

UNITED STATES
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

Date of Report (Date of earliest event reported): December 14, 2020

LM FUNDING AMERICA, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-37605
(Commission File Number)

47-3844457
(IRS Employer Identification
No.)

1200 West Platt Street, Suite 1000
Tampa, Florida 33606
(Address of principal executive offices, including zip code)

(813) 222-8996
(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:

- 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))

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

Title of each class:	Trading symbol	Name of each exchange on which registered
Common Stock par value \$0.001 per share	LMFA	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On December 14, 2020, LM Funding America, Inc. (“LMFA”), through a wholly owned subsidiary, entered into a Master Loan Receivables Purchase and Assignment Agreement (the “Purchase Agreement”) under which LMFA has agreed to purchase up to \$18 million of loan receivables of Borqs Technologies, Inc. (NASDAQ: BRQS), a British Virgin Islands company (“Borqs”), from Borqs’ senior lenders, Partners for Growth IV, L.P. and Partners for Growth V. L.P. As a part of the transaction, LMFA entered into a Settlement Agreement, dated December 14, 2020 (the “Settlement Agreement”), with Borqs pursuant to which Borqs will issue shares of Borqs common stock to LMFA (the “Settlement Shares”), in one or more tranches, in settlement of the loan receivables acquired by LMFA under the Purchase Agreement. The loan receivables will be purchased by LMFA in tranches over a period of up to 22 months at a price equal to a discount of 2.5% to 22.5% of the face value of the loan receivables, with such discount to result in an acquisition price of approximately \$15 million in the aggregate.

The Settlement Agreement provides that the Settlement Shares shall be issued to LMFA at a 30% discount to the volume-weighted average price of Borqs common stock over a specified pricing period. The Settlement Agreement contemplates that the Settlement Shares will be issued as unrestricted securities in a transaction that is exempt from registration under Section 3(a)(10) of the Securities Act of 1933, as amended (the “Securities Act”). LMFA has petitioned the Eleventh Circuit Court of the State of Florida for a court order (the “LMFA Order”) approving, among other things, the fairness of the terms and conditions of the issuance of the Settlement Shares as the full and final settlement of the acquired loan receivables pursuant to Section 3(a)(10) of the Securities Act. LMFA’s obligation to purchase receivables under the Purchase Agreement is subject to, among other conditions, receipt of the LMFA Order and the absence of a material adverse effect. LMFA has a right to terminate the Purchase Agreement if the first closing of the purchase of receivables thereunder has not occurred within 60 days of the date of the Purchase Agreement.

In a separate transaction, on December 16, 2020, LMFA and Esousa Holdings, LLC, a private investor (the “Investor”) entered into a Loan Agreement (the “Loan Agreement”) pursuant to which the Investor agreed to provide consulting services and make one or more non-recourse loans to LMFA in a principal amount of up to the purchase price of the Borqs loan receivables purchased by LMFA. The Loan Agreement does not provide a fixed rate of interest, and LMFA and Investor have agreed to split the net proceeds from LMFA’s sales of the Settlement Shares, with LMFA receiving one-third of the net proceeds after a return of Investor’s principal and the Investor receiving return of principal plus two-thirds of the net proceeds thereafter. As the loans contemplated by the Loan Agreement are non-recourse to the Company and are paid solely from the proceeds from sales of Settlement Shares, the Loan Agreement does not represent a direct financial obligation that is material to LMFA.

The foregoing descriptions of the Purchase Agreement, the Settlement Agreement, and the Loan Agreement are necessarily incomplete and are subject to, and qualified in their entirety by reference to, the full text of such documents, which will be filed as exhibits to LMFA’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Item 7.01 Regulation FD Disclosure.

A copy of the press release, dated December 21, 2020, announcing transactions described in Item 1.01 above, is attached as Exhibit 99.1.

The information under Item 7.01 and in Exhibit 99.1 to this Current Report on Form 8-K shall not be deemed to be “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, or otherwise subject to the liabilities thereof, nor shall it be deemed to be incorporated by reference in any filing under the Securities and Exchange Act of 1934 or under the Securities Act of 1933, except to the extent specifically provided in any such filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
99.1	Press release issued December 21, 2020

Forward-Looking Statements

This Current Report on Form 8-K may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainty. Words such as “anticipate,” “estimate,” “expect,” “intend,” “plan,” and “project” and other similar words and expressions are intended to signify forward-looking statements. Forward-looking statements are not guarantees of future results and conditions but rather are subject to various risks and uncertainties. Such statements are based on the Company’s current expectations and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Investors are cautioned that there can be no assurance actual results or business conditions will not differ materially from those projected or suggested in such forward-looking statements as a result of various risks and uncertainties. Investors should refer to the risks detailed from time to time in the reports the Company files with the SEC, including the Company’s Annual Report on Form 10-K for the year ended December 31, 2019, as well as other filings on Form 10-Q and periodic filings on Form 8-K, for additional factors that could cause actual results to differ materially from those stated or implied by such forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, unless required by law.

SIGNATURE

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.

LM Funding America, Inc.

By: /s/ Richard Russell
Richard Russell
Chief Financial Officer

Dated: December 21, 2020

LM Funding Announces Purchase of Loan Receivables

TAMPA, FL, December 21, 2020 – LM Funding America, Inc. (NASDAQ: LMFA) (“LM Funding” or “LMFA”), a technology-based specialty finance company, today announced that it has entered into a Master Loan Receivable Purchase and Assignment Agreement under which LMFA will purchase, through a wholly owned subsidiary, up to approximately \$18 million in the aggregate of loan receivables of Borqs Technologies, Inc. (NASDAQ: BRQS) (“Borqs”) from Borqs’ senior lender. As a part of the transaction, LMFA has entered into a Settlement Agreement with Borqs pursuant to which Borqs will issue shares of Borqs common stock to LMFA (the “Settlement Shares”), in one or more tranches, in settlement of the loan receivables acquired by LMFA (the “Settlement Agreement”). The loan receivables will be purchased by LMFA in tranches over a period of up to 22 months at a price equal to a discount of 2.5% to 22.5% of the face value of the loan receivable, with such discount to result in an acquisition price of approximately \$15 million in the aggregate.

The Settlement Agreement further provides that the Settlement Shares shall be issued at a 30% discount to the volume-weighted average price of Borqs common stock over a specified pricing period. The LMFA Settlement Agreement contemplates that the Settlement Shares will be issued as unrestricted securities in a transaction that is exempt from registration under Section 3(a)(10) of the Securities Act of 1933, as amended (the “Securities Act”). LMFA has petitioned the Eleventh Circuit Court of the State of Florida for a court order (the “LMFA Order”) approving, among other things, the fairness of the terms and conditions of the issuance of the Settlement Shares as the full and final settlement of the acquired loan receivables pursuant to Section 3(a)(10) of the Securities Act.

In a separate transaction between LMFA and a private investor, the private investor has agreed to provide consulting services and make a non-recourse loan to LMFA in a principal amount of up to the purchase price of the Borqs loan receivables purchased by LMFA. LMFA and the private investor will split the net proceeds from sales of the Settlement Shares with LMFA receiving one-third of the net proceeds remaining after a return of the principal amount of the loans and the investor receiving return of principal plus two-thirds of the net proceeds. If the transactions contemplated in the Master Loan Receivable Purchase and Assignment Agreement and Settlement Agreement are completed in full, LMFA expects to realize approximately \$2 million in net proceeds.

“LM Funding has operated under the tagline ‘We Buy Problems’ since 2011” said LMFA’s CEO Bruce M. Rodgers. “Generally, we buy or finance receivables at a discount and monetize them through the judicial process. In this instance, we have contracted to purchase loan receivables from Borqs’ senior lender and are seeking a state court order allowing LMFA to receive Borqs Common Stock in satisfaction of the loan receivables. Although larger in size than our transactions with community associations, the Borqs transaction utilizes our core skill sets to extend our operating business into a different asset class. We hope the \$9 million in proceeds from our sale of shares in August will allow us to continue to look at larger transactions like this in the future.”



About LM Funding America:

LM Funding America, Inc., together with its subsidiaries, is a technology-based specialty finance company that provides funding to nonprofit community associations (Associations) primarily located in the state of Florida, as well as in the states of Washington, Colorado and Illinois by funding a certain portion of the associations' rights to delinquent accounts that are selected by the Associations arising from unpaid Association assessments.

Forward-Looking Statements:

This press release may contain forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. Words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” and “project” and other similar words and expressions are intended to signify forward-looking statements. Forward-looking statements are not guaranties of future results and conditions but rather are subject to various risks and uncertainties. Some of these risks and uncertainties are identified in the company's most recent Annual Report on Form 10-K and its other filings with the SEC, which are available at www.sec.gov. These risks and uncertainties include, without limitation, uncertainty created by the COVID-19 pandemic, our ability to acquire new accounts at appropriate prices, the need for capital, our ability to hire and retain new employees, changes in governmental regulations that affect our ability to collect sufficient amounts on defaulted consumer receivables, changes in the credit or capital markets, changes in interest rates, and negative press regarding the debt collection industry. The occurrence of any of these risks and uncertainties could have a material adverse effect on our business, financial condition, and results of operations.

Company Contact:

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