REGENCY AFFILIATES INC
Form 10QSB
November 20, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended September 30, 2006

OR

|_| TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to _______

COMMISSION FILE NUMBER 1-7949

REGENCY AFFILIATES, INC.
(Exact name of registrant as specified in its charter)

Delaware	72-0888772
(State or other jurisdiction of Incorporation or organization)	(IRS Employer Identification Number)

610 N.E. Jensen Beach Blvd., Jensen Beach, Florida	34957
(Address of principal executive offices)	(Zip Code)

Registrant's Telephone Number, including Area Code (772) 334-8181

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 |X| No |_|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes |_| No |X|

As of November 17, 2006 there were 3,090,810 shares of the $.01 Par Value Common Stock outstanding.

Transitional Small Business Disclosure Form (check one): Yes |_| No |X|

Regency Affiliates, Inc. and Subsidiaries
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Regency Affiliates, Inc. and Subsidiaries
Condensed Consolidated Balance Sheet
September 30, 2006
(Unaudited)

Assets

Current Assets	
Cash and cash equivalents	$ 345,861
Marketable securities	9,484,770
Interest receivable	644,109
Other current assets	19,412
Total Current Assets	10,494,152
Investment in partnerships	7,750,652

Other Assets	
Other	1,300
Total Other Assets	1,300
Total Assets	$ 18,246,104

Liabilities and Shareholders' Equity

Current Liabilities	
Accounts payable	$ 90,887
Accrued expenses	140,924
Total Current Liabilities	231,811
Total Liabilities	231,811
Shareholders' equity	
Serial preferred stock not subject to mandatory redemption (Maximum liquidation preference $24,975,312)	1,052,988
Common stock, par value $.01; authorized 8,000,000 shares; issued 3,180,412 shares; outstanding 3,090,810 shares	31,804
Additional paid-in capital	9,002,431
Readjustment resulting from quasi-reorganization at December 31, 1987	(1,670,596)
Retained earnings	12,598,187
Note receivable - sale of stock	(2,440,000)
Treasury stock, 89,602 shares	(560,521)
Total Shareholders' Equity	18,014,293
Total Liabilities and Shareholders' Equity	$ 18,246,104

The attached notes are an integral part of these financial statements.

Regency Affiliates, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended September 30,	
	2006	2005
Net Sales	$ --	$ --
Costs and expenses		
Selling, general and administrative expenses	550,066	345,205

Loss from operations	(550,066)	(345,205)
Income from equity investment in partnerships	994,307	1,481,651
Interest and dividend income	56,288	50,802
Other income, net	96,791	85,227
Interest expense	(63,863)	(150)
Income from operations before income tax	533,457	1,272,325
Provision for income taxes	55,698	--
Net Income	$ 477,759	$ 1,272,325
Net income (loss) per common share:		
Basic	$ 0.15	$ 0.41
Diluted	$ 0.12	$ 0.33
Weighted average common shares outstanding		
Basic	3,096,624	3,115,847
Diluted	4,004,852	3,822,234

The attached notes are an integral part of these financial statements.

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Regency Affiliates, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	2006	2005
Cash Flows from operating activities		
Net income	$ 718,110	$ 1,388
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	--	1
Stock-based compensation	256,100	5
Income from equity investment in partnerships	(2,054,341)	(2,174
Unrealized gain on marketable securities	(114,044)	
Changes in operating assets and liabilities		
Accrued interest receivable	(144,876)	(108
Other current assets	(8,691)	41
Accounts payable and accrued expenses	(1,048,323)	(160
Income taxes payable	(113,000)	

Net cash used in operating activities	(2,509,065)	(1,006
Cash flows from investing activities		
Cash investments in partnerships	--	(200
Proceeds from sales of marketable securities	78,000,000	81,000
Purchases of marketable securities	(81,378,736)	(80,998
Proceeds from partnership earnings received	800,000	1,075
Net cash provided by (used in) investing activities	(2,578,736)	876
Cash flows from financing activities		
Proceeds from the exercise of stock options	9,600	158
Purchase of treasury stock	(222,726)	(42
Net cash provided by (used in) financing activities	(213,126)	115
(Decrease) in cash and cash equivalents	$ (5,300,927)	$ (14
Cash and cash equivalents - beginning	5,646,788	1,469
Cash and cash equivalents - ending	$ 345,861	$ 1,455

	Nine Months Ended September	
	2006	2005
Supplemental disclosures of cash flow information:		
Cash paid during the year for		
Interest	$ 63,863	$
Income taxes	$ 169,158	$

The attached notes are an integral part of these financial statements.

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Regency Affiliates, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows

Supplemental Schedule of Non-Cash Investing and Financing Activities:

None.

The attached notes are an integral part of these financial statements.

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Regency Affiliates, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Item 310 of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended September 30, 2006 are not necessarily indicative of the results that may be expected for the year ended December 31, 2006. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005.

Principles of Consolidation - The consolidated financial statements include the accounts of Regency Affiliates, Inc. (the "Company"), its 75% owned subsidiary, Iron Mountain Resources, Inc. ("IMR"), and its 80% owned subsidiary, National Resource Development Corporation ("NRDC"). All significant intercompany balances and transactions have been eliminated in consolidation.

Note 2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Note 3. Related Party Transactions

During the quarter ended March 31, 2006, two directors of the Company received 500 shares each for services at a total cost of $6,100.

During the quarter ended June 30, 2006, the Company repurchased 29,134 shares of common stock of a former officer as part of a legal settlement. The stock was purchased at a price of $6.50 per share at a total cost of $189,371.

During the quarter ended June 30, 2006, two former directors of the Company exercised stock options to purchase 3,000 shares of common stock. Two thousand shares were purchased at an exercise price of $4.00 per share, and one thousand shares were purchased at an exercise price of $1.60 per share.

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Regency Affiliates, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements

Note 4. Stock Based Compensation

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123R, "Share Based Payments", an amendment of FAS No. 123 "Accounting for Stock Based Compensation". FAS 123R eliminates the ability to account for share based payments using Accounting Principles Board Opinion No.25, "Accounting for Stock Issued to Employees", and instead requires companies to recognize compensation expense using a fair-value based method. The expense will be measured as the fair value of the award on its grant date and recorded over the applicable service period. The requirements of FAS 123R are effective for the Company beginning in 2006.

During the quarter ended June 30, 2006, our chief executive officer received 50,000 options to purchase shares at an exercise price of $6.27. The fair value of the options was estimated using the Black-Scholes option pricing model which requires highly subjective assumptions including the expected stock price volatility. The fair value of the Company's stock options granted was estimated using the following assumptions: no expected dividends, risk free interest rate of 4.87% expected average life of approximately 10 years and an expected stock price volatility of 70%. The fair value of options granted was $5.00 for total stock based compensation expense of $250,000 for the quarter.

Note 5. Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to common shareholders (net income less preferred stock dividend requirements and periodic accretion if applicable) by the weighted average number of common shares outstanding during the year.

Note 6. Treasury Stock

During the quarter ended September 30, 2006, the Company repurchased 5,468 shares of common stock at a total cost of $33,355.

Note 7. Note Receivable-Sale of Stock

In October 2001, the Company was issued a note in the amount of $2,440,000 by Statesman Group, Inc., a former shareholder. The note plus approximately $644,000 of accrued interest thereon became due and payable on September 30, 2006. The Company is seeking to collect amounts owed under the note.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

Forward-Looking Statements and Associated Risk

Certain statements contained in this Quarterly Report on Form 10-QSB, including, but not limited to those regarding the Company's financial position, business strategy, acquisition strategy and other plans and objectives for future operations and any other statements that are not historical facts constitute "forward-looking statements" within the meaning of federal securities laws and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements expressed or implied by such forward-looking statements to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected effect on its business or operations. These forward-looking statements are made based on management's expectations and beliefs concerning future events impacting the Company and are subject to uncertainties and factors (including, but not limited to, those specified below) which are difficult to predict and, in many instances, are beyond the control of the Company. Such factors include:

- A default in the lease or sudden catastrophe to the property owned by Security Land and Development Company Limited Partnership ("Security") or the operating facilities owned by Mobile Energy Services Company, LLC ("Mobile Energy") from uninsured acts of God or war could have a materially adverse impact upon our investment in Security or Mobile Energy, respectively, and therefore our financial position and results of operations;

- Our subsidiaries currently lack the necessary infrastructure at the site of the Groveland mine in order to permit them to make more than casual sales of the rock aggregate located at the Groveland Mine;

- We have had significant tax loss and credit carryforwards and no assurance can be provided that the Internal Revenue Service would not attempt to limit or disallow altogether our use, retroactively and/or prospectively, of such carryforwards, due to ownership changes or any other reason. The disallowance of the utilization or our net operating loss would severely impact or financial position and results of operations due to the significant amounts of taxable income that has been, and may in the future be, offset by our net operating loss carryforwards;

- If the Company consummates the Reverse Stock Split (as defined below) and Forward Stock Split (as defined below) and becomes a privately held company, stockholders will own shares in a private company and may not have the ability to sell their shares in the public market. Furthermore, the Company would not file current,

quarterly or annual reports or be subject to the proxy requirements of the federal securities laws. Stockholders may therefore find it more difficult to obtain information about the Company and its financial performance;

- Royalty Holdings, LLC ("Royalty"), an affiliate of the Company's management, beneficially owns approximately 60% of our common stock. As a result, Royalty has the ability to control the outcome of all matters requiring stockholder approval, including the election and removal of directors and any merger, consolidation or sale of all or substantially all of our assets;

- The Company does not expect to pay dividends in the foreseeable future; and

- There are many public and private companies that are also searching for operating businesses and other business opportunities as potential acquisition or merger candidates. The Company will be in direct competition with these other companies in its search for business opportunities. Many of these entities have significantly greater financial and personnel resources than the Company.

The following discussion and analysis of the financial condition and results of operations of the Company should be read in conjunction with the accompanying financial statements and related notes included in Item 1 of this report.

General.

The Company is committed to enhancing the value of the Company's Common Stock by seeking opportunities to monetize certain existing assets and by seeking new business opportunities on an opportunistic basis.

Liquidity and Capital Resources.

On September 30, 2006, the Company had current assets of $10,494,152 and Stockholders' Equity of $18,014,293. On September 30, 2006, the Company had $9,830,631 in cash and marketable securities, total assets of $18,246,104 and total current liabilities of $231,811.

During the preparation of the Company's 2004 federal corporation income tax return, a dispute arose between the Company and Security Land regarding the proper amount of taxable income to be allocated to the Company and reported to the Internal Revenue Service (the "IRS") on Federal Form K-1. This dispute could not be resolved and as such the Company reported a different amount of income on its corporation income tax return than was reported to the IRS by Security for 2004 and 2005. The discrepancy may cause the Company's tax returns to be audited by the IRS. The Company believes that the outcome of any IRS examination will not effect the financial statements of the Company in this year as net operating losses are available to offset any additional income not reported.

In December, 2001 the Aggregate inventory was sold to Iron Mountain Resources Inc. ("Iron Mountain") at a purchase price of $18,200,000, payable, with interest of 2.46%, in ninety-six equal payments of principal and interest scheduled to commence in December, 2003. The intercompany gain on this transaction has been eliminated in the consolidation process resulting in the Aggregate inventory being carried at its historical cost. On February 9, 2005, in lieu of foreclosure, Iron Mountain reconveyed the Aggregate inventory back to National Resource Development Corporation ("NRDC") and the note was deemed satisfied. In June 2005, the Company obtained an appraisal of the Aggregate which concluded that the Aggregate has no value and as such a full valuation allowance of $832,427 was taken in 2005.

On September 30, 2002, our subsidiary, Rustic Crafts International, Inc. ("Rustic Crafts") sold all of its operating assets subject to the assumption of certain of its liabilities. Prior to the sale, Rustic Crafts had established a $1,000,000 line of credit with PNC Bank which was guaranteed by the Company and expired on May 18, 2002. In conjunction with the Rustic Crafts asset sale, Rustic Crafts' indebtedness under the line of credit together with its $960,000 mortgage loan from PNC Bank and certain other indebtedness to PNC Bank was restructured to replace such indebtedness with five notes totaling $2,432,782 and have a ten year amortization schedule. The notes bear interest at the blended rate of 10.8% per annum. As part of the PNC Bank debt restructuring, Rustic Crafts was required to pay down the outstanding loan balance with $200,000 of the purchase price in the Rustic Crafts asset sale, and was required to make a $540,000 payment in December 2002. A $40,000 payment was made to PNC Bank in December 2002, but Rustic Crafts and the Company failed to make the balance of the December 2002 payment. Accordingly, the PNC Bank debt was subsequently modified to provide for the payment of the remaining $500,000 payment on or before June 30, 2003. On June 30, 2003, the Company paid all outstanding principal and interest due to PNC Bank, in satisfaction of the above described obligations. On December 30, 2005 the Company agreed to accept a $125,000 note from RCI as a restructuring of the above named obligation. The note, which bears interest at 6.5%, calls for payments of $1,088 per month until December 2008 at which time the balance will be due and payable.

Management believes that the Company's cash balance and anticipated cash flows from operations will be adequate to fund our cash requirements for at least the next twelve months.

Filing of Going Private Proxy Statement

On December 14, 2005, the Company filed with the SEC a preliminary Schedule 13E-3 Transaction Statement with respect to a going private transaction and a preliminary Schedule 14A Proxy Statement soliciting stockholders to vote on amending the Company's certificate of incorporation to provide for a 1-for-100 reverse stock split (the "Reverse Stock Split") followed immediately by a 50-for-1 forward stock split of the Company's common stock (the "Forward Stock Split"), which would result in the reduction of the number of common stockholders of record of the Company to fewer than 300. This will permit the Company to discontinue the filing of annual and periodic reports and other filings with the SEC. Once the Schedule 13E-3 Transaction Statement and Schedule 14A Proxy Statement are approved in a definitive form by the SEC, the Company will mail copies to its stockholders. The Company currently intends to effect the Reverse Stock Split and Forward Stock Split as soon as possible after such distribution.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION (continued)

Results of Operations.

2006 Compared to 2005

For the three months ended September 30, 2006:

No revenue was generated by the Company in this period.

Selling and administrative expenses increased by $204,861 or 59.3% in 2006 compared to 2005 primarily due to higher professional fees relating to litigation defense and funding of the retirement plan for calendar year 2006.

Income from equity investment in partnerships decreased by $487,344 or 32.9% compared to 2005, primarily due to a reduction in partnership income. During third quarter 2005, Mobile Energy sold excess inventory of parts resulting in a gain for the period.

Net Income decreased by $794,566 in 2006 over 2005 or 62.4%.

For the nine months ended September 30, 2006:

No revenue was generated by the Company in this period.

Selling and administrative expenses increased by $589,100 or 51.6%

in 2006 compared to 2005 primarily due to higher professional fees relating to litigation defense, funding of the retirement plan, and stock based compensation paid in calendar year 2006.

Income from equity investment in partnerships decreased by $120,401, 5.5% less than 2005 primarily due to a reduction in partnership income. During third quarter 2005, Mobile Energy sold excess inventory of parts resulting in a gain for the period.

Net Income decreased by $670,383 in 2006 over 2005 or 48.3%.

The Company's Stockholders' Equity at September 30, 2006 was $18,014,293 as compared to $19,067,996 on September 30, 2005, a decrease of $1,053,703.

Impact of Inflation.

Although the Company has not attempted to calculate the effect of inflation, management does not believe inflation has had a material effect on its results of operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION (continued)

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

ITEM 3. CONTROLS AND PROCEDURES.

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective.

In connection with the evaluation of the Company's internal controls during the Company's last fiscal quarter, the Company's Chief Executive Officer and Chief Financial Officer have determined that there are no changes to the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

On December 14, 2001, we initiated a proceeding in The Circuit Court of the Nineteenth Judicial Circuit in and for Martin County, Florida, case number 01-1087-CA against Larry J. Horbach, individually and L.J. Horbach & Associates. Larry Horbach was a former interim CFO and Board member. We claim that Larry Horbach, without appropriate authority, borrowed $100,050 from Mid City Bank in the name of Regency. We further claim that Horbach converted all or part of the proceeds from the loan for his benefit and breached his fiduciary duties as an officer and director. Horbach filed a Motion for the Court to determine whether the claims asserted against him were properly brought in Florida, or whether they should have been filed in Nebraska. The matter was fully briefed, and the Florida Court took the matter under advisement. The Florida Court has not yet rendered its decision on this jurisdictional issue.

On February 7, 2002, a complaint naming Regency as defendant was filed in the District Court of Douglas County, Nebraska, case number 1012. The Plaintiffs are Larry J. Horbach, individually and L.J. Horbach & Associates and they are demanding payment on a loan they purchased from Mid City Bank. The plaintiffs are requesting payment of $82,512.57 plus accrued interest, costs and attorney fees. We are vigorously defending this litigation.

On January 20, 2004, a purported derivative and class action lawsuit was filed by two dissident Company shareholders, Edward E. Gatz and Donald D. Graham, in the New Castle County Court of Chancery, Delaware (the "Court"), captioned Gatz, et al. v. Ponsoldt, Sr., et al., (C.A. No. 174-N) naming as defendants certain current and former directors of the Company, Royalty and certain of its

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS. (continued)

affiliates, Statesman and, nominally, the Company (the "Delaware Action"). The complaint alleged various breaches of fiduciary duties by the former directors and Statesman, and that Royalty and its affiliates knowingly participated in certain of the alleged breaches. In November 2004 the Court dismissed all but one claim alleged in the complaint. The Company was not a defendant with respect to the sole surviving claim, which related to the 2001 sale of a cache of previously quarried and piled aggregate rock by NRDC to Iron Mountain (the "Aggregate Sale"). On October 16, 2005, the Court dismissed plaintiffs' sole remaining claim for failure to state a claim for relief. The dismissal was without prejudice and the plaintiffs were given leave to file an amended complaint attacking the Aggregate Sale.

On January 30, 2006, plaintiffs filed an amended complaint challenging the Aggregate Sale and alleging that the Aggregate Sale negatively impacted the consideration the Company received in connection with the October 2002 restructuring transactions. The Company was not a defendant with respect to this claim. Plaintiffs sought damages in excess of $5,400,000 with respect to the claim related to the Aggregate Sale. On May 16, 2006, the Court dismissed the sole remaining complaint alleged in the complaint determining that the sole remaining complaint was derivative in nature and could therefore not be maintained by the plaintiffs. On June 14, 2006, the plaintiffs filed a Notice of Appeal appealing the Court's rulings. The matter will be briefed in due course. We are vigorously defending this litigation.

The defendants in the Delaware Action, other than Statesman, are entitled to be indemnified by the Company for damages, if any, and expenses, including legal fees, they may incur as a result of the lawsuit, subject to certain circumstances under which such indemnification is not available. In addition, the Company's insurance carrier contends that none of the claims contained in the Delaware Action are covered by insurance on the basis of the "insured vs. insured" exclusion since one of the plaintiffs, Donald D. Graham, was previously a director of the Company.

On May 10, 2004, Gary Nuttall, a former President of the Company, commenced an arbitration proceeding against the Company with respect to certain claims allegedly arising under his 1995 Employment Agreement with the Company. Mr. Nuttall sought severance and all other compensation and benefits due him under the 1995 Employment Agreement in an amount in excess of approximately $1,650,000 ($1,400,000 of which is a financing bonus), 466,667 unrestricted shares of the Company (pre-split), options to purchase additional stock of the Company, punitive damages, interest, fees and costs associated with the arbitration. On May 4, 2006, the parties settled the disputes between them without admitting any liability, fault or wrongdoing, and entered into a settlement agreement

PART II - OTHER INFORMATION

providing for, among other things, the payment of $950,000 by the Company to Mr. Nuttall and the purchase by the Company of the 29,134 shares of Company common stock owned by Mr. Nuttall, at a purchase price of $6.50 per share.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Small Business Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part o Publicly Announced Plans or Programs
July 1, 2006 - July 31, 2006	--	--	--
August 1, 2006 - August 31, 2006	--	--	--
September 1, 2006 - September 30, 2006 (1)	5,468	$6.10	--
Total	5,468	$6.10	--

(1) On September 19, 2006, the Company purchased 5,468 shares of the Company's common stock for an aggregate price of $33,354.80 in a privately negotiated transaction.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

(a) Exhibits

Exhibit Number	Description of Exhibit
3.1(i)(a)	Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1(i)(a) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2002, filed on November 19, 2002, and incorporated herein by reference).
3.1(i)(b)	Corrected Certificate of Amendment reflecting amendment to Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1(i)(b) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2002, filed on November 19, 2002, and incorporated herein by reference).
3.1(i)(c)	Certificate of Amendment of Restated Certificate of Incorporation of Regency Affiliates, Inc. (filed as Exhibit A to the Company's Information Statement on Schedule 14C filed on October 27, 2003 and incorporated by reference herein).
3.1(i)(d)	Certificate of Designation - Series B Preferred Stock, $10 Stated Value, $.10 par value (filed as Exhibit to Form 10-K dated June 7, 1993 and incorporated herein by reference).
3.1(i)(e)	Amended and Restated Certificate of Designation, Series C Preferred Stock, $100 Stated Value, $.10 par value (filed as Exhibit 99.4 to the Company's Current Report on Form 8-K filed on October 18, 2002, and incorporated herein by reference).
3.1(i)(f)	Certificate of Designation - Series D Junior Preferred Stock, $10 Stated Value, $.10 par value (filed as Exhibit to Form 10-K dated June 7, 1993 and incorporated herein by reference).
3.1(i)(g)	Certificate of Designation - Series E Preferred Stock, $100 Stated Value, $.10 par value (filed as Exhibit 4.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995 at page E-1, and incorporated herein by reference).
3.1(ii)(a)	By-laws of the Company (filed as Exhibit 3.4 to the Company's Registration Statement on Form S-1, Registration Number 2-86906, and incorporated herein by reference).
3.1(ii)(b)	Amendment No. 1 to By-Laws of the Company (filed as Exhibit 3.1(ii)(b) to the Company's Quarterly Report on

Form 10-Q for the period ended September 30, 2002, filed on November 19, 2002, and incorporated herein by reference).

31.1	Chief Executive Officer's Certificate, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Chief Financial Officer's Certificate, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

*Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REGENCY AFFILIATES, INC.
(Registrant)

Date: November 20, 2006	/s/ Laurence S. Levy
	(President and Chief Executive Officer)
Date: November 20, 2006	/s/ Neil N. Hasson
	(Chief Financial Officer)

EXHIBIT INDEX

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3.1(ii)(b)	Amendment No. 1 to By-Laws of the Company (filed as Exhibit 3.1(ii)(b) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2002, filed on November 19, 2002, and incorporated herein by reference).
31.1	Chief Executive Officer's Certificate, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Chief Financial Officer's Certificate, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*

	Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

*Filed herewith