

BOROW KENNETH M MD  
Form SC 13D/A  
August 22, 2005

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**SCHEDULE 13D**

**(AMENDMENT NO. 1)**

**(Rule 13d-101)**

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED  
PURSUANT TO RULE 13d-2(a)**

**Covalent Group, Inc.**

---

**(Name of Issuer)**

**Common Stock, par value \$.001 per share**

---

**(Title of Class of Securities)**

222815 10 2

---

(CUSIP Number)

**Kenneth M. Borow, M.D.**

**Covalent Group, Inc.**

**One Glenhardie Center, Suite 100**

**1275 Drummers Lane**

**Wayne, Pennsylvania 19087**

**(610) 975-9533**

---

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

**August 20, 2005**

---

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Sections 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. "

**Note:** Schedules filed in paper format shall include a signed original and five copies of the Schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

CUSIP No. 222815 10 2

1. NAMES OF REPORTING PERSONS

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

**Kenneth M. Borow, M.D.**

2. CHECK THE APPROPRIATE BOX IF A GROUP\*

(a)

(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS

**PF, OO**

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

**United States of America**

7. SOLE VOTING POWER

NUMBER OF **929,568**

SHARES  8. SHARED VOTING POWER

BENEFICIALLY

OWNED BY **39,000**

EACH  9. SOLE DISPOSITIVE POWER

REPORTING

PERSON **929,568**

WITH  10. SHARED DISPOSITIVE POWER

**39,000**

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

**979,568** (includes Options to Purchase 50,000 Shares)

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

**7.34%**

14. TYPE OF REPORTING PERSON\*

**IN**

\* SEE INSTRUCTIONS BEFORE FILLING OUT!

**Item 1. Security and Issuer.**

- (a) **Title of the Security:** Common Stock, \$.001 par value per share.
- (b) **Name of the Issuer:** Covalent Group, Inc., a Delaware corporation.
- (c) **The Issuer's address of its principal executive office:**

One Glenhardie Corporate Center  
1275 Drummers Lane, Suite 100  
Wayne, Pennsylvania 19087

**Item 2. Identity and Background.**

- (a) **Name:** Kenneth M. Borow, M.D.
- (b) **Business Address:**

One Glenhardie Corporate Center  
1275 Drummers Lane, Suite 100  
Wayne, Pennsylvania 19087

- (c) **Present principal occupation and name and address of such principal occupation:**

Dr. Borow is the President and Chief Executive Officer and a Member of the Board of Directors of the Issuer. The address of the Issuer is One Glenhardie Corporate Center, 1275 Drummers Lane, Suite 100, Wayne, Pennsylvania, 19087.

- (d) **Criminal Convictions within the past five years:**

Dr. Borow has not been the subject of any criminal proceeding resulting in his conviction in the previous five years from the date of the statement.

- (e) **Party to a Civil Proceeding in the past five years:**

Edgar Filing: BOROW KENNETH M MD - Form SC 13D/A

During the past five years, Dr. Borow has not been a party to any civil proceeding of a judicial or administrative body with said proceeding resulting in judgement, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

**(f) Citizenship:** United States of America.

Page 3 of 9

**Item 3. Source and Amount of Funds or Other Consideration.**

Dr. Borow used his personal funds to purchase 20,493 shares of common stock at various times between November, 2000 and March, 2003.

Dr. Borow purchased 460,000 shares of common stock on August 20, 2000 from Covalent Partners, LLC. Dr. Borow obtained the funds for that purchase in a loan from Covalent Partners, LLC. In connection with the loan, Dr. Borow signed a promissory note in favor of Covalent Partners, LLC in principal amount of \$1,380,000 which accrues interest at 7% per annum and is payable on August 21, 2005. The 460,000 shares purchased are collateral for the loan. On August 20, 2005, Dr. Borow and Richard D. Propper, M.D. amended the terms of the promissory note. Pursuant to the terms of the amended promissory note, the principal amount of \$1,380,000 accrues simple interest at the prime rate plus 1% per annum and is payable on August 21, 2006.

On July 31, 2003, Dr. Borow delivered to the Issuer 118,127 shares of previously-acquired shares of common stock as payment of the exercise price of \$343,750 (based on the market price) for the purchase from the Issuer of 500,000 shares of common stock upon exercise of stock options previously granted by the Issuer to Dr. Borow. In connection with the exercise, Dr. Borow also delivered 22,305 shares of previously-acquired shares of common stock in satisfaction of his withholding tax obligations (aggregating approximately \$64,907) with respect to the non-qualified portion of the options. The sole purpose for the delivery of shares by Dr. Borow to the Issuer was to pay the exercise price and withholding tax obligations in order for Dr. Borow to exercise the options prior to their expiration a few days later.

**Item 4. Purpose of Transaction.**

Dr. Borow is the President and Chief Executive Officer and a Director of the Issuer and may buy and sell shares of common stock from time to time. In addition, he is eligible to participate in the Issuer's employee benefit plans, pursuant to which he may purchase common stock or receive grants of common stock or derivative securities and thereby become the beneficial owner of common stock. Dr. Borow acquired his shares of common stock for investment purposes and not with a purpose or effect of changing or influencing control of the Issuer or as a participant in any transaction having that purpose or effect.

Except as set forth above, Dr. Borow has no plans or proposals with respect to any of the matters set forth in paragraphs (a) through (j) of Item 4 of Schedule 13D.

**Item 5. Interest in Securities of the Issuer.**

**(a) Aggregate Number of Shares Beneficially Owned:**

979,568 shares of common stock of which 50,000 represents shares of common stock which may be acquired upon the exercise of stock options or may be acquired upon the exercise of options with 60 days of the date of this statement.

**Percentage of Securities Beneficially Owned:**

(b) Dr. Borow has sole voting power and sole dispositive power over 929,568 shares of common stock reported or beneficially owned by Dr. Borow including shared dispositive power over 39,000 shares of common stock held by his wife and children.

(c) Not Applicable.

(d) Not Applicable.

(e) Not Applicable.

**Item 6 Contracts, Arrangements, Understandings or Relationships with respect to Securities of the Issuer.**

On January 31, 2000, the Issuer granted Dr. Borow options to purchase 500,000 shares of common stock exercisable at \$4.00 per share with one-thirty-sixth of the shares vesting per month beginning on February 28, 2000. This option grant expired on January 31, 2005. No shares were exercised pursuant to this stock option grant.

On March 8, 2001, the Issuer granted Dr. Borow options to purchase 50,000 shares of common stock exercisable at \$1.94 per share with 25% vesting in annual increments. The shares underlying this common stock option grant are currently fully vested.

On July 1, 2005, the Issuer granted Dr. Borow options to purchase 500,000 shares of common stock exercisable at \$2.25 per share subject to certain time and performance vesting requirements. None of these options are expected to vest within sixty days of the filing of this Schedule D. Accordingly, they are not included in the amount of shares beneficially owned by Dr. Borow.

Dr. Borow purchased 460,000 shares of common stock on August 20, 2000 from Covalent Partners, LLC. Dr. Borow obtained the funds for that purchase in a loan from Covalent Partners, LLC. In connection with the loan, Dr. Borow signed a promissory note in favor of Covalent Partners, LLC in principal amount of \$1,380,000 which accrues interest at 7% per annum and is payable on August 21, 2005. The 460,000 shares purchased are collateral for the loan. On August 20, 2005, Dr. Borow and Richard D. Propper, M.D. amended the terms of the promissory note. Pursuant to the terms of the amended promissory note, the principal amount of \$1,380,000 plus accrued simple interest thereon at the prime rate of interest plus 1% per annum from August 20, 2000, is payable on August 21, 2006.

**Item 7. Material to Be Filed as Exhibits**

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Original Promissory Note.
99.2	Amended Promissory Note.





**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: August 22, 2005

*/s/ Kenneth M. Borow, M.D.*

---

*Kenneth M. Borow, M.D.  
President and Chief Executive Officer*

Page 6 of 9

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
99.1	Original Promissory Note.
99.2	Amended Promissory Note.