

Edgar Filing: BRAINSTORM CELL THERAPEUTICS INC - Form 8-K

Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On June 5, 2006, BrainStorm Cell Therapeutics Inc. (the "Company") issued a \$500,000 10% Convertible Promissory Note Due June 5, 2007 (the "Note") to Vivian Shaltiel (the "Holder") in connection with the Holder's loan to the Company. Interest on the Note will accrue at the rate of ten percent per annum and will be due and payable in full on June 5, 2007 (the "Maturity Date"). Any amount overdue shall bear interest from the date it became overdue at an annual rate of fifteen percent per annum. The Note will become immediately due and payable upon the occurrence of certain Events of Default, as defined in the Note. The Holder has the right at any time prior to the close of business on the Maturity Date to convert all or part of the outstanding principal and interest amount of the Note into shares of the Company's common stock, \$0.00005 par value per share (the "Common Stock"). The Conversion Price, as defined in the Note, will be 75% (50% upon the occurrence of an Event of Default) of the average of the last bid and ask price of the Common Stock as quoted on the Over-the-Counter Bulletin Board for the five trading days prior to the Company's receipt of the Holder's written notice of election to convert. The Conversion Price will be adjusted in the event of a stock dividend or reclassification.

In connection with the Holder's loan to the Company, the Company agreed to pay Zvika Borenstein a finder's fee of 10% of the loan. The net proceeds of the loan to the Company will be \$450,000, which is expected to be used for general corporate and working capital purposes.

The foregoing description is subject to, and qualified in its entirety by, the Note filed as an exhibit hereto and incorporated herein by reference.

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

A description of the Note is contained in Item 1.01 above, which is incorporated herein by reference. The foregoing description is subject to, and qualified in its entirety by, the Note filed as an exhibit hereto and incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

A description of the Note and the convertibility thereof is contained in Item 1.01 above, which is incorporated herein by reference. The foregoing description is subject to, and qualified in its entirety by, the Note filed as an exhibit hereto and incorporated herein by reference.

The issuance of the Note was effected without registration in reliance on Section 4(2) of the Securities Act of 1933, as amended, and Regulation D promulgated thereunder, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance of such securities.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

- 10.1 Convertible Promissory Note, dated June 5, 2006, issued by the Registrant to Vivian Shaltiel.

SIGNATURE

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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.

BRAINSTORM CELL THERAPEUTICS INC.

By: /s/ Yoram Drucker

Yoram Drucker
Chief Operating Officer
(Principal executive officer)

Date: June 6, 2006

EXHIBIT INDEX

| Exhibit No. ----- | Description ----- |
|----------------------|---|
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