

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2009-01-26** | Period of Report: **2009-01-23**
SEC Accession No. **0000950134-09-001043**

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FILER

PANDA ETHANOL, INC.

CIK: **1167880** | IRS No.: **204799979** | State of Incorporation: **NV** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-50282** | Film No.: **09545942**
SIC: **2860** Industrial organic chemicals

Mailing Address
4100 SPRING VALLEY RD
SUITE 1002
DALLAS TX 75244

Business Address
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SUITE 1002
DALLAS TX 75244
972-361-1200

**UNITED STATES
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): January 23, 2009

PANDA ETHANOL, INC.

(Exact name of registrant as specified in its charter)

000-50282

Commission File Number

Nevada
(State or other
jurisdiction of
incorporation)

20-4799979
(I.R.S. Employer
Identification No.)

**4100 Spring Valley, Suite 1002
Dallas, Texas 75244**
(Address of principal
executive offices, including Zip Code)

972.361.1200

Registrant's telephone number, including area code:

Not applicable

(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))
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Item 8.01 Other Events.

On January 23, 2009, Panda Ethanol, Inc. issued the press release attached as Exhibit 99.1 and incorporated by reference herein.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our current expectations, assumptions, beliefs, estimates and projections about our company and the ethanol and other related industries. The forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should” and variations of such words or similar expressions.

We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that, although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances. Some of the factors that may cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements include, but are not limited to, the ability to negotiate acceptable definitive agreements governing any transaction described in this release and to thereafter successfully consummate such transaction, adhere to the restrictions and covenants imposed under and the receipt of anticipated rulings in the pending Chapter 11 proceeding; as well as the risk factors discussed under “Risk Factors” in our Quarterly Report on Form 10-Q filed on November 14, 2008, our Quarterly Report on Form 10-Q filed on August 19, 2008, our Quarterly Report on Form 10-Q filed on May 20, 2008, our Annual Report on Form 10-K filed on April 15, 2008 and our annual, quarterly and periodic reports filed with the Securities and Exchange Commission.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

99.1 Press Release.

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.

Dated: January 26, 2009

PANDA ETHANOL, INC.

By: /s/ Darol Lindloff

Darol Lindloff

Chief Executive Officer and President

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release.

News For Immediate Release

4100 Spring Valley Road, Ste 1002, Dallas, TX 75244



Panda Ethanol Inc.

Media or Investors:

Bill Pentak, (972) 361-1200

breakingnews@pandaethanol.com

Panda Ethanol's Hereford, Texas Subsidiary Files Voluntary Chapter 11

DALLAS – January 23, 2009 – Panda Ethanol Inc. (PDAE.OB) today announced that its Hereford Biofuels subsidiary has filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas. The company intends to sell its major asset, the Hereford ethanol refinery, pursuant to a Section 363 sale process approved by the bankruptcy court. The bankruptcy filing does not include Panda Ethanol, the parent company of the Hereford subsidiary, and was precipitated by the refusal of one of the project's leading banks to fund its loans, which the company believes is a breach of the bank's financial commitment.

Although the ethanol refinery is in the late stages of construction, on December 31, Panda Ethanol was notified by Société Générale, the administrative agent for the Hereford subsidiary's lending syndicate, that one of the major syndicate banks had informed Société Générale that it would not fund its share of further borrowing requests for the project. After repeated conversations with the syndicate and an unsuccessful attempt to secure debtor-in-possession financing, the Hereford subsidiary's management concluded that the only prudent option available was to put the facility up for sale through a Section 363 sale process.

“Over the past many months, we have worked diligently to successfully overcome a number of challenges,” said Darol Lindloff, chief executive officer of Panda Ethanol, “including continued construction delays; the termination of the general contractor, Lurgi, for cause; and the assumption of responsibilities for managing the remaining construction at the site. We retired a \$1.6 million loan, successfully negotiated the granting of waivers that would extend construction deadlines to February 28, and obtained \$2.5 million in new working capital. We also restructured the funding arrangements for the Hereford subsidiary – during a very difficult time in the capital markets – that would allow us to make borrowings of up to \$31.5 million to complete construction and bring this facility on line. More recently,

we have been working to correct Lurgi design errors for certain pipes and valves at the refinery. But, when faced with insufficient funding to complete and operate the project, we were effectively presented with only one choice – to seek the protection of the courts and put the Hereford facility up for sale.”

The Hereford subsidiary is currently in negotiations with a potential buyer. Pursuant to Section 363 of the Bankruptcy Code, other companies will have an opportunity to submit bids for the facility under a court-supervised process. The company expects for a sale to close within 60 to 90 days.

In the interim, the Hereford subsidiary intends to seek approval from the bankruptcy court to draw upon and use existing cash collateral to fund ongoing operations.

Safe-Harbor Statement – Except for the historical information contained herein, the matters set forth in this news release are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Panda Ethanol intends that all such statements be subject to the “safe-harbor” provisions of those Acts. Many important risks, factors and conditions may cause Panda Ethanol’s actual results to differ materially from those discussed in any such forward-looking statement. These risks, factors, and conditions include, but are not limited to, the ability to negotiate acceptable definitive agreements governing any transaction described in this release and to thereafter successfully consummate such transaction, adhere to the restrictions and covenants imposed under and the receipt of anticipated rulings in the pending Chapter 11 proceeding, as well as the risks and uncertainties set forth in Panda Ethanol’s Quarterly Reports on Form 10-Q filed on November 14, 2008, August 19, 2008 and May 20, 2008 and our Annual Report on Form 10-K filed on April 15, 2008 and its annual and quarterly reports filed with the Securities and Exchange Commission. In addition, new factors, risks and uncertainties may emerge from time to time. Panda Ethanol undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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