

Stone Arcade Acquisition CORP
Form 8-K/A
December 12, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

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

Date of Report (Date of earliest event reported): **November 27, 2006**

STONE ARCADE ACQUISITION CORPORATION

(Exact Name of Registrant as Specified in Charter)

| | | |
|---|--------------------------|-----------------------------------|
| Delaware | 000-51150 | 20-2699372 |
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (IRS Employer Identification No.) |
| c/o Stone-Kaplan Investments, LLC One Northfield Plaza, Suite 480 Northfield, IL | | 60093 |
| (Address of Principal Executive Offices) | | (Zip Code) |
| Registrant's telephone number, including area code: (847) 441-0929 | | |
| 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 (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

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- x Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 8.01. OTHER EVENTS

On June 26, 2006, Stone filed an investor presentation regarding its proposed acquisition of KPB as an exhibit to a Form 8-K (the "Original Current Report"). On October 10, 2006, Stone filed an amendment to the Original Current Report for the purpose of revising the investor presentation to (1) update the financial overview section to include KPB's financial information for the period ended June 30, 2006, (2) update Stone's pro forma financial information, and (3) include a reference to where the reader could find a description of the direct or indirect interest of Stone's officers and directors and Morgan Joseph & Co., Inc. ("Morgan Joseph"), managing underwriter of Stone's initial public offering consummated in August 2005. Such reference, which is required by the provisions of Rule 14a-12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") governing proxy solicitations, was inadvertently omitted from the Original Current Report (the "Required Reference"). The Required Reference was subsequently included on page 2 of the revised investor presentation filed as an exhibit to the first amendment to the Original Current Report. It reads as follows, "Such persons can also read SCDE's final prospectus, dated August 15, 2005, as well as periodic reports, for more information about SCDE, its officers and directors, and their individual and group security ownership in SCDE, and interest in the successful consummation of this business combination. Stockholders may also refer to the SCDE proxy statement for information about Morgan Joseph's security holdings in SCDE."

The second amendment to the Original Current Report was filed on November 28, 2006 to attach a revised investor presentation, which included (1) the restated financial information for KPB for the years ended December 31, 2003, 2004 and 2005, (2) KPB's financial information for the period ended September 30, 2006, and (3) Stone's updated pro forma consolidated financial information.

This third amendment to the Original Current Report is being filed (i) to note the omission of the Required Reference in the Original Current Report and to explain that it was subsequently included in order to comply with the provisions of the Exchange Act, and (ii) to clarify the nature of a payment to be made to Morgan Joseph, as described below.

Stone and its directors and executive officers may be deemed to be participants in the solicitation of proxies for the special meeting of Stone stockholders to be held to approve the acquisition. Morgan Joseph along with the Co-Managers from Stone's initial public offering are assisting Stone in these efforts. Morgan Joseph will receive an advisory fee equal to \$1.2 million for serving as Stone's investment banker in connection with the business combination. Morgan Joseph and the Co-Managers may be deemed to be participants in the solicitation of proxies for the special meeting of Stone's stockholders to be held to approve this transaction. To date, Morgan Joseph's and the Co-Managers' activities have not included actions that would deem such firm to be engaged in the solicitation of proxies for Stone, although the firms may be so engaged in the future.

Stockholders of Stone and other interested persons are advised to read, Stone's preliminary proxy statement, as amended, and definitive proxy statement, when available, in connection with Stone's solicitation of proxies for the special meeting to approve the acquisition because these proxy statements will contain important information. Such persons can also read Stone's final prospectus, dated August 15, 2005, as well as periodic reports, for more information about Stone, its officers and directors, and their individual and group security ownership in Stone, and interests in the successful consummation of this business combination. Stockholders may also refer to Stone's proxy statement and the prospectus for information about Morgan Joseph's security holdings in Stone. The definitive proxy statement will be mailed to stockholders as of a record date to be established for voting on the acquisition. Stockholders

will also be able to obtain a copy of the definitive proxy statement, without charge, by directing a request to: Stone Arcade Acquisition Corporation, c/o Stone-Kaplan Investments, LLC, One Northfield Plaza, Suite 480, Northfield, IL 60093. The preliminary proxy statement, as amended, and definitive proxy statement, when available, can also be obtained, without charge, at the Securities and Exchange Commission's internet site (<http://www.sec.gov>).

Non-GAAP Financial Measures

The presentation previously filed as Exhibit 99.4 to the Current Report on Form 8-K/A filed on November 28, 2006, contains disclosure of EBITDA for certain periods, which may be deemed to be a non-GAAP financial measure within the meaning of Regulation G promulgated by the Securities and Exchange Commission. Management believes that EBITDA, or earnings before interest, taxes, depreciation and amortization, is an appropriate measure of evaluating operating performance and liquidity, because it reflects the resources available for strategic opportunities including, among others, investments in the business and strategic acquisitions. The disclosure of EBITDA may not be comparable to similarly titled measures reported by other companies. EBITDA should be considered in addition to, and not as a substitute, or superior to, operating income, cash flows, revenue, or other measures of financial performance prepared in accordance with generally accepted accounting principles.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits:

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--------------------|
|--------------------|--------------------|

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| 99.4 | Revised Investor Presentation (previously filed as an exhibit to the Current Report on Form 8-K/A filed on November 28, 2006.) |
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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: December 12, 2006

STONE ARCADE ACQUISITION CORPORATION

By: /s/ Roger W. Stone
Roger W. Stone
Chief Executive Officer

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