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POSITRON CORP
Form 8-K
July 14, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported) June 29, 2003

POSITRON CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Texas

000-24902

76-0083622

(State or Other Jurisdiction
of Incorporation)

(Commission File Number)

(I.R.S. Employer
Identification No.)

1304 Langham Creek Drive, Suite 300, Houston, Texas

77084

(Address of Principal Executive Offices)

(Zip Code)

(281) 492-7100

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

ITEM 2. ACQUISITIONS OR DISPOSITIONS OF ASSETS.

CANCELLATION OF \$2,000,000 NOTE AND OTHER OBLIGATIONS IN EXCHANGE FOR SALE OF
CARDIAC PET SOFTWARE TO GENERAL ELECTRIC COMPANY.

On June 29, 2003 Positron Corporation (the "Company") entered into an agreement with General Electric Company, acting through its GE Medical Systems Division ("GE"), pursuant to which GE agreed to surrender for cancellation a \$2,000,000 note, including all accrued interest, 9,000,000 shares of the Company's common stock and a warrant exercisable for 6,000,000 shares of the Company's common stock in exchange for the Company selling to GE cardiac PET software. The canceled note and surrendered common stock and warrant were

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originally issued to Imatron Inc. and were later acquired by GE when it acquired Imatron Inc. in 2001. In connection with the sale of assets, GE granted the Company a worldwide, perpetual, non-exclusive, royalty-free license to use the transferred cardiac Pet software. GE and the Company entered into a services agreement whereby GE will pay the Company to provide support to transition the software to GE. The amount of the consideration received by the Company for the sale of the technology was determined through negotiations between the parties and approved by the Company's board of directors. A copy of the press release announcing the transaction is attached as Exhibit 99.1 to this Report and is incorporated herein by reference.

DESCRIPTION OF RELATIONSHIP BETWEEN THE COMPANY AND IMATRON INC.

In May 1998, the Company entered into an agreement with Imatron Inc. Pursuant to the agreement, Imatron acquired 9,000,000 shares of the Company's common stock on January 22, 1999, representing at that time, a majority ownership of the outstanding common stock of the Company on a fully-diluted and as-if-converted basis, excluding out-of-the-money warrants and options determined at that time. In exchange, the Company received from Imatron (a) nominal cash; (b) an immediate loan of up to \$500,000 in working capital to assist the Company in meeting then current financial obligations; (c) an agreement that Imatron would undertake all reasonable efforts to have its affiliate, Imatron Japan, Inc. assist the Company in the sale of 10 POSICAM(TM) systems over the next three years; (d) an agreement that Imatron would help facilitate the recapitalization of the Company to support its re-entry into the medical imaging market by using its best efforts to arrange for additional third-party equity financing for the Company over an eighteen-month period in an aggregate amount of not less than \$8,000,000; and (e) a new management team selected by Imatron. During the year ended December 31, 2001, Imatron loaned the Company \$2,000,000. On December 19, 2001, Imatron was acquired by General Electric Company. General Electric Company is a competing manufacturer of PET imaging systems.

ITEM 5. OTHER EVENTS.

Effective May 15, 2003, Michael Golden resigned as the Company's Chief Financial Officer. Gary H. Brooks, the Company's Chief Executive Officer, will replace Mr. Golden and also serve as the Company's Chief Financial Officer until a successor is elected.

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ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements

Not required.

(b) Pro Forma Financial Information

Pro forma financial information required with respect to the transactions described in Item 2 above will be filed by amendment to this Form 8-K within 60 days after the required filing date for this Form 8-K.

(c) Exhibits.

Exhibit 10.1 Technology Purchase Agreement dated June 29, 2003 between General Electric Company and Positron Corporation

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- Exhibit 10.2 Software License Agreement dated June 29, 2003 between General Electric Company and Positron Corporation
- Exhibit 10.3 Agreement for Services dated June 29, 2003 between General Electric Company and Positron Corporation
- Exhibit 99.1 Press Release dated July 9, 2003, entitled "Positron Announces Cancellation of Note and Other Obligations in Exchange for Sale of Cardiac Pet Software to General Electric Company; GE Licenses Technology Back to Positron."

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 THEREUNTO DULY AUTHORIZED.

POSITRON CORPORATION

Date: July 9, 2003

By: /s/ Gary H. Brooks

Gary H. Brooks
Chief Executive Officer

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