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REUNION INDUSTRIES INC
Form 10-K/A
May 01, 2006

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-1004
FORM 10-K/A (Amendment No. 1)

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
----- EXCHANGE ACT OF 1934 (NO FEE REQUIRED)
For the fiscal year ended December 31, 2005

Commission File Number 01-15739

REUNION INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE 06-1439715

(State of Incorporation) (I.R.S. Employer Identification No.)

11 STANWIX STREET, SUITE 1400, PITTSBURGH, PENNSYLVANIA 15236

(Address of principal executive offices, including zip code)

(412) 281-2111

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:
Title of Each Class: COMMON STOCK, \$.01 par value
Name of Each Exchange on Which Registered: AMERICAN STOCK EXCHANGE
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No X

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No X

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a
Large accelerated filer Accelerated filer Non-accelerated filer X

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Indicate by check mark whether the Registrant is a shell company Yes No X

At March 15, 2006, 16,656,519 shares of common stock were issued and outstanding. As of June 30, 2005, the aggregate market value of the voting stock held by non-affiliates of the registrant (computed by reference to the average of the high and low sales prices on the American Stock Exchange) was \$1,155,333.

DOCUMENTS INCORPORATED BY REFERENCE: None

Reunion Industries, Inc. ("Reunion Industries", "Reunion" or the "Company") is filing this Amendment No. 1 to its Annual Report on Form 10-K for the year ended December 31, 2005, as filed with the Securities and Exchange Commission on April 17, 2006, to provide certain information previously omitted from such report. The following are the four items previously omitted:

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY
ITEM 11. EXECUTIVE COMPENSATION
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
AND MANAGEMENT
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS
ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by such items is provided herein as follow:

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

As of April 28, 2006, the following individuals were directors and/or named executive officers of the Company.

Name	Principal Position with Reunion Industries, Inc.	Age	Director Since
Thomas N. Amonett(1) (2)	Director	62	1992
Charles E. Bradley, Sr.	Director,	76	1995
Kimball J. Bradley	Director, Chairman & CEO	40	2000
Thomas L. Cassidy(1) (2)	Director	77	1995
David E. Jackson(1) (2)	Director	47	2003
Joseph C. Lawyer	Director and Vice Chairman	60	2000
John G. Poole	Director	63	1996

(1) Member, Compensation Committee of the Board of Directors
(2) Member, Audit Committee of the Board of Directors

THOMAS N. AMONETT has served as a director of Reunion Industries since July 1, 1992 and served as its President and Chief Executive Officer from July 1, 1992 until October 26, 1995. He also served as the President of Reunion Energy Company, then a wholly-owned subsidiary of Reunion Industries in the oil and gas operating business, from July 1, 1992 until May 24, 1996. Mr. Amonett is President and Chief Executive Officer of Champion Technologies, Inc., a manufacturer and distributor of specialty chemicals and related services, primarily to the oil and gas industry. From November 1998 to June 1999, he was President, Chief Executive Officer and a director of American Residential Services, Inc., a company providing equipment and services relating to residential heating, ventilating, air conditioning,

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plumbing, electrical and indoor air quality systems and appliances. From July 1996 until June 1997, Mr. Amonett was Interim President and Chief Executive Officer of Weatherford Enterra, Inc., an energy services and manufacturing company. Mr. Amonett serves as a director of Petro Corp. Incorporated, a Houston-based oil and gas company, and Stelmar Shipping Ltd., an international provider of petroleum product and crude oil transportation services.

CHARLES E. BRADLEY, SR. became a director of Reunion Industries on June 20, 1995 and was appointed President and Chief Executive Officer of Reunion Industries on October 26, 1995. He became Chairman effective March 16, 2000 and served in that capacity until March 2, 2006 when he resigned his officership as Chairman and CEO. He continues to serve as a director of the Company. Mr. Bradley, Sr. was a co-founder of Stanwich Consulting Corp., formerly known as Stanwich Partners, Inc. ("SPI"), in 1982 and has served as its President since that time. SPI is a private investment company. He was a director of Chatwins Group, Inc. ("Chatwins Group") from 1986 until its merger with Reunion Industries on March 16, 2000 and was Chairman of the Board of Chatwins Group from 1988 until the merger. Mr. Bradley, Sr. is currently the President and a director of Sanitas, Inc. and Texon Energy Corporation, both inactive companies. Since May 1997, he has been President and sole director

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of Stanwich Financial Services Corp. ("SFSC"), which, on June 25, 2001, filed a voluntary petition in the United States Bankruptcy Court for the District of Connecticut for reorganization under Chapter 11 of the United States Bankruptcy Code. SFSC was in the structured settlement business. Mr. Bradley is the father of Kimball J. Bradley.

KIMBALL J. BRADLEY became President and Chief Operating Officer of Reunion Industries effective May 1, 2000. Effective March 2, 2006, the Board of Directors elected him Chairman of the Board and Chief Executive Officer. Mr. Bradley continues to serve as President of the Company. He was Executive Vice President of Operations of Reunion Industries following the Chatwins Group merger and was a Senior Vice President of Chatwins Group from August 1998 until the merger and a Vice President of Chatwins Group from January 1996 to August 1998. From November 1995 until August 1998, Mr. Bradley was President of the Auto-Lok division of Chatwins Group, having served as acting President of Auto-Lok beginning in August 1995. Prior to assuming that position, he managed various special projects at Chatwins Group's corporate office beginning in November 1993 and at Chatwins Group's CP Industries division from February 1993 to November 1993. Mr. Bradley is the son of Charles E. Bradley, Sr.

THOMAS L. CASSIDY became a director of Reunion Industries on June 20, 1995. He was a Managing Director of Trust Company of the West, an investment management firm, from 1984 until his retirement in 1999. Mr. Cassidy is a Partner of TCW Capital, an affiliate of Trust Company of the West. Mr. Cassidy was a director of Chatwins Group from March 1993 to June 1997.

DAVID E. JACKSON became a director of Reunion Industries on June 26, 2003. He is the CEO of Bingo Country Holdings, Ltd. in Toronto, Canada. He has over fifteen years experience as a portfolio manager investing in distressed securities having worked as a portfolio manager with Avenue Capital Management, Oppenheimer & Co. Inc., EBF & Associates and Cargill, Inc.

JOSEPH C. LAWYER became Vice Chairman of Reunion Industries effective May 1, 2000. He was President and Chief Operating Officer of Reunion Industries following the Chatwins Group merger and was President, Chief Executive Officer and a director of Chatwins Group from 1988 until the merger. Mr. Lawyer is a director of Respironics, Inc., a company engaged in design, manufacture and sale of home and hospital respiratory medical products.

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JOHN G. POOLE became a director of Reunion Industries on April 19, 1996. Mr. Poole is a private investor. He was a co-founder of SPI with Charles E. Bradley, Sr. in 1982 and served as its Vice President until 2001. Mr. Poole was a director of Chatwins Group from 1988 until the merger. He is also a director of Consumer Portfolio Services, Inc., engaged in the business of purchasing, selling and servicing retail automobile installment sales contracts.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Reunion's directors and officers and persons who own beneficially more than 10% of the common stock of Reunion Industries to file with the Securities and Exchange Commission and the American Stock Exchange initial reports of beneficial ownership and reports of changes in beneficial ownership of the common stock of Reunion Industries. Directors, officers and persons owning more than 10% of the common stock of Reunion Industries are required to furnish Reunion Industries with copies of all such reports. Based solely on Reunion's review of the copies of such forms it has received and representations from certain persons that they were not required to file reports on Form 5 during 2005, Reunion Industries believes that all its officers, directors and greater than 10% beneficial owners complied with all filing requirements applicable to them with respect to transactions during 2005, except that Mr. Bradley, Sr. and Mr. Kimball J. Bradley each filed a Form 4 late for one transaction.

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Audit Committee

The audit committee, comprised of Messrs. Amonett, Cassidy and Jackson (chairman), assists the board in assuring that the accounting and reporting practices of the Company are in accordance with all applicable requirements. Each member of the audit committee meets the independence and financial experience requirements under the rules of both the Securities and Exchange Commission (SEC) and American Stock Exchange (AMEX), where the Company's stock is listed. In addition, the Board has determined that David E. Jackson is an "audit committee financial expert" as defined by SEC rules. Mr. Jackson's business experience is described above. The audit committee reviews with the auditors the scope of the proposed audit work and meets with the auditors to discuss matters relating to the audit and any other matter which the committee or the auditors may wish to discuss. In addition, the audit committee recommends the appointment of auditors to the board of directors each year and would recommend the appointment of new auditors if future circumstances were to indicate that such action is desirable.

Code of Ethics

In 2004, the Board of Directors adopted a Code of Business Ethics and Conduct that applies to the Company's executive officers as well as all other employees of the Company. Accountability for adherence to the Code primarily rests with the Audit Committee. Reunion Industries will furnish a copy of its Code of Business Ethics to stockholders upon written request and upon payment of a fee limited to Reunion's reasonable expenses in furnishing such document. Written requests may be directed to Reunion Industries, Inc., attn: Investor Relations, 11 Stanwix Street, Suite 1400, Pittsburgh, PA 15222.

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ITEM 11. EXECUTIVE COMPENSATION

The following table reflects all forms of compensation for services to the Company's executive officers for the last three completed fiscal years. There was no other annual compensation for any executive of the Company in the last three completed fiscal years.

Name and Position as of December 31, 2005	Year	Annual Compensation		Long-Term Compensation	
		Salary	Bonus (1)	Shares Underlying Stock Option	All Other Compensation
Charles E. Bradley, Sr.	2005	\$308,352	\$ 0	100,000	\$ 900 (2)
Chairman and Chief	2004	\$377,107	\$ 0	0	\$ 930 (2)
Executive Officer	2003	\$400,024	0	100,000	1,020 (2)
Joseph C. Lawyer	2005	77,083	0	0	900 (3)
Vice Chairman	2004	143,750	0	0	930 (3)
	2003	200,000	0	0	1,020 (3)
Kimball J. Bradley	2005	371,349	0	300,000	30,201 (4)
President and Chief	2004	372,884	0	0	30,147 (4)
Operating Officer	2003	366,819	0	400,000	25,285 (4)
John M. Froehlich	2005	219,064	0	100,000	11,275 (5)
Executive Vice	2004	219,064	0	0	11,305 (5)
President of Finance and Chief Financial Officer	2003	210,001	0	0	8,801 (5)
Jack T. Croushore	2005	209,000	0	100,000	6,900 (6)
President, CPI Division	2004	209,000	0	0	7,020 (6)
	2003	209,000	0	50,000	7,020 (6)

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(1) There have been no bonuses awarded in the periods presented.

(2) Consists solely of healthcare benefit credits.

(3) Consists solely of healthcare benefit credits.

(4) Includes payments of life insurance premiums of \$19,496, \$19,412 and \$14,460 in 2005, 2004 and 2003, respectively, car allowances of \$9,805 in each of those same years and healthcare benefit credits of \$900, \$930 and \$1,020 in those same years, respectively.

(5) Includes payments of life insurance premiums of \$10,375, \$10,375 and \$7,781 in 2005, 2004 and 2003, respectively, and healthcare benefit credits of \$900, \$930 and \$1,020 in those same years, respectively.

(6) Includes a car allowance of \$6,000 in 2005, 2004 and 2003 and healthcare benefit credits of \$900 in 2005, \$930 in 2004 and \$1,020 in 2003.

Option Grants

During the year ended December 31, 2005, the Company granted options to

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employees to purchase 760,000 shares of the Company's common stock and options to non-employee directors to purchase 40,000 such shares. The Company did not grant any options in the year ended December 31, 2004. During the year ended December 31, 2003, the Company granted options to employees to purchase 550,000 shares of the Company's common stock and an option to a non-employee director to purchase 20,000 such shares. The following table shows all options to acquire Reunion Industries common stock granted to the named executive officers during the fiscal year ended December 31, 2005.

Name	Individual Grants(1)				Projected	
	-----				Realizable Value	
					at Rates of	
	Number of	% of Total	Options	Exercise	Stock Price	Appreciation for
	Shares	Granted to	Employees	Price	Option Term(2)	
	Underlying	in Fiscal	Price	Per	-----	
	Options	Year	Share	Expires	5%	10%
	Granted					

Charles Bradley, Sr.	100,000(3)	13.16%	\$0.200	6/21/10	\$ 3,000	\$ 9,000
Kimball J Bradley	300,000(3)	39.47%	\$0.200	6/21/10	\$ 9,000	\$27,000
John M. Froehlich	100,000(4)	13.16%	\$0.180	6/21/15	\$11,300	\$28,700
Jack T. Croushore	50,000(4)	13.16%	\$0.180	6/21/15	\$11,300	\$28,700

(1) Options granted to Charles E. Bradley, Sr. and Kimball J. Bradley have an exercise price equal to 110% of the fair market value of Reunion Industries' common stock on the grant date. The remaining options have an exercise price of 100% of the fair market value on the grant date. Reunion Industries has not issued any stock appreciation rights.

(2) As required by SEC rules, these columns show potential gains that may exist for the respective options, assuming that the market price for Reunion's common stock appreciated from the grant date to the end of the option terms at rates of 5% and 10%, respectively. The amounts are not estimates of Reunion's future stock price performance and are not necessarily indicative of Reunion's future stock performance. If the price of Reunion's common stock does not increase above the exercise price, no value will be realized from these options.

(3) These options were granted on June 21, 2005. Assuming continued employment with Reunion, these options have a 5-year term. These options vest one-third at grant date and in one-third increments on the first and second anniversary dates of their issuance.

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(4) These options were granted on June 21, 2005. Assuming continued employment with Reunion, these options have a 10-year term. These options vest one-third at grant date and in one-third increments on the first and second anniversary dates of their issuance.

Option Exercises and Year-End Values

There were no options exercised in the year ended December 31, 2005.

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Equity Compensation Plan Information

The following table summarizes information with respect to options under Reunion's equity compensation plans on December 31, 2005:

	Equity Compensation Plans	
	Approved by Security Holders	Not Approved by Security Holders
Number of common stock shares to be issued Upon exercise of outstanding options	1,370,000 =====	- =====
Weighted-average exercise price per share of outstanding options	\$0.25 =====	- =====
Number of common stock shares remaining available for future issuance under equity compensation plans (excluding outstanding options)	354,600 =====	- =====

Long-Term Incentive Plan or Defined Benefit Plan

The Company has no long-term incentive plan and has no defined benefit plan applicable to any of its executive officers.

Compensation of Directors

Directors not otherwise compensated by the Company receive annual retainers of \$18,000 for service on the board and \$500 for each board or committee meeting attended. Compensation paid to non-employee directors during 2005 for service in all board capacities aggregated \$60,000. Directors are reimbursed for the actual cost of any travel expenses incurred. In addition to his director's fees, Mr. Poole received \$42,000 for consulting services during 2005.

Non-employee directors of Reunion Industries are eligible for awards under the 1998 and 2004 Stock Option Plans. During the year ended December 31, 2005, the Company granted options to purchase 40,000 shares of the Company's common stock to non-employee directors.

Compensation Committee Report

The compensation committee is responsible for the formulation and adoption of all executive compensation, benefit and insurance programs, subject to full board approval where legally required or in those instances where the underlying benefit philosophy might be at variance with preexisting board policies. The compensation committee also supervises the administration of all executive compensation and benefit programs, including the establishment of any specific criteria against which all annual performance based benefits are to be measured.

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Each year the compensation committee reviews the compensation levels of the Company's executive officers and other key employees as deemed appropriate by the committee. The compensation level of the CEO is determined based on a

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variety of factors that, due to the financial difficulties that the Company has experienced, are more skewed toward qualitative and not quantitative results. Such qualitative factors included, but were not limited to, relationships with independent sources in the financial arena, knowledge and experience in the acquisition and divestiture of companies and debt restructurings and overall tax and accounting expertise. Compensation levels paid to executive officers in the year 2005 were deemed to be appropriate for the circumstances in which the Company operates.

Members of the Compensation Committee

Thomas N. Amonett, Chairman

Thomas L. Cassidy,

David E. Jackson

Compensation Committee Interlocks and Insider Participation

Messrs. Amonett, Cassidy and Jackson are members of the Compensation Committee. Mr. Amonett served as Reunion Industries' President and Chief Executive Officer from July 1, 1992 until October 26, 1995. He also served as the President of Reunion Energy Company, then a wholly-owned subsidiary of Reunion Industries in the oil and gas operating business, from July 1, 1992 until May 24, 1996.

Common Stock Performance Graph

The following graph illustrates the yearly percentage change in the cumulative total stockholder return on Reunion Industries' common stock, compared with the cumulative total return on the American Stock Exchange (AMEX) Composite Index and the Industrial Manufacturing Index published by The Center for research in Security Prices at the University of Chicago, published by the AMEX for use by AMEX listed companies:

	Fiscal Year Ending					
	2000	2001	2002	2003	2004	2005
Reunion Industries, Inc.	100.00	22.46	10.87	41.30	26.09	24.64
AMEX Composite Index	100.00	93.08	76.08	102.98	119.00	128.79
Industrial Manufacturing Index	100.00	79.89	60.23	106.40	113.24	159.98

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(1) Tabular data assumes that the value of the investment in Reunion Industries' common stock and each index was \$100.00 at December 31, 2000 and that all dividends, if any, were reinvested. The Company paid no dividends in any period presented.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Reunion Industries had 16,656,519 shares of common stock outstanding as of April 28, 2006. The following table sets forth information regarding the beneficial ownership of our common stock by (i) each stockholder known to us to own 5% or more of our common stock, (ii) each director of Reunion, (iii) each of the chief executive officer and the other named executives, and (iv) all current directors and executive officers as a group. Except as set forth in the footnotes to the following table, each stockholder has sole dispositive and voting power with respect to the shares of our common stock shown as owned by such stockholder.

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Beneficial Owner and Address	Shares Owned	% of Outstanding Shares
-----	-----	-----
Kimball J. Bradley c/o Reunion Industries, Inc. 11 Stanwix Street, suite 1400 Pittsburgh, PA 15222	6,629,802 (1)	38.6%
The Charles E. Bradley, Sr. Family Limited Partnership c/o Stanwix Consulting Corp. 62 Southfield Ave. One Stamford Landing Stamford, CT 06902	4,310,813 (2)	25.9%
Stanwix Financial Services Corp. c/o Melissa Neier, Esq. Ivey, Barnum & O'Mara 170 Mason Street Greenwich, CT 06830	1,651,697 (3)	9.9%
The John Grier Poole Family Limited Partnership One Rye Road Portchester, NY 10573	1,499,747 (2) (4)	9.0%
Amanda Poole, David Poole and Jesse Poole c/o John G. Poole One Rye Road Portchester, NY 10573	1,499,747 (4)	9.0%
LCC Capital Master Fund, Ltd. c/o Lampe Conway 7 Co., LLC 730 Fifth Avenue New York, NY 10019	1,714,093 (5)	9.3%
John G. Poole	839,428 (6)	5.0%
Charles E. Bradley, Sr.	478,810 (7) (8) (9)	2.9%
Joseph C. Lawyer	712,131 (10)	4.3%
Thomas N. Amonett	88,000 (11)	