CURRENT REPORT

Date of Report (Date of Earliest Event Reported):

October 18, 2013

ALJ Regional Holdings, Inc.

(Exact Name of Issuer as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

244 Madison Avenue, PMB #358

New York, New York 10016

(Address of Principal Executive Offices of Issuer) (Zip Code)

(212) 883-0083

(Issuer’s Telephone Number, Including Area Code)

Acquisition of Faneuil, Inc.

On October 18, 2013, ALJ Regional Holdings, Inc. (Pink Sheets: ALJJ) ("**ALJ**") announced that it has acquired substantially all of the capital stock of Faneuil, Inc. ("**Faneuil**") from Harland Clarke Holdings Corp., a wholly owned subsidiary of MacAndrews & Forbes Holdings Inc. ("**Harland Clarke**"), pursuant to a stock purchase agreement, dated as of October 18, 2013, by and among ALJ, each of the individuals named therein, and Harland Clarke. Faneuil is a leading provider of outsourcing and co-sourced services to both commercial and government entities in the healthcare, utility, toll and transportation industries. The aggregate consideration for the acquisition of all of Faneuil's outstanding stock was $53 million, consisting of $25 million in cash, a contribution of $500,000 in cash for working capital purposes, 3,000,000 shares of ALJ common stock valued at $2,500,000 and a seller note for $25 million. ALJ acquired 96.43% of Faneuil's outstanding capital stock and the remaining 3.57% was acquired by Anna Van Buren, Faneuil's Chief Executive Officer. Following the closing of ALJ's acquisition of Faneuil, ALJ and Ms. Van Buren hold, respectively, 887,143 and 32,857 shares of Faneuil's common stock, for a total of 920,000 shares of Faneuil's common stock issued and outstanding. The maximum number of shares of common stock that Faneuil is authorized to issue is 1,000,000 shares.

The seller note provides for a two-year maturity with interest in the first year at five percent (5%) and interest in the second year at seven and one half percent (7.5%). The seller note has mandatory amortization of $1,000,000 per quarter with an annual cash flow sweep. Additionally, Faneuil's obligations under the seller note are secured by a pledge of ALJ's stock of Faneuil and the stock of Faneuil's subsidiaries, subject to certain limitations.

Faneuil will continue under the leadership of Ms. Van Buren and the remainder of its management team. In connection with the transaction, ALJ's board of directors (the "**Board**") was expanded from five to seven members. Ms. Van Buren was appointed to the Board as a Class III director. In addition, Michael Borofsky, a representative of Harland Clarke, was appointed to the Board as a Class III director.

Anna Van Buren was appointed President and Chief Executive Officer of Faneuil, in April 2009, after previously serving as President and Chief Operating Officer from 2007 to 2009, as Vice President and Managing Director of Faneuil's Government Services Division from 2005 to 2007, and as its Vice President of Business Development from 2004 to 2005. Prior to her association with Faneuil, Ms. Van Buren founded Capital Initiatives, a consulting service for clients seeking visibility among federal lawmakers with the objective of encouraging legislative action, and operated numerous government services and marketing companies.

Ms. Van Buren has served in leadership roles for many civic and business organizations including chairmanship of the United Way of the Virginia Peninsula, the Peninsula Chamber of Commerce, and the NASA Aeronautics Support Team. She is the recipient of numerous awards including the Women in Business Achievement Award by Inside Business Magazine, the Presidential Citizenship Award from Hampton University and the NCCJ Humanitarian Award. Ms. Van Buren holds a degree from Hollins University and the University of Virginia Executive School.

Michael Borofsky is Senior Vice President of MacAndrews & Forbes. Prior to joining MacAndrews & Forbes in 2003, Mr. Borofsky was with the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, where he specialized in mergers & acquisitions, and before that he was an analyst in the treasury group of Goldman Sachs Group, Inc.

In connection with the transaction, Faneuil also entered into a Loan and Security Agreement by and among Faneuil and its wholly owned subsidiary, Faneuil Toll Operations LLC, as borrowers, and M&T Bank, a New York Banking Corporation, dated October 18, 2013, providing for an asset based $5,000,000 revolving line of credit (the "**Credit Facility**"). The revolving loans are subject to customary conditions precedent as well as a borrowing base limitation. In addition to the revolving loans, the Credit Facility also provides for the issuance of letters of credit, which, together with all outstanding revolving loans, are subject to a dollar cap equal to the lesser of the borrowing base and $5,000,000. The Credit Facility bears interest at a variable rate based on one-month LIBOR. The Credit Facility was undrawn at closing. The Credit Facility is secured by substantially all of the assets of Faneuil and Faneuil Toll Operations LLC and contains customary representations, warranties and covenants, including a financial covenant requiring the borrowers to maintain a certain debt service coverage ratio. The Credit Facility also contains customary events of default and indemnification obligations of Faneuil and Faneuil Toll Operations LLC.

Option Grants in Connection with Faneuil Acquisition

On August 27, 2013, in consideration for services provided to ALJ in connection with the acquisition of Faneuil, the Board granted an option to purchase 1,000,000 shares of ALJ common stock to Jess Ravich, a director and the Executive Chairman of ALJ, and an option to purchase 175,000 shares of ALJ common stock to Hal Byer, a director of ALJ. Such options vested and became exercisable in full in accordance with their terms on October 18, 2013 by virtue of the closing of ALJ's acquisition of Faneuil. The exercise price for each such option is $1.00 per share. Such options expire on October 18, 2020.

Also on August 27, 2013, for reimbursement of personal tax liabilities incurred in connection with the option grants described above, the Board approved cash payments in the amount of $40,000 to Mr. Ravich and $15,000 to Mr. Byer. Mr. Ravich and Mr. Byer became entitled to their respective cash payments on October 18, 2013 by virtue of the closing of ALJ's acquisition of Faneuil.

On October 18, 2013, the board of directors of Faneuil adopted the Faneuil, Inc. 2013 Stock Incentive Plan (the "**Plan**"). The maximum aggregate number of shares of Faneuil's common stock which may be issued pursuant to awards under the Plan is 80,000 shares.

Also on October 18, 2013, the board of directors of Faneuil granted Ms. Van Buren an option to purchase 60,000 shares of Faneuil's common stock under the Plan. Such option vested with respect to one-third of the shares subject to the option on October 18, 2013 and one-half of the remaining unvested shares will vest on each of October 18, 2014 and October 18, 2015, conditioned on Ms. Van Buren's continuous service to Faneuil. Such option automatically vests and becomes exercisable in full upon the consummation of certain corporate transactions. The exercise price for such option is $30.43 per share (the same price paid by ALJ and Ms. Van Buren to acquire their shares of Faneuil). Such option expires on October 18, 2023.

Faneuil's Business

Faneuil provides multi-channel contact center solutions for an extensive client portfolio focusing on high profile, highly regulated clients, managing more than 425 million customer interactions each year. Utilizing advanced applications and a workforce of approximately 3,000 service professionals, Faneuil delivers broad outsourcing support, ranging from customer care centers, fulfillment operations, and IT services, to manual and electronic toll collection, toll violation processing, health insurance enrollment assistance and forms processing and medical device tracking.

Overview of Financial Results

Faneuil, on a pro forma basis adjusted to eliminate certain assets retained by Harland Clarke, had revenue of $93,557,830 for the twelve months ended December 31, 2012 and $79,652,807 for the nine months ended September 30, 2013. Adjusted operating income was $3,376,347 and $6,438,301 with depreciation and amortization of $2,388,915 and $1,776,117 for the twelve months ended December 31, 2012 and for the nine months ended September 30, 2013, respectively.

On a pro forma adjusted basis, Faneuil had current assets of $27,255,560 and $29,318,146, current liabilities of $7,682,693 and $9,826,059 and long-term liabilities of $3,958,130 and $4,127,900 with stockholders' equity of $38,322,098 and $42,474,510 as of December 31, 2012 and September 30, 2013, respectively. The foregoing unaudited pro forma financial information does not give effect to the $25 million seller note described above. Additional financial information about Faneuil's financial performance will be included in ALJ's annual report for the year ended September 30, 2013.

The foregoing unaudited pro forma financial information includes adjustments which are preliminary and may be revised. There can be no assurance that such revisions will not result in material changes. The unaudited pro forma financial data is not necessarily indicative of results that actually would have occurred had the acquisition been completed on the dates indicated or that may occur in the future.

Products and Services

Contact Center Operations

Faneuil operates multi-channel customer care centers staffed by 50 to 500 employees in several states. Contact center clients include several toll authorities, a health benefit exchange, a multi-state utility, municipalities, an agency that operates two major airports serving the Washington, D.C. area and several other government and commercial entities.

Toll Collection Services

Faneuil has been retained by many state and municipal transportation authorities to conduct manual and electronic toll operations. Faneuil's role in outsourced operations of electronic tolling extends beyond the traditional call center capabilities with expertise in violation processing, violation court support, fulfillment, front counter support and transponder sales and inventory. Faneuil's complement of automated services range from turn-key operations in which Faneuil assumes complete responsibility for every aspect, including management, staffing, systems, customer care, and transponder sales and distribution, to targeted applications in which Faneuil supplies specific components to supplement a client's own operation. Enforcement is also a key component of Faneuil's toll operations, which currently process more than 2 million violations each month. As the nation's largest outsource provider of manual toll collection, Faneuil deploys over 1,800 specialists across multiple states providing face-to-face customer service.

Healthcare

In January 2013, Faneuil was chosen to support the Washington State Health Benefit Exchange by providing contact center services and CRM development. The operation was opened on September 3, 2013 and includes a dedicated operation in Spokane, Washington and overflow operations in a multi-client site in Virginia. In October 2013, the State of Tennessee announced the selection of Faneuil to operate its TennCare member services center.

Faneuil also operates a Medical Device Tracking ("**MDT**") program that enables manufacturers of implantable medical devices to comply with United States Food and Drug Administration ("**FDA**") requirements that they maintain continuous worldwide tracking of patients. To assist customers in meeting FDA tracking requirements, MDT provides document capture and image storage, data entry and investigation processes, inbound customer contact call center services and an aggressive quality assurance program. MDT's proprietary solution includes the systems, processes and expertise to track patients over the life of any medical device and during each stage of product development, from initial start-up and testing to commercial availability. MDT staff members are in daily contact with physicians and other medical professionals to provide relevant patient and device data that is important in the treatment of long-term illness and disease. MDT processes more than 100,000 transactions per month, maintaining and safeguarding data on more than 20 million patients, devices, physicians, facilities, records and images.

Sales, Marketing and Product Support

Faneuil acquires new clients and contracts primarily by responding to requests for proposals issued by commercial and government entities and participating in other competitive bidding opportunities that align with its core proficiencies and strategic goals. Faneuil also partners with other businesses whose products and services complement their own, responding as a team or in a contractor - subcontractor capacity to selected solicitations that present advantageous business opportunities for both companies. Additionally, approximately 80 percent of Faneuil's current clients have expanded their business relationships with Faneuil since initial contract inception. Faneuil's business development representatives also network nationwide to promote Faneuil's outsourced business services to prospective clients.

Clients

Faneuil’s client portfolio includes both government and commercial entities nationwide, among them several toll authorities, state agencies, municipalities, a publicly owned utility, a health benefit exchange, a medical device tracking company, an agency that operates the major airports serving the Washington, D.C. area and several other public and private entities.

Competition

Faneuil’s primary competitors are other large providers of toll services, such as Affiliated Computer Services, Inc. (“**ACS**”) and TransCore, Inc., as well as contact center operators such as ACS, Maximus and Convergys Corporation. If Faneuil cannot compete effectively to win new business and retain existing clients, its operating results will be negatively affected. To remain competitive, Faneuil must continuously implement new technologies, expand its portfolio of outsourced services and may have to make occasional strategic adjustments to its pricing for its services.

Risks Related to Faneuil

The following risk factors and other information regarding Faneuil in this current report should be considered carefully. The risks described below should not be considered to be comprehensive or all-inclusive. If any event occurs that give rise to the following risks, Faneuil’s business, financial condition, cash flow, prospects or results of operations could be materially and adversely affected, and as a result, the trading price of our common stock could be materially and adversely impacted. Additional risks that we do not yet know of or that we currently believe are immaterial may also impair Faneuil’s business, financial condition, cash flow, prospects or results of operations.

Economic downturns and reductions in government funding could have a negative effect on Faneuil’s business.

Demand for the services offered by Faneuil has been, and is expected to continue to be, subject to significant fluctuations due to a variety of factors beyond our control, including economic conditions. During economic downturns, the ability of both private and governmental entities to make expenditures may decline significantly. We cannot be certain that economic or political conditions will be generally favorable or that there will not be significant fluctuations adversely affecting Faneuil’s industry as a whole or key industry segments targeted by Faneuil. In addition, Faneuil’s operations are, in part, dependent upon government funding. Significant changes in the level of government funding could have an unfavorable effect on Faneuil’s business, financial position, results of operations and cash flows.

Faneuil’s business involves many program-related and contract-related risks.

Faneuil’s business is subject to a variety of program-related risks, including changes in political and other circumstances, particularly since contracts for major programs are performed over extended periods of time. These risks include changes in personnel at governing authorities, the failure of applicable governing authorities to take necessary actions, opposition by third parties to particular programs and the failure by customers to obtain adequate financing for particular programs. Due to these factors, losses on a particular contract or contracts could occur, and Faneuil could experience significant changes in operating results on a quarterly or annual basis.

Delays in the government budget process or a government shutdown may adversely affect Faneuil's cash flows and operating results.

Faneuil derives a significant portion of its revenue from government contracts and programs. Any delay in the state government budget process or a state government shutdown may result in Faneuil's incurrence of substantial labor or other costs without reimbursement under customer contracts, or the delay or cancellation of key programs in which Faneuil is involved, which could materially adversely affect Faneuil's cash flows and operating results.

Faneuil faces intense competition. If Faneuil does not compete effectively, its business may suffer.

Faneuil faces intense competition from numerous competitors. Faneuil's services as they relate to toll collection, customer contact centers and employee staffing compete primarily on the basis of quality, performance, innovation, technology, price, applications expertise, system and service flexibility and established customer service capabilities. Faneuil may not be able to compete effectively on all of these fronts or with all of its competitors. In addition, new competitors may emerge, and service offerings may be threatened by new technologies or market trends that reduce the value of the services Faneuil provides. To remain competitive, Faneuil must respond to new technologies and enhance its existing services, and we anticipate that it may have to adjust the pricing for its services to stay competitive on future responses to proposals.

Faneuil's dependence on one or a few customers could adversely affect it.

One or a few clients have in the past and may in the future contribute a significant portion of Faneuil's consolidated revenue in one year, or over a period of several consecutive years. In 2012, revenue from the Florida Department of Transportation accounted for 36% of Faneuil's total revenues. Faneuil has long standing relationships with many of its significant customers. However, because Faneuil's customers generally contract with it for specific projects or programs with a finite duration, Faneuil may lose these customers if funding for their program is discontinued, or their projects come to an end. The loss or reduction of any significant contracts with any of these customers could materially reduce Faneuil's revenue and cash flows. Additionally, many of Faneuil's customers are government entities. In many situations, government entities can unilaterally terminate or modify Faneuil's existing contracts without cause and without penalty to the government agency. If Faneuil does not replace them with other customers or other programs, the loss of business from any one of such customers could have a material adverse effect on its business or results of operations.

Account data breaches involving stored data or misuse of such data could adversely affect Faneuil's reputation, performance and financial condition.

Faneuil provides services which involve the storage of non-public information. Any breach of the systems on which sensitive data and account information are stored or archived and any misuse by Faneuil's own employees, by employees of data archiving services or by other unauthorized users of such data could lead to damage to Faneuil's reputation and claims against Faneuil. If Faneuil is unsuccessful in defending any lawsuit involving such data security breaches or misuse, Faneuil may be forced to pay damages, which could materially and adversely affect Faneuil's profitability and financial condition. In addition, damage to Faneuil's reputation stemming from such breaches could adversely affect Faneuil's future prospects.

Faneuil's ability to recover capital investments in connection with its contracts is subject to risk.

In order to attract and retain large outsourcing contracts, Faneuil sometimes makes significant capital investments to perform its services under the contract, such as purchases of information technology equipment and costs incurred to develop and implement software. The net book value of such assets, including a portion of Faneuil's intangible assets, could be impaired, and Faneuil's earnings and cash flow could be materially adversely affected in the event of the early termination of all or a part of such a contract or the reduction in volumes and services thereunder for reasons such as, among other things, a client's merger or acquisition, divestiture of assets or businesses, business failure or deterioration, or a client's exercise of contract termination rights.

Faneuil's business could be adversely affected if Faneuil's clients are not satisfied with its services.

Faneuil's business model depends in large part on its ability to attract new work from Faneuil's base of existing clients. Faneuil's business model also depends on relationships Faneuil develops with its clients so that it can understand its clients' needs and deliver solutions and services that are tailored to those needs. If a client is not satisfied with the quality of work performed by Faneuil or a subcontractor, or with the type of services or solutions delivered, then Faneuil could incur additional costs to address the situation, the profitability of that work might be impaired, and the client's dissatisfaction with Faneuil's services could damage its ability to obtain additional work from that client. In particular, clients that are not satisfied might seek to terminate existing contracts prior to their scheduled expiration date and could direct future business to Faneuil's competitors. In addition, negative publicity related to Faneuil's client relationships, regardless of its accuracy, may further damage Faneuil's business by affecting its ability to compete for new contracts with current and prospective clients.

Faneuil's dependence on subcontractors and equipment manufacturers could adversely affect it.

In some cases, Faneuil relies on and partners with third party subcontractors as well as third party equipment manufacturers to service its contracts. To the extent that Faneuil cannot engage subcontractors or acquire equipment or materials, Faneuil's ability to perform according to the terms of its contracts may be impaired. If the amount Faneuil is required to pay for subcontracted services or equipment exceeds the amount Faneuil has estimated in bidding for fixed prices, or fixed unit price contracts, it could experience reduced profit or losses in the performance of these contracts. In addition, if a subcontractor or a manufacturer is unable to deliver its services, equipment or materials according to the negotiated terms for any reason, including the deterioration of its financial condition, Faneuil may be required to purchase the services, equipment or materials from another source at a higher price. This may reduce the profit to be realized or result in a loss on a program for which the services, equipment or materials were needed.

If Faneuil guarantees to a customer the timely implementation or performance standards of a program, Faneuil could incur additional costs to meet its guarantee obligations.

In certain instances Faneuil guarantees a customer that Faneuil will implement a program by a scheduled date. Faneuil sometimes also provides that the program will achieve or adhere to certain performance standards or key performance indicators. If Faneuil subsequently fails to implement the program as scheduled, or if the program subsequently fails to meet the guaranteed performance standards, Faneuil may be held responsible for cost to the client resulting from any delay in implementation, or the costs incurred by the program to achieve the performance standards. In most cases where Faneuil fails to meet contract defined performance standards, it may be subject to agreed-upon liquidated damages. To the extent that these events occur, the total costs for the program would exceed Faneuil's original estimates and it could experience reduced profits or in some cases a loss for that program.

Adequate bonding is necessary for Faneuil to successfully win new work awards on some types of contracts.

In line with industry practice, Faneuil is often required, primarily in its toll and transportation programs, to provide performance and surety bonds to customers in conjunction with its contracts. These bonds indemnify the customer should Faneuil fail to perform its obligations under the contract. If a bond is required for a particular program and Faneuil is unable to obtain an appropriate bond, Faneuil cannot pursue that program. Faneuil has bonding capacity but, as is typically the case, the issuance of a bond is at the surety's sole discretion. Moreover, due to events that affect the insurance and bonding markets generally, bonding may be more difficult to obtain in the future or may only be available at significant additional cost. There can be no assurance that bonds will continue to be available on reasonable terms. Any inability to obtain adequate bonding and, as a result, to bid on new work could have a material adverse effect on Faneuil's business, financial condition, results of operations and cash flows.

Interruption of Faneuil's data centers and customer call centers could have a materially adverse effect on Faneuil's business.

In the event that Faneuil experiences a temporary or permanent interruption at one or more of Faneuil's data or customer call centers, through natural disaster, casualty, operating malfunction, cyber-attack, sabotage or other causes, Faneuil may be unable to provide the services it is contractually obligated to deliver. This could result in Faneuil being required to pay contractual damages to some clients or to allow some clients to terminate or renegotiate their contracts. Notwithstanding disaster recovery and business continuity plans and precautions instituted to protect Faneuil's clients and Faneuil from events that could interrupt delivery of services, there is no guarantee that such interruptions would not result in a prolonged interruption in Faneuil's ability to provide support services to its clients or that such precautions would adequately compensate Faneuil for any losses it may incur as a result of such interruptions.

Any business disruptions due to political instability, armed hostilities, and incidents of terrorism or natural disasters could adversely affect Faneuil's financial performance.

If terrorist activity, armed conflict, political instability or natural disasters occur in the United States or other locations, such events may negatively affect Faneuil's operations, cause general economic conditions to deteriorate or cause demand for Faneuil's services, many of which depend on travel, to decline. A prolonged economic slowdown or recession could reduce the demand for Faneuil's services, and therefore, negatively affect Faneuil's future sales and profits. Any of these events could have a significant effect on Faneuil's business, financial condition or results of operations.

Faneuil's business is subject to many regulatory requirements, and current or future regulation could significantly increase Faneuil's cost of doing business.

Faneuil's business is subject to many laws and regulatory requirements in the United States, covering such matters as data privacy, consumer protection, health care requirements, labor relations, taxation, internal and disclosure control obligations, governmental affairs and immigration.

For example, Faneuil is subject to state and federal laws and regulations regarding the protection of consumer information commonly referred to as "non-public personal information." For instance, the collection of patient data through Faneuil's call center services and medical device tracking services is subject to the Health Insurance Portability and Accountability Act of 1996, commonly known as HIPAA, which protects the privacy of patient data. These laws, regulations and agreements require Faneuil to develop and implement policies to protect non-public personal information and to disclose these policies to consumers before a customer relationship is established and periodically thereafter. The laws, regulations, and agreements limit Faneuil's ability to use or disclose non-public personal information for other than the purposes originally intended.

Many of these regulations, including those related to data privacy, are frequently changing and sometimes conflicts exist among the various jurisdictions in which Faneuil provides services. Violations of these laws and regulations could result in liability for damages, fines, criminal prosecution, unfavorable publicity and restrictions on Faneuil's ability to operate. Faneuil's failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or impairment to Faneuil's reputation in the marketplace, which could have a material adverse effect on Faneuil's business, results of operations and financial condition.

In addition, because a substantial portion of Faneuil's operating costs consist of labor costs, changes in governmental regulations relating to wages, healthcare and healthcare reform and other benefits or employment taxes could have a material adverse effect on Faneuil's business, results of operations or financial condition.

Faneuil may incur material restructuring charges in the future.

Faneuil continually evaluates ways to reduce Faneuil's operating expenses through new restructuring opportunities, including more effective utilization of Faneuil's assets, workforce, and operating facilities. In addition, changing industry and market conditions may dictate strategic decisions to restructure some business units and discontinue others. As a result, there is a risk, which is increased during economic downturns, that Faneuil may incur material restructuring charges in the future.

A failure to attract and retain necessary personnel, skilled management and qualified subcontractors may have an adverse impact on Faneuil's business.

Because Faneuil operates in intensely competitive markets, Faneuil's success depends to a significant extent upon its ability to attract, retain and motivate highly skilled and qualified personnel and to subcontract with qualified, competent subcontractors. If Faneuil fails to attract, develop, motivate, retain and effectively utilize personnel with the desired levels of training or experience, or is unable to contract with qualified, competent subcontractors, Faneuil's business, financial condition, and results of operations will be materially and adversely affected. Experienced and capable personnel remain in high demand, and there is continual competition for their talents. Additionally, in regard to the labor-intensive business of Faneuil, quality service depends on Faneuil's ability to retain employees and control personnel turnover. Any increase in the employee turnover rate could increase recruiting and training costs and could decrease operating effectiveness and productivity. Faneuil may not be able to continue to hire, train and retain a sufficient number of qualified personnel to adequately staff new client projects. Faneuil's business is driven in part by the personal relationships of Faneuil's senior management team and its success depends on the skills, experience, and performance of members of Faneuil's senior management team. Despite executing an employment agreement with Faneuil's CEO, she or other members of the management team may discontinue service with Faneuil and Faneuil may not be able to find individuals to replace them at the same cost, or at all. Faneuil has not obtained "key person" insurance for any member of its senior management team. The loss or interruption of the services of any key employee or the loss of a key subcontractor relationship could have an adverse effect on Faneuil's business, financial condition, cash flow, results of operations and prospects.

About ALJ Regional Holdings, Inc.

ALJ is a holding company that is focused on acquiring, operating and growing customer service-centric businesses in the broader industrial sectors. From 2005 until 2013, ALJ's sole operating subsidiary was KES Acquisition Company ("**KES**"), which owned and operated a 50-year old steel mini-mill near Ashland, Kentucky that focused on using recycled steel to produce specialty steel products. ALJ purchased KES for $65 million in 2005 and sold it for $112.5 million in early 2013 after it was approached by a larger steel conglomerate that was looking to fold KES into a more comprehensive product offering.

Forward-Looking Statements

This report contains, or may contain, "forward-looking statements." Generally, the words "believe," "anticipate," "expect," "may," "should," "could," and other future-oriented terms identify forward-looking statements. Forward-looking statements include, but are not limited to, statements relating to the opportunity that the acquisition of Faneuil represents for ALJ and its stockholders and the continued success of Faneuil's business.

These forward-looking statements are based upon the current beliefs and expectations of the management of ALJ and involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond ALJ's ability to control or estimate precisely and include, without limitation, the general business risks faced by Faneuil (some of which are described in this report) as well as the general business risks faced by ALJ, including its success in continuing to settle its outstanding obligations from its prior business activities, results of tax audits, its ability to retain and attract key employees, acts of war or global terrorism, and unexpected natural disasters and other risks and uncertainties, including those detailed from time to time in its periodic reports (whether under the caption Risk Factors or Forward Looking Statements or elsewhere). ALJ cannot give any assurance that such forward-looking statements will prove to have been correct. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. Neither ALJ nor any other person undertakes any obligation to update or revise publicly any of the forward-looking statements set out herein, whether as a result of new information, future events or otherwise.

SIGNATURES

The Issuer has duly caused this Current Report to be signed on its behalf by the undersigned hereunto duly authorized.

ALJ Regional Holdings, Inc.

By: /s/ Jess Ravich
Jess Ravich
Executive Chairman