

Morningstar[®] Document ResearchSM

FORM 8-K

CCOM Group, Inc. - CCOM

Filed: October 30, 2012 (period: October 24, 2012)

Report of unscheduled material events or corporate changes.

**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**

October 24, 2012

Date of Report (Date of earliest event reported)

CCOM Group, Inc.
(Exact name of Registrant as Specified in Charter)

NEW YORK

(State or other Jurisdiction of Incorporation)

1-6663

(Commission File Number)

11-2037182

(IRS Employer Identification No.)

275 WAGARAW ROAD, HAWTHORNE, NEW JERSEY
(Address of Principal Executive Offices)

07506
(Zip Code)

Registrant's Telephone Number, Including Area Code: **973-427-8224**

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

In Forms 8-K filed by the Company (formerly Colonial Commercial Corp.) on March 26, 2010, April 15, 2011 and October 20, 2011, the Company reported among other things that Universal Supply Group, Inc., a wholly owned subsidiary of the Company ("Universal"), had executed an 8% secured promissory note (the "Goodman Note") to Goodman Company, L.P. and certain of its affiliates ("Goodman") in the initial principal amount of \$2 million. The Goodman Note was subordinated to KeyBank National Association ("KeyBank"). As of October 24, 2012, the outstanding principal amount of the Goodman Note was \$1,066,164.05 and \$7,107.76 of accrued interest was outstanding. The Goodman Note obligated Universal to make \$29,195.00 consecutive monthly payments to Goodman, applied first to accrued interest and then to principal, with a final \$467,465 balloon payment to be made on November 24, 2014.

The Company and Universal entered into the following transactions as of October 24, 2012:

Universal paid \$950,000 to Goodman in full payment and satisfaction of the Goodman Note.

The Company financed the \$950,000 payment by Universal to Goodman by borrowing an aggregate of \$950,000 from five investors, of which (i) \$350,000 was borrowed from Goldman Associates of New York, Inc. ("Goldman Associates"), (ii) \$200,000 was borrowed from John A. Hildebrandt, (iii) \$200,000 was borrowed from Paul H. Hildebrandt, (iv) \$100,000 was borrowed from William Pagano and (v) \$100,000 was borrowed from Rita Folger. William Pagano is the Chief Executive Officer of the Company and the President of Universal. Michael Goldman is the president and majority shareholder of Goldman Associates and is the Chairman of the Board of the Company.

The Company executed unsecured promissory notes (the "Investor Notes") to the investors in respect of these borrowings in the form set forth as an exhibit to this report. The Investor Notes accrue interest at 8% per annum and provide that they are to be amortized in full in equal monthly installments aggregating \$19,810.40 per month commencing April 2013 and ending March 2018, applied first to accrued interest and then to principal. The Investor Notes are subordinated to present and future obligations to KeyBank. The Company has the option to prepay the Investor Notes at any time in whole or in part without penalty.

In connection with these transactions, KeyBank, the Company, Universal and certain other subsidiaries of the Company entered into a Second Amendment dated as of October 24, 2012 to the Credit and Security Agreement dated as of October 18, 2011.

The foregoing descriptions are qualified in their entirety by reference to the exhibits that are filed with this report or that are incorporated into this report. All exhibits are incorporated into this Item 1.01 by reference.

ITEM 1.02 TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT

The information set forth in Item 1.01 is incorporated herein by reference.

ITEM 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT

The information set forth in Item 1.01 is incorporated herein by reference.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit Description
No.

10.01	Credit and Security Agreement dated October 18, 2011 by and among CCOM Group, Inc. (formerly, Colonial Commercial Corp.), Universal Supply Group, Inc., The RAL Supply Group, Inc. S&A Supply, Inc. and KeyBank National Association (“Credit Security Agreement”); incorporated herein by reference from Exhibit 10.01 to the Company's Form 8-K filed on October 19, 2011.
10.02	First Amendment to the Credit Security Agreement, dated as of May 17, 2012; incorporated herein by reference from Exhibit 10.02 to the Company's Form 8-K filed on May 23, 2012.
10.03	Form of Second Amendment to the Credit Security Agreement, dated as of October 24, 2012; filed herewith.
10.04	Form of Promissory Note, by CCOM Group, Inc. in favor of the Holder, dated as of October 24, 2012; filed herewith.
10.05	Form of Letter by Universal to Goodman, dated October 24, 2012; 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.

CCOM GROUP, INC.
(Registrant)

Date: October 30, 2012

/s/ William Salek
William Salek
Chief Financial Officer

INDEX TO EXHIBITS

Exhibit Description
No.

- | | |
|-----------------------|--|
| 10.01 | Credit and Security Agreement dated October 18, 2011 by and among CCOM Group, Inc. (formerly, Colonial Commercial Corp.), Universal Supply Group, Inc., The RAL Supply Group, Inc. S&A Supply, Inc. and KeyBank National Association (“Credit Security Agreement”); incorporated herein by reference from Exhibit 10.01 to the Company's Form 8-K filed on October 19, 2011. |
| 10.02 | First Amendment to the Credit Security Agreement, dated as of May 17, 2012; incorporated herein by reference from Exhibit 10.02 to the Company's Form 8-K filed on May 23, 2012. |
| 10.03 | Form of Second Amendment to the Credit Security Agreement, dated as of October 24, 2012; filed herewith. |
| 10.04 | Form of Promissory Note, by CCOM Group, Inc. in favor of the Holder, dated as of October 24, 2012; filed herewith. |
| 10.05 | Form of Letter by Universal to Goodman, dated October 24, 2012; filed herewith. |
-

SECOND AMENDMENT AGREEMENT

This SECOND AMENDMENT AGREEMENT (this “Amendment”) is made as of the 24th day of October, 2012, among:

- (a) CCOM GROUP, INC., a New York corporation, formerly known as Colonial Commercial Corp. (“CCOM”);
- (b) UNIVERSAL SUPPLY GROUP, INC., a New York corporation (“Universal”);
- (c) THE RAL SUPPLY GROUP, INC., a New York corporation (“RAL”);
- (d) S&A SUPPLY, INC., a New York corporation (“S&A” and, together with CCOM, Universal and RAL, collectively, “Borrowers” and, individually, each a “Borrower”); and
- (e) KEYBANK NATIONAL ASSOCIATION, a national banking association (“Lender”).

WHEREAS, Borrowers and Lender are parties to that certain Credit and Security Agreement, dated as of October 18, 2011, that provides, among other things, for loans and letters of credit aggregating Fifteen Million Dollars (\$15,000,000), all upon certain terms and conditions (as amended and as the same may from time to time be further amended, restated or otherwise modified, the “Credit Agreement”);

WHEREAS, pursuant to that certain Certificate of Amendment of the Certificate of Incorporation of Colonial Commercial Corp., filed with the New York Secretary of State on July 23, 2012, Colonial Commercial Corp. was renamed CCOM Group, Inc.;

WHEREAS, Borrowers and Lender desire to amend the Credit Agreement to modify certain provisions thereof and add certain provisions thereto;

WHEREAS, each capitalized term used herein and defined in the Credit Agreement, but not otherwise defined herein, shall have the meaning given such term in the Credit Agreement; and

WHEREAS, unless otherwise specifically provided herein, the provisions of the Credit Agreement revised herein are amended effective as of the date of this Amendment;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrowers and Lender agree as follows:

1. Amendment to Definition in the Credit Agreement. Section 1.1 of the Credit Agreement is hereby amended to delete the definition of “Consolidated Fixed Charges” therefrom and to insert in place thereof the following:

“Consolidated Fixed Charges” means, for any period, as determined on a Consolidated basis, the aggregate, without duplication, of (a) Consolidated Interest Expense, and (b) principal payments on Consolidated Funded Indebtedness (other than (i) optional prepayments of the Revolving Loans, (ii) payments made with respect to the Goldman Associates Short-Term Subordinated Indebtedness, and (iii) the one-time payment-in-full of the Indebtedness owing under the Goodman Note pursuant to Section 5.15(b)).

2. Addition to Definitions in the Credit Agreement. Section 1.1 of the Credit Agreement is hereby amended to add the following new definition thereto:

“Second Amendment Effective Date” means October 24, 2012.

3. Amendment to Permitted Borrowing Covenant Provisions. Section 5.8 of the Credit Agreement is hereby amended to delete subsections (f) and (h) therefrom and to insert in place thereof, respectively, the following:

(f) Indebtedness owing to Goodman pursuant to the Goodman Note, in an aggregate principal amount not to exceed One Million Two Hundred Ninety-Nine Thousand Six Hundred Seventy-Nine and 63/100 Dollars (\$1,299,679.63), so long as (i) such Indebtedness is subject to the Intercreditor and Lien Subordination Agreement, and (ii) Borrowers initiate the irrevocable payment-in-full of such Indebtedness on the Second Amendment Effective Date pursuant to Section 5.15(b) hereof;

(h) (i) unsecured Subordinated Indebtedness owing to the Investor Subordinated Creditors (other than Goldman Associates and/or Michael Goldman), in an aggregate principal amount not to exceed Eight Hundred Seventy Thousand Dollars (\$870,000), (ii) unsecured Subordinated Indebtedness owing to Goldman Associates and/or Michael Goldman, in an aggregate principal amount (excluding any Goldman Associates Short-Term Subordinated Indebtedness) not to exceed Five Hundred Twenty-One Thousand Thirty-Three Dollars (\$521,033), and (iii) secured Subordinated Indebtedness owing to Goldman Associates (excluding any Goldman Associates Short-Term Subordinated Indebtedness) not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000); so long as, in each case, such Subordinated Indebtedness is subject to a Subordination Agreement acceptable to Lender; and

4. Amendment to Restricted Payments Covenant Provisions. Section 5.15 of the Credit Agreement is hereby amended to delete subsection (b) therefrom and insert in place thereof the following:

(b) On the Second Amendment Effective Date, Borrowers may initiate the payment-in-full the Indebtedness owing to Goodman pursuant to the Goodman Note (for clarification purposes, the actual payment date will be the date on which the check payable to Goodman with respect to such payment is actually deposited or cashed by Goodman).

5. Amendment to Schedule. The Credit Agreement is hereby amended to delete Schedule 3 (Investor Subordinated Creditors) therefrom and to insert in place thereof a new Schedule 3 in the form of Schedule 3 hereto.

6. Post-Closing Requirements.

(a) No later than five days after the Goodman Note has been paid-in-full, Borrowers shall deliver to Lender evidence, in form and substance satisfactory to Lender, that the Indebtedness owing to Goodman pursuant to the Goodman Note has been paid-in-full.

(b) No later than ten days after the Second Amendment Effective Date, Borrowers shall deliver replacement Subordination Agreements, fully executed by each Investor Subordinated Creditor, in form and substance reasonably satisfactory to Lender. In addition, Borrowers shall deliver to Lender a copy of the Subordinated Debt Documents, certified by an officer of Borrowers as being true and complete.

(c) Borrowers shall promptly pay all legal fees and expenses of Lender in connection with this Amendment and any other Loan Documents.

7. Representations and Warranties. Borrowers hereby represent and warrant to Lender that (a) Borrowers have the legal power and authority to execute and deliver this Amendment; (b) the officers executing this Amendment have been duly authorized to execute and deliver the same and bind Borrowers with respect to the provisions hereof; (c) the execution and delivery hereof by Borrowers and the performance and observance by Borrowers of the provisions hereof do not violate or conflict with the Organizational Documents of Borrowers or any law applicable to Borrowers or result in a breach of any provision of or constitute a default under any other agreement, instrument or document binding upon or enforceable against Borrowers; (d) no Default or Event of Default exists, nor will any occur immediately after the execution and delivery of this Amendment or by the performance or observance of any provision hereof; (e) each of the representations and warranties contained in the Loan Documents is true and correct in all material respects as of the Second Amendment Effective Date as if made on the Second Amendment Effective Date, except to the extent that any such representation or warranty expressly states that it relates to an earlier date (in which case such representation or warranty is true and correct in all material respects as of such earlier date); (f) Borrowers are not aware of any claim or offset against, or defense or counterclaim to, Borrowers' obligations or liabilities under the Credit Agreement or any other Related Writing; and (g) this Amendment constitutes a valid and binding obligation of Borrowers in every respect, enforceable in accordance with its terms.

8. Waiver and Release. Borrowers, by signing below, hereby waive and release Lender, and its directors, officers, employees, attorneys, affiliates and subsidiaries, from any and all claims, offsets, defenses and counterclaims, such waiver and release being with full knowledge and understanding of the circumstances and effect thereof and after having consulted legal counsel with respect thereto.

9. References to Credit Agreement and Ratification. Each reference to the Credit Agreement that is made in the Credit Agreement or any other Related Writing shall hereafter be construed as a reference to the Credit Agreement as amended hereby. Except as otherwise specifically provided herein, all terms and provisions of the Credit Agreement are confirmed and ratified and shall remain in full force and effect and be unaffected hereby. This Amendment is a Loan Document.

10. Counterparts. This Amendment may be executed in any number of counterparts, by different parties hereto in separate counterparts and by facsimile or other electronic signature, each of which, when so executed and delivered, shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

11. Headings. The headings, captions and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment.

12. Severability. Any provision of this Amendment that shall be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

13. Governing Law. The rights and obligations of all parties hereto shall be governed by the laws of the State of New York, without regard to principles of conflicts of laws.

[Remainder of page intentionally left blank.]

JURY TRIAL WAIVER . BORROWERS AND LENDER, TO THE EXTENT PERMITTED BY LAW, EACH HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BORROWERS AND LENDER, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AMENDMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED THERETO.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the date first set forth above.

CCOM GROUP, INC.

By: _____
William Pagano
Chief Executive Officer

UNIVERSAL SUPPLY GROUP, INC.

By: _____
William Pagano
President

THE RAL SUPPLY GROUP, INC.

By: _____
William Pagano
Executive Vice President

S&A SUPPLY, INC.

By: _____
William Pagano
President

KEYBANK NATIONAL ASSOCIATION

By: _____
Nadine M. Eames
Vice President

Signature Page to
Second Amendment Agreement

SCHEDULE 3

INVESTOR SUBORDINATED CREDITORS

Goldman Associates of New York, Inc.
Rita Folger
Paul Hildebrandt
John A. Hildebrandt
William Pagano
Michael Goldman
Hildebrandt Properties, LLC

Principal: \$ _____

Holder: _____

Dated as of October 24, 2012

PROMISSORY NOTE

CCOM GROUP, INC., a New York corporation (hereinafter called the "Company"), hereby promises to pay to the order of Holder the Principal and interest as follows:

1. This Note shall accrue interest at the annual rate of 8%. The Company shall pay the principal and accrued interest of this Note in equal monthly installments of \$ _____ on the first day of each month commencing April 2013 and ending March 1, 2018, at which time the remaining unpaid principal and interest shall be paid in full. Each installment shall be applied first to accrued interest and then to principal.
2. This Note may be pre-paid in full or part without penalty at the sole option of the Company. All prepayments shall be applied first to interest and then to principal in the reverse order of maturity.
3. Subordination.
 - a. The Company's indebtedness to Holder under this Note shall be subordinate to indebtedness to Senior Lenders (as hereinafter defined) to the fullest extent from time to time requested by the Senior Lenders. "Senior Lenders" means Keybank National Association ("KeyBank") or any lender that at any time refinances any indebtedness of the Company to KeyBank or any Senior Lender.
 - b. Holder hereby accepts the terms of any subordination agreement and inter-creditor and other agreements that are at any time or times proposed by the Senior Lenders as to such subordination, with the same force and effect as if Holder had directly signed such subordination and inter-creditor and other agreements. Without limiting the generality of the foregoing, Holder hereby irrevocably appoints each of William Pagano and Pete Gasiewicz as Holder's attorney in fact to execute and deliver such agreements in the name of Holder and on its behalf.
4. Events of Default, Change of Control, and Acceleration of the Note.
 - a. A default with respect to this Note shall exist if any of the following shall occur:

- i. The Company shall fail to make any payment of principal or interest when due, or the Company shall otherwise breach any other provision of this Note, and such failure to make payment or such other breach shall continue for 20 business days after written notice by Holder to the Company.
 - ii. A receiver, liquidator or trustee of the Company or of a substantial part of its properties shall be appointed by court order and such order shall remain in effect for more than 45 calendar days; or the Company shall be adjudicated bankrupt or insolvent; or a substantial part of the property of the Company shall be sequestered by court order and such order shall remain in effect for more than 45 calendar days; or a petition to reorganize the Company under any bankruptcy, reorganization or insolvency law shall be filed against the Company and shall not be dismissed within 45 calendar days after such filing.
 - iii. The Company shall file a petition in voluntary bankruptcy or request reorganization under any provision of any bankruptcy, reorganization or insolvency law, or shall consent to the filing of any petition against it under any such law.
 - iv. The Company shall have defaulted in respect of any obligation for borrowed money and the lender in respect thereof shall have accelerated or shall have purported to accelerate the maturity thereof; or
 - v. The Company shall make an assignment for the benefit of its creditors or consent to the making of any such assignment, or admit in writing its inability to pay its debts generally as they become due, or consent to the appointment of a receiver, trustee or liquidator of the Company, or of all or any substantial part of its properties.
- b. If a default shall occur and be continuing, the Holder may, in addition to such Holder's other remedies, by written notice to the Company (an "Acceleration Notice"), declare the principal amount of this Note, together with all interest accrued thereon, to be due and payable immediately. Upon any such declaration, such amount shall become immediately due and payable.
 - c. This Note, including any interest accrued thereon, shall accrue interest after the giving of an Acceleration Notice at the rate of 10% per annum (or, if less, the highest rate permitted by law), payable on demand. Interest shall be computed on the basis of a 360-day year.
-

5. MISCELLANEOUS.

- a. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by facsimile, recognized overnight mail carrier, or other standard form of telecommunications, or by registered or certified mail, postage prepaid, return receipt requested, addressed as follows: (a) if to the Holder, to such address as such Holder shall furnish to the Company in accordance with this Section, or (b) if to the Company, to it at its headquarters office, or to such other address as the Company shall furnish to the Holder in accordance with this Section.
- b. This Note shall be governed and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such state, without regard to choice or conflict of laws principles that would defer to the substantive laws of any other jurisdiction.
- c. All disputes hereunder shall be resolved exclusively by the Federal and State courts in Passaic County, New Jersey.
- d. The Holder of this Note shall be entitled to recover its reasonable legal and actual costs of collecting on this Note, and such costs shall be deemed added to the principal amount this Note.
- e. The Company waives protest, notice of protest, presentment, dishonor, notice of dishonor and demand.
- f. This Note may not be changed or terminated orally.
- g. This Note may be executed and delivered by facsimile or portable document format and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- h. The Section headings in this Note are for convenience only.

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed on the date set forth above.

CCOM GROUP, INC.

By: _____
Name: _____
Title: _____

Confirmed as to appointment of William Pagano and Pete Gasiewicz as attorney in fact under Section 5(b):

By: _____
Name: _____

October 24, 2012

Mr. Wesley Fish
c/o Goodman Manufacturing Company, L.P.
5151 San Felipe, Suite 500
Houston, TX 77056

Subject: Pay-off of Goodman Company, LP, et. al.
Note dated March 24, 2010, original Principal Amount of \$2,000,000
Amended and Restated, No. 1, April 13, 2011, and
Amended and Restated No. 2, October 14, 2011

Dear Mr. Fish,

In accordance with our agreement, enclosed is our check made payable to Goodman Manufacturing Company, L.P., in the amount of \$950,000 for the full payment and satisfaction of the subject Note. Please return the Original Note and Amendments, marked fully paid. Our attorneys may request other documents which may be required confirming this payment and full satisfaction of this obligation.

We appreciate your cooperation in this matter and all the outstanding efforts of the Goodman management team.

Best Regards,

William Pagano
Chief Executive Officer

Created by Morningstar[®] Document ResearchSM
<http://documentresearch.morningstar.com>