SCHWAB CHARLES CORP
Form 4
April 03, 2008

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
SNEED PAULA A

(Last) (First) (Middle)

C/O THE CHARLES SCHWAB CORPORATION, 120 KEARNY STREET

(Street)

SAN FRANCISCO, CA 94108

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SCHWAB CHARLES CORP [SCHW]

3. Date of Earliest Transaction (Month/Day/Year)
04/01/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. F Der Sec (Ins
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Restricted Stock Units	$ 19.9	04/01/2008		A		1,068 (1)		04/01/2008	(2)	Common Stock	1,068	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SNEED PAULA A C/O THE CHARLES SCHWAB CORPORATION 120 KEARNY STREET SAN FRANCISCO, CA 94108	X			

Signatures

Gwendolyn M. Ely, Attorney-in-fact	04/03/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The restricted stock units were received pursuant to the Directors' Deferred Compensation Plan II (the "Plan") and are held in a rabbi trust for the benefit of the reporting person pursuant to the terms of the Plan.

(2) The restricted stock units are held in a rabbi trust for the benefit of the reporting person and are distributed to the reporting person when she leaves the Board of Directors.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ement provisions of Statement of Financial Accounting Standards (“FAS”) No 123 (revised 2004), Share-Based Payment (“FAS 123(R)”), which replaces FAS No. 123, Accounting for Stock - Based Compensation, and supersedes Accounting Principles Board Opinion (“APB”) No 25, Accounting for Stock Issued to Employees, and related interpretations. FAS 123(R) requires compensation costs related to share-based payment transactions, including employee stock options, to be recognized in the financial statements. In addition, the Company adheres to the guidance set forth within Securities and Exchange Commission (“SEC”) Staff Accounting Bulletin (“SAB”) No. 107, which provides the Staff’s views regarding the interaction between SFAS No. 123(R) and certain SEC rules and regulations and provides interpretations with respect to the valuation of share-based payments for public

companies.

Prior to November 1, 2005, the Company accounted for any stock options in accordance with APB No. 25 which employed the intrinsic value method of measuring compensation cost. Accordingly, compensation expense would have been recognized for fixed stock options if the exercise price of the option equaled or exceeded the fair value of the underlying stock at the grant date. (See Note 11).

EARNINGS PER SHARE:

The Company presents “basic’ and, if applicable, “diluted” earnings per common share pursuant to the provisions of Statement of Financial Accounting Standards No. 128, “Earnings per Share” (“SFAS 128”) and certain other financial accounting pronouncements. Basic earnings per common share are calculated by dividing net income by the weighted average number of common shares outstanding during each period. The calculation of diluted earnings per common share is similar to that of basic earnings per common share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if all potentially dilutitive common shares, such as those issuable upon the exercise of stock options, were issued during the period.

The weighted average common shares outstanding used in the computation of basic earnings per share was 5,525,408, 5,529,830 and 4,721,327 for 2007, 2006 and 2005, respectively. The weighted average common shares outstanding used in the computation of diluted earnings per share was 5,595,408, 5,599,830 and 4,776,757 for 2007, 2006 and 2005, respectively.

FAIR VALUE OF FINANCIAL INSTRUMENTS:

The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short-term nature of these instruments. Fair value estimates are made at a specific point in time, based on relevant market information about the financial instrument when available. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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COFFEE HOLDING CO., INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2007, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

REVENUE RECOGNITION:

The Company recognizes revenue in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 104, “Revenue Recognition” (“SAB 104”). Under SAB 104, revenue is recognized at the point of passage to the customer of title and risk of loss, when there is persuasive evidence of an arrangement, the sales price is determinable, and collection of the resulting receivable is reasonably assured. The Company recognizes revenue at the time of shipment.

The Company sells its products without the right of return. Returns and allowances are recorded when a customer claims receipt of damaged goods. The Company in turn seeks reimbursement from the shipper.

Slotting fees: Certain retailers require the payment of slotting fees in order to obtain space for the Company’s products on the retailer’s store shelves. The cost of these fees is recognized at the earlier of the date cash is paid or a liability to the retailer is created. These amounts are included in the determination of cost of goods sold.

Discounts: The cost of these discounts are recognized at the date of the sale. These amounts are included in the determination of net sales.

Volume-based incentives: These incentives typically involve rebates or refunds of a specific amount of cash consideration that are redeemable only if the reseller completes a specified cumulative level of sales transactions. Under incentive programs of this nature, the Company estimates the anticipated cost of the rebate when it records the sale. These amounts are included in the determination of net sales.

Cooperative advertising: Under these arrangements, the Company will agree to reimburse the reseller for a portion of the costs incurred by the reseller to advertise and promote certain of the Company’s products. The Company recognizes the cost of cooperative advertising programs in the period in which the advertising and promotional activity first takes place. The costs of these incentives are included in advertising expense.

SHIPPING AND HANDLING FEES AND COSTS:

In accordance with EITF No. 00-10 “Accounting for Shipping and Handling Fees and Costs”, revenue earned from shipping and handling fees is reflected in net sales. Costs associated with shipping product to customers aggregating approximately $1,517,000, $1,592,000 and $1,358,000 for the years ended October 31, 2007, 2006 and 2005, respectively is included in selling and administrative expenses.

RECLASSIFICATIONS:

Prior years financial statements have been reclassified to conform with current years presentation.

COFFEE HOLDING CO., INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2007, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

RECENT ACCOUNTING PRONOUNCEMENTS:

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" ("FIN 48"), which clarifies the accounting for uncertainty in tax positions. This interpretation requires that the Company recognize in its consolidated financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective as of November 1, 2007, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company is currently evaluating the impact of adopting FIN 48 on its consolidated financial statements.

In September 2006, the staff of the SEC issued Staff Accounting Bulletin ("SAB") No. 108, which provides interpretive guidance on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. SAB 108 became effective in fiscal year end October 31, 2007. Adoption of SAB 108 did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2006, the FASB issued FASB Staff Position ("FSP") EITF 00-19-2 "Accounting for Registration Payment Arrangements" ("FSP EITF 00-19-2") which specifies that the contingent obligation to make future payments or otherwise transfer consideration under a registration payment arrangement should be separately recognized and measured in accordance with SFAS No. 5, "Accounting for Contingencies." Adoption of FSP EITF 00-19-02 is required for fiscal years beginning after December 15, 2006, and is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements”, which defines fair value, establishes a framework for measuring fair value in United States generally accepted accounting principles, and expands disclosures about fair value measurements. Adoption is required for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Early adoption of SFAS 157 is encouraged. The adoption of SFAS 157 is not expected to have a material effect on the Company’s consolidated financial position, results of operations or cash flows.

In December 2007, the FASB issued No. 141 (revised 2007), “Business Combinations” (SFAS 141R). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in it’s financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS 141R is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company is currently evaluating the potential impact of adoption of SFAS 141R on it’s consolidated financial statements.

COFFEE HOLDING CO., INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2007, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

RECENT ACCOUNTING PRONOUNCEMENTS (Continued):

In February 2007, the FASB issued SFAS No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities - Including an amendment of FASB Statement No. 115", which permits entities to choose to measure many financial instruments and certain other items at fair value. The fair value option established by this Statement permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Adoption is required for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS Statement No. 157, Fair Value Measurements. The Company is currently evaluating the expected effect of SFAS 159 on its consolidated financial statements and is currently not yet in a position to determine such effects.

In December 2007, the FASB issued SFAS No. 160. “Noncontrolling Interests in Consolidated Financial Statements-and Amendment of ARB No. 51.” SFAS 160 establishes accounting and reporting standards pertaining to ownership interests in subsidiaries held by parties other than the parent, the amount of net income attributable to the parent and to the noncontrolling interest, changes in a parent’s ownership interest, and the valuation of any retained noncontrolling equity investment when a subsidiary is deconsolidated. This statement also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. The adoption of SFAS 160 is not currently expected to have a material effect on the Company’s consolidated financial position, results of operations, or cash flows.

NOTE 3 - FORMATION OF SUBSIDIARY - GENERATIONS COFFEE COMPANY, LLC:

The Company and PMD Enterprises, Inc. (DBA Caruso’s Coffee, (“Caruso”)) formed GCC on April 7, 2006. GCC engages in the roasting, packaging and sale of private label specialty coffees for sale and distribution, throughout the United States. The initial capital contribution by the Company was cash aggregating $328,388 and by Caruso, the use of equipment and plant/warehouse space. The Company and Caruso share in profits and losses in the ratio of 60:40 and initial membership interests are 600 shares and 400 shares, respectively. The agreement provides for an increase of capital contribution by Caruso to make each partner equal and to share equally a 50% ratio in profits and losses. The operations of GCC have been consolidated with the Company from the commencement of operations.

COFFEE HOLDING CO., INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2007, 2006 AND 2005

NOTE 4 - FORMATION OF JOINT VENTURE - CAFÉ LA RICA, LLC:

The Company and Coffee Bean Trading-Roasting LLC ("CBT") formed CLR on March 10, 2006. The purpose of CLR was to engage in the roasting, packaging and sale of branded coffee products. CLR was funded by an initial cash contribution of $250,000 by the Company. In addition, the Company contributed cash in order to purchase equipment valued at $335,709 and CBT contributed equipment, and inventory of coffee and packaging materials valued at $119,316. The Company and CBT also contributed their respective intellectual property with a minimal value, consisting primarily of licenses, for the use of the Company's Café Caribe trademark and CBT's Café La Rica trademark per separate licensing agreements. The trademarks were licensed to CLR as exclusive, non-assignable, non-transferable, royalty free rights to use them worldwide in connection with manufacture, packaging, sale, marketing and distribution of the licensed products (as defined) within the territory (as defined) in the respective agreements. The Company and CBT each had a 50% allocation in the profits and losses of CLR. CLR was being accounted for under the equity method of accounting.

In February 2007, the Company and CBT commenced litigation against each other alleging breaches of certain agreements and responsibilities. The Company also requested an orderly winding up of CLR'S business and the liquidation of assets. On October 17, 2007, the Company and CBT dissolved CLR. The Company received cash in the amount of $269,000 and equipment valued at book value of $275,761 as settlement toward its outstanding trade receivables and advances and return on its original investment. As a result, the Company wrote off the remaining balance due from the joint venture of $192,860 and wrote off the remaining balance in the investment in the joint venture of $33,000.

The following represents condensed financial information of Café La Rica, LLC for the period November 1, 2006 to October 17, 2007 and as of October 31, 2006 and for date of commencement to October 31, 2006.

		2007		2006
Current assets	**$**	-	$	406,041
Machinery and other assets		-		481,023
Total assets			$	$887,064
Current liabilities	**$**	-	$	569,057
Other liabilities		-		3,926
Capital (deficit)		-		314,081
Total liabilities and capital			$	$887,064
Sales	**$**	**745,620**	$	903,242
Expenses		**928,300**		1,257,064
Net loss	**$**	**(182,680)**	$	(353,822)
Company's share of net loss	**$**	**(91,340)**	$	(176,911)

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COFFEE HOLDING CO., INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2007, 2006 AND 2005

NOTE 5 - INVENTORIES:

Inventories at October 31, 2007 and October 31, 2006 consisted of the following:

	2007	2006
Packed coffee	**$ 1,233,457**	$ 700,284
Green coffee	**2,379,212**	1,466,161
Packaging supplies	**859,428**	733,098
Totals	**$ 4,472,097**	$ 2,899,543

NOTE 6 - PROPERTY AND EQUIPMENT:

Property and equipment at October 31, 2007 and 2006 consisted of the following:

	Estimated Useful Life	2007	2006
Building and improvements	30 years	**$ 1,399,398**	$ 1,401,016
Machinery and equipment	7 years	**4,699,213**	3,853,272
Machinery and equipment under capital lease	7 years	**458,179**	458,179
Automobile	3 years	**84,925**	84,925
Furniture and fixtures	7 years	**411,735**	359,833
		7,053,450	6,157,225
Less, accumulated depreciation		**4,542,490**	4,159,274
		2,510,960	1,997,951
Land		**141,000**	141,000
		$ 2,651,960	$ 2,138,951

Depreciation expense totaled $383,216, $431,750 and 373,106 in 2007, 2006 and 2005, respectively. As of October 31, 2007 the Company has paid $373,119 as a deposit towards the purchase of equipment to be used at GCC.

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COFFEE HOLDING CO., INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2007, 2006 AND 2005

NOTE 7 - LINE OF CREDIT:

The Company has a financing agreement with Merrill Lynch Business Financial Services Inc. ("Merrill Lynch") for a line of credit of up to $4,000,000. The line of credit is secured by a blanket lien on all the assets of the Company and the personal guarantees of two of the Company's officer/shareholders, requires monthly interest payments at a rate of LIBOR plus 2.15%, (6.66% at October 31, 2007 and 7.47% at October 31, 2006), and requires the Company to comply with various financial covenants. The agreement expired on October 31, 2007.

The line of credit agreement was renewed by Merrill Lynch on October 4, 2007; the new maturity date will be October 31, 2008. The new financing agreement calls for monthly interest payments at a rate of LIBOR plus 1.95%. As of October 31, 2007 and 2006, the Company was in compliance with all financial covenants. As of October 31, 2007 and 2006, the borrowing under the line of credit was $897,191 and $2,542,881, respectively.

NOTE 8 - INCOME TAXES:

The tax effects of the temporary differences that give rise to the deferred tax assets and liabilities as of October 31, 2007 and 2006 are as follows:

		2007		2006
Deferred tax assets:				
Accounts receivable	**$**	**72,000**	$	167,000
Deferred compensation		**136,000**		**-**
Inventory		**71,000**		54,000
	$	**279,000**	$	221,000
Deferred tax liabilities:				
Fixed assets	**$**	**15,300**	$	12,300
Unrealized gains		**129,700**		-
	$	**145,000**	$	12,300

The Company's provision (benefit) for income taxes in 2007, 2006 and 2005 consisted of the following:

		2007		2006		2005
Federal - current	**$**	**278,564**	$	430,211	$	726,364
Federal - deferred		**59,500**		37,800		(134,700)
State and local - current		**64,911**		112,648		172,489
State and local - deferred		**15,200**		21,400		(38,500)
Total	**$**	**418,175**	$	602,059	$	725,653

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COFFEE HOLDING CO., INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2007, 2006 AND 2005

NOTE 8 - INCOME TAXES (Continued):

A reconciliation of the difference between the expected income tax rate using the statutory federal tax rate and the Company's effective tax rate is as follows:

		2007			2006			2005	
Federal income tax statutory rate	**$**	**463,099**	**34%**	$	440,632	34%	$	649,668	34%
State income taxes, net of federal tax benefit		**58,482**	**4%**		90,718	7%		95,093	5%
Refundable taxes		**(89,000)**	**(6%)**		-			-	
Other, net		**(10,406)**	**(1%)**		70,709	5%		(19,108)	(1%)
Effective tax rate	**$**	**418,175**	**31%**	$	602,059	46%	$	725,653	38%

NOTE 9 - COMMITMENTS AND CONTINGENCIES:

OPERATING LEASES:

a) The Company occupies warehouse facilities under an operating lease, which was set to expire on August 31, 2006. The lease was renegotiated effective February 2006 for a term of five years, expiring on January 31, 2011, at a monthly rental of $15,000. The lease requires the Company to pay utilities and other maintenance expenses. Rent charged to operations amounted to $180,000, $161,000 and $90,000 in 2007, 2006 and 2005, respectively.

The Company also uses a variety of independent, bonded commercial warehouses to store its green coffee beans.

b) In February 2004, the Company entered into a lease for office and warehouse space in La Junta City, Colorado. This lease, which is at a monthly rental of $8,341 beginning January 2005, expires on January 31, 2024.

The aggregate minimum future lease payments as of October 31, 2007 for each of the next five years and thereafter are as follows:

October 31,		
2008	$	280,093
2009		280,093
2010		280,093
2011		145,093
2012		100,093
Thereafter		1,126,046
	$	2,211,511

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COFFEE HOLDING CO., INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2007, 2006 AND 2005

NOTE 9 - COMMITMENTS AND CONTINGENCIES (Continued):

LEGAL PROCEEDINGS:

The Company is a party to various legal proceedings. In the opinion of management, these actions are routine in nature and will not have a material adverse effect on the Company's financial statements in subsequent years.

401 (K) RETIREMENT PLAN:

The Company has a 401(k) Retirement Plan, which covers all the full time employees who have completed one year of service and have reached their 21st birthday. The Company matches 100% of the aggregate salary reduction contribution up to the first 3% of compensation and 50% of aggregate contribution of the next 2% of compensation. Contributions to the plan aggregated $60,375, $54,807 and $53,350 for 2007, 2006 and 2005, respectively.

MARKETING AGREEMENT:

In May 2005, the Company entered into a one-year agreement with a marketing firm. The Company paid the firm $8,000 per month and issued 10,000 shares of stock valued at $24,650 for services rendered during the year ended October 31, 2005. As of October 31, 2006, this agreement has been terminated.

NOTE 10 - CONCENTRATION OF CREDIT RISK:

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, commodities held at broker and trade accounts receivable. The Company maintains its cash and cash equivalents in bank and brokerage accounts, the balances of which, at times, may exceed Federal insurance limits. Although at October 31, 2007 and 2006 the Company did have cash balances that exceeded the Federal insurance limits, they have not experienced any losses in such accounts and monitor the soundness of the financial institutions on a periodic basis. The net balance of the Company's investments in derivative financial instruments also represents commodities held at broker. Exposure to credit risk is reduced by placing such deposits and investments with major financial institutions and monitoring their credit ratings.

Approximately 25% and 13% of the Company's sales were derived from two customers in 2007. Those customers also accounted for approximately $824,000 and $436,000 of the Company's accounts receivable balance as of October 31, 2007. Approximately 30% and 6% of the Company's sales were derived from two customers in 2006. Those customers also accounted for approximately $777,000 and $241,000 of the Company's account receivable balance at October 31, 2006. Approximately 28% and 8% of the Company's sales were derived from two customers in 2005. Those customers also accounted for approximately $314,000 and $249,000 of the Company's accounts receivable balance as of October 31, 2005. Concentration of credit risk with respect to other trade receivables are limited due to the short payment terms generally extended by the Company; by ongoing credit evaluations of customers; and by maintaining an allowance for doubtful accounts that management believes will adequately provide for credit losses.

Management does not believe that credit risk was significant at October 31, 2007 and 2006.

COFFEE HOLDING CO., INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11 - STOCK OPTION PLAN:

On February 10, 1998, the Company's stockholders consented to the adoption of the Company's stock option plan (the "Plan") whereby incentive and/or non-incentive stock options for the purchase of up to 2,000,000 shares of the Company's common stock may be granted to the Company's directors, officers, other key employees and consultants. Under the Plan, the exercise price of all options must be at least 100% of the fair market value of the common stock on the date of grant (the exercise price of an incentive stock option for an optionee that holds more than 10% of the combined voting power of all classes of stock of the Company must be at least 110% of the fair market value on the date of grant). On June 21, 2004, the plan was amended to reduce the number of shares of common stock reserved for issuance under the plan from 2,000,000 to 800,000, subject to adjustment for stock splits, stock dividends, reorganizations, mergers, recapitalizations or other capital adjustments. As of October 31, 2007 no options had been granted under the Plan, since its inception.

NOTE 12 - MAJOR VENDORS/RELATED PARTY:

During fiscal 2007, 83% of the Company's purchases were from ten vendors. Two of these vendors accounted for 31% and 14% of total purchases, respectively. These two vendors accounted for approximately $943,000 and $450,000 of the Company's accounts payable at October 31, 2007 respectively.

During fiscal 2006, 77% of the Company's purchases were from ten vendors. Two of these vendors accounted for 30% and 10% of total purchases, respectively. These two vendors accounted for approximately $605,000 and $410,000 of the Company's accounts payable at October 31, 2006, respectively.

During fiscal 2005, 85% of the Company's purchases were from ten vendors. Two of these vendors accounted for 43% and 8% of total purchases, respectively. These two vendors accounted for approximately $1,457,000 and $165,000 of the Company's accounts payable at October 31, 2005, respectively.

In addition, an employee of one of these vendors is a director of the Company. Purchases from that vendor totaled approximately $15,418,000, $13,841,000 and $12,969,000 in 2007, 2006 and 2005, respectively. Management does not believe that the loss of any one vendor would have a material adverse effect on the Company's operations due to the availability of many alternate suppliers.

NOTE 13 - NON-QUALIFIED DEFERRED COMPENSATION PLAN:

In January 2005, the Company established the "Coffee Holding Co., Inc. Non-Qualified Deferred Compensation Plan." Currently, there is only one participant in the plan. Within the plan guidelines, this employee is deferring a portion of his current salary and bonus.

COFFEE HOLDING CO., INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2007, 2006 AND 2005

NOTE 14 - SALE OF COMMON STOCK:

The Company entered into an agreement with Maxim Group LLC ("Maxim") for Maxim to serve as the Company's financial advisors and lead managing underwriter for a public offering of the Company's common stock. Subsequently, Maxim and Joseph Stevens & Company, Inc. ("Joseph Stevens") entered into an agreement pursuant to which Joseph Stevens agreed to act as managing underwriter and Maxim agreed to participate in the underwriting syndicate for the offering.

The offering of 1,400,000 shares concluded on May 6, 2005 and on June 16, 2005 the underwriters exercised their right to purchase 210,000 additional shares of common stock (the over-allotment option) at the public offering price less the underwriting discount (ten percent). An aggregate of 1,610,000 shares of the Company's common stock were sold in the offering at a price of $5.00 per share. The Company paid $25,000 to Maxim upon the filing of a registration statement for the offering with the United States Securities and Exchange Commission, which amount was split between Joseph Stevens and Maxim. The Company also paid to Joseph Stevens and Maxim a non-accountable expense allowance less amounts previously paid to Maxim, equal to three percent of the gross proceeds derived from the public offering. The Company also sold to Joseph Stevens and Maxim for $100, warrants to purchase 70,000 shares of common stock at a price of $6.00 per share. The fair value of these warrants were credited to additional paid in capital. The warrants are exercisable for a period of five years and contain provisions for cashless exercise, anti-dilution and piggyback registration rights. During 2005, a former shareholder returned 89,820 shares of common stock for no consideration.

NOTE 15 - QUARTERLY RESULTS OF OPERATIONS:

The following table presents unaudited quarterly results of operations for the eight quarters ended October 31, 2007 and 2006. We believe that all necessary adjustments, consisting only of normal recurring adjustments, have been included in the amounts stated below to present fairly such quarterly information.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2007				
Net sales	$ 12,635,112	$ 14,194,373	$ 13,964,804	$ 16,629,128
Gross profit	2,168,595	2,107,163	1,937,530	2,081,168
Income (loss) from operations	494,549	502,487	426,831	28,227
Net income (loss)	309,704	338,888	370,656	(81,932)
Basic and diluted earnings (loss) per share	$ .06	$ .06	$ .07	$ (.02)
2006				
Net sales	$ 13,844,845	$ 12,010,928	$ 11,858,581	$ 13,456,848
Gross profit	2,325,443	862,694	1,941,651	2,465,451
Income (loss) from operations	906,631	(492,969)	385,843	564,802
Net income (loss)	519,638	(284,234)	179,450	285,228
Basic and diluted earnings (loss) per share	$ .09	$ (.05)	$ .03	$ .05

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COFFEE HOLDING CO., INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2007, 2006 AND 2005

NOTE 16 - TREASURY STOCK:

The Company utilizes the cost method of accounting for treasury stock. The cost of reissued shares is determined under the Last in, First out method. During the year ended October 31, 2007, the Company purchased 14,900 shares for $76,677.

SCHEDULE II

Valuation and qualifying accounts

for the years ended October 31, 2007, 2006, AND 2005

(a) Description	(b) Balance at Beginning of Year	(c) Additions Charged to (reversed from) Costs and Expenses	(d) Deductions - Net Write-Offs	(e) Balance at End of Year
Year Ended October 31, 2006				
Allowance for doubtful accounts on trade receivables	$ 420,349	$ —	$ —	$ 420,349
Year Ended October 31, 2005				
Allowance for doubtful accounts on trade receivables	$ 150,349	$ 270,000	$ —	$ 420,349

* Not required information for the year ended October 31, 2007.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on January 31, 2008.

COFFEE HOLDING CO., INC.

By: /s/ Andrew Gordon

Andrew Gordon
President and Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Andrew Gordon Andrew Gordon	President, Chief Executive Officer, Chief Financial Officer, Treasurer and Director (principal executive officer and principal financial and accounting officer)	January 31, 2008
/s/ David Gordon David Gordon	Executive Vice President - Operations, Secretary and Director	January 31, 2008
/s/ Gerard DeCapua Gerard DeCapua	Director	January 31, 2008
/s/ Daniel Dwyer Daniel Dwyer	Director	January 31, 2008
/s/ Barry Knepper Barry Knepper	Director	January 31, 2008
/s/ John Rotelli	Director	January 31, 2008

John Rotelli

Robert M. Williams	Director	January 31, 2008

EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger by and among Transpacific International Group Corp. and Coffee Holding Co., Inc. (incorporated herein by reference to Exhibit 2 to Post-Effective Amendment No. 1 to the Registration Statement on Form SB-2 (file No. 333-00588-NY) as filed with the Securities and Exchange Commission on November 10, 1997).
2.2	Asset Purchase Agreement, dated February 4, 2004, by and between Coffee Holding Co., Inc. and Premier Roasters LLC (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K dated February 4, 2004 as filed with the SEC on February 20, 2004).
3.1	Amended and Restated Articles of Incorporation of Coffee Holding Co., Inc., (incorporated herein by reference to Exhibit 3.1 to the Coffee Holding Co., Inc. Form 8-A, filed with the Securities and Exchange Commission on May 2, 2005).
3.2	By-Laws of Coffee Holding Co., Inc. (incorporated herein by reference to Exhibit 3.2 to the Coffee Holding Co., Inc. Form 8-A, filed with the Securities and Exchange Commission on May 2, 2005).
4.1	Form of Stock Certificate of Coffee Holding Co., Inc. (incorporated herein by reference to the Coffee Holding Co., Inc. Registration Statement on Form SB-2, filed with the Securities and Exchange Commission on June 24, 2004).
10.1	Lease with T&O Management Corp. dated August 15, 1997 (incorporated herein by reference to Exhibit 10.1 to the Coffee Holding Co., Inc. Quarterly Report on Form 10-Q for the quarter ended April 30, 1998, filed with the Securities and Exchange Commission on October 27, 2000).
10.2	1998 Stock Option Plan (incorporated herein by reference to Exhibit 10.2 to the Coffee Holding Co., Inc. Quarterly Report on Form 10-Q for the quarter ended April 30, 1998, filed with the Securities and Exchange Commission on October 27, 2000).
10.3	Working Capital Management Account Loan and Security Agreement with Merrill Lynch Business Financial Services Inc. (incorporated herein by reference to Exhibit 10.3 to the Coffee Holding Co., Inc. Annual Report on Form 10-KSB, filed with the Securities and Exchange Commission on February 10, 2005).
10.4	Amendment to Working Capital Account Loan and Security Agreement with Merrill Lynch Business Financial Services, Inc. (incorporated herein by reference to Exhibit 10.4 to the Coffee Holding Co., Inc. Quarterly Report on Form 10-QSB for the quarter ended January 31, 2005, filed with the Securities and Exchange Commission on March 17, 2005).
10.9	Capital Lease Agreement with HSBC Business Credit (USA), Inc. (incorporated herein by reference to Exhibit 10.9 to Amendment No. 1 to the Coffee Holding Co., Inc. Registration Statement on Form SB-2/A, filed with the Securities and

Exchange Commission on August 12, 2004).

10.10 Sales contract with Supervalu and Cub Foods (incorporated herein by reference to Exhibit 10.10 to Amendment No. 1 to the Coffee Holding Co., Inc. Annual Report on Form 10-KSB/A for the year ended October 31, 2002, filed with the Securities and Exchange Commission on August 26, 2004) (confidential portions have been redacted pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission).

10.11	Sales contract with Shurfine Central (incorporated herein by reference to Exhibit 10.11 to Amendment No. 1 to the Coffee Holding Co., Inc. Annual Report on Form 10-KSB/A for the year ended October 31, 2002, filed with the Securities and Exchange Commission on August 26, 2004) (confidential portions have been redacted pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission).
10.12	Lease dated February 4, 2004 by and between Coffee Holding Co., Inc. and the City of La Junta, Colorado (incorporated herein by reference to Exhibit 10.12 to Amendment No. 1 to the Coffee Holding Co., Inc. Registration Statement on Form SB-2/A, filed with the Securities and Exchange Commission on August 12, 2004).
10.13	Trademark License Agreement dated February 4, 2004 between Del Monte Corporation and Coffee Holding Co, Inc. (incorporated herein by reference to Exhibit 10.13 to the Coffee Holding Co., Inc. Quarterly Report on Form 10-QSB/A for the quarter ended April 30, 2004, filed with the Securities and Exchange Commission on August 26, 2004).
10.14	Employment agreement by and among Coffee Holding Co., Inc. and Andrew Gordon (incorporated herein by reference to the Coffee Holding Co., Inc. Registration Statement on Form SB-2, filed with the Securities and Exchange Commission on June 24, 2004).
10.15	Employment agreement by and among Coffee Holding Co., Inc. and David Gordon (incorporated herein by reference to the Coffee Holding Co., Inc. Registration Statement on Form SB-2, filed with the Securities and Exchange Commission on June 24, 2004).
10.17	Corporate Brands Agreement dated as of March 30, 2004 by and between Albertson's, Inc. and Coffee Holding Co., Inc. (incorporated herein by reference to Amendment No. 2 to the Coffee Holding Co., Inc. Registration Statement on Form SB-2/A, filed with the Securities and Exchange Commission on October 25, 2004) (confidential portions have been redacted pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission).
10.19	Coffee Holding Co., Inc. Non-Qualified Deferred Compensation Plan (incorporated herein by reference to the Coffee Holding Co., Inc. Quarterly Report on Form 10-QSB, filed with the Securities and Exchange Commission on June 14, 2005).
11.1	Computation of Earnings Per Share
31.1	Rule 13a-14(a)/15d-14(a) Certification.
32.1	Section 1350 Certification.