

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): March 14, 2022

C-Bond Systems, Inc.

(Exact name of registrant as specified in its charter)

Colorado

(State or Other Jurisdiction
of Incorporation)

0-53029

(Commission
File Number)

26-1315585

(IRS Employer
Identification Number)

6035 South Loop East, Houston, TX 77033

(Address of principal executive offices) (zip code)

(832) 649-5658

(Registrant's telephone number, including area code)

(Former Name or Former Address if Changed Since Last Report)

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 (see General Instruction A.2. below):

- 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))

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

Emerging growth company

If an emerging growth company, indicate by check mark if the 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.

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Not applicable	Not applicable	Not applicable

Explanatory Note

As previously disclosed in the Current Report on Form 8-K filed on October 19, 2021 with the Securities and Exchange Commission (the "SEC") by C-Bond Systems, Inc. (the "Company"), on October 15, 2021, the Company entered into a Securities Purchase Agreement (the "SPA") with Mercer Street Global Opportunity Fund, LLC (the "Investor" and together with the Company, the "Parties"), pursuant to which the Company received \$750,000 (less \$10,000 of Investor's fees) in exchange for the issuance of a 10% Original Issue Discount Senior Convertible Promissory Note (the "Initial Note") in the principal amount of \$825,000, and a five-year warrant (the "Initial Warrant") to purchase, in the aggregate, shares of the Company's common stock at an exercise price of \$0.05 per share in an amount equal to 50% of the conversion shares to be issued. The transactions contemplated under the SPA closed on October 18, 2021. In connection with the SPA, the Company entered into a Registration Rights Agreement dated October 15, 2021 (the "Registration Rights Agreement"), with the Investor pursuant to which it was obligated to file a registration statement with the SEC within 45 days after the date of the SPA to register the resale by the Investor of the conversion shares and warrant shares. Pursuant to the SPA and related documents, including but not limited to the Registration Rights Agreement, the Company filed a Registration Statement on Form S-1 (File No. 333-261472) ("S-1") with the SEC on December 3, 2021. Upon effectiveness of the S-1, and pursuant to the SPA, Investor is obligated to fund an additional \$825,000 10% Original Issue Discount Senior Convertible Promissory Note (the "Second Note," and together with the Initial Note, the "Notes"), and a five-year warrant (the "Second Warrant," and together with the Initial Warrant, the "Warrants") to purchase, in the aggregate, shares of the Company's common stock at an exercise price of \$0.05 per share from the Company in an amount equal to 50% of the conversion shares to be issued upon the same terms as the Initial Note and Initial Warrant (subject to there being no event of default under the Initial Note or other customary closing conditions), within three trading days of a registration statement registering the shares of the Company's common stock issuable under the Notes (the "Conversion Shares") and upon exercise of the Warrants (the "Warrant Shares") being declared effective by the SEC (collectively, the "Second Tranche"). As the S-1 has not been declared effective as previously disclosed on the Current Report on Form 8-K filed with the SEC on March 11, 2022, the Second Tranche has not closed. However, the Investor agreed to enter into a promissory note in the principal amount of \$197,500 with the Company as further described below.

Item 1.01. Entry into Material Definitive Agreement

On March 14, 2022, the Parties agreed to enter into an Original Issue Discount Promissory Note and Security Agreement (the "March 2022 Note") in the principal amount of \$197,500. The March 2022 Note was funded on March 14, 2022. The March 2022 Note includes an Original Issue Discount of \$22,500, which includes \$5,000 of the Investor's legal fees.

The March 2022 Note matures 12 months after issuance and bears interest at a rate of 3% per annum. At any time, the Company may prepay all or any portion of the principal amount of the March 2022 Note and any accrued and unpaid interest without penalty.

The March 2022 Note also creates a lien on and grants a priority security interest in all of the Company's Accounts, Goods, Inventory, Equipment, Investment Property, General Intangibles, Instruments, Documents, and all other assets and personal property of the Company, wherever located, together with all the proceeds now or hereafter arising in connection therewith.

The foregoing description does not purport to be complete and is qualified in its entirety by reference to (i) the full text of the Initial Note, Initial Warrant, SPA, and Registration Rights Agreement, filed previously as Exhibits 4.1, 4.2, 10.1, and 10.2, respectively, to the Current Report on Form 8-K filed on October 19, 2021, and (ii) the full text of the March 2022 Note, filed as Exhibit 4.1 to this Current Report on Form 8-K.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information regarding the March 2022 Note set forth in Item 1.01 of this Current Report on Form 8-K is hereby incorporated by reference into this Item 2.03 in its entirety.

Item 9.01. Financial Statements and Exhibits

Exhibit Number	Description
4.1	Original Issue Discount Promissory Note and Security Agreement dated March 14, 2022, between C-Bond Systems, Inc. and Mercer Street Global Opportunity Fund, LLC
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

1

SIGNATURES

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

C-Bond Systems, Inc.

Date: March 18, 2022

By: /s/ Scott R. Silverman
Name: Scott R. Silverman
Title: Chief Executive Officer

2

ORIGINAL ISSUE DISCOUNT PROMISSORY NOTE AND SECURITY AGREEMENT

Principal \$197,500
Purchase Price \$175,000

Issuance Date: March 14, 2022

The undersigned maker (the “Maker”) promises to pay to the order of **Mercer Street Global Opportunity Fund, LLC**, a Delaware limited liability company (the “Lender”) the principal sum of \$197,500, together with interest accruing thereon from the date hereof at the rate and time hereinafter provided. The principal of this Note includes an Original Issue Discount of \$22,500 which includes \$5,000 of the Holder’s legal fees.

Interest (computed on the basis of a 360-day year for the actual number of days elapsed) on the outstanding balance of principal evidenced by this Promissory Note and Security Agreement (“Note”) shall accrue at a rate per annum equal to 3%.

On the **12th month anniversary** of the Issuance Date of this Note (the “Maturity Date”), all outstanding principal, accrued and unpaid interest and all other amounts due and payable hereunder shall be immediately due and payable in full.

This Note also creates a lien on and grants a priority security interest in all of Maker’s Accounts, Goods, Inventory, Equipment, Investment Property, General Intangibles, Instruments, Documents, and all other assets and personal property of the Maker, wherever located, together with all the proceeds now or hereafter arising in connection therewith (the “Collateral”). This Note shall also constitute a security agreement under the New York Uniform Commercial Code or other law applicable to the creation of liens on personal property. Capitalized terms used in this paragraph shall have the meanings that are given to them under the New York Uniform Commercial Code. Maker acknowledges and agrees that Lender shall have the right to file a UCC-1 financing statement and any renewals and continuations thereof or other documents as Lender may reasonably require with respect to this security interest. If a default occurs under this Note, Lender shall have all rights and remedies of a secured party under the New York Uniform Commercial Code.

The failure of Maker to pay to Lender (as required under this Note) promptly within three calendar days after written notice from Lender that amounts are due and payable under this Note shall constitute an event or default under this Note.

At any time after the occurrence of any event of default, the indebtedness evidenced by this Note and/or any note(s) or other obligation(s) which may be taken in renewal, extension, substitution or modification of all or any part of the indebtedness evidenced thereby and all other obligations of Maker to Lender howsoever created and existing shall, at the option of the Lender in its sole discretion, immediately become due and payable without demand upon or notice to Maker, and Lender shall be entitled to exercise all remedies as provided by law and/or equity.

Maker hereby waives presentment for payment, demand, notice of dishonor and protest and agrees that (i) any collateral, lien or right of setoff securing any indebtedness evidenced by this Note may, from time to time, in whole or in part, be exchanged or released, and any person liable on or with respect to this Note may be released, all without notice to or further reservations of rights against Maker, any indorser, surety or guarantor and all without in any way affecting or releasing the liability of Maker, any indorser, surety or guarantor, and (ii) none of the terms or provisions hereof may be waived, altered, modified or amended except as Lender may consent thereto in writing.

Maker hereby agrees to pay all actual out-of-pocket costs and expenses, including reasonable attorneys’ fees, incurred by Lender in the collection of the indebtedness evidenced by this Note, in enforcing any of the rights, powers, remedies and privileges of Lender hereunder, or in connection with any further negotiations, modifications, releases, or otherwise incurred by Lender in connection with this Note. As used in this Note, the term “attorneys’ fees” shall mean reasonable actual out-of-pocket charges and expenses for legal services rendered to or on behalf of Lender in connection with the collection of the indebtedness evidenced by this Note at any time whether prior to the commencement of judicial proceedings and/or thereafter at the trial and/or appellate level and/or in pre-judgment and post-judgment or bankruptcy proceedings.

In no event shall the rate of interest charged under this Note exceed the rate that may legally be charged to Maker for obligations of this nature under the laws of the State of New York, and any interest that may be paid in excess of the legal limit shall, at the option of Lender, be refunded to Maker or shall be applied towards payment of the principal obligation under this Note.

Each party hereto irrevocably and unconditionally submits to the jurisdiction of the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York and agrees that any such action, litigation, or proceeding may be brought in any such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each party hereto agrees that a final judgment in any such action, litigation, or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing herein shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Note against Maker or its properties in the courts of any jurisdiction.

To the extent that Lender receives any payment on account of any of Maker’s obligations, and any such payment(s) or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, subordinate and/or required to be repaid to a trustee, receiver or any other person or entity under any bankruptcy act, state or federal law, common law or equitable cause, then, to the extent of such payment(s) received, Maker’s obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment(s) had not been received by Lender and applied on account of Maker’s obligations.

Maker agrees that this Note shall be deemed to have been made under and shall be governed by the laws of the State of New York in all respects, including matters of construction, validity and performance. If any provisions of this Note shall be deemed unenforceable under applicable law, such provision shall be ineffective, but only to the extent of such unenforceability, without invalidating the remainder of such provision or the remaining provisions of this Note. All of the terms and provisions of this Note shall be applicable to and be binding upon each and every maker, indorser, surety, guarantor, all other persons who are or may become liable for the payment hereof and their heirs, personal representatives, successors or assigns.

Time is of the essence as to each provision of this Note which requires Maker to take any action within a specified time period.

MAKER AND LENDER (BY ACCEPTING THIS NOTE) HEREBY MUTUALLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER MAKER OR LENDER AGAINST THE OTHER AND BASED UPON, ARISING OUT OF, OR IN CONNECTION WITH, THIS NOTE, OR OTHER DOCUMENTS SECURING OR EXECUTED IN CONNECTION WITH THIS NOTE.

At any time the Maker may prepay all or any portion of the principal amount of this Note and any accrued and unpaid interest without penalty.

IN WITNESS WHEREOF, the Maker has executed this Note as of March 14, 2022.

C-BOND SYSTEMS, INC.
a Colorado corporation

By: /s/ Scott R. Silverman
Scott R. Silverman, its Chief Executive Officer

[Signature page to the Original Issue Discount Promissory Note and Security Agreement]