

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2007-05-17** | Period of Report: **2007-05-11**
SEC Accession No. **0001144204-07-026974**

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FILER

Alliance Distributors Holding Inc.

CIK: **1115463** | IRS No.: **330851302** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-32319** | Film No.: **07861124**
SIC: **3577** Computer peripheral equipment, nec

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COLLEGE POINT NY 11356

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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) May 11, 2007

Alliance Distributors Holding Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

000-32319
(Commission File Number)

33-0851302
(IRS Employer Identification No.)

1160 Commerce Avenue, Bronx, New York
(Address of Principal Executive Offices)

11462
(Zip Code)

(718) 536-2248
(Registrant's Telephone Number, Including Area Code)

(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 (see General Instruction A.2. below):

- 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 1.01. Entry into a Material Definitive Agreement

Effective May 11, 2007, Alliance Distributors Holding Inc. (“the Company”) amended its financing agreement dated November 11, 2004 (“the Financing Agreement”) with Rosenthal and Rosenthal, Inc. Pursuant to the amendment, the maximum credit facility, as defined, was increased from \$10,000,000 to \$15,000,000 (\$17,500,000 from November 1 to January 31 of each year), the interest rate on outstanding borrowings was decreased from the prime rate plus 1.5% to the prime rate plus 0.75% (but in no event shall the interest rate be less than 4.75%), and the expiration date was extended to May 31, 2010. Borrowing under the Financing Agreement are based on eligible inventory and receivables, are due on demand, and are secured by substantially all of the assets of the Company and are subject to the Company maintaining a specified level of net worth, working capital and debt ratio, as defined. In addition, in 2004 the Company's CEO and the Company's President signed limited guaranties in respect of borrowings under the Financing Agreement.

The amended Financing Agreement expires May 31, 2010, unless earlier terminated by Rosenthal on 30 days' notice. In addition to monthly interest on outstanding borrowings, the Company is obligated to pay the lender a pro-rated fee of \$25,000 on May 31, 2007, a fee of 0.25% of the maximum credit facility in effect on each anniversary date, and a monthly administrative fee of \$1,000.

On May 11, 2007, borrowings under the Financing Agreement approximated \$5.5 million.

Item 2.03. Creation of a Direct Financial Obligation or an obligation under an Off-Balance Sheet Arrangement of the Registrant

The information included in Item 1.01 above is incorporated by reference into this Item 2.03.

Item 9.01. Financial Statements and Exhibits

(d) EXHIBITS

Exhibit No.	Description
10.01	Form of Financing Agreement between the Company and Rosenthal and Rosenthal. Incorporated herein by reference from Exhibit 10.01 to the Company’s Form 8-K filed on November 16, 2004.
10.02	Amendment dated November 1, 2005 to the Financing Agreement between the Company and Rosenthal & Rosenthal. Incorporated herein by reference from Exhibit 10.02 to the Company’s Form 10-QSB filed on November 7, 2005.
10.03	Form of amendment dated May 11, 2007 to the Financing Agreement between the Company and Rosenthal & Rosenthal, filed herewith.

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.

ALLIANCE DISTRIBUTORS HOLDING INC.

(Registrant)

Date: May 17, 2007

/s/ Stephen Agress

Stephen Agress

Executive Vice President and Chief Financial Officer

INDEX TO EXHIBITS

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10.03	Form of amendment dated May 11, 2007 to the Financing Agreement between the Company and Rosenthal & Rosenthal, filed herewith.

May 11, 2007

Alliance Distributors Holding, Inc.
1160 Commerce Avenue
Bronx NY 10462

Ladies and Gentlemen:

We refer to the (i) Financing Agreement, dated November 11, 2004, (the "Financing Agreement"); (ii) the Inventory Security Agreement, dated December 9, 2003 (the "Inventory Security Agreement"); and (iii) the Equipment Security Agreement, dated November 11, 2004 (the "Equipment Security Agreement"), in each case executed or assumed by you and as supplemented and amended.

This shall confirm that, effective as of May 11, 2007:

1. Section 1.14 of the Financing Agreement shall be amended so as to read in its entirety as follows:

““Margin” shall mean three quarters percent (3/4%) per annum”

2. Section 1.15 of the Financing Agreement shall be amended so as to read in its entirety as follows:

““Maximum Credit Facility” shall mean, during the three month period commencing on November 1 and ending on January 31 of each year, \$17,500,000 and at all other times, \$15,000,000”

3. Section 1.16 of the Financing Agreement shall be amended so as to read in its entirety as follows

““Maximum Inventory Loan” shall mean \$6,000,000”

4. The third sentence of Section 2.1 of the Financing Agreement shall be amended so as to read in its entirety as follows:

“The Inventory Availability shall mean an amount which is equal to the lesser of (a) fifty-five percent (55%) of the lower of cost or market value of Eligible Inventory in which Lender holds a perfected security interest pursuant to the terms hereof ranking prior to all interests, claims and rights of others; (b) 80% of the orderly liquidation value, as determined from time to time by an appraiser selected by Lender and retained at Borrower’s expense, of Eligible Inventory in which Lender holds a perfected security interest pursuant to the terms hereof ranking prior to all interests, claims and rights of others; and (c) the Maximum Inventory Loan.”

5. Section 3.2 of the Financing Agreement shall be amended so as to read in its entirety as follows:

“On May 31 of each year, commencing May 31, 2008, Borrower shall pay to Lender an annual facility fee in the amount of one quarter of one percent (.25%) of the Maximum Credit Facility in effect on such date.”

6. Section 6.9 of the Financing Agreement shall be amended so as to read in its entirety as follows:

“Borrower shall until payment in full of all Obligations to Lender and termination of this Agreement, cause Tangible Net Worth and Working Capital to be maintained in the amounts set forth on the attached Schedule 6.9 and as of the dates set forth on such Schedule, and shall cause its ratio of total debt to Tangible Net Worth to be no greater than the amounts set forth on such Schedule and as of the dates set forth on such Schedule.”

7. Section 8.1(f) of the Financing Agreement shall be amended so as to read in its entirety as follows:

“(f) if Jay Gelman shall cease to be both the chief executive officer of Borrower and the owner and holder of at least 10% of all of the issued and outstanding voting stock of Borrower;”

8. The first sentence of Section 9.1 of the Financing Agreement shall be amended so as to read in its entirety as follows

“This Agreement shall become effective upon acceptance by Lender at its office in the State of New York, and shall continue in full force and effect until May 31, 2010 (the "Renewal Date") and from year to year thereafter, unless sooner terminated as herein provided.”

9. You agree that you shall pay to us a facility fee concurrently with execution of this letter agreement, in the amount of \$25,000, representing a proration of the facility fee payable under the Financing Agreement for 2007.

10. The Financing Agreement shall be deemed amended to replace the references to your former chief executive office at 15-15 132nd Street, College Point, NY with references to your current chief executive office set forth above.

11. The Inventory and Equipment Security Agreements shall be deemed amended to replace the references to your former chief executive office at 15-15 132nd Street, College Point, NY and to your former location at 18-39 128th Street, College Point, NY 11356, with references to your current chief executive office set forth above and to a second office of yours located at 2310 NW 102nd Place, Miami FL 33172.

Except as hereinabove provided, the Financing Agreement, the Inventory Security Agreement and the Equipment Security Agreement shall remain unmodified and in full force and effect.

Please sign below to confirm your agreement with the foregoing.

Very truly yours,

ROSENTHAL & ROSENTHAL, INC.

By: _____

Title: _____

AGREED:

ALLIANCE DISTRIBUTORS HOLDING, INC.

By: _____

Title: _____

Schedule 6.9 to
 Financing Agreement between
 Rosenthal & Rosenthal, Inc., as Lender
 And
 Alliance Distributors Holding, Inc., as Borrower

Date	Tangible Net Worth	Working Capital	Ratio of Total Debt to Tangible Net Worth
March 31, 2007	\$2,000,000	\$1,000,000	5.5
June 30, 2007	\$2,000,000	\$1,000,000	5.5
September 30, 2007	\$2,000,000	\$1,000,000	5.5
December 31, 2007	\$2,900,000	\$2,000,000	6.5
Each March 31, June 30 and September 30 after December 31, 2007	\$2,500,000	\$1,600,000	5.5
Each December 31 after December 31, 2007	\$2,900,000	\$2,000,000	6.5