WORLD ENERGY SOLUTIONS, INC.
Form 10KSB
April 03, 2007

United States

Securities and Exchange Commission

Washington, D.C. 20549

Form 10-KSB

(Mark One)

(X) ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2006**

( ) TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-25097

WORLD ENERGY SOLUTIONS, INC.

(Name of small business issuer in its charter)

FLORIDA

65-0783722

(State or other jurisdiction of

(I.R.S. Employer

incorporation or organization)

Identification No.)

3900A 31st Street North, St. Petersburg, Florida

33714

(Address of principal executive offices)

(Zip Code)

Issuer's telephone number: **727-525-5552**

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
None	

Securities registered under Section 12(g) of the Exchange Act:

Common Stock

(*Title of class*)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. (_)

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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(_).

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB (_).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act. Yes (_) No (X)

State issuer's revenues for its most recent fiscal year: $554,983.

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of a specified date within the past 60 days: $8,092,981.28 based on the average high ($.38) and low ($.15) price as of March 27, 2007, of $.2650 per share average.

Note: If determining whether a person is an affiliate will involve an unreasonable effort and expense, the issuer may calculate the aggregate market value of the common equity held by non-affiliates on the basis of reasonable assumptions, if the assumptions are stated.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 30,539,552 shares of Common Stock as of March 27, 2007.

DOCUMENTS INCORPORATED BY REFERENCE

None

Transitional Small Business Disclosure Format (Check One): Yes (_) No (X)

PART I

Item 1. Description of Business.

The Company

World Energy Solutions, Inc. d/b/a World Energy Solutions ("the Company", "we" or "us") is a Florida corporation with our principal executive offices located at 3900A 31st Street North, St. Petersburg, Florida.

The Company's business model is the marketing of a multi-product package to commercial, industrial and residential facilities in order to lower their overall cost of electric, gas and water. The Company is working on 2 major research and development projects. First is the Company s Hydrogen/Oxygen gas system for the creation of cheap hot water and as an automotive fuel extender. On November 29, 2005 Registrant acquired all right, title, and interest in and to a patent application for Method and Apparatus for the Production of Hydrogen and Oxygen from Robert J. Depalo. These patent application rights were acquired in order to further develop the described invention for the economical production of hot water on demand. This is accomplished be utilizing a proprietary patent pending methodology of creating H2O gas through electrolysis and burning the gas as it is created instantaneously as needed. The Company has successfully developed a prototype/proof of concept system that has taken water from70 degrees F to over 185 degrees F in approximately 20 seconds. The raw cost of creating water this hot is approximately 6 tenths of a penny per minute. The Company hopes to penetrate the commercial and residential markets for cheap hot water after a full commercial grade system has been completed.

The Company has also built a H2O gas system installed into a 2000 Honda automobile. This system has been completed and is undergoing field trials today. The University of Florida sold to World Energy Solutions, Inc. the international marketing rights to a novel system that will not only purify the air of microorganisms but also rid indoor environments of chemical contaminants. In recent years, comparative risk studies performed by the U. S. Environmental Protection Agency (EPA) have consistently ranked indoor air pollution among the top five environmental risks to people s health. EPA studies of human exposure indicate that the levels for many pollutants may be 2-5 times higher indoors than outdoors. The University of Florida s novel system should improve the quality of life for millions of asthma- and allergy-sufferers and should also deliver effective protection against bioterrorism by completely clearing the air of all microorganisms and chemical contaminants.

Applications

Eliminates gaseous chemicals and microorganisms from indoor environments

Advantages

Completely destroys microbes, avoiding growth and accumulation of harmful microbes on surfaces and preventing possible further contamination. Indoor air and contaminated surfaces containing microbes and chemicals can be treated simultaneously, avoiding the need for two separate systems, increasing simplicity and decreasing costs. Ozone is chemically degraded, and microbes/ chemicals can be treated to yield relatively harmless products (CO_2, O_2 and water), making this system safer than others by eliminating the need to discard harmful contaminants trapped on a filter.

The Technology

This technology is a tandem ozone & photocatalytic oxidation system that provides multiple treatment mechanisms for microorganisms suspended in the air or present on the surface of an air handling system. With its unique structure, the system effectively removes trace levels of organic compounds that can be present in indoor environments by converting these to CO_2 and water.

The Company also plans to market its package both by direct sales as well as a Shared Revenue Program (SRP) where the Company pays for the entire installation in return for a percentage of the realized savings (Example: 80% of all savings for 10 years). No services or products have yet been sold.

THE COMPANY'S TARGET MARKET

The average US household uses over 700 gallons of hot water per week. It is the goal of the Company to substantially reduce the cost of generating that hot water. The reduction in fuel consumption in trucking and automobiles is a national goal of the US government as well as the trucking industry and households with automobiles. It is the goal of the Company to provide a retrofit system to reduce fuel consumption for some of these markets. Also, the Company's target markets for energy savings are commercial and industrial customers that have an electric, gas and water bill in excess of $10,000.00 per month. The ideal customer will have an overall energy bill in the $40,000.00 to $100,000.00 monthly range. The Company has the ability to sell and install for larger customers on a case-by-case basis.

In 2004, net generation of electricity totaled 4.0 trillion kilowatt hours, up 2 percent compared with the total in 2003. Of the total generated, 96 percent came from the electric power sector; 4 percent was generated by combined heat-and-power plants and electricity-only plants in the industrial and commercial sectors. The United States imported 34 billion kilowatt hours and exported 23 billion kilowatt hours of electricity in 2004.

In April 2005, total net generation of electricity was 291 billion kilowatt hours, slightly higher than April 2004. This kilowatt hour usage translates at $.08 per hour to the sum of $23,280,000,000.00 per month. Approximately two-thirds (2/3) of this monthly figure is generated by commercial and industrial facilities. A $50,000.00 per month electric bill represents approximately .000000214 of the potential market monthly. With the U.S. Department of Energy predicting that the demands will more than double before year 2025, the overall market for the Company's products and services is vast.

THE BUSINESS MODEL

The Company is an ESCO (Energy Services Company). An ESCO is a business that develops, installs, and finances projects designed to improve the energy efficiency and maintenance costs for facilities over a seven (7) to ten (10)

year time period. ESCOs generally act as project developers for a wide range of tasks and assume the technical and performance risk associated with the project. Typically, they offer the following services:

- develop, design, and finance energy efficiency projects;
- install and maintain the energy efficient equipment involved;

- measure, monitor, and verify the project's energy savings; and

- assume the risk that the project will save the amount of energy guaranteed.

These services are bundled into the project's cost and are repaid through the dollar savings generated.

ESCO projects are comprehensive, which means that the ESCO employs a wide array of cost-effective measures to achieve energy savings. These measures often include the following: high efficiency lighting, high efficiency heating and air conditioning, efficient motors and variable speed drives, and centralized energy management systems.

What sets ESCOs apart from other firms that offer energy efficiency, like consulting firms and equipment contractors, is the concept of performance-based contracting. When an ESCO undertakes a project, the company's compensation, and often the project s financing, are directly linked to the amount of energy that is actually saved.

Typically, the comprehensive energy efficiency retrofits inherent in ESCO projects require a large initial capital investment and offer a relatively long payback period. The customer's debt payments are tied to the energy savings offered under the project so that the customer pays for the capital improvement with the money that comes out of the difference between pre-installation and post-installation energy use and other costs. For this reason, ESCOs have led the effort to verify, rather than estimate energy savings. One of the most accurate means of measurement is the relatively new practice of metering, which is direct tracking of energy savings according to sanctioned engineering protocols.

Most performance-based energy efficiency projects include the maintenance of all or some portion of the new high-energy equipment over the life of the contract. The cost of this ongoing maintenance is folded into the overall cost of the project. Therefore, during the life of the contract, the customer receives the benefit of reduced maintenance costs, in addition to reduced energy costs. As an additional service in most contracts, the ESCO provides any specialized training needed so that the customer's maintenance staff can take over at the end of the contract period.

Another critical component of every energy efficiency project is the education of customers about their own energy use patterns in order to develop an energy efficiency partnership between the ESCO and the customer. A primary purpose of this partnership is to help the customer understand how their energy use is related to the business that they conduct.

Included in the ancillary services provided in a typical performance-based energy efficiency contract are the removal and disposal of hazardous materials from the customer's facility. When, for example, existing fluorescent lighting equipment, ballasts that contain PCBs, and fluorescent light tubes that contain traces of mercury are replaced, the old equipment must be disposed of as hazardous waste. Upgrades to heating, air conditioning, and ventilation systems may involve the removal of asbestos and would also be properly disposed of by the ESCO.

In addition to the economic benefits realized by ESCO customers through energy and maintenance cost savings, this booming industry has had a profound effect on the U.S. economy. New jobs have been created, not only within the ESCOs, but through the use of contractors and through the many

firms involved directly and indirectly in supporting energy efficiency projects. Since approximately one third of the money invested in ESCO projects is applied to labor costs, out of the estimated $20 billion of projects installed to date, approximately $7 billion has gone directly for labor employment.

Historically, the energy service industry is relatively young. Most U.S. ESCOs place the industry s origins in the late 1970s and early 1980s when energy prices rose dramatically following the 1973 Arab oil embargo and the Iranian Revolution in 1979. These events created the opportunity to make a business out of reducing customers' growing energy costs. The future for ESCOs and for their customers is bright as there is an increasing global need to implement energy efficiency projects on a widespread basis.

The Company's business model is based around a multi-product approach to energy savings (lowering electric, gas and water utility bill) for commercial, industrial and residential facilities. The goal of the Company is to substantially reduce energy consumption (10% to 30% plus), reduce the customer's maintenance costs, protect the customer's equipment and increase the life of the customer's equipment. The basic premise of our program is to sell a complete multi-product energy savings package to customer's facilities for cash or a shared savings revenue (80% - 20% Shared Revenue Program - SRP) modeled after the Federal Energy Management Program of the Department of Energy. The Company would pay for and own the entire installation of the multiple products and receive a percentage (usually 80%) of all demonstrated savings for a certain amount of time (10 to 20 years). The Company will accomplish these savings by utilizing in-house proprietary products, proprietary techniques and third party outside technologies where applicable.

Basic steps:

1. After identifying a prospective customer, we do an energy analysis of our customer's facility.

2. We contract with our customer to install multiple state-of-the-art energy saving technologies and techniques into their facility (Cash or SRP).

3. The Company will monitor all phases of savings against an agreed upon energy consumption baseline measured in kilowatt per hour usage.

4. We anticipate receiving either an agreed upon cash payment for the installation or the 80% - 20% Shared Revenue Program - SRP generated from this installation. Each installation is a complete custom order to fit the customer's specific needs (80% of the cash savings is remitted to the Company and the customer keeps 20% of the realized savings). We maintain the ownership of all installed equipment until the end of the term of the contract. The Company will then sell the installed equipment to the customer for $1.00.

Should the customer decide to choose the SRP, the customer will have no capital outlay, a complete energy savings retrofit for their facility and receive 20% of all savings generated for the life of the contract. This allows the Company to receive 80% of all energy savings for the life of the contract as well as energy tax credits associated with the installation of energy-saving devices.

The Company has brought together technologies that cover the following areas:

TVSS (Transient Voltage Surge Suppression), HVAC (Heating Ventilation Air Conditioning) Loads, Lighting Loads, Motors Loads, Hot Water Usage, Cold Water usage, Thermal Barriers, Thermal Coatings, Air Curtains, Energy Management Systems along with other state of the art energy saving technologies, strategies and techniques. Additional conservation methods will include implementation of engineering recommendations after our comprehensive study of the facilities' boiler plant, chiller plants, service water systems, all phases of their air handling systems, building insulation, controlling use of sunlight, all forms of mechanical equipment, all forms of energy sources, specific energy management tools, and other energy recovery systems.

Our complete energy analysis report will deliver monthly energy usage that will include adjustments for:

Weather changes & effects on energy usage;

Equipment change-outs that affect energy usage;

Business unit of measurement adjustments (how well their business is doing vs. our baseline energy usage. Example: A resort rented out 80% of their rooms for that baseline month vs. 95% of the new referenced month);

Business behavior adjustments. (Example: New management decides to turn all thermostats down five (5) degrees or any major changes in behavioral policy that directly affects energy usage).

The Company will include a maintenance agreement and on-going warranties for the life the contract. The customer will be responsible for general maintenance of their facility.

The Company is currently a Takagi dealer. Takagi Industrial Co. USA, Inc. is the U.S. distribution arm of Takagi Industrial Co. LTD. of Japan, founded in 1946 as Takagi Machinery. Today, Takagi is one of the world's largest manufacturers of tank-less hot water systems. We expect to become manufacturers and distributors for a wide variety of energy saving technologies through research and development, distributorships, mergers & acquisitions and/or outright purchase of technologies that fit the Company's business model.

The Company currently identifies their market as commercial and industrial customers that use electric power in the $30,000 to $250,000 dollar range monthly. The customer may also use $2,000 to $25,000 per month natural gas or propane gas for various energy needs.

THE ENERGY SERVICES COMPANY (ESCO) INDUSTRY

The U.S. Energy Services Company (ESCO) industry is often cited as the most successful model for the private sector delivery of energy-efficiency services. These projects include $2.55B of work completed by 51 ESCOs and span much of the history of this industry. We estimate that the ESCO industry completed $1.8-2.1B of projects in 2000. The industry has grown rapidly over the last decade with revenues increasing at a 24% annualized rate. We summarize and compare project characteristics and costs and analyze energy savings, including the relationship between predicted and actual savings. ESCOs typically invested about $2.30/ft2 per project in various energy efficiency improvements, although there is large variation in project costs within and across market segments. We find that lighting-only projects report median electricity savings of 47% of targeted

equipment consumption; the median for lighting-&-non-lighting projects is 23% of the total electric bill baseline. We examine project economics, including project net benefits, benefit/cost ratio and simple payback time. Median simple payback time is seven years for institutional sector projects and three years in the private sector. We estimate direct economic benefits of $1.62 billion for the 1080 projects in our database with both cost and savings data. The median benefit/cost ratio is 2.1 for 309 private sector projects and 1.6 for 771 institutional sector projects. We discuss the role of policies and programs adopted by state/federal legislatures and agencies that have played an important role in stimulating ESCO activity in various markets. Finally, we estimate the overall size and growth of the energy-efficiency services industry over the last ten years based on a survey of 63 ESCOs.

Residential delivered energy use is projected to increase by 23 percent between 2003 and 2025 (9 percent by 2010). Most (68 percent) of the growth results from increased use of electricity. Sustained growth in housing in the South, where almost all new homes use central air conditioning, is an important component of the national trend, along with the penetration of consumer electronics, such as home office equipment and security systems.

The Annual Energy Outlook 2005 published by the United States Department of Energy/Energy Information Administration (AEO2005) reference case projects an increase in the stock efficiency of residential appliances, as stock turnover and technology advances in most end-use services reduce residential energy intensity over time. For most appliances covered by the National Appliance Energy Conservation Act of 1987, the most recent Federal efficiency standards are higher than the 2003 stock, ensuring an increase in stock efficiency without any additional new standards. Future updates to the Federal standards could have a significant effect on residential energy consumption, but they are not included in the reference case. The new efficiency standards for water heaters, clothes washers, central air conditioners, and heat pumps that were announced in January 2001 are included in the reference case.

For almost all end-use services, existing technologies can significantly curtail future energy demand if they are purchased by consumers. The most efficient technologies can provide significant long-run savings in energy bills, but their higher purchase costs (and in some cases, unsuitability for retrofit applications) tend to restrict their market penetration. For example, condensing technology for natural gas furnaces, which reclaims heat from exhaust gases, can raise efficiency by more than 20 percent over units that just meet the current standard; and variable-speed scroll compressors for air conditioners and refrigerators can increase their efficiency by 50 percent or more. In contrast, there is little room for efficiency improvements in electric resistance water heaters, because the technology is approaching its thermal limit.

Recent trends in commercial sector fuel shares are expected to continue, with growth in overall consumption similar to its pace over the past two decades. Commercial delivered energy use (excluding primary energy losses in electricity generation) is projected to grow by 1.9 percent per year between 2003 and 2025, slightly faster than the projected growth rate for commercial floor space of 1.7 percent. Energy consumption per square foot is projected to show little increase, with efficiency standards, voluntary government programs aimed at improving efficiency, and other technology improvements expected to balance the effects of a projected increase in demand for electricity-based services and a slow rise in energy prices after 2010.

Electricity accounted for 50 percent of commercial delivered energy consumption in 2003, and its share is projected to increase to 57 percent in 2025. Expected efficiency gains in electric equipment are projected to be offset by the continuing penetration of new technologies and greater use of office equipment. Natural gas, which accounted for 39 percent of commercial energy consumption in 2003, is projected to decline to a 33-percent share by the end of the forecast. Distillate fuel oil, which accounted for 10 percent of commercial demand in the years before deregulation of the natural gas industry, made up only 6 percent of commercial energy demand in 2003. The distillate fuel share is projected to remain at 6 percent in 2025, as fuel oil continues to compete with natural gas for space and water heating uses. With conventional fuel prices projected to increase only slowly, no appreciable growth in the share of renewable energy in the commercial sector is anticipated.

Total electricity sales are projected to increase at an average annual rate of 1.9 percent in the AEO2005 reference case, from 3,481 billion kilowatt hours in 2003 to 5,220 billion kilowatt hours in 2025. From 2003 to 2025, annual growth in electricity sales is projected to average 1.6 percent in the residential sector, 2.5 percent in the commercial sector, and 1.3 percent in the industrial sector.

The average size of homes is projected to be larger in 2025 than in 2003 in terms of both square footage and ceiling height, with corresponding increases in electricity use for heating, cooling, and lighting. In addition, expected population shifts to warmer climates increase the amount of electricity used for air conditioning, although the projected increases are mitigated in part by the implementation of a more stringent efficiency standard for air conditioners and heat pumps in 2006.

Projected efficiency gains for electric equipment in the commercial sector are offset by the continuing penetration of new telecommunications technologies. Although electricity use is projected to increase with the growth of industrial output, increases in electricity sales to the industrial sector are expected to be off-set by a 2.7 percent average annual increase in onsite generation.

With growing electricity demands and the retirement of 43 gigawatts of inefficient, older generating capacity, 281 gigawatts of new capacity (including end-use combined heat and power) will be needed by 2025. Most retirements are expected to be older oil-and natural-gas-fired steam capacity, along with smaller amounts of older oil-and natural-gas-fired combustion turbines and coal-fired capacity, which are not competitive with newer natural gas combustion turbine or combined-cycle capacity.

More than 60 percent of new capacity additions are projected to be natural-gas-fired combined-cycle, combustion turbine, or distributed generation technologies. More than 80 percent of the capacity additions will be needed after 2010, when the current excess of generation capacity has been reduced. As natural gas prices rise later in the forecast, new coal-fired capacity is projected to become increasingly competitive, accounting for nearly one-third of the capacity expansion expected in the reference case. Most of the new coal capacity is expected to use advanced pulverized coal technology and to begin operation after 2015. About 16 gigawatts of capacity using advanced clean coal technology, with higher capital costs but relatively low fuel costs, is also expected to be added.

9

Item 2. Description of Property.

The Company maintains two facilities: its main office which houses its corporate and manufacturing facilities and a second unit used for research and development within the same industrial complex and has two separate leases. The main office lease has a term expiring on September 30, 2007. The research and development facility does not contain a renewal option and the payment of its rent is guaranteed by the Company's President. That lease renewed in October 2006 and has a term ending on October 14, 2007.

Item 3. Legal Proceedings.

The Company has commenced a lawsuit styled *World Energy Solutions, Inc. v. David Weintraub, et al.,* No. 06-8968-CI-20 (Cir. Ct. Pinellas Cty.) (the Litigation), against a Florida corporation and several individuals to recover damages and 4,794,551 shares of Company common stock (the Shares) issued in connection with the execution of consulting agreements and promises to perform future services for the benefit of the Company. The Company is suing Rajax, Inc., its principal, Rachel Steele and Daniel Witherspoon, III, as well as David Weintraub, Timothy Daley and Leslie Sands and has alleged various claims including fraud in the inducement, conspiracy to defraud and breach of contract. The Company contends in the Litigation that the recipients of the Shares have not given the consideration promised to the Company in exchange for such Shares.

Pursuant to the Litigation, the Company will seek a judgment to rescind certain transactions involving the issuance of the Shares to Rajax, Inc., Rachel Steele and her designees (including Shares issued to Steele s children at Weintraub s request under the Uniform Gift to Minors Act), Daniel Witherspoon and Leslie Sands and, provided the Company is successful in the Litigation, it will cancel all of the Shares. The Company is making an adverse claim against all of the Shares being represented by certificates numbered 4139, 5179, 5181, 5214, 5067, 5122, 5162, 5197, 4144, 5065, 4145, 5066, 5220, 5226, 5109 and 5110. The Company has issued stop transfer instructions to its stock transfer agent regarding all of the Shares. Furthermore, the Company is hereby giving notice that it is asserting adverse claims against all Shares that may hereafter be presented to the Company s transfer agent by the Litigation defendants, their designees and any third party transferee.

On March 1, 2007, Rachel Steele filed a civil action against the Company, styled *Rachel Steele v. World Energy Solutions, Inc.,* No. 07-002010-CI-20 (Cir. Ct. Pinellas Cty.), wherein she sought an injunction to allow her to sell certain quantities of the Shares (restricted securities) in public sale transactions pursuant to Securities and Exchange Commission Rule 144. The Company had previously advised Rachel Steele through its litigation counsel that the Company does not believe that the proposed sale of its common stock complies with the requirements of SEC Rule 144. On March 13, 2007, the Circuit Court in and for Pinellas County, Florida heard arguments on Rachel Steele s Motion For Temporary Injunction. The Court ordered that Steele s civil action be consolidated with the Litigation filed against her by the Company. The Court recognized that the Company s allegations of fraud are intertwined with issues relating to Steele s request for injunctive relief; that Steele s request for money damages is inconsistent with a claim for irreparable harm as required for injunctive relief; that additional time was needed for the parties to complete discovery; and accordingly, the Court declined to address the issues in Steele s motion at the hearing. The Company intends to vigorously pursue discovery in the Litigation, prosecute its claims for fraud, conspiracy to defraud and breach of contract against all defendants identified in the Litigation with a view toward obtaining a judgment for damages and to facilitate cancellation of

all of the Shares. Each of the aforementioned lawsuits is in a very early stage and accordingly, the Company cannot predict at this point whether there is a likelihood of success on the merits.

Item 4. Submission of Matters to a Vote of Security Holders.

None

Part II

Item 5. Market for Common Equity and Related Stockholder Matters.

The Company s common stock was traded from January 1, 2005 through November 17, 2005 on the Over-the-Counter Bulletin Board under the symbol AVDU.OB. From November 18, 2005 through present the Company's common stock was traded on the Over-the-Counter Bulletin Board under the symbol WEGY.OB. The high and low sales prices for each quarter of the calendar years 2005 and 2006 are as follows:

	Common Stock	
	High	Low
1st quarter 2005	$ 3.59	$ 3.49
2nd quarter 2005	2.73	2.36
3rd quarter 2005	4.35	2.10
4th quarter 2005	3.90	2.52
1st quarter 2006	$ 3.90	$ 1.25
2nd quarter 2006	1.96	1.40
3rd quarter 2006	1.55	.26
4th quarter 2006	.64	.20

Recent Sales of the Company s Unregistered Securities.

Number Common

Name

Shares Purchased

Date

Price/Share

Issuer

Tanta Anghelescu

18

03/05/04

$0.001

1

James Bergeron

10

03/05/04

$0.001

1

Jan Butler

4

03/05/04

$0.001

1

Ivanka Chotreva

2

03/05/04

$0.001

1

Joseph Chumbley

4

03/05/04

$0.001

1

Kelly Fesler

2

03/05/04

$0.001

1

Jevto Knezevic

8

03/05/04

$0.001

1

Vera Lukie

4

03/05/04

$0.001

1

Mihail Mihailov

6

03/05/04

$0.001

1

Chekita Mitchell

4

03/05/04

$0.001

1

John O'Brien

14

03/05/04

$0.001

1

Jodi Sherry

12

03/05/04

$0.001

1

11

Don Sutton

4

03/05/04

$0.001

1

Jack Watson

4

03/05/04

$0.001

1

Elizel Angelescu

50,000

03/15/04

$ 0.50

1

George Anghelescu

60,000

04/06/04

$ 0.50

1

John O'Brien

50,000

04/06/04

$ 0.50

1

John Aliprantis

50,000

04/21/04

$ 0.50

1

Cheryl Koebele

10,000

04/21/04

$ 0.50

1

Harry Eisnaugle

20,000

04/27/04

$ 0.50

1

Paul Ksyniak

20,000

04/27/04

$ 0.50

1

Edward Montambault

100,000

05/07/04

$ 0.50

1

Wes Wissel

60,000

05/13/04

$ 0.50

1

Tanta Anghelescu

53,982

06/02/04

$0.001

1

James Bergeron

29,990

06/02/04

$0.001

1

Jan Butler

11,996

06/02/04

$0.001

1

Ivanka Chotreva

5,998

06/02/04

$0.001

1

Joseph Chumbley

11,996

06/02/04

$0.001

1

Kelly Fesler

5,998

06/02/04

$0.001

1

Kiefner & Hunt

30,000

06/02/04

$0.001

1

Jevto Knezevic

23,992

06/02/04

$0.001

1

Vera Lukie

11,996

06/02/04

$0.001

1

Mihail Mihailov

17,994

06/02/04

$0.001

1

Chekita Mitchell

11,996

06/02/04

$0.001

1

John O'Brien

41,986

06/02/04

$0.001

1

Jodi Sherry

35,988

06/02/04

$0.001

1

Don Sutton

11,996

06/02/04

$0.001

1

Jack Watson

11,996

06/02/04

$0.001

1

Philip Gene Flood

Living Trust dated

April 24th, 1997

200,000

06/14/04

$ 0.50

1

Joseph & Sally Peel

100,000

06/14/04

$ 0.50

1

Edward & Alice

Prange

60,000

06/14/04

$ 0.50

1

Wes Wissel

20,000

06/14/04

$ 0.50

1

Thomas Conley

10,000

06/28/04

$ 0.50

1

Richard & Marna

Taylor

20,000

06/28/04

$ 0.50

1

Joseph Chumbley

20,000

07/02/04

$ 0.50

1

Jerry Little

50,000

07/02/04

$ 0.50

1

Edward & Alice

Prange

60,000

07/06/04

$ 0.50

1

Edward & Francoise

Bineau Bineau

Family Trust

50,000

07/22/04

$ 0.50

1

Gloria Jameson

10,000

07/22/04

$ 0.50

1

Theresa Rivera

10,000

07/26/04

$ 0.50

1

Claire Meadows

4,000

08/02/04

$ 0.50

1

Claire Meadows

6,000

08/02/04

$ 0.50

1

Wes Wissel

20,000

08/05/04

$ 0.50

1

James F. Conner

10,000

08/16/04

$ 0.50

1

Stanley Johnson

20,000

08/16/04

$ 0.50

1

James Cole

20,000

08/16/04

$ 0.50

1

Robert Kratz

100,000

08/25/04

$ 0.50

1

Stephen Johnson

7,500

09/29/04

$0.001

1

u/a/dtd July 26,

1999 George E.

Lewis IV Revocable

Trust

7,175

10/13/04

$ 0.50

1

Jim E. Hartley

50,000

10/13/04

$ 0.50

1

AnnRee Chumbley

20,000

12/16/04

$ 0.50

1

Pamela J. Clark

14,000

12/24/04

- -

1

Nicole Conley

200

12/28/04

$ 0.50

1

Thomas Conley

200

12/28/04

$ 0.50

1

Thomas Conley

40,000

12/28/04

$ 0.50

1

Joseph & Linda

Chumbley

36,600

12/31/04

$ 0.50

1

Ken Fleetwood

1,000

12/31/04

$ 0.50

1

Pamela J. Clark

36,000

02/14/05

$ 0.50

1

Joseph & Linda

Chumbley

2,000

03/07/05

$ 0.50

1

Joseph & Linda

Chumbley

4,000

03/07/05

$ 0.50

1

Joseph & Linda

Chumbley

14,600

04/11/05

$ 0.50

1

Joseph & Linda

Chumbley

14,600

04/11/05

$ 0.50

1

George Anghelescu

28,000

05/31/05

$ 0.50

1

Karl B. Clark

50,000

05/31/05

$ 0.50

1

James F. Conner

20,000

05/31/05

$ 0.50

1

Joseph & Linda

Chumbley

19,000

06/01/05

$ 0.50

1

Robert C. Kratz

300,000

06/01/05

$ 0.50

1

Joseph & Linda

Chumbley

22,000

06/03/05

$ 0.50

1

Joseph & Linda

Chumbley

8,650

06/03/05

$ 0.50

1

AnnRee Chumbley

40,000

06/03/05

$ 0.50

1

Pamela J Clark

6,000

06/03/05

$ 0.50

1

Pamela J Clark

8,000

06/03/05

$ 0.50

1

Thomas Conley

22,000

06/03/05

$ 0.50

1

John O'Brien

8,000

06/03/05

$ 0.50

1

Edward C. & Alice

P. Prangue

80,000

06/03/05

$ 0.50

1

Richard & Marna

Taylor

10,000

06/03/05

$ 0.50

1

AnnRee Chumbley

50,000

06/10/05

$ 0.50

1

Joseph & Linda

13

Chumbley

600

06/10/05

$ 0.50

1

Joseph & Linda

Chumbley

200

06/10/05

$ 0.50

1

Joseph & Linda

Chumbley

3,000

06/10/05

$ 0.50

1

Jim E. Hartley

50,000

06/10/05

$ 0.50

1

Jim E. Hartley