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CabelTel International Corp
Form 10-K/A
May 06, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 5(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 000-08187

CabelTel International Corporation

(Exact name of registrant as specified in its charter)

Nevada

75-2399477

(State or other jurisdiction of
Incorporation or organization)

(IRS Employer Identification
Number)

1755 Wittington Place, Suite 340, Dallas, Texas

75234

(Address of principal executive offices)

(Zip Code)

Registrant's Telephone Number, including area code

972-407-8400

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock, \$0.01 par value

Name of each exchange on which registered
American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

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The aggregate market value of the voting stock held by non-affiliates of the issuer, computed by reference to the closing sales price on June 30, 2004, was approximately \$2,424,000. At March 31, 2005, the issuer had outstanding approximately 977,004 shares of par value \$0.01 Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE
None

AMENDMENT NO. 3 TO
ANNUAL REPORT ON FORM 10-K FOR
CABELTEL INTERNATIONAL CORPORATION

The undersigned Registrant hereby further amends the following items, exhibits, or other portions of its Annual Report on Form 10-K for the fiscal year ended December 31, 2004 as set forth below and as reflected in the substituted pages attached hereto which replace the same numbered pages in the original filing:

- o Pages 32-34 - the table of ownership percentages has been corrected and the footnotes to the table have been corrected for typographical errors.
- o Page 34 - the resulting percentages in the ownership table and the numbers of shares of certain stockholders in the paragraph under the table have been corrected.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Amendment to be signed on its behalf by the undersigned, thereunto duly-authorized.

Date: May 6, 2005.

CABELTEL INTERNATIONAL CORPORATION

By: /s/ Gene S. Bertcher

Gene S. Bertcher, President and Chief
Financial Officer

Item 12. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth as of March 31, 2005, certain information with respect to all stockholders known by the company to own beneficially more than 5% of the outstanding common stock, which is the only

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outstanding class of securities of the company, except for Series J 2% Preferred Stock and Series B preferred stock (the ownership of which is immaterial), as well as information with respect to the company's common stock owned beneficially by each director, director nominee, and current executive officer whose compensation from the company in 2004 exceeded \$100,000, and by all directors and executive officers as a group. Unless otherwise indicated, each of these stockholders has sole voting and investment power with respect to the shares beneficially owned.

Name of Beneficial Owner	Common Stock	
	No. of Shares	Percent of Class*
Victor L. Lund(1)	108,994	11.16%
Gene S. Bertcher(2)	71,811	7.35%
Roz Campisi Beadle	100	**
Ronald C. Finley(8)	-	-
James E. Huffstickler	-	-
Dan Locklear	-	-
JRG Investments, Inc.(3)(5)	156,884	16.06%
TacCo Financial, Inc.(3)(4)(6)	228,726	23.41%
International Health Products, Inc.(3)(7)	9,770	1.02%
All executive officers and directors as a group (six persons)	180,905	18.52%

*Based on 977,004 shares of common stock outstanding at March 31, 2005.

**less than 1%

- (1) Consists of 108,994 shares of common stock owned by Mr. Lund.
- (2) Consists of 71,811 shares of common stock owned by Mr. Bertcher.
- (3) Based on a Schedule 13D, amended December 12, 2004, filed by each of these entities and by Gene E. Phillips and each of those entities, each of these entities owns of record the number of shares set forth for such entity in the table. The Form 13D indicates that these entities and Mr. Phillips may be deemed a "Person" within the meaning of Section 13D of the Securities Exchange Act of 1934.
- (4) Consists of 228,726 shares of common stock (which does not include 156,884 shares held by JRG Investments, Inc. or an option to 40,000 shares of common stock at an exercise price of \$2.60 per share). TacCo Financial, Inc. also holds a Warrant to purchase 170,000 shares at \$3.58 per share exercisable only after stockholder approval to exchange the Company's Series J 2% Preferred Stock for common stock before October 1, 2005 and not exercisable if such approval does not occur.
- (5) Officers and Directors of JRG Investment Co., Inc. ("JRG") are J. T. Tackett, Director, President and Treasurer and E. Wayne Starr, Director, Chairman and CEO. JRG is a wholly owned subsidiary of Tacco Financial, Inc.
- (6) Officers and Directors of Tacco Financial, Inc. ("TFI") are J.T. Tackett, Director, Chairman and CEO; J.T. Tackett, Director, President and Treasurer and Mary K. Willett, Vice president and Secretary. TFI's stock is owned by Electrical Networks, Inc. (75%) and Starr Investments (25%).
- (7) Officers and Directors of International Health Products, Inc. ("IHPI") are Ken L. Joines, Director, President and Treasurer; Bradford A.

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Phillips, Vice President and Jamie Cobb, Secretary. IHPI is wholly owned by a trust for the benefit of the wife and children of Gene E. Phillips.

- (8) It is anticipated that approval will occur for the owners of the Series J 2% Preferred stock to exchange their preferred shares for shares of common stock. Mr. Ronald Finley owns 14,175 shares of Series J 2% Preferred Stock which if, as anticipated by the Company, exchanged for Common Stock would be 3,954,825 shares, or approximately 40.5% of the then outstanding common stock.

On October 12, 2004, the Company entered into an Acquisition Agreement with four individuals, Ronald C. Finley, Jeffrey A. Finley, Bradford A. Phillips and Gene E. Phillips, pursuant to which the Company acquired in a stock-for-stock exchange all of the issued and outstanding equity interests of two privately-held U.S. Corporations, Finley Equities, Inc., a Texas corporation ("FEINC") and American Realty Management, Inc., a Nevada corporation ("ARM"), in exchange for the issuance of 31,500 shares of the Company's newly-designated Series J 2% Preferred Stock, liquidation value \$1,000 per share. FEINC and ARM each owned an undivided one-half of the equity interest in Tacaruna B.V., a Netherlands company, which in turn directly owned 30% of CableTEL AD. Tacaruna B.V. also owned 64% of the equity of Narisma Holdings, Ltd., a Cyprus company, which in turn owns the balance of 70% of CableTEL AD. Prior to this transaction, the Company had no material relationship with Ronald C. Finley, Jeffrey A. Finley or Bradford A. Phillips. Bradford A. Phillips is the son of Gene E. Phillips. Gene E. Phillips is an individual who has significant contact with and influence upon matters handled by Basic Capital Management, Inc., a Nevada corporation ("BCM"), International Health Products, Inc., a Nevada corporation ("IHPI"), TacCo Financial, Inc., a Nevada corporation ("TFI"), and its wholly-owned subsidiary, JRG Investment Co., Inc., a Nevada corporation ("JRG"). Reference is made to the preceding table for the common stock ownership of such entities.

The consideration given by the Company for the assets received was an aggregate of 31,500 shares of the Company's newly-designated Series J 2% Preferred Stock, liquidation value \$1,000 per share. Such Series J 2% Preferred Stock has the right to receive cumulative cash dividends of \$20 per share per annum, payable quarterly, payment of \$1,000 per share in the event of dissolution, liquidation or winding-up of the Company before any distribution is made by the Company to its common stockholders, optional redemption at any time after September 30, 2006 at a price of \$1,000 per share plus cumulative dividends, no initial right of conversion into any other securities of the Company, and voting rights consisting of five votes per share voting together with all other classes of stock. Subsequently, on February 16, 2005, Gene E. Phillips contributed all 12,600 shares of Series J 2% Preferred Stock to CIC Investment LLC, a Nevada limited liability company, of which Gene E. Phillips is the sole member. Also on February 15, 2005, Bradford A. Phillips sold and transferred 1,575 shares of Series J 2% Preferred Stock to PS II Management LLC, a Texas limited liability company, which is indirectly owned by a trust for the benefit of the children of Bradford A. Phillips. Bradford A. Phillips retained the other 1,575 shares of Series J 2% Preferred Stock.

The Acquisition Agreement contained customary representations, warranties and covenants by the parties, but also required, that as soon as reasonably practicable and in no event later than September 30, 2005, that the Company present the transaction represented by the Acquisition Agreement, together with a proposed mandatory exchange of Series J 2% Preferred Stock for

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Common Stock to its current stockholders in accordance with the applicable requirements of the Securities and Exchange Commission and the AMEX for a vote (or written consent by the requisite number) of stockholders to approve the transaction, including a mandatory exchange of all shares of Series J 2% Preferred Stock for shares of the Company's Common Stock on the basis of 279 shares of Common Stock for each share of Series J 2% Preferred Stock, which would result in an aggregate of 8,788,500 shares of Common Stock being issued to the four individuals or their transferees, which would then constitute at least 89% of the total issued and outstanding shares of Common Stock of the Company,

all subject to the listing requirements with the AMEX. If the proposal is ultimately approved by the requisite number of votes of stockholders, it would result in the following individuals or entities owning the number of shares of Common Stock of the Company set forth opposite their respective names below by virtue of the exchange of the shares of Series J 2% Preferred Stock for Common Stock, which, based upon a new total number of shares of Common Stock then to be outstanding of 9,765,504 shares, would result in such individuals or entities owning the then percentage of the total outstanding shares of Common Stock set forth opposite the number of shares in the table below:

Name of Stockholder	No. of Shares of Series J 2% Preferred Stock Owned	Assumed Exchange of Common Stock No. of Shares Owned	Anticipated Percentage of Then Outstanding Shares of Common Stock After Exchange
Jeffrey A. Finley	1,575	439,425	4.50%
Ronald C. Finley	14,175	3,954,825	40.50%
Bradford A. Phillips	1,575	439,425	4.50%
CIC Investment LLC	12,600	3,515,400	36.00%
PS II Management LLC	1,575	439,425	4.50%

Assuming the proposal is ultimately approved by the requisite number of votes, a change in control of the Company would occur. As a result of such exchange, Gene E. Phillips, the sole member of CIC Investment LLC, would beneficially own 3,515,400 shares of Common Stock, constituting 36% of the then issued and outstanding shares of Common Stock, and three corporations, TFI, JRG and IHPI would also own in the aggregate 395,380 shares of Common Stock of the Company, or approximately 4.05% of the then issued and outstanding shares of Common Stock. Also, Ronald C. Finley, Chairman of the Board and Chief Executive Officer of the Company, would beneficially own 3,954,825 shares of Common Stock of the Company, or approximately 40.5% of the then issued and outstanding shares of Common Stock.

If the proposal does not ultimately receive the approval of the requisite number of votes of stockholders, prior to September 30, 2005, then, at any time thereafter until September 30, 2006, the holders of the shares of Series J 2% Preferred Stock have the option exercisable by all of them to either:

- o rescind in full and revoke the transaction covered by the Acquisition Agreement by returning all 31,500 shares of Series J 2% Preferred Stock to the Company, upon which the Company shall be obligated to deliver back to such holders all equity securities of any entity owning all of the ordinary shares and other securities of Tacaruna BV or CableTEL AD, or

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- o deliver to the Company all 31,500 shares of Series J 2% Preferred Stock and receive in exchange therefor all of the ordinary shares and other securities of Tacaruna BV outstanding and owned by the Company such that such holders will become the owners and holders of all of the issued and outstanding securities of Tacaruna BV, which in turn continues to own shares of CableTEL AD and shares of Narisma Holdings, Ltd.