

Edgar Filing: UPGRADE INTERNATIONAL CORP /FL/ - Form 8-K

UPGRADE INTERNATIONAL CORP /FL/  
Form 8-K  
March 22, 2002

U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
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FORM 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES ACT OF 1934

Date of Report (Date of earliest event reported): March 5, 2002

UPGRADE INTERNATIONAL CORPORATION  
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(Exact name of registrant as specified in its charter)

WASHINGTON ----- (State or other jurisdiction of incorporation)	000- 27649 ----- (Commission File Number)	58-2441311 ----- (I.R.S. Employer Identification No.)
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1411 FOURTH AVE., SUITE 629; SEATTLE, WASHINGTON (Address of principal executive offices)	98101 (Zip Code)
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Registrant's telephone number, including area code: (206) 903-3116

ITEM 5. OTHER EVENTS

Upgrade International Corporation has entered into a debt financing agreement with an institutional syndicator to obtain up to \$15 million in working capital for Upgrade and its affiliated companies.

The debt instrument is for a seven-year term with the principal due at maturity, and interest payable quarterly commencing in year three of the financing. The loan is secured by the issuance of 40 million shares of Upgrade stock, which was issued under Rule 144A. These shares will carry a different CUSIP number from the Company's Common Stock. These shares are restricted for a three year period, and can only be traded among qualified institutional investors. Upon repayment of the credit facility, the shares are to be returned to the Company. The Company also retains the right to substitute the collateral after 18 months of the credit facility has transpired. In the event of default, there are standstill provisions which would prevent certain actions by the Company's board of directors until such time as a credit agreement with onerous default provisions comes into force. The Company also must maintain one quarters interest in reserve in a specified account, as well as maintain a collateral value in excess of 20% of the amounts borrowed. Failure to do so, constitutes a "soft default" which if uncured, grants voting rates at both meetings of shareholders of the shares pledged, and the votes of the company executives at board of directors meetings to the parties in custody of the shares. The Company does maintain the right to add additional shares of stock, issued under 144A to the collateral pool.



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Exhibit No. -----	Description -----
4.1	Master Agreement to Provide Financing and Custodial Services
10.1	Master Agreement to Provide Financing and Custodial Services (See exhibit 4.1)
10.2	