

Verdant Technology CORP
Form 10-K
November 17, 2008

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

FORM 10-K

ii

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE
ACT OF 1934**

For the fiscal year ended: **December 31, 2005**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from: _____ to _____

Verdant Technology Corporation

(Exact name of registrant as specified in its charter)

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Delaware

000-50993

20-1680252

*(State or Other Jurisdiction
of Incorporation or Organization)*

*(Commission
File Number)*

*(I.R.S. Employer
Identification No.)*

Two Allen Center, 1200 Smith Street, Suite 1600, Houston, Texas 77002

(Address of Principal Executive Office) (Zip Code)

(713) 546-9000

(Registrant's telephone number, including area code)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not 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-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Securities Exchange Act of 1934.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates as of December 31, 2005 was **\$659,046**. Solely for purposes of the foregoing calculation, all of the registrant's directors and officers as of December 31, 2005, are deemed to be affiliates

The number of shares outstanding of Common Stock, \$0.001 par value at **November 17, 2008** was **67,502,887**.

Transitional Small Business Disclosure Format:

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

None

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Definitions

Acronyms and defined terms used in this text include the following:

APB

Accounting Principles Board

ARB

Accounting Review Board

Aureus

Aureus, LLC, a Florida limited liability company (formerly Packet Solutions LLC)

EITF

Emerging Issues Task Force

EnviroTank

EnviroTank International, LLC, a Louisiana limited liability company and a wholly owned subsidiary (as of May 18, 2006)

EnviroTank

Technology

A crude oil recovery unit/tank cleaning system, designed to deal with the problem of sludge buildup on the bottom of crude oil storage tanks.

FASB

Financial Accounting Standards Board

FSP

FASB Staff Position

JSW

Jewett, Schwartz, Wolfe & Associates

Legkow Technology

A concept utilizing surfactants and emulsions in the treatment and processing of crude oil, waste oils and oil slops

SAB

Staff Accounting Bulletin

SEC

Securities Exchange Commission

SFAS or FAS

Statement of Financial Accounting Standards

SynChem

SynChem Technologies, LLC, a Florida limited liability company, licensors of the V003 Technology and a wholly owned subsidiary (as of June 16, 2006)

V003 Technology

A 100% biodegradable, non-toxic, non-corrosive, proprietary compound that removes paraffin and asphaltene blockage at the well site

Verdant, VTC or

Company

Verdant Technology Corporation, Delaware corporation

Verdant, Inc.

Verdant, Inc. an affiliate through common ownership and directors

YTD 2005

the year ended December 31, 2005

Forward-Looking Statements

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Certain sections of this Annual Report discuss matters that are not historical facts, but expressions of management's expectations, estimates, projections and assumptions, are forward-looking statements. Words such as expects, intends, anticipates, plans, believes, scheduled, estimates and variations of these words and similar expressions are intended to identify forward-looking statements, which include but are not limited to projections of revenues, plans, projections, earnings, product performance, cash flows, contracts, potential market, commercial viability of our technology, production and investment returns. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results and trends may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation:

- .
General U.S. and international political and economic conditions;
- .
Changing priorities in the regulatory environment;
- .
The ability of the Company to secure contracts for its products and services;
- .
The ability to protect our proprietary technology; and
- .
The ability to raise sufficient capital to successfully commercialize our technology.

All forward-looking statements speak only as of the date of this report. All subsequent written and oral forward-looking statements attributable to the company or any person acting on the company's behalf are qualified by the cautionary statements in this section. The Company does not undertake any obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date of this report.

PART I

ITEM 1.

BUSINESS.

Introduction

Verdant Technology Corporation is a Delaware corporation originally incorporated on October 12, 1995, under the name of Hospital Software of America, Inc. and has undergone a series of name changes that are described in the history of the company below. Most recently, Verdant Technology Corporation was renamed from HeartSTAT Technology, Inc., in March 2006. Unless otherwise specified, the "Company", "Verdant", "we", "our" and "us" refers to Verdant Technology Corporation. Our principal executive offices are located at Two Allen Center, 1200 Smith Street, Suite 1600, Houston, TX 77002 and our telephone number is (713) 546-9000. Company information can be found on our corporate website: www.Verdant-Tech.com.

History of the Company

Verdant Technology Corporation was originally incorporated on October 12, 1995, as Hospital Software of America, Inc. and subsequently has changed its name and equity structure as follows:

On November 29, 1995, the Company changed its name to New Health Technologies, Inc., and at the same time effected a 10,000 to 1 reverse stock split, reducing the outstanding shares from 300,000,000 to 30,000.

On August 28, 1996, the Company changed its name to Pubbs Worldwide, Inc. and at the same time, effected a 35 to 1 reverse stock split, reducing the number of issued and outstanding shares from 14,000,000 to 400,000.

On April 5, 1999, the Company changed its name to Chasen's International Corporation and at the same time, effected a stock split of 100 to 1.

On July 6, 1999, the Company changed its corporate name to Tril-MediaNet.com.

On November 21, 2000, the Company changed its name to Tec Factory, Inc.

The Company had negligible operations between November 2000 and February 6, 2004.

On February 6, 2004, the Company entered into an Agreement to Purchase Assets (the Agreement) that included the purchase of the *HeartSTAT* CNBP/BF technology assets, referred to herein as the "*HeartSTAT* CNBP/BF", from several parties. *HeartSTAT* CNBP/BF consists of patents and technology for a non-invasive monitoring of blood flow, perfusion and other cardiovascular and heart measures.

The Agreement provided for the issuance of 38,000,000 shares of common stock plus two royalty agreements, as consideration for the purchase for a 100% ownership of *HeartSTAT* CNBP/BF from a number of Interest Holders (defined below). The Interest Holders included the inventor and a number of investors that have been instrumental and partially responsible for advancing *HeartSTAT* CNBP/BF to its current status. In addition, the Company assumed \$20,000 of notes payable.

As part of the Agreement, the Company entered into a Commercialization Partnership Agreement (Exhibit B to the Agreement) with the Interest Holders whereby Ted Russell, the inventor of the technology, could exclusively license in perpetuity *HeartSTAT* CNBP/BF for the purpose of financing and concluding product commercialization activities if the Company were to fail to raise at least \$2,500,000 of net proceeds for product development by September 6, 2005. The terms of the exclusive license provided that the Company would be repaid for any investment capital provided and also would receive a royalty on net revenues of any derivative products.

On February 17, 2004, the Company changed its name to HeartSTAT Technology, Inc. in anticipation of the final closing of the Agreement to Purchase Assets, which concluded on March 18, 2004.

On August 15, 2005, due to the Company's inability to raise the required \$2,500,000, Ted Russell and HeartSTAT, Inc., a private company controlled by Mr. Ted Russell, executed an Asset Transfer Agreement with the Company for the transfer of *HeartSTAT* CNBP/BF to HeartSTAT, Inc., to permit Mr. Russell to continue the funding and commercialization of *HeartSTAT* CNBP/BF. The asset transfer was consummated on October 31, 2005 and the Company received the following in exchange for the assets:

Mr. Russell and the Hull Family returned 20,000,000 shares of the Company's common stock to treasury, which accounted for 41.3% of the then issued and outstanding stock in the company.

HeartSTAT, Inc. issued 133,207 shares of stock (representing 9.99% equity interest in HeartSTAT, Inc.) and a \$70,000 promissory note to Alexis BioMedical Technology Fund, Inc. (Alexis), a subsidiary created to hold and develop the Company's biomedical related technologies.

Mr. Russell and HeartSTAT, Inc. fully released the Company from payment of all amounts owed to them.

On November 1, 2005, FutureVest Inc. sold its convertible promissory note and its short-term advance payable by the Company to David J. Curd. As of November 1, 2005, \$184,566 in principal and \$19,808 in accrued interest was owed by the Company under the convertible note along with \$39,007 in short term advances. David J. Curd negotiated the conversion of these obligations into 40,000,000 restricted shares of common stock, thereby giving him or his designee(s) ownership of approximately 58.5% of the then issued and outstanding shares.

In addition, on November 1, 2005, the Company licensed two technologies from Verdant, Inc., a Nevada corporation of which David J. Curd and David P. Over are officers and directors. The Company paid nominal consideration for the technologies, which are referred to as the Legkow Technology and the V003 Technology.

The Legkow Technology refers to a concept relating to carbonaceous materials;

to produce a surfactant for use with crude oil and coal;

utilizing surfactants and emulsions in the treatment and processing of crude oil, waste oils and oil slops; and

utilizing gaseous emulsions in the removal and reduction of residues and pollution.

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The V003 Technology refers to V003 Paraffin Solvent, which is a proprietary compound that maximizes oil and gas production rates and reduces operating costs by removing paraffin and asphaltene blockage at the well site. The Company believes that the V003 Technology is 100% biodegradable, non-toxic, non-corrosive, and 100% compatible and safe for the environment.

On December 31, 2005, Mr. David J. Curd was elected as Chairman and Chief Executive Officer of the Company. He is currently a Managing Member and Director of Aureus, a business development / private equity firm based in Miami, Florida.

On December 31, 2005, Mr. David P. Over was elected as the President and a director of the Company. He is currently a Director with Aureus, a business development / private equity firm based in Miami, Florida.

Effective March 1, 2006, the Company changed its name to Verdant Technology Corporation pursuant to a February 15, 2006 Certificate of Amendment to its Articles of Incorporation.

On May 18, 2006, the Company acquired all of the assets of EnviroTank International, L.L.C., a Louisiana limited liability company (EnviroTank). The Company paid nominal consideration for the assets, which consisted primarily of the EnviroTank technology for a crude oil recovery unit/tank cleaning system, designed to deal with the problem of sludge buildup on the bottom of crude oil storage tanks.

On June 16, 2006, the Company acquired all of the assets of SynChem Technologies, L.L.C., a Florida limited liability company (SynChem). The Company paid nominal consideration for the assets, which consist primarily of the V003 Technology that address problems associated with deposits of paraffinic and asphaltic compounds in the production, storage and refining segments of the petroleum industry.

On July 15, 2008, SynChem signed a Letter of Intent with PetroSUMINISTROS for the sale and distribution of certain SynChem V003 technology based solvents in the Latin American market. Negotiations are ongoing.

On October 2, 2008, VTC entered into a Technology Development and License Agreement (BSI Agreement) with Berkeley Springs Instruments, LLC (BSI) to develop, commercialize, license and potentially purchase certain sludge profile technology (Sounder). Sounder provides the ability to evaluate the sludge content of petroleum storage tanks and determine the optimum time to discontinue tank usage and effect a cleaning. The BSI Agreement calls for the development and commercialization of Sounder over several phases.

Business Strategy

Verdant is a technology acquisition and development company engaged in bringing innovative commercial energy technologies to market. We mandate each technology that we develop provide positive environmental benefits, while enhancing current and future energy resources. Our initial focus is on oil and gas and alternative energy technologies. We have developed strategies to bring such technologies to market.

Verdant's development strategy involves a series of steps designed to yield a commercialized technology ready for market. These steps are:

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The **initial screening** of portfolio applicant technologies utilizing a portfolio-based approach of specific criteria. Management believes that approximately 3% of applicant technologies will qualify for further development.

.

A **technology and risk assessment profile** is created for each selected technology. Utilizing industry experts and consultants, the applicant technologies are filtered again through additional criteria and acceptable risk thresholds.

.

Non-binding term sheets and/or letters of intent are put in place while the due diligence process is completed.

.

Detailed business development plans are developed as a guide to structuring contractual arrangements with the applicant technologies.

.

A unique **investment structure** is established for each technology to manage further development and prove-out.

.

Development and prove-out involves drawing together diverse industry expertise to enhance, refine and validate with third parties and field test with prospective customers. Intellectual property is strengthened via patents necessary to lead to a monetization strategy.

Verdant's monetization strategy involves selecting the appropriate model that will maximize the return on investment. These alternate models are:

.

Verdant Managed Commercialization The technology, intellectual property and assets are transferred to a subsidiary owned by Verdant and open to third party accredited

investors. The subsidiary is managed as a stand alone company, structured to provide shareholder dividends at Verdant's option. At the appropriate maturation stage, the subsidiary may be sold, or, given suitable market conditions, spun-off as a public company.

•

Licensing/Royalty - The technology, intellectual property and assets are transferred to a subsidiary owned by Verdant and open to third party accredited investors. The subsidiary captures all royalties and or license fees earned for use of the technology. The technology may be licensed to existing industry manufacturers, service providers or distributors, or may provide the basis for franchise-like usage agreements for established product or service networks.

•

Joint Ventures and Partnerships The technology is shared by various parties wishing to add services or know-how to their existent business base, in order to give the participating partner an advantage over competitors. This scenario makes sense if the prospective partner already has a strong presence in the marketplace, enabling the technology to grow quickly. Opportunities like this will normally happen after the technology has demonstrated its effectiveness in field applications, but can also occur prior to development.

Verdant is currently in the initial stages of implementing its business strategy. It has discontinued the Legkow Technology due to technological considerations. However, it has identified three other technologies and has recently begun creating the infrastructure to develop them.

The Legkow Technology (Discontinued)

The Legkow Technology refers to a concept to produce a surfactant for use with carbonaceous materials such as crude oil and coal; a concept utilizing surfactants and emulsions in the treatment and processing of crude oil, waste oils and oil slops; and a concept utilizing gaseous emulsions in the removal and reduction of residues and pollution relating to carbonaceous materials. This technology is based on United States Patent No. 5,928,495, granted on July 27, 1999 to Alexander Legkow, who transferred the patent rights to Amcotech LLC, a Florida limited liability company. Verdant, Inc. acquired an exclusive global license to use the technology for all purposes under an agreement dated October 10, 2005 from Amcotech LLC and in turn licensed the technology to VTC. To date, no products utilizing this technology have been developed on a commercial basis and consequently no royalties or monies are due. Further development of this technology has been discontinued.

The V003 Technology

The V003 Technology refers to V003 Paraffin Solvent, which is a biodegradable solvent useful for dissolving paraffin wax deposits in oil wells, production lines, and storage tanks. Originally, Verdant, Inc. acquired an exclusive global license to use this technology for all purposes under an agreement dated October 26, 2005 from Synchem Technologies, LLC, a Florida limited liability company and in turn licensed the V003 Technology to VTC on November 1, 2005. However, on June 16, 2006, concurrent with the transfer of the V003 Technology rights to SynChem by its inventor, John P Acunto Synchem Technologies, LLC became a wholly owned subsidiary of VTC. The consideration for the V003 Technology was a royalty obligation equal to 25% of the net profits received from future contracts SynChem performs using the V003 Technology. Net profits shall mean the total proceeds of any contracts using the V003 Technology, less all costs incurred during implementation including, but not limited to, capital investments, operating costs, marketing administration, sales taxes, adjustments, and all other expenses needed to perform contracts and administer the V003 Technology. This royalty obligation is subject to a buyout option until June 16, 2011 for \$6,500,000. Upon acquisition of SynChem, the original license agreements between VTC, Verdant, Inc and SynChem became redundant.

In summary, SynChem, a wholly owned subsidiary of VTC (as of June 16, 2006) owns the V003 Technology and is obligated to pay royalties (as described above) to the inventor, John P Acunto, once commercial sales of derivative products begins. To date, no products utilizing this technology have been developed on a commercial basis.

The EnviroTank Technology

The EnviroTank Technology refers to a technology for a crude recovery unit/tank cleaning system, designed to deal with the problem of sludge buildup in the bottom of crude oil storage tanks. EnviroTank acquired the Technology under an agreement dated April 12, 2006 from Tracy Stewart, who formed EnviroTank for the purpose of exploiting the technology. On May 18, 2006, EnviroTank, LLC became a wholly owned subsidiary of VTC. The consideration for the technology is a royalty obligation equal to 25% of the net profits received from future contracts EnviroTank performs using the technology. Net profits shall mean the total proceeds of any contracts using the technology, less all costs incurred during implementation including, but not limited to, capital investments, operating costs, marketing administration, sales taxes, adjustments, and all other expenses needed to perform contracts and administer the technology. This royalty obligation is subject to a buyout option until April 12, 2010 for \$3,500,000.

In summary, EnviroTank, a wholly owned subsidiary of VTC (as of May 18, 2006) owns the EnviroTank Technology and is obligated to pay royalties (as described above) to the inventor, Tracy Stewart, once commercial sales of related products and services begins. To date, no products or services utilizing this technology have been developed on a commercial basis.

The Sounder Technology

On October 2, 2008, VTC entered into a Technology Development and License Agreement (BSI Agreement) with Berkeley Springs Instruments, LLC (BSI) to develop, commercialize, license and potentially purchase certain sludge profile technology (Sounder). Sounder provides the ability to evaluate the sludge content of petroleum storage tanks and determine the optimum time to discontinue tank usage and effect a cleaning. The Agreement calls for the development and commercialization of Sounder over several phases summarized as follows:

.

Phase One Prototype Development and Testing

o
BSI will complete the development of a functional and working prototype within 60 days.

o
VTC commits to fund the Phase One costs up to maximum of \$35,000.

.

Phase Two Commercial Production

o
BSI will demonstrate the commercial viability of Sounder within six (6) months.

o
VTC commits to fund Phase Two costs up to a maximum of \$160,000.

.

Phase Three - Right of Produce and Commercialize

o

BSI agrees to grant VTC an exclusive worldwide license at the completion of Phase Two, to further develop and commercialize Sounder for two years with one annual renewal option.

o

VTC holds purchase option for Sounder and all associated intellectual property for \$1,000,000.

o

VTC agrees to pay BSI 5% for any sales generated during the license period.

Employees

The Company currently has no employees other than its officers. Commencing in 2006, the Company engaged certain individuals and firms as consultants to provide technical and operations expertise relevant to the petroleum industry.

ITEM 1A.

RISK FACTORS.

An investment in our Common Stock is highly speculative, involves a high degree of risk and should be considered only by those persons who are able to afford a loss of their entire investment. In evaluating the Company and our business, prospective investors should carefully consider the following risk factors in addition to the other information included in this Annual Report.

Risks Related to Our Business

We have a history of losses and may incur losses in the future.

We sustained losses resulting in an accumulated deficit of \$313,548 as of December 31, 2005. We may never become profitable, or if we do, we may never be able to sustain profitability. We expect to incur significant expenses in commercializing our new focus on environmentally friendly petroleum related technology, particularly in the areas of marketing and administrative expenses. As a result, we expect to incur losses for the foreseeable future. We had no cash and cash equivalents nor did we have any available-for-sale short-term investments at December 31, 2005. We will need to rely on certain affiliated companies and strategic partners for providing funding, staffing and other operational resources necessary to implement our business strategies. We cannot assure you that we will not encounter unforeseen difficulties, including the outside influences that may deplete our capital resources more rapidly than anticipated. As a result, we may be required to seek additional investments that may dilute our equity interests. We cannot assure that additional funding will be available on favorable terms, if at all. If we fail to obtain additional funding when needed, we may not be able to execute our business plans or continue operations, and our business may suffer.

We began commercialization of our environmentally friendly petroleum technologies in 2006. Accordingly, have a little or no operating history of generating revenues from derived products and services. In addition, we are still developing our product and service offerings and you should consider our prospects in light of the risks, expenses and difficulties frequently encountered by companies with such limited operating histories. Since we have a limited operating history, we cannot assure you that our operations will be profitable or that we will generate sufficient revenues to meet our expenditures and support our activities.

Our business is subject to many outside uncontrollable influences, which may adversely impact our operations.

Technology advances may make our technology obsolete or less competitive.

Our technologies compete with many players that have access to far more resources, have greater commercial experience and personnel than we do. Given recent events in the petroleum markets, we expect new competitors to emerge and the intensity of competition to increase in the future. If these companies are able to offer technological advances, our products may become less valuable or even obsolete. While we continue to enhance the technology of our products and services, we cannot provide any assurance that our competitors or new competitors will not enter the market with the same or similar technological advances before we do.

Our products and services operate in a heavily regulated environment where new regulations may cause use to incur losses.

Our technologies and processes target customers who deal in materials whose use must be carefully managed. The regulatory climate could change adversely for these materials, which are subject to environmental and health and safety laws and regulations. If we or our products and services were to be found in violation of these laws and regulations, we may face fines or other penalties or worse trigger the suspension of or the reengineering of our

products and services, which could materially impact our operations.

Our technologies face uncertain market value.

Our technologies are at a very early stage of commercialization and have not been entirely field proven or commercialized on a long-term basis. Technology, compounds and designs may fail to perform as specified, or that unknown technical issues may arise. The hydrocarbon market is generally slow to accept new technology. The level of market acceptance of these technologies, products and services will have a significant impact upon our results of operations. There are no assurances that our technology and derivative products will be favorably accepted and adopted in the market.

We are deploying new and unproven technologies, which make evaluation of our business and prospects difficult, and we may be forced to cease operations if we do not develop commercially successful products.

We have not proven our ability to commercialize products on a large scale. In order to successfully commercialize products on a large scale, we will have to make significant investments, including investments in research and development and testing, to demonstrate their technical benefits and cost-effectiveness. Problems frequently encountered in connection with the commercialization of products using new and unproven technologies might limit our ability to develop and commercialize our products. For example, our products may be found to be ineffective, unreliable or otherwise unsatisfactory to potential customers. We may experience unforeseen technical complications in the processes we use to develop, manufacture, customize or receive orders for our products. These complications could materially delay or limit the use of products we attempt to commercialize, substantially increase the anticipated cost of our products or prevent us from implementing our processes at appropriate quality and scale levels, thereby causing our business to suffer.

If we do not enter into successful partnerships and collaborations with other companies, we may not be able to fully develop our technologies or products, and our business would be harmed.

Since we do not possess all of the resources necessary to develop and commercialize products on a world-wide scale, we will need either to grow our sales, marketing and support groups or make appropriate arrangements with strategic partners to market, sell and support our products. We believe that we will have to enter into additional strategic partnerships to develop and commercialize future products. If we do not enter into adequate agreements, or if our existing arrangements or future agreements are not successful, our ability to develop and commercialize products will be impacted negatively, and our revenues will be adversely affected.

We have limited experience commercially manufacturing, marketing or selling any of our potential products and services, and unless we develop or acquire these capabilities, we may not be successful.

Even if we are able to develop our products and services for commercial release on a large scale, we have limited experience in manufacturing our products in the volumes that will be necessary for us to achieve commercial sales and in marketing or selling our products to potential customers. We cannot assure you that we will be able to commercially produce our products on a timely basis, in sufficient quantities or on commercially reasonable terms.

Our future success depends on the continued service of our engineering, technical and key management personnel and our ability to identify, hire and retain additional engineering, technical and key management personnel.

There is intense competition for qualified personnel in our industry, particularly for engineers and senior level management. Loss of the services of, or failure to recruit, engineers or other technical and key management personnel could be significantly detrimental to the group and could adversely affect our business and operating results. We may not be able to continue to attract and retain engineers or other qualified personnel necessary for the development of our products and business or to replace engineers or other qualified personnel who may leave the group in the future. Our anticipated growth is expected to place increased demands on our resources and likely will require the addition of new management personnel.

Any inability to adequately protect our proprietary technologies could materially harm our competitive position and financial results.

If we do not protect our intellectual property adequately, competitors may be able to use our technologies and erode any competitive advantage that we may have. The laws of some foreign countries do not protect proprietary rights to the same extent as the laws of the United States, and many companies have encountered significant problems in protecting their proprietary rights abroad. These problems can be caused by the absence of laws, rules and/or methods for defending intellectual property rights.

The patent positions of companies developing tools for the petroleum community, including our patent position, generally are uncertain and involve complex legal and factual questions. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our proprietary technologies are covered by valid and enforceable patents or are effectively maintained as trade secrets. Our existing patents and any future issued or granted patents we obtain may not be sufficiently broad in scope to prevent others from practicing our technologies or from developing competing products. Also there is a risk that others may independently develop similar or alternative technologies or design around our patented technologies. In addition, others may cause reexamination of our patents in the United States or may oppose our patents in Europe, either of which may result in narrower patent claims or cancellation of some or all of the patent claims. Moreover, our patents may be invalidated during enforcement proceedings or may fail to provide us with any competitive advantage. Enforcing our intellectual property rights may be difficult, costly, and time-consuming and, ultimately, may not be successful.

We also rely upon trade secret protection of our confidential and proprietary information. While we have taken security measures to protect our proprietary information, these measures may not provide adequate protection for our trade secrets or other proprietary information. We seek to protect our proprietary information by entering into confidentiality and invention disclosure and transfer agreements with employees, collaborators and consultants. Nevertheless, employees, collaborators or consultants still may disclose our proprietary information, and we may not be able to meaningfully protect our trade secrets. In addition, others may independently develop substantially equivalent proprietary information or techniques or otherwise gain access to our trade secrets.

We intend to operate in international markets the complexities of which may exceed our ability to anticipate and prepare for differences in regulations, operations and financial management.

We intend to operate in international markets that are subject to a multiple risks, including currency, regulation, political and distant management. There are no assurances that we will succeed in establishing and maintaining international operations.

As a public company we are subject to complex legal and accounting requirements that will require us to incur significant expenses and will expose us to risk of non-compliance.

As a public company, we are subject to numerous legal and accounting requirements that do not apply to private companies. The cost of compliance with many of these requirements is material, not only in absolute terms but, more importantly, in relation to the overall scope of the operations of a small company. Our relative inexperience with these requirements may increase the cost of compliance and may also increase the risk that we will fail to comply. Failure to comply with these requirements can have numerous adverse consequences including, but not limited to, our inability to file required periodic reports on a timely basis, loss of market confidence, delisting of our securities and/or governmental or private actions against us. We cannot assure you that we will be able to comply with all of these requirements or that the cost of such compliance will not prove to be a substantial competitive disadvantage vis-à-vis our privately held and larger public competitors.

Risks Related to Our Securities

Future sales or the potential for future sales of our securities may cause the trading price of our common stock to decline and could impair our ability to raise capital through subsequent equity offerings.

Sales of a substantial number of shares of our common stock or other securities in the public markets, or the perception that these sales may occur, could cause the market price of our common stock or other securities to decline and could materially impair our ability to raise capital through the sale of additional securities.

We may fail to meet market expectations because of fluctuations in our quarterly operating results, which could cause our stock price to decline.

Our revenues and operating results may fluctuate significantly from quarter to quarter in the future. It is possible that in future periods our revenues could fall below the expectations of securities analysts or investors, which could cause the market price of our stock to decline. The following are among the factors that could cause our operating results to fluctuate significantly from period to period:

- .
unpredictable revenue sources;
- .
the nature, pricing and timing of our and our competitors' products;
- .
changes in our and our competitors' research and development budgets;
- .
expenses related to, and our ability to comply with, governmental regulations of our products and processes; and
- .
expenses related to, and the results of, patent filings and other proceedings relating to intellectual property rights.

We anticipate significant fixed expenses due in part to our need to continue to invest in the commercialization of our products and services. We may be unable to adjust our expenditures if revenues in a particular period fail to meet our expectations, which would harm our operating results for that period. As a result of these fluctuations, we believe that period-to-period comparisons of our financial results will not necessarily be meaningful, and you should not rely on these comparisons as an indication of our future performance.

Our Common Stock Is Subject To Penny Stock Regulation

Our shares are subject to the provisions of Section 15(g) and Rule 15g-9 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), commonly referred to as the "penny stock" rule. Section 15(g) sets forth certain requirements for transactions in penny stocks and Rule 15g-9(d)(1) incorporates the definition of penny stock as that used in Rule 3a51-1 of the Exchange Act. The Commission generally defines penny stock to be any equity security that has a market price less than \$5.00 per share, subject to certain exceptions. Rule 3a51-1 provides that any equity security is considered to be penny stock unless that security is: registered and traded on a national securities exchange

meeting specified criteria set by the Commission; authorized for quotation on the NASDAQ Stock Market; issued by a registered investment company; excluded from the definition on the basis of price (at least \$5.00 per share) or the registrant's net tangible assets; or exempted from the definition by the Commission. Since our shares are deemed to be "penny stock", trading in the shares will be subject to additional sales practice requirements on broker/dealers who sell penny stock to persons other than established customers and accredited investors.

We Do Not Intend To Pay Dividends

We do not anticipate paying cash dividends on our common stock in the foreseeable future. We may not have sufficient funds to legally pay dividends. Even if funds are legally available to pay dividends, we may nevertheless decide in our sole discretion not to pay dividends. The declaration, payment and amount of any future dividends will be made at the discretion of the board of directors, and will depend

upon, among other things, the results of our operations, cash flows and financial condition, operating and capital requirements, and other factors our board of directors may consider relevant. There is no assurance that we will pay any dividends in the future, and, if dividends are paid, there is no assurance with respect to the amount of any such dividend.

Failure To Achieve And Maintain Effective Internal Controls In Accordance With Section 404 Of The Sarbanes-Oxley Act Could Have A Material Adverse Effect On Our Business And Operating Results.

It may be time consuming, difficult and costly for us to develop and implement the additional internal controls, processes and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal auditing and other finance staff in order to develop and implement appropriate additional internal controls, processes and reporting procedures. If we are unable to comply with these requirements of the Sarbanes-Oxley Act, we may not be able to obtain the independent accountant certifications that the Sarbanes-Oxley Act requires of publicly traded companies.

If we fail to comply in a timely manner with the requirements of Section 404 of the Sarbanes-Oxley Act regarding internal control over financial reporting or to remedy any material weaknesses in our internal controls that we may identify, such failure could result in material misstatements in our financial statements, cause investors to lose confidence in our reported financial information and have a negative effect on the trading price of our common stock.

Pursuant to Section 404 of the Sarbanes-Oxley Act and current SEC regulations, we are required to prepare assessments regarding internal controls over financial reporting and beginning with this annual report on Form 10-K for our fiscal period ending December 31, 2008. We have begun the process of documenting and testing our internal control procedures in order to satisfy these requirements, which is likely to result in increased general and administrative expenses and may shift management time and attention from revenue-generating activities to compliance activities.

In addition, in connection with our on-going assessment of the effectiveness of our internal control over financial reporting, we may discover material weaknesses in our internal controls as defined in standards established by the Public Company Accounting Oversight Board, or the PCAOB. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The PCAOB defines significant deficiency as a deficiency that results in more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected.

In the event that a material weakness is identified, we will employ qualified personnel and adopt and implement policies and procedures to address any material weaknesses that we identify. However, the process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a system of internal controls that is adequate to satisfy our reporting obligations as a public company. We cannot assure you that the measures we will take will remediate any material weaknesses that we may identify or that we will implement and maintain adequate controls over our financial process and reporting in the future.

Any failure to complete our assessment of our internal control over financial reporting, to remediate any material weaknesses that we may identify or to implement new or improved controls, or difficulties encountered in their implementation, could harm our operating results, cause us to fail to meet our reporting obligations or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of the periodic management evaluations of our internal controls and, in the case of a failure to remediate any material weaknesses that we may identify, would adversely affect the annual auditor attestation reports regarding the effectiveness of our internal control over financial reporting that are required under Section 404 of the Sarbanes-Oxley Act. Inadequate internal controls could also cause investors to lose confidence in our reported financial information,

which could have a negative effect on the trading price of our common stock.

The Report Of Our Independent Registered Public Accounting Firm Contains Explanatory Language That Substantial Doubt Exists About Our Ability To Continue As A Going Concern

The independent auditor's report on our financial statements contains explanatory language that substantial doubt exists about our ability to continue as a going concern. The report states that we depend on the continued contributions of our executive officers to work effectively as a team, to execute our business strategy and to manage our business. The loss of key personnel, or their failure to work effectively, could have a material adverse effect on our business, financial condition, and results of operations. If we are unable to obtain sufficient financing in the near term or achieve profitability, then we would, in all likelihood, experience severe liquidity problems and may have to curtail our operations. If we curtail our operations, we may be placed into bankruptcy or undergo liquidation, the result of which will adversely affect the value of our common shares.

ITEM 2.

PROPERTIES.

The Company also has an office location at 3501 N. Causeway Blvd., Suite 300, Metairie, LA 70002 where it leases 150 square feet through its subsidiary company, EnviroTank International LLC. The lease provides for \$1,259 monthly recurring rent charge plus any additional monthly usage fees. This lease commenced November 1, 2006 and renews annually until cancelled with 30 days advance notice.

The Company also has a regional office at 4801 Woodway Drive, Suite 300 East, Houston, TX 77056 where it leases 150 square feet from its affiliate, Verdant Inc. The lease provides for \$1,717 monthly recurring rent charge plus any additional monthly usage fees. This lease commenced on September 1, 2008 and renews annually until cancelled with 30 days advance notice.

ITEM 3.

LEGAL PROCEEDINGS.

There are no material legal proceedings that are currently pending or, to the Company's knowledge, contemplated against the Company to which it is a party.

ITEM 4.

SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of shareholders of the Company during the fourth quarter of the fiscal year ended December 31, 2005.

PART II

ITEM 5.

MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our common stock has been trading on the over-the-counter pink sheets published by the National Quotation Bureau, Inc. (Pink Sheets) under the symbol VTHC.PK effective March 1, 2006 and has traded under several other symbols since it was first listed on June 9, 1998, as follows:

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HSTA

from March 1, 2004 to February 28, 2006,

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TECF

from November 28, 2000 to February 29, 2004,

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TMDN

from August 10, 1999 to November 27, 2000,

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CIIT

from April 6, 1999 to August 9, 1999,

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PUBS

from June 9, 1998 until April 5, 1999.

In general there is greater liquidity for traded securities on the OTCBB, and less through quotation in the Pink Sheets. In order for our common stock to trade on the OTCBB, a registered broker-dealer, known as the market maker, must be willing to list bid or sale quotations, sponsor the Company for listing on the Bulletin Board and file an application on our behalf to make a market in our securities. We have not, as of this date, contacted a market maker for sponsorship of our securities on the OTCBB. Securities that are quoted in the Pink Sheets do not have any listing

requirements and can be difficult to buy and sell due to the potential for low and sporadic trading activity. The trading markets may be influenced by many factors, including the depth and liquidity of the market for such securities, developments affecting our business generally, the impact of the factors discussed under Part I, Item 1A Risk Factors, investors' perceptions of our company and its business, our operating results, our dividend policies and general economic and market conditions.

Common Stock

Our articles of incorporation authorize us to issue up to Eighty Million (80,000,000) shares of common stock, par value \$.0001. At December 31, 2005, we had issued and outstanding 67,402,887 shares of common stock of which, 40,000,000 shares or 59% was owned by our officers and directors. There were no options or restricted stock issued under our 2004 Stock Option Plan.

Holders of shares of common stock are entitled to one vote for each share on all matters to be voted on by the shareholders. Holders of common stock have no cumulative voting rights. In the event of liquidation, dissolution or winding up of the Company, the holders of shares of common stock are entitled to share, pro rata, all assets remaining after payment in full of all liabilities. Holders of common stock have no preemptive rights to purchase our common stock. There are no conversion rights or redemption or sinking fund provisions with respect to the common stock. All of the outstanding shares of common stock are validly issued, fully paid and non-assessable.

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The following table sets forth the range of high and low bid quotations for each fiscal quarter for the last two fiscal years. These quotations reflect inter-dealer prices without retail mark-up, mark-down, or commissions and may not necessarily represent actual transactions.

Fiscal Quarter Ending	High Bid		Low Bid	
March 31, 2005	\$	0.11	\$	0.11
June 30, 2005	\$	0.06	\$	0.06
September 30, 2005	\$	0.05	\$	0.05
December 31, 2005	\$	0.05	\$	0.05
March 31, 2004	\$	1.05	\$	1.05
June 30, 2004	\$	0.70	\$	0.70
September 30, 2004	\$	0.80	\$	0.65
December 31, 2004	\$	0.60	\$	0.50

The quotations set forth above reflect inter-dealer prices, without retail markup, markdown, or commission, and may not necessarily represent actual transactions.

On November 14, 2008, the closing price for the common stock was \$0.45.

Transfer Agent and Registrar

The transfer agent for our common stock is Corporate Stock Transfer, Inc., 3200 Cherry Creek Drive South, Suite 430, Denver, CO 80209.

Number of Stockholders

As of December 31, 2005, there were approximately 67,402,887 shares of common stock issued and outstanding to 706 shareholders.

Securities Authorized for Issuance Under Stock Option Plans

The following table sets forth information as of December 31, 2005:

Plan category	Equity Compensation Plan Information		
	Number of securities to be issued upon exercise of outstanding options, warrants	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans

	and rights		(excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	None	0	None
Equity compensation plans not approved by security holders	None	0	None
Total	None	0	None

Dividend Policy

We have not paid a dividend since incorporation and we do not anticipate paying any dividends in the future. We intend to retain earnings to finance the expansion of our business and for general working capital purposes. The Board of Directors may, however, determine whether we will pay dividends, depending on our earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions with respect to the payment of dividends and other relevant factors. No assurance is given as to our ability or willingness to pay dividends in the future.

Recent Sales of Unregistered Securities

On November 1, 2005, FutureVest, Inc. sold its convertible promissory note along with other short-term receivables, which totaled \$243,380.77, to David J. Curd. David J. Curd then negotiated the conversion of the obligations into 40,000,000 restricted shares of common stock. This transaction resulted in a change in control.

ITEM 7.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

The following discussion should be read in conjunction with our financial statements included elsewhere in this report. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors including those set forth under the heading "Risk Factors" elsewhere herein. The Company's financial statements have been prepared in accordance with United States generally accepted accounting principles.

Overview

The Company has refocused its efforts to develop and commercialize emerging technologies towards environmentally friendly energy related technologies, primarily in the oil and gas sector and away from biomedical related technologies such as *HeartSTAT CNBP/BF*. Consequently, 2005 saw the acquisition of two new technologies, referred to as the Legkow Technology and the V003 Technology and the divestiture of *HeartSTAT CNBP/BF* (*for more information on the accounting policies used please consult the notes to the Financial Statements*). In addition, a change in control occurred as a result of David J. Curd's purchase of certain Company obligations held by FutureVest, Inc. and negotiated the conversion of the obligations into 40,000,000 restricted shares of the Company's restricted common stock, thereby giving him or his designee(s) ownership of approximately 58.5% of the issued and outstanding shares at the time of acquisition..

During the fiscal year ended December 31, 2005, the Company conducted only limited operations, which were focused on satisfying existing debt, divestiture of biomedical technology and positioning itself to focus on acquiring and developing innovative energy related technologies.

Going Concern

As shown in the accompanying financial statements, the Company has suffered recurring losses from operations. It experienced losses of \$21,327 during 2005 and had a net deficiency in equity of \$42,764 and a net working capital deficit of \$42,764 as of December 31, 2005. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Management's plans in regard to this matter are to raise equity capital and seek strategic relationships and alliances in order to initiate the commercialization of its new technologies in an effort to generate positive cash flow. Until its technologies become commercially viable, the Company must continue to rely upon equity infusions in order to provide adequate liquidity to sustain its operations.

The financial statements have been prepared on a going concern basis and accordingly do not include any adjustments that might result from the outcome of this uncertainty.

Critical Accounting Policies and Estimates

Our financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. In preparing these financial statements, we make assumptions, judgments and estimates that can have a significant impact on amounts reported in our financial statements. We base our assumptions, judgments and estimates on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results could differ materially from these estimates under different assumptions or conditions. On a regular basis we evaluate our assumptions, judgments and estimates and make changes accordingly.

A critical accounting policy is defined as one that is both material to the presentation of our financial statements and requires management to make difficult, subjective or complex judgments that could have a material effect on our financial condition and results of operations. We believe that, of the significant accounting policies discussed in Note 3 to our financial statements, the following accounting policies require our most difficult, subjective or complex judgments:

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valuation of long-lived assets.

We discuss below the critical accounting assumptions, judgments and estimates associated with these policies. Historically, our assumptions, judgments and estimates relative to our critical accounting policies have not differed materially from actual results. For further information on our critical accounting policies, refer to Note 3 to the financial statements included elsewhere herein.

Valuation of long-lived assets. Our long-lived assets include property, equipment intangible license rights and goodwill. We assess impairment of