

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

**UNIVERSAL SELF CARE INC**

CIK: **879465** | IRS No.: **954228470** | State of Incorpor.: **DE** | Fiscal Year End: **0630**  
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LIVONIA MI 48150

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LIVONIA MI 48150  
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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): December 17, 1997 (December  
16, 1997)

UNIVERSAL SELF CARE, INC.

-----  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE

95-4228470

-----  
(STATE OR OTHER JURISDICTION OF  
INCORPORATION OR ORGANIZATION)

-----  
(IRS EMPLOYER  
IDENTIFICATION NUMBER)

11585 FARMINGTON ROAD  
LIVONIA, MICHIGAN 48150

-----  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

UNIVERSAL SELF CARE, INC.

-----  
BRIAN D. BOOKMEIER  
PRESIDENT

UNIVERSAL SELF CARE, INC.  
11585 FARMINGTON ROAD  
LIVONIA, MICHIGAN 48150

-----  
(NAME AND ADDRESS OF AGENT FOR SERVICE)

(313) 261-2988

-----  
(TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPY TO:

Peter W. Rothberg, Esq.  
Greenberg Traurig Hoffman  
Lipoff Rosen & Quentel  
153 East 53rd Street  
New York, New York 10022  
(212) 801-9200

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(FORMER NAME OR FORMER ADDRESS, IF CHANGED SINCE LAST REPORT)

ITEM 5 - OTHER EVENTS.

On December 16, 1997 the Company, its principal operating subsidiaries and its principal management stockholders, and Gainor Medical Management, LLC and its wholly owned acquisition subsidiary ("Gainor"), executed an amendment to the Asset Purchase Agreement among the parties, dated November 14, 1997 (the "First Amendment"), for the sale to Gainor of substantially of all of the operating assets of the Company (the "Transaction"). Negotiation of the First Amendment resulted from Gainor's appraisal of the Company's future operations and its past operating performance for the first five months of the Company's current fiscal year ended November 30, 1997, which past performance was below that internally projected by the Company owing in part to a decline in referrals of potential customers, computer-generated problems in delivering recent Medicare billings and other revenue reductions during the last several months. The First Amendment reduced the purchase price for the assets from \$37,000,000 to \$34,000,000 (the "Purchase Price"), eliminated upward adjustments to the Purchase Price based upon the value of the Company's inventory and net tangible assets at closing, and reduced the portion of the Purchase Price paid in the form of a convertible subordinated note from \$20,000,000 to \$17,000,000. Pursuant to the First Amendment, in addition to offsets for customary indemnifications under the Sale Agreement, the principal of the Note is subject to reduction in the event that (i) Gainor does not achieve Post Closing Revenue (as hereinafter defined) during calendar 1998 at a level that is reduced in the First Amendment, and (ii) Gainor is not able to collect at least \$6,000,000 from the accounts receivable sold to Gainor as part of the Transaction during the one-year period succeeding the closing (which collection level was increased from \$5,000,000 in the First Amendment). Subject to approval of its stockholders, the Company anticipates consummation of the Transaction in early February 1998.

ITEM 7 - FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(b) PRO FORMA FINANCIAL INFORMATION

(To be filed by amendment.)

(c) EXHIBITS.

1. First Amendment, dated as of November 24, 1997, to Asset Purchase Agreement dated November 14, 1997.

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 hereto duly authorized.

UNIVERSAL SELF CARE, INC.  
(Registrant)

Dated: December 17, 1997

By: /s/ Brian D. Bookmeier

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Brian D. Bookmeier, President  
and Chief Executive Officer

## FIRST AMENDMENT TO THE ASSET PURCHASE AGREEMENT

This First Amendment to the Asset Purchase Agreement (the "AGREEMENT"), dated as of November 24, 1997, is by and among UNIVERSAL SELF CARE, INC., a Delaware corporation ("UNIVERSAL"), each of its wholly owned subsidiaries, CLINISHARE DIABETES CENTERS, INC., a California corporation, PHYSICIANS SUPPORT SERVICES, INC., a California corporation, USC-MICHIGAN, INC., a Michigan corporation, its wholly owned subsidiary, PCS, INC. - WEST, a Michigan corporation, DIABETES SELF CARE, INC., a Virginia corporation, USCI HEALTHCARE MANAGEMENT SOLUTIONS, INC., a Delaware corporation, and certain of the stockholders of Universal, BRIAN D. BOOKMEIER, EDWARD T. BUCHHOLZ, MATTHEW B. GIETZEN, and ALAN M. KORBY (individually, each a "STOCKHOLDER" and collectively, the "STOCKHOLDERS"), on the one hand, and GAINOR MEDICAL MANAGEMENT, LLC ("GAINOR MANAGEMENT"), a Georgia limited liability company, and its subsidiary GAINOR MEDICAL ACQUISITION COMPANY, a Georgia corporation ("GAINOR ACQUISITION", and collectively with Gainor Management, "GAINOR"), on the other hand. The parties named above entered into an Asset Purchase Agreement on November 14, 1997 (the "Purchase Agreement"). The Purchase Agreement contained an error with respect to the calculation of the amount to be paid to Universal, using the revenue of the "Purchased Companies" for calculation of the Post Closing Revenue, rather than the revenue of Diabetes Self Care, Inc. only, as agreed by the parties. In order to correct such mistake, and to make additional changes agreed to by the parties, the parties hereby agree as follows:

1. Sections 2.2(a)(ii) and (iii) of the Asset Purchase Agreement are hereby replaced in their entirety with the following:

(ii) an amount equal to 75% of the Post Closing Revenue (as defined in Section 2.5(b)) or \$17 million, whichever is less, plus

(iii) the sum (whether positive or negative) of (1) the cash shown on the Closing Balance Sheets, less (2) the book value at Closing of the Gainor Assumed Liabilities required to be listed in a balance sheet, prepared in accordance with GAAP, less (3) all liabilities of the Purchased Companies shown on the Closing Balance Sheets, and less (4) the amount of the pledge by the Universal Entities to the American Diabetes Association (the aggregate of (1)-(4) being referred to herein as the "Closing Net Asset Value"); and

2. The second sentence of Section 2.3(b) is hereby replaced in its entirety with the following:

The Note shall be reduced post closing as set forth in Section 2.5(b)

3. Section 2.5 (b) of the Asset Purchase Agreement is hereby replaced in its entirety with the following:

(b) Upon determination of the Post Closing Revenue (as defined below), the principal amount of the Note shall be adjusted to equal the lesser of (i) \$17 million or (ii) 75% of the Post Closing Revenue following the procedure set forth in Section 2.7. "Post Closing Revenue" shall mean the gross revenues of Diabetes Self Care, Inc. for calendar year 1998, less sales taxes, allowable adjustments and other sales adjustments, all determined in accordance with GAAP. In the event that Diabetes Self Care, Inc. is consolidated with other of Gainor's businesses or companies, then the Post Closing Revenue shall exclude revenue from then existing customers of such other businesses and companies, but the revenue of customers of both Diabetes Self Care, Inc. and the consolidated businesses or companies shall be included in Post Closing Revenue. By February 1, 1999, Gainor shall deliver to Universal a statement showing the Post Closing Revenue. Universal shall review such statement and shall, within 10 days of receipt of such statement, notify Gainor in writing of any objections thereto. If Universal fails to give such notice by such time, Universal shall be deemed to have agreed with the statement as delivered. If Universal gives such notice by such time, Gainor and Universal shall then have 10 business days after such notice to agree on the Post Closing Revenue. If Gainor and Universal are not able to agree by such time, such statement will be submitted to Ernst & Young, LLP, Atlanta, Georgia (or any successor accounting firm), who shall have responsibility for determining the correct Post Closing Revenue, under GAAP, within 30 days following such submission. Ernst & Young, LLP's (or any such successor accounting firm's) determination shall be final and binding on Gainor and Universal. The costs of any such determination shall be shared equally by Gainor and Universal.

4. Section 2.5(c) of the Asset Purchase Agreement is hereby replaced in its entirety with the following:

(c) Twelve months following the Closing, the principal amount of the Note shall be reduced (following the procedure set forth in Section 2.7) in the event and to the extent that the amount by which collections of the trade accounts receivable shown on the Closing Balance Sheet shall be less than \$6 million during that 12 month period.

5. Section 2.6(a) shall be replaced in its entirety with the word "Omitted".

6. Section 6.6 of Exhibit C to the Asset Purchase Agreement entitled "Employment Agreement" shall have a new Section 6.6 as follows:

6.6 For a period of three years from the date hereof, Employee shall not directly or indirectly work for Universal Self Care, Inc. or any of its subsidiaries, affiliates or successors in interest to its business or assets, whether as an officer, director, key employee, partner, consultant, holder of an equity or debt investment, lender or in any other management, sales, consulting or business development capacity, except in accordance with the written authorization of HMS.

Each of the parties hereto has caused this Agreement to be duly executed on its behalf as of the date indicated on the first page hereof.

GAINOR:  
GAINOR MEDICAL MANAGEMENT, LLC

GAINOR MEDICAL ACQUISITION COMPANY

By:/s/ Mark J. Gainor

By:/s/ Mark J. Gainor

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Mark J. Gainor

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Mark J. Gainor

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Print Name

-----  
Print Name

-----  
Pres./CEO/Mgr Part.

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Pres/CEO

-----  
Print Title

-----  
Print Title

UNIVERSAL:  
UNIVERSAL SELF CARE, INC.

CLINISHARE DIABETES CENTERS, INC.

By:/s/ Brian D. Bookmeier

By:/s/Brian D. Bookmeier

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Brian D. Bookmeier

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Brian D. Bookmeier

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Print Name

-----  
Print Name

-----  
President

-----  
President

-----  
Print Title

-----  
Print Title

PHYSICIANS SUPPORT SERVICES, INC.

USC-MICHIGAN, INC.

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Brian D. Bookmeier

-----  
Brian D. Bookmeier

-----  
Print Name

-----  
Print Name

President

-----

Print Title

PCS, INC. - WEST

By:/s/ Brian D. Bookmeier

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Brian D. Bookmeier

-----

Print Name

President

-----

Print Title

USCI HEALTHCARE MANAGEMENT SOLUTIONS, INC.

By:/s/ Brian D. Bookmeier

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Brian D. Bookmeier

-----

Print Name

President

-----

Print Title

STOCKHOLDERS:

/s/ Brian D. Bookmeier

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BRIAN D. BOOKMEIER

President

-----

Print Title

DIABETES SELF CARE, INC.

By:/s/ Brian D. Bookmeier

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Brian D. Bookmeier

-----

Print Name

President

-----

Print Title

/s/ Edward T. Buchholz

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EDWARD T. BUCHHOLZ

/s/ Matthew B. Gietzen

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MATTHEW B. GIETZEN

/s/ Alan M. Korby

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ALAN M. KORBY