SAMARITAN PHARMACEUTICALS INC
Form 10QSB
May 15, 2002

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

---

Form 10-QSB

(Mark One)

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

For the fiscal quarter ended March 31, 2002

Or

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

For the transition period from _____to_____

Commission file number 0-26775

---

Samaritan Pharmaceuticals Inc.
(Name of small business issuer in its charter)

| Nevada | 88-0380402 |
|---|---|
| (State or other jurisdiction of Incorporation or organization) | (I.R.S.Employer Identification No.) |

| 101 Convention Center Drive, Suite 310, Las Vegas, Nevada | 89109 |
|---|---|
| (Address of Principal Executive Offices) | (Zip Code) |

(702) 735-7001
Issuer's telephone number

N/A
(Former name, former address and former fiscal year, if changed since last report)

The company had 43,873,604 shares issued and outstanding of the Common Stock issued as of March 31, 2002.

Transitional Small Business Disclosure Format (Check one): Yes___ No X

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

March 31, 2002

TABLE OF CONTENTS

SAMARITAN PHARMACEUTICALS, INC.
(FORMERLY STEROIDOGENESIS INHIBITORS INTERNATIONAL, INC.)
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED, BALANCE SHEET
(UNAUDITED)
March 31, 2002

ASSETS

| | | |
|---|---|---|
| CURRENT ASSETS: | | |
| Cash | $ | 210,675 |
| Prepaid expense | | 4,333 |
| TOTAL CURRENT ASSETS | | 215,008 |
| PROPERTY AND EQUIPMENT | | 27,434 |
| OTHER ASSETS: | | |
| Offering costs | | 2,284 |
| Patent registration costs | | 219,085 |
| Purchased technology rights | | 60,843 |
| Deposits | | 15,720 |
| TOTAL CURRENT LIABILITIES | | 297,932 |
| TOTAL ASSETS | $ | 540,374 |

LIABILITIES AND STOCKHOLDERS' DEFICIT

| | | |
|---|---|---|
| CURRENT LIABILITIES: | | |
| Accounts payable | $ | 400,857 |
| Accrued expenses | | 706,630 |

| | |
|---|---|
| Common stock to be issued | 28,000 |
| Short-term borrowings | 265,251 |
| TOTAL CURRENT LIABILITIES | 1,400,738 |
| DEFERRED REVENUE | 250,000 |
| STOCKHOLDERS' DEFICIT: | |
| Common stock, 100,000,000 shares authorized at $.001 par value, 43,873,604 issued and outstanding | 43,874 |
| Additional paid-in capital | 13,656,812 |
| Deferred compensation | (371,277) |
| Accumulated deficit | (14,439,773) |
| TOTAL STOCKHOLDERS' DEFICIT | (1,110,364) |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT | $ 540,374 |

See accompanying notes to the consolidated, interim financial statements (unaudited).



SAMARITAN PHARMACEUTICALS, INC.
(FORMERLY STEROIDOGENESIS INHIBITORS INTERNATIONAL, INC.)
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED, INTERIM STATEMENTS OF OPERATIONS
(UNAUDITED)
FROM INCEPTION (SEPTEMBER 5, 1994), AND FOR THE FOR THREE MONTHS ENDED MARCH 31, 2002 AND 2001

| | From Inception September 5, 1994 To March 31, 2002 | For the Three Mo Ended March 31, 2001 | |
|---|---|---|---|
| REVENUES: | $ 50,000 | $ - | $ |
| EXPENSES: | | | |
| Research and development | 2,965,107 | 161,014 | |
| Interest, net | 29,734 | 6,369 | |
| General and administrative | 10,927,226 | 406,569 | |

| | | | |
|---|---|---|---|
| Depreciation and amortization | 705,486 | 129,029 | |
| | 14,627,553 | 702,981 | |
| INCOME (LOSS) BEFORE EXTRAORDINARY ITEM | (14,577,553) | (702,981) | |
| Extraordinary item | 137,780 | - | |
| NET INCOME (LOSS) | $ (14,439,773) | $ (702,981) | $ |
| Loss per share-basic & diluted: | | | |
| Before extraordinary item | $ (1.16) | $ (0.02) | $ |
| Extraordinary item | 0.01 | - | |
| Loss per share | $ (1.15) | $ (0.02) | $ |
| Weighted average number of shares outstanding: | | | |
| Basic and diluted | 12,577,795 | 40,527,334 | |

See accompanying notes to the consolidated, interim financial statements
(unaudited)



SAMARITAN PHARMACEUTICALS, INC.
(FORMERLY STEROIDOGENESIS INHIBITORS INTERNATIONS, INC.)
(A DEVELOPMENT STATE COMPANY)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

FROM INCEPTION (SEPTEMBER 5, 1994) TO DECEMBER 31, 2001

| | Number of Shares | Par Value Common Stock | Reserved for Conversion | Additional Paid in Capital | Warrants | C |
|---|---|---|---|---|---|---|
| Inception at September 5, 1994 | - | $ - | $ - | $ - | $ - | $ |
| Shares issued for cash, net of offering costs | 6,085,386 | 609 | - | 635,481 | - | |
| Warrants issued for cash | - | - | - | - | 5,000 | |
| Shares issued as compensation | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| for services | 714,500 | 71 | - | 1,428,929 | - | |
| Net loss | - | - | - | - | - | |
| December 31, 1996 | 6,799,886 | 680 | - | 2,064,410 | 5,000 | |
| Issuance of stock, prior to acquisition | 206,350 | 21 | - | 371,134 | - | |
| Acquisition of subsidiary for stock | 1,503,000 | 150 | - | 46,545 | - | |
| Shares of parent redeemed, par value $.001 | (8,509,236) | (851) | - | 851 | - | |
| Shares of public subsidiary issued, par value $.001 | 7,689,690 | 7,690 | 820 | (8,510) | - | |
| Net loss | - | - | - | - | - | |
| December 31, 1997 | 7,689,690 | 7,690 | 820 | 2,474,430 | 5,000 | |
| Conversion of parent's shares | 696,022 | 696 | (696) | - | - | |
| Shares issued for cash, net of offering costs | 693,500 | 694 | - | 605,185 | - | |
| Shares issued in cancellation of debt | 525,000 | 525 | - | 524,475 | - | |
| Shares issued as compensation | 400,000 | 400 | - | 349,600 | - | |
| Net loss | - | - | - | - | - | |
| December 31, 1998 | 10,004,212 | 10,005 | 124 | 3,953,690 | 5,000 | |
| Conversion of parent's shares | 13,000 | 13 | (13) | - | - | |
| Shares issued in cancellation of debt | 30,000 | 30 | - | 29,970 | - | |
| Shares issued for cash, net of offering costs | 45,000 | 45 | - | 41,367 | - | |
| Shares issued as compensation | 3,569,250 | 3,569 | - | 462,113 | - | |
| Detachable warrants issued | - | - | - | - | 152,125 | |
| Detachable warrants exercised | 100,000 | 100 | - | 148,900 | (149,000) | |
| Debentures converted to stock | 1,682,447 | 1,682 | - | 640,438 | - | |
| Net loss | - | - | - | - | - | |
| December 31, 1999 | 15,443,909 | 15,444 | 111 | 5,276,478 | 8,125 | |

5A

| | | | | | | |
|---|---|---|---|---|---|---|
| Conversion of parent's shares | 128,954 | 129 | (111) | (18) | - | |
| Shares issued for cash, net of offering costs | 1,575,192 | 1,575 | - | 858,460 | - | |
| Shares issued in cancellation of debt | 875,000 | 875 | - | 660,919 | - | |
| Shares issued in cancellation of accounts payable | 100,000 | 100 | - | 31,165 | - | |
| Shares issued as compensation | 3,372,945 | 3,373 | - | 2,555,094 | - | ( |
| Warrants exercised | 38,807 | 39 | - | 3,086 | (3,125) | |
| Warrants expired | - | - | - | 5,000 | (5,000) | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net loss | - | - | - | - | - | |
| December 31, 2000 | 21,534,807 | 21,535 | - | 9,390,184 | - | ( |
| Shares issued for cash, net of offering costs | 6,497,088 | 6,497 | - | 1,257,758 | - | |
| Shares issued as compensation | 9,162,197 | 9,162 | - | 1,558,599 | - | ( |
| Shares issued on previously purchased shares | 342,607 | 342 | - | 188,208 | - | |
| Shares issued in cancellation of accounts payable | 200,000 | 200 | - | 68,880 | - | |
| Amortization of deferred compensation | - | - | - | - | - | |
| Stock options issued for services | - | - | - | 439,544 | - | |
| Net loss | - | - | - | - | - | |
| December 31, 2001 | 37,736,699 | $ 37,736 | $ - | $12,903,173 | $ - | $ ( |
| Shares issued for cash, net of offering costs | 3,160,000 | 3,160 | - | 311,339 | - | |
| Shares issued as compensation | 420,483 | 421 | - | 65,132 | - | |
| Shares issued on previously purchased shares | 50,000 | 50 | - | 4,950 | - | |
| Shares issued in cancellation of accounts payable | 1,036,422 | 1,037 | - | 160,539 | - | |
| Amortization of deferred compensation | - | - | - | - | - | |
| Shares issued in cancellation of debt | 1,470,000 | 1,470 | - | 211,679 | - | |
| Net loss | - | - | - | - | - | |
| March 31, 2002 | 43,873,604 | $ 43,874 | $ - | $13,656,812 | $ - | $ ( |

See accompanying notes to the consolidated, interim financial statements (unaudited).



SAMARITAN PHARMACEUTICALS, INC.
(FORMERLY STEROIDOGENESIS INHIBITORS INTERNATIONAL, INC.)
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
FROM INCEPTION (SEPTEMBER 5, 1994) AND FOR THE THREE MONTHS ENDED MARCH 31, 2002 AND 2001

| | From Inception September 5, 1994 To March 31, 2002 | |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |

| | | |
|---|---|---|
| Net loss | $ (14,439,773) | $ (70 |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 704,556 | 12 |
| Expenses paid through issuance of stock | 5,492,891 | 6 |
| Stock options issued for service | 439,544 | |
| (Increase) decrease in assets: | | |
| Notes receivable-related party | - | |
| Prepaids and other current assets | (19,858) | 1 |
| Increase (decrease) in liabilities: | | |
| Deferred revenue | 250,000 | |
| Accounts payable and accrued expenses | 1,424,201 | (8 |
| NET CASH USED IN OPERATING ACTIVITIES | (6,148,439) | (58 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of technology | (108,969) | |
| Purchase of furniture and equipment | (65,069) | |
| Patent registration costs | (219,085) | (1 |
| NET CASH USED IN INVESTING ACTIVITIES | (393,123) | (1 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from warrants | 157,125 | |
| Proceeds from debentures | 642,120 | |
| Proceeds from stock sales | 4,093,326 | 31 |
| Common stock to be issued | 221,550 | 2 |
| Offering costs | (2,284) | |
| Short-term borrowings repayments | (50,000) | (5 |
| Short-term borrowings | 1,690,400 | 21 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 6,752,237 | 50 |
| CHANGE IN CASH | 210,675 | (9 |
| CASH AT BEGINNING OF PERIOD | - | 30 |
| CASH AT END OF PERIOD | $ 210,675 | $ 21 |
| NON-CASH FINANCING & INVESTING ACTIVITIES: | | |
| Purchase of net, non-cash assets of subsidiary for stock | $ 195 | $ |
| Short-term debt retired through issuance of stock | $ 2,103,328 | $ 37 |
| Issuance of common stock, previously subscribed | $ 0 | $ |

See accompanying notes to the consolidated, interim financial statements
(unaudited)



SAMARITAN PHARMACEUTICALS

Notes to Interim, Consolidated Financial Statements

BASIS OF PRESENTATION:

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial statements and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all the information and disclosures required for annual financial statements. These financial statements should be read in conjunction with the consolidated financial statements and related footnotes for the year ended December 31, 2001, included in the Form 10-KSB for the year then ended.

In the opinion of the Company's management, all adjustments (consisting of normal recurring accruals) necessary to present fairly the Company's financial position as of March 31, 2002, and the results of operations and cash flows for the three-month period ending March 31, 2002 and 2001 have been included.

The results of operations for the three-month period ended March 31, 2002 are not necessarily indicative of the results to be expected for the full year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Form 10-KSB as filed with the Securities and Exchange Commission for the year ended December 31, 2001.

Management notes that stock was issued as follows during the three months ended March 31, 2002:

| No. of shares | Issued Pursuant To | Price/valuation |
|---|---|---|
| 420,483 | Compensation for services rendered | $ 65,553 |
| 50,000 | Subscriptions due at December 31, 2001 | 5,000 |
| 1,470,000 | Sale of common stock | 213,149 |
| 1,036,422 | In settlement of accounts payable | 161,576 |
| 3,160,000 | Sale of restricted stock | 314,499 |
| 6,136,905 | | $ 759,777 |

Management notes that the Company was involved in litigation at March 31, 2002. Please see Part II- Other Information, Item 1, Legal Proceedings.



This quarter report contains forward-looking statements. These statements relate to future events or Samaritan Pharmaceutical's future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "intend," "anticipates," "believes," "estimates," "predicts," "potential," or "continue," the negative of these terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially. In evaluating these statements, you should specifically consider various factors, including the risks outline in "Risk Factors." These Factors may cause Samaritan Pharmaceuticals, Inc. actual results, to differ materially from any forward-looking statement.

Although Samaritan Pharmaceuticals, Inc. believes that the expectations reflected in the forward-looking statements are reasonable, Samaritan Pharmaceuticals, Inc. cannot guarantee future results, events, levels of activity, performance, or achievements. Moreover, neither Samaritan Pharmaceuticals, Inc. nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. Samaritan Pharmaceuticals, Inc. does not assume any obligation to update any of the forward-looking statements after the date of this report to conform such statements to actual results or to changes in Samaritan's expectations.

PART I

Item 1. Financial Statements.

Item 2. Management's Discussion and Analysis or Plan of Operation

The following discussion and analysis should be read in conjunction with the Financial Statements appearing elsewhere in this Registration Statement and in conjunction with the discussion responsive thereto under the caption "Management's Discussion and Analysis or Plan of Operation" in our Form 10-KSB filed April 26, 2002. The company undertakes no duty to update forward-looking statements.

Plan of Operations

We are a research and development biopharmaceutical company. Since our inception, we have focused our resources primarily on research and development. To date, none of our proprietary products have reached a commercial stage and hence, we do not have, nor do we anticipate in the near future, revenue. We will continue to have significant general and administrative expenses, including expenses related to clinical studies, our collaboration with Georgetown University, and patent prosecution.

We have funded our operations through a series of private placements and through our agreement with Fusion Capital. The Company believes potential private placements, the agreement with Fusion Capital, and an eventual registered public offering, if successful, will assist the Company in meetings it's cash needs,but there is no guarantee.

Except for an agreement to sell shares to Fusion Capital Fund II, LLC. ("Fusion Capital"), discussed below, no commitment exists for continued investments, or for any underwriting. The company has thus far been able to meet its capital needs, and believes that extensive discussions and certain agreements with various potential sources of funding may eventually reach necessary funding agreements. The Board of Directors directed the officers to file a Form SB-2 registration statement, offer registered securities to the market and/or as part of agreements with shareholders and others to allow them, as selling shareholders, to sell their shares, once received, in a registered offering, as in the case of Fusion Capital. The officers complied and the SEC declared such registration statement effective. Given the Company has been able to substantially meet its cash needs during the past 12 months, and management's estimation of what may occur in the months ahead, the company believes it will be able to continue to find avenues to obtain the capital needed for operations.



On November 13, 2000, we entered into a common stock purchase agreement with Fusion Capital Fund II, LLC, a Chicago-based institutional investor, whereby Fusion Capital agreed, subject to contract terms, to buy $20 million of the Company's common stock. The aggregate equity investment committed to the Company by Fusion Capital is $20 million dollars. These funds will be used to further develop its technology, from preclinical through FDA clinical trials and for possible acquisitions, and other corporate opportunities. More specifically, Fusion Capital has agreed to purchase up to $20 million dollars of common stock over a 50-month period, subject to a three-month extension by the Company. The U.S. Securities & Exchange Commission declared the registration statement effective, which gave the Company the right to sell to Fusion Capital $400,000 of its common stock, on a monthly basis, at a price based upon the market price of the common stock on the date of each sale without any fixed discount to the market price. At the Company's sole option, Fusion Capital can be required to purchase lesser or greater amounts of common stock each month up to what is the remainder of the $20 million dollars, in the aggregate. The Company has the

right to control the timing and the amount of stock sold to Fusion Capital. SPHC also has the right to terminate the agreement at any time without any additional cost. Other terms and conditions apply.

Summary of Research and Development

We have a series of therapeutic projects either in "discovery", "product development", "preclinical trials", or "clinical development"; and we utilize these formal stages of product progression to track progress, performance, competition, and cost for each project. Our programs primarily are aimed at satisfying defined medical needs in the areas of Alzheimer's, Cancer, infectious diseases, Neurology and tissue engineering, and are based on an intellectual property position that, we believe, is both broad and strong. Several of our development programs involve ex vivo technologies in which patients' tissues are manipulated outside the body and, as such, may be less costly to investigate and quicker to develop than in vivo agents. We expect to apply for and receive regulatory approval from the U.S. FDA to use certain of our technologies to initiate human trials that may commence in the future.

During the fiscal year ended December 31, 2001, we concentrated our efforts on Samaritan Research Laboratories, our collaboration with Georgetown University, setting up the operations towards increasing efficiencies and streamlining structure. We have the benefit of a strong portfolio of opportunities, each of which must compete for resources and priority status.



A key currency in the biotechnology and pharmaceutical market is patents and strong intellectual property. A central activity for us has been, and continues to be, the acquisition, development and maintenance of intellectual property positions directly in support of defined product development opportunities. We continue to expend significant funds and efforts on licenses and patent protection. In addition, we are continually examining our intellectual property positions in relation to competitive activities and our ability to operate and defend our positions in relation to products. We believe that this is a key value element for our development.

The process of developing therapeutic products requires significant discovery research, product development as well as pre-clinical and clinical testing of those products in order to gain regulatory approval. These activities are expected to result in continuing cash outflows. Furthermore we do not expect to generate any meaningful product revenues from our biopharmaceutical programs unless we partner a technology receiving up-front payments and milestone royalty payments and/or until a clinical candidate completes its clinical trials, obtains regulatory approval for commercialization and is successfully marketed. The risks of developing therapeutic products extend beyond technical and clinical development and, in particular, involves intellectual property rights, the need for substantial additional capital, competitive and medical economic factors, which are continually changing. Any one or more of these factors could cause us to fail to develop any commercially successful products.

We are seeking additional equity funding. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders will be reduced and our stockholders may experience dilution of their interest in us.

Samaritan Pharmaceuticals will continue to seek additional, non-dilutive funding from grants and other similar sources. Although to date, Samaritan Pharmaceuticals has not been granted any monies from such funding sources. As a small, newcomer to the biotech industry and as part of the several thousand companies that constitute the public biotech industry, we are not well known. We

have initiated efforts to improve the awareness and understanding of our company. We believe, despite the external market conditions, we will be able to successfully accomplish this goal in the long run.

A. Drug Candidates

| Drug Candidates | Indication | Syn & Pur | Bio Test | Toxic Test | Mech | Metab | In V Test |
|---|---|---|---|---|---|---|---|
| SP-10 | HIV, Alzheimer's | xxxx | xxxx | xxxx | | | |
| SP-02 to SP-50 | HIV, Alzheimer's | IP | | | | | |
| SP-222 | Alzheimer's, Neurodegeneration | xxxx | xxxx | xxxx | IP | | |
| SP-222b | Stem Cell Therapy | xxxx | xxxx | xxxx | IP | | |
| SP-222c | Cancer | xxxx | xxxx | xxxx | IP | | |
| SP-223 to SP-230 | Alzheimer's, Neurodegeneration | IP | | | | | |
| SP-1000 | High Cholesterol | xxxx | xxxx | | | | |
| SP-5000 | Cancer | xxxx | IP | | | | |

*IP = In Progress



Anticort(TM)

The company also has a drug, Anticort(TM), for the indication of HIV that completed a Phase II clinical trial. The company is awaiting the results from the AIDS Research Alliance, Los Angeles, CA, to evaluate and determine the next course of action. The company hopes that the results are strong enough to warrant continued action. In evaluating the company's statements about Anticort(TM), you should specifically consider various factors, including the risks outlined in "Risk Factors" in our Form 10-KSB filed April 26, 2002.

B. Animal Testing Models for Alzheimer's

Samaritan is conducting research and development of animal models for Acute Alzheimer' and Chronic Alzheimer'. We are currently doing in-vitro validation and in-vivo testing with animal models. The models, if successful, will allow efficacy testing for new therapies.

C. Diagnostics

One of the major problems with the diagnosis and treatment of diseases is the inability of clinicians to determine the onset of disease. Samaritan is conducting research and development of diagnostic kits whereby the onset of diseases can be detected. Our diagnostics may also require FDA approval before we can market them to the public but the following is a chart of our progress to date.

| Test | In Vitro Testing | Human Testing (Small Test Group) | Human Testing (Large Sample Size) |
|---|---|---|---|
| Breast Cancer | XXXX | XXXX | In Progress |
| Alzheimer's / Amyloidoisis | XXXX | XXXX | In Progress |
| Alzheimer's Generation II | In Progress | | |
| Alzheimer's Generation III | XXXX | XXXX | In Progress |

The Company has incurred research development stage losses since its inception. These losses consist primarily of research and related expenditures, marketing costs, consulting, and administrative overhead and expenses, incurred while the Company seeks to complete development of its products, which includes clinical human trials to obtain FDA final approval. No significant revenues have been earned by the Company, or cash flow from operations, to help pay these operating needs.



RISK FACTORS

The response to this item is incorporated by reference from the discussion responsive thereto under the caption "Risk Factors" in our Form 10-KSB filed April 26, 2002.

FORWARD-LOOKING STATEMENTS

This report and other oral and written statements made by us to the public contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements are based upon management's current expectations that are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in our forward-looking statements. Such statements address the following subjects: our need for and ability to obtain additional capital, including from the sale of equity and/or from federal or other grant sources; our expected future losses; the sufficiency of cash and cash equivalents; our ability to generate revenues; our ability to develop commercially successful products, including our ability to obtain FDA approval to initiate further studies of our potential products and our technologies; the high cost and uncertainty of the research and development of pharmaceutical products; the unpredictability of the duration and results of the U.S. Food and Drug Administration's review of new drug applications; the possible impairment of our existing, and the inability to obtain new, intellectual property rights and the cost of protecting such rights as well as the cost of obtaining rights from third parties when needed on acceptable terms; our ability to enter into successful partnering relationships with respect to the development and/or commercialization of our product candidates; our dependence on third parties to research, develop, manufacture and commercialize and sell any products developed; our ability to improve awareness and understanding of our company, our technology and our business objectives; whether our predictions about market size and market acceptability of our products will prove true; and our understandings and predictions regarding the utility of our potential products and our technology.

Statements in this report expressing our expectations and beliefs regarding our

future results or performance are forward-looking statements that involve a number of substantial risks and uncertainties. When used in this Form 10-KSB, the words "anticipate," "believe," "estimate," "expect," "intend," may be," "seek," "plan," "focus," and "potential" and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. Our actual future results may differ significantly from those stated in any forward-looking statements.

As a result of the foregoing and other factors, we may experience material fluctuations in future operating results on a quarterly or annual basis which could materially and adversely affect our business, financial condition, operating results and stock price. We are not under any duty to update any of the forward-looking statements in this report to conform these statements to actual results, unless required by law. For further information, refer to the more specific risks and uncertainties discussed above and throughout this report.



## PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The response to this item is incorporated by reference from the discussion responsive thereto under the caption "Legal Proceedings" in our Form 10-KSB filed April 26, 2002.

Item 2. Changes in Securities.

Securities, unregistered, were sold by the Company in the first quarter of the fiscal year covered by the Report under an exemption from registration. The title of these securities was the Common Stock of the Company. They were sold for cash, unless otherwise noted in this section, they were sold in private transactions to persons believed to be of a class of private investors, acting on their own, comprised of "accredited investors" (as such term is defined in Regulation D of the U.S. Securities and Exchange Commission or "SEC") and a limited number of non-accredited investors. All investors, to the best knowledge of the Company, are not affiliated with the Company, and purchased the shares with apparent investment intent. The Company relied upon, among other possible exemptions, Section 4(2) of the Securities Act of 1933, as amended. It's reliance on said exemption was based upon the fact that no public solicitation was used by the Company in the offer or sale, and that the securities were legend shares, along with a notation at the respective transfer agent, restricting the shares from sale or transfer as is customary with reference to Rule 144 of the SEC.

The following information identifies the date, and amount of shares sold during the first quarter:

| Date | Name of Class | Amount of Shares | Total Offer |
|---|---|---|---|
| January - March, 2002 | 2001 December & 2002 Common Stock Private Placement | 3,210,000 | $321,00 |
| January - March, 2002 | Negotiated Debt (3rd party Vendors converted to shares in lieu of cash) | 635,555 | $103,24 |

| | | | |
|---|---|---|---|
| February 25, 2002 | Samaritan Pharmaceuticals Executive Benefit Plan | 821,350 | $123,88 |



The SEC declared effective the Company's registration statement on Form SB-2, Commission Registration No. 333-52296, on December 20, 2000 (as amended and supplemented from time to time, "Registration Statement"). Under the Registration Statement, certain selling shareholders may sell shares of Common Stock, which is the title of the class of securities registered, acquired from the Company. The Company does not receive any proceeds from the sale of securities being offered by the selling shareholders under the Registration Statement. The Company registered the shares for sale to provide the selling shareholders with freely tradable securities, but the registration of the shares does not necessarily mean that any of the shares will be offered or sold by the selling shareholders. However, we may receive payments under agreements relating to the shares and may receive proceeds from the exercise of warrants. Such proceeds are intended for use as to working capital and other corporate purposes. The offering under the Registration Statement has not terminated. The Registration Statement registered a total of 11,825,000 shares for a total anticipated offering price, subject to conditions, of $20,000,000. The amount of shares sold by the selling shareholder during this quarter is believed to be 1,470,000 for aggregate proceeds of $213,149. The Company received, under its agreements as noted above, proceeds of $213,149 and incurred, in connection with the registration, estimated expenses of $6,000 for legal, printing, and related offering expenses, with net proceeds to the Company of approximately $213,149 used primarily for working capital, legal fees and for payments to Georgetown University (again not from the sale of the securities under the Registration Statement, but from agreements with the selling shareholders).

Item 3. Defaults Upon Senior Securities

None.

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

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) REPORTS ON FORM 8-K



Samaritan Pharmaceuticals did not file any Current Reports on Form 8-K during the first quarter of fiscal 2002.

(b) EXHIBITS

Listed below are all exhibits filed as part of this report. Some exhibits are filed by the Registrant with the Securities and Exchange Commission pursuant to Rule 12b-32 under the Securities Exchange Act of 1934, as amended.

| Exhibits No. | Description |
|---|---|

---

2.1 Agreement and Plan of Reorganization*
3.1 Articles of Incorporation, as amended*
3.2 By-Laws (adopted March, 2001)
4.1 Form of common stock certificate*
4.2 1997 Stock Option Plan*
4.3 2001 Stock Option Plan
10.1 License Agreement between Cortisol Medical Research, Inc., and Steroidogenesis Inhibitors, Inc., dated September 6, 1994*
10.2 Exclusive Licensing Agreement between Steroidogenesis Inhibitors, Inc., and Steroidogenesis Inhibitors Canada, dated February 10, 1996*
10.5 Agreement between AIDS Research Alliance Agreement and the Company dated March 5, 1999*
10.6 Assignment between Alfred T. Sapse, M.D., and Steroidogenesis Inhibitors International dated July 15, 1999*
10.7 Assignment between Steroidogenesis Inhibitors, Inc., and the Company dated July 15, 1999*
10.8 Common Stock Purchase Agreement between Company and Fusion Capital Fund II, LLC, dated November 2, 2000**
10.9 Form of Registration Rights Agreement between Company and Fusion Capital Fund II, LLC.**
21 List of Subsidiaries**

* Incorporated by reference to the Company's SEC Form 10-SB filing, including any amendments, on file with the Commission. * * Incorporated by reference to the Company's SEC Form SB-2 filing, including any amendments, on file with the Commission.



## SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SAMARITAN PHARMACEUTICAL, INC

Dated: May 15, 2002 By: /s/ Eugene Boyle
---
Eugene Boyle
Chief Financial Officer