

SOCKET MOBILE, INC.  
Form 8-K  
May 11, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934**

**May 10, 2010**

Date of Report

(Date of earliest event reported)

**SOCKET MOBILE, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation)

**001-13810**

(Commission File Number)

**94-3155066**

(IRS Employer Identification No.)

**39700 Eureka Drive**

**Newark, CA 94560**

(Address of principal executive offices, including zip code)

**(510) 933-3000**

(Registrant's telephone number, including area code)

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)

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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 8.01 Other Events**

We reported on May 6, 2010 on a Form 8-K that on April 30, 2010, Socket Mobile, Inc. (the "Company") informed Silicon Valley Bank (the "Lender"), that in the process of completing the closing of its financial records for the month of March 2010, the Company had determined that as of the end of March 2010 it was out of compliance with the minimum revenue covenant for the fiscal quarter ended March 31, 2010 under the Second Amended and Restated Loan and Security Agreement, dated as of December 24, 2008, between the Company and the Lender, as amended, and the Second Amended and Restated Export-Import Bank Loan and Security Agreement, dated as of December 24, 2008, between the Company and the Lender, as amended (together the "Loan Agreements"). On March 3, 2010, the Company and Lender also entered into a First Amendment to Forbearance Agreement (the "Forbearance Agreement") under which the Lender agreed to forbear from enforcing its rights and remedies under the Loan Agreements through April 30, 2010.

Each of the Loan Agreements contained a covenant that the Company must achieve minimum revenues of \$4,600,000 during the fiscal quarter ended March 31, 2010. The Company failed to achieve the required minimum revenues for the quarter ended March 31, 2010. Our failure to meet the minimum revenue covenant during the fiscal quarter ended March 31, 2010 constitutes an event of default under each of the Loan Agreements. As a result of an event of default, the Lender may, among its remedies, declare all obligations under the Loan Agreements immediately due and payable.

We have been advised orally by the Lender that it will waive all events of default and that the line will continue to be available under the current Loan Agreements. The Lender also has indicated that it will revise the financial covenants of the Loan Agreements to replace current revenue attainment covenants with a covenant that would require the Company to achieve a net loss of no more than \$300,000 for the quarter ending June 30, 2010, a net loss of no more than \$200,000 for the quarter ending September 30, 2010, and a net profit of at least \$1 for the quarter ending December 31, 2010. In addition, the Company will continue to be required to maintain a minimum cash balance with the Lender of \$1 million at all times.

**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.

Date: May 11, 2010

**SOCKET MOBILE, INC.**

By: David W. Dunlap  
/s/

Name: David W. Dunlap  
Vice President, Finance and Administration  
and Chief Financial Officer

