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SENSOR SYSTEM SOLUTIONS INC

Form 8-K

October 18, 2005

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 6, 2005

SENSOR SYSTEM SOLUTIONS, INC.
(Exact Name of Registrant as Specified in Charter)

Nevada (State or other jurisdiction of incorporation)	0-024828 (Commission File Number)	98-0226032 (IRS Employer Identification No.)
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45 Parker Avenue, Suite A, Irvine, California (Address of principal executive offices) (949) 855-6688	92618 (Zip code)
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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:

- 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 Material Definitive Agreements.

Standby Equity Distribution Agreement

On October 6, 2005, Sensor System Solutions, Inc. (the "Company") entered into a Standby Equity Distribution Agreement (the "SEDA") with Cornell Capital Partners, LP ("Cornell"). Pursuant to the SEDA, the Company may, at its discretion, periodically sell to Cornell shares of its common stock, par value

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\$0.01 per share (the "Common Stock") for a total purchase price of up to Fifteen Million Dollars (\$15,000,000). For each share of Common Stock purchased under the SEDA, Cornell will pay to the Company ninety-five percent (95%) of the lowest closing bid price (as reported by Bloomberg, LP) of the Common Stock on the principal market (whichever is at the time the principal trading exchange or market for the Common Stock). Cornell will also retain five percent (5%) of each advance under the SEDA. Cornell's obligation to purchase shares of Common Stock under the SEDA is subject to certain conditions, including the Company obtaining an effective registration statement for shares of common stock sold under the SEDA and the amount for each Advance as designated by the Company in the applicable Advance Notice shall not be more than Fifty Thousand Dollars (\$500,000) (as such terms are defined in the SEDA). In connection with the SEDA, Cornell received a commitment fee of One Million Four Hundred Seventy One Thousand Four Hundred Twenty Nine (1,471,429) shares of Common Stock in an amount equal to Five Hundred Fifteen Thousand Dollars (\$515,000).

The Company also issued to Cornell a warrant (the "Warrant") to purchase, at Cornell's discretion, up to Six Hundred Thousand (600,000) fully paid and nonassessable shares of Common Stock at a fixed exercise price of \$0.35 per share, or as subsequently adjusted pursuant to the terms of the Warrant.

Securities Purchase Agreement

On October 6, 2005, the Company entered into a securities purchase agreement (the "Purchase Agreement") pursuant to which the Company shall sell to Cornell secured convertible debentures (the "Debentures") in the aggregate principal amount of Six Hundred Thousand Dollars (\$600,000), plus accrued interest, which is convertible, at Cornell's discretion, into Common Stock. Four Hundred Thousand Dollars (\$400,000) was funded on the fifth (5th) business day following October 6, 2005, and Two Hundred Thousand Dollars (\$200,000) shall be funded two (2) business days prior to the filing date of the registration statement to be filed with the United States Securities and Exchange Commission pursuant to that certain Investor Registration Rights Agreement, dated October 6, 2005 and attached hereto as Exhibit 99.4. The Debentures are convertible, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of \$0.245 per share, subject to certain limitations as provided therein. The Debentures have a term of (1) year, piggy-back registration rights and accrues interest at a rate equal to ten percent (10%) per year.

The Debentures are secured by certain Pledged Property as such term is defined in that certain Security Agreement, of even date with the Purchase Agreement and attached hereto as Exhibit 99.6. The Company also executed an Insider Pledge and Escrow Agreement ("PEA"), of even date with the Purchase Agreement and attached hereto as Exhibit 99.7, pursuant to which the Company has agreed to provide to Cornell a security interest in certain Pledged Shares (as such term is defined in the PEA) to secure the Company's obligations under the Transaction Documents (as defined in the Purchase Agreement) or any other obligations of the Company to Cornell.

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Item 3.02. Unregistered Sales of Equity Securities.

Standby Equity Distribution Agreement

On October 6, 2005, in connection with the SEDA, Cornell received a commitment fee of One Million Four Hundred Seventy One Thousand Four Hundred Twenty Nine (1,471,429) shares of Common Stock in an amount equal to Five

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Hundred Fifteen Thousand Dollars (\$515,000). The Company also issued a Warrant to Cornell to purchase Common Stock as is more fully described in Item 1.01 above.

On October 6, 2005, the Company issued to Monitor Capital, Inc. Twenty Eight Thousand Five Hundred Seventy One (28,571) shares of Common Stock (an amount equal to Ten Thousand Dollars (\$10,000) divided by \$0.35 per share) under the Sensor System Solutions, Inc. Placement Agent Agreement in connection with the SEDA.

Securities Purchase Agreement

See Item 1.01 above.

Item 9.01. Financial Statements and Exhibits.

- (a) Not applicable
- (b) Not applicable
- (c) Exhibit No. Description:

Exhibit	Description	Location
Exhibit 99.1	Standby Equity Distribution Agreement, dated as of October 6, 2005, by and between the Company and Cornell Capital Partners, LP	Provided herewith
Exhibit 99.2	Warrant, dated as of October 6, 2005, issued by the Company to Cornell Capital Partners, LP	Provided herewith
Exhibit 99.3	Securities Purchase Agreement, dated as of October 6, 2005, by and between the Company and Cornell Capital Partners, LP	Provided herewith
Exhibit 99.4	Investor Registration Rights Agreement, dated as of October 6, 2005, by and between the Company and Cornell Capital Partners, LP	Provided herewith
Exhibit 99.5	Escrow Agreement, dated as of October 6, 2005, by and among the Company, Cornell Capital Partners, LP and David Gonzalez, Esq., as escrow agent	Provided herewith
Exhibit 99.6	Security Agreement, dated as of October 6, 2005, by and between the Company and Cornell Capital Partners, LP	Provided herewith
Exhibit 99.7	Insider Pledge and Escrow Agreement, dated as of October 6, 2005, by and among the Company, Cornell Capital Partners, LP and David Gonzalez, Esq., as escrow agent	Provided herewith

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Exhibit	Description	Location
Exhibit 99.8	Irrevocable Transfer Agent Instructions, dated as of October 6, 2005, by and among the Company, David Gonzalez, Esq. and Worldwide Stock Transfer, LLC	Provided herewith
Exhibit 99.9	Sensor System Solutions, Inc. Placement Agent Agreement, dated as of October 6, 2005, by and among the Company, Cornell Capital Partners, LP and Monitor Capital, Inc., as placement agent	Provided herewith
Exhibit 99.10	Secured Convertible Debenture, dated October 6, 2005, issued by the Company to Cornell Capital Partners, LP	Provided herewith

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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.

Date: October 12, 2005

SENSOR SYSTEM SOLUTIONS

By: /s/ Michael Young

Name: Michael Young

