

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): October 25, 2002

PFSWEB, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation)

000-28275

(Commission File
Number)

75-2837058

(I.R.S. Employer
Identification Number)

500 NORTH CENTRAL EXPRESSWAY, PLANO, TX
(Address of principal executive offices)

75074
(Zip Code)

Registrant's telephone number, including area code: (972) 881-2900

NONE

(Former name or former address, if changed since last report)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On October 25, 2002, Priority Fulfillment Services, Inc. ("PFS"), a wholly-owned subsidiary of PFSweb, Inc., purchased from Inventory Financing Partners, LLC ("IFP") a 51% membership interest in Business Supplies Distributors Holdings, LLC ("Holdings") for a purchase price of \$331,758. Prior to the transaction, PFS owned 49% of the membership interests in Holdings, and PFS and IFP were the only members thereof and were parties to the Holdings Operating Agreement. As a result of the transaction, PFS owns 100% of the membership interests in Holdings and is the sole member thereof. The purchase price was paid in cash from PFS' cash on hand. IFP is a limited liability company controlled by Mike Hecomovich and Joe Farrell and whose non-voting members holding a minority interest include the following officers and directors of PFSweb: Mark Layton, Tom Madden, Steve Graham, Tim Murray, Bruce McClung and Cindy Almond.

As the result of the transaction, PFS controls Holdings' wholly-owned subsidiaries, Supplies Distributors, Inc., Supplies Distributors of Canada, Inc., Business Supplies Distributors Europe B.V. and Supplies Distributors, S.A. (collectively, "Supplies Distributors"). Supplies Distributors is an international distributor of IBM printing supplies and other products.

The transaction will be accounted for as a purchase under Statement of Financial Accounting Standards No. 141 and will result in the consolidation of Holdings' accounts with those of PFS. Prior to this acquisition, PFS had accounted for its 49% interest in Holdings using the modified equity method of accounting.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Business Acquired.

Historical consolidated financial statements for Business Supplies Distributors Holdings, LLC will be provided by amendment to this Current Report on Form 8-K within 60 days of the date that this report is required to be filed.

(b) Pro Forma Financial Information.

Pro forma financial information reflecting the consolidation of the results of Business Supplies Distributors Holdings, LLC will be provided by amendment to this Current Report on Form 8-K within 60 days of the date that this report is required to be filed.

(c) Exhibits.

Exhibit 2.1 - Assignment of Membership Interest between Inventory Financing Partners, LLC and Priority Fulfillment Services, Inc.

SIGNATURE

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.

PFSweb, Inc.

Dated: November 12, 2002

By: /s/ THOMAS J. MADDEN

Thomas J. Madden
Executive Vice President, Chief
Financial and Accounting Officer

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
2.1 -	Assignment of Membership Interest between Inventory Financing Partners, LLC and Priority Fulfillment Services, Inc.

ASSIGNMENT OF MEMBERSHIP INTEREST

THIS ASSIGNMENT OF MEMBERSHIP INTEREST is dated as of October 1, 2002 (the "Effective Date"), by and between INVENTORY FINANCING PARTNERS, LLC (the "Assignor") and PRIORITY FULFILLMENT SERVICES, INC. (the "Assignee").

WITNESSETH:

WHEREAS, the Assignor is the record and beneficial owner of a 51% membership interest (the "LLC Interest") in BUSINESS SUPPLIES DISTRIBUTORS HOLDINGS, LLC, a Delaware limited liability company (the "Company"); and

WHEREAS, the Assignor has agreed to convey, transfer and assign to the Assignee the LLC Interest; and

WHEREAS, the Assignor desires to sell, convey, transfer and assign to the Assignee the Assignor's right, title and interest in and to all of the LLC Interest in accordance with the terms and provisions of this Assignment;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises contained herein, the parties hereto agree as follows:

1. Assignment. The Assignor by these presents does hereby convey, transfer and assign to the Assignee, its legal representatives, successors and assigns, free and clear of all liens, claims and encumbrances, all of the Assignor's right, title and interest in, to and under, any and all equity or ownership interest, right or privilege in the Company, including without limitation, all of the Assignor's right, title and interest in and to the LLC Interest, effective as of the Effective Date.

TO HAVE AND TO HOLD the LLC Interest unto the Assignee, its legal representatives, successors and assigns forever.

2. Purchase Price. In consideration for the sale, transfer, conveyance and assignment of the LLC Interest, the Assignee shall pay to the Assignor the sum of \$331,758.

3. Power of Attorney. Assignor hereby irrevocably constitutes and appoints Assignee, and any of its officers or employees thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Assignor and in the name of Assignor or its own name, for the purpose of carrying out all actions as may be necessary to effectuate the transfer and assignment of the LLC Interest to Assignee hereunder and Assignee's ownership of the LLC Interest thereof, and to take any other appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and,

without limiting the generality of the foregoing, Assignor hereby gives Assignee the power and right, on behalf of Assignor, without notice to or assent by Assignor, to do the following:

(i) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction relating to or arising out of the transfer and assignment of the LLC Interest to Assignee hereunder,

(ii) to enforce any other right in respect thereof, to defend any suit, action or proceeding brought against Assignee or Assignor with respect thereto,

(iii) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as Assignee deems appropriate, and

(iv) to take any other action or proceeding in any court of law or equity otherwise deemed appropriate by Assignee for the purpose of effectuating or enforcing the transfer and assignment of the LLC Interest to Assignee hereunder or Assignee's benefits under the LLC Interest;

Assignor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable. The powers conferred on Assignee, or any of its officers or employees hereunder are solely to protect the interests of Assignee in effectuating or enforcing the transfer and assignment of the LLC Interest hereunder and shall not impose any duty upon it to exercise any such powers. Assignee and its officers, employees or agents shall not be responsible to Assignor for any act or failure to act, except for its gross negligence or willful misconduct.

4. Consents. This Assignment shall be subject to any and all required consents and approvals of all governmental authorities and third parties having the legal or contractual right to consent or withhold consent hereto, and the transactions described herein shall not be deemed effective in the event any such required consent or approval shall not be obtained or granted.

5. Binding Nature. This Assignment shall be binding upon and shall inure to the benefit of the Assignor and the Assignee and their respective heirs, legal representatives, successors and assigns.

6. Governing Law. The Assignment shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware.

[signature page follows]

IN WITNESS WHEREOF, the undersigned has duly executed this Assignment of Membership Interest as of the date first above written, effective as of the Effective Date.

ASSIGNOR:

INVENTORY FINANCING PARTNERS, LLC

By: /s/ Joe Farrell

Joe Farrell, Manager

ASSIGNEE:

PRIORITY FULFILLMENT SERVICES, INC.

By: /s/ Tom Madden

Tom Madden, Executive Vice President