

ISCO INTERNATIONAL INC

FORM 8-K

(Current report filing)

Filed 05/22/08 for the Period Ending 05/22/08

Address	1001 CAMBRIDGE DRIVE ELK GROVE VILLAGE, IL 60007
Telephone	8473919400
CIK	0000888693
Symbol	ISOOE
SIC Code	3825 - Instruments for Measuring and Testing of Electricity and Electrical Signals
Industry	Semiconductors
Sector	Technology
Fiscal Year	12/31

**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: May 22, 2008
(Date of earliest event reported)

ISCO International, Inc.
(Exact name of registrant as specified in its charter)

DE
(State or other jurisdiction
of incorporation)

001-22302
(Commission File
Number)

36-3688459
(IRS Employer
Identification Number)

**1001 Cambridge Drive, Elk Grove Village,
IL**
(Address of principal executive offices)

60007
(Zip Code)

847-391-9400
(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))
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Item 2.03. Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant

On May 22, 2008, ISCO International, Inc. (the "Company"), reached a non-binding agreement in principle with Manchester Securities Corporation ("Manchester"), and Alexander Finance, L.P. ("Alexander" and together with Manchester and their respective affiliates, the "Lenders"), for a new financing agreement, wherein the Company would be provided a credit line in the aggregate principal amount \$2.5 million. A portion of this line is expected to be immediately drawn upon this line, first to repay the outstanding \$500,000 short term loan between them from a receivables factoring arrangement as well as accrued interest, and then for net capital to the Company.

The credit line is expected to expire on August 1, 2010. Borrowings are expected to accrue interest at a rate of 9.5%.

All drawdowns on this line would be subject to the request of the Company and the approval of the Lenders. Amounts drawn under this credit line arrangement, including accrued interest, would be due and payable upon termination of the credit line.

The Company expects to execute a definitive agreement with the Lenders for the new facility in the next several days.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

On May 19, 2008, the Company appointed Stephen McCarthy to the Company's Board of Directors. There is no arrangement pursuant to which Mr. McCarthy was selected as a director and there are no related party transactions between the Company and Mr. McCarthy that are reportable under Item 404(a) of Regulation S-K of the Securities and Exchange Commission.

On the same date, Mr. John Thode and Mr. James Fuentes resigned from the Board of Directors. Mr. Fuentes' employment with the Company also terminated on the same date. Mr. Fuentes entered into an agreement with the Company that will pay him \$6,500 per month for twelve months in lieu of any other compensation that may have been available pursuant to his employment agreement or otherwise with the Company. Additionally, the employment of Mr. Frank Cesario, its Chief Financial Officer, terminated on the same date with such termination to become effective on May 31, 2008.

The Company issued a press release regarding the events described in Items 2.03 and 5.02 above on May 22, 2008. A copy of the press release is attached to this Current Report as Exhibit 99.1 and incorporated into these items by reference.

Item 9.01. Financial Statements and Exhibits

(a) Financial statements:

None

(b) Pro forma financial information:

None

(c) Shell company transactions:

None

(d) Exhibits

99.1 [Press Release of ISCO International, Inc. dated May 22, 2008](#)

SIGNATURE

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: May 22, 2008

ISCO INTERNATIONAL, INC.

By: /s/ Frank J Cesario

Frank J Cesario
Chief Financial Officer

Exhibit Index

Exhibit No.

Description

99.1

Press Release of ISCO International, Inc. dated May 22, 2008

ISCO International Announces Funding Arrangement; Realignment of Board of Directors and Management Team

ELK GROVE VILLAGE, IL -- 05/22/2008 -- ISCO International, Inc. (AMEX: ISO), a leading provider of radio frequency management and interference-control systems for the wireless telecommunications industry, today announced an agreement in principle of a new credit line arrangement with its lenders. Additionally, ISCO announced the addition of Steve McCarthy to the Board of Directors, as well as departures from the Board of Directors and Management Team.

New Credit Line Facility

ISCO secured an agreement in principle for a new \$2.5 million credit facility with its lenders. The line would be expected to expire on August 1, 2010, and borrowings on the line will be charged a 9.5% interest rate. ISCO would borrow on the line immediately, using a portion of the proceeds to repay the outstanding \$0.5 million short term debt to Lenders related to the receivables factoring arrangement, including accrued interest. "This credit line indicates validation of our plan and provides us the capital resources we need to implement our strategy. We will accelerate our realignment of the Company around key growth initiatives and transition our focus to sales and marketing activities that most effectively implement our go-to-market strategy," said Gordon Reichard, Jr., Chief Executive Officer of ISCO. "We expect to announce an investor call for early June to review our plan with our investors."

"I am pleased to see the buy in from our lenders and investors, and appreciate their continued support of our Company," said Mr. Reichard.

Addition of Stephen McCarthy to the Board of Directors

ISCO welcomes Mr. Stephen McCarthy to its Board of Directors. Mr. McCarthy served as Tellabs' Executive Vice President of Global sales, services and marketing from 2004 through 2007. Previously at Tellabs, he served as Sr. VP of Operations and Services, Sr. VP Optical Networking, Sr. VP Global Marketing and Sr. VP of Global Solutions and Services. Prior to Tellabs, Mr. McCarthy was Sr. VP of ADP's Major accounts division, and from 1989 through 1997 he held executive positions in both marketing and sales at Ameritech. Mr. McCarthy has a Bachelor of Science degree in Finance from the University of Illinois and an MBA from DePaul University.

"As we evolve our Company, this addition shows the deliberate, continuing diversification of our Board to support our market-focused plans for the future," said Mr. Ralph Pini, Chairman of the Board of Directors. "His experience, perspective and judgment should provide great benefit to our company. We are very pleased to welcome him aboard."

Board of Directors Resignations

ISCO announced the resignation of Mr. John Thode from the Board of Directors. Mr. Thode was CEO of ISCO until November 2007 when he joined a large Fortune 500 company, but continued to serve on ISCO's Board of Directors until May 2008. Additionally, Mr. Jim Fuentes also resigned, both as a director and an employee. Mr. Fuentes was a member of the Board of Directors since 2003 and became Chief Strategy Officer following the acquisition of Clarity Communication Systems Inc. by ISCO during January 2008.

"First and foremost, I'd like to thank John and Jim for their assistance in getting me up to speed here at ISCO since I joined two months ago," said Mr. Reichard. "We are making profound changes to our Company and business model. This process often includes the departures of some good people. Please join me in wishing them thanks for their contributions and only success in the future."

Company Departure

In addition to Jim Fuentes' departure, ISCO announces the departure of Mr. Frank Cesario, its Chief Financial Officer since 2002. "Frank has been with the Company a long time and has been key to managing through the many tough transitions that have occurred over the years," said Mr. Pini. "Over the past 60 days, Frank has provided the support and invaluable insight regarding all aspects of the Company allowing us to create the new plan we are about to embark upon," said Mr. Reichard. "Frank has a great future in front of him and I know everyone wishes him the best." The Company is in the advanced stages of the CFO selection process and will make an announcement at the appropriate time.

About ISCO International and Clarity Communication Systems

ISCO International (www.iscointl.com) is a leading global supplier of radio frequency management and interference-control systems for the wireless telecommunications industry and mobile operators. Clarity (www.claritycsi.com) specializes in the design, development and deployment of solutions for mobile devices and wireless networks. ISCO acquired Clarity during January 2008. Combined, the companies provide the wireless market with highly differentiated solutions, including adaptive interference management; PoC and PTx applications and hosted solutions; RF conditioning for all wireless technologies; location based applications and services; and novel, situational aware applications that combine both PoC and location enablement.

Safe Harbor Statement

Because the Company wants to provide investors with meaningful and useful information, this news release contains, and incorporates by reference, certain "forward-looking statements" that reflect the Company's current expectations regarding the future results of operations,

performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by using words such as "anticipates," "believes," "estimates," "expects," "plans," "intends" and similar expressions. These statements reflect the Company's current beliefs and are based on information currently available to it. Accordingly, these statements are subject to certain risks, uncertainties and contingencies, which could cause the Company's actual results, performance or achievements to differ materially from those expressed in, or implied by, such statements. These factors include, among others, the following: the Company's ability to obtain current financing to sustain operations, market acceptance of the Company's technology; the spending patterns of wireless network operators in connection with the build out of 2.5G and 3G wireless systems; the Company's ability to obtain additional financing in the future; the Company's history of net losses and the lack of assurance that the Company's earnings will be sufficient to cover fixed charges in the future; uncertainty about the Company's ability to compete effectively against better capitalized competitors and to withstand downturns in its business or the economy generally; continued downward pressure on the prices charged for the Company's products due to the competition of rival manufacturers of front-end systems for the wireless telecommunications market; the timing and receipt of customer orders; the Company's ability to attract and retain key personnel; and the effects of legal proceedings. A more complete description of these risks, uncertainties and assumptions is included in the Company's filings with the Securities and Exchange Commission, including those described under the heading "Risk Factors" in the Company's Annual Report on Form 10-K, as amended. You should not place undue reliance on any forward-looking statements. The Company undertakes no obligation to release publicly the results of any revisions to any such forward-looking statements that may be made to reflect events or circumstances after the date of this Report or to reflect the occurrence of unanticipated events.

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