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): August 1, 2019

CTI INDUSTRIES CORPORATION

(Exact name of registrant as specified in its charter)

Illinois
(State or other jurisdiction of incorporation)

000-23115	**36-2848943**
(Commission File Number)	(IRS Employer Identification No.)
22160 N. Pepper Road Lake Barrington, Illinois	**60010**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(847) 382-1000**

Not applicable
(Former name or former address, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common	CTIB	Nasdaq

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 (l7 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-1 2)
☐ Pre-commencement communications pursuant to Rule l4d-2(b) under the Exchange Act (17 CFR 240. l 4d-2 (b))
☐ Pre-commencement communications pursuant to Rule 13c-4(c) under the Exchange Act (17 CFR 240. l 3c-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 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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. ☐

Item 2.04 Triggering Events That Accelerate or Increase a Direct Financial Obligation.

On August 1, 2019, PNC Bank, National Association ("PNC") sent a Notice of Default and Reservation of Rights communication ("Notice") to CTI Industries Corporation under and with respect to (i) that certain Revolving Credit, Term Loan and Security Agreement ("Loan Agreement") dated December 14, 2017 by and among CTI Industries Corporation, and its subsidiaries Flexo Universal, S.de R.L. de C.V. and CTI Supply, Inc. (collectively, "the Company") and (ii) that certain Amendment No. 3 and Forbearance Agreement ("Amendment") dated March 4, 2019 among PNC and the Company with respect to the Loan Agreement in which the Company acknowledged certain defaults on its part under the Loan Agreement and PNC agreed to forbear, during the Forbearance Period, from exercising its rights and remedies under the Loan Agreement with respect to such defaults.

In the Notice, PNC gave notice to the Company that the Forbearance Period ended on July 31, 2019 in accordance with the Amendment.

In the Notice, PNC stated that, by reason of the expiration of the Forbearance Period and the occurrence and continuation of defaults by the Company under the Loan Agreement, PNC is entitled to exercise immediately all of its rights and remedies under the Loan Agreement including ceasing to make further advances to the Company, implementing the Default Rate and declaring all obligations under the Loan Agreement to be immediately due and payable. The aggregate amount owed by the Company to PNC is approximately $16 million.

Further, in the Notice, PNC stated that it is willing to continue making certain advances to the Company, in its sole and absolute discretion, subject to relevant terms and conditions outlined in the Notice.

The Company continues to engage in efforts to enter into a major capital event with one or more institutions and also continues to engage in efforts to obtain sufficient financing. The Company does not have any commitment for any such capital event or refinancing, and there can be no assurance that the Company will be able to conclude any such capital event or re-financing.

This Notice is attached hereto.

Item No. 9.01 – Financial Statements and Exhibits

10.1 Exhibits:

Exhibit No.	Exhibit
10.1	Notice of Default and Reservation of Rights dated August 1, 2019.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, CTI Industries Corporation has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized, in the Village of Lake Barrington, Illinois, August 7, 2019.

CTI INDUSTRIES CORPORATION

By: /s/ Jeffrey S. Hyland
Jeffrey S. Hyland, Chief Executive Officer and President

EXHIBIT INDEX

Exhibit Number	Description
10.1	Notice of Default and Reservation of Rights dated August 1, 2019

August 1, 2019

VIA FEDERAL EXPRESS AND FACSIMILE

CTI Industries Corporation
22160 N. Pepper Road
Barrington, Illinois 60010
Attention: Stephen M. Merrick
Facsimile: (847) 382-1219

NOTICE OF DEFAULT AND RESERVATION OF RIGHTS

Ladies and Gentlemen:

Reference is hereby made to (i) that certain Revolving Credit, Term Loan and Security Agreement, dated as of December 14, 2017 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), by and among CTI Industries Corporation, an Illinois corporation ("Borrower"), each other Credit Party party thereto from time to time, the financial institutions which are now or which hereafter become a party thereto (collectively, the "Lenders") and PNC Bank, National Association ("PNC"), as agent for Lenders (PNC, in such capacity, the "Agent"), and (ii) that certain Amendment No. 3 and Forbearance Agreement dated March 4, 2019 (as amended or otherwise modified from time to time, the "Forbearance Agreement") by and between Borrower, the other Credit Parties party thereto and PNC, as Agent and Lender. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement.

As Borrower is aware, multiple Events of Default have occurred and are continuing, including the Existing Defaults (as defined in the Forbearance Agreement). Pursuant to the Forbearance Agreement, Agent and Lenders agreed to forbear during the Forbearance Period (as defined in the Forbearance Agreement) from exercising their rights and remedies under the Loan Agreement and the Other Documents or applicable law in respect of the Existing Defaults. Borrower is hereby notified that the Forbearance Period ended on July 31, 2019, in accordance with the Forbearance Agreement.

As a result of the expiration of the Forbearance Period and the occurrence and continuance of the Existing Defaults, Agent and Lenders are entitled to exercise immediately all of their rights and remedies under the Loan Agreement, the Other Documents and applicable law, including, without limitation, ceasing to make further Advances, implementing the Default Rate, and declaring all Obligations to be immediately due and payable in accordance with the Loan Agreement and the Other Documents. Borrower is hereby notified that Agent has elected to implement the Default Rate in accordance with Section 3.1 of the Loan Agreement effective as of the date hereof.

Notwithstanding the occurrence and continuance of the Existing Defaults, Agent and Lenders are willing to consider making certain Advances to Borrower (each such Advance that Agent may make, in its sole and absolute discretion, notwithstanding the Existing Defaults, the "Discretionary Advances") at Borrower's request. Agent's and Lenders' willingness to consider making any future Discretionary Advances, however, is conditioned upon Borrower delivering to Agent, together with any Advance request, on a daily basis, a written certification (which may be by email), in form and substance acceptable to Agent, by Borrower's chief financial officer that the payments identified in such written certification to be made with such requested Advance are expenses critical to preserving the value of the Collateral. For the avoidance of doubt, however, notwithstanding the delivery of such items, any further Discretionary Advances will be in the Agent's and Lenders' sole and absolute discretion, and the making of any such Discretionary Advance shall not obligate any Lender to make any other Discretionary Advance to Borrowers at any time.

Agent and Lenders have not waived and are not by this letter waiving, any Events of Default (including the Existing Defaults) which may be continuing on the date hereof or any Events of Default which may occur after the date hereof (whether the same or similar to the Existing Defaults or otherwise), and Agent and Lenders have not agreed to forbear with respect to any rights or remedies concerning any Events of Default occurring at any time. Agent and Lenders reserve the right, in their sole discretion, to exercise at any time any or all of their rights and remedies under the Loan Agreement and the Other Documents as a result of the Existing Defaults or any other Events of Default occurring at any time. Agent and Lenders have not waived any of such rights or remedies, and nothing herein, and no delay in exercising any such rights or remedies, should be construed as a waiver or modification of any such rights or remedies. Agent and Lenders expect Borrower to strictly comply at all times with the terms and provisions of the Loan Agreement and the Other Documents, including all provisions thereof that restrict the rights of Borrower to take certain actions once an Event of Default has occurred. Nothing herein shall affect Agent's or any Lenders' right to declare additional Events of Default, including any Events of Default that may have arisen prior to the Existing Defaults, for purposes of exercising its rights and remedies against Borrower or any other party, and Agent and Lenders reserve the right to exercise their other rights and remedies at any time without further notice as a result of the Existing Defaults.

Sincerely,

PNC Bank, National Association

By: Tom Karlov

Name: Thomas F. Karlov
Its: Senior Vice President

cc: Gerald Miller (*via email*)
Danielle Wildern Juhle (*via email*)