

## **Alternative Reporting Standard:**

### **OTCQX® U.S. and OTCQB® Disclosure Guidelines**

Federal securities laws, such as Rules 10b-5 and 15c2-11 of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 144 of the Securities Act of 1933 (“Securities Act”), and state Blue Sky laws, require issuers to provide adequate current public information. With a view to encouraging compliance with these laws, OTC Markets Group has created these OTCQX U.S. and OTCQB® Disclosure Guidelines (“Guidelines”). These Guidelines set forth the disclosure obligations that make up the “Alternative Reporting Standard” for OTCQX U.S. and OTCQB traded companies.<sup>1</sup> These Guidelines have been designed to encompass the “Catch All” information required in Rule 15c2-11,<sup>2</sup> however they have not been reviewed by the U.S. Securities and Exchange Commission or any state securities regulator.

These Guidelines may be amended from time to time, in the sole and absolute discretion of OTC Markets Group, with or without notice.

### **General Considerations**

An issuer preparing a disclosure document under the Alternative Reporting Standard should consider the purpose of adequate disclosure. Current and potential investors in the issuer’s securities should be provided with all “material” information — the information available to the issuer necessary for the investor to make a sound investment decision. The disclosure should enable an investor of ordinary intelligence and investment skills to understand the issuer’s business and prospects.

The disclosure must therefore present the issuer’s business plan and include a full and clear picture of the issuer’s assets, facilities, properties, investments, management and other resources, as well as a complete description of how they will be used to make profits. The issuer’s business plan should clearly describe the competition, regulatory environment and other risks to the issuer’s business, as well as the issuer’s plans for confronting these challenges.

It is also important for an investor to understand how the issuer raises capital and treats investors. At a minimum, the issuer must describe the ways it has raised capital by issuing shares in the past – to whom and the amount of consideration involved. The investor should also be provided with market information, including the past price history of any transactions in the issuer’s shares.

Finally, the disclosure should use plain English.<sup>3</sup> This means using short sentences, avoiding legal and technical jargon and providing clear descriptions.

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<sup>1</sup> This is not legal advice, and OTC Markets Group cannot assure anyone that compliance with our disclosure requirements will satisfy any legal requirements.

<sup>2</sup> Publication of information pursuant to these Guidelines also does not guarantee or ensure that the Company will be designated as having “current information” or eligible for public quotations pursuant to Rule 15c2-11 or any other applicable regulation.

<sup>3</sup> For tips, you may wish to consult the SEC’s Plain English Handbook, available for free on the SEC’s website, at <http://www.sec.gov>.

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## **Section One: Issuers' Initial Disclosure Obligations**

*Instructions relating to the preparation of initial disclosure:*

1. Prepare a cover page using the format set forth on the following page.
2. Prepare a disclosure document that responds to each item and sub-item of the Guidelines with information current as of the issuer's most recent fiscal quarter or year end. If a particular item is not applicable or unavailable, include the reason it is not applicable or unavailable.
3. Save the disclosure document(s) in PDF format and upload it via [www.OTCIQ.com](http://www.OTCIQ.com) using the report name "Annual Report" or "Quarterly Report", as applicable. If the disclosure information and financial statements are posted separately, please denote the report content using the subtitle field when uploading.
4. Submit an OTCQX Sponsor Letter of Introduction to OTC Markets Group. The letter is required of all companies applying to the OTCQX market, and required of International Companies applying to the OTCQB market.

## **SmartCard Marketing Systems Inc.**

Delaware

**Registered office: 20c Trolley Square, Wilmington, De 19806**

**1-844-843-7296**

**www.smartcardmarketingsystems.com**

**news@smartcardmarketingsystems.com**

**SIC Code 8900**

# Quarterly Report

For the period ending **June 30, 2022** (the "Reporting Period")

The number of shares outstanding of our Common Stock is **491,892,061 as of June 30, 2022**

The number of shares outstanding of our Common Stock was **472,369,839 as of December 31, 2021**

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes:  No:  (Double-click and select "Default Value" to check)

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:  No:

Indicate by check mark whether a Change in Control<sup>4</sup> of the company has occurred over this reporting period:

Yes:  No:

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<sup>4</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

## Part A General Company Information

### **Item 1 The exact name of the issuer and its predecessor (if any).**

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

**SmartCard Marketing Systems Inc OTC:SMKG current**  
**E-marketplace Inc Mach 2006**  
**Computer Marketplace Inc October 1999**

### **Item 2 The address of the issuer's principal executive offices and address(es) of the issuer's principal place of business:**

In answering this item, please also provide (i) the telephone of the issuer's principal executive offices, (ii) if applicable, the URL of each website maintained by or on behalf of the issuer, and (iii) if applicable, the name, phone number, email address, and mailing address of the person responsible for the issuer's investor relations.

**Registered office**  
**1-844-THE-PAYMENT , 20c Trolley Square, Wilmington De 19806,**  
**www.smartcardmarketingsystems.com**  
**Massimo Barone, 514-386-6307, mbarone@smartcardmarketingsystems.com**

**Currently due to Covid-19, all executives and team members work remotely from home.**

*Check box if principal executive office and principal place of business are the same address:*

### **Item 3 The jurisdiction(s) and date of the issuer's incorporation or organization.**

In answering this item, please provide the state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years. Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive).

**Delaware, 2006/03/02, Active**

## Part B Share Structure

### **Item 4 The exact title and class of securities outstanding.**

In answering this item, provide the exact title and class of each class of outstanding securities. In addition, please provide the CUSIP and trading symbol.

### **Item 5 Par or stated value and description of the security.**

A. *Par or Stated Value.* Provide the par or stated value for each class of outstanding securities.

(v) **Exact title and class of securities outstanding: Common Stock**

A. *Common or Preferred Stock.*

1. For common equity, describe any dividend, voting and preemption rights. **none**
2. For preferred stock, describe the dividend, voting, conversion and liquidation rights as well as redemption or sinking fund provisions. **none**
3. Describe any other material rights of common or preferred stockholders. **none**
4. Describe any provision in the issuer's charter or by-laws that would delay, defer or prevent a Change in Control of the issuer. **none**

**Trading symbol:** **SMKG**  
**CUSIP:** **831685102**  
**Par or stated value:** **0.001**  
**No other class of securities**

**Item 6      The number of shares or total amount of the securities outstanding for each class of securities authorized.**

In answering this item, provide the information below for each class of securities authorized. Please provide this information (i) as of the end of the issuer's most recent fiscal quarter and (ii) as of the end of the issuer's last two fiscal years.

- (i) Period end date;
- (ii) Number of shares authorized;
- (iii) Number of shares outstanding;
- (iv) Freely tradable shares (public float);
- (v) Number of beneficial shareholders owning at least 100 shares<sup>5</sup>; and
- (vi) Total number of shareholders of record.

**Total shares authorized:** **500,000,000** as of date: **June 30, 2022**  
**Total shares outstanding:** **491,892,061** as of date: **December 31, 2021**  
**Number of shares in the Public Float<sup>1</sup>:** **130,543,912** as of date: **August 15, 2022**  
**Total number of shareholders of record:** **79** as of date: **August 15, 2022**

**Item 7      The name and address of the transfer agent\*.**

In answering this item, please also provide the telephone number of the transfer agent, indicate whether or not the transfer agent is registered under the Exchange Act, and state the appropriate regulatory authority of the transfer agent.

\*To be included in OTCQX or OTCQB, the issuers whose securities are incorporated in the U.S. or Canada *must* have a transfer agent registered under the Exchange Act.

**Transfer Agent**

**Name:** **Manhattan Transfer Registrar Company**  
**Phone:** **917-561-6269**  
**Email:** **dcarlo@mtrco.com / www.mtrco.com**  
**Address:** **38B Sheep Pasture Road,**  
**Port Jeffereson, New York 11777 1-877-645-8691**

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<sup>1</sup> "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

## Part C Business Information

### **Item 8 The nature of the issuer's business.**

In describing the issuer's business, please provide the following information:

A. Business Development. Describe the development of the issuer and material events during the last three years so that a potential investor can clearly understand the history and development of the business. If the issuer has not been in business for three years, provide this information for any predecessor company. This business development description must also include:

1. the form of organization of the issuer (e.g., corporation, partnership, limited liability company, etc.); **Delaware Corporation**
2. the year that the issuer (or any predecessor) was organized; **1999**
3. the issuer's fiscal year end date; **December 31**
4. whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding; **No**
5. any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets; **No**
6. any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments; **No**
7. any change of control; **No**
8. any increase of 10% or more of the same class of outstanding equity securities; **No**
9. any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization; **yes in 2006 1:1000**
10. any delisting of the issuer's securities by any securities exchange; **No**
11. any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved. **No**

B. Business of Issuer. Describe the issuer's business so a potential investor can clearly understand it. To the extent material to an understanding of the issuer, please also include the following:

1. the issuer's primary and secondary SIC Codes; **8900**
2. if the issuer has never conducted operations, is in the development stage, or is currently conducting operations; the issuer is in commercialization stage of its digital assets whether the issuer has at any time been a "shell company";<sup>6</sup> **No**

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<sup>6</sup> For the purpose of this section a "shell company" means an issuer, other than a business combination related shell company, as defined by Securities Act Rule 405, or an asset-backed issuer, as defined by Item 1101(b) of Regulation AB, that has:

(1) No or nominal operations; and

(2) Either:

(A) No or nominal assets;

(B) Assets consisting solely of cash and cash equivalents; or

(C) Assets consisting of any amount of cash and cash equivalents and nominal other assets.

Instruction to paragraph B.3 of Item 8:

The issuer must attest that it is not currently a shell company. If the issuer discloses that it was formerly a shell company, it must also include the following disclosure on the front page of its disclosure statement in boldface, 12 point type: **We were not a shell company**

3. *the names and contact information of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this disclosure statement; **YES***
4. *the effect of existing or probable governmental regulations on the business; **No***
5. *an estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities were borne directly by customers; 80% of time allocated to R&D, and directly with customers only during customizations for white label 10%*
6. *costs and effects of compliance with environmental laws (federal, state and local); and **No***
7. *the number of total employees and number of full-time employees. **7 full time and 12 project managers***

For issuers engaged in mining, oil and gas production and real estate activities, substantial additional disclosure of the issuer's business is required. Contact OTC Markets Group for more information.

**SmartCard Marketing Systems Inc (OTC:SMKG)** FinTech and PayTech industry leader in specialized e-commerce, cloud and mobility applications to the global banking, telecom and retail markets. SMKG is an entrepreneurial boutique technology company, providing business intelligence and digital transformation strategies with a proprietary portfolio of applications and wireframes for banking, enterprises, retail e-wallets, digital id, blockchain, e-KYC, digital workforce, events & media management, education, telemedicine and transit-booking industries.

SmartCard Marketing Systems Inc OTC:SMKG specializes in digital transformation applications with business intelligence processes for industry specific clients. The company develops its own proprietary suite of e-commerce, cloud and mobility applications for "Branding As Your Own" deployment's. The company's proprietary portfolio is marketed through its own marketplace Emphasispay.com and with enterprise partners.

<b><u>Trading Symbol:</u></b>	<u>SMKG</u>
<b><u>CIK:</u></b>	<u>0000900475</u>
<b><u>SIC Code:</u></b>	<u>8900</u>



## Item 9 The nature of products or services offered.

In responding to this item, please describe the following so that a potential investor can clearly understand the products and services of the issuer:

- A. principal products or services, and their markets;
- B. distribution methods of the products or services;
- C. status of any publicly announced new product or service;
- D. competitive business conditions, the issuer's competitive position in the industry, and methods of competition;
- E. sources and availability of raw materials and the names of principal suppliers;
- F. sources and availability of raw materials and the names of principal suppliers;
- G. dependence on one or a few major customers;
- H. patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration; and
- I. the need for any government approval of principal products or services and the status of any requested government approvals.

**Since the beginning of 2015 the company focused on 2 distinct channels of business development;**

- 1) The Development and commercialization of its leading platforms for the Paytech and Fintech global markets; leading the offering the Genorocity.com & Mtickets.events platforms
- 2) Strategic partnerships to develop an alternative payments solution for Banks & Telecom Acquirers/Issuers of Cards (Credit, Debit or Loyalty) as an acceptance point for emulating payment and reward transactions, processing & settlement.

The first partnership entered into with Contact Innovation in North America in late **2014 and early 2015** resulted in the technology development for the Check21 Act servicing the need for Remote Deposit Capture (RDC) which was commercially deployed trial stages in late May of 2015 with the first joint client ICICI Bank of India (its Canadian subsidiary across 14 branches and select corporate clients). The platform solution as a cloud based host was branded [www.check21saas.com](http://www.check21saas.com) and now the success of our deployment is allowing us to market to customers internationally. Concurrently to the development of Check21Saas.com the company designed and developed **Genorocity.com** and shortly after **Mtickets.events**.

**Throughout 2016 and 2017** the company ambitiously sought to expand the technology portfolio to meet the new changes in global markets for business process applications and meet the foreseeable demand coming in the financial, workforce and retail markets for intelligent business applications ready to deploy.

**In 2018 - 2019** management continued to develop its payment infrastructure and worked with clients to commercialize its solutions strengthening its position in the financial services segment. *We are transforming the company from a direct merchant services provider to enabling a channel of portfolio merchants for Banks & Telecoms.* This transition has allowed SmartCard to position itself as a technology host & support Processors and Industry Consultants building relationships with Banks, Credit Unions and partnering with payment providers globally.

For 2020, the company released 3 SAAS platforms to meet the needs of concerns raised by the COVID-19 Pandemic which created further opportunities in EdTech, Telemedicine & Pre-screening security technologies.

## **Item 10 The nature and extent of the issuer's facilities.**

Please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

**None, Remote offices for the time being.**

## **Part D Management Structure and Financial Information**

### **Item 11 Company Insiders (Officers, Directors, and Control Persons).**

Please give a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Officers and Directors. In responding to this item, please provide the following information for each of the issuer's executive officers, directors, general partners, as of the date of this information statement:

1. Full name;
2. Officer/Director Title;
3. Business address;
4. Employment history (which must list all previous employers for the past 5 years, positions held, responsibilities and employment dates);
5. Board memberships and other affiliations;
6. Compensation by the issuer; and
7. Number and class of the issuer's securities beneficially owned by each such person.

#### **Massimo Barone, CEO & Chairman of the Board**

A Montreal born entrepreneur with over 25 years of entrepreneurial experience. Mr. Barone joined the technology sector in the late 90's after leaving the family Restaurants and Hotel Concessions business. Initially leaving the industry to be part of one of the first online bank offerings by the Major 5 in Canada in the early 90's, Mbanx, he realized the possibilities and immediately began focusing his interests in the alternative payments sector. This transition became the foundation for his technology expertise and start-ups throughout the 90's and his success today at SmartCard Marketing Sys Inc OTC:SMKG.

During the past 25 years he founded three tech companies, each of which were successful in securing multiple series of investment rounds of capital, both from the private and institutional sectors. Additionally, all 3 tech companies were transformed from private to Public Co's each within their first 2-3 years of inception.

Mr. Barone has developed a significant network of people, financial institutions and Today Mr. Barone continues to develop and implement technology solutions for the Fintech & Retail marketplace. He is the Founder & CEO of SmartCard Marketing Systems Inc. (OTC:SMKG) a Fintech company with Banks, Telecoms

#### **Mr. Michele Tasillo, CFO & Director**

Also known as Mike, serves as a Finance Manager of Smart Card Marketing Systems Inc. Mr. Tasillo was the Founder of Hybrid PayTech World Inc. (known as Freeport Capital Inc.), served as President and Chief Financial Officer until January 2014. He has been active as a Consultant and Educator for the past 20 years, specializing in ISO Certification Standards in the Urban Planning in the Construction Industry dealing with Municipal, Provincial and Foreign contracts. He also brings vast experience with project management, implementation and deployment of products. He served as a Director of Hybrid PayTech World Inc. (Freeport Capital Inc.) from November 19, 2009 to February 8, 2014.

### **Dharmesh Vora President Enterprise Solutions**

Mr. Dharmesh Vora is President Enterprise solutions. He has served as Sales Advisor from May 2018 to December 2020, and served as Vice President Sales from December 2020 to May 2021 and President Enterprise solutions since May 2021 till the date. He is responsible for Sales and Operations in the Indian subcontinent. He also holds a key position assisting the global sales and operations of the company.

In the past he has worked with an International Recruitment Firm Antal between September 2017 and February 2018 where he consulted with Chief Human Resource Officers as a sales expert to plan and execute their Man Power requirements. Mr. Vora has worked as Regional business Manager between Oct'16 and Sept'17 taking care of the regional business and working as a Management Consultant for CXOs of MNCs, SMEs and MSMEs

Mr. Vora has worked as a sales professional and specialist for 15 years and has extensive training in global material offered by BlessingWhite, Mahaan Khalsa and Dr. Stephen Covey.

Mr. Vora graduated in Bachelor of Foreign Trade in from Pune University in India (2004-2007). He also has Diploma in Electrical Engineering from MSBTE University (2000-2003). Additionally he has Post Graduate Diploma in two faculties from Pune university PGDIEM (2005-2006) and PGDMLM (2006-2007).

### **Lee Tang, Chief Technology Officer and Chief Security Officer**

Mr. Lee Tang is the company Chief Technology Officer and Chief Security Officer, which he has served as since January, 2015. Mr. Tang is a seasoned senior information technology (IT) consultant with more than 25 years of experience in the IT and telecom sectors. In July 2004, Mr. Tang founded Aspec Solutions Inc., an IT consulting firm. And since then worked with many clients in various industries including fintech, pharmaceutical, marketing, retail, business process outsourcing, data analysis, software development, nature resources and international trading. Over the course of his extensive career, Mr. Tang often held important IT roles and key positions in different private and public companies. He served as CIO at Bluehat Marketing, a Montreal-based private marketing firm since Feb 2010. In May 2011, Mr. Tang joined Circulo Pharma Systems as Managing Partner and CIO. Since Jan 2013, he's also the Senior IT consultant for Perisson Petroleum Corp., a public company based in Calgary, Canada. Prior to that, from 2009 to 2014, he was the IT Director for a Montreal-based public company, Noveko International Inc. From 2006 through 2014, he served as Director of systems for a Silicon Valley Startup AgilOne LLC, a data analysis company based in Mountain View, California. Mr. Tang graduated from Concordia University in 1997 with a Bachelor's Degree in Computer Science. He brings a vast expertise in Cloud infrastructure, security and is responsible for designing Hosted solutions for SMKG's customers and partners globally.

### **Mr. Gary Repchuk Board of Directors**

Mr. Gary Repchuk has served as a Director since April 05, 2019. Mr. Repchuk has over 35 years of executive and management experience within the banking, payment processing, and financial technology industries. Mr. Repchuk is a highly motivated executive, and a collaborative negotiator, who directs enterprise wide cross-functional projects, fosters new global relationships, and excels within the complexity of the mobile payment world. Over the course of the last 10 years, Mr. Repchuk has worked in South East Asia, and, since 2012, he founded three ASEAN Fintech operations, as Director of HybridPaytech Asia Inc. 2012 to 2015, Managing Consultant of VeritasPay Philippines Inc. 2015 to 2018, and XPAY Worldwide Corporation Pte. Ltd. Since 2018, Mr. Repchuk has served as the President & CEO of XPAY Worldwide Corporation Pte. Ltd., which operates XPAY Worldwide Corporation in the Philippines offering a global mobile payment platform that is currently delivered to multiple national banks and global partners in Southeast Asia. The XPAY Worldwide Corporation licensed and certified middleware platform and gateway enables the simultaneous management of merchants, consumers, banks, smart Android devices and global processors. From December 2018 Mr. Repchuk role supported SmartCard Marketing Systems as their President Western Canada & SE Asia of. From 2004 to 2007, Mr. Repchuk served as the Vice President Business Development & Innovation at SERVUS Credit Union in Canada, where he was instrumental with their growth from an Edmonton based Credit Union in 1989 to a large regional financial institution in 2007, with accountability to diversify bank income via new partnerships and ventures while managing diverse areas of responsibility, including business development, telecommunications, affiliations, business transition, centralization activities, security infrastructure, operational improvement, policy, procedure, purchasing, and card issuing/acquiring services. Mr. Repchuk's banking foundation was established earlier in his career while employed at TD Bank from 1976 to 1989, where he gained extensive operational and audit experience, with his responsibilities increasing in accountability during the term of his employment with TD Bank. Simultaneously with his banking roles, Mr. Repchuk

attended Concordia University of Edmonton evenings and weekends from 1991 to 1997 where he studied Psychology & Information Science, and in 1997 he enrolled at Athabasca University where he achieved his Master of Business Administration in 2000.

We believe that Mr. Repchuk's extensive experience in a managerial capacity with banking, payment processing, and financial technology companies qualify him to serve on our Board of Directors.

#### **Mr. Continelli, COO & Director**

With over 20 years of experience as an entrepreneur and a visionary in the payment and technology space. He has extensive experience in general contracting having grown into a family business, which he then took operational and sales control in the late 90's and successfully tripled the sales and fleet of the company and later sold. Since then he got involved in the payment sector looking for a challenge and change. He has been involved in multiple start-ups from initial seed capital, concept to live production while working in global markets. During the past 10 years he has worked extensively with banks, telecoms and variety of businesses in Asia to implement payment applications., Mr. Continelli is currently responsible for business development in multiple markets for SmartCard Marketing Systems Inc.

<b>Name</b>	<b>Work Remotely from Home</b>	<b>Number of Shares Owned (list common, warrants and options separately)</b>	<b>Percentage of Class of Shares Owned</b>
<b><u>Massimo Barone, CEO, Director</u></b>	Laval, QC. CA.	<u>23,511,111</u>	<u>4.78%</u>
<b><u>Michelle Tasillo, CFO, Director</u></b>	MTL., QC. CA.	<u>11,361,111</u>	<u>2.31%</u>
<b><u>Paolo Continelli, COO, Director</u></b>	Laval, QC. CA.	<u>12,000,000</u>	<u>2.54%</u>
<b><u>Gina Leslie, Director</u></b>	Windsor, ON. CA.	0	0%
<b><u>Gary L. Repchuk, Director</u></b>	Makati, Manilla, PH.	<u>700,000</u>	0.15%
<b><u>GESTION INTRAGROUP HOLDINGS INC.</u></b> <b><u>C/O Mario Rosati, Shareholder</u></b>	MTL., QC. CA.	<u>30,000,000</u>	<u>6.36%</u>
<b><u>Variance Strategy LLC</u></b> <b><u>(C/O Massimo Barone &amp; Paolo Continelli)</u></b>	Wilmington, DE.	<u>161,151,111</u>	<u>32.76%</u>

B. Other Control Persons. In responding to this item, please provide the following information for all persons beneficially owning more than five percent (5%) of any class of the issuer's equity securities as of the date of this information statement. Do not include Officers or Directors previously listed.

1. Full name;
2. Address; and
3. Number and class of the issuer's securities beneficially owned.

To the extent not otherwise disclosed, if any of the above shareholders are corporations or other legal entities rather than individuals, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agent of each corporate shareholder.

Name	City and State (and Country if outside US)	Number of Shares Owned (list common, warrants and options separately)	Percentage of Class of Shares Owned
<u>Massimo Barone, CEO, Director</u>	Laval, QC. CA.	<u>23,511,111</u>	<u>4.78%</u>
<u>Michelle Tasillo, CFO, Director</u>	MTL., QC. CA.	<u>11,361,111</u>	<u>2.31%</u>
<u>Paolo Continelli, COO, Director</u>	Laval, QC. CA.	<u>12,000,000</u>	<u>2.54%</u>
<u>Gina Leslie, Director</u>	Windsor, ON. CA.	0	0%
<u>Gary L. Repchuk, Director</u>	Makati, Manilla, PH.	<u>700,000</u>	0.15%
<u>GESTION INTRAGROUP HOLDINGS INC.</u> <u>C/O Mario Rosati, Shareholder</u>	MTL., QC. CA.	<u>30,000,000</u>	<u>6.36%</u>
<u>Variance Strategy LLC</u> <u>(C/O Massimo Barone &amp; Paolo Continelli)</u>	Wilmington, DE.	<u>150,040,000</u>	<u>32.76%</u>

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses); **None**
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities; **None**
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or **None**
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities. **None**

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses); **None**
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities; **None**
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or **None**
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities. **None**

C. Disclosure of Family Relationships. Describe any family relationships<sup>7</sup> among and between the issuer's directors, officers, persons nominated or chosen by the issuer to become directors or officers, or beneficial owners of more than five percent (5%) of the any class of the issuer's equity securities. **None**

<sup>7</sup> The term "family relationship" means any relationship by blood, marriage or adoption, not more remote than first cousin

D. Disclosure of Related Party Transactions. Describe any transaction during the issuer's last two full fiscal years and the current fiscal year or any currently proposed transaction, involving the issuer, in which (i) the amount involved exceeds the lesser of \$120,000 or one percent of the average of the issuer's total assets at year-end for its last three fiscal years and (ii) any related person had or will have a direct or indirect material interest. Disclose the following information regarding the transaction:

1. The name of the related person and the basis on which the person is related to the issuer; **None**
2. The related person's interest in the transaction; **None**
3. The approximate dollar value involved in the transaction (in the case of indebtedness, disclose the largest aggregate amount of principal outstanding during the time period for which disclosure is required, the amount thereof outstanding as of the latest practicable date, the amount of principal and interest paid during the time period for which disclosure is required, and the rate or amount of interest payable on the indebtedness); **None**
4. The approximate dollar value of the related person's interest in the transaction; and **None**
5. Any other information regarding the transaction or the related person in the context of the transaction that is material to investors in light of the circumstances of the particular transaction. **None**

*Instruction to paragraph D of Item 11:*

1. *For the purposes of paragraph D of this Item 11, the term "related person" means any director, executive officer, nominee for director, or beneficial owner of more than five percent (5%) of any class of the issuer's equity securities, immediate family members<sup>8</sup> of any such person, and any person (other than a tenant or employee) sharing the household of any such person.*
2. *For the purposes of paragraph D of this Item 11, a "transaction" includes, but is not limited to, any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships.*
3. *The "amount involved in the transaction" shall be computed by determining the dollar value of the amount involved in the transaction in question, which shall include:*
  - a. *In the case of any lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments due on or after the beginning of the issuer's last fiscal year, including any required or optional payments due during or at the conclusion of the lease or other transaction providing for periodic payments or installments; and*
  - b. *In the case of indebtedness, the largest aggregate amount of all indebtedness outstanding at any time since the beginning of the issuer's last fiscal year and all amounts of interest payable on it during the last fiscal year.*

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<sup>8</sup> "Immediate family members" means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law.

4. *In the case of a transaction involving indebtedness:*
  - a. *The following items of indebtedness may be excluded from the calculation of the amount of indebtedness and need not be disclosed: amounts due from the related person for purchases of goods and services subject to usual trade terms, for ordinary business travel and expense payments and for other transactions in the ordinary course of business; and*
  - b. *Disclosure need not be provided of any indebtedness transaction for beneficial owners of more than five percent (5%) of any class of the issuer's equity securities or such person's family members.*
5. *Disclosure of an employment relationship or transaction involving an executive officer and any related compensation solely resulting from that employment relationship or transaction need not be provided. Disclosure of compensation to a director also need not be provided.*
6. *A person who has a position or relationship with a firm, corporation, or other entity that engages in a transaction with the issuer shall not be deemed to have an indirect material interest for purposes of paragraph D of this Item 11 where:*
  - a. *The interest arises only:*
    - i. *From such person's position as a director of another corporation or organization that is a party to the transaction; or*
    - ii. *From the direct or indirect ownership by such person and all other related persons, in the aggregate, of less than a ten percent (10%) equity interest in another entity (other than a partnership) which is a party to the transaction; or*
    - iii. *From both such position and ownership; or*
  - b. *The interest arises only from such person's position as a limited partner in a partnership in which the person and all other related persons have an interest of less than ten percent (10%), and the person is not a general partner of and does not hold another position in the partnership.*
7. *Disclosure need not be provided pursuant to paragraph D of this Item 11 if:*
  - a. *The transaction is one where the rates or charges involved in the transaction are determined by competitive bids, or the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;*
  - b. *The transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services; or*
  - c. *The interest of the related person arises solely from the ownership of a class of equity securities of the issuer and all holders of that class of equity securities of the issuer received the same benefit on a pro rata basis.*
8. *Include information for any material underwriting discounts and commissions upon the sale of securities by the issuer where any of the specified persons was or is to be a principal underwriter or is a controlling person or member of a firm that was or is to be a principal underwriter.*
- E. Disclosure of Conflicts of Interest. Describe any conflicts of interest. Describe the circumstances, parties involved and mitigating factors for any executive officer or director with competing professional or personal interests.

**Related Party Transactions - No related party transactions other than management contracts.**

**No other conflicts of interest**

## Item 12 Financial information for the issuer's most recent fiscal period.

*Instruction to Item 12:* The issuer shall post the financial statements required by this Item 12 through [www.OTCIQ.com](http://www.OTCIQ.com) under the appropriate report name for the applicable period end. (If the financial statements relate to a fiscal year end, publish it as an "Annual Report," or if the financial statements relate to a quarter end, publish it as a "Quarterly Report" or "Interim Financial Report") **The issuer must state in its disclosure statement that such financial statements are incorporated by reference.** The issuer must also (i) provide a list in the disclosure statement describing the financial statements that are incorporated by reference, (ii) clearly explain where the incorporated documents can be found, and (iii) provide a clear cross-reference to the specific location where the information requested by this Item 12 can be found in the incorporated documents.

The issuer shall provide the following financial statements for the most recent fiscal period (whether fiscal quarter or fiscal year).

- 1) balance sheet;
- 2) statement of income;
- 3) statement of cash flows;
- 4) statement of changes in stockholders' equity (for Annual Reports only);
- 5) financial notes; and
- 6) audit letter, if period ending is fiscal year
- 7)

The financial statements requested pursuant to this item shall be prepared in accordance with generally accepted accounting principles (U.S. GAAP or IFRS, as applicable) by persons with sufficient financial skills. **YES and Audited by BF Borgers CPA PA a PBAOC Auditor**

Information contained in annual financial statements will not be considered current more than 90 days after the end of the issuer's fiscal year immediately following the fiscal year for which such statements are provided, or with respect to quarterly financial statements, more than 45 days after the end of the quarter immediately following the quarter for which such statements are provided. **It is current as of August 12<sup>th</sup> 2022 Yr December 31, 2021 Yr End**

Additionally, if the issuer is an insurance company, the issuer shall also post its most recent "Insurance Company Annual Regulatory Statement" required to be filed with the Commissioner of Insurance (or other officer or agency performing a similar function) of its domiciliary state, per section 12(g)(2)(G)(i) of the Securities Exchange Act of 1934. This statement shall be posted through [www.OTCIQ.com](http://www.OTCIQ.com).



**SMARTCARD MARKETING SYSTEMS, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2022**

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**SMARTCARD MARKETING SYSTEMS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,740	\$ 48
Accounts receivable, net	<u>280,445</u>	<u>182,245</u>
Total current assets	284,185	182,293
Investments	1,800,000	1,200,000
Intangible assets, net	<u>348,711</u>	<u>408,679</u>
Total assets	<u>\$ 2,432,896</u>	<u>\$ 1,790,971</u>
 <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,201,897	\$ 2,551,741
Convertible promissory note payable	<u>430,716</u>	<u>470,659</u>
Total current liabilities	2,632,612	3,022,400
Deferred revenue	<u>1,505,000</u>	<u>1,025,000</u>
Total liabilities	<u>4,137,612</u>	<u>4,047,400</u>
Stockholders' deficit:		
Common stock, \$0.001 par value, 500,000,000 shares authorized, 491,892,061 and 472,369,839 shares issued and outstanding as of June 30, 2022 and December 31, 2021	491,892	472,370
Additional paid-in capital	6,547,719	5,688,741
Accumulated deficit	<u>(8,744,327)</u>	<u>(8,417,539)</u>
Total stockholders' deficit	<u>(1,704,716)</u>	<u>(2,256,429)</u>
Total liabilities and stockholders' deficit	<u>\$ 2,432,896</u>	<u>\$ 1,790,971</u>

Approved on behalf of the board:

  
 \_\_\_\_\_  
 Massimo Barone, CEO  
 Smartcard Marketing Systems, Inc.


  
 \_\_\_\_\_  
 Michele (Mike) Tasillo, CFO  
 Smartcard Marketing Systems, Inc.

See accompanying notes, they are integral to these consolidated financial statements.

**SMARTCARD MARKETING SYSTEMS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(unaudited)		(unaudited)	
Revenues	\$ 135,816	\$ 152,840	\$ 263,416	\$ 277,602
Cost of net revenue	-	-	4,999	-
Gross profit	135,816	152,840	258,417	277,602
Operating expenses:				
General and administrative	255,925	248,320	583,448	474,241
Sales and marketing	895	345	1,757	959
Total operating expenses	256,820	248,665	585,205	475,200
Loss from operations	(121,004)	(95,824)	(326,788)	(197,598)
Other income (expense):				
Interest expense	845	-	-	-
Total other income (expense), net	845	-	-	-
Provision for income taxes	-	-	-	-
Net loss	\$ (120,159)	\$ (95,824)	\$ (326,788)	\$ (197,598)
Weighted average common shares outstanding - basic and diluted	491,892,061	442,792,840	482,130,950	470,269,839
Net loss per common share - basic and diluted	\$ (0.0002)	\$ (0.0002)	\$ (0.0007)	\$ (0.0004)

Approved on behalf of the board:


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 Massimo Barone, CEO  
 Smartcard Marketing Systems, Inc.


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 Michele (Mike) Tasillo, CFO  
 Smartcard Marketing Systems, Inc.

See accompanying notes, they are integral to these consolidated financial statements

**SMARTCARD MARKETING SYSTEMS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**

	<b>Common Stock</b>		<b>Additional Paid-in</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Deficit</b>
<b>Balances at December 31, 2020</b>	468,536,506	\$ 468,537	\$ 5,577,762	\$ (7,428,598)	\$ (1,382,300)
Issuance of common shares for services	500,000	500	14,500	-	15,000
Issuance of common shares for software acquired	1,500,000	1,500	48,000	-	49,500
Net loss	-	-	-	(101,774)	(101,774)
<b>Balances at March 31, 2021 (unaudited)</b>	470,536,506	470,537	5,640,262	(7,530,372)	(1,419,573)
Net loss	-	-	-	(95,824)	(95,824)
<b>Balances at June 30, 2021 (unaudited)</b>	470,536,506	\$ 470,537	\$ 5,640,262	\$ (7,626,196)	\$ (1,515,397)
<b>Balances at December 31, 2021</b>	472,369,839	\$ 472,370	\$ 5,688,741	\$ (8,417,539)	\$ (2,256,429)
Issuance of common shares for services	1,744,444	1,744	76,756	-	78,500
Conversion of notes and accounts payable into shares	17,777,778	17,778	782,222	-	800,000
Net loss	-	-	-	(206,629)	(206,629)
<b>Balances at March 31, 2022 (unaudited)</b>	491,892,061	491,892	6,547,719	(8,624,168)	(1,584,558)
Net loss	-	-	-	(120,159)	(120,159)
<b>Balances at June 30, 2022 (unaudited)</b>	491,892,061	491,892	6,547,719	(8,744,327)	(1,704,716)

Approved on behalf of the board:

\_\_\_\_\_  
 Massimo Barone, CEO  
 Smartcard Marketing Systems, Inc.

\_\_\_\_\_  
 Michele (Mike) Tasillo, CFO  
 Smartcard Marketing Systems, Inc.

See accompanying notes, they are integral to these consolidated financial statements.

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(unaudited)</b>	
<b>Cash flows from operating activities:</b>		
Net loss	\$ (326,788)	\$ (197,598)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization	92,173	88,372
Shares issued for services	78,500	15,000
Changes in operating assets and liabilities:		
Accounts receivable	(98,200)	(93,200)
Accounts payable and accrued liabilities	200,156	291,234
Deferred revenue	(120,000)	(170,000)
Net cash used in operating activities	<u>(174,159)</u>	<u>(66,192)</u>
<b>Cash flows from investing activities:</b>		
Software development costs	<u>(32,205)</u>	<u>(45,210)</u>
Net cash provided by investing activities	<u>(32,205)</u>	<u>(45,210)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from convertible notes payable	220,000	115,159
Repayments of convertible loans	<u>(9,943)</u>	<u>(2,000)</u>
Net cash provided by financing activities	<u>210,057</u>	<u>113,159</u>
<b>Net change in cash and cash equivalents</b>	<u>3,693</u>	<u>1,758</u>
Cash and cash equivalents at beginning of year	48	92
Cash and cash equivalents at end of year	<u>\$ 3,740</u>	<u>\$ 1,850</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Issuance of common shares for software acquired	\$ -	\$ 49,500
Loans payable converted into shares	\$ 250,000	\$ -
Accounts payables converted into shares	\$ 550,000	\$ -
Investments	\$ 600,000	\$ -

Approved on behalf of the board:

  
 Massimo Barone, CEO  
 Smartcard Marketing Systems, Inc.

  
 Michele (Mike) Tasillo, CFO  
 Smartcard Marketing Systems, Inc.

See accompanying notes, they are integral to these consolidated financial statements.

## 1. NATURE OF OPERATIONS

Smart Card Marketing Systems, Inc. (the "Company") consist of Smart Card Marketing Systems, Inc. and its wholly owned subsidiary VelocityMWallet Technology LLC.

Smart Card Marketing Systems, Inc. is a Fintech advisory corporation formed under the laws of Delaware as a solutions provider to the payments industry, delivering cloud-based EMV Host Acquiring and Issuing solutions to banks, telecoms and enterprises. The Company's in-house lab offers customers proprietary software solutions, including:

- Generocity.com, a coupon and incentive platform for the retail and events industry.
- Check21SAAS.com, a Remote Deposit Check solution for X9 clearing.

VelocityMWallet Technology LLC is a Delaware limited liability company which also provides proprietary software solutions, such as VelocityMWallet.com, a transaction payment ecosystem for alternative payment solutions and processing.

## 2. GOING CONCERN

The Company has evaluated whether there are certain conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has not generated profits since inception, has sustained net losses of \$326,788 for the six months ended June 30, 2022. As of June 30, 2022, the Company had an accumulated deficit of \$8,744,327. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern for the next twelve months is dependent upon its ability to generate sufficient cash flows from operations to meet its obligations, which it has not been able to accomplish to date, and/or to obtain additional working capital from related and third-parties. Through the date the consolidated financial statements were available to be issued, the Company has been financed by its primary shareholder and third-party investors. No assurances can be given that the Company will be successful in these efforts. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities as a result of this uncertainty.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### ***Basis of Presentation***

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America ("GAAP"). The Company's fiscal year is December 31.

### ***Principles of Consolidation***

The consolidated financial statements include the accounts of the Company's wholly-owned subsidiary, VelocityMWallet Technology LLC. All intercompany transactions and balances have been eliminated.

### ***Use of Estimates***

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company bases its estimates on historical experience, known trends and other market-specific or other relevant factors that it believes to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates when there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ from those estimates.

### ***Concentrations of Credit Risk***

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company generally maintains balances at financial institutions that management believes to be of high credit quality, in amounts that may exceed federally insured limits. The Company has not experienced any losses related to its cash and cash equivalents and does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships. At December 31, 2021 and 2020, all of the Company's cash and cash equivalents were held at two accredited financial institutions.

### **Cash and Cash Equivalents**

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents.

### **Fair Value Measurements**

Certain assets and liabilities of the Company are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value are to be classified and disclosed in one of the following three levels of the fair value hierarchy, of which the first two are considered observable and the last is considered unobservable:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Observable inputs (other than Level 1 quoted prices), such as quoted prices in active markets for similar assets or liabilities, quoted prices in markets that are not active for identical or similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data.
- Level 3—Unobservable inputs that are supported by little or no market activity that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of June 30, 2022 and December 31, 2021. The carrying values of the Company's assets and liabilities approximate their fair values.

### **Accounts Receivable**

Accounts receivable are derived from products and services delivered to customers and are stated at their net realizable value. Each month, the Company reviews its receivables on a customer-by-customer basis and evaluates whether an allowance for doubtful accounts is necessary based on any known or perceived collection issues. Any balances that are eventually deemed uncollectible are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

### **Intangible Assets**

Intangible assets consist of capitalized software development costs. The Company accounts for costs incurred to develop software for internal use in accordance with Financial Accounting Standards Board ("FASB") ASC 350-40 "Internal-Use Software". As required by ASC 350-40, the Company capitalizes the costs incurred during the application development stage, which include costs to design the software configuration and interfaces, coding, installation, and testing.

Costs incurred during the preliminary project stage along with post-implementation stages of internal use software are expensed as incurred. Capitalized development costs are amortized over a period of three years. Costs incurred to maintain existing product offerings are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility, and estimated economic life.

Software development costs are amortized over a useful life of 5 years.

### **Impairment of Long-Lived Assets**

The Company evaluates the recoverability of its property, equipment, and other long-lived assets in accordance with FASB ASC 360 "Property, Plant and Equipment", which requires recognition of impairment of long-lived assets in the event the net book value of such assets exceed the estimated future undiscounted cash flows attributable to such assets or the business to which such intangible assets relate. If the sum of the expected cash flows, undiscounted, is less than the carrying amount of the asset, an impairment loss is recognized as the amount by which the carrying amount of the asset exceeds its fair value. As of June 30, 2022 and December 31, 2021, no impairment was recorded.

### **Revenue Recognition**

ASC Topic 606, "Revenue from Contracts with Customers" establishes principles for reporting information about the

nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers.

Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements: 1) identify the contract with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to performance obligations in the contract; and 5) recognize revenue as the performance obligation is satisfied.

Consulting, licensing and processing fee revenues are recognized when the services are provided under the terms of client agreements as the performance obligations are satisfied. Payments received in advance of providing services are recorded as deferred revenue and amortized to revenue as services are performed.

### ***Advertising and Promotion***

Advertising and promotional costs are expensed as incurred.

### ***Convertible Instruments***

U.S. GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free-standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument. An exception to this rule is when the host instrument is deemed to be conventional as that term is described under applicable U.S. GAAP.

When the Company has determined that the embedded conversion options should not be bifurcated from their host instruments, the Company records, when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption.

### ***Income Taxes***

The Company uses the liability method of accounting for income taxes as set forth in ASC 740, *Income Taxes*. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using tax rates expected to be in effect during the years in which the basis differences reverse. A valuation allowance is recorded when it is unlikely that the deferred tax assets will not be realized. We assess our income tax positions and record tax benefits for all years subject to examination based upon our evaluation of the facts, circumstances and information available at the reporting date. In accordance with ASC 740-10, for those tax positions where there is a greater than 50% likelihood that a tax benefit will be sustained, our policy will be to record the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where there is less than 50% likelihood that a tax benefit will be sustained, no tax benefit will be recognized in the consolidated financial statements.

### ***Net Loss per Share***

Net earnings or loss per share is computed by dividing net income or loss by the weighted-average number of common shares outstanding during the period, excluding shares subject to redemption or forfeiture. The Company presents basic and diluted net earnings or loss per share. Diluted net earnings or loss per share reflect the actual weighted average of common shares issued and outstanding during the period, adjusted for potentially dilutive securities outstanding. Potentially dilutive securities are excluded from the computation of the diluted net loss per share if their inclusion would be anti-dilutive. As of March 31, 2022, there were an estimated 15,666,667 potentially dilutive securities outstanding due to the Company's convertible notes (see Note 5).

### ***Recently Adopted Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Company is currently evaluating the impact on its consolidated financial statements.



Management does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying consolidated financial statements. As new accounting pronouncements are issued, the Company will adopt those that are applicable under the circumstances.

#### 4. INVESTMENTS

In 2019, the Company entered into an agreement to license its technology to XPay World in exchange for 7% of its equity. The Company valued the transaction, approximating the fair value of the investment, at \$1,200,000. The Company recorded the corresponding deferred revenue accordingly. The Company recognizes the revenue over the estimated useful life of the technology of 5 years.

In 2020, the Company entered into an agreement to license its technology to OriginatorX in exchange for 50% of its equity. The Company valued the transaction, approximating the fair value of the investment, at \$500,000. The Company recorded the corresponding deferred revenue accordingly. The Company recognizes the revenue over the estimated useful life of the technology of 5 years. As of December 31, 2021, the fair value of the investment was concluded to be indeterminable, and the Company recorded an impairment of \$500,000 pertaining to the investment. As of March 31, 2022 and December 31, 2021, the carrying value of the investment was \$0.

In 2022, the Company entered into an agreement to license its technology to Acers Group LLC in exchange for 15% of its equity. The Company valued the transaction, approximating the fair value of the investment, at \$600,000. The Company recorded the corresponding deferred revenue accordingly. The Company recognizes the revenue over the estimated useful life of the technology of 5 years.

#### 5. CONVERTIBLE NOTES

In the quarter ended March 31, 2022, the Company received proceeds of \$220,000 from convertible notes. In 2022, the Company converted \$250,000 in notes payable into 5,555,556 shares of common stock.

In the quarter ended March 31, 2022, the Company received proceeds of \$39,912 and repaid \$2,000.

All outstanding convertible notes have short-term maturities or are in default as of June 30, 2022, and therefore are recorded as current liabilities in the consolidated balance sheets.

#### 6. STOCKHOLDERS' EQUITY

As of June 30, 2022, the Company had 500,000,000 authorized shares of common stock.

In 2022, the Company issued 1,744,444 shares of common stock for services performed at a fair value of \$78,500, which was included in general and administrative expenses in the consolidated statements of operations.

In 2022, the Company converted \$250,000 in notes payable into 5,555,556 shares of common stock.

In 2022, the Company converted \$550,000 in accounts payable into 12,222,222 shares of common stock.

In 2021, the Company issued 500,000 shares of common stock for services performed. The fair value of \$15,000 was included in general and administrative expenses in the consolidated statements of operations.

In 2021, the Company issued 1,500,000 shares of common stock for the acquisition of software for a fair value of \$49,500, which was capitalized as intangible assets.

#### 7. SUBSEQUENT EVENTS

**Management has evaluated subsequent events through August 15, 2022, the date the consolidated financial statements were available to be issued. Based on this evaluation, no material events were identified which require adjustment or disclosure in these consolidated financial statements, other than those disclosed above.**

**Item 13 Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.**

Please provide the financial statements described in Item 12 above for the issuer's two preceding fiscal years.

*Instruction to Item 13:* The issuer shall either (i) attach the financial statements required by this Item 13 to its initial disclosure or (ii) post such financial statements through [www.OTCIQ.com](http://www.OTCIQ.com) as a separate report under the name of "Annual Report" for the applicable fiscal year end. **The issuer must state in its disclosure statement that such financial statements are incorporated by reference.** The issuer must also (x) provide a list in the disclosure statement describing the financial statements that are incorporated by reference, (y) clearly explain where the incorporated documents can be found, and (z) provide a clear cross-reference to the specific location where the information requested by this Item 13 can be found in the incorporated documents.

**Audited 2021 FS posted**

**Item 14 The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:**

1. Investment Banker None
2. Promoter None
3. Securities Counsel

Name: Evan Costaldo  
Firm: Costaldo Law Group PC  
Address 1: 30 Wall Street, 8<sup>th</sup> Floor New York, NY  
Phone: 212-709-8333  
Email: [evan@costaldolaw.com](mailto:evan@costaldolaw.com)

4. Accountant or Auditor - the information shall clearly (i) describe if an outside accountant provides audit or review services, (ii) state the work done by the outside accountant and (iii) describe the responsibilities of the accountant and the responsibilities of management (i.e. who audits, prepares or reviews the issuer's financial statements, etc.). The information shall include the accountant's phone number and email address and a description of the accountant's licensing and qualifications to perform such duties on behalf of the issuer.

Name: Ben Borgers  
Firm: BF Borgers CPA PC  
Address 1: 5400 W Cedar Ave., Lakewood Co 80226  
Phone: 1-303-953-1454  
Email: [ben@bfbcpa.us](mailto:ben@bfbcpa.us)

5. Public Relations Consultant - Investor Relations

Name: Massimo Barone  
Firm: SmartCard Marketing Systems Inc  
Address 1: 20c Trolley Square, Wilmington De 19806  
Phone: 1-844-843-7296  
Email: [news@smartcardmarketingsystems.com](mailto:news@smartcardmarketingsystems.com)

6. Investor Relations Consultant Investor Relations

Name: Massimo Barone  
Firm: SmartCard Marketing Systems Inc  
Address 1: 20c Trolley Square, Wilmington De 19806  
Phone: 1-844-843-7296  
Email: [news@smartcardmarketingsystems.com](mailto:news@smartcardmarketingsystems.com)

7.

8. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement - the information shall include the name, address, telephone number and email address of each advisor.

Name: Eric Sherb

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

## Item 15 Management's Discussion and Analysis or Plan of Operation.

### *Instructions to Item 15*

Issuers that have not had revenues from operations in each of the last two fiscal years, or the last fiscal year and any interim period in the current fiscal year for which financial statements are furnished in the disclosure statement, shall provide the information in paragraphs A and C of this item. All other issuers shall provide the information in paragraphs B and C of this item.

The discussion and analysis shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition.

Issuers are not required to supply forward-looking information. This is distinguished from presently known data that will impact upon future operating results, such as known future increases in costs of labor or materials. This latter data may be required to be disclosed.

### A. Plan of Operation.

1. Describe the issuer's plan of operation for the next twelve months. This description should include such matters as:
  - i. a discussion of how long the issuer can satisfy its cash requirements and whether it will have to raise additional funds in the next twelve months; **Yes the company is currently pursuing raising capital and following guidelines to be a reporting issuers and complete an s1 registration this year.**
  - ii. a summary of any product research and development that the issuer will perform for the term of the plan; **The company develops and manages 18 Intellectual Property technologies of which it licenses as white label to customers.**

- iii. any expected purchase or sale of plant and significant equipment;  
**No we do not own or use any equipment other than lease cloud infrastructure on a month to month basis**
- iv. any expected significant changes in the number of employees.  
**We anticipate doubling our team in response to agreements signed with clients in production this year.**

**B. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*Full fiscal years.* Discuss the issuer's financial condition, changes in financial condition and results of operations for each of the last two fiscal years. This discussion should address the past and future financial condition and results of operation of the issuer, with particular emphasis on the prospects for the future. The discussion should also address those key variable and other qualitative and quantitative factors that are necessary to an understanding and evaluation of the issuer. If material, the issuer should disclose the following:

- i. Any known trends, events or uncertainties that have or are reasonably likely to have a material impact on the issuer's short-term or long-term liquidity; **Covid-19 is playing a significant role in limiting travel and lockdowns having an impact on brick and mortar clients including the travel industry**
- ii. Internal and external sources of liquidity; **yes, we have access to investment and debt equity capital**
- iii. Any material commitments for capital expenditures and the expected sources of funds for such expenditures; **No we do not have long term debt or mortgages**
- iv. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations; **Some of our products which account for 30% of the IPin our portfolio target the events, retail and travel industry is lagging but we expect it to pick up as Covid-19 finds a norm.**
- v. Any significant elements of income or loss that do not arise from the issuer's continuing operations; **None**
- vi. The causes for any material changes from period to period in one or more line items of the issuer's financial statements; and **None**
- vii. Any seasonal aspects that had a material effect on the financial condition or results of operation. **None**

2. *Interim Periods.* Provide a comparable discussion that will enable the reader to assess material changes in financial condition and results of operations since the end of the last fiscal year and for the comparable interim period in the preceding year.

**No off balance-sheet arrangements**

**Annual 2021 MD&A posted**

## C. Off-Balance Sheet Arrangements.

1. In a separately-captioned section, discuss the issuer's off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the issuer's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors. The disclosure shall include the items specified in paragraphs C(1)(i), (ii), (iii) and (iv) of this Item 15 to the extent necessary to an understanding of such arrangements and effect and shall also include such other information that the issuer believes is necessary for such an understanding.

- i. The nature and business purpose to the issuer of such off-balance sheet arrangements;
- ii. The importance to the issuer of such off-balance sheet arrangements in respect of its liquidity, capital resources, market risk support, credit risk support or other benefits;
- iii. The amounts of revenues, expenses and cash flows of the issuer arising from such arrangements; the nature and amounts of any interests retained, securities issued and other indebtedness incurred by the issuer in connection with such arrangements; and the nature and amounts of any other obligations or liabilities (including contingent obligations or liabilities) of the issuer arising from such arrangements that are or are reasonably likely to become material and the triggering events or circumstances that could cause them to arise; and
- iv. Any known event, demand, commitment, trend or uncertainty that will result in or is reasonably likely to result in the termination, or material reduction in availability to the issuer, of its off-balance sheet arrangements that provide material benefits to it, and the course of action that the issuer has taken or proposes to take in response to any such circumstances.

2. As used in paragraph C of this Item 15, the term off-balance sheet arrangement means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the issuer is a party, under which the issuer has:

- i. Any obligation under a guarantee contract that has any of the characteristics identified in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 460- 10, Guarantees; formerly FIN 45;
- ii. A retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets;
- iii. Any obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument, except that it is both indexed to the issuer's own stock and classified in stockholders' equity in the issuer's statement of financial position, and therefore excluded from the scope of FASB ASC 815, Derivatives and hedging; formerly FAS 133; or
- iv. Any obligation, including a contingent obligation, arising out of a variable interest (as referenced in FASB ASC 810, Consolidation; formerly FIN 46R ) in an unconsolidated entity that is held by, and material to, the issuer, where such entity provides financing, liquidity, market risk or credit risk support to, or engages in

leasing, hedging or research and development services with, the issuer.

*Instructions to paragraph C of Item 15*

- i. No obligation to make disclosure under paragraph C of this Item 16 shall arise in respect of an off-balance sheet arrangement until a definitive agreement that is unconditionally binding or subject only to customary closing conditions exists or, if there is no such agreement, when settlement of the transaction occurs.
- ii. Issuers should aggregate off-balance sheet arrangements in groups or categories that provide material information in an efficient and understandable

manner and should avoid repetition and disclosure of immaterial information. Effects that are common or similar with respect to a number of off-balance sheet arrangements must be analyzed in the aggregate to the extent the aggregation increases understanding. Distinctions in arrangements and their effects must be discussed to the extent the information is material, but the discussion should avoid repetition and disclosure of immaterial information.

- iii. For purposes of paragraph C of this Item 16 only, contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.
- iv. Generally, the disclosure required by paragraph C of this Item 16 shall cover the most recent fiscal year. However, the discussion should address changes from the previous year where such discussion is necessary to an understanding of the disclosure.

In satisfying the requirements of paragraph C of this Item 15, the discussion of off-balance sheet arrangements need not repeat information provided in the footnotes to the financial statements, provided that such discussion clearly cross-references to specific information in the relevant footnotes and integrates the substance of the footnotes into such discussion in a manner designed to inform readers of the significance of the information that is not included within the body of such discussion.

**No off balance-sheet arrangements**

## Part E Issuance History

### **Item 16 List of securities offerings and shares issued for services in the past two years.**

- A. List below any events, in chronological order, that resulted in direct changes to the total shares outstanding by the issuer (1) within the two-year period ending on the last day of the issuer's most recent fiscal year and (2) since the last day of the issuer's most recent fiscal year.

The list shall include all offerings of securities, including debt convertible into equity securities, whether private or public, and shall indicate:

- (i) The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);
- (ii) Any jurisdictions where the offering was registered or qualified;
- (iii) The number of shares offered;
- (iv)** The number of shares sold;
- (v) The price at which the shares were offered, and the amount actually paid to the issuer;
- (vi) The trading status of the shares, whether they are restricted or unrestricted; and
- (vii) Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

The list shall also include all shares or any other securities or options to acquire such securities issued for services in the past two fiscal years and any interim periods, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities.

With respect to private offerings of securities, the list shall also indicate the identity of the persons who purchased securities in such private offering; *provided, however*, that in the event that any such person is an entity, the list shall also indicate (a) the identity of each natural person beneficially owning, directly or indirectly, more than five percent (5%) of any class of equity securities of such entity and (b) to the extent not otherwise disclosed, the identity of each natural person who controlled or directed, directly or indirectly, the purchase of such securities for such entity.

- B. List below and describe any issuance of Promissory Notes, Convertible Notes, or Convertible Debentures. In responding to this item, please provide the date of execution of the Note or the Agreement, a description of the reason for the issuance, the outstanding balance and any interest accrued. Provide the maturity dates for each Note or Agreement, their conversion terms, names of beneficial owners or holders and the exact class of security such Notes or Agreement may be converted to. Also, specify if the Note is Secured or Unsecured and whether or not it is in Default.

Shares Outstanding as of Second Most Recent Fiscal Year End: Date: <b>Dec. 31st, 2018</b> Opening Balance: Common: <b>367,292,840</b> Preferred: - _____			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>11/02/2018</u>	<u>New</u>	<u>55,000,000</u>	<u>Common</u>	<u>0.015</u>	<u>No</u>	<u>Variance Strategy Massimo Barone &amp; Paolo Continelli</u>	<u>Debt</u>	<u>Unrestricted</u>	<u>Registration</u>
<u>11/02/2018</u>	<u>New</u>	<u>5,000,000</u>	<u>Common</u>	<u>0.015</u>	<u>No</u>	<u>Michele. Tasillo</u>	<u>Debt</u>	<u>Unrestricted</u>	<u>Registration</u>
<u>11/02/2018</u>	<u>New</u>	<u>6,000,000</u>	<u>Common</u>	<u>0.015</u>	<u>No</u>	<u>Paolo. Continelli</u>	<u>Debt</u>	<u>Unrestricted</u>	<u>Registration</u>
<u>11/02/2018</u>	<u>New</u>	<u>10,000,000</u>	<u>Common</u>	<u>0.015</u>	<u>No</u>	<u>Massimo. Barone</u>	<u>Debt</u>	<u>Unrestricted</u>	<u>Registration</u>
<u>11/02/2018</u>	<u>New</u>	<u>8,800,000</u>	<u>Common</u>	<u>0.015</u>	<u>No</u>	<u>Variance Strategy Massimo Barone &amp; Paolo Continelli</u>	<u>Debt</u>	<u>Unrestricted</u>	<u>Registration</u>
<u>11/02/2018</u>	<u>New</u>	<u>2,666,667</u>	<u>Common</u>	<u>0.030</u>	<u>No</u>	<u>Evan. Costaldo</u>	<u>Debt</u>	<u>Unrestricted</u>	<u>Registration</u>
<u>11/02/2018</u>	<u>New</u>	<u>750,000</u>	<u>Common</u>	<u>0.0067</u>	<u>No</u>	<u>Arnie Richards</u>	<u>Debt</u>	<u>Unrestricted</u>	<u>Registration</u>
<u>09/02/2019</u>	<u>New</u>	<u>110,000,000</u>	<u>Common</u>	<u>0.0164</u>	<u>No</u>	<u>Primeline Holding HK Inc Gary Repchuk &amp; Steve Payne</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>09/02/2019</u>	<u>New</u>	<u>30,000,000</u>	<u>Common</u>	<u>0.007</u>	<u>No</u>	<u>Mario Rosati</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>09/02/2019</u>	<u>New</u>	<u>2,500,000</u>	<u>Common</u>	<u>0.036</u>	<u>No</u>	<u>Aspec Inc Lee Tang</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>11/02/2019</u>	<u>Cancellation</u>	<u>(67,000,000)</u>	<u>Common</u>	<u>0.0164</u>	<u>No</u>	<u>Primeline Holdings HK Inc Gary Repchuk &amp; Steve Payne</u>	<u>Contract</u>	<u>Restricted</u>	<u>Registration</u>



<u>12/10/2020</u>	<u>New</u>	<u>182,515</u>	<u>Common</u>	<u>0.0475</u>	<u>No</u>	<u>4535251CanadaInc Andre Lavigne</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>12/10/2020</u>	<u>New</u>	<u>1,894,484</u>	<u>Common</u>	<u>0.0475</u>	<u>No</u>	<u>Mario Rosati</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>12/10/2020</u>	<u>New</u>	<u>5,666,667</u>	<u>Common</u>	<u>.015</u>	<u>No</u>	<u>Massimo Barone</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>12/10/2020</u>	<u>New</u>	<u>10,000,000</u>	<u>Common</u>	<u>.015</u>	<u>No</u>	<u>Variance Strategy Massimo Barone &amp; Paolo Continelli</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>12/10/2020</u>	<u>New</u>	<u>1,666,667</u>	<u>Common</u>	<u>.015</u>	<u>No</u>	<u>Mike Tasillo Consulting</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>12/10/2020</u>	<u>New</u>	<u>3,333,333</u>	<u>Common</u>	<u>.015</u>	<u>No</u>	<u>Aspec inc Lee Tang</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>12/10/2020</u>	<u>New</u>	<u>1,333,333</u>	<u>Common</u>	<u>.015</u>	<u>No</u>	<u>Eric Sherb</u>	<u>Services</u>	<u>Restricted</u>	<u>Registration</u>
<u>12/10/2020</u>	<u>New</u>	<u>1,666,667</u>	<u>Common</u>	<u>.015</u>	<u>No</u>	<u>Dharmesh Vora</u>	<u>Services</u>	<u>Restricted</u>	<u>Registration</u>
<u>1/23/2021</u>	<u>New</u>	<u>1,500,000</u>	<u>Common</u>	<u>.033</u>	<u>No</u>	<u>Acquisition Botberries Inc Moumita Dey</u>	<u>Services</u>	<u>Restricted</u>	<u>Registration</u>
<u>1/31/2021</u>	<u>New</u>	<u>500,000</u>	<u>Common</u>	<u>.03</u>	<u>No</u>	<u>Eurasian Capital Jeff Stone</u>	<u>Services</u>	<u>Restricted</u>	<u>Registration</u>
<u>10/1/2021</u>	<u>New</u>	<u>1,833,333</u>	<u>Common</u>	<u>.03</u>	<u>No</u>	<u>Michael Balzer</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>3/31/2022</u>	<u>New</u>	<u>1,111,111</u>	<u>Common</u>	<u>.045</u>	<u>No</u>	<u>Massimo Barone</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>3/31/2022</u>	<u>New</u>	<u>11,111,111</u>	<u>Common</u>	<u>.045</u>	<u>No</u>	<u>Variance Strategy Massimo Barone &amp; Paolo Continelli</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>3/31/2022</u>	<u>New</u>	<u>1,111,111</u>	<u>Common</u>	<u>.045</u>	<u>No</u>	<u>Mike Tasillo Consulting</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>3/31/2022</u>	<u>New</u>	<u>4,444,444</u>	<u>Common</u>	<u>.045</u>	<u>No</u>	<u>Aspec inc Lee Tang</u>	<u>Debt</u>	<u>Restricted</u>	<u>Registration</u>
<u>3/31/2022</u>	<u>New</u>	<u>444,444</u>	<u>Common</u>	<u>.045</u>	<u>No</u>	<u>Eric Sherb</u>	<u>Services</u>	<u>Restricted</u>	<u>Registration</u>
<u>3/31/2022</u>	<u>New</u>	<u>1,300,000</u>	<u>Common</u>	<u>.045</u>	<u>No</u>	<u>Dharmesh Vora</u>	<u>Services</u>	<u>Restricted</u>	<u>Registration</u>

Shares Outstanding on Date of This Report:

Date: **June 30, 2022**

Ending Balance

Common: **491,892,061**

Preferred: -

On February 21st, 2018 the company passed a resolution to amend the certificate of incorporation by increasing the number of outstanding shares from 300,000,000 to 500,000,000.

#### A. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements:

## Part F Exhibits

The following exhibits must be either described in or attached to the disclosure statement:

### Item 17 Material Contracts.

A. Every material contract, not made in the ordinary course of business, that will be performed after the disclosure statement is posted through www.OTCIQ.com or was entered into not more than two years before such posting. Also include the following contracts:

- 1) Any contract to which directors, officers, promoters, voting trustees, security holders named in the disclosure statement, or the Designated Advisor for Disclosure are parties other than contracts involving only the purchase or sale of current assets having a determinable market price, at such market price; **None**
- 2) Any contract upon which the issuer's business is substantially dependent, including but not limited to contracts with principal customers, principal suppliers, and franchise agreements; **None**
- 3) Any contract for the purchase or sale of any property, plant or equipment for consideration exceeding 15 percent of such assets of the issuer; or **None**
- 4) Any material lease under which a part of the property described in the disclosure statement is held by the issuer. **None**

B. Any management contract or any compensatory plan, contract or arrangement, including but not limited to plans relating to options, warrants or rights, pension, retirement or deferred compensation or bonus, incentive or profit sharing (or if not set forth in any formal document, a written description thereof) in which any director or any executive officer of the issuer participates shall be deemed material and shall be included; and any other management contract or any other compensatory plan, contract, or arrangement in which any other executive officer of the issuer participates shall be filed unless immaterial in amount or significance. **None**

C. The following management contracts or compensatory plans need not be included:

- 1) Ordinary purchase and sales agency agreements;
- 2) Agreements with managers of stores in a chain organization or similar organization;
- 3) Contracts providing for labor or salesmen's bonuses or payments to a class of security holders, as such; and
- 4) Any compensatory plan that is available to employees, officers or directors generally and provides for the same method of allocation of benefits between management and non-management participants

**None**

### **Item 18 Articles of Incorporation and Bylaws.**

A. A complete copy of the issuer's articles of incorporation or in the event that the issuer is not a corporation, the issuer's certificate of organization. Whenever amendments to the articles of incorporation or certificate of organization are filed, a complete copy of the articles of incorporation or certificate of organization as amended shall be filed.

B. A complete copy of the issuer's bylaws. Whenever amendments to the bylaws are filed, a complete copy of the bylaws as amended shall be filed.

### **Item 19 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

A. In the following tabular format, provide the information specified in paragraph (B) of this Item 20 with respect to any purchase made by or on behalf of the issuer or any "Affiliated Purchaser" (as defined in paragraph (C) of this Item 19) of shares or other units of any class of the issuer's equity securities.

<b>ISSUER PURCHASES OF EQUITY SECURITIES</b>				
<b>Period</b>	<b>Column (a) Total Number of Shares (or Units) Purchased</b>	<b>Column (b) Average Price Paid per Share (or Unit)</b>	<b>Column (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Column (d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs</b>
<b>Month #1</b> (identify beginning and ending dates)	none			

<b>Month #2</b> (identify beginning and ending dates)	none			
<b>Month #3</b> (identify beginning and ending dates)	none			
<b>Total</b>	0	0	0	0

B. The table shall include the following information for each class or series of securities for each month included in the period covered by the report:

1. The total number of shares (or units) purchased (Column (a)). Include in this column all issuer repurchases, including those made pursuant to publicly announced plans or programs and those not made pursuant to publicly announced plans or programs. Briefly disclose, by footnote to the table, the number of shares

purchased other than through a publicly announced plan or program and the nature of the transaction (e.g., whether the purchases were made in open-market transactions, tender offers, in satisfaction of the company's obligations upon exercise of outstanding put options issued by the company, or other transactions).

2. The average price paid per share (or unit) (Column (b)).
3. The total number of shares (or units) purchased as part of publicly announced repurchase plans or programs (Column (c)).
4. The maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs (Column (d)).

*Instructions to paragraphs (B)(3) and (B)(4) of this Item 20:*

- a. In the table, disclose this information in the aggregate for all plans or programs publicly announced.
- b. By footnote to the table, indicate:
  - i. The date each plan or program was announced;
  - ii. The dollar amount (or share or unit amount) approved;
  - iii. The expiration date (if any) of each plan or program;
  - iv. Each plan or program that has expired during the period covered by the table; and
  - v. Each plan or program the issuer has determined to terminate prior to expiration, or under which the issuer does not intend to make further purchases.

- C. For purposes of this Item 19, “Affiliated Purchaser” means:
1. A person acting, directly or indirectly, in concert with the issuer for the purpose of acquiring the issuer's securities; or
  2. An affiliate who, directly or indirectly, controls the issuer's purchases of such securities, whose purchases are controlled by the issuer, or whose purchases are under common control with those of the issuer; *provided, however*, that “Affiliated Purchaser” shall not include a broker, dealer, or other person solely by reason of such broker, dealer, or other person effecting purchases on behalf of the issuer or for its account, and shall not include an officer or director of the issuer solely by reason of that officer or director's participation in the decision to authorize purchases by or on behalf of the issuer.

## **Item 20 Issuer’s Certifications.**

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below: I,

[identify the certifying individual], certify that:

1. I have reviewed this [specify either annual or quarterly disclosure statement] of [identify issuer];
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

**Date: 2022-08-14**

A handwritten signature in black ink, appearing to read "Massimo Barone", is written over a solid horizontal line.

**Massimo Barone, CEO**

## **Section Two: Issuers' Continuing Disclosure Obligations**

Issuers are considered to have adequate current information publicly available to the extent such information is updated to reflect new developments after the publication of the initial issuer disclosure information. In general, an issuer shall provide updates to the most recent balance sheet, income statement and statement of cash flows, as required under Item 12 above, as well as disclose changes in any other of the above disclosure items no later than 45 days after the end of any fiscal quarter ("Quarterly Updates") and 90 days after the end of any fiscal year ("Annual Updates").

Issuers shall provide updates ("Current Updates") within 10 business days in the event that any of the information contained in the disclosure statement (including information contained in any prior Update) has become materially inaccurate or incomplete, or upon the occurrence of certain events described under the Current Reporting Obligations section. The specific requirements for Quarterly, Annual and Current Updates are set forth below.

Insiders, affiliates and control persons of issuers shall be aware that Rule 144 under the Securities Act requires that adequate current information be publicly available if they wish to sell any of their securities in the public secondary markets.

### ***Annual Reporting Obligations***

In order to be considered as having adequate current information publicly available, issuers must publish Quarterly Updates to their disclosure statements through [www.OTCIQ.com](http://www.OTCIQ.com), no later than 45 days after the end of each fiscal quarter. Quarterly Updates should contain responses to the following items, and should follow the format below.

*Instruction relating to the preparation of Quarterly Updates:*

Issuers shall prepare a document that responds to each item and sub-item below and shall include in its response to a particular item (i) whether a particular item is not applicable or unavailable and (ii) the reason it is not applicable or unavailable.

Quarterly Updates should be published under the report name of "Quarterly Report" or "Interim Financial Report" for the appropriate fiscal quarter end.

#### **Item 1      Exact name of the issuer and the address of its principal executive offices.**

In answering this item, the issuer shall provide the information required by Items 1 and 2 of the requirements for initial disclosure in Section One of these Guidelines.

**See previous section**

#### **Item 2      Shares outstanding.**

In answering this item, the issuer shall provide the information required by Item 6 of Section One and provide updates to Item 17 of Section One of these Guidelines with respect to the fiscal quarter end.

**See previous section**

### **Item 3 Interim financial statements.**

The issuer shall include financial statements for the most recent fiscal quarter, which quarterly financial statements shall meet the requirements of Item 12 of Section One of these Guidelines, provided, however, that (i) the issuer is not required to provide a statement of changes in stockholders' equity, and (ii) "Instruction to Item 12" contained in Section One of these Guidelines should not be followed; instead, issuers should follow the Instruction set forth below rather than the Instruction contained in Item 12.

*Instruction to Item 3:* The interim financial statements required by this Item 3 may either be included in the text of the Quarterly Update under the heading of Item 3 or attached at the end of the Quarterly Update. If attached at the end of the Quarterly Update, the disclosure under this Item 3 must (i) state that the interim financial statements are attached at the end of this Quarterly Update, (ii) contain a list describing the financial statements that are attached and (iii) contain a clear cross-reference to the specific location where the information requested by this Item 3 can be found.

**See previous section**

### **Item 4 Management's discussion and analysis or plan of operation.**

The issuer shall provide the information required by Item 16 of Section One of these Guidelines.

**See previous section**

### **Item 5 Legal proceedings.**

The issuer shall provide the information required by Item 8(a)(11) of Section One of these Guidelines, to the extent not already disclosed in a prior disclosure statement. **None**

### **Item 6 Defaults upon senior securities.**

If there has been any material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within 30 days, with respect to any indebtedness of the issuer exceeding 5% of the total assets of the issuer, (i) identify the indebtedness and (ii) state the nature of the default, the amount of the default and the total arrearage as of a recent date.

If any material arrearage in the payment of dividends has occurred or if there has been any other material delinquency not cured within 30 days, with respect to any class of preferred stock of the issuer, give the title of the class and state the nature of the arrearage or delinquency. In the case of a default in the payment of dividends, state the amount and the total arrearage as of a recent date.

The issuer need not respond to this item with respect to any class of securities all of which is held by, or for the account of, the issuer or its totally held subsidiaries. Issuers need not repeat information that has been previously disclosed in a prior disclosure statement, although the issuer shall provide updates regarding previously reported defaults.

**All outstanding convertible notes have short-term maturities or are in default and therefore are recorded as current liabilities in the consolidated balance sheets.**

## **Item 7 Other information.**

The issuer shall include here responses to any items that the issuer would be required include in a Current Update. See the Current Update section below regarding the information required to be in a Current Update.

## **Item 8 Exhibits.**

The issuer shall either describe or attach any exhibits that are required under Items 18 and XIX of Section One, and which have not already been described or attached in any prior disclosure statement, except that the issuer must describe or attach any amendments to any previously described or attached exhibits.

## **Item 9 Certifications.**

The issuer shall include current certifications, meeting the requirements contained in Item 21 of Section One, relating to the Quarterly Update.

### ***Annual Reporting Obligations***

In order to be considered as having adequate current information publicly available, issuers must also publish Annual Updates to their initial disclosure through [www.OTCIQ.com](http://www.OTCIQ.com), no later than 90 days after the end of each fiscal year.

#### *Instruction relating to the preparation of Annual Updates:*

Issuers shall prepare a document that responds to each item and sub-item of Section One of the Guidelines and shall include in its response to a particular item (i) whether a particular item is not applicable or unavailable and (ii) the reason it is not applicable or unavailable. Each Annual Update must contain complete responses to all of the items required by Section One of these Guidelines, even if no changes have occurred since the last Annual Update.

Annual Updates should be published under the report name of “*Annual Report*” for the appropriate fiscal year end.

*Specific Note relating to Annual Updates:* The “*Instruction to Item 12*” contained in Section One of these Guidelines should not be followed with respect to Annual Updates; instead issuers should follow the instruction set forth below.

*Instructions to Item 12:* The fiscal year-end financial statements required by Item 12 may either be included in text of the Annual Update under the heading of Item 12 or attached at the end of the Annual Update. If attached at the end of the Annual Update, the disclosure under Item 12 must (i) state that the fiscal year-end financial statements are attached at the end of this Annual Update, (ii) contain a list describing the financial statements that are attached and (iii) contain a clear cross-reference to the specific location where the information requested by Item 12 can be found.



## **Current Reporting Obligations**

***Important: The following is a description of events that may be material to the issuer and its securities and that shall be made publicly available by the issuer. Persons with knowledge of such events would be considered to be in possession of material nonpublic information and may not buy or sell the issuer's securities until or unless such information is made public.***

If not included in the issuer's previous public disclosure documents or if any of the following events occur after the publication of such disclosure documents, the issuer shall publicly disclose such events by disseminating a press release within 4 business days following their occurrence, and posting such press release through [www.OTCIQ.com](http://www.OTCIQ.com):

### **1. Entry into a Material Definitive Agreement.**

(a) If the issuer has entered into a material definitive agreement not made in the ordinary course of business of the issuer, or into any amendment of such agreement that is material to the issuer, the issuer shall disclose the following information:

(1) the date on which the agreement was entered into or amended, the identity of the parties to the agreement or amendment and a brief description of any material relationship between the issuer or its affiliates and any of the parties, other than in respect of the material definitive agreement or amendment; and

(2) a brief description of the terms and conditions of the agreement or amendment that are material to the issuer.

(b) A "material definitive agreement" means an agreement that provides for obligations that are material to and enforceable against the issuer, or rights that are material to the issuer and enforceable by the issuer against one or more other parties to the agreement, in each case whether or not subject to conditions.

### **2. Termination of a Material Definitive Agreement.**

(a) If a material definitive agreement which was not made in the ordinary course of business of the issuer and to which the issuer is a party is terminated otherwise than by expiration of the agreement on its stated termination date, or as a result of all parties completing their obligations under such agreement, and such termination of the agreement is material to the issuer, the issuer shall disclose the following information:

(1) the date of the termination of the material definitive agreement, the identity of the parties to the agreement and a brief description of any material relationship between the issuer or its affiliates and any of the parties other than in respect of the material definitive agreement;

(2) a brief description of the terms and conditions of the agreement that are material to the issuer;

(3) a brief description of the material circumstances surrounding the termination;  
and

(4) any material early termination penalties incurred by the issuer.

### **3. Completion of Acquisition or Disposition of Assets, Including but not Limited to Mergers.**

If the issuer or any of its majority-owned subsidiaries has completed the acquisition or disposition of a significant amount of assets, otherwise than in the ordinary course of business, the issuer shall disclose the following information:

- (a) the date of completion of the transaction;
- (b) a brief description of the assets involved;
- (c) the identity of the person(s) from whom the assets were acquired or to whom they were sold and the nature of any material relationship, other than in respect of the transaction, between such person(s) and the issuer or any of its affiliates, or any director or officer of the issuer, or any associate of any such director or officer;
- (d) the nature and amount of consideration given or received for the assets and, if any material relationship is disclosed pursuant to paragraph 3(c) above, the formula or principle followed in determining the amount of such consideration;
- (e) if the transaction being reported is an acquisition and if any material relationship is disclosed pursuant to paragraph 3(c) above, the source(s) of the funds used; and
- (f) if the issuer was a shell company, as that term is defined in paragraph 3 of Item 8.B of these Guidelines, immediately before the transaction, the information that would be required if the issuer were fulfilling its Initial Disclosure Obligations pursuant to Section One of these Guidelines, with such information reflecting the issuer and its securities upon consummation of the transaction.

The term “acquisition” includes every purchase, acquisition by lease, exchange, merger, consolidation, succession or other acquisition, except that the term does not include the construction or development of property by or for the issuer or its subsidiaries or the acquisition of materials for such purpose.

The term “disposition” includes every sale, disposition by lease, exchange, merger, consolidation, mortgage, assignment or hypothecation of assets, whether for the benefit of creditors or otherwise, abandonment, destruction, or other disposition.

### **4. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of an Issuer.**

(a) If the issuer becomes obligated on a direct financial obligation that is material to the issuer, the issuer shall disclose the following information:

(1) the date on which the issuer becomes obligated on the direct financial obligation and a brief description of the transaction or agreement creating the obligation;

(2) the amount of the obligation, including the terms of its payment and, if applicable, a brief description of the material terms under which it may be accelerated or increased and the nature of any recourse provisions that would enable the issuer to recover from third parties; and

(3) a brief description of the other terms and conditions of the transaction or agreement that are material to the issuer.

(b) If the issuer becomes directly or contingently liable for an obligation that is material to the issuer arising out of an off-balance sheet arrangement, the issuer shall disclose the following information:

(1) the date on which the issuer becomes directly or contingently liable on the obligation and a brief description of the transaction or agreement creating the arrangement and obligation;

(2) a brief description of the nature and amount of the obligation of the issuer under the arrangement, including the material terms whereby it may become a direct obligation, if applicable, or may be accelerated or increased and the nature of any recourse provisions that would enable the issuer to recover from third parties;

(3) the maximum potential amount of future payments (undiscounted) that the issuer may be required to make, if different; and

(4) a brief description of the other terms and conditions of the obligation or arrangement that are material to the issuer.

## **5. Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.**

(a) If a triggering event causing the increase or acceleration of a direct financial obligation of the issuer occurs and the consequences of the event are material to the issuer, the issuer shall disclose the following information:

(1) the date of the triggering event and a brief description of the agreement or transaction under which the direct financial obligation was created and is increased or accelerated;

(2) a brief description of the triggering event;

(3) the amount of the direct financial obligation, as increased if applicable, and the terms of payment or acceleration that apply; and

(4) any other material obligations of the issuer that may arise, increase, be accelerated or become direct financial obligations as a result of the triggering event or the increase or acceleration of the direct financial obligation.

(b) If a triggering event occurs causing an obligation of the issuer under an off-balance sheet arrangement to increase or be accelerated, or causing a contingent obligation of the issuer under an off-balance sheet arrangement to become a direct financial obligation of the issuer, and the consequences of the event are material to the issuer, the issuer shall disclose the following information:

(1) the date of the triggering event and a brief description of the off-balance sheet arrangement;

(2) a brief description of the triggering event;

(3) the nature and amount of the obligation, as increased if applicable, and the terms of payment or acceleration that apply; and

(4) any other material obligations of the issuer that may arise, increase, be accelerated or become direct financial obligations as a result of the triggering event or the increase or acceleration of the obligation under the off-balance sheet arrangement or its becoming a direct financial obligation of the issuer.

(c) A “triggering event” is an event, including an event of default, event of acceleration or similar event, as a result of which a direct financial obligation of the issuer or an obligation of the issuer arising under an off-balance sheet arrangement is increased or becomes accelerated or as a result of which a contingent obligation of the issuer arising out of an off-balance sheet arrangement becomes a direct financial obligation of the issuer.

## **6. Costs Associated with Exit or Disposal Activities.**

If the issuer's board of directors, a committee of the board of directors or the officer or officers of the issuer authorized to take such action if board action is not required, commits the issuer to an exit or disposal plan, or otherwise disposes of a long-lived asset or terminates employees under a plan of termination described in the FASB ASC 420-10, Exit or Disposal Cost Obligations, formerly FAS 146 under which material charges will be incurred under generally accepted accounting principles applicable to the issuer, the issuer shall disclose the following information:

(a) the date of the commitment to the course of action and a description of the course of action, including the facts and circumstances leading to the expected action and the expected completion date;

(b) for each major type of cost associated with the course of action (for example, one-time termination benefits, contract termination costs and other associated costs), an estimate of the total amount or range of amounts expected to be incurred in connection with the action;

(c) an estimate of the total amount or range of amounts expected to be incurred in connection with the action; and

(d) the issuer's estimate of the amount or range of amounts of the charge that will result in future cash expenditures.

## **7. Material Impairments.**

If the issuer's board of directors, a committee of the board of directors or the officer or officers of the issuer authorized to take such action if board action is not required, concludes that a material charge for impairment to one or more of its assets, including, without limitation, impairments of securities or goodwill, is required under generally accepted accounting principles applicable to the issuer, the issuer shall disclose the following information:

(a) the date of the conclusion that a material charge is required and a description of the impaired asset or assets and the facts and circumstances leading to the conclusion that the charge for impairment is required;

(b) the issuer's estimate of the amount or range of amounts of the impairment charge; and

(c) the issuer's estimate of the amount or range of amounts of the impairment charge that will result in future cash expenditures.

## **8. Sales of Equity Securities.**

If the issuer sells equity securities in a transaction that has not been previously described in any prior disclosure statement, the issuer shall provide the information required by Item 17 of Section One of these Guidelines with respect to any such securities offering(s).

## **9. Material Modification to Rights of Security Holders.**

(a) If the constituent instruments defining the rights of the holders of any class of securities of the issuer have been materially modified, the issuer shall disclose the date of such modification and the title of the class of securities involved and briefly describe the general effect of such modification upon the rights of holders of such securities.

(b) If the rights evidenced by any class of securities have been materially limited or qualified by the issuance or modification of any other class of securities by the issuer, the issuer shall briefly disclose the date of such issuance or modification and the general effect of such issuance or modification of such other class of securities upon the rights of the holders of the registered securities.

## **10. Changes in Issuer's Certifying Accountant.**

(a) If an independent accountant who was previously engaged as the principal accountant to audit the issuer's financial statements, or an independent accountant upon whom the principal accountant expressed reliance in its report regarding a significant subsidiary, resigns (or indicates that it declines to stand for re-appointment after completion of the current audit) or is dismissed, the issuer shall state:

(1) Whether the former accountant resigned, declined to stand for re-election or was dismissed and the date of such resignation, refusal to stand for re-election or dismissal;

(2) Whether the accountant's report on the financial statements for either of the past two years contained an adverse opinion or disclaimer of opinion, or was modified as to uncertainty, audit scope, or accounting principles, and also describe the nature of each such adverse opinion, disclaimer of opinion or modification;

(3) Whether the decision to change accountants was recommended or approved by the board of directors or an audit or similar committee of the board of directors; and

(4) (A) Whether there were any disagreements with the former accountant, whether or not resolved, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the former accountant's satisfaction, would have caused it to make reference to the subject matter of the disagreement(s) in connection with its report; or

(B) if applicable, whether the former accountant advised the issuer that:

(1) Internal controls necessary to develop reliable financial statements did not exist;

(2) Information has come to the attention of the former accountant which made the accountant unwilling to rely on management's representations, or unwilling to be associated with the financial statements prepared by management; or

(3) The scope of the audit shall be expanded significantly, or information has come to the accountant's attention that the accountant has concluded will, or if further investigated may, materially impact the fairness or reliability of a previously issued audit report or the underlying financial statements, or the financial statements issued or to be issued covering the fiscal period(s) subsequent to the date of the most recent audited financial statements (including information that might preclude the issuance of an unqualified audit report), and the issue was not resolved to the accountant's satisfaction prior to its resignation or dismissal; and

(C) The subject matter of each such disagreement or event identified in response to paragraph (4)(A) above;

(D) Whether any committee of the board of directors, or the board of directors, discussed the subject matter of the disagreement with the former accountant; and

(E) Whether the issuer has authorized the former accountant to respond fully to the inquiries of the successor accountant concerning the subject matter of each of such disagreements or events and, if not, describe the nature of and reason for any limitation.

(b) If a new accountant has been engaged as either the principal accountant to audit the issuer's financial statements or as the auditor of a significant subsidiary and on whom the principal accountant is expected to express reliance in its report, the issuer shall identify the new accountant. If the conditions in paragraphs (b)(1) through (b)(3) below exist, the issuer shall describe the nature of the disagreement or event and the effect on the financial statements if the method of the former

accountants had been followed (unless that method ceases to be generally accepted because of authoritative standards or interpretations issued after the disagreement or event):

(1) In connection with a change in accountants subject to paragraph (b) above, there was any disagreement or event as described in paragraph (a)(4)(A) above;

(2) During the fiscal year in which the change in accountants took place or during the later fiscal year, there have been any transactions or events similar to those involved in such disagreement or event; and

(3) Such transactions or events were material and were accounted for or disclosed in a manner different from that which the former accountants would have likely concluded was required.

## **11. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.**

(a) If the issuer's board of directors, a committee of the board of directors or the officer or officers of the issuer authorized to take such action if board action is not required, concludes that any previously issued financial statements covering the last three fiscal years or interim periods since the end of the last fiscal year shall no longer be relied upon because of an error in such financial statements as addressed in Accounting Principles Board Opinion No. 20, as may be modified, supplemented or succeeded, the issuer shall disclose the following information:

(1) the date of the conclusion regarding the non-reliance and an identification of the financial statements and years or periods covered that shall no longer be relied upon;

(2) a brief description of the facts underlying the conclusion to the extent known to the issuer at the time of filing; and

(3) a statement of whether the audit committee, or the board of directors in the absence of an audit committee, or authorized officer or officers, discussed with the issuer's independent accountant the matters disclosed in the press release issued pursuant to this paragraph 11.

(b) If the issuer is advised by, or receives notice from, its independent accountant that disclosure shall be made or action shall be taken to prevent future reliance on a previously issued audit report or completed interim review related to previously issued financial statements, the issuer shall disclose the following information:

(1) the date on which the issuer was so advised or notified;

(2) identification of the financial statements that shall no longer be relied upon;

(3) a brief description of the information provided by the accountant; and

(4) a statement of whether the audit committee, or the board of directors in the absence of an audit committee, or authorized officer or officers, discussed with the

independent accountant the matters disclosed in the press release issued pursuant to this paragraph 11.

## **12. Changes in Control of Issuer.**

(a) If, to the knowledge of the issuer's board of directors, a committee of the board of directors or authorized officer or officers of the issuer, a change in control of the issuer has occurred, the issuer shall furnish the following information:

- (1) the identity of the person(s) who acquired such control;
- (2) the date and a description of the transaction(s) which resulted in the change in control;
- (3) the basis of the control, including the percentage of voting securities of the issuer now beneficially owned directly or indirectly by the person(s) who acquired control;
- (4) the amount of the consideration used by such person(s);
- (5) the source(s) of funds used by such person(s); and
- (6) if the issuer was a shell company, as that term is defined in paragraph 3 of Item 8.B of these Guidelines, immediately before the change in control, the information that would be required if the issuer were fulfilling its Initial Disclosure Obligations pursuant to Section One of these Guidelines, with such information reflecting the issuer and its securities upon consummation of the change in control.

## **13. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.**

(a) If a director has resigned or refuses to stand for re-election to the board of directors since the date of the last annual meeting of shareholders because of a disagreement with the issuer, known to an executive officer of the issuer on any matter relating to the issuer's operations, policies or practices, or if a director has been removed for cause from the board of directors, the issuer shall disclose the following information:

- (1) the date of such resignation, refusal to stand for re-election or removal;
- (2) any positions held by the director on any committee of the board of directors at the time of the director's resignation, refusal to stand for re-election or removal; and
- (3) a brief description of the circumstances representing the disagreement that the issuer believes caused, in whole or in part, the director's resignation, refusal to stand for re-election or removal.

(b) If the issuer's principal executive officer, president, principal financial officer, principal accounting officer, principal operating officer or any person performing similar functions retires, resigns or is terminated from that position, or if a director retires, resigns, is removed, or refuses to stand for re-election (except in circumstances described in paragraph (a) above), the issuer shall disclose the fact that the event has occurred and the date of the event.



(c) If the issuer appoints a new principal executive officer, president, principal financial officer, principal accounting officer, principal operating officer or person performing similar functions, the issuer shall disclose the following information with respect to the newly appointed officer:

- (1) the name and position of the newly appointed officer and the date of the appointment;
- (2) the information described in Item 11 of Section One above; and
- (3) a brief description of the material terms of any employment agreement between the issuer and that officer.

(d) If the issuer appoints a new director, the issuer shall disclose the following information with respect to the newly appointed director:

- (1) the name and position of the newly appointed director and the date of the appointment;
- (2) the information described in Item 11 of Section One above; and
- (3) a brief description of the material terms of the agreement between the issuer and that director.

#### **14. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

(a) If an issuer amends (i) its articles of incorporation or in the event that the issuer is not a corporation, its certificate of organization, or (ii) its bylaws, the issuer shall disclose the following information:

- (1) the effective date of the amendment; and
- (2) a description of the provision adopted or changed by amendment and, if applicable, the previous provision.

(b) If the issuer decides to change its fiscal year, the issuer shall disclose the date of such decision and the date of the new fiscal year end.

#### **15. Amendments to the Issuer's Code of Ethics, or Waiver of a Provision of the Code of Ethics.**

(a) The issuer shall briefly describe the date and nature of any amendment to a provision of the issuer's code of ethics that applies to the issuer's principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions.

(b) If the issuer has granted a waiver, including an implicit waiver, from a provision of the code of ethics to an officer or person described in paragraph 15(a) above, the issuer shall briefly

(c) describe the nature of the waiver, the name of the person to whom the waiver was granted, and the date of the waiver.