

QEP CO INC
Form 8-K
March 20, 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): March 14, 2006

Q.E.P. CO., INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation)

0-21161
(Commission File No.)

13-2983807
(IRS Employer
Identification No.)

1001 Broken Sound Parkway
Boca Raton, Florida 33487
(Address of principal executive offices)

561-994-5550
(Registrant's telephone number, including area code)

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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))
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Section 2- Financial Information

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

During the course of preparing for the audit for its fiscal year ended February 28, 2006, Q.E.P. Co., Inc. (the Company) became aware, and on March 14, 2006, determined that, the Company was in violation of financial covenants under the Company's credit facility (the Credit Facility) with its senior lenders (collectively, the Lenders) that required the Company to maintain a certain senior debt to trailing EBITDA ratio and a certain fixed charge coverage ratio (both ratios as defined in the Credit Facility). A violation of the financial covenants would, unless waived by the Lenders, constitute an event of default under the Credit Facility, giving the Lenders the right to prohibit additional borrowing under the Credit Facility, accelerate the Company's indebtedness thereunder, and take other actions as provided for in the Credit Facility. As of March 14, 2006, \$26,400,333 of borrowings was outstanding under the Credit Facility.

On March 20, 2006 the Company was granted a waiver of the current non-compliance of these covenants from the Lenders.

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.

Q.E.P. Co., Inc.

Date: March 20, 2006

By: /s/ Randall Paulfus

Name: Randall Paulfus

Title: Interim Chief Financial Officer