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AMERICAN LEISURE HOLDINGS INC

Form 8-K

January 06, 2005

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

December 30, 2004

Date of Report (Date of Earliest Event Reported)

AMERICAN LEISURE HOLDINGS, INC.

Nevada	333-48312	75-2877111
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(State of Incorporation)	(Commission File Number)	(IRS Identification Number)
Park 80 Plaza East, Saddle Brook, NJ		07663
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(Address of Principal Executive Offices)		(Zip Code)
	(210) 843-0820	

	(Registrant's Telephone No.)	

The name and address of the registrant has not changed since the date of the last report.

Check the appropriate box below if the Form 8-K 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))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On December 30, 2004, American Leisure Holdings, Inc. (the "Company"), American Leisure Equities Corporation (the "Purchaser") and Around The World Travel, Inc. (the "Seller" or "AWT") entered into an Asset Purchase Agreement (the "Purchase Agreement"), pursuant to which the Seller agreed to sell substantially all of its assets to the Purchaser. The transaction was consummated effective as of 11:59 p.m. on December 31, 2004. The Purchaser is a newly organized wholly owned subsidiary of the Company. The Seller has been engaged in the business of providing a variety of travel services to third parties under the name Travelers (the "Business").

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Under the terms of the Purchase Agreement, the Seller conveyed to the Purchaser all of the assets necessary to operate the Business, including substantially all of the Seller's tangible and intangible assets.

The purchase price for the assets transferred under the Purchase Agreement is an amount equal to the fair value of the Business (calculated on a going concern basis), plus \$1,500,000, but in no event more than \$29,000,000. The fair value will be established pursuant to a valuation to be obtained from an unaffiliated investment banking firm.

The Purchaser will pay the purchase price on or before June 30, 2005 through a combination of 1) the assumption of certain liabilities of the Seller, including but not limited to normal operating liabilities estimated at \$2 million, a federal tax liability of approximately \$1.5 million, office and equipment leases, and certain litigation matters which include the lawsuits against AWT filed by Seamless Technologies, Inc. and Peter Hairston previously disclosed in the Company's Form 10-QSB/A filed with the Commission on December 8, 2004; 2) the reduction of certain amounts owed by the Seller to the Company; and 3) the issuance of shares by the Company of newly authorized Series F Preferred Stock. Pursuant to the terms of the Purchase Agreement, the Seller and the Purchaser will enter into a Management Agreement, under which the Seller will manage the Business on behalf of the Purchaser. Pursuant to the terms of the Purchase Agreement, the Seller and the Purchaser will enter into a License Agreement, under which the Purchaser will grant the Seller a non-exclusive license to use certain trade names and related intellectual property in connection with the performance with its duties under the Management Agreement. The License Agreement will expire simultaneously with the Management Agreement. It was contemplated that the Seller and Purchaser would enter into the Management Agreement and the License Agreement (collectively, the "Agreements") contemporaneously with the Purchase Agreement; however, they have not entered into the Agreements as of the filing of this report.

Prior to the Purchase Agreement, the Company had acquired the following: 1) senior secured notes of AWT in the total amount of \$22,600,000, subject to \$5,000,000 of liabilities (the "Galileo Loans"), in exchange for 340,000 restricted shares of the Company's common stock; 2) 907,877 shares of Series A Preferred Stock of AWT (constituting approximately 51% of the issued and outstanding shares of such preferred stock) in exchange for 24,101 shares of newly designated Series E Convertible Preferred Stock of the Company and a promissory note in the principal amount of \$1,698,340; 3) an option to purchase Around The World Holdings, LLC, which owns approximately 62% of the issued and outstanding common stock of AWT; 4) approximately 5% of the minority interest common and preferred stock of AWT; and 5) options to purchase approximately 27% of the common stock and 42% of the preferred stock of AWT from minority shareholders of AWT.

ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

On December 31, 2004, the Company acquired substantially all of the assets of Around the World Travel, Inc., as more fully described in Item 1.01.

ITEM 3.03 MATERIAL MODIFICATION TO RIGHTS OF SECURITY HOLDERS

On December 30, 2004, the Company's Board of Directors authorized a new class of preferred stock of the Company designated as Series F Preferred Stock. A total of 150,000 shares were authorized in this new class. The Series F Preferred Stock will have a par value of \$0.01 per share, a liquidation value of \$100.00 per share and will be convertible at the option of the holder into a maximum of two shares of the Company's common stock for each share of Series F

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Preferred Stock. The Series F Preferred Stock will carry a cumulative preferred dividend of one dollar (\$1.00) per share per year.

On December 30, 2004, in conjunction with the Purchase Agreement, the Company made a commitment to issue an undetermined number of shares of Series F Preferred Stock to Around The World Travel, Inc., as part of the consideration for the assets acquired by the Purchaser pursuant to the Purchase Agreement. The number of shares of Series F Preferred Stock to be issued will be established once the final purchase price is determined pursuant to the terms of the Purchase Agreement., as more fully described in Item 1.01.

The Company must file a Certificate of Designation of Series F Preferred Stock with the Nevada Secretary of State before it can issue any shares of Series F Preferred Stock. The Company plans to file such Certificate of Designation in a form substantially similar to the attached Exhibit 3.1.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Business Acquired -----

The required financial statements of Around The World Travel, Inc. are not included in this Form 8-K. These financial statements will be provided in an amendment to this Form 8-K.

(b) Pro Forma Financial Information -----

The required proforma financial information relative to the acquisition of the assets of Around the World Travel, Inc. is not included in this Form 8-K. The pro forma financial information will be provided in an amendment to this Form 8-K.

(c) Exhibits: -----

3.1 Certificate of Designation of Series F Preferred Stock
10.1 Asset Purchase Agreement

The Company will file conformed executed copies of the Management Agreement and the License Agreement as exhibits to a subsequent filing with the Commission

SIGNATURES

Pursuant to the requirements of Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

American Leisure Holdings, Inc.

By: /s/ Malcolm J. Wright

Malcolm J. Wright, Chief Executive Officer

Dated: January 6, 2005