

PLANET TECHNOLOGIES, INC

Form SB-2

February 04, 2005

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM SB-2

**REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

PLANET TECHNOLOGIES, INC.

(NAME OF SMALL BUSINESS ISSUER IN ITS CHARTER)

CALIFORNIA

3990

33-0502606

(STATE OR OTHER JURISDICTION
OF
INCORPORATION OR
ORGANIZATION)

(Primary Standard Industrial
Classification Code Number)

(IRS EIN)

6835 Flanders Drive, Suite 100, SAN DIEGO, CA

92121

(ADDRESS OF PRINCIPAL OFFICES)

(ZIP CODE)

ISSUER'S TELEPHONE NUMBER (858) 824-0888

Scott L. Glenn
President, Chief Executive Officer
Planet Technologies, Inc.
6835 Flanders Drive, Ste. 100
San Diego, CA 92121

(Name, address, telephone number of agent for service of process)

Copies to:

Robert W. Blanchard, Esq.
BLANCHARD KRASNER & FRENCH
800 Silverado Street, Second Floor
La Jolla, California 92037
(858) 551-2440

Approximate date of proposed sale to the public:

From time to time after this Registration Statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434 under the Securities Act, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Offering Price per unit	Aggregate Offering Price	Amount of registration fee
Common Stock	1,988,656	\$ 2.00 ¹	\$ 3,977,312 ²	\$ 468.13

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

¹ Based upon the closing price of the common stock on the day preceding the date of filing this registration statement, the actual price per common share will vary based on the market price of the shares at the time shares are sold.

² This represents the maximum amount of this offering which Planet expects to offer and sell during the two-year period following the effective date of this registration statement.

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THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THIS PROSPECTUS IS INCLUDED IN THE REGISTRATION STATEMENT THAT WAS FILED BY PLANET TECHNOLOGIES, INC., WITH THE SECURITIES AND EXCHANGE COMMISSION. THE SELLING SHAREHOLDERS MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

PRELIMINARY PROSPECTUS

Subject to Completion dated
January 31, 2005

The information in this prospectus is not complete and may be changed.

PROSPECTUS

PLANET TECHNOLOGIES, INC.

**1,988,656 Shares of
Common Stock**

This prospectus relates to the resale by selling shareholders of up to 1,988,656 shares of our common stock, which are currently outstanding. The selling shareholders may sell common stock from time to time in the principal market on which our stock is traded at the prevailing market price or in negotiated transactions. Each selling shareholder is deemed an underwriter of the shares of common stock they are offering. We will pay the expenses of registering these shares.

You should read this document and any prospectus supplement carefully before you invest.

Our common stock is registered under Section 12(g) of the Securities and Exchange Act of 1934 and is listed on the Over-the-Counter Bulletin Board under the symbol PLNT.OB. The last reported sales price per share of our common stock, as reported by the Over-the-Counter Bulletin Board on January 28, 2005, was \$2.00.

The securities offered under this prospectus involve a high degree of risk. See Risk Factors beginning at Page 2.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of the prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is January 31, 2005.

PLANET TECHNOLOGIES, INC.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When Planet uses words such as intend, anticipate, believe, estimate, plan, expect, or similar phrases in this prospectus, Planet is making forward-looking statements. Planet believes that the assumptions and expectations reflected in such forward-looking statements are reasonable, based on information available to it on the date of this prospectus, but Planet cannot assure you that these assumptions and expectations will prove to have been correct or that Planet will take any action that it may presently be planning. Planet has disclosed important factors that could cause its actual results to differ materially from its current expectations under Risk Factors and elsewhere in this prospectus. You should understand that forward-looking statements made in connection with this offering are necessarily qualified by these factors.

PROSPECTUS SUMMARY

Since this is a summary, it does not contain all the information that may be important to you in evaluating your investment. You should read the following summary, and the Risk Factors section, along with the more detailed information and financial statements and the notes to the financial statements appearing elsewhere in this prospectus or incorporated by reference in this prospectus, prior to purchasing securities of Planet.

Planet Technologies, Inc.

Planet is engaged in the business of designing, manufacturing, selling, and distributing common products for use by allergy sensitive persons, including, air filters, bedding and similar products under the Allergy Free trade name. Planet acquired its business on or about November 30, 2004, when it acquired substantially all of the assets and business of Allergy Free, LLC. Our business strategy is primarily based upon promotion of products directly to the consumer by telemarketing to our database of customers who have purchased the Allergy Free Electrostatic Filter.

Prior to acquiring the Allergy Free business Planet, then known as Planet Polymer Technologies, Inc. was an advanced materials company that developed and licensed unique polymer materials. While retaining certain intellectual property rights relating to our prior business, all operations related to our prior business have been discontinued.

Planet was incorporated under the laws of California in August 1991. Planet's principal executive offices are located at 6835 Flanders Drive, Suite 100, San Diego, CA 92121, and its telephone number is 858-824-0888.

The Offering

Securities Offered	1,988,656 shares of common stock offered by selling security holders.
Percentage of Planet's outstanding securities that the securities offered represent	Approximately 94%
Common stock to be outstanding after the offering	2,120,368 shares.
Risk Factors	The common stock offered in this prospectus involves a high degree of risk. See Risk Factors.

Over-the-Counter Bulletin Board trading symbol

PLNT.OB

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RISK FACTORS

Before purchasing the shares offered by this prospectus, you should carefully consider the risks described below, in addition to the other information presented in this prospectus or incorporated by reference into this prospectus. If any of the following risks actually occur, they could adversely affect Planet's business, financial condition or results of operations. In such case, the trading price of Planet's common stock could decline and you may lose all or part of your investment.

We have experienced losses, we expect future losses and we may not become profitable.

For the years ended December 31, 2002, and 2003, we had net losses of approximately \$529,542 and \$574,135, respectively. The net loss for the nine months ended September 30, 2004, was \$592,635. As of September 30, 2004, we had an accumulated deficit of approximately \$3.5 million.

Since we have historically incurred net losses, we expect this trend to continue until some indefinite date in the future. We may not become profitable. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis.

We may require additional capital in the future which may not be available.

Our future capital requirements will depend on many factors, including:

the cost of manufacturing;

developing new markets for our products;

competing technological and market developments; and

the costs involved in filing, prosecuting and enforcing patent claims.

We anticipate that our existing resources combined with revenues will enable us to maintain our current and planned operations through December 31, 2005. However, changes in our plans or other events affecting our operating expenses, such as acquisition opportunities, may cause us to expend our existing resources sooner than expected.

We may seek additional funding through private placements of stock or strategic relationships. But the uncertainty as to our future profitability may make it difficult for us to secure additional financing on acceptable terms, if we are able to secure additional financing at all. Insufficient funds may require us to delay, scale back or eliminate some or all of our activities.

We are subject to penny stock regulations.

Our common stock is not listed or qualified for listing on NASDAQ or any national securities exchange but is only sporadically traded in the over-the-counter market in the so-called OTC Bulletin Board. As a result, an investor will find it difficult to dispose of, and to obtain accurate quotations as to the value of, our common stock.

Our common stock is classified as a penny stock by the Securities and Exchange Commission. The classification severely and adversely affects the market liquidity for our common stock. The Commission has adopted Rule 15g-9, which establishes the definition of a penny stock for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require: (i) that a broker or dealer

approve a person's account for transactions in penny stocks; and (ii) the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased. In order to approve a person's account for transactions in penny stocks, the broker or dealer must (i) obtain financial

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information and investment experience objectives of the person; and (ii) make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks. The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedules prepared by the Commission relating to the penny stock market, which, in highlight form, sets forth (i) the basis on which the broker or dealer made the suitability determination and (ii) that the broker or dealer received a signed, written agreement from the investor prior to the transaction. Disclosure also has to be made about the risks of investing in penny stocks in public offerings and secondary trading and about the commissions payable to the broker-dealer and registered representative, current quotations for the securities and the rights and remedies available to an investor in case of fraud in penny stock transaction. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Any inability to adequately retain or protect our employees, customer relationships and proprietary technology could harm our ability to compete.

Our future success and ability to compete depends in part upon our employees, customer relationships, proprietary technology and trademarks, which we attempt to protect with a combination of trademark and trade secret claims. These legal protections afford only limited protection. Further, despite our efforts, we may be unable to prevent third parties from soliciting our employees or customers or infringing upon or misappropriating our intellectual property. Our employees, customer relationships and intellectual property may not be adequate to provide us with a competitive advantage or to prevent competitors from entering the markets for our product and services. Additionally, our competitors could independently develop non-infringing technologies that are competitive with, and equivalent or superior to, our products. We will monitor infringement and/or misappropriation of our proprietary rights. However, even if we do detect infringement or misappropriation of our proprietary rights, litigation to enforce these rights could cause us to divert financial and other resources away from our business operations.

The departure of certain key personnel could harm the financial condition of the Company.

Several of our employees are intimately involved in our business and have day-to-day relationships with critical customers. Planet is not able to afford additional staff to supplement these key personnel. Competition for highly skilled business, product development, marketing and other personnel is intense, and there can be no assurance that we will be successful in recruiting new personnel or in retaining our existing personnel. A failure on our part to retain the services of these key personnel could have a material adverse effect on our operating results and financial condition. We do not maintain key man life insurance on any of our employees.

We face numerous competitors.

We have many competitors with comparable characteristics and capabilities that compete for the same group of customers. Our competitors are competent and experienced and are continuously working to take market share away from us. Our competitors have greater financial, technical, marketing and other resources than we do. Our ability to compete effectively may be adversely affected by the ability of these competitors to devote greater resources to the sales and marketing of their products and services than are available to us.

There are risks associated with our planned growth.

We plan to grow the Company's revenues and profits by adding to our existing customer base through internal growth and by the acquisition of other companies.

Management believes that Planet can grow through the acquisitions of other allergy control related companies as part of a roll-up strategy. The acquisition of other companies is uncertain and contains a variety of business risks, including: cultural differences the retention of key personnel, competition, protection of intellectual property, profitability, industry changes and others.

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Although we do not have an agreement to acquire any specific company at this time, we intend to attempt to expand our operations through the acquisition of other companies. Acquisitions and attempted acquisitions may place a strain on our limited personnel, financial and other resources. Our ability to manage this growth, should it occur, will require expansion of our capabilities and personnel. We may not be able to find qualified personnel to fill additional positions or be able to successfully manage a larger organization.

We have very limited assets upon which to rely for adjusting to business variations and for growing new businesses. While we are likely to look for new funding to assist in the acquisition of other profitable businesses, it is uncertain whether such funds will be available. There can be no assurance that we will be successful in raising a sufficient amount of additional capital, or if we are successful, that we will be able to raise capital on reasonable terms. If we do raise additional capital, our existing shareholders may incur substantial and immediate dilution.

Future sales of our common stock by existing shareholders under Rule 144 or this offering could decrease the trading price of our common stock.

As of January 1, 2005, a total of approximately 1,955,897 shares of our outstanding common stock were restricted securities and could be sold in the public markets only in compliance with rule 144 adopted under the Securities Act of 1933 or other applicable exemptions from registration. Rule 144 provides that a person holding restricted securities for a period of one year may thereafter sell, in brokerage transactions, an amount not exceeding in any three-month period the greater of either (i) 1% of the issuer's outstanding common stock or (ii) the average weekly trading volume in the securities during a period of four calendar weeks immediately preceding the sale. Persons who are not affiliated with the issuer and who have held their restricted securities for at least two years are not subject to the volume limitation. Possible or actual sales of our common stock by present shareholders under Rule 144 could have a depressive effect on the price of our common stock. Many of these shares were registered and may be sold without the above limitations in accordance with this prospectus.

Our directors and executive officers beneficially own approximately 50% of our stock, including stock options and warrants exercisable within 60 days of January 1, 2005; their interests could conflict with yours; significant sales of stock held by them could have a negative effect on our stock price; shareholder may be unable to exercise control.

As of January 1, 2005, our executive officers, directors and affiliated persons were the beneficial owners of approximately 50% of our common stock, including stock options exercisable within 60 days of January 1, 2005. As a result, our executive officers, directors and affiliate persons will have significant ability to:

elect or defeat the election of our directors;

amend or prevent amendment of our articles or incorporation or bylaws;

effect or prevent a merger, sale of assets or other corporate transaction; and

control the outcome of any other matter submitted to the shareholders for vote.

As a result of their ownership and positions, our directors and executive officers collectively, are able to significantly influence all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. In addition, sales of significant amounts of shares held by our directors and executive officers, or the prospect of these sales, could adversely affect the market price of our common stock. Management's stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce our stock price or prevent our shareholders from realizing a premium over our stock price.

Since we have never paid any cash dividends on our common stock and do not anticipate doing so in the future, you may only realize a profit from your investment if our stock price appreciates.

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On November 30, 2004, Planet acquired all of the assets of Allergy Free, LLC, which is the historical business described in this prospectus for approximately 1.7 million shares of Planet stock (after giving effect to the reverse stock split), a convertible note of \$274,300, and assumption of debt. The transaction was completed pursuant to an Asset Purchase Agreement between Planet and Allergy Free, LLC. (Agreement) As a result of the acquisition, Allergy Free s historical financial information is included in the financial results of Planet. Allergy Free, LLC, was and is controlled by Scott Glenn, who became Planet s Chairman, President and CEO.

During the period from November 30, 2004, through January 10, 2005, Planet has sold approximately 306,000 shares to investors, pursuant to subscription agreements and in reliance upon an exception from registration provided under Regulation D. The resale of this common stock is being registered on Form SB-2 of which this prospectus is a part. 200,000 of the shares were sold to a fund controlled by Scott Glenn.

Since January 1, 2004, the Company has issued and sold 325,000 shares in connection with the exercise of certain stock options by current and former directors of the Company.

USE OF PROCEEDS

No proceeds will be realized by us since all shares are offered by selling shareholders. We intend to use the proceeds from the private placement pursuant to which some of the shares offered hereby were issued for general working capital purposes or acquisition of new products or businesses.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company s common stock trades on the OTC.BB under the symbol PLNT.OB. The following table sets forth the high and low sales prices of the Company s Common Stock for the period from January 1, 2003, through December 31, 2004, as furnished by the OTC.BB. These prices reflect prices between dealers without retail markups, markdowns or commissions, and may not necessarily represent actual transactions:

	HIGH*	LOW*
2003		
First Quarter	\$ 4.00	\$ 0.50
Second Quarter	5.00	2.50
Third Quarter	3.00	2.50
Fourth Quarter	3.50	1.75
2004		
First Quarter	\$ 12.50	\$ 2.00
Second Quarter	10.50	3.00
Third Quarter	3.50	2.50
Fourth Quarter	3.50	0.70

*Reflects for reverse stock split effective December 6, 2004.

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On January 28, 2005, the last reported sale price of the Company's Common Stock on the Over-the-Counter Bulletin Board was \$2.00. As of January 28, 2005, 2004, there were approximately 191 holders of record of the Company's Common Stock with 2,120,368 shares outstanding. The market price of shares of Common Stock, like that of the common stock of many other emerging growth companies, has been and is likely to continue to be highly volatile. On December 6, 2004, a reverse stock split became effective for all trading whereby every 50 shares were consolidated into one share.

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The Company has never declared or paid a cash dividend. The Company has not paid and does not intend to pay any Common Stock dividends to Common Stock shareholders in the foreseeable future and intends to retain any future earnings to fund the Company's operations. Any payment of dividends in the future and intends to retain any future earnings to fund the Company's operations. Any payment of dividends in the future will depend upon the Company's earnings, capital requirements, financial condition and such other factors as the Board of Directors may deem relevant.

SELLING SECURITY HOLDERS

The following table sets forth the name of each person who is offering the resale of shares of common stock by this prospectus, the number of shares of common stock beneficially owned by each person, the number of shares of common stock that may be sold in this offering and the number of shares of common stock each person will own after the offering, assuming they sell all of the shares offered.:

Name	Prior to Offering		No. of Shares to be Sold	After Offering	
	No. of Shares	Percent		No. of Shares	Percent
William and Lisa Barkett 7544 Eads #F La Jolla, CA 92037	308,456	14.5	308,456		