

CIRTRAN CORP  
Form DEF 14A  
March 13, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934**

Filed by the Registrant  [X]  
Filed by a party other than the Registrant  [ ]

Check the appropriate box:

[ ] Preliminary Proxy Statement  
 [ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 [X] Definitive Proxy Statement  
 [ ] Definitive Additional Materials  
 [ ] Soliciting Material under § 240.14a-12

**CirTran Corporation**

(Name of Registrant as Specified in its Charter)

**n/a**

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

**CIRTRAN CORPORATION**

**4125 South 6000 West**

**West Valley City, Utah 84128**

**(801) 963-5112**

March 13, 2015

Dear Fellow Stockholder:

You are cordially invited to attend a Special Meeting of Stockholders to be held Monday, May 4, 2015, at 11:00 a.m., local time, at 4125 South 6000 West, West Valley City, Utah. The business to be conducted at the Special Meeting is explained in the accompanying Notice of Special Meeting of Stockholders and Proxy Statement. At the Special Meeting, we will also discuss our results for the past year.

We urge you to review and consider each proposal carefully. We believe adoption of each proposal is in the best interests of our stockholders. Thank you for your continued support.

Sincerely,

**CirTran Corporation**

*/s/ Iehab Hawatmeh*

Iehab Hawatmeh

Chief Executive Officer and

Chairman of the Board of Directors

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**CIRTRAN CORPORATION**

**4125 South 6000 West**

**West Valley City, Utah 84128**

**(801) 963-5112**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON MONDAY, MAY 4, 2015**

The Special Meeting of Stockholders (the “Special Meeting”) of CirTran Corporation (the “Company”) will be held on Monday, May 4, 2015, at 11:00 a.m., local time, at 4125 South 6000 West, West Valley City, Utah. The purposes of the Special Meeting are:

- (1) to consider and act upon a proposed amendment to the Company’s articles of incorporation to reverse-split the outstanding common stock 1,000-to-one;
- (2) if the proposed reverse split is approved, to consider and act upon a proposed amendment to the Company’s articles of incorporation to reduce the authorized common stock to 100,000,000 shares, par value \$0.001;  
to consider and act upon a proposed amendment to the Company’s articles of incorporation to authorize a class of  
(3) 5,000,000 shares of preferred stock and to authorize the Board of Directors to fix the number of shares and rights, preferences, and limitations of each series;
- (4) to consider and act upon a proposal to recess the Special Meeting on one or more occasions, if necessary or appropriate, to solicit additional proxies; and
- (5) to transact such other business as may properly come before the Special Meeting or at any postponement or recess thereof.

Only Company stockholders of record at the close of business on March 2, 2015, have the right to receive notice of, and to vote at, the Special Meeting and any recess thereof.

The items of business are more fully described in the Proxy Statement accompanying this Notice of Special Meeting.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 4, 2015:**

**The Proxy Statement, the Company's Annual Report on Form 10-K for the year ended December 31, 2013, and the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, are available for viewing, printing, and downloading at <http://www.cirtran.com/press/2015proxy.php>.**

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING, YOU ARE REQUESTED TO SIGN, DATE, AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE IN THE ENCLOSED STAMPED ENVELOPE.

By Order of the Board of Directors,

*/s/ Iehab Hawatmeh*

Iehab Hawatmeh, Chief Executive Officer  
and Chairman of the Board of Directors

Salt Lake City, Utah

March 13, 2015

**CIRTRAN CORPORATION**

**4125 South 6000 West**

**West Valley City, Utah 84128**

**(801) 963-5112**

**PROXY STATEMENT**

This Proxy Statement and the accompanying proxy card are being furnished in connection with the solicitation of proxies by the Board of Directors (the “Board”) of CirTran Corporation (the “Company”) from the holders of shares of common stock of the Company to be voted at a Special Meeting of Stockholders (the “Special Meeting”) to be held on Monday, May 4, 2015, at 11:00 a.m., local time, at 4125 South 6000 West, West Valley City, Utah. Distribution of this Proxy Statement and the accompanying proxy card is scheduled to begin on or about March 13, 2015.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON MAY 4, 2015:**

This Proxy Statement, the Company’s Annual Report on Form 10-K for the year ended December 31, 2013, and the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, are available for viewing, printing, and downloading at <http://www.cirtran.com/press/2015proxy.php> using the information provided on the form of notice provided. Copies of the Company’s Annual Report on Form 10-K for the year ended December 31, 2013, and the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, as filed with the Securities and Exchange Commission (“SEC”), will be furnished without charge to any stockholder upon written request to CirTran Corporation, 4125 South 6000 West, West Valley City, Utah 84128, Attn: Investor Relations. This Proxy Statement, the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, and the Company’s quarterly report on Form 10-Q for the quarter ended September 30, 2014, are also available on the SEC’s website at [www.sec.gov](http://www.sec.gov).

The enclosed proxy is solicited by the Board.

**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING**

**Why did I receive this Proxy Statement?**

The Company has sent you the Notice of Special Meeting of Stockholders, this Proxy Statement, and the accompanying proxy or voting instruction card because the Board is soliciting your proxy to vote at a Special Meeting on May 4, 2015. This Proxy Statement contains information about the matters to be voted on at the Special Meeting.

**Who is entitled to vote?**

The Board has designated March 2, 2015, as the record date for the Special Meeting (the “Record Date”). You may vote if you owned common stock as of the close of business on the Record Date. On the Record Date, there were 4,498,891,910 shares of the Company’s common stock outstanding and entitled to vote at the Special Meeting.

**How many votes do I have?**

Each share of common stock that you own at the close of trading on the Record Date entitles you to one vote.



## What am I voting on?

You will be voting on proposals:

to amend the Company's articles of incorporation to reverse-split the outstanding common stock 1,000-to-one (the "Reverse Split");

if the Reverse Split is approved, to amend the Company's articles of incorporation to reduce the authorized common stock to 100,000,000 shares, par value \$0.001 (the "Reduced Authorization");

to amend the Company's articles of incorporation to authorize a class of 5,000,000 shares of preferred stock and to authorize the Board to fix the number of shares and rights, preferences, and limitations of each series;

to recess the Special Meeting on one or more occasions for the purpose of soliciting additional Proxies, if necessary or appropriate; and

to consider and act upon such other business as may properly come before the Special Meeting or at any postponement or recess thereof.

## How do I vote?

*You may vote by mail.* You do this by completing and signing your proxy card, using the prepaid and addressed envelope included with this Proxy Statement. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct and at the discretion of Mr. Hawatmeh, if a proposal properly comes up for a vote at the Special Meeting that is not on the proxy card.

**For your voting instructions to be effective, your proxy card must be received no later than 10:00 a.m. on the date of the meeting, May 4, 2015.**

*You may vote by Internet.* If you have Internet access, you may submit your proxy by following the instructions provided in the notice, or if you requested printed proxy materials, by following the instructions provided with your proxy materials and on your proxy card or voting instruction card. On the Internet voting site, you can confirm that your instructions have been properly recorded. If you vote on the Internet, you can also request electronic delivery of future proxy materials. If you vote on the Internet, please note that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, for which you will be responsible.

*You may vote by telephone.* You can also vote by telephone by following the instructions provided on the Internet voting site, or if you requested printed proxy materials, by following the instructions provided with your proxy materials and on your proxy card or voting instruction card. Easy-to-follow voice prompts allow you to vote your shares and confirm that your instructions have been properly recorded.

*You may vote at the Special Meeting.* If you are planning to attend the Special Meeting and wish to vote your shares in person, the Company will give you a ballot at the Special Meeting. If your shares are held in a street name, you need to bring an account statement or letter from your broker, bank, or other nominee, indicating that you are the beneficial owner of the shares on the Record Date. Even if you plan to be present at the Special Meeting, the Company encourages you to complete and mail the enclosed card in advance of the Special Meeting to vote your shares by proxy.

**What if I return my proxy or voting instruction card but do not mark it to show how I am voting?**

Your shares will be voted according to the instructions you have indicated on your proxy or voting instruction card. You can specify whether you approve, disapprove, or abstain from the proposals. If no direction is indicated, your shares will be voted **FOR** an amendment to the Company's articles of incorporation to effect the Reverse Split, **FOR** an amendment to the Company's articles of incorporation to effect the Reduced Authorization, **FOR** an amendment to the Company's articles of incorporation to authorize a class of preferred stock; and **FOR** the proposal to recess the Special Meeting on one or more occasions for the purpose of soliciting additional Proxies, if necessary; *provided* that, no proxy that is specifically marked "**AGAINST**" the proposal to amend the Company's articles of incorporation to effect the Reverse Split and the Reduced Authorization will be voted in favor of the recess proposal, unless it is specifically marked "**FOR**" the recess proposal.

**May I revoke my proxy or change my vote after I return my proxy card or voting instruction card?**

You may revoke your proxy or change your vote at any time before it is exercised in one of three ways:

notify the Company's Corporate Secretary in writing before the Special Meeting that you are revoking your proxy; submit another proxy card (or voting instruction card if you hold your shares in street name) with a later date; or vote in person at the Special Meeting on May 4, 2015.

**What does it mean if I receive more than one proxy or voting instruction card?**

It means that you have multiple accounts at the transfer agent and/or with banks and stockbrokers. Please vote all of your shares by returning all proxy and voting instruction cards you receive.

**What constitutes a quorum?**

A quorum must be present to properly convene the Special Meeting. The presence, in person or by proxy, of the holders of a majority of the outstanding shares that are entitled to vote at the Special Meeting constitutes a quorum. You will be considered part of the quorum if you return a signed and dated proxy or voting instruction card or if you attend the Special Meeting. Abstentions and broker nonvotes will be counted as shares present at the Special Meeting for purposes of determining whether a quorum exists, but not as shares cast for any proposal. Because abstentions and broker nonvotes are not treated as shares cast, they would have no impact on any of the proposals.

**What vote is required in order to approve each proposal?**

The proposals for the approval of the amendment to the Company's articles of incorporation to effect the Reverse Split, to effect the Reduced Authorization, and to authorize a class of preferred stock require the affirmative vote of the holders of at least a majority of the Company's outstanding shares of common stock. Stockholders may vote in favor or against each proposal, or they may abstain. Abstentions and broker nonvotes will be counted for purposes of determining the presence or absence of a quorum. Abstentions are deemed to be "votes cast" and have the same effect as a vote against this proposal. Broker nonvotes are not deemed to be votes cast and, therefore, have no effect on the vote respecting this proposal.

**What is the Board's recommendation?**

The Board's recommendations are set forth together with a description of the proposals in this Proxy Statement. In summary, the Board recommends that you vote:

FOR the approval of the amendment to the Company's articles of incorporation to effect the Reverse Split;

FOR the approval of the amendment to the Company's articles of incorporation to effect the Reduced Authorization;

FOR the approval of a proposed amendment to the Company's articles of incorporation to authorize a class of 5,000,000 shares of preferred stock and to authorize the Board to fix the number of shares and rights, preferences, and limitations of each series; and

FOR the proposal to recess the Special Meeting on one or more occasions for the purpose of soliciting additional Proxies, if necessary or appropriate.

**How will voting on any other business be conducted?**

The Company does not know of any business or proposals to be considered at the Special Meeting other than those that are described in this Proxy Statement. If any other business is proposed and the Company decides to allow it to be presented at the Special Meeting, the proxies that the Company receives from its stockholders give the proxy holders the authority to vote on that matter according to their best judgment.

**Who will count the votes?**

Representatives of the Company will tabulate the votes that are received prior to the Special Meeting, will act as the inspectors of election, and will tabulate the votes, if any, that are cast in person at the Special Meeting.

**Who pays to prepare, mail, and solicit the proxies?**

The Company will pay all of the costs of soliciting these proxies. The Company will ask banks, brokers, and other nominees and fiduciaries to forward the proxy materials to the beneficial owners of its common stock and to obtain the authority of executed proxies. The Company will reimburse them for their reasonable expenses. In addition to the use of the mail, proxies may be solicited by the Company's officers, directors, and other employees by telephone or by personal solicitation. The Company will not pay additional compensation to these individuals in connection with their solicitation of proxies.

**What do I need for admission to the Special Meeting?**

You may attend the Special Meeting only if you are a stockholder of record or a beneficial owner as of the Record Date, or you hold a valid proxy for the Special Meeting. You should be prepared to present photo identification for admittance. If you are a stockholder of record, your name will be verified against the list of stockholders of record prior to your being admitted to the Special Meeting. If you hold your shares in street name, you should provide proof of beneficial ownership on the record date, such as a brokerage account statement showing that you owned the Company's common stock as of the record date, a copy of the voting instruction card provided by your broker, bank, or other nominee, or other similar evidence of ownership as of the record date. If you do not provide photo identification or comply with the other procedures outlined above upon request, you will not be admitted to the Special Meeting.

**Whom should I call if I have questions?**

If you have questions about the proposals or the Special Meeting, you may call Iehab Hawatmeh at (801) 963-5112. You may also send an e-mail to [iehab@cirtran.com](mailto:iehab@cirtran.com).

**THE COMPANY'S PROPOSED REVERSE SPLIT AND REDUCED AUTHORIZATION**

The Board has determined that it is in the Company's best interests to amend its articles of incorporation to effect a 1,000-to-one Reverse Split and reduce the Company's authorized shares of common stock from the current 4.5 billion shares to 100,000,000 shares of common stock, par value \$0.001. The Reverse Split and the Reduced Authorization are together referred to herein as the "Recapitalization." The Reduced Authorization will not be considered for approval by the stockholders unless the Reverse Split is first approved. If the Reverse Split is approved but the Reduced Authorized is not approved, the Reverse Split alone will be implemented. As discussed below, if the Company's stockholders as of the Record Date approve the Reverse Split and the Reduced Authorization, the Company will promptly file an amendment to the articles of incorporation, substantially in the form set forth in Appendix 1 to this Proxy Statement, with the Nevada Secretary of State, at which time the amendment will take effect.

## **Principal Motivation for the Recapitalization**

Management determined to proceed with the Recapitalization in an effort to increase the resources available to the Company to resolve the obligations due its principal secured creditor, YA Global Investments, L.P., formerly known as Cornell Capital Partners, L.P., and associated lenders and predecessors (“YA Global”). Between May 26, 2005, and February 22, 2013, the Company borrowed an aggregate of \$6.75 million from YA Global and issued secured debentures and warrants in consideration of these advances. Since May 2005, the Company has paid YA Global a total of \$6,477,967, consisting of cash payments totaling \$1,978,645, and shares of common stock for which the Company was credited \$4,499,322. These payments consisted of \$4,267,181 in principal and \$2,210,786 in interest. As the Company has struggled to meet payment terms and deadlines, it has sought and obtained the forbearance of YA Global on several occasions, but on each occasion, the Company has been unable to meet even the extended negotiated payment terms. The Company still owes \$2.4 million on the remaining debenture, which was payable in full on January 31, 2014, has no cash with which to make payments, and has no authorized but unissued shares to issue to reduce the obligation by converting interest and principal to common stock. Unless the Company finds a way to meet its obligations to YA Global, it could exercise its creditor’s remedies, execute on all of the Company’s assets, take ownership of those assets, and leave nothing for the stockholders.

## **General Background**

As of the Record Date, pursuant to the Company’s articles of incorporation (as amended to date), the Company had the authority to issue 4,500,000,000 shares of common stock, of which 4,498,891,910 shares were issued and outstanding. As of the Record Date, there was a warrant exercisable or convertible to 25.0 million shares of common stock. This figure does not include a potentially very large number of shares of common stock issuable upon conversion of the outstanding debenture.

As described in the Company’s periodic filings, one of its main sources of funding historically has been through the sales of convertible debt and equity instruments, including convertible debentures and notes. The large number of authorized and outstanding shares is cumbersome for the Company and its stockholders in a trading and securities markets not accustomed to dealing in billions or hundreds of millions of shares, particularly when their price is expressed in several decimal places, so that the aggregate value of a large number of shares is quite small. For example, the stock has recently been quoted at \$0.0002 bid, \$0.0003 asked, so the aggregate bid for 1,000,000 shares would be \$200 and the aggregate asked would be \$300. Selling 10,000,000 shares at the bid would generate gross proceeds of \$2,000. Expression of quotations in four decimal places also results in relatively large spreads between the bid and asked quotations. For example, in the above quotations the asked is 50% larger than the bid. No smaller spread is numerically possible without using a five-decimal-place number. In addition, stockholders encounter difficulties in effecting transactions in their securities because of the deposit requirements of clearing agencies, which require that broker-dealers make substantial cash deposits to clear transactions executed in the Corporation’s securities. This limits stockholder liquidity. Some broker-dealers are unable to express quotations or effect transactions in five decimal places. The Board believes that the low market price for the Company’s common stock expressed in four decimal places adversely affects securities broker-dealer and potential interest and may tend to depress the market

price.

The Board believes that the Reverse Split may result in higher price quotations for the Company's common stock, although there can be no assurance that this will be the case. Accordingly, the Reverse Split may reduce the value of a stockholder's shares. The Board believes, however, that the Reverse Split, as an integral component of the Recapitalization, is critical to enabling the Company to continue to have a presence in the securities trading market and to be able to obtain required cash and reduce indebtedness.

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## **Equity Line of Credit and Convertible Debentures**

### ***Equity Line of Credit***

In November 2002 and April 2003, the Company established an equity line of credit with Cornell under which it had the right to draw up to \$5,000,000 and to tender shares of common stock in lieu of repayment of the amounts drawn, priced at the closing bid price for the Company's common stock for the five trading days preceding the applicable draw. Under this arrangement, the Company drew an aggregate of \$3,330,000 and issued an aggregate of 94,329,023 shares of common stock at a weighted average price per share of \$0.01940 to be applied to the payment of principal and interest, leaving an outstanding balance of \$1,830,000 as of March 2004. The following table details the draws under this equity line, related payments, and other details:

*Three Debentures*

Beginning in 2005, the Company issued three successive convertible debentures to YA Global and its predecessors, Highgate House Funds, Ltd., Cornell Capital Partners, L.P., and associated capital providers. As discussed below, in 2013 these were combined in a single consolidated debenture.

In May 2005, the Company issued to YA Global a 5% Secured Convertible Debenture, due December 31, 2007, in the aggregate principal amount of \$3,750,000. The Company used \$2,265,000 to repay outstanding amounts due on the above equity line. The Company also paid a commitment fee of \$240,765.11, a structuring fee of \$10,000, and legal fees of \$5,668.17, resulting in net proceeds to the Company of \$1,228,567. The debenture bore interest at 5% per annum. The debenture was convertible, at the holder's option, into shares of the Company's common stock at a conversion price equal to the lesser of: (a) \$0.10 per share; or (b) an amount equal to the lowest closing bid price of the common stock for the 20 trading days immediately preceding the conversion date, subject to certain limitations. Repayment of the debenture was secured by encumbrances on all of the Company's assets. The following table shows the details of payments on this debenture in cash or through the issuance of common stock:

Date Requested	Note A	Amount Converted or Paid	Amount of Debenture	Interest or Principal	Conversion Price per Share	Shares of Common Stock to be Issued	Issue or Payment Date	Cert #
05/25/05			\$3,750,000					
02/06/06		\$ 750,000	3,000,000	principal	\$ 0.03100	24,193,548	02/06/06	C1965
09/26/06		150,000	2,850,000	principal	0.01863	8,051,530	10/11/06	C2050
11/13/06		100,000	2,850,000	interest	0.01950	5,128,205	11/15/06	C2066
01/04/07		100,000	2,850,000	interest	0.01613	6,199,628	01/05/07	C2088
02/09/07		100,000	2,750,000	principal	0.01469	6,807,352	02/12/07	C2102
02/20/07		50,000	2,700,000	principal	0.01469	3,403,676	02/23/07	C2127
03/12/07		100,000	2,600,000	principal	0.01413	7,077,141	03/19/07	C2106
04/12/07		100,000	2,500,000	principal	0.01300	7,692,308	04/17/07	C2115
04/26/07		200,000	2,300,000	principal	0.01381	14,482,259	04/30/07	C2119
05/18/07		200,000	2,100,000	principal	0.01088	18,382,353	06/13/07	C2137
07/13/07		275,000	1,825,000	principal	0.00800	34,375,000	08/01/07	C2149
09/07/07		10,000	1,815,000	principal	0.00519	1,926,782	09/10/07	C2160
09/17/07		230,000	1,585,000	principal	0.00519	44,315,992	10/05/07	C2167
10/16/07		160,000	1,425,000	principal	0.00513	31,189,084	10/24/07	C2186
11/07/07		245,000	1,180,000	principal	0.00513	47,758,285	11/09/07	C2198
11/21/07		209,864	970,136	principal	n/a	n/a	11/21/07	
03/05/08		50,000	920,136	principal	0.01350	3,703,704	03/12/08	C2209
03/26/08		50,000	870,136	principal	0.00100	50,000,000	04/01/08	C2214
04/11/08		250,000	620,136	principal	0.09130	27,382,256	04/14/08	C2217
08/11/09		125,000	620,136	interest	n/a	n/a	08/11/09	
09/04/09		150,000	620,136	interest	n/a	n/a	09/04/09	

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04/20/10	25,000	620,136	interest	n/a	n/a	04/20/10	
05/07/10	25,000	620,136	interest	n/a	n/a	04/20/10	
06/17/11	50,000	620,136	interest	n/a	n/a	06/17/11	
07/09/11	20,000	620,136	interest	n/a	n/a	07/06/11	
11/15/11	25,000	620,136	interest	n/a	n/a	11/15/11	
04/05/12	25,000	620,136	interest	n/a	n/a	04/05/12	
04/25/12	12,500	620,136	interest	n/a	n/a	04/25/12	
05/02/12	12,500	620,136	interest	n/a	n/a	05/02/12	
05/25/12	25,000	620,136	interest	n/a	n/a	05/25/12	
06/25/12	25,000	620,136	interest	n/a	n/a	06/25/12	
07/25/12	25,000	620,136	interest	n/a	n/a	07/25/12	
09/04/12	25,000	620,136	interest	n/a	n/a	09/04/12	
11/30/12	10,000	620,136	interest	n/a	n/a	11/30/12	
12/19/12	95,000	525,136	principal	0.00100	95,000,000	12/27/12	C2329
01/18/13	100,000	491,636	principal	0.00100	100,000,000	02/01/13	C2340
01/22/13	25,536	466,100	principal	0.00100	25,536,000	02/01/13	C2341

Note A. A new loan on the first date in the principal amount indicated.

In December 2005, the Company issued a second secured convertible debenture to a YA Global predecessor. This debenture for \$1,500,000 bore interest at 5% per annum and was due in July 2008. The Company paid a commitment fee of \$120,000 and a structuring fee of \$10,000, resulting in net proceeds to the Company of \$1,370,000. This second debenture contained conversion features similar to the first debenture. The following table shows the details of payments on this debenture in cash or through the issuance of common stock:

Date  
Requested—  
Note A