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REGENCY AFFILIATES INC
Form 10QSB
August 17, 2007

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

FORM 10-QSB

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

For the quarterly period ended March 31, 2007

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 No

Indicate by check mark whether the registrant is a shell company (as defined in
Rule 12b-2 of the Exchange Act).

Yes No

As of August 14, 2007 there were 3,463,544 shares of the \$.01 Par Value Common
Stock outstanding.

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

Regency Affiliates, Inc. and Subsidiaries
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Regency Affiliates, Inc. and Subsidiaries
Condensed Consolidated Balance Sheet
March 31, 2007
(Unaudited)

Assets

Current Assets	
Cash and cash equivalents	\$ 269,439
Marketable securities	9,481,340
Interest receivable, net of allowance of \$644,109	--
Other current assets	134,711

Total Current Assets	9,885,490
Property, plant and equipment, net	12,930
Investment in partnerships/LLC	7,886,717
Other	1,300

Total Assets	\$ 17,786,437
	=====

Liabilities and Stockholders' Equity

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Current Liabilities	
Accounts payable and accrued expenses	\$ 260,710
Income taxes payable	15,138

Total Liabilities	275,848
Stockholders' equity	
Serial preferred stock Series C and D, 234,544 shares outstanding, not subject to mandatory redemption (Maximum liquidation preference \$21,141,940)	486,076
Common stock, par value \$.01; authorized 8,000,000 shares; issued 3,524,251 shares; outstanding 3,457,983 shares	35,243
Additional paid-in capital	6,919,989
Readjustment resulting from quasi-reorganization at December 31, 1987	(1,670,596)
Retained earnings	12,148,727
Note receivable - sale of stock	--
Treasury stock, 66,268 shares at cost	(408,850)

Total Stockholders' Equity	17,510,589

Total Liabilities and Stockholders' Equity	\$ 17,786,437
	=====

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

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

	Three Months

	2007

Net Sales	\$ --
Costs and expenses	
Costs of goods sold	--
Selling, general and administrative expenses	207,664

	207,664

Loss from operations	(207,664)
Income (loss) from equity investment in partnerships	(185,658)
Interest and dividend income	119,057
Other income	1,848

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Net income (loss)	(272,417)
	=====
Net income (loss) per common share:	
Basic	\$ (.08)
	=====
Diluted *	\$ (.08)
	=====
Weighted average number of common shares outstanding:	
Basic	3,308,335

Diluted *	3,308,335

* For the quarter ended March 31, 2007, common stock equivalents have not been included in the computation of diluted earnings per share as their effects would be anti-dilutive.

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)

	Three Months E

	2007

Cash Flows from operating activities	
Net income (loss)	\$ (272,417)
Adjustments to reconcile net income (loss) to net cash used in operating activities	
Depreciation and amortization	816
(Income) loss from equity investment in partnerships	185,657
Stock issued for services	--
Changes in operating assets and liabilities	
Accrued interest	--
Other current assets	6,440
Accounts payable and accrued expenses	(213,216)
Income taxes payable	15,138

Net cash used in operating activities	(277,582)

Cash flows from investing activities	
Purchases of property and equipment	(9,742)
Proceeds from sales of marketable securities	12,000,000
Purchases of marketable securities	(11,996,040)
Disbursements from partnerships	--

Net cash used in investing activities	(5,782)

Cash flows from financing activities	

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Purchase of treasury stock	(60,450)	-----
Net cash used in financing activities	(60,450)	-----
Decrease in cash and cash equivalents	\$ (343,814)	
Cash and cash equivalents - beginning	613,253	-----
Cash and cash equivalents - ending	\$ 269,439	
		Three Months E 2007 -----
Supplemental disclosures of cash flow information:		
Cash paid during the period for		
Interest	\$ --	-----
Income taxes	\$ 47,862	-----

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-month period ended March 31, 2007 are not necessarily indicative of the results that may be expected for the year ended December 31, 2007. 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, 2006.

Principles of Consolidation - The consolidated financial statements include the accounts of Regency Affiliates, Inc. (the "Company"), its wholly owned subsidiaries, Regency Power, Inc. and Rustic Crafts International, Inc. ("Rustic Crafts"), 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. Related Party Transactions

In December 2005, the Company's wholly owned subsidiary, Rustic Crafts, entered into a stipulation of settlement with RCI Wood Products ("RCI")

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regarding outstanding indebtedness with that company. Under the terms of this settlement, RCI will pay to Rustic Crafts the sum of \$125,000 with interest at six and one-half percent per annum, payable in thirty-five (35) monthly installments of \$1,088 each, commencing in January 2006. During the quarters ended March 31, 2007 and 2006, \$0 and \$3,264, respectively, was received under this obligation. RCI defaulted on the note in April 2006. The Company has initiated an action for collection against RCI and personal guarantor of the note.

During the quarter ended March 31, 2006, two directors of the Company each received 500 shares of common stock for services. The fair market value of the stock issued was \$6,100 and this expense is included in selling, general and administrative expenses in the statement of operations.

During the quarter ended March 31, 2007, the Company repurchased 9,300 shares of its outstanding common stock at a cost of \$60,450. The shares were then subsequently retired from the treasury.

During the quarter ended March 31, 2007, in accordance with EITF 00-27, "Accounting for Derivative Financial Instruments," the Company recorded its redemption of 370,747 shares of Cumulative Preferred Stock, Series B ("Series B Stock") for 430,473 shares of the Company's common stock. In 1991, as part of a corporate restructuring, the Company issued the 370,747 shares of \$10 stated value preferred stock designated as Series B to senior lenders in exchange for \$3,707,470 in outstanding obligations due to them. The Series B Stock held contingent provisions and rights, and the Company's common stock to be issued in connection with the redemption was to be based upon the fair market value of the Company's common stock at the date of redemption. Therefore, such transaction has potential beneficial conversion features and attributes for the preferred stockholders.

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

Note 2. Related Party Transactions, continued

On February 16, 2007, the Company exercised its right to redeem all of the issued and outstanding Series B Stock (370,747 shares), payable on March 15, 2007. The aggregate redemption price of 430,473 shares of the Company's common stock, at \$6.65 per share, amounted to \$2,862,645. As this amount is less than the original debt obligations exchanged with the preferred stockholders, which represented their investment in 1991 of \$3,707,470, no deemed dividend nor beneficial conversion feature has been recognized by the Company in the current period. This transaction resulted in the retirement by the Company of all issued and outstanding Series B Stock.

Note 3. Recently Issued Accounting Pronouncements

In February, 2007, FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" including an amendment of FAS 115, or FAS 159. This statement provides companies with an option to report selected financial assets and liabilities at fair value. This statement is effective for fiscal years beginning after November 15, 2007 with early adoption permitted. The Company is assessing FAS No. 159 and has not yet determined the impact that the adoption of FAS No. 159 will have on its results of operations or financial position, if any.

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In September 2006, the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 157 "Fair Value Measurements." This statement defines fair value, establishes a fair value hierarchy to be used in generally accepted accounting principles and expands disclosures about fair value measurements. Although this statement does not require any new fair value measurements, the application could change current practice. The statement is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of this statement to its financial position and results of operations.

In July 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined in FIN 48 as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. FIN 48 must be applied to all existing tax positions upon initial adoption. The cumulative effect of applying FIN 48 at adoption, if any, is to be reported as an adjustment to opening retained earnings for the year of adoption. FIN 48 is effective for the Company's year end 2007, although early adoption is permitted.

Note 4. Subsequent Events

Subsequent to March 31, 2007, the Company purchased 5,439 shares of common stock from a consultant of the Company, at \$5.10 per share. The Company also issued common shares to a director and consultant of the Company who exercised 5,000 and 6,000 common stock options, respectively, in April 2007.

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Regency Affiliates, Inc. and Subsidiaries

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

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(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 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 of our net operating loss would severely impact our 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 we consummate the Reverse Stock Split (as defined below) and Forward Stock Split (as defined below) and become 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, we 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 us and our financial performance;

- Royalty Holdings, LLC ("Royalty"), an affiliate of our management, beneficially owns approximately 53% 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;

- We do not expect to pay dividends in the foreseeable future; and

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

- There are many public and private companies that are also searching for operating businesses and other business opportunities as potential acquisition or merger candidates. We 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 us.

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.

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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 March 31, 2007, the Company had current assets of \$9,885,490 and stockholders' equity of \$17,510,589. On March 31, 2007, the Company had \$9,750,779 in cash and marketable securities, total assets of \$17,786,437 and total current liabilities of \$275,848.

During the preparation of the Company's 2004 and 2005 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. 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 affect the financial statements of the Company in this year as net operating losses are available to offset any additional income not reported.

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. In December 2005, the Rustic Crafts agreed to accept a \$125,000 note from RCI Wood Products, Inc. ("RCI") as a restructuring of the

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above named obligation. The note, that 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. During the quarter ended March 31, 2007 Rustic Crafts did not receive any payments under this obligation. No gain or income was recognized as a result of this settlement due to the uncertainty that the amount will actually be realized. Such recovery will be recognized upon receipt. During 2006 Rustic Crafts received \$3,264 of such settlement which is included in other income. In April 2006, RCI defaulted on the note. The Company has initiated an action for collection against RCI and a personal guarantor on the note.

In connection with the redemption of our common stock owned by Statesman Group, Inc. ("Statesman"), we acquired from Statesman a three-year option to purchase the 20% stock interest in National Resource Development Corporation held by Statesman. To exercise the option, we were required to deliver to Statesman for cancellation a \$2,440,000 note issued to the Company by Statesman in October

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2001. As consideration for the option, we (i) paid Statesman \$250,000, (ii) amended the note and related pledge agreement to limit our recourse under the note and (iii) transferred to Statesman certain office furniture and equipment that we owned. This option expired in October 2005. As part of the redemption, we also entered into an agreement with Statesman providing for (i) an amendment to the Certificate of Designations of the Series C Preferred Stock for the Company and (ii) certain limitations on the ability of Statesman to issue or transfer shares or other beneficial interests in Statesman or to sell, transfer, purchase or acquire any capital stock of the Company, in each case without first receiving our written confirmation that such issuance or transfer would not adversely affect our ability to utilize our tax loss carryforwards. We paid Statesman an aggregate amount of \$2,730,000 in consideration of the foregoing agreements. As of December 31, 2006, through the date of this Form 10-QSB, the Company has not collected the \$2,440,000 note and accrued interest of approximately \$644,000 due from Statesman. The Company has sent demand and default notices to Statesman but has not received a response to date. Per the terms of the Agreement, upon event of default, overdue principal and overdue interest will bear interest, payable upon demand, at a rate of twelve percent (12%) per annum, and the pledged securities may be transferred into the Company's name, or sold for proceeds to satisfy the obligation and collection costs incurred. The Company has currently reserved the receivable balance in full while it continues its collection efforts. The reserve adjustment included a charge to impairment of loans as other expense in the 2006 statement of operations, and an allowance against the note within equity as of December 31, 2006.

Filing of Going Private Proxy Statement

On December 14, 2005, the Company filed with the Securities and Exchange Commission (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 obligations of filing annual and periodic reports and make 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 stockholders. The Company currently intends to effect the Reverse Stock Split and Forward Stock Split as soon as possible thereafter.

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Regency Affiliates, Inc. and Subsidiaries

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

Results of Operations.

2007 Compared to 2006

For the three months ended March 31, 2007 and March 31, 2006:

No revenue was generated by the Company in these periods.

Selling, general and administrative expenses decreased by \$85,773 or 29.2% to \$207,664 in 2007 compared to \$ 293,437 in 2006 due to a decrease in professional fees.

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Income from equity investment in partnerships decreased by \$877,420, 126.8% less than 2006, primarily due to a reduction in the earnings of MESC Capital, LLC that resulted from a scheduled major overhaul of equipment and delayed repairs resulting from Hurricane Katrina.

Net income decreased by \$894,053 in 2007 over 2006 or 143.8% primarily due to the reduction in income from equity investment in partnerships.

The Company's Stockholders' Equity at March 31, 2007 was \$17,510,589 as compared to \$17,880,945 on March 31, 2006, a decrease of \$370,356 or 2.1%.

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.

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.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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 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

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"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. In its April 16, 2007 decision, citing an intervening legal development in the area of direct and derivative claims arising while the appeal was pending, the Supreme Court of the State of Delaware reversed the Court's decision and remanded the case to the Court for further proceedings. The Company has been advised that the defendants intend to vigorously defend the claim asserted against them in the Delaware Action.

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.

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

On February 20, 2007, the Company exercised its right to redeem its outstanding shares of Series B preferred stock for a redemption price payable in shares of the Company's common stock. On March 15, 2007, the Company redeemed all outstanding shares of its Series B preferred stock for an aggregate redemption price of 430,473 shares of the Company's common stock. Exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), for the issuance of such shares of common stock is claimed under 4(2) of the Securities Act.

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Regency Affiliates, Inc. and Subsidiaries

PART II - OTHER INFORMATION (continued)

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 of Publicly Announced Plans or Programs
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January 1, 2007 - January 31, 2007	--	--	--
February 1, 2007 - February 28, 2007 (1)	--	--	--
March 1, 2007 - March 31, 2007	9,300	\$6.50	--
Total	9,300	\$6.50	--

On March 28, 2007, the Company purchased 9,300 shares of the Company's common stock for an aggregate price of \$60,450 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).

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- 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).

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Regency Affiliates, Inc. and Subsidiaries

PART II - OTHER INFORMATION (continued)

- 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

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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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REGENCY AFFILIATES, INC.
(Registrant)

Date: August 17, 2007

/s/ Laurence S. Levy

(President and Chief Executive Officer)

Date: August 17, 2007

/s/ Neil N. Hasson

(Chief Financial Officer)

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EXHIBIT INDEX

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

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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.*
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*Filed herewith