x	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  AF, PF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  USA	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  955,000
	8	SHARED VOTING POWER  -0-
	9	SOLE DISPOSITIVE POWER  955,000
	10	SHARED DISPOSITIVE POWER  -0-
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  955,000 <sup>1</sup>	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES o	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  5.2%	
14	TYPE OF REPORTING PERSON  IN	

<sup>1</sup> Includes 40,000 Shares owned directly by Mr. Eberwein.

The following constitutes the Schedule 13D filed by the undersigned (the "Schedule 13D").

Item 1. Security and Issuer.

This statement relates to the common stock, par value \$0.0001 per share (the "Shares"), of Digirad Corporation, a Delaware corporation (the "Issuer"). The address of the principal executive offices of the Issuer is 1048 Industrial Court, Suwanee, Georgia 30024.

Item 2. Identity and Background.

(a) This statement is filed by:

(i) Lone Star Value Investors, LP, a Delaware limited partnership ("Lone Star Value Investors");

(ii) Lone Star Value Investors GP, LLC, a Delaware limited liability company ("Lone Star Value GP"), which serves as the general partner of Lone Star Value Investors;

(iii) Lone Star Value Management, LLC, a Connecticut limited liability company ("Lone Star Value Management"), which serves as the investment manager of Lone Star Value Investors; and

(iv) Jeffrey E. Eberwein, who serves as the manager of Lone Star Value GP and sole member of Lone Star Value Management.

Each of the foregoing is referred to as a "Reporting Person" and collectively as the "Reporting Persons." Each of the Reporting Persons is party to that certain Joint Filing Agreement, as further described in Item 6. Accordingly, the Reporting Persons are hereby filing a joint Schedule 13D.

(b) The address of the principal office of each of Lone Star Value Investors, Lone Star Value GP, Lone Star Value Management and Mr. Eberwein is 53 Forest Avenue, 1<sup>st</sup> Floor, Old Greenwich, Connecticut 06870.

(c) The principal business of Lone Star Value Investors is investing in securities. The principal business of Lone Star Value GP is serving as the general partner of Lone Star Value Investors. The principal business of Lone Star Value Management is serving as the investment manager of Lone Star Value Investors. The principal occupation of Mr. Eberwein is serving as the manager of Lone Star Value GP and the sole member of Lone Star Value Management.

(d) No Reporting Person has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) No Reporting Person has, during the last five years, been party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding 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.

(f) Mr. Eberwein is a citizen of the United States of America.

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

The Shares purchased by Lone Star Value Investors were purchased with working capital (which may, at any given time, include margin loans made by brokerage firms in the ordinary course of business) in open market purchases, except as otherwise noted, as set forth in Schedule A, which is incorporated by reference herein. The aggregate purchase price of the 915,000 Shares beneficially owned by Lone Star Value Investors is approximately \$2,111,178, including brokerage commissions.

The Shares purchased by Mr. Eberwein resulted from the exercise of options granted to Mr. Eberwein for his service as the Chairman of the Issuer's Board of Directors (the "Board"). The aggregate purchase price of the 40,000 Share directly owned by Mr. Eberwein is approximately \$79,200, excluding brokerage commissions.

Item 4. Purpose of Transaction.

The Reporting Persons purchased the Shares based on their belief that the Shares, when purchased, were undervalued and represented an attractive investment opportunity. Depending upon overall market conditions, other investment opportunities available to the Reporting Persons, and the availability of Shares at prices that would make the purchase or sale of Shares desirable, the Reporting Persons may endeavor to increase or decrease their position in the Issuer through, among other things, the purchase or sale of Shares on the open market or in private transactions or otherwise, on such terms and at such times as the Reporting Persons may deem advisable.

Mr. Eberwein, a Reporting Person, has served as a director of the Issuer since 2012 and is currently its Chairman of the Board.

No Reporting Person has any present plan or proposal which would relate to or result in any of the matters set forth in subparagraphs (a) - (j) of Item 4 of Schedule 13D except as set forth herein or such as would occur upon or in connection with completion of, or following, any of the actions discussed herein. The Reporting Persons intend to review their investment in the Issuer on a continuing basis. Depending on various factors including, without limitation, the Issuer's financial position and investment strategy, the price levels of the Shares, conditions in the securities markets and general economic and industry conditions, the Reporting Persons may in the future take such actions with respect to their investment in the Issuer as they deem appropriate including, without limitation, continuing to engaging in communications with management and the Board, engaging in discussions with stockholders of the Issuer and others about the Issuer and the Reporting Persons' investment, making proposals to the Issuer concerning changes to the capitalization, ownership structure, board structure (including board composition) or operations of the Issuer, purchasing additional Shares, selling some or all of their Shares, engaging in short selling of or any hedging or similar transaction with respect to the Shares, or changing their intention with respect to any and all matters referred to in Item 4.

Item 5. Interest in Securities of the Issuer.

The aggregate percentage of Shares reported owned by each person named herein is based upon 18,504,279 Shares outstanding, as of April 21, 2014, which is the total number of Shares outstanding as reported in the Issuer's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 2, 2014.

A. Lone Star Value Investors

- (a) As of the close of business on the date hereof, Lone Star Value Investors beneficially owned 915,000 Shares.

Percentage: Approximately 4.9%

- (b)
1. Sole power to vote or direct vote: 915,000
  2. Shared power to vote or direct vote: 0
  3. Sole power to dispose or direct the disposition: 915,000
  4. Shared power to dispose or direct the disposition: 0

- (c) Lone Star Value Investors has not entered into any transactions in the Shares during the past 60 days.

B. Lone Star Value GP

- (a) Lone Star Value GP, as the general partner of Lone Star Value Investors, may be deemed the beneficial owner of the 915,000 Shares owned by Lone Star Value Investors.

Percentage: Approximately 4.9%

- (b)
1. Sole power to vote or direct vote: 915,000
  2. Shared power to vote or direct vote: 0
  3. Sole power to dispose or direct the disposition: 915,000
  4. Shared power to dispose or direct the disposition: 0

- (c) Lone Star Value GP has not entered into any transactions in the Shares during the past 60 days.

C. Lone Star Value Management

- (a) Lone Star Value Management, as the investment manager of Lone Star Value Investors, may be deemed the beneficial owner of the 915,000 Shares owned by Lone Star Value Investors.

Percentage: Approximately 4.9%

- (b)
1. Sole power to vote or direct vote: 915,000
  2. Shared power to vote or direct vote: 0
  3. Sole power to dispose or direct the disposition: 915,000
  4. Shared power to dispose or direct the disposition: 0

- (c) Lone Star Value Management has not entered into any transactions in the Shares during the past 60 days.

D. Mr. Eberwein

- (a) As of the close of business on the date hereof, Mr. Eberwein directly owned 40,000 Shares. Mr. Eberwein, as the manager of Lone Star Value GP and sole member of Lone Star Value Management, may be deemed the beneficial owner of the 915,000 Shares owned by Lone Star Value Investors.

Percentage: Approximately 5.2%



- (b)
  - 1. Sole power to vote or direct vote: 955,000
  - 2. Shared power to vote or direct vote: 0
  - 3. Sole power to dispose or direct the disposition: 955,000
  - 4. Shared power to dispose or direct the disposition: 0
- (c) The transactions in the Shares by Mr. Eberwein during the past 60 days are set forth in Schedule A and are incorporated herein by reference.

The Reporting Persons, as members of a “group” for the purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, may be deemed the beneficial owner of the Shares directly owned by the other Reporting Person. Each Reporting Person disclaims beneficial ownership of such Shares except to the extent of his or its pecuniary interest therein.

- (d) No person other than the Reporting Persons is known to have the right to receive, or the power to direct the receipt of dividends from, or proceeds from the sale of, the Shares.
- (e) Not applicable.

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

On May 14, 2014 the Reporting Persons entered into a Joint Filing Agreement in which the Reporting Persons agreed to the joint filing on behalf of each of them of statements on Schedule 13D with respect to the securities of the Issuer to the extent required by applicable law. The Joint Filing Agreement is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Other than as described herein, there are no contracts, arrangements, understandings or relationships among the Reporting Persons, or between the Reporting Persons and any other person, with respect to the securities of the Issuer.

Item 7. Material to be Filed as Exhibits.

- 99.1 Joint Filing Agreement by and among Lone Star Value Investors, LP, Lone Star Value Investors GP, LLC, Lone Star Value Management, LLC and Jeffrey E. Eberwein, dated May 14, 2014.

SIGNATURES

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

Dated: May 14, 2014

Lone Star Value Investors, LP

By: Lone Star Value Investors GP, LLC  
General Partner

By: /s/ Jeffrey E. Eberwein

Name: Jeffrey E. Eberwein  
Title: Manager

Lone Star Value Investors GP, LLC

By: /s/ Jeffrey E. Eberwein

Name: Jeffrey E. Eberwein  
Title: Manager

Lone Star Value Management, LLC

By: /s/ Jeffrey E. Eberwein

Name: Jeffrey E. Eberwein  
Title: Sole Member

/s/ Jeffrey E. Eberwein

JEFFREY E. EBERWEIN

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**SCHEDULE A****Transactions in the Shares During the Past Sixty Days**

Shares of Common Stock <u>Purchased/(Sold)</u>	Price Per Share(\$)	Date of Purchase / Sale
<b><u>JEFFREY E. EBERWEIN</u></b>		
40,000 <sup>1</sup>	1.9800	05/07/2014

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<sup>1</sup> Represents the conversion of certain call options into 40,000 Shares at an exercise price of \$1.98 per Share.

**JOINT FILING AGREEMENT**

In accordance with Rule 13d-1(k)(1)(iii) under the Securities Exchange Act of 1934, as amended, the persons named below agree to the joint filing on behalf of each of them of a Statement on Schedule 13D (including additional amendments thereto) with respect to the shares of Common Stock, \$0.0001 par value, of Digirad Corporation, a Delaware corporation. This Joint Filing Agreement shall be filed as an Exhibit to such Statement.

Dated: May 14, 2014

Lone Star Value Investors, LP

By: Lone Star Value Investors GP, LLC  
General Partner

By: /s/ Jeffrey E. Eberwein  
Name: Jeffrey E. Eberwein  
Title: Manager

Lone Star Value Investors GP, LLC

By: /s/ Jeffrey E. Eberwein  
Name: Jeffrey E. Eberwein  
Title: Manager

Lone Star Value Management, LLC

By: /s/ Jeffrey E. Eberwein  
Name: Jeffrey E. Eberwein  
Title: Sole Member

/s/ Jeffrey E. Eberwein  
JEFFREY E. EBERWEIN