

BREAKAWAY SOLUTIONS INC
Form SC 13D/A
April 16, 2001

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 1)*

BREAKAWAY SOLUTIONS, INC.

(Name of Issuer)

Common Stock, \$0.000125 Par Value Per Share

(Title of Class of Securities)

105372 10 5

(CUSIP Number)

Charles C. Freyer, Esquire
General Counsel
SCP Private Equity Partners II, L.P.
435 Devon Park Drive, Building 300
Wayne, PA 19087
610-254-4242

(Name, Address and Telephone Number of
Person Authorized to Receive Notices and Communications)

copy to: Spencer W. Franck, Jr.
Saul Ewing LLP
Centre Square West
1500 Market Street, 38th Floor
Philadelphia, PA 19102-2186
215-972-1955

April 6, 2001

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box []

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 240.13d-7 for other parties to whom copies are to be sent.

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* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

SCP Private Equity Partners II, L.P.
23-3037972

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

	7	SOLE VOTING POWER
NUMBER OF	0	
SHARES		
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY	56,491,660	
EACH	9	SOLE DISPOSITIVE POWER

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REPORTING 0

PERSON

10 SHARED DISPOSITIVE POWER

WITH

56,491,660

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

56,491,660

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

52.5%

14 TYPE OF REPORTING PERSON*

PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1 NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

SCP Private Equity II, LLC
23-3047235

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) OR 2(e)

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6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

	7	SOLE VOTING POWER
NUMBER OF	0	
SHARES		
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY	56,491,660	
EACH	9	SOLE DISPOSITIVE POWER
REPORTING	0	
PERSON		
WITH	10	SHARED DISPOSITIVE POWER
	56,491,660	

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

56,491,660

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

52.5%

14 TYPE OF REPORTING PERSON*

CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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This Amendment No. 1 to Schedule 13D amends and supplements the Schedule 13D filed with the Securities and Exchange Commission on February 26, 2001 (the "Schedule 13D"). Information in the Schedule 13D remains in effect except to the extent that it is superceded by the information contained in this Amendment No. 1. Information given in response to each item shall be deemed to be incorporated by reference in all other items. Capitalized terms used but not defined in this Amendment No. 1 shall have the meanings ascribed to such terms in the Schedule 13D.

Item 1. Security and Issuer

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This Amendment No. 1 relates to the acquisition of (a) warrants to purchase up to 28,571,429 shares of the Issuer's Common Stock, at an initial exercise price of \$.70 per warrant (the "Warrants") and (b) 214,286 shares of the Issuer's Series A Preferred Stock, \$.0001 par value (the "Series A Preferred"), which is initially convertible into 21,428,600 shares of Common Stock.

The exercise price of the Warrants and the number of shares of Common Stock underlying the Warrants are subject to adjustment upon certain events as described in the Warrants. The form of the Warrant is filed as Exhibit 2 hereto, and the terms of which are incorporated herein by reference. The Series A Preferred is convertible into Common Stock on the terms set forth in the Certificate of Designation of the Series A Preferred Stock, which is filed as Exhibit 3 hereto, and the terms of which are incorporated herein by reference.

Item 3. Source and Amount of Funds or Other Consideration

The Closing took place on April 6, 2001, and pursuant to the terms of the Purchase Agreement, SCP L.P. acquired (i) 214,286 shares of the Series A Preferred and (ii) the Warrants. At the Closing, SCP L.P. delivered the notes held by it evidencing indebtedness under the Debt Financing (as more fully described in the Schedule 13D) to the Issuer for cancellation, and the outstanding amount of such notes, \$7,766,666.67, was applied to the purchase price of \$15,000,305. SCP L.P. paid an additional \$2,233,333.33 towards the balance of the purchase price, of which \$135,000 was paid to Robert Yablunsky as a finders fee owed by the Issuer to Mr. Yablunsky. The remaining balance of the purchase price will be paid in one or more installments pursuant to the Purchase Agreement.

Item 4. Purpose of Transaction

Pursuant to the terms of a Closing Agreement dated as of April 6, 2001 (the "Closing Agreement"), which is filed as Exhibit 4 hereto and the terms of which are incorporated herein by reference, the Issuer increased the size of its Board of Directors to seven members, and elected the following persons to the Board: Wayne Weisman, E. Talbot Briddell, Jerry Marcus, William Loftus and Henry Nassau.

Except as set forth above, none of the Reporting Persons, the General Partner nor any of the Members, have formulated any plans or proposals of the types referred to in clauses (a) through (j) of Item 4 of Schedule 13D. However, all of SCP L.P.'s investments are made

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with the intention of exiting within a matter of a few years. Accordingly, a future proposal or plan for the sale of the Issuer or of SCP L.P.'s interest in the Issuer by the Reporting Persons is possible. The Reporting Persons reserve the right to change their plans at any time.

Item 5. Interest in the Securities of the Issuer

(a)-(b) Both Reporting Persons may be deemed to be the beneficial owners with shared power to vote and dispose of a total of 56,491,660 shares of Common Stock (or 52.5% of the outstanding Common Stock). SCP LLC is deemed to be such a beneficial owner as described herein because of an agreement with SCP L.P. granting SCP LLC the power to make voting and investment decisions

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regarding the securities held by SCP L.P.

- (c) Not applicable.
- (d) Not applicable.
- (e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer

Except for the right to receive Common Stock upon exercise of the Warrants, the right to convert the Series A Preferred into Common Stock and the transactions described in Item 4, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the Reporting Persons, the General Partner or any of the Members, with respect to any securities of the Issuer, including but not limited to transfer or voting of any securities of the Issuer, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

Item 7. Material to be Filed as Exhibits

The following documents are filed as exhibits to this Amendment No. 1:

1. Joint Filing Agreement, dated February 26, 2001 between SCP Private Equity Partners II, L.P. and SCP Private Equity II, LLC.
2. Warrants to Purchase up to 28,571,429 Shares of Common Stock of Breakaway Solutions, Inc.
3. Certificate of Designation for Series A Preferred Stock.
4. Closing Agreement, dated as of April 6, 2001.

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SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this statement is true, complete and correct.

SCP Private Equity Partners II, L.P.

By: SCP Private Equity II General Partner, L.P.,
its General Partner

By: SCP Private Equity II, LLC,
its Manager

By: /s/ Wayne B. Weisman

Name: Wayne B. Weisman

Title: Manager

SCP Private Equity II, LLC

By: /s/ Wayne B. Weisman

Name: Wayne B. Weisman

Title: Manager

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EXHIBIT INDEX

Exhibit 1 Joint Filing Agreement, dated February 26, 2001 between SCP Private Equity Partners II, L.P. and SCP Private Equity II, LLC.

Exhibit 2 Warrants to Purchase up to 28,571,429 Shares of Common Stock of Breakaway Solutions, Inc.

Exhibit 3 Certificate of Designation for Series A Preferred Stock.

Exhibit 4 Closing Agreement, dated as of April 6, 2001.