

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) November 18, 2008

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation)

1-11596

(Commission File Number)

58-1954497

(IRS Employer Identification No.)

8302 Dunwoody Place, Suite 250, Atlanta, Georgia

(Address of principal executive offices)

30350

(Zip Code)

Registrant's telephone number, including area code: (770) 587-9898

Not applicable

(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:

☐ Written communications pursuant to Rule 425 under the Securities Act

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Section 1 - Registrant's Business and Operations

Item 1.01. Entry into a Material Definitive Agreement.

On November 18, 2008, Perma-Fix Environmental Services, Inc. ("Perma-Fix") ("Parent"), Perma-Fix Northwest, Inc. (f/k/a Nuvotec USA, Inc. - ("Nuvotec"), a Washington corporation), Perma-Fix Northwest Richland, Inc. (f/k/a Pacific EcoSolutions, Inc. - ("PEcoS")), Robert L. Ferguson and William N. Lampson, as representatives of the Prior Shareholders, entered into a Second Amendment to Agreement and Plan of Merger, dated April 27, 2007, as amended on June 13, 2007 ("Merger Agreement"). Robert L. Ferguson is a director of our company. Under the Merger Agreement, we are required, if certain revenue targets are met, to pay to those parties that were shareholders of Nuvotec immediately prior to the closing of the acquisition of Nuvotec and PEcoS ("Prior Shareholders"), which includes Robert L. Ferguson, an earn-out amount not to exceed \$4.4 million over a four year period ending June 30, 2011, with the first \$1 million of the earn-out amount to be placed into an escrow account to satisfy certain indemnification obligations to us of Nuvotec, PEcoS, and the Prior Shareholders.

The day after completion of our acquisition of Nuvotec and PEcoS, the U.S. Environmental Protection Agency ("EPA") issued to PEcoS a Notice of Violation alleging, among other things, certain regulatory and permit violations by PEcoS which allegedly occurred prior to our acquisition of PEcoS. As previously disclosed, we agreed to settle these allegations during September, 2008, and, in connection with such settlement, agreed to pay to the EPA a penalty of \$304,500.

Although we have not made any payments as of the date of this report under the earn-out since revenue targets under the Merger Agreement have not been met and, as a result, have not made any payments to the escrow account, pursuant to the Second Amendment the Prior Shareholders (including Mr. Ferguson) have agreed to pay, and have paid, \$152,250 of the \$304,500 in agreed penalty in connection with such settlement with the EPA under the indemnity provisions of the Prior Shareholders contained in the Merger Agreement. In addition, the Second Amendment provides that the maximum aggregate earn-out amount paid during all of the earn-out period shall be increased by \$152,250, from \$4.4 million to \$4,552,250, with the additional \$152,250 payable only if earned and only after the first \$4.4 million of the earn-out amount is earned and paid.

Section 9 - Financial Statements and Exhibits.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

- 2.1 Second Amendment to Agreement and Plan of Merger, dated November 18, 2008, by and among Perma-Fix Northwest, Inc., Perma-Fix Northwest Richland, Inc., Perma-Fix Environmental Services, Inc., and Robert L. Ferguson, an individual, and William N. Lampson, an individual, as Representatives.
- 10.1 Consent Agreement dated September 26, 2008 between Perma-Fix Northwest Richland, Inc. and the U.S Environmental Protection Agency, as incorporated by reference from Exhibit 10.1 to the Company's Form 10-Q for the quarter ended September 30, 2008, filed on November 10, 2008.

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.

Dated: November 19, 2008

PERMA-FIX ENVIRONMENTAL SERVICES, INC.

By: /s/Ben Naccarato
Ben Naccarato,
Vice President and Interim Chief Financial Officer

SECOND AMENDMENT TO
AGREEMENT AND PLAN OF MERGER

THIS SECOND AMENDMENT TO AGREEMENT AND PLAN OF MERGER (the “Second Amendment”) is made this 18th day of November 2008, by and among PERMA-FIX NORTHWEST, INC. (f/k/a NUVOTEC usa, INC.), a Washington corporation (the “Company”); PERMA-FIX NORTHWEST RICHLAND, INC. (f/k/a PACIFIC ECOSOLUTIONS, INC.), a Washington corporation and wholly owned subsidiary of the Company (“PEcoS”); PERMA-FIX ENVIRONMENTAL SERVICES, INC., a Delaware corporation (the “Parent”); and ROBERT L. FERGUSON, an individual, and WILLIAM N. LAMPSON, an individual, as Representatives.

WITNESSETH

WHEREAS, the Company, PEcoS, Parent, and PESI Transitory, Inc., a Washington corporation (“Merger Sub”), entered into that certain Agreement and Plan of Merger, dated April 27, 2007, as amended by the First Amendment to Agreement and Plan of Merger, dated June 13, 2007 (collectively, the “Merger Agreement”);

WHEREAS, unless otherwise set forth in this Second Amendment, the capitalized terms in this Second Amendment shall have meanings ascribed to them in the Merger Agreement;

WHEREAS, in connection with the Merger, the Company and PEcoS became, directly or indirectly, wholly owned subsidiaries of the Parent;

WHEREAS, the day after completion of Parent’s acquisition of the Company and PEcoS pursuant to the terms of the Merger Agreement, the United States Environmental Protection Agency (“EPA”) issued to PEcoS a Notice of Violation, dated June 14, 2007 (“NOV”), alleging, among other things, certain violations by PEcoS of the State of Washington authorized dangerous waste program set forth in the Washington Administrative Code, the Toxic Substance Control Act, and permit WAR 00001 0355 issued to PEcoS by the EPA and the Washington Department of Ecology (“WDE”);

WHEREAS, the violations alleged in the NOV occurred prior to the closing of the Merger and were identified prior to such closing during an inspection conducted at the PEcoS facility on March 6, 2007, by the EPA and the WDE;

WHEREAS, on September 26, 2008, PEcoS entered into a Consent Agreement and Final Order (“CAFO”) with the EPA providing for, among other things, a final settlement penalty of \$304,500 to be paid by Parent;

WHEREAS, Section 26 of the Merger Agreement provides that the shareholders of the Company immediately prior to the consummation of the Merger Agreement (“Prior Shareholders”) will jointly and severally indemnify Parent, the Company, and PEcoS from all Losses in connection with, among other things, any claim by any Governmental Entity for any liability or potential liability under any Environmental Law;

WHEREAS, pursuant to the Merger Agreement, the Prior Shareholders designated Robert L. Ferguson and William N. Lampson (collectively, the “Representatives”) to represent the interest of the Prior Shareholders;

WHEREAS, through the Representatives the Prior Shareholders have agreed to pay to Parent the sum of \$152,250 in consideration of the settlement of the Prior Shareholders’ indemnification obligations under the Merger Agreement with respect to the monetary penalty payable under the CAFO, provided that the maximum aggregate Earn-Out Amount be increased by \$152,250 pursuant to the terms of this Second Amendment; and

WHEREAS, the parties desire to amend the Merger Agreement in accordance with paragraph 30.10 of the Merger Agreement, to provide that the maximum aggregate Earn-Out Amount paid during all of the Earn-Out Period shall be increased by \$152,250, from \$4.4 million to \$4,552,250, with the additional \$152,250 payable only if earned and only after the first \$4.4 million of the Earn-Out Amount is earned and paid; and

WHEREAS, Robert L. Ferguson is currently serving as a director of the Parent.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties and covenants herein contained, and intending to be legally bound, the parties hereto hereby agree as follows:

1. Payment and Settlement. Contemporaneously with the execution of this Second Amendment, the Prior Shareholders have tendered to Parent the sum of \$152,250 in current funds in payment of one-half of the \$304,500 final settlement penalty imposed under the CAFO. Parent, the Company, and PEcoS hereby agree that the Prior Shareholders are not liable for any additional payments to Parent, the Company, or PEcoS as a result of the final settlement penalty imposed under the CAFO.
2. Amendment to Paragraph 1.5. Clauses (iii) of the first paragraph of paragraph 1.5 of the Merger Agreement is hereby amended by deleting the amount “\$4.4 million” and substituting in lieu thereof the amount of “\$4,552,250.”
3. Amendment to Maximum Earn-Out Amount. Paragraphs 1.5.3.1 and 1.5.3.8 are each hereby amended by deleting the amount “\$4.4 million” and substituting in lieu thereof the amount “\$4,552,250.”
4. Amendment to Paying Agent Agreement. The parties hereto agree that Section 5.2 of the Paying Agent Agreement will be amended by deleting the amount “\$4.4 million” and substituting in lieu thereof the amount of “\$4,552,250,” pursuant to the Acknowledgement and Amendment attached to this Second Amendment.
5. Continuing Effect. The Merger Agreement and the Paying Agent Agreement, as modified by this Second Amendment, shall remain in full force and effect.

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IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed as of the date first above written.

PERMA-FIX NORTHWEST, INC. (f/k/a NUVOTEC usa, INC.), a Washington corporation

By: /s/Louis Centofanti
Dr. Louis F. Centofanti,
Chief Executive Officer

(the "Company")

PERMA-FIX NORTHWEST RICHLAND, INC. (f/k/a PACIFIC ECOSOLUTIONS, INC.), a Washington corporation

By: /s/Louis Centofanti
Dr. Louis F. Centofanti,
Chief Executive Officer

("PEcoS")

PERMA-FIX ENVIRONMENTAL SERVICES, INC., a Delaware corporation

By: /s/Louis Centofanti
Dr. Louis F. Centofanti,
Chief Executive Officer

("Parent")

/s/Robert L. Ferguson
ROBERT L. FERGUSON, an individual

/s/William N. Lampson
WILLIAM N. LAMPSON, an individual

(together, "Representatives")

ACKNOWLEDGEMENT AND AMENDMENT
(Paying Agent Agreement)

Each of ROBERT L. FERGUSON, an individual, and WILLIAM N. LAMPSON, an individual, as the Representatives of the Prior Stockholders, and RETTIG OSBORNE FORGETTE, LLP, as Paying Agent (the "Paying Agent"), under the Paying Agent Agreement, dated June 13, 2007 (the "Paying Agent Agreement"), between Parent, the Representatives, and the Paying Agent, each hereby:

- (a) represents and warrants that the undersigned has read carefully the Second Amendment to Merger Agreement executed herewith; and
- (b) approves the amendment to the Paying Agent Agreement as contemplated in Section 4 of this Second Amendment, and the Paying Agent Agreement is hereby amended as provided in Section 4 of the Second Amendment.

This Acknowledgement and Amendment is executed effective the 18th day of November 2008.

/s/Robert L. Ferguson

ROBERT L. FERGUSON, an individual

/s/William N. Lampson

WILLIAM N. LAMPSON, an individual

(together, "Representatives")

RETTIG OSBORNE FORGETTE, LLP, as Paying Agent

By: /s/Diehl R. Rettig

Diehl R. Rettig

("Paying Agent")