

Convergence Ethanol, Inc.
Form 8-K
June 07, 2007

**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): June 1, 2007

CONVERGENCE ETHANOL, INC.

(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction
of incorporation)

0-4846-3
(Commission File Number)

82-0288840
(I.R.S. Employer
Identification No.)

5701 Lindero Canyon Rd., #2-100
Westlake Village, California
(Address of principal executive offices)

91362
(Zip Code)

Issuer's telephone number, including area code: (818) 735-4750

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))

Item 2.04 Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.

On October 27, 2006, Convergence Ethanol, Inc. (the “Company”) entered into a Securities Purchase Agreement (the “Purchase Agreement”) with GCA Strategic Investment Fund Limited (“GCA”) and executed a Convertible Note dated October 27, 2006, in favor of GCA in the amount of \$3,530,000.00 (the “Note”), as reported in the Company’s Current Report on Form 8-K filed on November 17, 2006. Pursuant to the Purchase Agreement, the Company was required to file a registration statement covering the resale of the securities (the “Registrable Securities”) issuable in connection with the Purchase Agreement no later than December 26, 2006, and to obtain effectiveness of the registration statement no later than January 25, 2007.

As of March 13, 2007, the Company had neither filed nor obtained effectiveness of a registration statement covering the Registrable Securities. As a result, on March 13, 2007, GCA delivered a notice (the “Notice”) to the Company stating that the Company (i) had breached the registration covenants contained in the Purchase Agreement, (ii) had accrued liquidated damages of no less than \$145,906.61, and (iii) was accruing additional liquidated damages of \$2,353.33 per day after March 13, 2007, as reported in the Company’s Current Report on Form 8-K filed on March 19, 2007. The Notice demanded payment of liquidated damages of \$145,906.61 and stated that if the Company failed to pay the liquidated damages in accordance with the terms of the Purchase Agreement and the Notice, GCA would issue to the Company a notice of default.

As of June 1, 2007, the Company still had not filed or obtained effectiveness of a registration statement covering the Registrable Securities nor had it paid the liquidated damages demanded in the Notice. On June 1, the Company received a default and demand notice (the “June Notice”) from GCA. The June Notice demands payment of (i) the outstanding principal amount owed under the Note of \$3,530,000.00, (ii) accrued and unpaid liquidated damages of \$334,173.01, (iii) additional liquidated damages of \$2,353.33 per day after June 1, 2007, (iv) accrued and unpaid default interest of \$225,920.00 pursuant to the Note, and (v) additional default interest of \$1,765.00 per day after June 1, 2007. The June Notice also states that legal proceedings will be instituted against the Company without further notice seeking a judgment against the Company for all outstanding indebtedness and all court costs and that GCA intends to hold the Company liable for reasonable attorneys’ fees, as provided in the Purchase Agreement, unless the Company pays the total amount demanded within ten (10) days of the Company’s receipt of the June Notice.

[SIGNATURE PAGE FOLLOWS]

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 7, 2007

Convergence Ethanol, Inc.

By:

/s/ Richard W.

York

Richard W. York

Chief Financial Officer