

QUANTA CAPITAL HOLDINGS LTD
Form 8-K
August 14, 2006

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): August 8, 2006

QUANTA CAPITAL HOLDINGS LTD.
(Exact name of registrant as specified in its charter)

Commission File Number: 000-50885

Bermuda
(State or other jurisdiction of
incorporation or organization)

N/A
(I.R.S. Employer
Identification No.)

1 Victoria Street, Fourth Floor
Hamilton HM11
Bermuda

(Address of principal executive offices and zip code)
441-294-6350

(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:

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 August 11, 2006, Quanta Capital Holdings Ltd. (the “Company”) and certain designated subsidiaries of the Company entered into a Second Waiver to Credit Agreement (the “Second Waiver”) with a syndicate of lenders and JPMorgan Chase Bank, N.A., as the Administrative Agent, and the lenders named therein (the “Lenders”), which provided for certain amendments and waivers with respect to the Company's Credit Agreement dated as of July 13, 2004 and amended and restated as of July 11, 2005 (the “Credit Agreement”).

As previously disclosed, the Company has entered into a First Amendment and Waiver to Credit Agreement dated as of July 6, 2006 (the “First Waiver”) with the Administrative Agent and the Lenders. Pursuant to the First Waiver, the Lenders, among other things, waived the requirement that the Company maintain a credit rating from A.M. Best and any default or event of default arising therefrom through August 11, 2006. The Second Waiver extends the waiver period contained in the First Waiver from August 11, 2006 through and including September 29, 2006 (as so extended, the “Waiver Period”). Additionally, pursuant to the Second Waiver, the Company is prohibited from paying dividends to the holders of its series A preferred shares during the Waiver Period. Except as described above, the terms and conditions contained in the First Waiver will remain the same during the Waiver Period.

At the end of the Waiver Period, unless the Company enters into another waiver or amendment with the Lenders, the Company will be in default under the Credit Agreement. During the continuance of such default, the Company will be, among other things, prohibited from paying any dividends to its shareholders, including the holders of its series A preferred shares. The Lenders may require the Company to cash collateralize a portion or all of the outstanding letters of credit issued under the Credit Facility, which may be accomplished through the substitution or liquidation of collateral. Additionally, the Lenders will also have the right, among other things, to cancel outstanding letters of credit issued under the Credit Agreement, and the Company will likely continue to be limited in releasing collateral without the Lenders' consent. The Company will continue to work diligently with the Lenders with respect to the Credit Agreement.

A copy of the Second Waiver is attached to this Current Report on Form 8-K as Exhibit 10.1 and is incorporated herein by reference. The foregoing description of the Second Waiver is a summary description and does not purport to be a complete statement of the parties' rights and obligations under the Second Waiver and the transactions contemplated therein, and is qualified in its entirety by reference to the attached copy of the agreement.

Item 2.02 Results of Operations and Financial Condition.

On August 8, 2006, the Company issued a press release and on August 9, 2006 the Company held an earnings conference call to discuss its preliminary results of operations for the second quarter ended June 30, 2006. A copy of the press release, a transcript of the conference call and certain supplemental information are being furnished with this Form 8-K as Exhibits 99.1, 99.2 and 99.3.

The information in this Item 2.02 of this Form 8-K and the Exhibits attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit

Number	Description
10.1	Second Waiver to Credit Agreement, dated as of August 11, 2006, between Quanta Capital Holdings Ltd., various designated subsidiary borrowers, the lenders party thereto, BNP Paribas, Calyon, New York Branch, Comerica Bank, and Deutsche Bank AG New York Branch, as Co-Documentation Agents, and JPMorgan Chase Bank, N.A., as Administrative Agent.
99.1	Press Release dated August 8, 2006.
99.2	Transcript of Conference Call Conducted by the Company on August 9, 2006.
99.3	Supplement.

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.

Date: August 12, 2006

Quanta Capital Holdings Ltd.
/s/ Robert Lippincott III
Robert Lippincott III
Interim Chief Executive Officer

Index to Exhibits

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