

NEWTEK BUSINESS SERVICES INC
Form 8-K
November 20, 2008

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

November 20, 2008 (November 19, 2008)

Date of Report (date of Earliest Event Reported)

NEWTEK BUSINESS SERVICES, INC.

(Exact Name of Company as Specified in its Charter)

NEW YORK
(State or Other Jurisdiction of
Incorporation or Organization)

001-16123
(Commission File No.)

1440 Broadway, 17th floor, New York, NY 10018

11-3504638
(I.R.S. Employer
Identification No.)

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(Address of principal executive offices and zip code)

(212) 356-9500

(Company's telephone number, including area code)

(Former name or former address, if changed from 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)
- 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))

Forward-Looking Statements

Statements in this Current Report on Form 8-K (including the exhibits), including statements regarding Newtek's beliefs, expectations, intentions or strategies for the future, may be forward-looking statements under the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from the plans, intentions and expectations reflected in or suggested by the forward-looking statements. Such risks and uncertainties include, among others, intensified competition, operating problems and their impact on revenues and profit margins, anticipated future business strategies and financial performance, anticipated future number of customers, business prospects, legislative developments and similar matters. Risk factors, cautionary statements and other conditions which could cause Newtek's actual results to differ from management's current expectations are contained in Newtek's filings with the Securities and Exchange Commission. Newtek undertakes no obligation to update any forward-looking statement to reflect events or circumstances that may arise after the date of this filing.

Item 2.04 Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.

As reported in the Company's recent Quarterly Report on Form 10-Q, the Company's SBA lending subsidiary, Newtek Small Business Finance, Inc.(NSBF) determined that, as of September 30, 2008, it had failed to maintain the Minimum Senior Charge Coverage Ratio specified in Section 6.10 of the Credit Agreement, dated August 31, 2005 with GE Commercial Capital (GECC). As a result, NSBF notified GECC of the event of default on November 3, 2008.

By letter dated November 19, 2008, GECC notified NSBF that it was reducing the maximum availability under the warehouse line from \$50 Million to \$35 Million but not taking any other action at the present time, while reserving all of its rights to do so. As of November 19, 2008, NSBF has drawn \$28,479,190 on this warehouse line. Of this amount, \$10,167,031 is guaranteed by the full faith and credit of the United States pursuant to SBA guaranty, which loans are being held for sale pending improvement in financial markets.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEWTEK BUSINESS SERVICES, INC.

Date: November 20, 2008

/s/ Barry Sloane
Barry Sloane
Chairman of the Board, Chief Executive Officer, Secretary