

CoroWare, Inc,
Form 8-K
November 16, 2011

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 (Date of earliest event reported): November 10, 2011

CoroWare, Inc.

(Exact name of registrant as specified in its charter)

| | | |
|---|--|---|
| Delaware (State of Other Jurisdiction of Incorporation) | 000-33231 (Commission File Number) | 95-4868120 (IRS Employer Identification Number) |
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1410 Market Street, Suite 200
Kirkland, Washington 98033
(Address of principal executive offices)

(800) 641-2676
(Registrant's telephone number, including area code)

Copies to:

Gary L. Blum, Esq.
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3278 Wilshire Boulevard, Suite 603
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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)
- .. 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 a Material Definitive Agreement.

On November 10, 2011 (the “Effective Date”), Coroware, Inc., a Delaware corporation (the “Corporation”), entered into Series D Preferred Stock Recipient Agreements (each a “ Preferred Stock Recipient Agreement ” and together, the “Preferred Stock Recipient Agreements”) with three investors (each a “ Series D Holder ” and together, the “Series D Holders ”), pursuant to which the Series D Holders were issued, respectively, twenty thousand (20,000), twenty thousand (20,000) and sixty thousand (60,000) shares out of five hundred thousand (500,000) authorized shares of Series D Convertible Preferred Stock, par value \$.001 per share (the “ Series D Preferred Stock ”). Each Series D Holder was issued one (1) share of Series D Preferred Stock as consideration for such Series A Holder’s agreement to forgive \$1.00 of the Corporation’s indebtedness to the Holders. The total amount of Corporation indebtedness to the Series D holders and forgiven by them amounted to \$100,000, the terms of which are incorporated by reference herein as Exhibit 10.1.

The Series D Preferred Stock has the rights, privileges, preferences and restrictions set for in the Certificate of Designation (the “ Certificate of Designation ”) filed by the Corporation with the Secretary of State of the State of Delaware (“ Delaware Secretary of State ”) on November 10, 2011, as more fully described in Item 5.03 below.

Upon each Series A Holder’s receipt of a written demand by the Corporation (the “Mandatory Conversion Notice ”), which demand shall not be made any later than October 1, 2013 (unless otherwise mutually agreed by the Corporation and Series D Holders in writing), the Series D Preferred Stock held by each of the Series D Holders shall automatically convert (the “ Mandatory Conversion ”), without any further action required by the Series D Holders, into shares of Common Stock, par value \$.001 per share (“Common Stock ”), immediately following the Mandatory Conversion. Each outstanding share of Series D Preferred Stock shall be convertible into the number of shares of the Corporation’s common stock (“Common Stock”) determined by dividing the Stated Value (\$1.00 per share) by the Conversion Price as defined below, at the option of the Holder in whole or in part, at any time commencing no earlier than six (6) months after the Issuance Date; provided that any conversion under this section must be made during the ten (10) day period immediately following the date on which the Corporation files with the Securities and Exchange Commission any periodic report on form 10-Q, 10-K or the equivalent form; provided further that, any conversion under this Section IV(a) shall be for a minimum Stated Value of \$500.00 of Series D Preferred Stock. The Conversion Price for each share of Series D Preferred Stock in effect on any Conversion Date shall be (a) eighty five percent (85%) of the average closing bid price of the Common Stock over the twenty (20) trading days immediately preceding the date of conversion, (b) but no less than Par Value of the Common Stock. For purposes of determining the closing bid price on any day, reference shall be to the closing bid price for a share of Common Stock on such date on the NASD OTC Bulletin Board, as reported on Bloomberg, L.P. (or similar organization or agency succeeding to its functions of reporting prices).

The foregoing description of the Preferred Stock Recipient Agreements are not intended to be complete and is qualified in its entirety by the complete text of the Form of Preferred Stock Recipient Agreement attached herein as Exhibit 10.1 to this Current Report on Form 8-K.

Item 3.02 Unregistered Sales of Equity Securities.

The information set forth under Item 1.01 is incorporated by reference into this Item 3.02.

The Company claims an exemption from the registration requirements of the Act for the private placement of the securities referenced herein pursuant to Section 4(2) of the Securities Act of 1933, as amended and/or Regulation D promulgated thereunder since, among other things, the transaction did not involve a public offering, no advertising or general solicitation was employed in offering, the Company did not undertake an offering in which it sold a high number of securities to a high number of investors, the investors had access to information about us and their

investment, the investors took the securities for investment and not resale, and we took appropriate measures to restrict the transfer of the securities.

Item 3.03 Material Modification to Rights of Security Holders.

As more fully discussed in Item 1.01 of this Form 8-K, which is incorporated by reference into this Item 3.03, on November 10, 2011, the Corporation filed the Certificate of Designation with the Delaware Secretary of the State pursuant to which the Corporation set forth the designation, powers, rights, privileges, preferences and restrictions of the Series D Preferred Stock. Among other things, each one share of Series D Preferred Stock shall entitle the Series D Holder to voting rights equal to one hundred thousand (100,000) votes of Common Stock.

The foregoing description of the Series D Preferred Stock does not purport to be complete and is subject to, and qualified in its entirety by, the Certificate of Designation, a copy of which is attached hereto as Exhibit 4.1 and incorporated herein by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

The Certificate of Incorporation of the Corporation authorizes the issuance of up to 1,000,000 shares of preferred stock and further authorizes the Board of Directors of the Corporation (the “ Board ”) to fix and determine the designation, preferences, conversion rights, or other rights, including voting rights, qualifications, limitations, or restrictions of the preferred stock. On November 10, 2011 the Board approved by unanimous written consent an amendment to the Corporation’s Certificate of Incorporation to designate the rights and preferences of Series D Preferred Stock. On November 10, 2011, the Corporation filed the Certificate of Designation with the Delaware Secretary of State. The Series D Preferred Stock is being issued to the Series D Holders as described in Item 1.01 of this Form 8-K, which is incorporated by reference into this Item 5.03.

The foregoing description of the Certificate of Designation is not intended to be complete and is qualified in its entirety by the complete text of the Certificate of Incorporation incorporated by reference and attached herein as Exhibit 4.1 to this Current Report on Form 8-k.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| Exhibit No. | Description |
|-------------|-------------|
|-------------|-------------|

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| <u>4.1</u> | <u>Certificate of Designation of Series D Convertible Preferred Stock filed with the Delaware Secretary of State on November 10, 2011.</u> |
| <u>10.1</u> | <u>Form of Preferred Stock Recipient Agreement.</u> |

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COROWARE, INC.

Date: November 16, 2011

By: /s/ Shanna Gerrard
Shanna Gerrard
Corporate Secretary

