

DGT HOLDINGS CORP.

FORM 8-K (Current report filing)

Filed 10/04/11 for the Period Ending 10/01/11

Address	100 PINE AIRE DRIVE BAY SHORE, NY 11706
Telephone	631 231-6400
CIK	0000027748
Symbol	DGTC
SIC Code	3679 - Electronic Components, Not Elsewhere Classified
Industry	Medical Equipment & Supplies
Sector	Healthcare
Fiscal Year	07/28

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): October 1, 2011

DGT Holdings Corp.

(Exact name of registrant as specified in its charter)

New York	0-3319	13-1784308
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
100 Pine Aire Drive, Bay Shore, New York		11706
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: (631) 231-6400

(Former name or former address, if changed since 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))

Item 1.01 Entry into a Material Definitive Agreement.

On October 1, 2011, DGT Holdings Corp. (the “Company”) entered into an amendment (the “Amendment”) with SP Corporate Services, LLC (“SP Corporate Services”) to that certain management services agreement by and between the Company and SP Corporate Services, dated as of September 1, 2009 (the “Services Agreement”). The Amendment amends the Services Agreement to, among other things, include the services of Mark A. Zorko to serve as the Company’s Chief Financial Officer and Secretary, in addition to the other services currently provided to the Company by SP Corporate Services. In consideration for Mr. Zorko’s services, the Amendment provides that the Company will increase its monthly payment to SP Corporate Services from \$30,000 to \$48,000.

In connection with the entry into the Amendment, Mr. Zorko resigned as an employee of the Company and terminated the letter agreement, dated August 30, 2006, by and between the Company and Mr. Zorko (the “Letter Agreement”), which had set forth the terms of his employment as Chief Financial Officer of the Company, including, a base salary of \$233,000, which was subsequently increased to \$245,000, an automobile allowance of \$575.00 per month, the opportunity to receive an annual incentive bonus with a target of 45% of his annual base salary based upon achieving the Company’s annual budget and attaining certain objectives, and the right to receive a severance payment equal to one-year of his base salary, if terminated by the Company without cause. On October 1, 2011, Mr. Zorko entered into a waiver and release (the “Waiver and Release”) in favor of the Company with respect to any claims and obligations arising out of the Letter Agreement, other than with respect to the rights granted by the Board of Directors as described below.

In connection with the foregoing, the Board of Directors, including all of the Company’s disinterested directors, authorized the continuation in the ordinary course of the vesting periods for any shares of restricted stock, options to purchase shares of the Company’s common stock and any other equity awards granted to Mr. Zorko prior to the date of his resignation, and waived any provisions that may limit the exercisability of such equity awards that may be triggered as a result of the entry into the Amendment and termination of the Letter Agreement, in each case, subject to the continuation of Mr. Zorko’s service as Chief Financial Officer and Secretary of the Company. The Board of Directors also authorized the continuation of Mr. Zorko’s short-term disability and life insurance plans provided by the Company until December 31, 2011.

SP Corporate Services is an affiliate of Steel Partners LLC (“Steel Partners”). John J. Quicke, the Company’s President and Chief Executive Officer and member of the Board of Directors, is a Managing Director and operating partner of Steel Partners. Jack L. Howard, a member of the Board of Directors, is President of Steel Partners and Steel Partners Holdings, L.P. (“Steel Holdings”). Steel Partners is the manager of Steel Holdings and has been delegated the sole power to vote and dispose of the securities held by SPH Group Holdings LLC (“SPHG Holdings”). Steel Holdings owns 99% of the membership interests of SPH Group LLC (“SPHG”). SPHG is the sole member of SPHG Holdings. SPHG Holdings reported in a Schedule 13D with respect to its investment in the Company, originally filed with the SEC on September 26, 2002 and subsequently amended, most recently on September 27, 2011, that it owns approximately 51.1% of the Company’s outstanding common stock.

The Amendment and related actions were unanimously approved by the Company's disinterested directors of the Board of Directors. SP Corporate Services will continue to be subject to the supervision and control of the Company's disinterested directors while performing its obligations under the Services Agreement.

The descriptions of the Amendment and the Waiver and Release contained herein do not purport to be complete and are qualified in their entirety by reference to the full text of the Amendment and the Waiver and Release which are filed as Exhibit 10.1 and Exhibit 10.2, respectively, to this Current Report on Form 8-K and incorporated herein by reference.

Item 1.02 Termination of a Material Definitive Agreement.

The information contained in Item 1.01 is incorporated by reference into this Item 1.02.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The information contained in Item 1.01 is incorporated by reference into this Item 5.02.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit No.</u>	<u>Exhibits</u>
10.1	Amendment to Management Services Agreement, dated October 1, 2011 by and between DGT Holdings Corp. and SP Corporate Services, LLC
10.2	Waiver and Release of Letter Agreement, dated October 1, 2011

SIGNATURES

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.

DGT HOLDINGS CORP.

(Registrant)

Date: October 3, 2011

By: /s/ Mark A. Zorko

Mark A. Zorko

Chief Financial Officer

EXHIBIT INDEX

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**AMENDMENT
TO
MANAGEMENT SERVICES AGREEMENT**

This Amendment to Management Services Agreement (this “Amendment”), is effective as of October 1, 2011, by and between DGT Holdings Corp., a New York corporation formerly known as Del Global Technologies Corp. (the “Company”), and SP Corporate Services LLC, a Delaware limited liability company (the “SP Corporate”).

WITNESSETH:

WHEREAS, the Company and SP Corporate entered into a Management Services Agreement, effective as of September 1, 2009 (the “Agreement”), pursuant to which, among other things, SP Corporate agreed to furnish certain services to the Company, on the terms and subject to the conditions set forth in the Agreement; and

WHEREAS, the Company and SP Corporate desire to amend the Agreement as provided herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties agree as follows:

Section 1.1. Amendments to the Agreement .

(a) Amendment to Section 1.02 . The last sentence of Section 1.02 of the Agreement is hereby deleted in its entirety and restated to read as follows:

“Notwithstanding the foregoing, SP Corporate shall make John J. Quicke and Mark A. Zorko available to act as, and each shall devote such time and effort as is necessary to fulfill the statutory and fiduciary duties of, the President and Chief Executive Officer and Chief Financial Officer and Secretary, respectively, of the Company, until such time as otherwise instructed or removed by the board of directors of the Company or the resignation of John J. Quicke or Mark A. Zorko in any of the capacities.”

(b) Amendment to Section 2 . Section 2 of the Agreement is hereby deleted in its entirety and restated to read as follows:

“Section 2. Term .

This Agreement shall commence effective as of September 1, 2009, and shall terminate immediately upon written notice given to the other party. The Company shall have the right during (but not after) the term of this Agreement, but not the obligation, to obtain and maintain one or more policies of life insurance on the life of John J. Quicke and Mark A. Zorko at the Company’s sole cost and expense, and John J. Quicke and Mark A. Zorko agrees to cooperate fully and execute such reasonable documents as the Company shall request in connection with such insurance.”

(c) Amendment to Section 3.01. The last sentence of Section 3.01 of the Agreement is hereby deleted in its entirety and restated to read as follows:

“In addition, the Company shall promptly reimburse SP Corporate, John J. Quicke and Mark A. Zorko for certain expenses, including legal expenses, as well as all reasonable and necessary business expenses, incurred on behalf of the Company.”

(d) Amendment to Section 5. Section 5 of the Agreement is hereby deleted in its entirety and restated to read as follows:

“Section 5. Indemnity and D&O Insurance.

To the fullest extent permitted by law and as consistent with the Company's Charter Documents, the Company shall defend, indemnify, save and hold harmless SP Corporate, John J. Quicke and Mark A. Zorko from and against any claims, liabilities, damages, losses, costs or expenses, including amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim of any nature whatsoever resulting from SP Corporate's, John J. Quicke's or Mark A. Zorko's activities or services under this Agreement (a “Claim”), except to the extent occasioned by the gross negligence or willful misconduct of SP Corporate, John J. Quicke, Mark A. Zorko or SP Corporate's officers, directors, employees or agents. At the written request of SP Corporate, John J. Quicke and/or Mark A. Zorko, the Company will advance to them the legal or other costs and reasonable expenses of investigating or defending against any Claim in advance of the final disposition of such Claim. To the fullest extent permitted by law and as consistent with the Company's Charter Documents, the Company's obligation to indemnify SP Corporate hereunder shall extend to and inure to the benefit of SP Corporate's officers, directors, members, employees, affiliates and consultants. If SP Corporate should reasonably determine its interests are or may be adverse to the interests of the Company, SP Corporate may retain its own counsel in connection with such claim or alleged claim or action, in which case the Company shall be liable, to the extent permitted under this Section 5, to SP Corporate for any reasonable and documented legal, accounting or other directly related fees and expenses incurred by SP Corporate in connection with its investigating or defending such claim or alleged claim or action. In addition, at all times during which John. J. Quicke is acting as a non-employee Chief Executive Officer and/or President of the Company or Mark A. Zorko is acting as a non-employee Chief Financial Officer and/or Secretary of the Company, the Company shall cause John J. Quicke and Mark A. Zorko to be covered by a D&O insurance policy issued by a reputable D&O insurance carrier with coverages and terms no less favorable than those contained in the Company's current D&O insurance policy. In addition, neither SP Corporate nor any of its officers, directors, members, employees, affiliates or consultants (including John J. Quicke and Mark A. Zorko) shall be liable to the Company or any third party for any special, consequential or exemplary damages (including lost or anticipated revenues or profits relating to the same) arising from any claim relating to this Agreement or any of the services provided hereunder, whether such claim is based on warranty, contract, tort (including negligence or strict liability) or otherwise, even if an authorized representative of SP Corporate is advised of the possibility or likelihood of the same.”

(e) Amendment to Section 8.07. The last sentence of Section 8.07 of the Agreement is hereby deleted in its entirety and restated to read as follows:

“Without limiting the generality of the foregoing, the parties acknowledge and agree that SP Corporate is an independent contractor and that neither John J. Quicke nor Mark A. Zorko or SP Corporate is an employee of the Company. SP Corporate or an Affiliated Company of SP Corporate shall timely withhold and pay all taxes and file all reports required by applicable law to be withheld, paid and filed for John J. Quicke and Mark A. Zorko.”

(f) Amendment to Section 8.08. Section 8.08 of the Agreement is hereby deleted in its entirety and restated to read as follows:

“Each of John J. Quicke and Mark A. Zorko joins herein solely to acknowledge and agree to the terms hereof relating specifically to him and to specifically acknowledge and agree that he is not an employee of the Company and is not eligible for and has no right to receive any compensation or benefits from the Company or to participate in any employee benefit plans or programs available to the employees of the Company, including welfare and retirement benefits.”

Section 1.2. Amendments to the Exhibits.

(i) Exhibit A is hereby amended to add a Section 2 as follows:

“2. Provide the non-exclusive services of Mark A. Zorko to serve as the Company’s Chief Financial Officer and Secretary. Such person, in his capacity as the Chief Financial Officer and Secretary, will perform all duties normally associated with that of the Company’s Chief Financial Officer and Secretary, including without limitation to:

- Manage all facets of the accounting and finance functions of the Company.
- Provide effective leadership in the Company’s efforts to meet required SEC filing requirements.
- Serve as an effective member of the Company’s executive management team.
- Perform all other duties of the Company’s Chief Financial Officer and Secretary as set forth in the Company’s Charter Documents and corporate governance policies as they may be amended from time to time.”

(ii) The last sentence of Exhibit A is hereby deleted in its entirety and restated to read as follows:

“The monthly fee for providing the Services shall be \$48,000.”

Section 1.3. Miscellaneous.

(a) Reference to and Effect on the Agreement. This Amendment modifies the Agreement to the extent set forth herein, is hereby incorporated by reference into the Agreement and is made a part thereof. Except as specifically amended by this Amendment, the Agreement shall remain in full force and effect in accordance with its terms and is hereby ratified and confirmed.

(b) Execution. This Amendment may be executed in counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or email attachment, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or email-attached signature page were an original thereof.

(c) Governing Law. This Amendment shall be construed under the laws of the State of New York, without giving effect to the principles of conflict of laws.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the date first above written.

SP CORPORATE SERVICES LLC

By: /s/ Sanford Antignas
Name: Sanford Antignas
Title: COO

DGT HOLDINGS CORP.

By: /s/ John J. Quicke
Name: John J. Quicke
Title: President and CEO

/s/ John J. Quicke
John J. Quicke, individually and solely for the purposes
specified in Section 8.08 above

/s/ Mark A. Zorko
Mark A. Zorko, individually and solely for the purposes
specified in Section 8.08 above

Mark A. Zorko

October 1, 2011

To the Board of Directors of DGT Holdings Corp., a New York Corporation (the "Company"):

Effective as of the date hereof, I hereby resign as an employee of the Company and terminate that certain letter agreement, dated August 30, 2006, by and between the Company and me (the "Letter Agreement"). I hereby agree to continue to serve as Chief Financial Officer and Secretary of the Company pursuant to the terms of that certain Amendment to Management Services Agreement by and between the Company and SP Corporate Services LLC dated as of the date hereof (the "Amendment").

For good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, I hereby waive and release the Company from any and all claims, actions, liabilities, obligations and damages of any kind that may arise or may have arisen, out of or related to the Letter Agreement, including, but not limited to, any provision of base salary, annual bonus, equity grants, automobile allowance, paid vacation, participation in 401(k), short-term disability and life insurance plans, or severance; provided, that nothing herein shall limit the rights specifically granted to me by the Company's Board of Directors pursuant to that certain unanimous written consent dated as of September 30, 2011, which (i) authorized the continuation in the ordinary course of the vesting periods for any shares of restricted stock, options to purchase shares of the Company's common stock and any other equity awards granted to me prior to the date thereof (the "Existing Equity Awards"), subject to the continuation of my services as Chief Financial Officer and Secretary of the Company, (ii) waived any other provisions that may limit the exercisability of any Existing Equity Award that may be triggered as a result of the entry into the Amendment and termination of the Letter Agreement, subject to the continuation of my services as Chief Financial Officer and Secretary of the Company, and (iii) authorized and approved the continuation of my short-term disability and life insurance plans provided by the Company until December 31, 2011.

Sincerely,

/s/ Mark A. Zorko

Mark A. Zorko