

FORM U-7

**DISCLOSURE DOCUMENT**

**A manual has been prepared to help you complete this Disclosure Document. The manual contains instructions for completing each Item. If you do not have a SCOR Manual, contact your State or Provincial securities regulator or the North American Securities Administrators Association.**

**([www.nasaa.org](http://www.nasaa.org))**

**THIS BOX IS NOT PART OF THE SCOR FORM AND SHOULD BE REMOVED BEFORE THE COMPLETED FORM IS GIVEN TO PROSPECTIVE INVESTORS**

Cover Page - Page 1

*Place Company Logo (if any) here or to left or right of Company Name*

\_\_\_\_\_  
(Exact name of Company as set forth in Articles of Incorporation or Organizational Documents)

Street address of principal office:

Company Telephone Number:

Person(s) to contact at Company with respect to offering:

Telephone Number (if different from above):

Type of securities offered:

Price per security: \$

Sales commission, if any: \_\_\_\_\_%

Minimum number of securities offered:

Maximum number of securities offered:

Total proceeds:        If minimum sold: \$

                                  If maximum sold: \$

**Investment in a small business is often risky. You should not invest any funds in this offering unless you can afford to lose your entire investment. See Item 1 for a discussion of the risk factors that management believes present the most substantial risks to you.**

The date of this Disclosure Document is \_\_\_\_\_.

**Executive Summary**

**The Company**

Describe the business of the Company.

Describe how the Company plans to carry out its activities.

This Company:

- Has never conducted operations.
- Is in the development stage.
- Is currently conducting operations.
- Has shown a profit in the last fiscal year.
- Other (Specify):

(Check at least one, as appropriate)

Jurisdiction and date of formation: \_\_\_\_\_

Fiscal year end: \_\_\_\_\_  
(month) (day)

**How the Company Will Use Your Money**

Describe how the Company intends to use the proceeds of this offering.

For more information about how the Company will use your money, see Item 30.

**The Principal Officers of the Company**

The Principal Officers of the Company and their titles are:

Chief Executive Officer:

Chief Operating Officer:

Chief Financial Officer:

For more information about these Officers, see Item 77.

## **The Offering**

Name of Sales Person(s):

Address:

Telephone Number:

Is there an impound of proceeds until the minimum is obtained?             Yes             No  
(See Items 73 - 76)

Is this offering limited to certain purchasers?             Yes             No (See Item 72)

Is transfer of the securities restricted?             Yes             No            (See Item 53)

This offering is available for sale in the following states:

**You should consider the terms and risks of this offering before you invest. No government regulator is recommending these securities. No government regulator has verified that this document is accurate or determined that it is adequate. It is a crime for anyone to tell you differently.**

**The Company has included in this Disclosure Document all of its representations about this offering. If anyone gives you more or different information, you should ignore it. You should rely only on the information in this Disclosure Document.**

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## **RISK FACTORS**

1. List in the order of importance the factors that the Company considers to be the most significant risks to an investor.

## **BUSINESS AND PROPERTIES**

### **GENERAL DESCRIPTION OF THE BUSINESS**

2. Describe the business of the Company, including its products or services.
  
3. Describe how the Company produces or provides these products or services and how and when the Company intends to carry out its activities.

### **SUPPLIERS**

4. Does the Company have any major supply contracts?       Yes       No  
If yes, describe.

5. (a) Is the Company dependent upon a limited number of suppliers?  
 Yes       No      If yes, describe.

5. (b) Does the Company expect to be dependent upon a limited number of suppliers?  
 Yes       No      If yes, describe.

## **CUSTOMER SALES AND ORDERS**

6. Does the Company have any major sales contracts?  Yes  No  
If yes, describe.

7. State the total amount of the Company's sales of products or services for the most recent 12 month financial reporting period.

8. State the dollar amount of a typical sale.

9. Are the Company's sales seasonal or cyclical?  Yes  No  
If yes, explain.

10. State the amount of foreign sales as a percent of total sales for last fiscal year. \_\_\_\_\_%.  
Explain the nature of these sales, including any anticipated changes.

11. Name any customers that account for, or based upon existing orders will account for, a major portion (20% or more) of the Company's sales.

12. State the dollar amount of firm orders.

## **COMPETITION**

13. (a) Describe the market area in which the business competes or will compete.

13. (b) Name the Company's principal competitors and indicate their relative size and financial and market strengths.

14. (a) Does the Company compete, or expect to compete, by price?  
 Yes       No      If yes, describe its competitive strategy.

14. (b) Does the Company compete, or expect to compete, by service?  
 Yes       No      If yes, describe its competitive strategy.

14. (c) Does the Company compete, or expect to compete, on some other basis?  
 Yes       No  
If yes, state the basis and describe the Company's competitive strategy.

## **MARKETING**

15. (a) Describe how the Company plans to market its products or services during the next 12 months, including who will perform these marketing activities.

15. (b) State how the Company will fund these marketing activities.



**EMPLOYEES**

16. (a) State the number of the Company's present employees by type of employee (i.e., clerical, operations, administrative, etc.).

16. (b) State the number of employees the Company anticipates it will have within the next 12 months by type of employee (i.e., clerical, operations, administrative, etc.).

17. Describe the Company's labor relations.

18. Indicate any benefits or incentive arrangements the Company provides or will provide to its employees.

**PROPERTIES**

19. (a) Describe generally the principal properties that the Company owns or leases.

19. (b) Indicate what properties the Company intends to acquire or lease.

**RESEARCH AND DEVELOPMENT**

20. Indicate the amounts that the Company spent for research and development during its last fiscal year.

21. (a) Will the Company expend funds on research and development during the current fiscal year?             Yes             No

21. (b) If yes, how much does the Company plan to spend on research and development during the current fiscal year?

21. (c) How does the Company intend to fund these research and development costs?

### **GOVERNMENTAL REGULATION**

22. (a) Is the Company's business subject to material regulation by any governmental agency?  Yes  No

22. (b) Are the Company's products or services subject to material regulation by any governmental agency?  Yes  No

22. (c) Are the Company's properties subject to material regulation by any governmental agency?  Yes  No

22. (d) Explain in detail any "yes" answer to Item 22(a), 22(b), or 22(c), including the nature and extent of the regulation and its effect or potential effect upon the Company.

23. (a) Is the Company required to have a license or permit to conduct business?  Yes  No

23. (b) If yes, does the Company have the required license or permit?  Yes  No

23. (c) If the answer to Item 23(b) is "yes," describe the effect on the Company and its business if it were to lose the license or permit.

23. (d) If the Company has not yet acquired a required license or permit, describe the steps the Company needs to take to obtain the license or permit. Estimate the time it will take to complete each step.

### **COMPANY HISTORY AND ORGANIZATION**

24. Summarize the material events in the development of the Company.

25. Describe any recent stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization.

26. Discuss any pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization.

27. State the names of any parent, subsidiary, or affiliate of the Company. For each, indicate its business purpose, its method of operation, its ownership, and whether it is included in the Financial Statements attached to this Disclosure Document.

### **MILESTONES**

28. Describe in chronological order the steps management intends to take to achieve, maintain, or improve profitability during the 12 months following receipt of the offering proceeds.

If management does not expect the Company to achieve profitability during that time period, describe the business objectives for that period and the steps management intends to take to achieve those objectives.

Indicate the probable timing of each step and the approximate cost to complete it.

29. (a) State the anticipated consequences to the Company if any step is not completed as scheduled.

29. (b) Describe how the Company will deal with these consequences.

**NOTE:** After reviewing management's discussion of the steps it intends to take, potential investors should consider whether achievement of each step within the estimated time frame is realistic. Potential investors should also assess the consequences to the Company of any delays in taking these steps and whether the Company will need additional financing to accomplish them.

## USE OF PROCEEDS

30. Show how the Company intends to use the proceeds of this offering:

	<u>If Minimum</u>		<u>If Maximum</u>	
	<u>Sold</u>		<u>Sold</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Total Proceeds</b>	\$	100%	\$	100%
<b>Less: Offering Expenses</b>				
Commissions and Finders Fees				
Legal & Accounting				
Copying & Advertising				
Other (Specify):				
<b>Net Proceeds from Offering</b>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
<b>Use of Net Proceeds</b>				
	\$	%	\$	%
	\$	%	\$	%
	\$	%	\$	%
	\$	%	\$	%
	\$	%	\$	%
<b>Total Use of Net Proceeds</b>	<u>\$</u>	<u>100%</u>	<u>\$</u>	<u>100%</u>

31. (a) Is there a minimum amount of proceeds that must be raised before the Company uses any of the proceeds of this offering?  Yes  No

31. (b) If yes, describe how the Company will use the minimum Net Proceeds of this offering.

31. (c) If the answer to Item 31(a) is "yes," describe how the Company will use the Net Proceeds of this offering that exceed the amount of the minimum offering proceeds.

31. (d) If the answer to Item 31(a) is “no,” describe how the Company will use the Net Proceeds of this offering.

32. (a) Will the Company use other funds, together with the offering proceeds, to fund any project or activity identified in Item 31?  Yes  No

32. (b) If yes, state the amounts and sources of the other funds.

32. (c) Indicate whether the availability of the funds is firm or contingent. If contingent, explain.

**NOTE: See the answer to Item 70 for information about proceeds used to compensate sales agents. See the answer to Items 108 and 109 for information about proceeds used to purchase assets from Officers, Directors, key persons, or principal stockholders or their associates or to reimburse them for services previously provided or moneys borrowed.**

### **SELECTED FINANCIAL INFORMATION**

**NOTE: The Company has adjusted all numbers in this section to reflect any stock splits or recapitalizations.**

#### **GENERAL**

33. What were net, after-tax earnings for the last fiscal year? (If losses, show in parenthesis.)

Total \$  
Per share \$

34. If the Company had profits, show offering price as a multiple of earnings.

Offering Price Per Share = (price/earnings multiple)  
Net After-Tax Earnings Per Share for Last Fiscal Year

## CAPITALIZATION

35. Indicate the capitalization of the Company as of the most recent balance sheet date, and as adjusted to reflect the sale of the minimum and maximum amount of securities in this offering and the use of the net proceeds from this offering.

	<u>Amount Outstanding</u>		
	<u>As of:</u> <u>// (date)</u>	<u>As Adjusted</u> <u>Minimum</u>	<u>Maximum</u>
Debt:			
Short-term debt (average interest rate ___%)	\$	\$	\$
Long-term debt (average interest rate ___%)	\$	\$	\$
Total debt	\$	\$	\$
Stockholders equity (deficit):			
Preferred stock - par or stated value (by class of preferred – in order of preferences)	\$	\$	\$
_____	\$	\$	\$
_____	\$	\$	\$
_____	\$	\$	\$
Common stock - par or stated value	\$	\$	\$
Additional paid in capital	\$	\$	\$
Retained earnings (deficit)	\$	\$	\$
Total stockholders equity (deficit)	\$	\$	\$
Total Capitalization	<u>\$</u>	<u>\$</u>	<u>\$</u>

Number of preferred shares authorized to be outstanding:

<u>Class of Preferred</u>	<u>Number of Shares Authorized</u>	<u>Par Value Per Share</u>
		\$
		\$
		\$

Number of common shares authorized: \_\_\_\_\_ shares.  
Par or stated value per share, if any: \$ \_\_\_\_\_

Number of common shares reserved to meet conversion requirements or for issuance upon the exercise of options, warrants or rights: \_\_\_\_\_ shares.

### **DILUTION**

36. (a) The price of the securities in this offering has been arbitrarily determined.  
 Yes       No

36. (b) If no, explain the basis on which the price of the securities was determined.

37. (a) The net tangible book value per share before offering is: \$ \_\_\_\_\_

37. (b) For the minimum offering:

The net tangible book value per share after the minimum offering will be: \$ \_\_\_\_\_

The amount of increase in net tangible book value per share as a result of receipt of cash from purchasers in this offering will be: \$ \_\_\_\_\_

The dilution per share to purchasers will be: \$ \_\_\_\_\_

37. (c) For the maximum offering:

The net tangible book value per share after the maximum offering will be: \$ \_\_\_\_\_

The amount of increase in net tangible book value per share as a result of receipt of cash from purchasers in this offering will be: \$ \_\_\_\_\_

The dilution per share to purchasers will be: \$ \_\_\_\_\_

38. For each share purchased in this offering a purchaser will pay \$ \_\_\_\_\_ but will receive a share representing only \$ \_\_\_\_\_ in net tangible book value, if the minimum offering is achieved, or \$ \_\_\_\_\_, if the maximum offering is achieved.



The difference between the amount a purchaser pays for a share and the amount of net tangible book value that share represents is the dilution to the purchaser.

39. In a table, compare the existing stockholders' percentage ownership in the Company and the consideration paid for that ownership with that of purchasers in this offering.

	Shares Purchased		Total Consideration		Average
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Price Per Share</u>
Existing holders					
New Purchasers:					
Minimum offering					
Maximum offering					

40. Using the offering price of these securities, what value is the Company's management attributing to the entire Company before the offering?

\$ \_\_\_\_\_

**NOTE: You should consider carefully whether the Company has this value at the present time. Some issues you should think about include: (1) the risks to which the Company is subject before it achieves success (see Item 1, Risk Factors); (2) the exercise prices of outstanding options (see Item 101); and (3) the prices that the Company's Officers, Directors, and principal stockholders paid for their shares (see Items 104 and 105).**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF CERTAIN RELEVANT FACTORS**

41. Is the Company having or does the Company anticipate having within the next 12 months any cash flow or liquidity problems?       Yes       No      If yes, explain.

42. (a) Is the Company in default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the Company to make payments?

Yes       No

42. (b) If yes, explain. Identify the creditor, state the amount in default or the term that the Company has not complied with, and describe any consequences to the Company resulting from each default.

43. Are a significant amount of the Company's trade payables more than 90 days old?  
 Yes  No

44. Is the Company subject to any unsatisfied judgments, liens, or settlement obligations?  
 Yes  No If yes, state the amounts.

45. Describe how the Company will resolve the problems identified in Items 41 - 44.

46. (a) Do the Company's financial statements show losses from operations?  
 Yes  No

46. (b) If yes, explain the causes underlying these losses and what steps the Company has taken or is taking to address these causes.

47. (a) Describe any trends in the Company's historical operating results.

47. (b) Indicate any changes now occurring in the underlying economics of the Company's business which, in the opinion of Management, will have a significant impact upon the Company's results of operations within the next 12 months.

47. (c) Describe the probable impact on the Company.

47. (d) Describe how the Company will deal with this impact.

48. (a) Will the proceeds from this offering and any available funds identified in Item 32 satisfy the Company's cash requirements for the 12 month period after it receives the offering proceeds?  Yes  No

48. (b) If no, explain how the Company will satisfy its cash requirements. State whether it will be necessary to raise additional funds. State the source of the additional funds, if known.

## **DESCRIPTION OF SECURITIES OFFERED**

### **GENERAL**

49. The securities being offered are:

- Common Stock
- Preferred or Preference Stock
- Notes, Debentures, or Bonds
- Limited Liability Company Membership Interests
- Units of two or more types of securities, composed of:

Other (specify):

50. These securities have:

- | Yes                      | No                       |   |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Cumulative voting rights                              |
| <input type="checkbox"/> | <input type="checkbox"/> | Other special voting rights                           |
| <input type="checkbox"/> | <input type="checkbox"/> | Preemptive rights to purchase any new issue of shares |
| <input type="checkbox"/> | <input type="checkbox"/> | Preference as to dividends or interest                |
| <input type="checkbox"/> | <input type="checkbox"/> | Preference upon liquidation                           |
| <input type="checkbox"/> | <input type="checkbox"/> | Anti-dilution rights                                  |
| <input type="checkbox"/> | <input type="checkbox"/> | Other special rights or preferences (specify):        |

Explain any yes answer.

51. Are there any restrictions on dividends or other distributions?  Yes  No  
If yes, describe.

52. Are the securities convertible?  Yes  No  
If yes, state conversion price or formula.

Date when conversion becomes effective: \_\_\_/\_\_\_/\_\_\_

Date when conversion expires: \_\_\_/\_\_\_/\_\_\_

53. Describe any resale restrictions on the securities and when the restrictions will terminate.

### **PREFERRED STOCK**

If the securities being offered are Preference or Preferred stock:

54. Are unpaid dividends cumulative?  Yes  No

55. (a) Are the securities callable?  Yes  No If yes, describe.

55. (b) Are the securities redeemable?  Yes  No  
If yes, describe, including redemption prices.

### **DEBT SECURITIES**

If the securities being offered are notes or other types of debt securities:

56. What is the interest rate on the debt securities? \_\_\_\_\_%  
If the interest rate is variable or there are multiple interest rates, describe.

57. What is the maturity date? \_\_\_/\_\_\_/\_\_\_

If the securities will have serial maturity dates, describe.

58. Is there a sinking fund?  Yes  No If yes, describe.

59. Is there a trust indenture?  Yes  No  
If yes, state the name, address, and telephone number of Trustee.

60. (a) Are the securities callable?  Yes  No If yes, describe.

60. (b) Are the securities redeemable?  Yes  No  
If yes, describe, including redemption prices.

61. Are the securities secured by real or personal property?  Yes  No  
If yes, describe.

62. (a) Are the securities subordinate in right of payment of principal or interest?  
 Yes  No If yes, explain the terms of the subordination.

62. (b) How much currently outstanding indebtedness of the Company is senior to the securities in right of payment of interest or principal? \$

63. How much currently outstanding indebtedness ranks equally with the securities in right of payment? \$

64. How much currently outstanding indebtedness is junior (subordinated) to the securities?  
\$

### **RATIO OF EARNINGS TO FIXED CHARGES**

65. (a) If the Company had earnings during its last fiscal year, show the ratio of earnings to fixed charges on an actual and pro forma basis for that fiscal year.

		<u>Actual</u>		
		Last Fiscal	Interim	
		<u>Year</u>	<u>Period</u>	
				<u>Pro Forma</u>
				<u>Minimum</u> <u>Maximum</u>
"Earnings"	=			
"Fixed Charges"				

65. (b) If no earnings, show "Fixed Charges" only

**NOTE: See the Financial Statements and especially the Statement of Cash Flows. Exercise care in interpreting the significance of the ratio of earnings to fixed charges as a measure of the "coverage" of debt service. The existence of earnings does not necessarily mean that the Company will have cash available at any given time to pay its obligations. See Items 41 - 48. Prospective purchasers should not rely on this ratio as a guarantee that they will receive the stated return or the repayment of their principal.**

### **HOW THESE SECURITIES WILL BE OFFERED AND SOLD**

#### **COMPANY SALESPERSONS**

66. Provide the following information for each Officer, Director, or Company employee who intends to offer or sell the securities:

66. (a) Name:

Title:

Address:

Telephone Number:

67. Describe any compensation that the Company will pay each person in addition to his or her customary salary and compensation.

#### **OTHER SALESPERSONS AND FINDERS**

68. Provide the following information for each salesperson who is not an Officer, Director, or employee of the Company:

68. (a) Name:

Company:

Address:

Telephone Number:

69. Provide the following information for each person who is a finder:

69. (a) Name:

Company:

Address:

Telephone Number:

70. Describe all compensation that the Company will pay to each person identified in Items 68 and 69.

71. Describe any material relationships between these sales persons or finders and the Company or its management.

**PURCHASER LIMITATIONS**

72. (a) Is the offering limited to certain purchasers?  Yes  No

72. (b) Is the offering subject to any other purchaser limitations?  Yes  No

72. (c) If the answer to either 72(a) or 72(b) is yes, describe the limitation.

**IMPOUND OF OFFERING PROCEEDS**

73. (a) Will the Company impound the proceeds of the offering until it raises the minimum offering proceeds?  Yes  No

73. (b) If yes, what is the minimum amount of proceeds that the Company must raise and place in an impound account before the Company can receive and use the proceeds?  
\$

73. (c) If the answer to Item 73(a) is “yes,” state the date on which the offering will end if the Company has not raised the minimum offering proceeds. \_\_\_\_\_  
date

74. (a) Does the Company reserve the right to extend the impound period?  
 Yes  No

74. (b) If yes, describe the circumstances under which the Company might extend the impound period.

75. State the name, address, and telephone number of the bank or other similar depository institution acting as impound agent.

76. If the offering proceeds are returned to investors at the end of the impound period, will the Company pay any interest earned during the impound period to investors?  
 Yes  No



## MANAGEMENT

### OFFICERS AND KEY PERSONS OF THE COMPANY

77. Provide the following information for each Officer and key person. The term “key person” means a person, other than the chief executive officer, chief operating officer, and chief financial officer, who makes a significant contribution to the business of the Company. Identify who performs the functions of Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer.

77. (a) Name: \_\_\_\_\_ Age: \_\_\_\_\_

Title: \_\_\_\_\_

Office Street Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Names of employers, titles, and dates of positions held during past five years, with an indication of job responsibilities.

Education (degrees, schools, and dates): \_\_\_\_\_

Also a Director of the Company     Yes     No

Indicate amount of time to be spent on Company matters if less than full time: \_\_\_\_\_

### DIRECTORS OF THE COMPANY

78. (a) Number of Directors: \_\_\_\_\_

78. (b) Are Directors elected annually?     Yes     No    If no, explain.

78. (c) Are Directors elected under a voting trust or other arrangement?  
 Yes       No      If yes, explain.

79. Provide the following information for each Director not described in Item 77:

79. (a) Name: \_\_\_\_\_ Age: \_\_\_\_\_

Office Street Address:

Telephone Number:

Names of employers, titles, and dates of positions held during past five years, with an indication of job responsibilities.

Education (degrees, schools, and dates):

### **CONSULTANTS**

80. (a) Are all key persons employees of the Company?     Yes       No

80. (b) If no, state the details of each contract or engagement.

### **ARRANGEMENTS WITH OFFICERS, DIRECTORS, AND KEY PERSONS**

81. Describe any arrangements to ensure that Officers, Directors, and key persons will remain with the Company and not compete with the Company if they leave.

82. (a) Describe the impact on the Company if it loses the services of any Officer, Director, or key person due to death or disability.

82. (b) Has the Company purchased key person life insurance on any Officer, Director, or key person?  Yes  No

82. (c) Has the Company made any arrangements to replace any Officer, Director, or key person it loses due to death or disability?  Yes  No

82. (d) If the answer to either Item 82(b) or 82(c) is “yes,” describe.

**COMPENSATION**

83. List all compensation that the Company paid to its Officers, Directors, and key persons for the last fiscal year:

	<u>Cash</u>	<u>Other</u>
Chief Executive Officer	\$	\$
Chief Operating Officer		
Chief Financial Officer		
Key Persons:		
Total:	\$ _____	\$ _____
Officers as a group (number of persons ____)	\$	\$
Directors as a group (number of persons ____)	\$	\$
Key Persons as a group (number of persons ____)	\$	\$

84. (a) Has compensation been unpaid in prior years?  Yes  No

84. (b) Does the Company owe any Officer, Director, or employee any compensation for prior years?  Yes  No

84. (c) Explain any “yes” answer to Item 84(a) or 84(b).

85. Is compensation expected to change within the next year?  Yes  No  
If yes, explain.

86. (a) Does the Company have any employment agreements with Officers, Directors, or key persons?  Yes  No If yes, describe.

86. (b) Does the Company plan to enter into any employment agreements with Officers, Directors, or key persons?  Yes  No If yes, describe.

### **PRIOR EXPERIENCE**

87. Has any Officer or Director worked for or managed a company (including a separate subsidiary or division of a larger enterprise) in the same type of business as the Company?  
 Yes  No If yes, explain in detail, including relevant dates.

88. (a) If the Company has never conducted operations or is otherwise in the development stage, has any Officer or Director managed another company in the start-up or development stage?  
 Yes  No

88. (b) If yes, explain in detail, including relevant dates.

### **CERTAIN LEGAL PROCEEDINGS**

#### **Insolvency**

89. Has a petition for bankruptcy, receivership, or a similar insolvency proceeding been filed by or against any Officer, Director, or key person within the past five years, or any longer period if material?  Yes  No

90. Was any Officer, Director, or key person an executive officer, a director, or in a similar management position for any business entity that was the subject of a petition for bankruptcy, receivership, or similar insolvency proceeding within the past five years, or any longer period if material?  Yes  No

91. Explain in detail any “yes” answer to Item 89 or 90.

### **Criminal Proceedings**

92. (a) Has any Officer, Director, or key person been convicted in a criminal proceeding, excluding traffic violations or other minor offenses?  Yes  No

92. (b) Is any Officer, Director, or key person named as the subject of a pending criminal proceeding, excluding traffic violations or other minor offenses?  Yes  No

92. (c) Explain in detail any “yes” answer to Item 92(a) or 92(b).

### **Civil Proceedings**

93. (a) Has any Officer, Director, or key person been the subject of a court order, judgment or decree in the last five years related to his or her involvement in any type of business, securities, or banking activity?  Yes  No

93. (b) Is any Officer, Director, or key person the subject of a pending civil or action related to his or her involvement in any type of business, securities, or banking activity?  
 Yes  No

93. (c) Has any civil action been threatened against any Officer, Director, or key person related to his or her involvement in any type of business, securities, or banking activity?  
 Yes  No

93. (d) Explain in detail any “yes” answer to Item 93(a), 93(b), or 93(c).

### **Administrative Proceedings**

94. (a) Has any government agency, administrative agency, or administrative court imposed an administrative finding, order, decree, or sanction against any Officer, Director, or key person in the last five years as a result of his or her involvement in any type of business, securities, or banking activity?  Yes  No
94. (b) Is any Officer, Director, or key person the subject of a pending administrative proceeding related to his or her involvement in any type of business, securities, or banking activity?  Yes  No
94. (c) Has any administrative proceeding been threatened against any Officer, Director, or key person related to his or her involvement in any type of business, securities, or banking activity?  Yes  No
94. (d) Explain in detail any “yes” answer to Item 94(a), 94(b), or 94(c).

### **Self-Regulatory Proceedings**

95. (a) Has a self-regulatory agency imposed a sanction against any Officer, Director, or key person in the last five years as a result of his or her involvement in any type of business, securities, or banking activity?  Yes  No
95. (b) Is any Officer, Director, or key person the subject of a pending self-regulatory organization proceeding related to his or her involvement in any type of business, securities, or banking activity?  Yes  No
95. (c) Has any self-regulatory organization proceeding been threatened against any Officer, Director, or key person related to his or her involvement in any type of business, securities, or banking activity?  Yes  No
95. (d) Explain in detail any “yes” answer to Item 95(a), 95(b), or 95(c).

**NOTE: After reviewing the background of the Company's Officers, Directors and key persons, potential investors should consider whether or not these persons have adequate background and experience to develop and operate this Company and to make it successful. In this regard, the experience and ability of management are often considered the most significant factors in the success of a business.**

## **OUTSTANDING SECURITIES**

### **GENERAL**

96. Describe all outstanding securities.

97. Describe any resale restrictions on outstanding securities and when those restrictions will terminate, if this can be determined.

98. Describe any anti-dilution rights of outstanding securities.

### **DIVIDENDS, DISTRIBUTIONS, AND REDEMPTIONS**

99. (a) Has the Company paid any dividends on its stock, made any distributions of its stock, or redeemed any securities within the last five years?       Yes       No  
If yes, describe each transaction.

99. (b) Does the Company have any plans or commitments to pay dividends on its stock, make distributions of its stock, or redeem its outstanding securities in the future?  
 Yes       No      If yes, explain.

## **OPTIONS AND WARRANTS**

100. (a) State the number of shares subject to issuance under outstanding stock purchase agreements, stock options, warrants or rights. \_\_\_\_\_ shares

100. (b) The shares identified in Item 100(a) are \_\_\_\_% of the total shares to be outstanding after the minimum offering.

100. (c) The shares identified in Item 100(a) are \_\_\_\_% of the total shares to be outstanding after the maximum offering.

101. In a table, describe these stock purchase agreements, stock options, warrants, and rights. State the basic terms of these securities, including the expiration dates, the exercise prices, who holds them, whether they are qualified or non qualified for tax purposes, and whether they have been approved by stockholders.

102. State the number of shares reserved for issuance under existing stock purchase or option plans but not yet subject to outstanding purchase agreements, options, or warrants.  
\_\_\_\_\_ shares

103. Does the Company have any plans or commitments to issue or offer options in the future?  
 Yes       No      If yes, explain.

## **SALES OF SECURITIES**

104. (a) Has the Company sold or issued securities during the last 12 months?  
 Yes       No

104. (b) If yes, in a table, provide the following information for each transaction: the date of the transaction; the amount and type of securities sold or issued; the number of purchasers to whom the securities were sold or issued; any relationship of the purchasers to the Company at the time of sale or issuance; the price at which the securities were sold or issued; and a concise description of any non-cash consideration.

## **PRINCIPAL STOCKHOLDERS**



105. In the following table, provide the name and office street address of each person who beneficially owns at least 10% of the common or preferred stock of the Company.

<u>Class of Shares</u>	Average	<u>No. of Shares Now Held</u>	<u>% of Total</u>	No. of Shares	
	Price Per <u>Share</u>			Held After Offering if	<u>% of All Securities Sold</u>

106. Number of shares beneficially owned by all Officers and Directors as a group:

106. (a) Before offering: \_\_\_\_\_ shares ( \_\_\_\_\_ % of total outstanding)

106. (b) After offering: Assuming minimum securities sold: \_\_\_\_\_ shares  
( \_\_\_\_\_ % of total outstanding)

106. (c) After offering: Assuming maximum securities sold: \_\_\_\_\_ shares  
( \_\_\_\_\_ % of total outstanding)

**NOTE: These calculations assume that all outstanding options have been exercised and all convertible securities have been converted.**

## MANAGEMENT RELATIONSHIPS AND TRANSACTIONS

### FAMILY RELATIONSHIPS

107. Is there a family relationship between any Officer, Director, key person, or principal stockholder?       Yes       No      If yes, describe.

### MANAGEMENT TRANSACTIONS

108. (a) Will the Company use any offering proceeds to acquire assets from any Officer, Director, key person, or principal stockholder?       Yes       No

108. (b) Will the Company use any offering proceeds to acquire assets from an associate of any Officer, Director, key person, or principal stockholder?       Yes       No

108. (c) If the answer to Item 108(a) or (b) is “yes,” provide detailed information about each transaction. Include the name of the person, the cost to the Company, the method used to determine the cost, and any profit to the seller.

109. (a) Will the Company use any offering proceeds to reimburse any Officer, Director, key person, or principal stockholder for services already rendered, assets previously transferred, or moneys loaned or advanced, or otherwise?  Yes  No

109. (b) If yes, provide detailed information about each transaction. Include the name of the person, the cost to the Company, the method used to determine the cost, and any profit to the person.

110. (a) Has the Company made loans to any Officer, Director, key person, or principal stockholder within the last two years?  Yes  No

110. (b) Does the Company plan to make loans to its Officers, Directors, key persons, or principal stockholders in the future?  Yes  No  
If yes, describe any policies the Company has adopted to deal with the conflicts of interest in these transactions:

111. (a) Has the Company done business with any Officer, Director, key person, or principal stockholder within the last two years?  Yes  No

111. (b) Is the Company currently doing business with any Officer, Director, key person, or principal stockholder?  Yes  No

111. (c) Does the Company plan to do business with its Officers, Directors, key persons, or principal stockholders in the future?  Yes  No  
If yes, describe any policies the Company has adopted to deal with the conflicts of interest in these transactions:

112. Explain any “yes” answers to Items 110(a), 111(a), or 111(b). State the principal terms of any significant loans, agreements, leases, financing, or other arrangements.

113. (a) Has any Officer, Director, key person, or principal stockholder guaranteed or co-signed the Company's bank debt or other obligations?  Yes  No

113. (b) If yes, explain the terms of each transaction and describe the Company's plans for repayment.

### **LITIGATION**

114. Describe any recent or pending litigation or administrative action which has had or may have a material effect upon the Company's business, financial condition, or operations. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.

115. Describe any threatened litigation or administrative action that may have a material effect upon the Company's business, financial condition, or operations. State the names of the principal parties, and the nature and current status of the matters.

### **TAX ASPECTS**

116. Describe any material tax consequences to investors in this offering.

## **OTHER MATERIAL FACTORS**

117. Describe any other material factors, either adverse or favorable, that will or could affect the Company or its business or which are necessary to make any other information in this Disclosure Document not misleading or incomplete.

## **ADDITIONAL INFORMATION**

118. (a) Describe the types of information that the Company will provide to security holders in the future.

118. (b) Describe the schedule for providing this information.

118. (c) Attach the Company's financial statements to the Disclosure Document.

SIGNATURES:

The Company's Chief Executive Officer, Chief Financial Officer, and its Directors must sign this Disclosure Document. When they sign this Disclosure Document, they represent that they have diligently attempted to confirm the accuracy and completeness of the information in the Document.

When the Chief Financial Officer signs this Disclosure Document, he or she represents that the financial statements in the Document have been prepared in accordance with generally accepted accounting principles which have been consistently applied, except where explained in the notes to the financial statements. He or she represents that the financial statements fairly state the Company's financial position and results of operations, or receipts and disbursements, as of the dates and periods indicated. He or she also represents that year-end figures include all adjustments necessary for a fair presentation under the circumstances.

Chief Executive Officer:

Directors:

\_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_

Chief Financial Officer:

\_\_\_\_\_

\_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_

**LIST OF EXHIBITS**

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