

ZOOM TECHNOLOGIES INC
Form 10-Q
November 14, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended September 30, 2006

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 0-18672

**ZOOM TECHNOLOGIES, INC.
(Exact Name of Registrant as Specified in its Charter)**

Delaware
(State or Other Jurisdiction of Incorporation or
Organization)

51-0448969
(I.R.S. Employer Identification No.)

207 South Street, Boston, Massachusetts
(Address of Principal Executive Offices)

02111
(Zip Code)

Registrant's Telephone Number, Including Area Code: **(617) 423-1072**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO o

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the registrant's Common Stock, \$.01 Par Value, as of November 9, 2006 was 9,346,966 shares.

**ZOOM TECHNOLOGIES, INC. AND SUBSIDIARY
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PART I - FINANCIAL INFORMATION

ZOOM TECHNOLOGIES, INC. AND SUBSIDIARY
Consolidated Balance Sheets
(unaudited)

	September 30,	December 31,
	2006	2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,158,695	\$ 9,081,122
Accounts receivable, net of allowances of \$1,179,481 at September 30, 2006 and \$1,294,637 at December 31, 2005	1,825,416	2,630,859
Inventories	4,288,425	5,073,178
Prepaid expenses and other current assets	64,221	301,265
Total current assets	10,336,757	17,086,424
Property, plant and equipment, net	2,513,227	2,600,660
Certificate of deposit held for debt service	214,637	-
Total assets	\$ 13,064,621	\$ 19,687,084
Liabilities and Stockholders' Equity:		
Current liabilities:		
Current portion of long-term debt	\$ 135,075	\$ 4,889,928
Accounts payable	1,641,342	3,140,593
Accrued expenses	713,859	788,427
Total current liabilities	2,490,276	8,818,948
Long-term debt, less current portion	3,479,595	-
Total liabilities	5,969,871	8,818,948
Stockholders' Equity:		
Common stock, \$0.01 par value: authorized - 25,000,000 shares; and issued - 9,355,366 shares, including shares held in treasury	93,554	93,554
Additional paid-in capital	31,196,955	31,015,977
Accumulated deficit	(24,691,902)	(20,627,318)
Accumulated other comprehensive income - currency translation adjustment	503,465	393,245
Treasury stock, at cost stock (8,400 shares),	(7,322)	(7,322)
Total stockholders' equity	7,094,750	10,868,136
Total liabilities and stockholders' equity	\$ 13,064,621	\$ 19,687,084

See accompanying notes.

ZOOM TECHNOLOGIES, INC. AND SUBSIDIARY
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September		Nine Months ended September 30,	
	2006	30, 2005	2006	2005
Net sales	\$ 3,579,317	\$ 5,308,380	\$ 13,378,260	\$ 18,269,296
Costs of goods sold	3,338,349	4,789,732	11,948,971	14,836,965
Gross profit	240,968	518,648	1,429,289	3,432,331
Operating expenses:				
Selling	781,954	977,718	2,563,921	3,172,332
General and administrative	689,599	314,188	2,236,287	2,867,694
Research and development	520,768	664,641	1,709,640	2,109,347
Total operating expenses	1,992,321	1,956,547	6,509,848	8,149,373
Operating income (loss)	(1,751,353)	(1,437,899)	(5,080,559)	(4,717,042)
Other:				
Interest income	51,138	69,984	189,327	151,508
Interest expense	(76,140)	(63,596)	13. Percent of Class Represented by Amount in Row (11)	

14. 0.5%
Type of Reporting
Person

OO

The Statement on Schedule 13D dated and filed April 1, 2009 filed by FCMI Financial Corporation, a corporation existing under the laws of the province of Ontario, Canada (“FCMI”), Pan Atlantic Bank and Trust Ltd., a Barbados company (“PABTL”), Ms. Nancy Friedberg, an individual, and Mr. Albert D. Friedberg, an individual, as amended by Amendment No. 1 thereto dated and filed November 18, 2009 by FCMI, PABTL, Ms. Friedberg, Mr. Friedberg and by Friedberg Global-Macro Hedge Fund Ltd., a Cayman Island Company (“Global-Macro Fund”) and Friedberg Mercantile Group Ltd., a Canadian corporation (“FMG”) as additional parties to the Schedule 13D, by Amendment No. 2 thereto dated and filed January 22, 2010 by FCMI, PABTL, Ms. Friedberg, Mr. Friedberg, Global-Macro Fund and FMG and by Amendment No. 3 thereto dated and filed July 8, 2013 by FCMI, PABTL, Ms. Friedberg, Mr. Friedberg and The Buckingham Charitable Foundation (“Buckingham” and, together with FCMI, PABTL, Ms. Friedberg and Mr. Friedberg, the “Filing Persons”) and by Amendment No. 4 thereto dated and filed December 10, 2013 by the Filing Persons (as so amended, the “Statement”), relating to the common stock, \$0.001 par value (the “Common Shares”), of Seabridge Gold Inc., a Canadian corporation (the “Issuer”), is hereby amended with respect to the items set forth below in this Amendment No. 5. Capitalized terms used herein without definition have the same meanings as those ascribed to them in the Statement.

This Amendment No. 5 is being filed to disclose the sale of 4,600,000 Common Shares by PABTL, the entry by PABTL into a cash-settled share swap transaction, and PABTL’s agreement to purchase 200,000 Common Shares, each as more fully described herein.

Item 3. Source and Amount of Funds or Other Consideration

Item 3 of the Schedule 13D is hereby amended by the addition of the following information:

The purchase price for the 200,000 Common Shares which PABTL has agreed to purchase, as described in Item 4 and Item 6 below, is CDN \$8.5714 per share, and the total consideration will be CDN \$1,714,280. PABTL will obtain the funds used to acquire such shares from its working capital.

Item 4. Purpose of Transaction

Item 4 of the Schedule 13D is hereby amended by the addition of the following information:

In addition to the sale of the Common Shares by PABTL and the entry by PABTL into a cash-settled share swap transaction described in Item 6 below (which description is incorporated into this Item 4 by reference), PABTL has agreed to purchase 200,000 Common Shares in a privately negotiated transaction described in Item 6 below (which description is incorporated into this Item 4 by reference). PABTL will acquire such shares for investment purposes.

Item 5. Interest in Securities of the Issuer

Item 5 of the Schedule 13D is hereby amended by the addition of the following information:

On July 9, 2014, PABTL entered into a Forward Purchase and Sale Agreement with Oberon Capital Corporation for the purchase of 200,000 Common Shares of the Issuer for a total purchase price of CDN \$1,714,280. The purchase is scheduled to close on July 22, 2014 and in any event no later than July 29, 2014.

On July 16, 2014, PABTL entered into an agreement for the sale of 4,600,000 Common Shares in a private transaction for an aggregate purchase price of U.S. \$39,376,000. Pursuant to the terms of a cash-settled share swap transaction described in Item 6, the purchaser under the sale transaction described in the previous sentence sold to PABTL a total return on 4,600,000 Common Shares in exchange for a monthly payment.

Item 5 of the Schedule 13D is hereby further amended by deleting the information (including the tables provided as part of such information) set forth in Schedule 13D (Amendment No. 4) regarding beneficial ownership of the Issuer’s Common Shares by the Filing Persons, and replacing the deleted information with the following information:

On the date of this Schedule 13D (Amendment No. 5), the Filing Persons are the beneficial owners of, in the aggregate, 4,778,757 Common Shares, representing 10.1% of the Issuer's outstanding Common Shares. The Filing Persons' percentage beneficial ownership has been computed as a percentage of 47,081,376 Common Shares outstanding on May 12, 2014, as reported in the Issuer's Management's Discussion and Analysis for the three months ended March 31, 2014, as filed with the SEC on May 12, 2014. The number of Common Shares and the percentage of the Issuer's Common Shares beneficially owned by each Filing Person are as follows:

Name	Shares	Percentage	Shares	Percentage
	Directly Owned	Directly Owned	Owned Beneficially	Owned Beneficially
PABTL	3,901,232	8.3	% 3,901,232	8.3
FCMI	555,000	1.2	% 4,456,232	1 9.5
Buckingham	250,000	0.5	% 250,000	2 0.5
Nancy Friedberg	50,825	0.1	% 300,825	3 0.6
Albert Friedberg	21,700	0.05	% 4,749,632	4 10.1

¹ Includes 3,701,232 shares owned directly by PABTL and 200,000 shares which PABTL has agreed to purchase.

² Voting and dispositive power over the Common Shares held by Buckingham is exercisable by any of its trustees, acting individually. In practice, such authority is exercised solely by Mr. Friedberg and by Ms. Friedberg.

³ Includes 21,700 shares held in a retirement account for the benefit of Ms. Friedberg, 29,125 shares owned directly by Ms. Friedberg, and 250,000 shares owned directly by Buckingham (see note 2).

Includes 3,701,232 shares owned directly by PABTL and 200,000 shares which PABTL has agreed to purchase, 555,000 shares owned directly by FCMI, 43,400 shares held in a retirement account (21,700 shares for the benefit of each of Mr. Friedberg and Ms. Friedberg), and 250,000 shares owned directly by Buckingham (see note 2).

Excludes 29,125 shares owned directly by Ms. Friedberg, the wife of Mr. Friedberg, with respect to which Mr. Friedberg disclaims beneficial ownership.

All shares reported as beneficially owned by FCMI, PABTL, Nancy Friedberg, Albert D. Friedberg and Buckingham are presently outstanding, Mr. Friedberg, directly and through his control over FCMI shares held by members of his family and trusts for the benefit of members of his family, may be considered the sole beneficial owner of all of the Common Stock beneficially owned by FCMI. By virtue of his control of FCMI, Mr. Friedberg also may be deemed to possess voting and dispositive power over the shares owned directly by its wholly-owned subsidiary, PABTL. As trustees of Buckingham, each of Mr. Friedberg and Ms. Friedberg possesses voting and dispositive power over the Common Shares owned by Buckingham and may be deemed to share beneficial ownership of such Common Shares. Except for such beneficial ownership by Albert D. Friedberg and by Ms. Friedberg, none of the directors or officers of FCMI or PABTL, and none of the trustees of Buckingham, beneficially own any Common Shares.

Except for PABTL's agreement to purchase 200,000 Common Shares, its sale of 4,600,000 Common Shares and the entry into the cash-settled share swap transaction described above and below, none of the Filing Persons, and none of their respective directors, officers or trustees has effected any transactions in the Issuer's Common Shares in the 60 days preceding the filing of this Schedule 13D (Amendment No. 5).

Item 6. Contracts, Arrangements, Understandings or Relationships with respect to Securities of the Issuer

PABTL entered into an agreement to sell the 4,600,000 Common Shares reported in this Schedule 13D (Amendment No. 5) pursuant to a Share Purchase Agreement dated July 16, 2014 (the “NBC SPA”) between National Bank of Canada (“NBC”), as buyer, and PABTL, as Seller. In addition to the purchase price and other terms of the transaction, the NBC SPA contains certain representations and warranties by the parties customarily included in agreements of this type, including representations and warranties by NBC as to its non-U.S. status made to support PABTL’s offer and sale of the Common Shares to NBC without registration under the U.S. Securities Act of 1933, as amended (the “1933 Act”) in an “offshore transaction” pursuant to Regulation S under the 1933 Act. NBC agreed that the Common Shares would include certain restrictions reflecting the limits on disposition of the Common Shares under the 1933 Act.

On July 16, 2014 (the “Trade Date”), PABTL entered into a total return swap transaction evidenced by an ISDA master agreement, credit support annex and transaction confirmation (collectively the “TRS Agreement”) with NBC. PABTL entered into the TRS Agreement and the NBC SPA for purposes of monetizing its position in the Common Shares while at the same time allowing it to retain the economic exposure to the position sold under the NBC SPA. Pursuant to the terms of the TRS Agreement, NBC sold to PABTL the total return on 4,600,000 Common Shares (the “Underlying Shares”) in exchange for a monthly payment calculated on a per diem basis for the number of days in the applicable calculation period by multiplying the notional amount of the transaction applicable for any particular day in the relevant calculation period by the sum of a designated LIBOR based rate with a maturity of one month and a spread of 1.25% divided by 360.

The initial price for the Underlying Shares is equal to \$8.56 per share. The final price is the average of the modified volume weighted average price (as calculated pursuant to the TRS Agreement) applicable to each averaging day agreed to by the parties from and including February 15, 2017, weighted by the number of Underlying Shares that were reduced by NBC on the relevant averaging date minus a commission of US\$0.02 per Underlying Share sold by NBC on such averaging date. On the applicable cash settlement date, the initial price of the Underlying Shares specified for the transaction shall be deducted from the final price for the Underlying Shares and such amount shall be multiplied by the number of Underlying Shares subject to the transaction. If the final price for the Underlying Shares exceeds the initial price for the Underlying Shares, such that the product of such determination is positive, NBC shall pay the amount so determined to PABTL. If the initial price for the Underlying Shares exceeds the final price for the Underlying Shares, such that the product of such determination is negative, PABTL shall pay the absolute value of the amount so determined to NBC. To the extent that there are any dividends paid by the Issuer on the Common Shares, NBC will pay to PABTL an amount per Underlying Share equivalent to the per Share dividend paid by the Issuer.

NBC and PABTL have the right to terminate the transaction if it becomes illegal for PABTL to continue with the transaction. PABTL has the right to terminate the transaction in whole or in part at any time following the fortieth day following the effective date of the transaction and prior to the valuation date. In the case of early termination of the transaction the date designated for termination will be the valuation date in respect of the number of Underlying Shares subject to such early termination. If PABTL elects to terminate the transaction in circumstances not involving any illegality, PABTL will be required to pay to NBC a make-whole payment equal to the product of the terminated number of Underlying Shares, the initial price per Underlying Share and D/360 where “D” represents the number of calendar days from, but excluding, the optional early termination date, to and including the calendar day that falls on the day that is six months after the effective date of the transaction.

The TRS Agreement provides only for cash settlement. Neither PABTL nor any of its affiliates or associates shall have any voting or dispositive power with respect to any Underlying Shares and PABTL and its affiliates and associates disclaim beneficial ownership of any such securities.

On July 9, 2014, PABTL entered into a Forward Purchase and Sale Agreement with Oberon Capital Corporation for the purchase of 200,000 Common Shares of the Issuer for a total purchase price of CDN \$1,714,280. The purchase is scheduled to close on July 22, 2014 and in any event no later than July 29, 2014. PABTL has the right, at its sole option, to terminate this agreement if the closing does not occur by July 29, 2014.

The foregoing description of the NBC SPA, the cash-settled share swap transaction and the purchase of 200,000 Common Shares is qualified in its entirety by reference to the full text of the related agreements, which are filed as exhibits to this Schedule 13D (Amendment No. 5).

Item 7. Materials to be Filed as Exhibits

The following documents are filed as exhibits to this Schedule 13D:

Exhibit Agreement

- 99.5 Share Purchase Agreement dated July 16, 2014 between National Bank of Canada, as Buyer and Pan Atlantic Bank and Trust Ltd., as Seller
- 99.6 Confirmation of a Cash-Settled Share Swap Transaction between National Bank of Canada and Pan Atlantic Bank and Trust Limited dated July 16, 2014
- 99.7 ISDA Schedule to the Master Agreement between National Bank of Canada and Pan Atlantic Bank and Trust Limited dated as of July 16, 2014
- 99.8 Credit Support Annex to the Schedule to the IDA Master Agreement dated as of July 16, 2014 between National Bank of Canada and Pan Atlantic Bank and Trust Limited
- 99.9 Forward Purchase and Sale Agreement dated as of July 9, 2014 between Oberon Capital Corporation and Pan Atlantic Bank and Trust Limited

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Signatures

After reasonable inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: July 17, 2014

FCMI FINANCIAL
CORPORATION

By: /s/ Dan Scheiner
Name: Dan Scheiner
Title: Vice President

PAN ATLANTIC BANK
AND TRUST LIMITED

By: /s/ Robert J. Bourque
Name: Robert J. Bourque
Title: Managing Director

ALBERT D.
FRIEDBERG, individually

/s/ Albert D. Friedberg
Name: Albert D. Friedberg

NANCY FRIEDBERG,
individually

/s/ Nancy Friedberg
Name: Nancy Friedberg

THE BUCKINGHAM
CHARITABLE
FOUNDATION

By: /s/ Albert D. Friedberg
Name: Albert D. Friedberg
Title: Trustee