## Edgar Filing: PAYMENT DATA SYSTEMS INC - Form 8-K

PAYMENT DATA SYSTEMS INC Form 8-K October 06, 2004

> 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): September 30, 2004

Payment Data Systems, Inc.

(Exact name of registrant as specified in its charter)

Nevada 000-30152 98-0190072

(State or other jurisdiction (Commission (IRS Employer of incorporation ) File Number) Identification No.)

12500 San Pedro, Suite 120 San Antonio, TX 78216 (Address of principal executive offices) (Zip Code)

(210) 249-4100

(Registrant's telephone number, including area code)

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 September 30, 2004, we entered into a Warrant Agreement with Kubra Data Transfer, LTD. as consideration for Kubra entering into a Referral Agent Agreement with us. Kubra shall be entitled to receive warrants to acquire shares of our common stock, pursuant to the terms and conditions provided in the Warrant Agreement. On September 30, 2004, we issued to Kubra an initial warrant representing the right to acquire 250,000 shares at a strike price of \$0.24 per share. In consideration of future business activities that Kubra shall provide to us, as provided in the Referral Agent Agreement, we may also issue to Kubra, in accordance with the provisions of the Warrant Agreement, incentive warrants to purchase up to 1.85 million shares of our common stock at strike prices no greater than 120% of the market price of our common stock when the warrants are earned based on the level of revenues referred to us by Kubra. We agreed to

## Edgar Filing: PAYMENT DATA SYSTEMS INC - Form 8-K

grant piggyback registration rights for the common stock issued to Kubra pursuant to the Warrant Agreement upon issuance of at least fifty percent of the warrants issuable under the Warrant Agreement.

The Warrant Agreement is attached hereto as Exhibit 10.1. The foregoing description of the terms and conditions of the Warrant Agreement is qualified in its entirety by, and made subject to, the more complete information set forth in the Warrant Agreement.

Item 9.01 Financial Statements and Exhibits.

Exhibit Description

\_\_\_\_\_

10.1 Warrant Agreement among Kubra Data Transfer LTD. and Payment Data Systems, Inc., dated as of September 30, 2004.

## 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.

Payment Data Systems, Inc.

By: /s/ Michael R. Long

\_\_\_\_\_

Michael R. Long, Chief Executive Officer and Chief Financial Officer

Date: October 6, 2004