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ACOLA CORP
Form 8-K
December 17, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): December 2, 2002

Acola Corp.

(Exact name of registrant as specified in its charter)

| | | |
|---|--------------------------|--|
| Delaware | 000-30264 | 11-3177042 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification Number) |

39 Neck Road, Madison, CT 06443
(Address of principal executive offices)

(203) 318-8330
(Registrant's telephone number, including area code)

Item 2. Acquisition or Disposition of Assets.

On December 2, 2002, Acola Corp. (the "Company") agreed to sell 23,529 shares of Common Stock of Ozelle Pharmaceuticals, Ltd. ("Ozelle") for \$2.55 per share to Donald E. Baxter, M.D., a Director and the beneficial owner of a majority of the Company's Common Stock and the brother of each of the other Directors, Judge Jerry W. Baxter and James N. Baxter. The shares are to be delivered after full payment is received on or before February 10, 2003. Even though this constituted a transaction with a related person with a material relationship to the Company, the Board concluded that the consideration was fair to the Company and the transaction was in the best interest of the Company for a number of reasons. As previously reported, when current management assumed their responsibilities on October 16, 2002 the Company was insolvent and its assets were under \$30, including the Ozelle shares valued by previous management at a total of \$1.00, or \$0.00004 per share, versus liabilities of \$223,331. In addition, the Company was a defendant in lawsuits. The Ozelle shares are restricted and have not been registered under the Securities Act and Ozelle is a private company. Efforts to sell the Ozelle shares to third parties, including Ozelle and its management, produced no offers at any price. The Board concluded that the Company's only viable opportunity to obtain working capital without diluting its stock or incurring additional liabilities was to accept Dr. Baxter's offer.

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Item 5. Other Events.

On December 13, 2002 the Company entered into a settlement agreement whereby the lawsuit brought by AMS Web Design & Management , L.L.C. seeking \$113,313 in damages, will be dismissed.

Item 7. Financial Statements and Exhibits.

(a) Financial Statements of business acquired.

None.

(b) Exhibits

None.

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 16, 2002

ACOLA CORP.

/s/ James N. Baxter

By: -----

James N. Baxter

Chief Executive Officer and President