

ICAD INC
Form 8-K
September 18, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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) September 12, 2006

iCAD, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

1-9341

(Commission File Number)

02-0377419

(IRS Employer Identification No.)

4 Townsend West, Suite 17, Nashua, New Hampshire

(Address of Principal Executive Offices)

03063

(Zip Code)

(603) 882-5200

(Registrant's Telephone Number, Including Area Code)

(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.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

Item 3.02 Unregistered Sales of Equity Securities

Between September 12, 2006 and September 14, 2006, the Company borrowed an aggregate of \$2,000,000 (the "Loans") from a total of seven accredited investors including the following: Mr. Robert Howard (as to \$1,350,000), Mr. James Harlan (as to \$300,000) and Dr. Elliott Sussman (as to \$100,000), all of whom are directors of the Company, and \$50,000 by each of the following executive officers of the Company: Mr. Jeffrey Barnes and Ms. Stacey Stevens, pursuant to Note Purchase Agreements ("Agreements") between the Company and each of the investors. The Loans are evidenced by 7.25 % Convertible Promissory Notes ("Notes") issued by the Company in favor of the investors. The Notes mature two years from the date of issue subject to the right of the Company to prepay the Notes and the right of the holders of the Notes to accelerate payment of their respective Notes upon the Company filing for or being adjudicated bankrupt or insolvent. The holders of the Notes may convert the principal and accrued and unpaid interest under the Notes into shares of the Company's common stock at a price of \$1.70 per share, which conversion price is subject to adjustment under certain circumstances such as common stock splits, or combinations or common stock dividends.

The Notes were issued in private transactions pursuant to exemptions from registration under Section 4(2) of the Securities Act of 1933, as amended. Each investor acquired their respective Notes for investment and no commissions were paid in connection with the transactions.

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 thereunto duly authorized.

iCAD, INC.
(Registrant)

Date: September 18, 2006

By: /s/ Kenneth M. Ferry
Name: Kenneth M. Ferry
Title: President, Chief Executive Officer

