

SPARK NETWORKS PLC

Form 8-K

September 13, 2006

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**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 7, 2006

Spark Networks plc

(Exact Name of Registrant as Specified in Its Charter)

England and Wales

(State or Other Jurisdiction of Incorporation)

000-51195

(Commission File Number)

98-0200628

(IRS Employer Identification No.)

**8383 Wilshire Boulevard, Suite 800, Beverly Hills,
California**

(Address of Principal Executive Offices)

90211

(Zip Code)

(323) 836-3000

(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))
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Item 1.01 Entry Into a Material Definitive Agreement

On September 11, 2006, the Board of Directors of Spark Networks plc (the "Company") approved changing the compensation of non-employee directors for their director services from \$30,000 per year to \$2,500 per quarter (or \$10,000 per year), which will be effective as of October 1, 2006.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

On September 7, 2006, the Board of Directors of the Company appointed each of Jonathan Bulkeley, Christopher Gaffney, Adam Berger and Scott Sassa to serve on the Board of Directors of the Company effective as of September 12, 2006. Committee appointments of each director are to be determined. In connection with their appointment, each of Messrs. Bulkeley, Berger and Sassa were granted 50,000 options to purchase ordinary shares in the Company. The options, which have a term of seven years, are exercisable at \$5.58 per share and one-fourth of the options vest on the first anniversary of the grant and 6.25% on a quarterly basis thereafter. Furthermore, any unvested options will vest upon a change of control of the Company, as defined in the option share agreement, if the director no longer serves as a director of the Company following the change of control.

Also on September 7, 2006, David Siminoff, who is currently the Chief Executive Officer and a Director of the Company, was appointed Chairman of the Board of Directors effective as of September 12, 2006. In addition, on September 7, 2006, Scott Shleifer resigned as a Director of the Board of Directors of the Company effective immediately.

On September 12, 2006, the Company issued a press release, which is attached hereto as Exhibit 99.1, announcing the appointment of the new directors.

Mr. Gaffney is a Managing Partner of Great Hill Partners, LLC, a Boston-based private equity firm (together with its affiliates, the "Great Hill Group"). As more fully described below, the Great Hill Group, as of August 31, 2006, collectively owns 9,085,000 shares of the Company, or approximately 29.9% of the Company's outstanding shares, and, as of June 13, 2006 and according to documents filed with the Securities and Exchange Commission, has voting control of an aggregate of approximately 50.3% of the Company's securities to elect a director of the Company under the share purchase agreements pursuant to which it purchased its shares. Mr. Gaffney was not appointed as a director under the terms of the share purchase agreements described below and there is no arrangement or understanding pursuant to which Mr. Gaffney was appointed.

The Great Hill Group, as of August 31, 2006, collectively owns 9,085,000 shares of the Company, or approximately 29.9% of the Company's outstanding shares, and, as of June 13, 2006 and according to documents filed with the Securities and Exchange Commission, has voting control of an aggregate of approximately 50.3% of the Company's securities to elect a director of the Company subject to the terms and conditions of the share purchase agreements entered into on December 1, 2005 with each of Joe Shapira, Alon Carmel, affiliates of Tiger Global Management, and Criterion Capital Management, LLC ("Criterion Capital Management," and collectively with Mr. Shapira, Mr. Carmel and affiliates of Tiger Global Management, the "Selling Shareholders"). Mr. Shapira is a former Chairman of the Board of Directors of the Company and Alon Carmel is a former Co-Executive Chairman of the Company's Board. The Great Hill Group entered into an additional share purchase agreement with the affiliates of the Tiger Global Management on June 13, 2006. As previously reported in the Company's filings with the Securities and Exchange Commission, pursuant to the terms of the share purchase agreements with each of the Selling Shareholders, for so long as the Great Hill Group collectively owns: (i) in the case of the share purchase agreements entered into with Messrs. Shapira and Carmel, at least 10% of the outstanding ordinary shares; and (ii) in the case of the share purchase agreements entered into with Tiger Global Management and Criterion Capital Management, at least 5% of the outstanding ordinary shares, each Selling Shareholder agreed that:

if at any time the Great Hill Group notifies a Selling Shareholder of its desire and intention to designate a single director ("Great Hill Director") in advance of any meeting of the shareholders for the election of directors or when any other approval is sought with respect to the election of directors, such Selling Shareholder agreed to vote all of its voting shares that are owned or held of record by such Selling Shareholder or to which it has voting power or can direct, restrict or control any such voting power (the "Remaining Shares") to elect such Great Hill Director; and

if at any time the Great Hill Group notifies a Selling Shareholder of its desire and intention to remove or replace a Great Hill Director or to fill a vacancy caused by the resignation of a Great Hill Director, such Selling Shareholder agreed to cooperate in causing the requested removal and/or replacement by voting in the appropriate manner.

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Each Selling Shareholder also irrevocably granted, and appointed Michael A. Kumin, and any other person who shall be designated by the Great Hill Group, as such Selling Shareholder's proxy and attorney (with full power of substitution), to vote all of such Selling Shareholder's Remaining Shares held at the time such consent is sought or meeting is held in any circumstances where a vote, consent or other approval is sought to elect a Great Hill Director. The covenants and obligations of each Selling Shareholder terminate after a Great Hill Director (together with any replacements therefore) has served a single, full term of office of three years, in accordance with the Company's articles and memorandum of association, as in effect on December 1, 2005.

In addition, the Company had entered into a confidentiality agreement dated October 14, 2005 with Great Hill Equity Partners II (Great Hill Partners), an affiliate of the Great Hill Group, that contained a provision (the Standstill Provision) pursuant to which Great Hill Partners agreed not to, among other things, directly or indirectly acquire, offer to acquire, or propose to acquire more than 2% of any class of the Company's securities or rights to acquire more than 2% of any class of the Company's securities for a period of one year from the date of the confidentiality agreement without the Company's prior written consent. On December 1, 2005, the Company and Great Hill Partners entered into a standstill agreement (the Standstill Agreement) pursuant to which the Company waived the Standstill Provision and Great Hill Partners agreed that its ability to increase its beneficial ownership of the Company's securities would be subject to the terms and conditions of the Standstill Agreement, which has a term of five years unless terminated earlier. Pursuant to the Standstill Agreement, for a period of 14 months from the date of the Standstill Agreement (the

Fourteen Month Period), Great Hill Partners agreed that it would not, without the prior written consent of the Company:

acquire or seek to acquire, directly or indirectly, by purchase or otherwise, ownership of any voting securities of the Company (or rights to acquire any class of securities of the Company or any subsidiary thereof) such that Great Hill Partners and its affiliates (the Shareholder Group) would beneficially own more than 29.9% of the total voting power (the Total Voting Power) of the Company, which is defined as the aggregate number of votes which may be cast by holders of outstanding voting securities on a poll at a general meeting of the Company taking into account any voting restrictions imposed by the Company's Articles of Association, or take any action that would require the Company to make a public announcement regarding the foregoing under applicable law;

participate in any of the following with respect to the Company or its subsidiaries: (i) any tender, takeover or exchange offer or other business combination, (ii) any recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction, or (iii) any solicitation of proxies or consents to vote any voting securities;

form, join or participate in a group as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, in connection with any of the foregoing;

seek to control the Board of Directors of the Company; and

enter into any arrangements with any third party with respect to any of the above.

After the expiration of the Fourteen Month Period, Great Hill Partners agreed that it would not acquire or seek to acquire beneficial ownership of any voting securities of the Company (or rights to acquire any class of securities of the Company or any subsidiary thereof) or participate in any tender, takeover or exchange offer or other business combination, or any recapitalization, restructuring, dissolution or other extraordinary transaction if (i) prior to giving effect thereto, the Shareholder Group beneficially owns less than 60% of Total Voting Power and (ii) after giving effect, the Shareholder Group would beneficially own more than 29.9% of Total Voting Power. Notwithstanding the foregoing, the Shareholder Group, after the Fourteen Month Period, would not be deemed to beneficially own any voting securities owned by another person if the sole reason is being a member of a group with such person and there are no other indicia of beneficial ownership of such securities that are attributable to the Shareholder Group. The provisions of the Standstill Agreement do not apply to (i) repurchases, redemptions, a rights issue, recapitalizations and consolidation or a share capital reduction by the Company, and (ii) offers to acquire securities by the Shareholder Group to all of the holders of voting securities of the Company.

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Under the Standstill Agreement, the Shareholder Group is permitted to, subject to the conditions of the Standstill Agreement, increase its holding of voting securities in the Company after the expiration of the Fourteen Month Period, and after expiration of the Standstill Agreement, the Shareholder Group may increase its share ownership without restriction. The Standstill Agreement is subject to the UK Code and the German Code as a result of the European Union Directive on Takeover Bids.

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Item 9.01. Exhibits.

(d) Exhibits

Exhibit

Number

Description

99.1 Press Release Dated September 12, 2006

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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.

SPARK NETWORKS PLC

Date: September 13, 2006

By: /s/ Mark G. Thompson

Name: Mark G. Thompson

Title: Chief Financial Officer

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Exhibit Number	Description
99.1	Press Release Dated September 12, 2006
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