

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

HA LO INDUSTRIES INC

CIK: **891285** | IRS No.: **363573412** | State of Incorporation: **IL** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **001-13525** | Film No.: **1697096**
SIC: **5090** Misc durable goods

Mailing Address
5980 TOUCHY AVE
NILES IL 60714

Business Address
5980 W TOUHY AVE
NILES IL 60714
7086472300

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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

JULY 30, 2001

Date of Report (Date of earliest event reported)

HA-LO INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other
jurisdiction of
incorporation)

001-13525
(Commission
File Number)

36-3573412
(IRS Employer
Identification No.)

5800 WEST TOUHY AVENUE, NILES, ILLINOIS
(Address of principal executive offices)

60714
(Zip Code)

Registrant's telephone number, including area code (847) 600-3000

(Former name or former address, if changed since last report)

<Page>

ITEM 3. BANKRUPTCY OR RECEIVERSHIP.

On July 30, 2001, HA-LO Industries, Inc., a Delaware corporation (the "Registrant"), filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware in Wilmington, Delaware (the "Court"); two of the Registrant's subsidiaries, Lee Wayne Corporation, an Illinois corporation, and Starbelly.com, Inc., a Delaware corporation, have also filed voluntary petitions with the Court. The Registrant's case has been assigned for initial proceedings (case #: 01-10000) (the "Chapter 11 Case").

The Registrant continues to maintain its assets, operate its businesses and manage its affairs as a debtor-in-possession pursuant to the Chapter 11 Case and the jurisdiction of the Court.

On July 30, 2001, the Registrant issued a press release relating to the foregoing. A copy of the press release is attached hereto as an exhibit and incorporated herein by reference.

On August 1, 2001, the Registrant entered into a \$30 million debtor-in-possession credit facility (the "DIP Facility") provided by LaSalle Bank National Association and Comerica Bank. On August 1, 2001, the Court approved all first day motions, including the interim approval of the DIP Facility, the authority to honor all customer deposits, the authority for a vendor payment plan to assure immediate post-petition payment of all trade creditors and the authority to pay employee benefits, wages and compensation. On August 1, 2001, the Registrant issued a press release relating to the foregoing. A copy of the press release is attached hereto as an exhibit and incorporated herein by reference.

ITEM 5. OTHER EVENTS.

On July 30, 2001, the New York Stock Exchange (the "NYSE") announced it was immediately seeking to delist shares of the Registrant's common stock because the Registrant is below the NYSE's continued listing criteria relating to a 30 days average share price of less than \$1.00.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

<Table>

<Caption>

Exhibit Number	Description of Exhibit
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<S>	<C>
99.1	Press release, dated July 30, 2001
99.2	Press release, dated August 1, 2001

</Table>

- 2 -

<Page>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HA-LO INDUSTRIES, INC.

August 2, 2001

By: /s/ Marc S. Simon

Marc S. Simon
Chief Executive Officer & President

- 3 -

<Page>

Exhibit Index.

<Table>

<Caption>

Exhibit Number

Description of Exhibit

<S>

<C>

99.1

Press release, dated July 30, 2001

99.2

Press release, dated August 1, 2001

</Table>

SOURCE: HALO INDUSTRIES, INC.

HALO INDUSTRIES SEEKS CHAPTER 11 PROTECTION TO REORGANIZE ITS CORE PROMOTIONAL PRODUCTS BUSINESS

REORGANIZATION AND NEW FINANCING WILL ENHANCE LIQUIDITY AND STRENGTHEN CORE BUSINESS

CHICAGO, July 30 /PRNewswire/ -- HALO Industries (NYSE: HMK - NEWS), a promotional products industry leader, today announced that the Company has filed for reorganization under Chapter 11 of the United States Bankruptcy Code. Today's filing included a series of routine first-day motions to conduct business as usual. Factors behind the Company's decision included several non-operating issues such as the lease on the headquarters building and the acquisition of Starbelly.com .

The filing, made today in the U.S. Bankruptcy Court in Wilmington, Delaware, provides protection for the Company's U.S. promotional products business including its Lee Wayne subsidiary. It excludes HALO's Canadian and European operations, Premier Promotions, HALO Sports, and its marketing subsidiary, UPSHOT, none of which seek Chapter 11 protection.

The filing will enable the Company to continue to conduct its business operations and control its assets while restructuring its financial obligations. Motions filed today reflect the Company's commitment to pay all employee wages, commissions and benefits, to accelerate payments to vendors for shipments, to protect customer deposits and credits, and a number of other operating matters. This will assure that employees of the Company will continue to be paid in the normal manner and their benefits will not be affected. The Company's 401(k) plan is fully funded and protected by federal law.

In addition, the Company announced that it has secured a \$30 million debtor-in-possession financing facility from its existing lenders, LaSalle Bank and Comerica. This significant increase in its credit line represents a major vote of confidence. Together, the new financing arrangements and Chapter 11 protection will significantly enhance the Company's liquidity, providing sufficient funds to fully satisfy customer requirements and upcoming seasonal needs.

"After reviewing strategic options, our board of directors made the decision to relieve the business from past burdens," said Marc Simon, president and chief executive officer. "As we implement our recovery plan, we are fully committed to maintaining and protecting our valued relationships with our sales force, employees, customers, vendors and shareholders. To demonstrate that commitment, the Company is implementing an immediate vendor payment plan designed to ensure

uninterrupted shipments to customers and protect the cash flow of our vendors. Today's action is in line with my stated priority to restore the financial health of our Company while focusing on our core promotional products business. It is all about retention of our valuable business."

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Today's announcement follows a series of strategic initiatives taken by HALO under the direction of Marc Simon, the Company's new president and chief executive officer, who was brought in five months ago to restore the Company to financial health. In the second quarter, HALO sold two non-core business units, Lipson, Alport, Glass & Associates (LAGA) and Market USA, as well as its interest in iIdentify, generating \$80 million of cash. During this period, the company significantly reduced overhead.

"Today's action demonstrates our belief in and commitment to the long-term future of our promotional products business. Our strong sales force, blue-chip client list and longstanding vendor relationships continue to give us competitive advantages that we intend to convert into a profitable future once we unburden ourselves from the past," said Simon. "We are determined to emerge a stronger company."

About HALO

HALO Industries, Inc. (NYSE: HMK - NEWS) is the world's largest distributor of promotional products.

Safe Harbor

Certain statements in this press release regarding HALO's long-term success, including its ability to continue conducting its business operations and its intent to achieve a profitable future, are forward-looking statements that invoke substantial risks and uncertainties. Actual results may differ materially from those implied by such forward-looking statements as a result of various factors. Readers are encouraged to review HALO's Annual Report on Form 10-K and quarterly report on Form 10-Q for other important factors that may cause actual results to differ materially from those implied in these forward-looking statements.

CONTACT: Larry Larsen of Fleishman-Hillard, +1-312-751-3617, for HALO Industries.

SOURCE: HALO INDUSTRIES, INC.

SOURCE: HALO INDUSTRIES, INC.

HALO INDUSTRIES RECEIVES COURT APPROVAL ON ALL FIRST DAY MOTIONS

Interim DIP Financing Approved; Customer, Employee And Vendor Responsibilities Will Be Met

CHICAGO, Aug. 1 /PRNewswire/ -- HALO Industries (NYSE: HMK - news), a promotional products industry leader, today announced that the Company has received approval of all of its first-day Chapter 11 motions from the U.S. Bankruptcy Court for Wilmington, Delaware. These motions are intended to protect the Company's customers, employees and vendors, while providing sufficient financing to conduct business as usual as HALO proceeds with its reorganization process. On Monday, HALO announced it had filed for protection under Chapter 11 of the U.S. Bankruptcy Code.

At HALO's request, the court approved all first day motions, including: the interim approval of a \$30 million debtor-in-possession credit facility; the authority to honor all customer deposits; the authority for a vendor payment plan to assure immediate post-petition payment of all trade creditors; and the authority to pay employee benefits, wages and other compensation.

"These actions reflect the Company's commitment to maintaining and protecting all of our valued relationships while we take the necessary steps to relieve our business from past burdens," said Marc Simon, president and chief executive officer. "The entire HALO team is gratified to have received overwhelmingly favorable support from its valued supplier community. Today's approvals allow HALO to conduct business operations as usual while continuing to provide our customers with the highest quality service that they have come to expect from us. This is a positive first step toward emerging from this a stronger company."

A final hearing to approve the DIP credit facility, which is being provided by LaSalle Bank and Comerica, has been scheduled for September 5, 2001. HALO will use the DIP financing for employee compensation, materials and services from vendors, ongoing operations and other working-capital needs. The credit facility expires on December 31, 2001.

The case has been assigned case number 01-10000. Related filings for Lee Wayne Corp. and Starbelly.com have been assigned case number 01-10001 and 01-10002, respectively. Additional information on the case can be obtained via the Internet at www.deb.uscourts.gov, clicking on WebPACER icon, and entering the case number 01-10000.

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CONTACT: Chris Noel for HALO Industries, +1-312-895-6242

SOURCE: HALO INDUSTRIES, INC.